



Feds auditing nearly \$20M in grants to Lower Brule tribe

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SIOUX FALLS, S.D. (AP) – Federal auditors are examining nearly \$20 million in grants to the Lower Brule Sioux Tribe in response to a human rights organization’s report this year alleging financial mismanagement in the tribal government that already has been the subject of another federal investigation.

The audits of four projects are meant to make sure the money is being spent and handled correctly, and are not criminal inquiries, an official at the Interior Department’s Office of Inspector General said. The inspection of \$19.15 million in awards spanning several years comes at a sustained period of legal deadlock in the tribal government.

The dispute is between reform-oriented councilmembers and an old guard loyal to now-deceased Chairman Michael Jandreau, who led the tribal government for decades.

Human Rights Watch in January outlined numerous allegations against Jandreau and others, accusing them of diverting money and concealing financial activity, and the report ultimately helped spur the audits. Jandreau, who died in April, had vigorously denied any wrongdoing.

“It’s really part of our basic oversight mission to protect taxpayer dollars and protect the citizens who are meant to be benefiting from these grants and from these monies,” Nancy DiPaolo, a senior policy adviser in the office, told The Associated Press. “It was brought to our attention by that report, and so we went in and chose some to take a look at ... to try to get a picture of what’s going on.”

Jandreau’s death intensified a political battle between members of the tribe loyal to the old administration and the new officials calling for more transparency, including former council Vice Chairman Kevin Wright, who is acting as chairman.

“We have millions and millions of dollars coming in here ... where’s all this money going?” said Wright, who said he has been blocked from seeing the tribe’s finances.

Nedra Darling, an Interior Department spokeswoman, said in an email the agency will “continue to monitor the situation closely and will take measures to ensure there is no interruption in services and that life and property are protected.” She said the department has no plans to intervene in the dispute.

Two Jandreau supporters on the council, Orville Langdeau and John McCauley, didn’t immediately respond to requests for comment.

The auditors are examining \$2.75 million that the tribe used to design and build a fire hall; \$4 million for operating and maintaining a water system; \$3 million from the Bureau of Indian Affairs for facilities management; and nearly \$9.4 million from the Bureau of Indian Education for tribally controlled grant schools and transportation, among other projects.

The audits will stretch back in some cases to at least fiscal year 2013, DiPaolo said. The outcomes could include findings of proper fiscal controls or recommendations for changes. If the auditors find anything like the mishandling of money, it would be sent to investigators for an inquiry that could lead to criminal charges.

“I think it is a promising sign, and more importantly, all of the programs they’re looking at for the most part are programs that were meant to provide essential services to people on the reservation,” Arvind Ganesan, director of Human Rights Watch’s Business and Human Rights Division, said of the audits. “If money was misused, it will come at the cost of key things that people both at Lower Brule and elsewhere use.”

The Inspector General's office is also still investigating the circumstances surrounding the tribe's purchase of a New York-based brokerage firm called Westrock Advisors Inc. that ultimately went bankrupt. That probe began in February 2013.

The Human Rights Watch report accuses tribal leaders and their business partners of securing a \$22.5 million federal loan guarantee from the Bureau of Indian Affairs. Rather than putting the money toward its stated purpose of economic development, the funds were used to buy Westrock, which went bankrupt two years later, the report said. The guarantee was ultimately sold for about \$20 million to another company, though the tribe hasn't disclosed the status of the loan, the report found.

The Inspector General's office also launched two other investigations into the tribe or an affiliated entity in 2003 and 2009, according to documents obtained by The Associated Press. In both cases, South Dakota's U.S. Attorney's office declined to prosecute based on weak or insufficient evidence.