



# The Saginaw Chippewa Indian Tribe Of Michigan

PUBLIC RELATIONS DEPARTMENT

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## FOR IMMEDIATE RELEASE

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On October 25, 2017 the Financial Industry Regulatory Authority (FINRA) issued an enforcement order against former Tribal investment manager, Gopi Vungarala.

In November 2008 Gopi Vungarala was employed by the Tribe as in-house investment manager responsible for the management and investment of the Tribe's investment portfolio. In 2011 Vungarala began steering the Tribe's investments to Real Estate Investment Trusts (REIT's) and Business Development Companies (BDC's). By the time Vungarala's employment ended in 2015 over 22% of the Tribe's portfolio was invested in REIT's and BDC's.

REIT's and BDC's are considered high risk investments with a low liquidity rate: meaning that these investments presented greater risk and lockup funds without access by the Tribe for many years. FINRA is the regulatory authority over licensed firms and professionals selling securities. A complaint was filed by FINRA's Department of Enforcement against Vungarala after an investigation showed possible fraud in his handling of the Tribe's investments.

FINRA's order finds that Gopi Vungarala received over \$9 million in commissions as a result of his fraudulent representations to the Tribe, and that his commissions were not disclosed to the Tribe. In addition, FINRA found that Vungarala misled the Tribe regarding its eligibility to obtain volume discounts for the REITS in an amount owed to the Tribe of \$3.3 million. (The Tribe was paid the \$3.3 million in a previous settlement between FINRA and the broker responsible for Vungarala's supervision.) FINRA also found that from 2011 to near the end of his employment in 2015 Vungarala committed securities fraud under the Securities Exchange Act and FINRA rules.

According to Chief Cloutier, "The Tribe will continue to cooperate with the proper authorities to address the wrongs perpetrated on the Tribe. We directed the Tribe's legal counsel to initiate our own civil litigation against Vungarala and other parties responsible for the fraud perpetrated on the Tribe. We are in the midst of that litigation and are confident that we will prevail and obtain restitution from the parties responsible."

Please contact Erik Rodriguez, Interim Public Relations Director, at (989) 775-4076 or at [erodriguez@sagchip.org](mailto:erodriguez@sagchip.org) for more information.

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