THE NAVAJO NATION
LEGISLATIVE BRANCH
INTERNET PUBLIC REVIEW PUBLICATION

LEGISLATION NO: 0268-26 **SPONSOR: Eugenia Charles-Newton**

TITLE: **An Action Relating to an Emergency for the Navajo Nation Council; Requesting That the United States Department of Justice and the United States Department of Treasury Investigate, and Where Warranted Prosecute, Matters Relating to the Navajo Nation's Agreements with ZenniHome and Indigenous Design Studio+ Architects Involving American Rescue Plan Act Funds**

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LEGISLATIVE SUMMARY SHEET
Tracking No. 0268-26

DATE: October 26, 2026

TITLE OF RESOLUTION: AN ACTION RELATING TO AN EMERGENCY FOR THE NAVAJO NATION COUNCIL; REQUESTING THAT THE UNITED STATES DEPARTMENT OF JUSTICE AND THE UNITED STATES DEPARTMENT OF THE TREASURY INVESTIGATE, AND WHERE WARRANTED PROSECUTE, MATTERS RELATING TO THE NAVAJO NATION'S AGREEMENTS WITH ZENNIHOME AND INDIGENOUS DESIGN STUDIO + ARCHITECTS INVOLVING AMERICAN RESCUE PLAN ACT FUNDS

PURPOSE: This legislation, if approved, would request that the United States Department of Justice, including the Federal Bureau of Investigation and the United States Attorney for the District of Arizona, investigate and where warranted prosecute any violation of federal law arising from the Navajo Nation's grants, contracts, subcontracts, and agreements involving ZenniHome and Indigenous Design Studio + Architects, and would request that the Office of Inspector General of the United States Department of the Treasury review the Navajo Nation's use of American Rescue Plan Act fiscal recovery funds in connection with those agreements.

FINAL AUTHORITY: Navajo Nation Council

VOTE REQUIRED: Simple Majority

This written summary does not address recommended amendments as may be provided by the standing committees. The Office of Legislative Counsel requests each Council Delegate to review each proposed resolution in detail.

PROPOSED NAVAJO NATION COUNCIL RESOLUTION

25th NAVAJO NATION COUNCIL—Fourth Year, 2026

Introduced By:

Primary Sponsor

Tracking No. 0268-26

AN ACTION

RELATING TO AN EMERGENCY FOR THE NAVAJO NATION COUNCIL; REQUESTING THAT THE UNITED STATES DEPARTMENT OF JUSTICE AND THE UNITED STATES DEPARTMENT OF THE TREASURY INVESTIGATE, AND WHERE WARRANTED PROSECUTE, MATTERS RELATING TO THE NAVAJO NATION'S AGREEMENTS WITH ZENNIHOME AND INDIGENOUS DESIGN STUDIO + ARCHITECTS INVOLVING AMERICAN RESCUE PLAN ACT FUNDS

BE IT ENACTED:

SECTION ONE. AUTHORITY

A. The Navajo Nation Council is the governing body of the Navajo Nation and may consider legislation regarding an emergency matter. 2 N.N.C. §§ 102(A) and 164(A)(16).

B. "[M]atters constituting an emergency shall be limited to the cessation of law enforcement services, and disaster relief services, fire protection services or other direct services required as an entitlement under Navajo Nation or Federal law, or which directly threaten the sovereignty of the Navajo Nation. Such an emergency

matter must arise due to the pressing public need for such resolution(s) and must be a matter requiring final action by the Council." 2 N.N.C. § 164(A)(16).

SECTION TWO. FINDINGS

A. The American Rescue Plan Act of 2021, Pub. L. No. 117-2, established the Coronavirus State Fiscal Recovery Fund, through which the United States Department of the Treasury provided fiscal recovery funds to Tribal governments, including the Navajo Nation. 42 U.S.C. § 802.

B. A Tribal government may use fiscal recovery funds only for the purposes authorized by federal law, and a Tribal government that fails to comply with those restrictions "shall be required to repay to the Secretary an amount equal to the amount of funds used in violation" of them. 42 U.S.C. § 802(c) and (e).

C. Any repayment required under 42 U.S.C. § 802(e) would be owed by the Navajo Nation as the recipient of the funds. The burden of repayment would therefore fall on the Navajo People and the treasury of the Navajo Nation, and not on the individual officials whose decisions resulted in the misuse of the funds.

D. In March 2024, the President of the Navajo Nation announced a grant of approximately $24,000,000 in American Rescue Plan Act funds to ZenniHome and Indigenous Design Studio + Architects ("IDSA") to expand the production of manufactured homes at the site of the former Navajo Generating Station near Page, Arizona. A grant of approximately $50,000,000 through the Navajo Nation Community Housing and Infrastructure Department was also announced in connection with the same initiative.

E. The Executive Branch later cancelled the $24,000,000 grant and instead contracted with IDSA for approximately $25,000,000, and IDSA in turn subcontracted with ZenniHome. The number of homes to be delivered to Navajo families was reduced from 160 to 80, and only 18 homes were completed.

F. On or about July 14, 2025, ZenniHome closed its factory in LeChee, Arizona, and approximately 200 workers lost their employment.

G. On July 12, 2025, Legislation No. 0174-25 was introduced to establish an investigatory hearing before the Budget and Finance Committee to determine whether the Navajo Nation's housing contracts with ZenniHome and IDSA complied with Navajo Nation laws, regulations, rules, and policies. The Budget and Finance Committee directed the Office of the Auditor General to conduct a forensic audit and, through Resolution No. BFMY-14-26, adopted rules governing the investigatory hearing.

H. In August 2025, upon the application of the Office of Legislative Counsel, the Special Division of the Window Rock District Court appointed Kyle T. Nayback, Esq. as Special Prosecutor to investigate possible unethical and illegal conduct tied to the Executive Branch's contracts with IDSA and the reported subcontract with ZenniHome, including whether American Rescue Plan Act funds were properly used.

I. Ethics complaints filed by the Special Prosecutor in the course of that investigation were dismissed on jurisdictional and forum grounds by the Special Division in December 2025 and by the Window Rock District Court on May 7, 2026. Neither dismissal reached the merits of the allegations.

J. Federal law makes it a federal offense to embezzle, steal, knowingly convert, or willfully misapply money, funds, or other property belonging to an Indian tribal organization or entrusted to the custody or care of its officers, employees, or agents. 18 U.S.C. § 1163. The United States Department of the Treasury, through its Office of Inspector General, also oversees the use of fiscal recovery funds provided under the American Rescue Plan Act.

K. Because the funds at issue include federal funds for which the Navajo Nation remains accountable to the United States, and because no Navajo Nation forum has reached the merits, an independent federal investigation and, where warranted, federal prosecution is the most effective means to determine the facts, to hold accountable any person responsible for the misuse of funds, and to protect the funds of the Navajo People.

L. This matter satisfies the requirements for emergency legislation. The federal repayment obligation imposed by 42 U.S.C. § 802(e) runs against the Navajo Nation

itself, every Navajo Nation forum that might have reached the merits has now closed or stalled the matter, and the offices that closed it serve within the government whose contracts are under examination. The ability of the Navajo Nation to account for federal funds, to protect its treasury, and to govern its own affairs free of conflicted decision-making is directly threatened, and the passage of time continues to place records, testimony, and applicable limitations periods at risk. This matter arises from a pressing public need and requires final action by the Navajo Nation Council. 2 N.N.C. § 164(A)(16).

SECTION THREE. REQUEST FOR FEDERAL INVESTIGATION AND PROSECUTION

A. The Navajo Nation Council hereby requests that the United States Department of Justice, including the Federal Bureau of Investigation and the United States Attorney's Office for the District of Arizona, investigate the expenditure of American Rescue Plan Act funds and other Navajo Nation funds in connection with the grants, contracts, subcontracts, and agreements involving ZenniHome and IDSA and assume the prosecution of any violation of federal law that the investigation discloses.

B. The Navajo Nation Council hereby requests that the Office of Inspector General of the United States Department of the Treasury review the Navajo Nation's use of fiscal recovery funds in connection with those grants, contracts, subcontracts, and agreements.

C. The Navajo Nation Council requests that the federal agencies identified in this Action coordinate with the Navajo Nation's Special Prosecutor, Office of the Auditor General, and Budget and Finance Committee, and make use of the records and findings developed through those processes.

D. This Action is made in the exercise of the sovereignty of the Navajo Nation and its government-to-government relationship with the United States. Nothing in this Action shall be construed to waive the sovereign immunity of the Navajo Nation, to

diminish the jurisdiction of the Navajo Nation, or to constitute a finding that any person has violated any law.

SECTION FOUR. DIRECTIVES

A. The Office of the Speaker shall transmit a certified copy of this Resolution to the Attorney General of the United States; the Director of the Federal Bureau of Investigation; the United States Attorney for the District of Arizona; the Secretary of the Treasury; the Inspector General of the United States Department of the Treasury; the Chair and Vice Chair of the United States Senate Committee on Indian Affairs; the members of the congressional delegations of Arizona, New Mexico, and Utah; and the President of the Navajo Nation.

B. The Office of Legislative Counsel, the Office of the Auditor General, and the Special Prosecutor are authorized to cooperate with and provide records and information to the federal agencies identified in this Action, to the extent permitted by Navajo Nation and federal law.

C. All branches, divisions, departments, offices, programs, and entities of the Navajo Nation shall preserve all records relating to the grants, contracts, subcontracts, agreements, payments, and reports involving ZenniHome and IDSA and shall cooperate fully with any federal investigation undertaken in response to this Action.

SECTION FIVE. EFFECTIVE DATE

This Action shall become effective in accordance with 2 N.N.C. §§ 164(A)(17) and 221(A) and (C).