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Response to Charges Against Former Bond Bank Employees

Internal investigation revealed possible decade-long fraud of tax dollars.

INDIANAPOLIS – In 2016, upon taking office, Mayor Joe Hogsett appointed Sarah Riordan Executive Director of the Indianapolis Local Public Improvement Bond Bank. In 2017, Director Riordan discovered possible evidence of fraud or abuse in the Bond Bank’s payroll and benefit records beginning as far back as 2008. Director Riordan immediately terminated the employees she had reason to believe were involved and notified law enforcement of potential fraud on June 26, 2017. The Bond Bank made all its records available to the Marion County Prosecutor for review and worked with investigators in a year-long investigation.

“Upon taking office, Mayor Hogsett made clear to all agencies working in and with city government that identifying waste, fraud, and abuse of taxpayer dollars is a top priority and those responsible should be held accountable,” said Director Riordan. “After discovering evidence indicating a possible decade-long effort by two individuals to fleece taxpayers, our office immediately reported it to law enforcement and has fully cooperated with this investigation.”

Director Riordan implemented immediate corrective action in consultation with the Bond Bank’s external auditing firm. The alleged misappropriation and fraud, which had previously gone undetected in the Bond Bank’s external audits, affected only the Bond Bank’s internal operational budgeted funds. The Bond Bank will pursue all available remedies to recover such losses.

The alleged misappropriation does not affect bond proceeds or bond debt service payments, all of which are maintained by outside Trustee banks and are subject to annual audit and disclosure requirements.

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About the Indianapolis Bond Bank

The Bond Bank was created by statute in 1985 for the purpose of buying and selling securities of certain qualified entities, including the City of Indianapolis, Marion County, all special taxing districts of the City, and all entities whose tax levies are subject to review and modification by the City County Council. The Bond Bank is an instrumentality of the City but is not a City agency and has no taxing power. The Bond Bank is a body corporate and politic separate from the City and is governed by a five-member Board of Directors. The Bond Bank serves as a conduit issuer of bonds and provides access to the Capital Markets for the qualified entities to assist them in issuing debt to fund capital projects and economic development. More information about the Bond Bank can be found at www.indianapolisbondbank.com.