



Memorandum


U.S. Department of
Transportation

Office of the Secretary
of Transportation

Office of Inspector General

Subject: INFORMATION: Notification of Audit of the
Title XI Loan Guarantee Program
Maritime Administration
Project No.: 02M1001M000

Date: November 6, 2001

From: Thomas J. Howard 
Deputy Assistant Inspector General
for Maritime and Highway Safety Programs

Reply to JA-40
Attn of:

To: Acting Deputy Maritime Administrator

The Office of Inspector General is initiating an audit of the Title XI loan guarantee program administered by the Maritime Administration (MARAD). This work is being performed at the request of the Senate Committee on Commerce, Science, and Transportation and the House Appropriations Committee.

Our short-term objective will be to assess the impact of American Classic Voyages, Co. (AMCV) bankruptcy filing on October 19, 2001 on its Title XI loan guarantees. AMCV presently has approved loan guarantees totaling over \$367 million that are now at risk. We will determine what immediate actions, if any, the Department of Transportation and MARAD can take to better protect the interests of the United States.

We will also perform a comprehensive review of the Title XI program. Specifically, we will determine (1) if procedures for submission, review, approval, and monitoring of selected Title XI loan guarantees comply with applicable laws and regulations; and (2) if these procedures are adequate and effectively implemented in order to protect the interests of the United States.

The audit will be conducted primarily at MARAD Headquarters. However, we will also visit selected companies that have received approved Title XI loan guarantees and shipyards where their ships are being built. We will arrange an entrance conference through your audit liaison.

If I can answer any questions or be of further assistance, please contact me at 202-366-5630 or the Program Director, Steve Rybicki, at 202-366-1572.

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