

FDIC Office of Inspector General

# Special Inquiry of the FDIC's Workplace Culture with Respect to Harassment and Related Misconduct – Part 2

Review Report - Final

July 2025 | No. REV-25-03



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## NOTICE

Pursuant to Pub. L. 117-263, section 5274, non-governmental organizations and business entities identified in this report have the opportunity to submit a written response for the purpose of clarifying or providing additional context to any specific reference. Comments must be submitted to [comments@fdicoig.gov](mailto:comments@fdicoig.gov) within 30 days of the report publication date as reflected on our public website.

Any comments will be appended to this report and posted on our public website. We request that submissions be Section 508 compliant and free from any proprietary or otherwise sensitive information.

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# Executive Summary

## Special Inquiry of the FDIC's Workplace Culture with Respect to Harassment and Related Misconduct – Part 2 (REV-25-03)

July 29, 2025

### What We Did

Our objective was to provide factual findings regarding selected allegations that senior officials personally engaged in harassment or related misconduct. To do so, we performed a judgmental review of over 280,000 FDIC records, processed complaints received by the OIG Hotline, reviewed publicly available information, and conducted interviews of current and former FDIC employees.

### Impact on the FDIC

An Agency's overall performance and reputation can be undermined by employee perceptions that an Agency's workplace culture does not demonstrate commitment to its core values. This can lead to long-term challenges in achieving the Agency's mission and retaining talent. In addition, if management does not hold personnel accountable and foster an environment where employees can report harassment and related misconduct without fear of retaliation, employees will mistrust the Agency's efforts.

### What We Found

The preliminary evidence we gathered led us to conduct investigations into allegations of harassment and related misconduct against five FDIC senior officials. These senior officials were former Chairman Martin Gruenberg (Chairman Gruenberg) and four additional senior officials referred to as Officials 1-4 in the report.

We reviewed allegations of personal misconduct by each of the senior officials. While the scope and severity of conduct varied, our investigations developed evidence supporting that each of the senior officials personally engaged in some degree of inappropriate workplace conduct. Our report discusses the factual evidence related to each official.

We also reviewed how the FDIC handled allegations against the senior officials and each official's role in reviewing incoming allegations against each other. In our previous report, we found that many FDIC employees perceived that FDIC management has tolerated harassment and related misconduct and that management has not been effective in supporting victims of workplace harassment and encouraging the reporting of harassment they experienced. Our investigations developed evidence supporting that certain actions of these senior officials did not protect victims of harassment, nor consistently align with the FDIC's applicable policies and stated core values (including accountability, fairness, and integrity).

The evidence developed in our investigations also corroborated the validity of employee perceptions of FDIC culture described in Part 1 of this project. In Part 1, we reported that many of the employees we interviewed perceived that the FDIC would not effectively implement its action plan to address harassment because some of the executives leading the efforts have had allegations against them. Our investigations developed evidence that Official 2, Official 3, and Official 4 assisted one another in discreetly and expeditiously resolving complaints when allegations of misconduct arose against them.

Part 1 of this report and our 2024 report on the FDIC's Sexual Harassment Prevention Program made recommendations to improve reporting, investigative, and disciplinary processes for harassment issues. The FDIC is continuing to implement these recommendations.

We provided our factual findings to the FDIC for their review and action. The FDIC stated that in response to the OIG's investigations of the five senior officials discussed in this report, the FDIC reviewed the reports of investigation, conducted its own investigations in several cases, and took corrective action, as appropriate.



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# Special Inquiry of the FDIC's Workplace Culture with Respect to Harassment and Related Misconduct – Part 2

## INTRODUCTION AND OBJECTIVES

This second part of our Special Inquiry (SI Part 2) follows our review and reporting in *Special Inquiry of the FDIC's Workplace Culture with Respect to Harassment and Related Misconduct – Part 1* (REV-25-01) (SI Part 1).<sup>1</sup> The Special Inquiry's objectives were to determine:

(1) employee perceptions of the FDIC workplace culture with respect to harassment, or related misconduct, and management actions; (2) FDIC management's actions to review, process, and address complaints of harassment and related misconduct, including the management of related litigation; (3) FDIC executives' knowledge of harassment and related misconduct and what actions (if any) were taken in response; and (4) factual findings regarding selected allegations that senior officials personally engaged in harassment or related misconduct (Objective 4).<sup>2</sup> SI Part 1 addressed the first three objectives, and this report, SI Part 2, addresses Objective 4.

Specifically, our SI Part 2 presents the investigative results of our inquiries into selected allegations that FDIC senior officials engaged in harassment or related misconduct. As discussed below, we reviewed allegations that were raised in media articles, received by various FDIC offices, and sent directly to the OIG. Based on our development of allegations, we completed investigations of the following senior officials:

- Former Chairman Martin Gruenberg
- Former [REDACTED] (Official 1)
- Former [REDACTED] (Official 2)
- Former [REDACTED] (Official 3)
- Former [REDACTED] (Official 4)

<sup>1</sup> FDIC OIG, [Special Inquiry of the FDIC's Workplace Culture with Respect to Harassment and Related Misconduct – Part 1](#) (REV-25-01) (December 2024).

<sup>2</sup> In this report, FDIC senior officials are defined as the Chairman, the Board of Directors, and all Executive Managers. FDIC senior executives include the Chairman, the Board of Directors, as well as Executive Managers listed on the FDIC's leadership website. Available at <https://www.fdic.gov/about/board-directors-senior-executives>.

We referred completed reports of investigation (ROI) regarding these senior officials to the FDIC for any action deemed appropriate.<sup>3</sup> The OIG does not have the authority to direct the FDIC's personnel actions. As discussed in our prior reports, the FDIC has established an Office of Professional Conduct (OPC) to review and determine what, if any, additional investigative steps or disciplinary actions the FDIC will pursue against the subjects of the ROIs.

As of June 2025, Chairman Gruenberg and Officials 1-4 are no longer working at the FDIC.<sup>4</sup>

We also reviewed whether and how these investigative results validated certain concerns raised by employees, and highlighted in our SI Part 1, that FDIC management has tolerated harassment and related misconduct and that management has not been effective in supporting victims of workplace harassment and encouraging the reporting of harassment.

## SCOPE AND METHODOLOGY

The primary focus of Objective 4 of the Special Inquiry was to independently investigate selected allegations that senior officials personally engaged in harassment or related misconduct. This included matters where the seniority of the FDIC official, or their role in the regular FDIC process for reviewing allegations of harassment, created complications or the appearance of a conflict if such allegations were reviewed solely by FDIC management.

In determining who constituted a "senior official" for this purpose, the OIG prioritized allegations involving the most senior leadership positions, including the Chairman, members of the Board of Directors, as well as officials occupying positions publicly identified on the Leadership section of the FDIC's website. That list included Chairman Gruenberg, and Officials 1-4.<sup>5</sup>

### Investigative Overview

In December 2023, the OIG began gathering information to identify selected allegations of harassment and related misconduct against FDIC senior officials. As part of our Special Inquiry, we utilized both qualitative and quantitative techniques to achieve our objectives. These steps to develop a complete universe of allegations against senior officials involved:

- review of relevant press articles and the Special Committee's report;<sup>6</sup>
- outreach to FDIC employees;

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<sup>3</sup> As discussed below in the section on scope and methodology, the FDIC OIG does not characterize investigations as criminal or administrative at the outset of the investigation. In the course of the investigation or at its completion, we refer evidence to the Department of Justice for potential criminal matters and/or to agency management for administrative or employment matters. Our investigations in this matter did not develop evidence of criminal misconduct.

<sup>4</sup> Each official has retired, resigned, or is participating in the Administration's Deferred Resignation Program.

<sup>5</sup> We did not conduct an investigation of former Chairman Jelena McWilliams because our review did not identify any evidence or allegations of misconduct by her. We interviewed former Chairman McWilliams regarding her knowledge of the issues discussed in this report and include that information where relevant.

<sup>6</sup> In November 2023, the FDIC Board of Directors established a Special Committee of the Board to oversee an independent third-party review of the Agency's workplace culture.

- technology-assisted review of approximately 280,448 documents produced to the Special Committee and to Congress by the FDIC;
- targeted follow-up document requests to FDIC offices and the Special Committee's counsel for materials such as equal employment opportunity (EEO) files including harassment complaints and settlement agreements, email records, personnel files, and underlying interviews that supported the Special Committee's report;
- proactive, targeted interviews of 69 current and former FDIC employees at various levels within the Agency. This included interviews with Chairman Gruenberg, as well as Officials 2-4 (Official 1 declined to be interviewed); and
- review of relevant FDIC policies and procedures such as FDIC Directive 2710.03, *Anti-Harassment Program* (AHP Directive).

Appendix 1 of this report includes additional details about our scope and methodology.

Due to the FDIC's inconsistent and incomplete tracking of allegations of harassment and related misconduct, our scope and results are limited to the harassment and related misconduct allegations reported to us or identified during the SI Part 1. This limitation in evidence was previously identified in the OIG report *The FDIC's Sexual Harassment Prevention Program* (2024 OIG Report)<sup>7</sup> as well as in our SI Part 1. Because of this limitation, our work may not have identified or addressed all instances of harassment and related misconduct at the FDIC. Therefore, this report presents our findings based on the available information.

### **Quality Standards for Investigations and FDIC OIG Policy**

In conducting this Special Inquiry, we adhered to the professional standards developed by the Council of the Inspectors General on Integrity and Efficiency (CIGIE). For objective 4, our Office of Investigations (OI) and Office of General Counsel (OGC) performed our work in accordance with the *Quality Standards for Investigations* (QSI). These standards require that we plan, execute, and report the results of our fact-gathering.

Specifically, under the QSI, the FDIC OIG reviews, investigates, and provides ROIs to FDIC management for their disposition. The OIG does not have the authority to take management or personnel actions against FDIC employees. Instead, we refer our factual findings to the Department of Justice for criminal matters or to FDIC management to take appropriate action. Therefore, when the OIG completes investigations into employee matters that do not support criminal prosecution, the role of the OIG is to provide factual findings to FDIC management that they can use in support of personnel or management action.

The QSI requires that due professional care must be used in conducting investigations and in preparing related reports. Investigations must be conducted in a timely, efficient, thorough, and objective manner, and reports (oral and written) must thoroughly address all relevant aspects of

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<sup>7</sup> FDIC OIG, [The FDIC's Sexual Harassment Prevention Program](#) (EVAL-24-05) (July 2024).

the investigation and be accurate, clear, complete, concise, logically organized, timely, and objective. The QSI also requires that the OIG ensure the protection of sensitive data (i.e., personally identifiable, confidential, proprietary, or privileged information or materials). Here, as we completed our fact-finding for each of the selected allegations, we provided ROIs to the OPC.

## BACKGROUND

Our prior report, SI Part 1, includes background information on the mission and governance of the FDIC, anti-harassment and anti-discrimination policies and processes, core values, organizational culture, previous reviews of related issues, and actions the FDIC has recently taken. The section below presents additional background information relevant to our investigative findings.

As discussed in our Part 1 report, starting in November 2023, news articles began to circulate detailing allegations of a toxic and sexualized workplace environment at the FDIC. The Wall Street Journal (WSJ) published a series of articles reporting on the FDIC's failure to address inappropriate behavior, leading employees to leave the FDIC. The articles reported that many FDIC employees did not file complaints about harassment, fearing retaliation or believing nothing would come of their complaints. Further, an article reported that two offices charged with addressing FDIC employees' complaints of harassment and discrimination had their own allegations of misconduct. These reports also sparked Congressional requests for information from the FDIC.

In November 2023, the FDIC Board of Directors established a Special Committee of the Board to oversee an independent third-party review of the Agency's workplace culture. In December 2023, the Special Committee appointed the law firm of Cleary Gottlieb Steen & Hamilton LLP (hereinafter referred to as "outside counsel") to conduct an independent review into allegations of sexual harassment and interpersonal misconduct, as well as issues relating to the workplace culture at the FDIC.

On May 7, 2024, the FDIC Special Committee released a report (Special Committee report) that described a culture that was misogynistic, patriarchal, insular, and outdated.<sup>8</sup> The report discussed misconduct allegations related to Chairman Gruenberg and Officials 1-4.

The report also described a larger culture issue at the FDIC:

Current FDIC employees, regardless of gender, race, or other demographic characteristics, consistently described the culture as a 'good ol' boys club.' ...The individuals in those 'cliques' are perceived to 'have each other's backs' in a way that results in those outside the clique feeling isolated. Those outside these groups are left with a perception of favoritism such that those within these more powerful groups

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<sup>8</sup> FDIC Special Review Committee, [Report for the Special Review Committee of the Board of Directors of the Federal Deposit Insurance Corporation](#), April 2024.



only 'take care of or groom certain people' that look like or act like they do...The result is that employees have an understanding that there is one set of rules for those who are not part of the 'club' and another, more lenient set of rules for those who are in the club.

Chairman Gruenberg accepted the findings and recommendations of this report in testimony before the U.S. House of Representatives Financial Services Committee and the U.S. Senate Banking Committee.<sup>9</sup>

As a result of the Special Committee report, on August 21, 2024, the FDIC appointed an independent transformation monitor to monitor and audit any and all recommendations the FDIC adopts to remediate its culture, policies, procedures, and structures that impact sexual harassment, discrimination, and other interpersonal misconduct. The independent transformation monitor is auditing the FDIC's ongoing efforts to implement the *Action Plan for a Safe, Fair, and Inclusive Work Environment (Action Plan)* and reports monthly to the Board and employees.

On December 18, 2024, we issued our SI Part 1, which presented the results of Objectives 1-3 and summarized our process for our then-ongoing work on Objective 4. Our complete results for Objective 4 are presented below.

## RESULTS

The preliminary evidence we gathered led us to conduct investigations into allegations of harassment and related misconduct against five FDIC senior officials. These senior officials were former Chairman Martin Gruenberg and Officials 1-4.

We reviewed allegations of personal misconduct by each of the officials. While the scope and severity of conduct varied, our investigations developed evidence supporting that each of the senior officials personally engaged in some degree of inappropriate workplace conduct. Our report discusses the factual evidence related to each official.

We also reviewed how the FDIC handled allegations against the senior officials and each official's role in reviewing incoming allegations against each other. In our previous report, we found that many FDIC employees perceived that FDIC management has tolerated harassment and related misconduct and that management has not been effective in supporting victims of

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<sup>9</sup> Remarks by Martin J. Gruenberg, Chairman, Federal Deposit Insurance Corporation on "Oversight of Prudential Regulators" before the Committee on Financial Services, United States House of Representatives (May 2024). Available at <https://www.fdic.gov/news/speeches/2024/remarks-martin-j-gruenberg-chairman-federal-deposit-insurance-corporation>.

Remarks by Martin J. Gruenberg, Chairman, Federal Deposit Insurance Corporation on "Oversight of Prudential Regulators" before the Committee on Banking, Housing, and Urban Affairs, United States Senate (May 2024). Available at <https://www.fdic.gov/news/speeches/2024/remarks-martin-j-gruenberg-chairman-federal-deposit-insurance-corporation-0>.

workplace harassment and encouraging the reporting of harassment they experienced. Our investigations developed evidence supporting that certain actions of these senior officials did not protect victims of harassment, nor consistently align with the FDIC's applicable policies and stated core values (including accountability, fairness, and integrity).

The evidence developed in our investigations also corroborated the validity of employee perceptions of FDIC culture described in Part 1 of this project. In Part 1, we reported that many of the employees we interviewed perceived that the FDIC would not effectively implement its action plan to address harassment because some of the executives leading the efforts have had allegations against them. Our investigations developed evidence that Official 2, Official 3, and Official 4 assisted one another in discreetly and expeditiously resolving complaints when allegations of misconduct arose against them.

Part 1 of this report and our 2024 report on the FDIC's Sexual Harassment Prevention Program made recommendations to improve reporting, investigative, and disciplinary processes for harassment issues. The FDIC is continuing to implement these recommendations.

We provided our factual findings to the FDIC for their review and action.

## **Finding 1**

### **Allegations of Harassment and Related Misconduct Against Certain FDIC Senior Officials**

Objective 4 of the Special Inquiry was to identify "factual findings regarding selected allegations that senior officials personally engaged in harassment or related misconduct." We identified and initiated investigative work on several allegations of harassment against senior officials. The following are summaries of our findings with respect to those senior officials – Chairman Gruenberg and Officials 1-4.

#### **Findings Regarding Chairman Gruenberg**

This section presents the evidence we gathered regarding the experiences of current and former FDIC staff with Chairman Gruenberg. As discussed below, historical allegations that Chairman Gruenberg had a temper were reflected in both the November 2023 WSJ article and the Special Committee report. Additionally, Chairman Gruenberg testified before Congress regarding these allegations. While our review touched on some of these same allegations, our primary focus was on more recent allegations of misconduct against Chairman Gruenberg, previously undiscussed allegations, and his knowledge of alleged misconduct against the other FDIC senior officials covered herein.

#### ***Background***

Chairman Gruenberg first joined the FDIC as Vice Chairman in August 2005. He then served as FDIC Chairman from November 2012 to June 2018. In June 2018, Chairman Jelena

McWilliams (Chairman McWilliams) was confirmed as FDIC Chairman and Mr. Gruenberg remained a member of the FDIC Board of Directors.<sup>10</sup> In February 2022, Chairman McWilliams resigned her position as Chairman and Mr. Gruenberg was named Acting Chairman and was subsequently re-confirmed and sworn in as the FDIC Chairman in January 2023. In January 2025, Chairman Gruenberg retired from the FDIC.

The WSJ articles discussed above stated that Chairman Gruenberg set a tone that left alleged harassment and discrimination unpunished. The articles reported that “Gruenberg and his top deputies have been involved in decisions over high-level examples of alleged sexism, harassment and racial discrimination in which the agency didn’t take a hard line” with the accused individuals. The articles referenced an incident from 2008 where the FDIC hired an external investigator to look into an incident where Chairman Gruenberg, while vice chairman of the FDIC, “allegedly lost his temper with a senior female FDIC official and castigated her.” The articles further detailed how Chairman Gruenberg had built a reputation for bullying and for having an explosive temper.

The Special Committee report stated that Chairman Gruenberg “does in fact have a reputation within the FDIC for a temper” although many have not personally experienced the temper and noted his manner as generally “low key” and “professional.” The Special Committee learned of “credible reports,” some within the last few years, of outbursts by Chairman Gruenberg, where FDIC staff have felt disrespected, disparaged, and treated unfairly. The Special Committee also reported that not everyone they spoke with agreed Chairman Gruenberg had a temper or a reputation for one and indicated that they had not experienced or even heard of any difficult or challenging interactions with Chairman Gruenberg.

### ***Chairman Gruenberg’s Conduct***

The allegations we reviewed regarding Chairman Gruenberg’s personal conduct fell into three main categories: (1) his reaction to the WSJ articles that raised concerns about harassment at the FDIC; (2) his temper and demeanor; and (3) that he excluded individuals from projects and meetings (who believed, and often others believed, should have been included) for potentially retaliatory reasons.

### **Chairman Gruenberg’s Reaction to the WSJ Articles**

We heard from a number of FDIC senior officials that Chairman Gruenberg viewed the WSJ articles as a political attack rather than focusing on the underlying issues the articles described. Witnesses also told us that he seemed more interested in protecting himself than fixing the problems noted in the articles. One senior official told us Chairman Gruenberg questioned the accuracy and validity of the articles.

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<sup>10</sup> The FDIC is managed by a five-person Board of Directors that includes the FDIC Chairman, FDIC Vice Chairman, the Comptroller of the Currency, the Director of the Consumer Financial Protection Bureau, and one additional FDIC director. All the members of the Board of Directors are appointed by the President and confirmed by the Senate.

According to one senior official, while Chairman Gruenberg was not happy about the first article, he was even more displeased about the second WSJ article that focused on his behavior and demeanor. According to this senior official, Chairman Gruenberg said he did not recognize himself in the articles, thought it was completely fabricated, and was “livid.”

We interviewed a number of senior FDIC officials who thought the WSJ articles captured Chairman Gruenberg’s conduct and temperament correctly. Some FDIC executives did share his view that the articles were politically motivated.

### **Chairman Gruenberg’s Temper and Demeanor**

The majority of the FDIC witnesses that we interviewed corroborated the information from the WSJ articles and the Special Committee report that Chairman Gruenberg on occasion lost his temper and treated FDIC employees poorly. In particular, we heard from many witnesses that Chairman Gruenberg could be “short tempered,” was “not always nice,” made people cry (we heard of at least four people), and that “his behavior could feel threatening.” Senior officials and executives offered several specific examples that we found to be credible because we were able to corroborate them with multiple witnesses.

One senior official believed that the way Chairman Gruenberg had treated at least three senior officials likely violated the FDIC’s anti-harassment policies. According to another executive, Chairman Gruenberg had a political agenda regarding FDIC policy, and he depended upon people who had the ability to push that agenda, which had the practical effect of making them untouchable and irreplaceable. An executive told us that Chairman Gruenberg valued technical competency over soft skills. The executive further stated that such technical competency was allowed to overcome any misconduct that would be “anti-FDIC or even anti-human decency.”

Other senior officials and witnesses we spoke with acknowledged that Chairman Gruenberg did not always behave in the ways described above. One senior official captured what we heard from a number of witnesses and stated that Chairman Gruenberg could be “kind, decent, and supportive” and that Chairman Gruenberg is pretty good 80 percent of the time, but 20 percent of the time he is not. Others described him as “tough” and even acknowledged being “chewed out” by Chairman Gruenberg but did not think his actions amounted to harassment or were unprofessional.

Chairman Gruenberg, in an interview with outside counsel appointed by the Special Committee, stated that he did not recall ever getting angry or losing his temper with any FDIC employees. He acknowledged that he can get “frustrated” but said he always “maintains control” and that he can “speak with intensity at times, but not directed at a person,” and that he has never screamed or yelled. Other than the 2008 incident, reported in the WSJ article, Chairman Gruenberg also stated that he was not aware, nor was he ever informed about, anyone within the FDIC who felt that he had lost his temper or gotten angry with them at a meeting. During Chairman Gruenberg’s testimony before the House Financial Services Committee in May 2024, he acknowledged his own shortcomings as Chairman in failing to recognize how his



temperament in meetings impacted others and for not having identified the deeper cultural issues at the FDIC sooner.

### **Chairman Gruenberg's Exclusion of Certain Individuals**

Two senior officials made allegations that Chairman Gruenberg excluded them from projects and meetings that they would normally have been invited to because they were on topics within their portfolios of responsibility. One senior official believed they were excluded from a meeting for disagreeing with Chairman Gruenberg about the validity of what was reported in the WSJ articles. The other senior official believed it was because they had provided requested documents to leadership and Congress regarding past allegations of misconduct by Chairman Gruenberg. Other witnesses corroborated that these senior officials were excluded from meetings and projects by Chairman Gruenberg for these reasons.

When interviewed by the OIG, Chairman Gruenberg stated that he did not intentionally exclude senior officials or others from meetings and added that few people, other than his former Chief of Staff, participated in every meeting he attended.

In 2024, a senior official filed a complaint that Chairman Gruenberg retaliated against them for presenting differing views on the meaning and seriousness of the allegations raised in the WSJ articles by excluding them from projects and meetings in their area of responsibility. The complaint resulted in a settlement agreement.

### **Findings Regarding Official 1**

This section presents the evidence we gathered regarding the experiences of current and former FDIC staff with Official 1. We repeatedly sought to interview Official 1, but she declined.

#### ***Background***

Official 1 joined the FDIC in 1998 and held numerous leadership roles over her FDIC career. In 2021, the FDIC Board of Directors approved her appointment to lead an office and serve as a deputy to the Chairman, roles she served simultaneously.

The WSJ articles alleged that multiple employees had complained of being bullied by Official 1 and that the FDIC had paid to settle EEO complaints that had been filed against Official 1 since 2020. The Special Committee report cited similar allegations of inappropriate conduct and bullying by Official 1.

#### ***Official 1's Conduct***

Staff generally reported that Official 1's office was a stressful environment and a difficult place to work due to Official 1's bullying and harassing behaviors and mismanagement. Employees reported that Official 1 constantly criticized their work and did not appreciate the staff. They

found her leadership style to be challenging for some employees, and some noted there was constant strife that had a negative impact on the staff. Some stated that Official 1 created a hostile work environment that caused a lot of staff turnover, which hampered the office's ability to meet its mission. In describing Official 1's harassing conduct, multiple witnesses raised the same incidents and relayed consistent accounts. Additionally, multiple staff reported a change for the better when Official 1 stepped down and a new Acting Director took over.

The interviews of the majority of current and former staff who had worked with Official 1 resulted in the emergence of three themes regarding Official 1's bullying and harassing conduct:

(1) Official 1 belittled and demeaned staff and was dismissive when they raised concerns; (2) Official 1 publicly harassed and humiliated staff in group meetings; and (3) Official 1 made unreasonable work demands and was unable to accept bad news. However, a minority of the staff interviewed, and some of the executives interviewed, held positive perceptions of Official 1 and her management style.

### **Official 1 Belittled and Demeaned Staff and Dismissed Their Concerns**

A consistent sentiment raised by most of the staff that we interviewed was that Official 1 belittled them, made demeaning comments, and was dismissive of employee concerns. Staff stated that Official 1's conduct created a toxic work environment where people were over-worked and were routinely spoken to by Official 1 in a belittling and dismissive tone, often in group meetings. On multiple occasions, she drove employees to tears. When employees raised concerns, Official 1 was dismissive and would state things like "you're not used to working hard," "not used to working to tough standards," and would say to her managers that she thought staff were being "babies and needed to get over it."

Moreover, staff stated the type of harassment the FDIC asked employees to report to the office occurred within that office every day. Staff stated Official 1 often talked down to them and elevated herself by constantly referencing her organizational proximity to, and relationship with, Chairman Gruenberg. She often stated that her office was right next to the Chairman's. Staff viewed these comments as implied threats.

Several staff reported that they felt something was not right in the office, and they witnessed staff crying and getting emotional about hostility coming from Official 1 and other office leaders. One stated "[y]ou sit in meetings to discuss a project and people just start to cry, they're upset, they leave the room. It was just very unnerving for us."

### **Official 1's Public Harassment of Staff in Meetings**

Many staff reported to us that they felt Official 1 made comments that were designed to humiliate staff in front of others, and that she wanted certain staff to feel bad about themselves, and not just their work product. In several instances, Official 1's "berating" comments caused staff to cry in meetings in front of their coworkers. Some staff told us that Official 1 was nice and a pleasure to deal with one-on-one, but in meetings she behaved like a bully and created a

hostile work environment. Multiple staff reported that they witnessed “public floggings” of staff by Official 1.

We also received and reviewed settlement agreements related to allegations raised against Official 1. In one, the employee said that Official 1’s treatment of them was “humiliating” and said the pressure from Official 1 and another manager that was exerted on the employee caused them to have panic attacks at work. The complaint was settled in 2023 for \$150,000. A review of the related Office of Minority Women and Inclusion (OMWI) case revealed a letter from the employee’s attorney to the FDIC that corroborated the statements the OIG received from staff about Official 1’s misconduct. Another employee alleged they were subjected to harassment and a hostile work environment under Official 1. The agency settled the matter for \$40,000.

### **Official 1’s Inability to Receive Bad News**

Multiple staff members told us that Official 1 did not like receiving bad news and that she would “lose it,” “react negatively in front of staff,” and that she cultivated a culture of “bring me only solutions; don’t bring me problems.” Another staffer told us Official 1 cultivated a toxic environment around giving her information that she did not want to hear or in a way she did not want to see it. A senior manager told this employee not to present any negative information or facts to Official 1 because “she doesn’t like it.”

### **Other Perspectives on Official 1’s Conduct**

Several employees in management positions thought staff concerns were overblown and could be explained.

A manager told us Official 1 had a reputation as being a hard manager with high standards, and she came into the job telling them she wanted to improve the reputation of the office. In staff meetings, she stressed the importance of meeting standards and deadlines. This manager had a good working relationship with Official 1 because they understood her high standards.

A senior manager told us that Official 1 wanted things done well and that her frustration at meetings was due to staff being unprepared. This manager felt that some meetings were not the best use of Official 1’s time, and that staff should have asked to reschedule if they were not prepared because Official 1’s time was valuable. The manager saw this as a communication failure. Official 1 relied on the staff’s work to brief the Chairman, and it was a challenge for her to ensure she had all the right information. The manager acknowledged that Official 1 created an environment where employees were stressed and frustrated but felt that she did not bully anyone.

## **Findings Regarding Official 2**

This section presents the evidence we gathered regarding allegations about the conduct of Official 2.

### ***Background***

Official 2 joined the FDIC in 2015. In 2019, Chairman McWilliams promoted him to a senior role in the office and, in 2022, to lead the office on an acting basis. Chairman Gruenberg appointed him to lead the office on a permanent basis.

The WSJ articles alleged that Official 2 engaged in inappropriate conduct toward an employee, resulting in the FDIC paying a settlement to the employee. The article noted that Official 2 was promoted after this incident.

The Special Committee report also discussed the inappropriate conduct by Official 2.

### ***Official 2's Conduct***

This section presents the results of our review of two FDIC settlements involving Official 2's conduct and interviews of current and former employees and executives who shared their perceptions based on working with Official 2.

### ***Voicemail Message***

We interviewed employees who were aware of the inappropriate conduct by Official 2 discussed in the WSJ articles and reviewed records related to a related EEO complaint and settlement. On July 26, 2019, Official 2, then the employee's second-line supervisor, left the employee a ranting and cursing voicemail message. An executive who listened to the voicemail said it was filled with vitriol, with Official 2 screaming and cursing. The executive described it as "shocking" and "completely inappropriate for a fairly benign mistake."

The employee who received the voicemail first complained to an FDIC manager, whose handling of the matter is discussed later in this report. The employee then filed an EEO complaint. The FDIC agreed to pay the employee a lump sum of \$105,000 inclusive of attorney's fees, to raise the employee's salary, and to restore 80 hours of annual leave, among other non-monetary concessions.

The employee further alleged to us that subsequent actions by Official 2 and the Agency amounted to retaliation for the prior EEO complaint and settlement. Those actions included denying the creation of higher-graded positions for the employee's staff, not inviting the employee to meetings, undermining the employee's reputation, and demoting and denying the



employee bonuses.<sup>11</sup> The employee felt subjected to a toxic work environment for a long time. The employee noted that following the publication of the WSJ articles, Official 2 apologized at an all-hands meeting, without mentioning the employee's name.

In our interview of Official 2, he acknowledged leaving a voicemail instructing the employee to do their "f\*\*\*ing job." Official 2 told us that he requested the employee to email the legal staff and explained he was irate because the employee did not send the email in a timely fashion, and he was unable to get in contact with the employee afterwards. He added that, at the time, he was travelling to see a family member with a serious health condition. In the interview with the OIG, Official 2 stated that he accepted responsibility, that his conduct was unacceptable, and that he was ashamed of it.

Official 2 recalled receiving a letter of reprimand or some kind of formal action as a result. Additionally, Official 2 said he was counseled by the Chairman and he took a significant downgrade in his performance pay. Official 2 noted that he apologized to the employee on several occasions and believed they were in a better place at the time of the interview.

While Official 2 stated his performance pay was significantly downgraded after the voicemail incident, the OIG's review of his Official Personnel File (OPF) indicated his total performance pay was reduced \$101 from the prior rating period.

### **Harassment Allegation**

In 2019, an employee filed an EEO complaint alleging that Official 2 subjected the employee to harassment rising to the level of a hostile work environment. In 2020, the parties settled the complaint with the FDIC agreeing to reassign the employee to a different position outside Official 2's supervision and reimbursing the employee's attorney's fees of \$5,000, in addition to other non-monetary concessions.

When asked about the allegations, Official 2 confirmed the complainant filed a complaint against him and it was resolved. Official 2 stated that several employees raised concerns about the complainant serving as a supervisor and the complainant was ultimately repositioned into a non-supervisory role.

### **Manager and Employee Views of Official 2's Conduct**

In general, few of the employees we interviewed discussed Official 2. Those who did generally provided non-specific characterizations of Official 2's behavior. Regarding the voicemail incident, some executives viewed it as an isolated incident, although one stated that it was part of a pattern of behavior between Official 2 and the employee. Other than the voicemail incident,

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<sup>11</sup> While the employee alleged to us that they were demoted, our investigation determined their position title changed while they retained their grade and pay.

our investigations did not develop evidence of widespread or specific concerns about Official 2's personal conduct.

### **Findings Regarding Official 3**

This section presents the evidence we gathered regarding allegations about the conduct of Official 3.

#### ***Background***

Official 3 began working for the FDIC in 1991. He held various management roles, including leading a Division, and, in 2022, Chairman Gruenberg appointed him to a senior role.

In December 2023, the FDIC developed and issued an Action Plan to respond to harassment and misconduct issues at the FDIC. Official 3 was named an Executive Sponsor for the Action Plan, spearheading the initiative to address the FDIC's Workplace Culture issues identified in the WSJ articles and the Special Committee report, including support for the victims and survivors Committee.

The WSJ articles did not include allegations specific to Official 3. The Special Committee report detailed allegations against Official 3 that included instances of sexual harassment in 2022 and 2023; gender discrimination in 2022; and inappropriate conduct in 2023.

#### ***Official 3's Conduct***

This section presents the results of 1) our interviews of current and former staff regarding their experiences working under Official 3; 2) our interviews of current and former Legal Division staff regarding their roles in resolving an executive's complaint against Official 3; 3) information regarding Official 3 gathered from interviews with a number of FDIC executives, including but not limited to Official 2 and Chairman Gruenberg; 4) information provided to us in our interview with a manager (Employee 1) who filed the complaint; and 5) our interview with Official 3.

#### ***Allegation of Harassment and Discrimination***

In December 2023, after the first WSJ article, Employee 1 reported to the FDIC's EEO office that Official 3 harassed them and subjected them to discrimination. Employee 1 recounted a pattern of inappropriate behavior by Official 3.

Employee 1 recalled meeting Official 3 in person for the first time in August 2022. Due to the COVID-19 pandemic, many employees hired between March 2020 and September 2022 had not worked together in person at FDIC offices. Employee 1 stated that they noticed Official 3 "scanning my body" and that it made them uncomfortable.

Later that month, during a call with approximately 40 employees, Official 3 referenced the earlier in-person meeting with Employee 1 and commented to the group that he was excited about meeting Employee 1 and finally seeing Employee 1 “from the waist down.” Employee 1 stated that the comment gave them the same feeling as when he was scanning their body and that it was odd and creepy.

Soon after the call, Official 3 called Employee 1 to tell them that someone had told him that he might have said something inappropriate, and he wanted to apologize if they were embarrassed. He said he did not want to repeat the offending remark; in case they were not offended.

In May 2023, during a meeting, Employee 1 observed Official 3 “very blatantly” look them up and down and utter the word “wow.” Employee 1 said that they again felt really uncomfortable. Employee 1 stated that two other employees also stated that they witnessed the conduct and found it inappropriate. We interviewed one of the employees who corroborated that Official 3 had looked Employee 1 up and down and made a comment, and that it was not appropriate.

Official 3 told us that his comments at the August 2022, meeting were an effort to acknowledge the staff’s first in-person meeting after months of virtual meetings during the pandemic. Throughout the pandemic, he explained, employees only saw their co-workers from the waist up or not at all if their cameras were off. He felt he was just making an observation that now that everyone was back in the office, co-workers could see each other from the waist down. Official 3 stated that he did not direct the comment to anyone in particular. Official 3 acknowledged that he may not have been articulate during this unscripted moment.

As discussed later in this report, the complaint against Official 3 was referred for mediation rather than being investigated. The mediation resulted in a settlement. Employee 1 received restored sick leave and annual leave as well as a \$1,750 lump sum payment. Additionally, the FDIC Chief of Staff was to meet with Official 3 to discuss his executive responsibilities. This meeting is discussed in more detail later in this report in the section on how allegations against Official 3 were handled.

### **Allegation of Retaliation**

Employee 1 requested that Official 3 be removed from being involved in any decision making in relation to their employment at the FDIC. This request was not granted. Employee 1 stated that they had been promised that they would be promoted non-competitively into their supervisor’s position when it became vacant, according to succession management planning. Employee 1 alleged that Official 3 required the position to be posted competitively, which Employee 1 believed was inappropriate because Official 3 should not be involved in the process due to the prior complaint.

Official 3 told us he planned to promote Employee 1 to the vacated position, but it would be posted competitively. Official 3 said Official 2 advised that he should not just promote

Employee 1 permanently to the position because other people wanted to compete for it, and it would be another example of management hand picking a successor. Official 3 also said that Chairman Gruenberg believed the position should be posted for competition. Official 3 said he told Employee 1 they should apply for the position. Official 3 said no one discussed whether he should be removed as a deciding official for the position based on the fact Employee 1 had filed a complaint against him. Employee 1 was ultimately selected for promotion to the vacated position.

### **Other Allegations**

As discussed above, the Special Committee report included several allegations against Official 3. The OIG also received similar anonymous allegations.

One witness told the OIG that they saw Official 3 engage in inappropriate conduct in 2023 towards a female employee at a conference. Official 3 specifically denied this allegation in his interview with the OIG. Our review did not identify additional information about this incident.

For other allegations against Senior Official 3 discussed in the Special Committee report or received by the OIG, we could not identify the sources of additional anonymous accounts and we were therefore unable to corroborate them.

### **Findings Regarding Official 4**

This section presents the evidence we gathered regarding allegations about the conduct of Official 4.

#### ***Background***

Official 4 joined the FDIC in 2018. In 2021, former Chairman McWilliams appointed him to lead an office on an acting basis and later appointed him to the role on a permanent basis.

The WSJ articles alleged that Official 4 had been investigated for inappropriate conduct in a prior job. The articles stated that the FDIC was aware of this matter and opted to move forward with hiring Official 4.

The Special Committee report noted several examples of Official 4 losing his temper and exhibiting aggressive behavior, especially as it related to female staff, although one employee saw Official 4 “calm down” after his first year at FDIC. In addition, the report alleged that Official 4 had inserted himself into an internal investigation related to one of his subordinates.

#### ***Official 4's Conduct***

This section presents 1) the results of our interviews of current and former staff regarding their experiences working under Official 4; 2) information regarding Official 4 gathered from



interviews with a number of FDIC senior officials and executives including, but not limited to, Chairman Gruenberg, Official 2, and Official 3; and 3) information Official 4 supplied to us.

### **Management Style and Demeanor**

Many employees and fellow executives stated that they found Official 4 difficult to work with, especially when someone took a contrary position to his. Multiple witnesses stated that Official 4 had a temper. Witnesses also relayed that he viewed those who took opposing positions to his as “disloyal” and would respond by using his position to investigate them or move them out of their positions. Official 4’s use of personnel authority is discussed below. As a result, certain employees stated that they chose not to speak up if they disagreed with Official 4 out of fear that he would retaliate against them.

Official 4 told us he believed he had a great relationship with his staff apart from one manager. He stated that, while there were a few exceptions, there was a great culture in his office and at the FDIC. When asked if the culture he fostered was one that helped to facilitate professional disagreements, Official 4 replied that he hoped it was.

Official 3 said he had never heard Official 4 raise his voice. He explained Official 4 has strong opinions and does not back down from an argument and others may see Official 4 as abrasive or difficult, but he has a prosecutorial nature. Official 3 had a talk with Official 4 after an employee complained he was abrasive. Official 3 stated that Official 4 initially digs in and is defensive and agreed that sometimes he goes too far. Official 3 encouraged Official 4 to be more collegial and to compromise.

One manager we spoke with said that they had not had “any poor experiences” with Official 4. The manager stated that “[h]e’s been extremely supportive of me and very honest and very straightforward with me and... I feel like he has helped propel things forward in a positive way.” Official 2 echoed that “...I think there [were] some people who thought [Official 4] was doing a great job.”

### **Misuse of Supervisory Authority**

Most of Official 4’s subordinate managers told us that they believed Official 4 used his supervisory authority to punish employees who disagreed with him or he perceived as disloyal. Witnesses offered the following examples.

In one instance, Official 4 and another manager disagreed over which candidate to select for a management role. In the wake of Official 4 overriding the manager’s decision, Official 4 sent an email to the manager stating their actions “...were the actions of someone trying to undermine, not support, their supervisor” and stating, “I have put my full support behind many of your decisions, including selections, even though I may have disagreed with them. I expect the same from you.” The manager also alleged that Official 4 verbally told them that he “would rather have someone who is average or below average with performance, but loyal to me.” The

manager felt both the email and conversation were “threatening” and that it was typical for Official 4 to get very upset if people disagreed with him. The manager noted that following this incident, Official 4 began excluding the manager on certain assignments and going straight to their subordinates.

Another manager told us that when they brought the hiring dispute to the attention of Official 3, Official 4 treated them similarly – becoming upset and saying that he “expected loyalty.” This manager stated that Official 4 had several of these types of conversations. The manager took these statements as “threats” since Official 4 was known to transfer people out of their job as a punishment.

Witnesses told us that there was a pattern of Official 4 reassigning employees into different roles - in particular, moving managers into non-supervisory roles. It was the view of multiple witnesses that at least some of the reassignments were in lieu of discipline and others were based on Official 4’s preferences. One witness said, “[h]e’s just reassigned managers out of their roles, you know, with [a] moment’s notice.” Three employees we interviewed felt that Official 4 exerted influence over personnel investigations in favor of those he liked and against those he did not.

Another manager, who had other disagreements with Official 4, did not share this view and believed that the reassignments were an attempt to find positions that were better aligned for the employees.

Official 4 acknowledged his involvement with reassigning five employees in his supervisory chain. He stated that each of the reassignments was handled differently because each had a different set of facts. Some reassignments were for disciplinary reasons and others were not.

We developed additional evidence about each of the reassignments that was included in our ROI that we referred to the FDIC.

### **Harassment and Discrimination Complaints**

The following complaints, relevant to this SI, were filed by employees against Official 4. These complaints contain similar themes to the examples described above and are consistent with what we heard about Official 4’s management style and demeanor more generally.

- Complaint filed on the basis of race, national origin, sex, age, and disability discrimination as well as reprisal. The Complainant alleged that Official 4 demeaned the Complainant by telling another executive that “[Complainant] thinks [Complainant] is better than [Complainant] is” and twice criticizing Complainant’s communication skills. The Complainant felt humiliated and feared for the Complainant’s professional reputation. The FDIC settled with the Complainant for \$10,600.

- Complaint filed on the basis of race and sex discrimination as well as reprisal. The Complainant believed the Complainant was demoted and investigated because the Complainant had disagreed with Official 4 on several issues. According to the Complainant, Official 4 publicly described the Complainant's area of supervision as his "problem area." The Complainant was placed on a non-supervisory detail after being told they were creating a hostile work environment. The Complainant was then excluded from meetings. The FDIC entered into a settlement with the Complainant where the Complainant was 1) transferred to a detail and agreed to accept another assignment thereafter; 2) able to keep a non-supervisory Corporate Manager (CM) position through the Complainant's retirement in 2025; and 3) awarded \$42,000 in attorney fees.
- Complaint filed on the basis of age, race, and sex discrimination. The Complainant alleged that Official 4 complained about the Complainant to their supervisor on at least two occasions. In one instance, after the Complainant questioned recruiting and hiring practices, Official 4 complained to the Complainant's supervisor that the Complainant was "hostile" and that he and his staff did not like their "tone." The parties went through an informal mediation process, in which Official 3 was involved. The Complainant did not ultimately file a formal EEO complaint. The Complainant stated that they filed a harassment complaint with the AHP in September 2024, against Official 4. The Complainant did so after Official 4 yelled at the Complainant and was condescending and belittling toward Complainant. This complaint was not on the list of employee complaints that the OIG received from the FDIC under the AHP and is still pending.
- Complaint filed on the basis of age, sex, and disability discrimination as well as reprisal. The Complainant was reassigned from a managerial CM role to a non-managerial advisor position. During the meeting where Official 4 told the Complainant that they would be reassigned, the Complainant alleged that he twice referenced the Complainant's age during the discussion. In a subsequent discussion with Official 4, the Complainant relayed that Official 4 "also made reference to the fact that he and I have very similar leadership styles and that I probably get it worse because [of my sex]."

### **Response to Reports**

Several employees told us that Official 4 was dismissive of published reports alleging misconduct at the FDIC and disputed their accuracy. Witnesses stated that Official 4 discounted the validity of the WSJ articles as outdated, unsubstantiated, and politically motivated. According to witnesses, he said that harassment is not a big problem at the FDIC and that the articles were all about getting the Chairman to leave.

As to the Special Committee review, according to one witness, Official 4 complained that those conducting the Special Committee review just asked employees to provide their accounts, but did not corroborate the information. The witness interpreted the comments as Official 4 viewing the Special Committee report as meaningless and that he did not take the allegations seriously. More generally, Official 4's remarks bothered some employees, and one witness said it was

sending the wrong message. Employees stated that this response contributed to the perceptions by employees that the FDIC culture would not change.

When interviewed by the OIG, Official 4 essentially confirmed the accuracy of the witness statements. He believed that the WSJ articles were politically motivated. He emphasized that the first article had accounts that were 10 to 20 years old, some of which were unsubstantiated. Official 4 stated that the FDIC had investigated some of the allegations and found that they had no merit. He believed that a lot of the people at the FDIC never experienced things similar to what was portrayed in the articles.

Official 4 expressed a similar view about the Special Committee report. He stated that the report only included allegations and there was no fact finding. Official 4 thought some of the issues at the FDIC were related to recent college graduates traveling for examinations without any “adult supervision.” He did not believe that this was addressed in the Special Committee report and that there was a potential “easy fix” to the problem. He told us that the idea that the problems with the culture of the FDIC originated from the agency’s complaint handling process was misguided.

## **Finding 2**

### **Handling of Allegations Against and by Certain FDIC Senior Officials**

In addition to reviewing allegations against the senior officials related to their personal conduct, our investigations also reviewed how the FDIC handled allegations against the senior officials and each official’s role in reviewing incoming allegations against the others.

This review was informed by our findings in our previous report, SI Part 1, about the perceptions of FDIC employees regarding management’s handling of harassment and misconduct issues. We reported that many employees perceived that the FDIC neither protected victims of harassment nor established a workplace culture for addressing harassment that aligned with its stated core values (in particular accountability, fairness, and integrity). Employees had negative perceptions of FDIC management and leadership actions to implement policies and establish a culture to prevent and address harassment.

Many of the employees we interviewed expressed a fear of retaliation in reporting as well as fears in talking to the OIG about their experiences. The FDIC’s Special Committee report described “a deep-seated and credible fear of retaliation that has prevented employees from raising and reporting issues of workplace misconduct internally.” Even when employees did come forward and report harassment, the significant majority felt their complaints were not taken seriously by the FDIC.

Many of the employees we interviewed also perceived that the FDIC would not effectively implement its *Action Plan* because some of the executives leading the effort had allegations of harassment and related misconduct against them. During our review, we confirmed that there



were complaints filed against multiple senior officials involved in the *Action Plan*, including Chairman Gruenberg, Official 1, Official 3, and Official 4.

As detailed below, our investigations developed evidence that Official 4, Official 3, and Official 2 assisted one another in discreetly and expeditiously resolving complaints when allegations of misconduct arose against them. Multiple witnesses stated that Official 4, Official 3, and Official 2 were allies and friends within the FDIC, and each of the three senior officials acknowledged their positive relationships with one another. The resolution of allegations against senior officials did not always accord with relevant FDIC policies and were not well-documented. This practice validates the concerns raised by many FDIC employees that differing standards were applied to senior leaders and other FDIC employees.

#### **Handling of Issues Regarding Official 4**

This section describes how the FDIC handled various allegations against Official 4.

##### **Conduct at Prior Agency**

As discussed above, the WSJ articles alleged that Official 4 had been investigated for inappropriate conduct in a prior job. The articles stated that the FDIC was aware of this matter and opted to move forward with hiring Official 4.

In interviews with the OIG, many employees cited Official 4 being hired despite allegations of inappropriate conduct at a previous job as emblematic of the FDIC culture of ignoring problematic conduct by senior leaders.

We received different accounts of when and how FDIC officials were aware of the issues at his prior job when hiring Official 4 for his first FDIC job at the FDIC and promoting him to his senior official position.

According to Official 2, he was aware of the prior agency issues during the initial process to hire Official 4. Official 2 stated that he wanted to hire an internal candidate for the role but was overruled by Chairman Gruenberg. This was corroborated by another manager we interviewed. However, Official 2 did not believe the prior job issues were disqualifying because his view was that there were no allegations that had been substantiated.

According to Official 4, after he was hired, someone told the National Treasury Employees Union about the allegations at the prior job. Official 4 recalled that Official 2 asked him about the allegations and that he then told Official 2 about them. Official 4 stated that he told Official 2 that he was investigated but was not disciplined by his prior agency.

According to Official 4, Official 2 advised him to tell Chairman McWilliams about the issue, which he did. Official 4 relayed that Chairman McWilliams had asked what the issue had to do with his work at the FDIC, to which he replied, “nothing.” Official 4 recalled that Chairman McWilliams stated that was good and to make sure that it did not interfere with his work at FDIC.

Former Chairman McWilliams did not remember the conversation the same way as Official 4. Former Chairman McWilliams recalled that Official 4 explained the situation and told her he had not been sanctioned for the conduct but did not recall asking him what the situation had to do with his work at the FDIC. Chairman McWilliams had learned about the issue from other executives (though she could not recall precisely which ones) prior to her discussion with Official 4. Those executives relayed to her that the issue had been looked into when Official 4 was initially hired, and he was deemed suitable for his position.

### **Complaints by Subordinates**

As discussed above in the section on Official 4's personal conduct, several employees alleged that he misused his supervisory personnel authority to punish subordinates whom he considered disloyal. Some of these employees brought their concerns to Official 3 (Official 4's supervisor) and Official 2.

We reviewed an email that a manager sent to Official 2 and Official 3 alleging that Official 4 had made statements demanding loyalty. The manager stated that Official 2 responded by stating that Official 2 and Official 3 would advise Official 4 to discontinue this behavior. The manager also stated that Official 3 has never acknowledged the email. While we were able to develop some witness testimony on this issue, we did not identify any documentation regarding how Official 2 and Official 3 handled the manager's written complaint against Official 4.

### **Reassignment of Official 4**

After the publication of the WSJ article regarding Official 4's conduct at a prior job, Official 4 and the FDIC announced that Official 4 would be transferring from his position to a newly-created executive role. The OIG received multiple complaints from FDIC employees about the legality and appropriateness of this reassignment. Our investigations developed conflicting information about who developed the plan for the reassignment, who was aware of it, and when.

Chairman Gruenberg told us that the WSJ article was troubling and raised some issues, but he believed that Official 4 could continue in his role. According to Chairman Gruenberg, Official 2 and Official 3 informed him that Official 4 had requested a transfer. However, Official 2 and another senior official told us that, after the WSJ article, the Chairman wanted Official 4 out of his senior official role.

According to Official 4, Official 2 had told him that he would always have a place in Official 2's Division when Official 4 left to take the senior official role. Official 4 thought that going to a less visible position was good for the FDIC, and Chairman Gruenberg.

A manager told us that Official 4 directed him to put together a position description for a specific role in another Division. The manager believed, at the time, that the position description Official 4 was asking for was for a role that Official 4 was eventually going to fill with himself, but Official 4 did not tell the manager that explicitly. Official 4 requested a draft and made

suggestions about the reporting structure and the title of the position. The manager stated that it was highly unusual for a person to be involved with the development of their own position description. Official 4 acknowledged to us that he saw the position description for the new role, but stated he did not draft it.

In addition to the position description, a reassignment agreement was created to document the transfer. Multiple witnesses stated, and the documentary evidence reflects, that Official 4 wrote the first draft of his reassignment agreement. All witnesses, including Official 4, acknowledged that an employee typically does not draft their own reassignment agreement.

In his draft, Official 4 included a clause about misconduct that stated, “[t]he FDIC agrees that it is unaware of any wrongdoing by [Official 4] during his tenure with the FDIC; therefore, the FDIC agrees not to discipline or retaliate against [Official 4] for any unsubstantiated actions the FDIC is aware of up to and including the effective date of this Agreement.”

Official 4 stated that he drafted this clause to protect himself against things such as a “frivolous complaint from the OIG.” He acknowledged that these types of clauses were uncommon, but he included it because it benefited him and because he was “a good lawyer.”

Two attorneys in the Legal Division advised Official 2 against accepting Official 4’s draft language. They told us it was completely unacceptable because it included some sort of absolution for any alleged misdeeds, which is never done.

Official 2 stated that the language was unusual but the FDIC agreed to it because it specified that action would not be taken for unsubstantiated issues, but that it did not give immunity for any issues that were substantiated.

Official 3 told us that Official 2 shared the reassignment agreement with him but stated that he had little input. However, he did concede that he was asked about the last clause regarding known wrongdoing. Official 3 said that Official 4 had asked to include the clause, and this was consistent with Official 4’s personality. He was a strong advocate for himself. Official 3 stated that the clause seemed unnecessary since they do not retaliate for unsubstantiated allegations and they did not give Official 4 a complete free pass. Official 3 stated that if there were substantiated allegations then they would follow the normal procedures.

Official 4 sent an email to his staff regarding his reassignment prior to the news being announced in an FDIC-wide announcement because, according to him, he wanted his staff to hear the news directly from him. He did so without alerting Official 3 ahead of sending the email.

Witnesses questioned Official 4’s motives for taking this action and believed that Official 4 was trying to force senior leaders, including Chairman Gruenberg, Official 3, and Official 2, to complete the transfer. Official 3 stated he was disappointed Official 4 sent the message without telling him because he wanted to review it, but that it was okay that he sent the message as he

was not required to share it with him. Shortly after Official 4 emailed his staff about his transfer to another Division, Official 3 sent an announcement to all staff, alerting them of the same.

After the transfer was announced, the FDIC and OIG received multiple complaints about it. After the complaints were received, a senior official stated that Chairman Gruenberg purported to be unaware of the transfer and said he was blindsided by the email announcement. However, multiple witnesses confirmed that Chairman Gruenberg had provided verbal approval of the reassignment. The senior official stated that Chairman Gruenberg ultimately agreed he knew about moving Official 4, but said he did not know Official 4 was going to be a supervisor.

Chairman Gruenberg acknowledged to us that he was aware of the transfer before the announcement was sent. Chairman Gruenberg stated there was a negative reaction from employees and that played a role in stopping the transfer.

Official 2 confirmed that Chairman Gruenberg reversed his approval of the transfer based on the complaints. Official 2 stated that Chairman Gruenberg said there was no way to move forward with the transfer, and they had to find another way to remove Official 4 from the role.

Once Official 4's reassignment was rescinded, he told Official 3 that he was interested in a detail position away from the FDIC. Official 3 thought the reassignment made sense and reached out to a contact at another agency (and former colleague at the FDIC), with whom he has a good relationship. A senior official stated that Chairman Gruenberg also coordinated the reassignment with his counterpart at the other agency (another former FDIC employee). Official 2 was aware of this arrangement as well. Multiple witnesses told us that Official 4 receiving this type of assistance from senior officials in securing an external detail was not typical and was out of the ordinary. Official 4 served on a detail, at the FDIC's expense, at the other agency until earlier this year.

### **Handling of Issues Regarding Official 3**

This section describes how the FDIC handled various allegations against Official 3.

#### **Allegation of Harassment and Discrimination**

As discussed above, Employee 1 alleged that Official 3 harassed and discriminated against them by looking them up and down and making inappropriate comments.

In December 2023, Employee 1 filed an EEO complaint alleging harassment (non-sexual and sexual), and discrimination based on gender. Employee 1 provided the FDIC with a timeline describing incidents of harassment (discussed in the section above), including witnesses to the incident (where applicable) as well as instances of Official 3 allegedly sexually harassing other employees (witnessed by others but not Employee 1). Employee 1 requested several remedies, including that Official 3 should be investigated to determine if disciplinary action was warranted

and that Official 3 should not be responsible for the FDIC's efforts to address sexual harassment. Later that month, Employee 1 agreed to mediate the EEO claims.

Witnesses told us that the way the mediation was handled was unusual. The typical practice at the FDIC is for the Agency representative to be a management employee at a higher level than the subject of the allegations. In this case, Employee 1 requested that the Agency representative be a female executive who they trusted. Instead, the FDIC assigned two non-executive attorneys from the Legal Division – one as Agency representative, the other as Agency counsel. These employees were of a much lower rank than the subject of the allegations, Official 3.

In January 2024, shortly after Employee 1 filed their complaint, Official 2 told Official 3 about the complaint filed against him. Official 3 does not recall being formally interviewed regarding the allegations. Instead, Official 2 discussed the matter with him, telling him that the FDIC would collect the facts and interview Employee 1. Official 3 did not know if it was typical for Official 2 to inform an accused harasser about a complaint against them. According to Official 3, Official 2 later told him that Employee 1 was interviewed, and it was determined that no misconduct took place. Official 3 also learned that some of Employee 1's leave was restored.

Having learned of the complaint from Official 2, Official 3 stated that he told Official 4 about the complaint. Official 4 told us that he discussed the complaint with Official 3 on many occasions. Official 3 was upset about the reports against him, claiming they were false.

Employee 1 stated that Official 4 already knew about the complaint they had filed against Official 3 before Employee 1 discussed it with Official 4. Employee 1 was frustrated that many people in the FDIC seemed to be aware of their complaint in what was supposed to be a confidential process.

Because the EEO complaint included allegations of harassment, it was referred to the FDIC's AHP. We interviewed several employees to understand the FDIC's processes, at the time, for anti-harassment investigations generally.<sup>12</sup> FDIC employees, including Official 4, explained the differences between the EEO process and the AHP. The EEO process is a legal process that can provide compensation and redress to an employee who is subject to unlawful discrimination but focuses on the Agency's legal liability and does not always make findings about the conduct of individual managers. The AHP oversees an agency process to investigate allegations and hold managers and employees accountable if the allegations of harassment are substantiated. The two processes can run in parallel.

In January 2024, the Legal Division, with the concurrence of Official 2, decided that it would not conduct an anti-harassment investigation of the claims against Official 3. Employee 1 had requested and expected that the FDIC would investigate Official 3's conduct and was not notified that the FDIC had decided not to conduct a harassment investigation.

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<sup>12</sup> The FDIC is currently updating its processes and procedures in light of the addition of the OPC.

FDIC witnesses presented multiple explanations for the FDIC's decision. Official 2 stated that he thought Employee 1 did not want an anti-harassment investigation and that the EEO mediation would resolve Employee 1's complaint. Official 2 also said that the mediation resulted in Official 3 being disciplined through written and verbal counseling, which he believed was the remedy that Employee 1 was seeking. Other FDIC attorneys concurred with the view that an anti-harassment investigation was not required because the EEO mediation would resolve all issues. One attorney stated that they were not aware of any previous examples of parallel EEO and anti-harassment proceedings and that conducting parallel proceedings would create a risk of inconsistent findings.

Another reason for not conducting an anti-harassment investigation was that the Legal Division and Official 2 generally did not view the nature of the allegations as serious enough to warrant one. Official 2 stated that "based on the allegations, I don't know that they were so serious that they would have been substantiated in any meaningful way in the anti-harassment program." Another attorney told us that the Legal Division did not believe the allegations, even if true, rose to the level of illegal harassment. This was documented in a memorandum recommending settlement that stated:

We believe [the] claims of gender discrimination and harassment are not supported by evidence of discriminatory motive, or sufficiently severe or pervasive, for [Employee 1] to prevail in litigation. ... Furthermore, given the parties involved, LEAS [Legal Employment and Administration Section] believes it is in FDIC's interest to resolve this matter allowing working relationships to heal and improve in the absence of a formal investigation or litigation.

Ultimately, the EEO mediation resulted in a settlement agreement that restored leave to Employee 1, reimbursed them for nominal expenses associated with the claims, and provided that the FDIC would convene a meeting between the FDIC Chief of Staff and Official 3 to "discuss executive management responsibilities."

This meeting occurred in March 2024, between the Chief of Staff, Official 2, and Official 3. We interviewed each of them about this meeting and reviewed documentation. The evidence shows that the participants had very different recollections of the nature of this meeting. The Chief of Staff and Official 2 stated that they conveyed a very serious message that Official 3's behavior was inappropriate and deeply problematic, while Official 3 stated that he was told there was no evidence of misconduct and that he was doing a good job.

Official 2 told us that he and the Chief of Staff talked to Official 3 for about an hour and counseled him in writing. Official 2 told Official 3 that the behavior as described by Employee 1 was inappropriate. These were the perceptions of Employee 1, even if they were not true. Official 2 told Official 3 that the appearance he had engaged in such conduct could not be tolerated and could not occur in the future. Official 2 relayed that the Chief of Staff told Official 3 this sort of conduct is deeply problematic from her perspective and should never occur at any



level, especially at Official 3's level. Official 2 recalled that the Chief of Staff counseled Official 3 about the way he jokes around a lot and the jokes do not always land well. She advised him that he should be mindful that there are people who may view him in a way that is not positive if he is making "off color jokes and comments."

The Chief of Staff described the tone of the session as very serious. She and Official 2 were on the same page about how to address the allegations and the conversation was uncomfortable. She reinforced the message that Official 3 had made comments and expressions that came across as sexist. Regardless of his intent, he was told to treat everyone with dignity and respect, and to avoid saying anything that could be construed as sexist.

The Chief of Staff thought Official 3 took in the message and did not push back. She believed that he was responsive and open to the feedback, took ownership of the situation, and wanted to make sure he did not say the wrong thing again without realizing it. Official 2 indicated that Official 3 was "solemn" and described him as "stunned by our reaction to it." Official 2 noted that Official 3 did not admit to anything but said if Employee 1 "experienced him in that way, then he was wrong and that he would apologize." Official 2 was unsure if Official 3 apologized to Employee 1.

Official 3's view of the talk significantly differed from Official 2's and the Chief of Staff's perceptions. Official 3 stated that Official 2 and the Chief of Staff indicated that there was no evidence of misconduct, based on the Legal Division's review of the complaint. Official 3 was told he was doing a good job on the FDIC's Action Plan to respond to its troubled culture, that he is able to connect with employees by using humor and being authentic, and he needed to be mindful of his audience as well as who is in the room because of how things could be perceived by others. He said Official 2 and the Chief of Staff did not tell him to stop any behavior or that he should not do the behavior described in Employee 1's complaint. Official 3 remarked that he would have taken exception to such direction as an attack on his integrity.

Official 3 requested a follow-up call with us to reiterate that Official 2 told him that the claims against him were unsubstantiated. Official 3 stressed that he was not reprimanded. No one told him to stop any behavior because there was no inappropriate conduct. He stated that if he had been scolded it would have hit him hard.

The documentation that we reviewed appears to support Official 3's perception that the nature of the meeting was not disciplinary. The Chief of Staff's written talking points for the meeting included the following:

- This discussion is for the purpose of acknowledging executive management responsibilities of which you are already aware, but I want to discuss in light of the concerns that we are addressing about harassment and discrimination in the workplace.

- As you know, the Agency has taken/is taking measures (Action Plan, EEOC anti-harassment training) to ensure that FDIC employees have a safe/secure environment in which to work and to improve organizational performance at the FDIC.
- As part of this exercise, many of us in senior management have done some self-reflection to see how we may be able to better advance the Agency towards this goal. I'm sure you have been doing so as well.
- You are a valued employee with a long and successful career history at FDIC.
- A large part of your success as a [senior official] is due to your effectiveness in connecting with people. You regularly employ humor in meetings/discussions that puts people at ease, generates good feelings, and leads to more productive outcomes. It's one of your best traits, and I don't want you to lose that.
- That being said, EEOC training has alerted us all to the potential for humorous anecdotes, even well-intentioned, to land the wrong way among different audiences and among different individuals, even resulting in discomfort for some. So, you should be mindful of this in your meetings.
- As the leader for [your Division] (discussed in the recent WSJ article), you, in particular, must at all times convey and be perceived as conveying the utmost level of professionalism and respect for all employees.
- You need to be perceived as treating all [managers] under your supervision equitably (e.g., leave policies; availability of remote accessibility to meetings; assignments).
- Please be reminded that [your Division] includes ... a number of very experienced female [managers] who could/should be involved in either or both Action Plan efforts or efforts within [your Division] specifically to improve organizational performance.
- Ultimately, the Agency's executives are going to set the tone for how FDIC employees should be treating one another, and you, as [a senior official], will play a particularly integral role in doing so. You have been doing excellent work in advancing the Action Plan, which will undoubtedly make the FDIC an even better place to work.

Official 3 provided notes he took shortly after the meeting with the topics bulleted, including his reflection that Official 2 remarked that the incident may have been a misunderstanding:

Notes:

Reviewed facts and statements

No evidence of wrongdoing

No evidence of anything inappropriate or misconduct

"If anything, misunderstanding. Comm issue" – [Official 2]

Still, be mindful of communication in office  
Present letter  
No additional follow up necessary

When asked if she would be surprised if Official 3 did not realize he was in trouble after the meeting, the Chief of Staff replied that all she could say was it was a serious conversation, and she had never been part of a conversation like that before. She did not witness a difference in Official 3's behavior after the counseling. However, she never previously observed him do anything consistent with the issues she addressed during the meeting and has not seen him do anything since.

Chairman Gruenberg told us that he was made aware of the allegations against Official 3 and thought Official 2 had informed him about the complaint and that it was under review. He recalled being told that Official 3 looked at the employee in an inappropriate way and had made a comment to the employee that was inappropriate. Chairman Gruenberg believed that was the entirety of the complaint. Chairman Gruenberg believed the matter was being taken seriously. Chairman Gruenberg had not witnessed Official 3 exhibit the type of behavior alleged.

Chairman Gruenberg stated he was not aware of the process used to settle the complaint against Official 3, but said he never involved himself in a matter relating to misconduct by an employee. Chairman Gruenberg explained he leaves it to the responsible career professionals, who are independent, to work out the situations without his involvement or interference. He further stated he was not in a position to comment on the process.

Chairman Gruenberg was informed by Official 2 that a resolution was worked out to the satisfaction of the employee. Chairman Gruenberg stated he was not aware of any formal disciplinary action taken against Official 3.

Chairman Gruenberg stated he was not aware of a request by the complainant to have the allegations against Official 3 investigated or potentially discipline him based on the findings. Chairman Gruenberg thought if the employee wanted those actions taken then they should have been. Chairman Gruenberg noted that it was not uncommon for matters to be resolved without an investigation.

### **Role in the Action Plan**

In December 2023, the Chairman announced the creation of the Action Plan that describes how the FDIC will support accusers, victims, and survivors of harassment and discrimination, among other tasks.

As reported in our SI Report Part 1, we found that:

Many of the employees we interviewed perceived that the FDIC would not effectively implement its Action Plan. This was because employees perceived that in part some of the executives leading the efforts have had allegations of harassment and related misconduct against them. During our review, we confirmed that there were complaints filed against multiple senior officials involved in the Action Plan.

In January 2024, the Chairman announced the Executive Sponsors who would take the lead in implementing the various Action Plan components, including Official 3.

Around the same time that Official 3 was selected as an Executive Sponsor, Chairman Gruenberg and Official 2 became aware of the sexual harassment allegation against him. As discussed earlier, a few months later, in March 2024, Official 2 stated that he verbally counseled Official 3 regarding his conduct.

Multiple witnesses told us that Official 3's continued participation in the Action Plan undermined its credibility and the culture change initiatives at the FDIC. One witness stated:

I don't understand how ... [Official 3] is being left in charge of any of the action planning activity at all. That ... even outside of the sexual harassment, people know he makes inappropriate jokes, inappropriate comments. People have seen this over and over again. And how do you have any credibility as an agency who is saying I want to change this toxic environment? I want to see a culture shift. And you leave a person who is known to be problematic in one of the highest-level senior leadership positions.

This statement is representative of the views we heard from several FDIC employees at all levels.

Official 2 stated that he did not consider whether it was appropriate for Official 3 to continue to serve as an Executive Sponsor in charge of the FDIC's efforts to support victims and survivors, despite knowing that he had been the subject of a recent sexual harassment complaint for which he had been counseled. Official 2 stated he was not made aware of any concerns regarding Official 3 leading the Action Plan. Official 2's view was that there were no substantiated findings against Official 3.

Official 3 told us that Action Plan leaders made a rule that anyone assigned to work on the Action Plan with a substantiated claim of wrongdoing should not be allowed to remain on the committee. This was discussed with the union and employee representatives. They agreed it could give the committee an appearance of a conflict of interest for someone with substantiated allegations to remain on the committee, so anyone who participated in discrimination, retaliation or harassment was excluded. Official 3 said that since the allegations against him were not substantiated, he did not need to step down but noted if things had turned out differently with the executive's complaint, he would have stepped down.

Chairman Gruenberg stated that since the complaint was resolved to the satisfaction of Employee 1, it was not viewed as something impacting Official 3's participation in the Action Plan.

## **Handling of Issues Regarding Official 2**

This section describes how the FDIC handled allegations against Official 2.

### **Voicemail Message**

As discussed above, Official 2 left an inappropriate voicemail for one of his subordinates, resulting in a complaint.

At that time, Official 4 was working as a subordinate of Official 2 and was involved in the resolution of the complaint. Official 4 brought in an attorney from another agency to represent the FDIC in the mediation process to avoid potential conflicts. The attorney was from an agency where Official 4 had worked, and the complainant alleged that this attorney was a friend of Official 4 and not independent. Because they did not believe the FDIC mediation could fairly resolve the complaint, the complainant hired a lawyer and filed an EEO complaint with OMWI against Official 2.

Despite being a subordinate of Official 2 at the time, Official 4 acknowledged that he was involved in the review of the matter and the negotiation of a settlement agreement. Official 4 told us that no investigation was conducted because the voicemail itself was the crux of the complaint and there was no other evidence, as far as Official 4 knew, that Official 2 had done anything else inappropriate.

Official 4's memorandum to senior executives requesting settlement authority is inconsistent with his statements. Regarding his statement that there was no investigation into the complaint, in the memorandum he wrote "[o]utside of the EEO process, Agency management conducted an informal investigation into the allegations and concluded that [the employee] had not been subjected to a hostile work environment. . ." Additionally, while Official 4 told us that there was no evidence of any other inappropriate conduct by Official 2, in the memorandum he acknowledged that Official 2 and the employee appeared to have "had a somewhat contentious relationship in the past" and that "[the employee] has alleged that additional incidents did occur."

Our investigation did not uncover any evidence that this complaint was reviewed under the FDIC's AHP or that any documented investigation was conducted.

The voicemail incident occurred in 2019, and Chairman Gruenberg appointed Official 2 to his senior official position in 2022. Chairman Gruenberg told the OIG he was familiar with the

voicemail incident, noting it occurred before he became Chairman for the second time, and said a review had been done and there was a disciplinary consequence.

### **Recommendations and Referrals**

The FDIC has addressed, and we have closed, five out of the six recommendations we made in the SI Part 1. The outstanding recommendation involves the FDIC setting a tone at the top where all FDIC executives model the FDIC's core values and principles through their behaviors and attitudes and assessing this with regular employee surveys.

As discussed above, for Objective 4, which is the subject of this report, we referred ROIs and supporting evidence to the OPC for appropriate action.

## **FDIC COMMENTS**

On July 25, 2025, the FDIC provided a written response to a draft of this report, which is presented in its entirety in Appendix 2.

In its written response, the FDIC stated that in response to the OIG's investigations of the five senior officials discussed in this report, the FDIC reviewed the reports of investigation, conducted its own investigations in several cases, and took corrective action, as appropriate, including not paying out 2024 bonuses. The FDIC also noted that new leadership is in place and the FDIC has experienced significant changes in executive and manager ranks. Changes in leadership and changes in processes for receiving and investigating complaints and determining appropriate discipline help address the concerns raised in the OIG's Special Inquiry reports.



# APPENDIX 1: OBJECTIVE, SCOPE, AND METHODOLOGY

## Objective

The primary focus of Objective 4 of the Special Inquiry was to independently investigate selected allegations that senior officials personally engaged in harassment or related misconduct. This included matters where the seniority of the FDIC official, or their role in the regular FDIC process for reviewing allegations of harassment, created complications or the appearance of a conflict if such allegations were reviewed solely by FDIC management.

We performed our work from December 2023 through July 2025. In conducting this Special Inquiry, we adhered to the professional standards developed by the CIGIE. For objective 4, we performed our work in accordance with the *Quality Standards for Investigations*. These standards require that we plan, execute, and report the results of our fact-gathering.

## Scope and Methodology

In December 2023, the OIG began gathering information to identify selected allegations of harassment and related misconduct against FDIC senior officials. These steps to develop a complete universe of allegations involved defining senior officials, outreach to FDIC employees, technology-assisted review of approximately 280,448 documents produced to the Special Committee and to Congress by the FDIC, targeted follow-up document requests to FDIC offices and outside counsel, and proactive targeted employee interviews.

### *Defining Senior Officials for Objective 4*

The primary focus of the investigative portion of the Special Inquiry was to independently investigate matters where the seniority of the FDIC official, or their role in the regular FDIC process for reviewing allegations of harassment, created complications or the appearance of a conflict if reviewed solely by FDIC management. This would include the Chairman and any Member of the Board of Directors. In order to further define who at the FDIC is a “senior official” we looked to the FDIC’s posted list of senior executives.<sup>13</sup> At that time, the position titles of senior executives were as follows:

- Deputy to the Chairman and Chief of Staff
- Deputy to the Chairman for External Affairs
- Deputy to the Chairman for Financial Stability
- Deputy to the Chairman and Chief Financial Officer
- Deputy to the Chairman and Chief Operating Officer

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<sup>13</sup> <https://www.fdic.gov/about/board-directors-senior-executives>

General Counsel  
Chief Risk Officer  
Chief Innovation Officer  
Chief Information Officer/Chief Privacy Officer  
Chief Information Security Officer  
Internal Ombudsman  
Director, Division of Risk Management Supervision  
Director, Division of Depositor and Consumer Protection  
Director, Division of Insurance and Research  
Director, Division of Resolutions & Receiverships  
Director, Division of Administration  
Director, Division of Finance  
Director, Division of Information Technology  
Director, Complex Institution Supervision & Resolution  
Director, Office of Minority and Women Inclusion  
Director, Office of Legislative Affairs  
Director, Office of Communications  
Director, Office of Minority & Community Development Banking  
Chief Learning Officer, Corporate University  
Director, Ombudsman

We further requested the names of those who held these (or equivalent) positions on a permanent or acting basis from 2008 to March 2024 from the FDIC. On March 22, 2024, FDIC DOA HR produced an excel spreadsheet responsive to our request.

#### *Outreach to FDIC Employees*

The OIG took a series of proactive steps to both understand the breadth and scope of harassment and related misconduct and encourage FDIC employees to report any concerns regarding harassment or other misconduct with us. The following actions are examples of our efforts:

- December 8, 2023: the Acting Inspector General sent an email to all FDIC employees titled “A Message on Whistleblower Protections and Reporting Fraud, Waste, Abuse, Misconduct, or Mismanagement.” In the email, the FDIC OIG Whistleblower Protection Coordinator is mentioned along with how to reach the coordinator through the OIG Hotline.
- December 15, 2023: the OIG sent a global email with a link to the OIG’s survey regarding sexual harassment. A link to the OIG’s Hotline was also included for those willing to provide additional information or report fraud, waste, abuse, or misconduct to the OIG.
- March 20, 2024: the OIG sent a global email with a link to the OIG’s survey regarding workplace culture. Again, a link to the OIG’s Hotline was included.
- On May 30, 2024: A global email message from the Special Committee of the FDIC Board was issued that included information about our office, role, and how to contact us.
- On July 30, 2024: a National Whistleblower Appreciation Day Joint Announcement from the FDIC Chairman and the Inspector General was sent to all employees. In the message, the FDIC OIG is mentioned as an option to report fraud, waste, abuse, misconduct, or mismanagement at the FDIC. Additionally, the message mentions that a Whistleblower Protection Coordinator is located in the OIG and is available to discuss any questions or concerns from employees and contractors about the avenues for making disclosures of wrongdoing and the protections available to them for doing so. The coordinator’s contact information was also provided.

When we received information relevant to one of our objectives, including objective 4, we integrated that into our work. Information was also referred, as appropriate, either to OI or to the relevant components of the FDIC to address.

### *Technology-Assisted Document Review*

On January 11, 2024, we requested that the FDIC provide to the OIG:

- All documents that had been provided to the Special Committee, and
- All documents that had been provided in response to Congressional requests regarding the recent allegations of sexual harassment and other misconduct at the FDIC.

We worked with the FDIC to establish a sequestered workspace within the FDIC’s document review platform, where the documents could be securely reviewed and organized by OIG staff. The FDIC also assigned us a dedicated representative from the contractor that hosts the workspace to work with directly as an additional safeguard to OIG independence.

On February 8, 2024, we began reviewing approximately 142,000 documents that were initially produced. The universe of documents for the technology-assisted review (TAR) was continually supplemented during the course of this project and eventually included approximately 280,448 documents that the FDIC had produced to Congress and the Special Committee.

To efficiently identify relevant allegations against senior officials within this document universe, we used a two-pronged approach that included both TAR as well as judgmental review, through keyword and other search parameters.

TAR is a computerized process for selecting and ranking a collection of documents. TAR incorporates the responsiveness decisions that reviewers have made on a smaller set of documents and then applies those decisions to the remaining universe of documents. The goal is to focus review resources on documents that are the most likely to be relevant to the project's objective. This is an iterative process that may involve a number of rounds of review until the team is confident that they have reviewed the documents necessary to complete their objective. Here, we "coded," or marked, documents based on their relevance to each of the four objectives, including a designation for highly relevant (or "hot") documents and one for documents that contained a possible "complaint" of harassment. We then used the documents identified through this process as most relevant to focus our inquiry and additional requests.

As the document universe grew based on our additional requests to the FDIC and to the Special Committee, discussed in detail below, we proceeded with a judgmental review, using keyword and date searches for specific documents and topics of interest.<sup>14</sup> The transition to these targeted searches from the TAR approach, as the likelihood of overlooking highly relevant documents continued to diminish, allowed us to focus in on areas of interest to our work under objective 4. This dual approach was consistent with the OIG's goal to move expeditiously without missing key evidence and to discover the most important evidence as quickly as possible to support investigative leads (potential subjects, appropriate witness interviews, etc.).

### *Targeted Requests for Information*

In April 2024, we requested that FDIC components OMWI (and its predecessor the Office of Diversity and Economic Opportunity), Labor and Employee Relations Section (LERS,) and LEAS produce individual lists of all allegations of harassment (as defined by FDIC Directive 2710.03) involving a senior official from 2008 to the date of the request. We further requested that the head of each component confirm the completeness of their responses and, to the extent that a complete response could not be provided, provide a detailed description as to the reason why. We also requested additional information directly from the Special Committee.

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<sup>14</sup> As of the date of issuance of this report, we have collected approximately 668,549 records.

## **OMWI**

OMWI provided a spreadsheet of EEO complaints in May 2024. In July 2024, we requested, and OMWI provided, the supporting materials for a list of specified cases relating to objective 4.

## **LEAS**

LEAS provided a list of responsive cases in April 2024 and updated it in June 2024. In July 2024, we requested, and LEAS provided, the supporting materials for a list of specified cases relating to objective 4. In September 2024, we requested settlement agreements from LEAS for several investigations. LEAS provided settlement agreements for those investigations where such an agreement existed.

## **LEERS**

LEERS provided a spreadsheet of investigations with the earliest complaint dated August 2016. The list had no complaints received from 2008 through August 2016, and only six investigations from August 2016 through May 2022.

In light of the gaps in time, we requested that LEERS either confirm that they had provided a complete list, regardless of the formality of the complaint(s), or provide a detailed description as to the reason why items were omitted. LEERS personnel notified us that they had provided everything they could find. They explained that prior to 2019, LEERS used a manual tracking system (spreadsheet) to track all cases (including harassment). Current LEERS management did not work at the FDIC in 2019 and did not have any tracking information prior to the FDIC's implementation of a new tracking system in 2019.

In July 2024, we requested, and LEERS provided, the supporting materials for a list of specified cases relating to objective 4. In September 2024, we requested from LEERS any records of disciplinary actions taken associated with the list of specified cases, and LEERS notified us that there were no records of disciplinary actions taken based on those investigations.

## **Special Committee**

As discussed above, we received and reviewed the documents that the FDIC provided to the Special Committee for the purpose of review by their outside counsel. We requested from that outside counsel additional information that they had developed during the course of their review, specifically all information about current FDIC senior officials against whom allegations of harassment were made through the outside counsel's hotline and/or in the interviews they conducted.

The Special Committee's outside counsel explained that much of the information in their files had been received subject to explicit promises of confidentiality, and that FDIC employees who provided information had expressed grave concerns that disclosure of their identities could lead

to retaliation. Although the OIG maintains that we have clear statutory authority to receive all information developed by the outside counsel during their engagement by the FDIC, to further our inquiry while respecting the confidentiality interests of employees, we agreed to receive a list of allegations against senior officials without attribution to the alleged.

After reviewing this list, we requested supporting information for selected allegations and requested that the outside counsel seek the consent of the persons reporting information to share their identities with the OIG. In June 2024, the outside counsel provided the requested information, including the names of witnesses who consented to disclosure of their identities to the OIG. The OIG sought the identities of these witnesses to ensure our awareness of the universe of allegations, given the difficulty in obtaining complete records from the FDIC.

Some of the individuals who provided information to outside counsel did not consent to the disclosure of their identities to the OIG, so we were unable to follow up with them to obtain additional information. This is a limitation on the scope of our work. However, we believe that we have received sufficient information to complete our objective, and that protecting the privacy interests of employees who provided information under promises of confidentiality outweighs our investigative interest in receiving the information.

#### *Proactive Targeted Interviews*

As documentary evidence was developed and allegations of misconduct were shared with our office, we identified and interviewed potential victims, witnesses, and subjects of selected allegations that senior officials personally engaged in harassment or related misconduct. We conducted over 69 interviews.



## APPENDIX 2: FDIC COMMENTS



### MEMO

**TO:** Michael T. McCarthy  
Counsel to the Inspector General

**FROM:** E. Marshall Gentry  
Deputy to the Chairman and Acting Chief Operating Officer

EDWARD GENTRY  
Digitally signed by EDWARD GENTRY

**CC:** Hansel J. Cordeiro  
Director, Office of Professional Conduct

Amanda J. Lavis  
Director, Office of Equal Employment Opportunity

Eric S. Gold  
Assistant General Counsel, Labor, Employment, and Administration Section

**DATE:** July 25, 2025

**RE:** Management Response to the Draft Report Entitled, *Special Inquiry of the FDIC's Workplace Culture with Respect to Harassment and Related Misconduct – Part 2* (2024-005)

Thank you for the opportunity to respond to the subject Office of the Inspector General (OIG) draft report.

There is no higher priority at the FDIC than ensuring that every person at the agency feels safe, valued, and respected. The Acting Chairman, the Board, and senior FDIC executives are committed to ensuring an effective harassment-prevention program and cultivating a strong workforce culture where interpersonal misconduct is not tolerated and those who engage in harassment or interpersonal misconduct are held accountable.

The FDIC has moved swiftly to take corrective actions in support of this goal and to address systemic workplace culture issues identified in a May 2024 study commissioned by a Special Committee of the FDIC Board, the OIG's July 2024 Sexual Harassment Prevention Program report, and the OIG's December 2024 Special Inquiry – Part 1 report. Notably, the FDIC's corrective actions have resulted in the OIG closing a number of recommendations from the



OIG's July 2024 report and December 2024 Special Inquiry – Part 1 report, including those related to implementing an effective anti-harassment program structure.

Among other corrective actions, the FDIC:

- Established an independent Office of Professional Conduct (OPC) to handle complaints of harassment, interpersonal misconduct, and retaliation, and an independent Office of Equal Employment Opportunity (OEEO) to intake, investigate, and report on complaints of discrimination and retaliation.
- Provided resources to support victims of harassment, discrimination, and other interpersonal misconduct.
- Updated our Anti-Harassment Program directive and Anti-Retaliation and Whistleblower Protection directive and established a new directive addressing Personal Relationships in the Workplace.
- Delivered mandatory, in-person anti-harassment training to the FDIC workforce to provide a baseline understanding for identifying and reporting harassment and interpersonal misconduct. Mandatory training is also delivered to all new FDIC employees.

Part 2 of the OIG's Special Inquiry discusses the OIG's investigation of five former FDIC senior officials and how FDIC handled allegations against senior officials. FDIC's OPC reviewed OIG reports of investigation regarding these senior officials, conducted its own investigations in several cases, and took corrective action, as appropriate, including not paying out 2024 bonuses to the senior officials referenced in the OIG report. As OIG notes, none of these senior officials remain employed by the FDIC.

Importantly, the FDIC is under new leadership, including a new Acting Chairman, new Board Members, and new executive leadership atop the majority of FDIC Divisions and Offices, which report directly to the Acting Chairman. The FDIC has experienced significant changes in executive and manager ranks. FDIC executives and managers are dedicated to improving our culture and ensuring a professional workplace where misconduct is not tolerated. These changes in leadership, together with the creation of OPC and OEEO, and the new processes established by those offices for receiving and investigating complaints and determining appropriate discipline, help address the concerns raised in the OIG's Special Inquiry report parts 1 and 2.



On the horizon, the FDIC will soon launch new reoccurring training for all staff on identifying, preventing, and reporting harassment, interpersonal misconduct, retaliation, and discrimination. The FDIC is also implementing an improved complaint tracking system that will deliver transparent and more granular reporting of complaint activity and program statistics to FDIC managers and employees. The FDIC will also develop surveys or other climate assessments to assess progress and employee understanding and perceptions around interpersonal misconduct.

We value OIG's work on this important area. Maintaining a professional work environment where employees feel safe, valued, and respected is critical to the ability for the FDIC to meet its important mission effectively.

## APPENDIX 3: ACRONYMS AND ABBREVIATIONS

2024 OIG Report	The FDIC's Sexual Harassment Prevention Program
<i>Action Plan</i>	Action Plan for a Safe, Fair, and Inclusive Work Environment
AHP	Anti-Harassment Program
AHP Directive	FDIC Directive 2710.03, Anti-Harassment Program
CIGIE	Council of the Inspectors General on Integrity and Efficiency
COSO	Committee on Sponsoring Organizations of the Treadway Commission
DOA	Division of Administration
EEO	Equal Employment Opportunity
EEOC	Equal Employment Opportunity Commission
LEAS	Labor, Employment and Administration Section
LERS	Labor and Employee Relations Section
MOU	Memorandum of Understanding
OEEEO	Office of Equal Employment Opportunity
OGC	Office of General Counsel
OI	Office of Investigations
OIG	Office of Inspector General
OMWI	Office of Minority and Women Inclusion
OPC	Office of Professional Conduct
QSI	Quality Standards for Investigations
TAR	Technology-Assisted Review



## Federal Deposit Insurance Corporation

### Office of Inspector General

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The OIG's mission is to prevent, deter, and detect waste, fraud, abuse, and misconduct in FDIC programs and operations; and to promote economy, efficiency, and effectiveness at the agency.

To report allegations of waste, fraud, abuse, or misconduct regarding FDIC programs, employees, contractors, or contracts, please contact us via our [Hotline](#) or call 1-800-964-FDIC.

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