



25TH NAVAJO NATION COUNCIL

25TH NAVAJO NATION COUNCIL OFFICE OF THE SPEAKER

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FOR IMMEDIATE RELEASE

June 12, 2026

Controller McCabe provides testimony on housing contracts involving ZenniHome and Indigenous Design Studio + Architects



Navajo Nation Controller Sean McCabe provided testimony during the Budget and Finance Committee's investigatory public hearing about Indigenous Design Studio + Architects and ZenniHome.

WINDOW ROCK, Ariz. – On Wednesday, Navajo Nation Controller Sean McCabe provided testimony during the Budget and Finance Committee's investigatory public hearing examining housing project contracts, payments, and deliverables involving Indigenous Design Studio + Architects (IDSA) and ZenniHome.

Despite a letter and memorandum issued Monday by Navajo Nation Department of Justice Acting Deputy Attorney General JoAnn Jayne advising subpoenaed Navajo Nation Department of Justice clients not to attend or provide testimony, McCabe appeared before the committee and testified.

McCabe stated that, as a Certified Public Accountant, he is obligated to uphold professional standards and fulfill his fiduciary responsibilities to the Navajo Nation.

Throughout the hearing, council delegates questioned McCabe regarding procurement procedures, sole source contracting, compliance with U.S. Department of Treasury guidelines, and the Office of the Controller's oversight responsibilities.

McCabe testified that the Office of the President and Vice President requested his assistance in developing a noncompetitive, sole source contract to provide a \$24 million grant directly to ZenniHome to assist in the development of its housing manufacturing facility. He said the Office of the Controller halted the proposal after identifying internal company cash flow issues and

questionable statements in public federal fundraising documents in addition to Navajo Nation and federal regulatory compliance concerns.

McCabe also testified that a subsequent effort sought to sole source a contract to Indigenous Design Studio + Architects. He further testified that under the original grant proposal, IDSA would have subcontracted with ZenniHome. He testified that the proposal was later abandoned following a dispute between OPVP and IDSA. Under the subsequent housing contract with IDSA, ZenniHome was subcontracted to provide modular homes.

While sole source contracting is not prohibited under Treasury guidelines, he questioned whether the procurement method was appropriate and stated that the Office of the Controller opposed the proposal.

"I don't think there was only one vendor who could perform these duties," McCabe said.

When asked about potential financial liability associated with the contracts, McCabe said the Navajo Nation faces significant risk if expenditures are ultimately determined to be unallowable costs.

"The Nation is at a very significant risk of this being an unallowable cost and the chance to repay is significant," McCabe said. "My job as Controller is to put the Nation in a position where risks are mitigated."

McCabe testified that repayment responsibility could potentially fall to the Navajo Nation or IDSA and noted that recovery from ZenniHome may be difficult because the company has liquidated and ceased operations.

In response to questions from Budget and Finance Committee Vice Chair Carl R. Slater, McCabe testified that no homes had been delivered under the IDSA contract.

Earlier in the hearing, committee members questioned Acting Deputy Attorney General Jayne and requested guidance on how to proceed with the investigation. Jayne declined to answer questions outside of executive session.

Council Delegate Norman Begay emphasized the public's interest in the investigation, stating that the Navajo people deserve answers regarding the contracting process.

"In your position, you have to be neutral," Begay said. "You represent three branches. You can't take sides with the President, the Council or the Judicial Branch."

BFC Vice Chair Slater asked whether the Executive Branch and the Department of Justice could conduct an impartial investigation of the contracts.

"No. The reasons that this took place was actions taken by OPVP," McCabe said. "They won't investigate actions they've taken."

The Budget and Finance Committee's investigatory hearing will continue through Friday, June 19, in the Navajo Nation Council Chamber. The committee has requested that Chief Legal Counsel G. Michelle Espino, Esq., take appropriate legal action to enforce subpoenas issued to witnesses who have failed to appear before the investigatory hearing.

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