



Press Release

Thumbs Down For Seedco Gallagher Releases Highly Critical Audit

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(Denver) Denver Auditor Dennis Gallagher on Monday released a highly critical and much anticipated audit of Seedco Financial Services. The audit reviewed the performance and contract compliance of Seedco over the last three years.

The audit found several performance deficiencies including failure to meet job-creation goals and a failure to comply with the terms of the contract. It also found that Seedco made at least one questionable loan that may not be in compliance with federal requirements.

Gallagher said that the performance of Seedco as pointed out in the audit was unacceptable.

“This is very distressing,” Gallagher said. “It seems to me, that three years into their relationship with the city, they perform as if they were a start-up rather than the effective and efficient entity they are supposed to be. Three years is a long time to get geared up to do work. I know Rome wasn’t built in a day, but this is just unacceptable. The city and its citizens deserve better than this.”

Seedco was first retained by the city’s Office of Economic Development (OED) in 2007 to provide affordable funding and technical assistance to small businesses, non-profit organizations and major commercial projects in low-income and economically distressed

communities in Denver. The city provides funding to Seedco through the use of Community Development Block Grants. These are funds from the federal government available to Denver.

Gallagher noted that Seedco was actually outperformed by the Office of Economic Development. In his transmittal letter accompanying the audit, Gallagher wrote: “The good news is that our audit work found that OED loan performance far outperformed that of Seedco in both 2008 and 2009. The bad news is that OED far outperformed Seedco. That’s not the way it is supposed to work.”

Gallagher went on to say that when the Seedco contract was first proposed it was stated that this process would improve and enhance the city’s job-creation and economic developments.

“Based on Seedco’s three-year track record that has certainly not been the case,” Gallagher said. “In 2008, for instance, OED made 47 loans for \$18.1 million while Seedco only made six loans for \$950,000. I’ll take OED’s performance, thank you.”

The Seedco contract is scheduled for consideration next Tuesday in City Council’s Neighborhood, Community & Business Development committee.

The audit is available at: [Seedco Audit](#)