

U.S. SECURITIES AND
EXCHANGE COMMISSION

Office of Inspector General

SEMIANNUAL REPORT TO CONGRESS

10.01.24 TO 03.31.25



UNITED STATES SECURITIES AND EXCHANGE COMMISSION

OFFICE OF INSPECTOR GENERAL

SEMIANNUAL REPORT TO CONGRESS

OCTOBER 1, 2024 THROUGH MARCH 31, 2025



OIG MISSION

The mission of the Office of Inspector General (OIG) is to promote the integrity, efficiency, and effectiveness of the critical programs and operations of the U.S. Securities and Exchange Commission (SEC or Agency). We accomplish this mission by:

- conducting independent and objective audits, evaluations, and other reviews of SEC programs and operations;
- conducting independent and objective investigations of potential criminal, civil, and administrative violations that undermine the ability of the SEC to accomplish its statutory mission;
- preventing and detecting fraud, waste, and abuse in SEC programs and operations;
- identifying vulnerabilities in SEC systems and operations and making recommendations to improve them;
- communicating timely and useful information that facilitates management decision making and the achievement of measurable gains; and
- keeping Congress, the Chairman, and the Commissioners fully and currently informed of significant issues and developments.

“ Our oversight work reflects our commitment to strengthen the SEC’s programs and operations for the benefit of the nation’s capital markets and investors. ”

CONTENTS

MESSAGE FROM THE INSPECTOR GENERAL	1
MANAGEMENT AND ADMINISTRATION.	3
Agency Overview	3
OIG Strategic Goals and Administration	3
OIG Outreach.	4
COORDINATION WITH OTHER AGENCIES	5
AUDITS, EVALUATIONS, AND OTHER REVIEWS.	7
Overview	7
Completed Audits, Evaluations, and Other Reviews	7
<i>Fiscal Year 2024 Independent Evaluation of the SEC's Implementation of the FISMA of 2014, Report No. 584</i>	<i>7</i>
<i>Final Management Letter: Evaluation of the SEC's FY 2024 Compliance with the Payment Integrity Information Act of 2019.</i>	<i>7</i>
<i>Additional Oversight and Monitoring of the SEC's CAT Usage Is Needed, Report No. 585</i>	<i>7</i>
Ongoing Audits and Evaluations	8
INVESTIGATIONS	10
Overview	10
Report on Instances of Whistleblower Retaliation	11
Select Closed Investigations, Including Substantiated Allegations Against Senior Government Employees.	11
REVIEW OF LEGISLATION AND REGULATIONS.	12
PEER REVIEW	13
Most Recent Peer Reviews of the SEC OIG	13
Peer Review of Audit Operations.	13
Peer Review of Evaluation Operations	13
Peer Review of Investigative Operations	14
MANAGEMENT DECISIONS	15
TABLES	16
Table 1. List of Reports: Audits and Evaluations.	16
Table 2: Reports With Recommendations on Which Corrective Action Has Not Been Completed	16
Table 3. Summary of Investigative Activity for The Reporting Period of October 1, 2024 to March 31, 2025	18
Table 4: References to Reporting Requirements of the IG Act.	20

ABBREVIATIONS

CIGFO	Council of Inspectors General on Financial Oversight
CIGIE	Council of Inspectors General on Integrity and Efficiency
Dodd-Frank	Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010
DOC	Department of Commerce
DOJ	Department of Justice
FISMA	Federal Information Security Modernization Act of 2014
FY	fiscal year
IG	Inspector General
NRC	Nuclear Regulatory Commission
OA	Office of Audits
OEC	Office of the Ethics Counsel
OI	Office of Investigations
OIG	Office of Inspector General
SEC or Agency	U.S. Securities and Exchange Commission
SGE	Senior Government Employee
SOX	Sarbanes-Oxley Act of 2002



OFFICE OF
INSPECTOR GENERAL

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

DEBORAH J. JEFFREY
INSPECTOR GENERAL

March 31, 2025

MESSAGE FROM THE INSPECTOR GENERAL

I am pleased to present this Semiannual Report to Congress, highlighting the accomplishments of the U.S. Securities and Exchange Commission Office of Inspector General (SEC OIG) from October 1, 2024, through March 31, 2025. The OIG focuses on the most significant challenges facing the SEC, working to prevent and detect fraud, waste, and abuse that can interfere with the Agency's ability to regulate the securities markets. Our oversight work reflects our commitment to strengthen the SEC's programs and operations for the benefit of the nation's capital markets and investors.

This semiannual report will be published after my May 17 retirement as the SEC's Inspector General. I am tremendously proud of the work of this office, the dedication of OIG staff to fair, objective and rigorous fact-finding and analysis, and the ongoing positive impact of our oversight. The American people can be confident that the SEC OIG's senior leaders will continue the tradition of non-partisan excellence that has been this office's hallmark.

The accomplishments in this report illustrate the value of our independent oversight. Among the highlights: Our investigators worked with the Department of Justice (DOJ) and the State Department to secure the first ever extradition of an individual from the Kyrgyz Republic on federal criminal charges. Another investigation culminated in the indictment of a corporate chief executive officer for a scheme to defraud the SEC in a \$16 million data center contract. In yet another case, the testimony of an OIG investigator helped to secure the conviction at trial of an Atlanta, Georgia, man for conspiracy, mail, and wire fraud. SEC OIG is also the lead law enforcement agency in which a grand jury in the District of Columbia indicted the subject for a multi-million-dollar fraud and destroying evidence in order to obstruct the SEC's investigation.

The OIG's Office of Audits (OA) is also actively engaged in enhancing the SEC's operations. OA issued one audit report and two evaluation reports during this period and has six audits and evaluations in process as of this writing. These projects focus on critical activities, systems, and processes to identify opportunities to improve efficiency and effectiveness.

The constructive relationship between the SEC and the OIG contributes to the impact of our work. As envisioned 47 years ago when Congress passed the Inspector General Act, the relationship involves candid and respectful communications at all levels, a shared interest in strengthening Agency systems, processes and accountability, and consistent respect for the OIG's independent oversight. The SEC has always responded positively to OIG recommendations and has a strong record of implementing them promptly. Currently, only

four recommendations are more than one year old, and the oldest of them dates from 2022, a record most agencies would envy. A strong and supportive tone at the top, from the Commissioners and the senior career leadership, has been invaluable. We welcome incoming Chairman Paul Atkins and look forward to continuing this constructive engagement.

In closing, I would like to express my appreciation to each of the Commissioners of the SEC with whom I have served, to the Agency's career leadership, especially Chief Operating Officer Ken Johnson, and to Congress for its ongoing support. It has been an honor and a privilege to serve as the Inspector General of two agencies, under three presidents, alongside some of the most talented professionals in government. I know that the staff of the SEC OIG will continue to do work that matters, and I will be cheering them on from the sidelines.

Respectfully submitted,

A handwritten signature in blue ink that reads "Deborah J. Jeffrey". The signature is written in a cursive, flowing style.

Deborah J. Jeffrey



MANAGEMENT AND ADMINISTRATION

AGENCY OVERVIEW

The SEC's mission is to protect investors, maintain fair, orderly, and efficient markets, and facilitate capital formation. The SEC strives to promote capital markets that inspire public confidence and provide a diverse array of financial opportunities to retail and institutional investors, entrepreneurs, public companies, and other market participants. Its core values consist of integrity, excellence, accountability, teamwork, fairness, and effectiveness. On November 29, 2022, the SEC issued its *Strategic Plan: Fiscal Years (FY) 2022–2026*, identifying its goals to: (1) Protect the investing public against fraud, manipulation, and misconduct; (2) Develop and implement a robust regulatory framework that keeps pace with evolving markets, business models, and technologies; and (3) Support a skilled workforce that is diverse, equitable, inclusive, and fully equipped to advance Agency objectives.

The SEC is responsible for overseeing the nation's securities markets and certain primary participants, including broker-dealers, investment companies, investment advisers, clearing agencies, transfer agents, credit rating agencies, and securities

exchanges, as well as organizations such as the Financial Industry Regulatory Authority, Municipal Securities Rulemaking Board, and the Public Company Accounting Oversight Board. Under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank), the Agency's jurisdiction was expanded to include certain participants in the derivatives markets, private fund advisers, and municipal advisers.

The SEC accomplishes its mission through six main divisions—Corporation Finance, Economic and Risk Analysis, Enforcement, Examinations, Investment Management, and Trading and Markets and 26 functional offices.¹ The Agency's headquarters are in Washington, DC, and it has 10 regional offices located throughout the country. As of March 2025, the SEC employed 4,732 full-time equivalent employees.²

OIG STRATEGIC GOALS AND ADMINISTRATION

Three strategic goals support the OIG's oversight mission: (1) Delivering results that promote integrity, efficiency, and effectiveness in the SEC's programs and operations; (2) Advancing an inclu-

¹ Including the Office of Inspector General.

² As of March 31, the SEC was processing applications received for the OPM Deferred Resignation Program, and an agency buyout/early retirement offer.

sive and dynamic OIG culture that inspires high performance; and (3) Improving the effectiveness and efficiency of our processes through continuous innovation, collaboration, and communication.

During this reporting period, we continued our outreach efforts to SEC's divisions and regional offices. We streamlined the intake process for the Employee Suggestion Program created by Dodd-Frank. We also welcomed a Deputy Inspector General for Investigations and a senior special agent.

OIG OUTREACH

Members of our senior management regularly met with the Commissioners and senior officers from various SEC divisions and offices to foster open communication at all levels between the Agency and us. Through these efforts, we kept up-to-date on significant, current matters that were relevant to our work, and we obtained Agency management's input on what it believes are the areas presenting the greatest risks or challenges, allowing us to plan for future work. We continue to brief senior Agency leaders on relevant findings and the Agency's progress in implementing our recommendations. The constructive working relationship between Agency leaders and the OIG promotes continuous improvement in the SEC's programs and operations.

We prioritize educating SEC employees on our mission, as well as employees' responsibility to refer allegations of fraud, waste, abuse, and misconduct to us. To ensure we reach all SEC employees, we participate in the SEC's new employee orientation

sessions to give an overview of our office, its mission, and the role each SEC employee plays in maintaining the Agency's integrity and efficiency. In support of our oversight, the SEC regularly reminds all staff of their legal obligation to cooperate with all OIG inquiries, including providing access to SEC employees, facilities, systems, and equipment, as well as our right to access all Agency information, even that which may be classified, privileged, confidential, or otherwise exempt from disclosure under the law. These statements from the SEC Chair and the Chief Operating Officer also make clear that SEC employees have the right to communicate directly with us without seeking permission from anyone within the Agency, and that the OIG protects whistleblower confidentiality and pursues allegations of retaliation for protected conduct. The SEC issues these statements annually, with the most recent one published this past summer.

Additionally, we continued to promote to SEC staff the Employee Suggestion Program, as established under Dodd-Frank, to encourage suggestions for improvements in the SEC's work efficiency, effectiveness, and productivity, and the use of its resources and to receive from SEC employees allegations of waste, abuse, misconduct, or mismanagement. Moreover, the OIG's Office of Investigations (OI) delivers a fraud awareness briefing program throughout the SEC on an as-needed basis. These briefings serve to educate SEC employees on our mission and programs, as well as to help the SEC identify specific vulnerabilities in the programs they oversee.



COORDINATION WITH OTHER AGENCIES

During this semiannual reporting period, we coordinated our activities with those of other agencies, pursuant to Section 4(a)(4) of the Inspector General (IG) Act of 1978, as amended.

Specifically, we participated in the meetings and activities of the Council of Inspectors General on Financial Oversight (CIGFO), which was established by Dodd-Frank. The chairman of CIGFO is the IG of the U.S. Department of the Treasury. Other members of the Council, in addition to the IGs of the SEC and the U.S. Department of the Treasury, are the IGs of the Board of Governors of the Federal Reserve System, the Commodity Futures Trading Commission, the Department of Housing and Urban Development, the Federal Deposit Insurance Corporation, the Federal Housing Finance Agency, and the National Credit Union Administration. As required by Dodd-Frank, CIGFO meets at least once every 3 months. At CIGFO meetings, members share information about their ongoing work, with a focus on concerns that may apply to the broader financial sector and ways to improve financial oversight.

We also actively participated in a number of activities within the Council of Inspectors General on Integrity and Efficiency (CIGIE) such as: monthly meetings of the IGs; the Deputy IG Working Group; the Assistant IGs for Investigations Working Group; the Investigations Policy Working Group; the Audit Committee; the Federal Audit Executive Council; and the Freedom of Information Act Working Group. Our attorney staff participated in the Council of Counsels to IGs. OA staff also participated on a number of CIGIE working groups, including those related to external peer reviews, information technology, and quality assurance. Furthermore, one OA staff member served as an adjunct instructor for CIGIE's new and improved Introductory Auditor training course. OA is also representing the SEC OIG on the most recent CIGFO working group effort, which seeks to evaluate the Financial Stability Oversight Council's designation of nonbank financial companies.

Finally, OI coordinated with law enforcement partners across the government to meet its mission of preventing and detecting fraud, waste, abuse, and criminal conduct within SEC's programs and operations. During this reporting period, OI

staff collaborated with investigations staff from other OIGs to continue the process of updating the CIGIE *Quality Standards for Investigations* and *Qualitative Assessment Review Guidelines for Investigative Operations for Federal Offices of Inspector General*. Furthermore, one OI staff

member served as an instructor for CIGIE's New Manager training course. OI also provided assistance to and coordinated with the Pandemic Response Accountability Committee to assist in investigating allegations of fraud related to pandemic funding.



AUDITS, EVALUATIONS, AND OTHER REVIEWS

OVERVIEW

OA conducts, coordinates, and supervises independent audits and evaluations of the SEC's programs and operations to assess Agency performance; to help detect and deter waste, fraud, abuse, and mismanagement; and to promote economy, efficiency, and effectiveness at the SEC's headquarters and regional offices. Audits are performed in accordance with generally accepted government auditing standards issued by the Comptroller General of the United States. Evaluations follow CIGIE's *Quality Standards for Inspections and Evaluations*.

Audits and evaluations provide essential accountability and transparency over government programs. We issue independent audit and evaluation reports, which identify deficiencies found and make recommendations to correct those deficiencies or increase efficiencies in SEC operations. Typically, OA assesses whether:

- resources are safeguarded and appropriately managed;
- governing laws, regulations, and policies are complied with;
- funds are expended properly;
- government programs are achieving their objectives and desired outcomes;
- government services are provided effectively, efficiently, and economically; and
- information provided by the Commission to the public and others is reliable.

OA also monitors the Agency's progress in taking corrective actions on recommendations in our audit and evaluation reports and works with other OIG components to independently assess Agency operations.

COMPLETED AUDITS, EVALUATIONS, AND OTHER REVIEWS¹

[Fiscal Year 2024 Independent Evaluation of the SEC's Implementation of the FISMA of 2014, Report No. 584](#)

[Final Management Letter: Evaluation of the SEC's FY 2024 Compliance with the Payment Integrity Information Act of 2019](#)

[Additional Oversight and Monitoring of the SEC's CAT Usage Is Needed, Report No. 585](#)

¹ Per the James M. Inhofe National Defense Authorization Act for Fiscal Year 2023, Pub. L. No. 117-263 § 5273, we are providing links to the reports posted on the SEC OIG website, in lieu of summaries.

ONGOING AUDITS AND EVALUATIONS

Audit of Aspects of the SEC's Rulemaking Process and Related Internal Controls

We have initiated an audit to assess aspects of the SEC's rulemaking process and related internal controls. The overall objective of the audit is to review the SEC's processes for (1) giving interested persons an opportunity to participate in rulemaking; and (2) assessing and documenting the impact(s) of proposed rules on competition, efficiency, and capital formation. We will also review Agency actions to ensure staff with sufficient and appropriate skills, experience, and expertise are involved in formulating and reviewing proposed rules.

We expect a report will be issued during the next reporting period.

Audit of the SEC's Efforts to Recruit and Retain a Highly Skilled Workforce and Address Related Challenges

We have initiated an audit to assess the SEC's strategies for recruiting and retaining employees and efforts to address challenges in filling vacancies. Specifically, we will (1) determine the extent to which the SEC has implemented leading human capital management practices and government-wide guidance related to recruitment and retention; and (2) evaluate the mechanisms used by the SEC to assess the effectiveness of its recruitment and retention strategies.

We expect a report will be issued during the next reporting period.

Audit of the Division of Corporation Finance's Disclosure Operations

We have initiated an audit to assess whether the Division of Corporation Finance's Disclosure Review Program (1) concentrated its resources on critical disclosures by implementing a risk-based

process for selecting and reviewing filers' periodic reports and transactional filings, and (2) met its statutory requirements for reviewing filers' financial statements within the most recent three-year period. The audit scope will include Disclosure Review Program reviews completed in FY 2023 and FY 2024.

We expect a report will be issued during the next reporting period.

Audit of the Division of Investment Management's Disclosure Review and Accounting Office Operations

We have initiated an audit to assess the Division of Investment Management's Disclosure Review and Accounting Office operations. Specifically, we will determine whether the Office (1) effectively employed risk-based processes when selecting reviewable filings to review; (2) reviewed all filers at least triennially, as required by the Sarbanes-Oxley Act of 2002 (SOX); and (3) followed its disclosure review process for reviewable filings and SOX reviews, to include ensuring appropriate supervisory reviews, timely submission of comments, and an effective process for identifying inconsistencies in comments. The audit scope period will include reviewable filings from fiscal year 2024 and SOX reviews from FY 2022 through FY 2024.

We expect a report will be issued in FY 2026.

Audit of the SEC's Change Control Process

We have initiated an audit to assess the Office of Information Technology's process for managing changes to the SEC's operational environment to prevent unintended consequences that can affect the performance and security of SEC systems and data. Specifically, we will determine whether the Office of Information Technology adequately defined and consistently implemented a change control process,

to include appropriate testing of changes before deployment and regular monitoring for unapproved system changes. The audit scope will include a sample of information systems that underwent changes during calendar year 2024.

We expect a report will be issued in FY 2026.

Fiscal Year 2025 Independent Evaluation of the SEC's Implementation of the Federal Information Security Modernization Act of 2014

The Federal Information Security Modernization Act of 2014 (FISMA) requires IGs to annually assess the effectiveness of Agency information

security programs and practices and to report the results to the Office of Management and Budget and the Department of Homeland Security.

This assessment includes testing and assessing the effectiveness of Agency information security policies, procedures, practices, and a subset of Agency information systems. To comply with FISMA, we have initiated an evaluation of the SEC's information security programs and practices. We contracted with Sikich CPA LLC (formerly, Cotton & Company Assurance and Advisory, LLC) to conduct this independent evaluation.

We expect a report will be issued in FY 2026.



INVESTIGATIONS

OVERVIEW

OI is a federal law enforcement component responsible for investigating allegations of criminal, civil, and administrative misconduct relating to SEC programs, operations, and personnel. The subject of an investigation may be an SEC employee, contractor, consultant, or any person or entity involved in alleged wrongdoing affecting the Agency. Substantiated allegations may result in criminal prosecutions, fines, civil penalties, administrative sanctions, and/or personnel actions. OI conducts investigations in accordance with the CIGIE *Quality Standards for Investigations* and applicable guidelines issued by the United States Attorney General.

OI is committed to ensuring that its investigations are independent, fair, thorough, and timely. In conducting investigations, OI works closely with SEC divisions and offices and other law enforcement agencies. We partner with the DOJ, United States Attorney's Offices, and state and local prosecutors throughout the nation. When our criminal investigators discover vulnerabilities or internal control deficiencies, we promptly report these issues to SEC management for corrective actions.

Managing the OIG Hotline, which is available 24 hours a day, 7 days a week, to receive and process tips and complaints about fraud, waste, or abuse related to SEC programs and operations, is a critical OI responsibility. The Hotline allows individuals to report their allegations to us directly and confidentially, secure in the knowledge that we will protect their identity consistent with the IG Act.

During this reporting period, OI led or participated in myriad ongoing investigations, including the following public results:

- The [indictment of seven individuals](#) on securities fraud charges and the government seizures of approximately \$214 million.
- The [conviction of a Georgia man](#) on charges of conspiracy, mail, and wire fraud.
- The [extradition of a California attorney](#) from the Kyrgyz Republic for large scale visa fraud associated with the EB-5 visa program.
- The indictment, [arrest](#), and [guilty plea](#) of an Alabama man to a charge of conspiracy to commit aggravated identity theft for hacking the SEC's X account.

- The [guilty plea of a South Carolina man](#) for operating a \$13 million Ponzi scheme and to stalking two social media content creators.
- The [indictment of a Maryland man](#) charging major fraud against the United States and making false statements to the SEC for allegedly deceiving the SEC into thinking his company's data center was certified at the highest rating level for reliability, availability, and security, when it was not. This investigation was based on a referral to OI from OIG's Office of Audits.
- The [indictment of a Michigan man](#) charging him with defrauding investors and obstructing an SEC proceeding by destroying evidence.

REPORT ON INSTANCES OF WHISTLEBLOWER RETALIATION

Whistleblowers are an essential source of information, and the OIG is committed to their protection. For this semiannual reporting period, we have no instances of whistleblower retaliation to report.

SELECT CLOSED INVESTIGATIONS, INCLUDING SUBSTANTIATED ALLEGATIONS AGAINST SENIOR GOVERNMENT EMPLOYEES

Former Division Director Failed to File Ethics Form but Did Not Violate Other Ethics Rules as Alleged

OIG investigated allegations received from a non-governmental organization alleging that a former Division Director did not comply with Office of the Ethics Counsel (OEC) "directives" with respect to an ongoing financial relationship and contacts with a former employing law firm.

We found the former employee disclosed their financial interest to OEC when they onboarded at the SEC and took the steps prescribed by SEC ethics officials to mitigate or cure potential conflicts of interest. The individual followed applicable ethics rules in preparing and delivering a speech at a private sector function, but did not submit to OEC the required SEC Form 2432. Finally, we did not find evidence that the former employee's statements during the speech had a direct and predictable effect on their financial interests at the time nor were made for their personal financial gain.



REVIEW OF LEGISLATION AND REGULATIONS

Section 4(a) of the IG Act directs the OIG to review existing and proposed legislation and regulations relating to the programs and operations of the SEC, and to make recommendations concerning the impact of such legislation or regulations on the economy and efficiency of SEC programs and operations, as well as any impact on the prevention and detection of fraud and abuse in such programs and operations. Although the SEC's Office of Legislative Affairs

and Office of the General Counsel review proposed or enacted legislation that could affect the SEC's activities, the OIG independently conducts reviews in accordance with the IG Act. During this reporting period, we reviewed relevant legislation and proposed and final regulations and made no recommendations to the Agency concerning their impact on the economy and efficiency of the SEC's programs and operations.



PEER REVIEW

OIGs undergo periodic peer reviews to ensure that their operations meet the professional standards of the IG community. The results of a peer review must be included in the Semiannual Report of the reviewed office, which must also identify any recommendations that have not been fully implemented. The OIG that conducts a peer review must likewise identify the outstanding and unimplemented recommendations pertaining to the office that it reviewed. The specific statutory requirements appear in Section 5 of the IG Act.

MOST RECENT PEER REVIEWS OF THE SEC OIG

The results of the most recent peer reviews of the Offices of Audits and Investigation confirm the rigor of the SEC OIG's oversight, which ensures that the SEC is accountable to the public.

PEER REVIEW OF AUDIT OPERATIONS

The Export-Import Bank OIG conducted the most recent assessment of our OA's system of quality control for the three-year period ending March 31, 2024. On July 24, 2024, the Export-Import Bank OIG issued its report, concluding that OA's system of quality control was suitably designed and complied with to provide us with

reasonable assurance of performing and reporting in conformity with generally accepted government auditing standards (GAGAS) and applicable legal and regulatory requirements in all material respects. On the basis of its review, the Export-Import Bank OIG gave us a peer review rating of "pass." (Federal audit organizations can receive a rating of "pass," "pass with deficiencies," or "fail.")

The external peer review report is available on our website at [Peer Review: System Review Report on the U.S. Securities and Exchange Commission's Office of Inspector General Audit Organization](#).

PEER REVIEW OF EVALUATION OPERATIONS

The Department of Commerce (DOC) OIG conducted the most recent assessment of our OA's evaluation work for the three-year period ending September 30, 2023. On March 7, 2024, the DOC OIG issued its report, concluding that OA's evaluation policies and procedures generally were consistent with the CIGIE's *Quality Standards for Inspection and Evaluation* standards addressed in the external peer review. In addition, the DOC OIG found that the two reports reviewed generally complied with Blue Book standards. The DOC OIG did not make any recommendations.

The external peer review report is available on our website at [Peer Review: External Peer Review Report for the SEC OIG Inspection and Evaluation Function](#).

PEER REVIEW OF INVESTIGATIVE OPERATIONS

The U.S. Nuclear Regulatory Commission (NRC) OIG conducted a peer review of our investigative operations in 2023. The NRC OIG conducted its review in conformity with the *Quality Standards for Investigations* and the *Quality Assessment Review Guidelines for Investigative Operations of Federal Offices of Inspector General* established

by CIGIE and the *Attorney General Guidelines for Offices of Inspectors General With Statutory Law Enforcement Authority*.

On May 17, 2023, the NRC OIG concluded that the OIG's investigative operations met the quality standards established by CIGIE and other applicable guidelines and statutes. Furthermore, the NRC OIG concluded that our system of internal policies and procedures provides reasonable assurance that we conform to professional standards in the planning, execution, and reporting of our investigations.



MANAGEMENT DECISIONS

STATUS OF RECOMMENDATIONS WITH NO MANAGEMENT DECISIONS

Management decisions have been made on all audit and evaluation reports issued before the beginning of this reporting period.

REVISED MANAGEMENT DECISIONS

No management decisions were revised during the period.

AGREEMENT WITH SIGNIFICANT MANAGEMENT DECISIONS

We agree with all significant management decisions regarding audit and evaluation recommendations.

REPORTS FOR WHICH NO AGENCY COMMENT WAS RETURNED WITHIN 60 DAYS

There were no audit or evaluation reports issued before the beginning of this reporting period for which no Agency comment was returned within 60 days of providing the report to the Agency.

INSTANCES WHERE THE AGENCY UNREASONABLY REFUSED OR FAILED TO PROVIDE INFORMATION TO US OR ATTEMPTED TO INTERFERE WITH OUR INDEPENDENCE

During this reporting period, there were no instances in which the Agency unreasonably refused or failed to provide information to us or attempted to interfere with our independence.

TABLES

Table 1. List of Reports: Audits and Evaluations

Information Security	
11/25/2024	Fiscal Year 2024 Independent Evaluation of the SEC's Implementation of the Federal Information Security Modernization Act of 2014
Report No. 584	
3/31/2025	Additional Oversight and Monitoring of the SEC's CAT Usage Is Needed
Report No. 585	
Financial Management	
3/11/2025	Final Management Letter: Evaluation of the SEC's FY 2024 Compliance with the Payment Integrity Information Act of 2019
N/A	

Table 2: Reports With Recommendations on Which Corrective Action Has Not Been Completed

During this most recent semiannual reporting period, SEC management provided the OIG with documentation to support the implementation of OIG recommendations. In response, the OIG closed 19 recommendations related to five OA reports. The following table lists recommendations issued before the commencement of this semiannual reporting period that remain open. ("Redacted text" indicates recommendations that include one or more redactions of nonpublic information.)

Report Number and Title	Rec. No.	Issue Date	Recommendation Summary
574 - Fiscal Year 2022 Independent Evaluation of the SEC's Implementation of the Federal Information Security Modernization Act of 2014	6	11/15/2022	Redacted Text
580 - Fiscal Year 2023 Independent Evaluation of the SEC's Implementation of the Federal Information Security Modernization Act of 2014	4	12/20/2023	Redacted Text

Table 2. Reports With Recommendations on Which Corrective Action Has Not Been Completed
(Continued)

Report Number and Title	Rec. No.	Issue Date	Recommendation Summary
580 - Fiscal Year 2023 Independent Evaluation of the SEC's Implementation of the Federal Information Security Modernization Act of 2014	5	12/20/2023	Update the SEC's system security plans with the latest baseline controls for all FISMA-reportable systems to ensure the SEC is assessing and monitoring the controls in accordance with the level of risk associated with each information security system.
580 - Fiscal Year 2023 Independent Evaluation of the SEC's Implementation of the Federal Information Security Modernization Act of 2014	6	12/20/2023	Redacted Text
583 - Enhanced Planning, Performance Measurement and Evaluation, and Information Can Improve Oversight of Broker-Dealer Examinations	1	9/23/2024	We recommend that the Division of Examinations: (a) Develop Broker-Dealer and Exchange examination program goals and objectives that reflect core mission areas; (b) establish Broker-Dealer and Exchange examination program performance metrics that align with established program goals and objectives and are based on recognized leading practices (that is, are outcome-based, informative, clear, and linked to agency goals and mission); and (c) develop Broker-Dealer and Exchange examination program evaluation and monitoring activities that consider performance metric data and are based on recognized leading practices (that is, activities that help drive potential change by determining whether the program is working and why).
583 - Enhanced Planning, Performance Measurement and Evaluation, and Information Can Improve Oversight of Broker-Dealer Examinations	2	9/23/2024	Conduct a comprehensive review of the following topics as part of ongoing efforts to improve the Broker-Dealer and Exchange examination program, and establish appropriate corresponding corrective action(s): a. Examination scoping practices holistically, to include the use of limited scope examinations (such as thematic initiatives). b. Alignment of examinations with annual priorities, industry activities, and risks identified in broker-dealer planning data. c. Extent of asset verification performed and waivers authorized. d. Broker-dealer examination coverage of the Financial Industry Regulatory Authority and how it may be leveraged in program planning.

Table 2. Reports With Recommendations on Which Corrective Action Has Not Been Completed
(Continued)

Report Number and Title	Rec. No.	Issue Date	Recommendation Summary
583 - Enhanced Planning, Performance Measurement and Evaluation, and Information Can Improve Oversight of Broker-Dealer Examinations	3	9/23/2024	Require that exam plans or other planning memoranda contain more detailed information about the process used to select broker-dealer examination candidates and the reason(s) for selection to help support that risk-based strategies were used.
583 - Enhanced Planning, Performance Measurement and Evaluation, and Information Can Improve Oversight of Broker-Dealer Examinations	6	9/23/2024	Review and update, as appropriate, procedures and guidance relevant to asset verification and risk ratings to ensure recordkeeping in TRENDS is consistent across broker-dealer examination files, which may include incorporating reviews of this information across broker-dealer examinations.

Table 3. Summary of Investigative Activity for the Reporting Period of October 1, 2024 to March 31, 2025

The data contained in this table was compiled from our investigations case management system.

Investigative Caseload	Number
Cases Open at Beginning of Period	21
Cases Completed but Not Closed at Beginning of Period*	2
Cases Opened During Period	12
Cases Closed During Period**	11
Cases Completed but Not Closed at End of Period	0
Open Cases at End of Period	24
Investigative Reports Issued During the Reporting Period	2

* A case is “completed” but not “closed” when the investigative work has been performed but disposition (e.g., corrective administrative action) is pending.

** Of the 11 cases closed during this reporting period, 6 involved senior government employees (SGEs).¹ All substantiated allegations involving SGEs are described in detail in the OI narrative section above.

1 According to IG Act Section 405 (a)(6)(A), an SGE is “an officer or employee in the executive branch ... who occupies a position classified at or above GS-15 of the General Schedule or, in the case of positions not under the General Schedule, for which the rate of basic pay is equal to or greater than 120 percent of the minimum rate of basic pay payable for GS-15 of the General Schedule ...” As an independent Agency, the SEC has independent pay setting authority, and its pay scale is generally higher than the General Schedule, which can result in more SEC employees being categorized as SGEs in accordance with the IG Act.

Table 3. Summary of Investigative Activity for the Reporting Period of October 1, 2024 to March 31, 2025 (*Continued*)

Criminal and Civil Investigative Activities	Number
Referrals for Criminal Prosecution to DOJ	5
Accepted	2
Indictments/Informations	10
Arrests	4
Convictions	6
Referrals for Criminal Prosecution to State and Local Prosecuting Authorities	0
Referrals for Civil Action to DOJ	0
Referrals for Civil Action to State and Local Prosecuting Authorities	0

Monetary Results	Number
Criminal Fines/Restitutions/Recoveries/Assessments/Forfeitures	\$56,752***
Criminal Seizures	\$0
Civil Fines/Restitutions/Recoveries/Penalties/Damages/Forfeitures	\$0

***Dollar amount does not reflect additional physical property forfeited, such as a vehicle, equipment, firearms, and ammunition.

Administrative Investigative Activities	Number
Removals, Retirements, and Resignations	2
Suspensions	2
Reprimands/Warnings/Other Actions	0

Complaints Received	Number
Hotline Complaints	495
Total Complaints During Period	810
Complaints referred to other parties during this reporting period	41

Table 4: References to Reporting Requirements of the IG Act²

Inspector General Act Reporting Requirement	Page(s)
Review of legislation and regulations	12
Significant problems, abuses, and deficiencies and associated reports	7-9
Identification of each recommendation made before the reporting period, for which corrective action has not been completed, including the potential costs savings associated with the recommendation	16-18
Summary of significant investigations closed during the reporting period	11
Total number of convictions resulting from investigations	19
Listing of each audit, evaluation or inspection issued during the reporting period	16
Total dollar value of questioned costs (including a separate category for the dollar value of unsupported costs) and the dollar value of recommendations that funds be put to better use, including whether a management decision had been made by the end of the reporting period	N/A
Information regarding any management decision made during the reporting period with respect to any audit, inspection, or evaluation issued during a previous reporting period	15
Results of peer review conducted of SEC OIG	13-14
Date of the last peer review conducted by another OIG	13-14
List of outstanding recommendations made from any previous peer review of SEC OIG that remain outstanding or have not been fully implemented	N/A
A list of any peer reviews conducted by the IG of another OIG during the reporting period, including a list of any outstanding recommendations made from any previous peer review (including any peer review conducted before the reporting period) that remain outstanding or have not been fully implemented	N/A
Statistical table showing the total number of investigative reports issued during the reporting period	18
Statistical table showing the total number of persons referred to the DOJ for criminal prosecution during the reporting period	19
Statistical table showing the total number of persons referred to State and local prosecuting authorities for criminal prosecution during the reporting period	19
Statistical table showing the total number of indictments and criminal informations during the reporting period that resulted from any prior referral to prosecuting authorities	19
Description of the metrics used for developing the Data for the Statistical Tables Under Paragraph 17	19

2 5 U.S.C. §§ 404–405, formerly cited as 5 U.S.C. App. 3 §§ 4-5. Please note: The James M. Inhofe National Defense Authorization Act for Fiscal Year 2023, Pub. L. No. 117-263 § 5273 amended the semiannual reports requirements and those requirements have not yet been codified.

Table 4. References to Reporting Requirements of the IG Act (*Continued*)

Inspector General Act Reporting Requirement	Page(s)
Report on each investigation conducted involving a senior government employee or senior official where allegations of misconduct were substantiated	11
Instances of whistleblower retaliation	11
Attempts by the establishment to interfere with the independence of the OIG	15
Each inspection, evaluation, and audit conducted by the OIG that is closed and was not disclosed to the public	N/A
Each investigation conducted by the OIG involving a senior government employee that is closed and was not disclosed to the public	11

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REPORT FRAUD, WASTE, OR ABUSE

To report suspected fraud, waste, or abuse in SEC programs or operations, as well as SEC staff or contractor misconduct, use our online OIG Hotline complaint form, [SEC.govcomhotline.com](https://sec.govcomhotline.com), or call (833) 732-6441. This number is answered 24 hours, 7 days a week.

Information received through the hotline is held in confidence upon request. Although the OIG encourages complainants to provide information on how we may contact them for additional information, we also accept anonymous complaints.

EMPLOYEE SUGGESTION PROGRAM

The OIG SEC Employee Suggestion Program, established under Dodd-Frank, welcomes suggestions by all SEC employees for improvements in the SEC's work efficiency, effectiveness, productivity, and use of resources. The OIG evaluates all suggestions received and forwards them to Agency management for implementation, as appropriate. SEC employees may submit suggestions by calling the OIG Hotline at (833) 732-6441 or by using our online OIG Hotline complaint form, [SEC.govcomhotline.com](https://sec.govcomhotline.com).

COMMENTS AND IDEAS

The SEC OIG also seeks ideas for possible future audits, evaluations, or reviews. We will focus on high-risk programs, operations, and areas where substantial economies and efficiencies can be achieved. Please send your input to AUDPlanning@sec.gov.



U.S. SECURITIES AND EXCHANGE COMMISSION

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