



Summary of Investigation

Investigation Into Alleged Grant Fraud by a Minority Business Development Agency Business Center

Case No. 22-0604

Date Posted: September 11, 2025

► **What We Investigated** | We received a complaint alleging that a Minority Business Development Agency (MBDA) business center located in California committed fraud and document falsification. The investigation focused on a federal grant, with funds awarded over a 4-year period, to assist minority-owned companies in entering new markets and growing by securing capital.

► **What We Found** | Our investigation revealed significant discrepancies between the data the business center reported to MBDA and the actual work performed. We found that the business center exaggerated or falsified metrics, including procurement and contract values, loan amounts, and job creation and/or retention metrics. Specifically, the business center claimed credit for procurements and contracts that were secured prior to the grant's period of performance, inflating reported metrics. Both the business center and its sub-recipient consultant claimed full credit for contract values to support receipt of grant funds, even when the business center's involvement was minimal or related only to extensions of existing contracts. Multiple clients confirmed that the business center inflated loan values and falsified job metrics. The total grant funds involved were \$1,365,300, and the improper claims included contracts worth \$5,792,000 and loans totaling \$4,092,100.

The case was referred to the U.S. Department of Justice, which evaluated the case but ultimately did not pursue a civil enforcement action. We referred our findings to MBDA for any appropriate action. MBDA ultimately discontinued funding to the business center.