



U.S. DEPARTMENT OF
HOUSING AND URBAN DEVELOPMENT
OFFICE OF INSPECTOR GENERAL

March 23, 2018

MEMORANDUM NO:
2018-CF-1802

Memorandum

TO: Craig T. Clemmensen
Director, Departmental Enforcement Center, CACB

//signed//

FROM: Christeen Thomas
Director, Joint Civil Fraud Division, GAW

SUBJECT: Independent Public Accountant Debarred for Violating Federal Housing
Administration Requirements for Multifamily Properties

INTRODUCTION

The U.S. Department of Housing and Urban Development (HUD), Office of Inspector General, assisted the U.S. Attorney's Office for the District of Minnesota in the investigation of Willow Run and Willow Run II. Willow Run and Willow Run II are two Federal Housing Administration (FHA)-insured multifamily properties located in Willmar, MN.

BACKGROUND

An independent public accountant performed audits of the Willow Run (FHA no. 092-44100) and Willow Run II (FHA no. 092-35650) multifamily properties for the years 2005, 2006, 2007, and 2008 under the name of The Blackwing Group, LLC. According to the Minnesota Board of Accountancy, neither the independent public accountant nor The Blackwing Group, LLC, had ever been licensed to perform public accounting engagements in the State of Minnesota.

The same independent public accountant also performed audits of the Willow Run and Willow Run II properties for the years 2009, 2010, 2011, and 2012 under the name of an unrelated firm and falsely claimed to be working for a licensed certified public accountant firm that had never employed her.

RESULTS OF INVESTIGATION

In August 2017, HUD's Departmental Enforcement Center notified the independent public accountant of her proposed debarment from future participation in procurement and nonprocurement transactions, as a participant or principal, with HUD and throughout the Executive Branch of the Federal Government, for an indefinite period from the date of the final determination. In October 2017, HUD affirmed the proposed debarment and notified the independent public accountant that she had been debarred for an indefinite period.

RECOMMENDATION

We recommend that HUD's Departmental Enforcement Center

- 1A. Ensure that HUD completes the debarment process and appropriately notifies the independent public accountant of the debarment decision.

HUD implemented the recommendation on October 2, 2017, and the final action will be recorded in HUD's Audit Resolution and Corrective Action Tracking System. Therefore, the recommendation is closed upon issuance of this memorandum.