



U.S. Securities and  
Exchange Commission

Office of Inspector General  
**SEMIANNUAL  
REPORT TO  
CONGRESS**

4.01.25 TO 09.30.25





UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
OFFICE OF INSPECTOR GENERAL  
**SEMIANNUAL REPORT TO CONGRESS**

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APRIL 1, 2025 THROUGH SEPTEMBER 30, 2025



#### OIG MISSION

**T**he mission of the Office of Inspector General (OIG) is to promote the integrity, efficiency, and effectiveness of U.S. Securities and Exchange Commission (SEC) programs and operations through independent and impactful oversight. We accomplish this mission by:

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

“Through rigorous audits, evaluations, and investigations, we remain committed to providing independent oversight and constructive recommendations that support the Commission’s mission to protect investors, maintain fair and efficient markets, and facilitate capital formation.”

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# ABBREVIATIONS

CIGFO	Council of Inspectors General on Financial Oversight
CIGIE	Council of Inspectors General on Integrity and Efficiency
Dodd-Frank	Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010
DOC	Department of Commerce
DOJ	Department of Justice
EDGAR	Electronic Data Gathering, Analysis, and Retrieval
ESP	Employee Suggestion Program
FDIC	Federal Deposit Insurance Corporation
FHFA	Federal Housing Finance Agency
FISMA	Federal Information Security Modernization Act of 2014
FY	fiscal year
IG	Inspector General
IG Act	Inspector General Act of 1978, as amended
NPI	nonpublic information
NRC	Nuclear Regulatory Commission
OA	Office of Audits
OI	Office of Investigations
OIG	Office of Inspector General
SEC or agency	U.S. Securities and Exchange Commission
SGE	senior government employee
SOX	Sarbanes-Oxley Act of 2002



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

OFFICE OF  
INSPECTOR GENERAL

KEVIN B. MUHLENDORF  
INSPECTOR GENERAL

September 30, 2025

## MESSAGE FROM THE INSPECTOR GENERAL

As the newly appointed Inspector General (IG), I am pleased to present this Semiannual Report to Congress, highlighting the accomplishments of the SEC OIG from April 1, 2025, to September 30, 2025. This report highlights the significant efforts of our office to promote integrity, efficiency, and accountability within the SEC. Through rigorous audits, evaluations, and investigations, we remain committed to providing independent oversight and constructive recommendations that support the Commission's mission to protect investors, maintain fair and efficient markets, and facilitate capital formation.

Our Office of Audits (OA) issued 5 audits, evaluations, and other reviews and worked with SEC management to close 15 recommendations made in 5 reports issued during previous reporting periods. This important work included an examination of the SEC's rulemaking process, an audit of the SEC's efforts to recruit and retain a highly skilled workforce, and a special review of the loss of former SEC Chair Gary Gensler's text messages. In the coming year, among other planned work, OA will continue examinations of the SEC's disclosure review programs, complete reviews of the Office of Information Technology's change control process and management of the agency's software licensing costs, and undertake a critical evaluation of the Division of Enforcement's collection and distribution of disgorgements and penalties.

Our Office of Investigations (OI) completed or closed 11 investigations, with 14 referrals to the Department of Justice (DOJ) and 6 referrals to management for administrative action. Through this oversight work, we demonstrate our commitment to strengthen the SEC's programs and operations to better serve the American people. OI closed investigations into the use of a personal Gmail account to transmit non-public information by an SEC employee and another in which an SEC attorney falsely certified having a bar license in good standing. OI Special Agents also led and participated in criminal investigations resulting in a 13-year sentence for an individual convicted for his involvement in a \$13,000,000 Ponzi scheme and the cyberstalking of witnesses in the underlying SEC investigation, a 14-month sentence for an individual who hacked the SEC's X account to spike Bitcoin prices, and an indictment of the co-CEO of a Chinese company for a \$100,000,000 securities fraud scheme.

As I begin my tenure as Inspector General, I want to take a moment to express my deep gratitude to Katherine Reilly, Counsel to the Inspector General, who served as the Acting Inspector General during the transitional period. Katherine provided steadfast leadership and continuity, ensuring that the Office remained focused, effective, and true to its core values.

We also greatly appreciate the support of the Chairman, Commissioners, and the Commission's staff in our oversight mission. Finally, I am tremendously proud of the professionalism and expertise demonstrated every day by the talented staff of the SEC OIG. Their commitment to public service and to the pursuit of objective oversight continues to serve both the Commission and the American public.

Respectfully,

Kevin B. Muhlendorf  
Inspector General



# MANAGEMENT AND ADMINISTRATION

## AGENCY OVERVIEW

The SEC's mission is to protect investors, maintain fair, orderly, and efficient markets, and facilitate capital formation. The SEC strives to promote capital markets that inspire public confidence and provide a diverse array of financial opportunities to retail and institutional investors, entrepreneurs, public companies, and other market participants. Its core values consist of integrity, excellence, accountability, teamwork, fairness, and effectiveness.

The SEC is responsible for overseeing the nation's securities markets and certain primary participants, including broker-dealers, investment companies, investment advisers, clearing agencies, transfer agents, credit rating agencies, and securities exchanges, as well as organizations such as the Financial Industry Regulatory Authority, Municipal Securities Rulemaking Board, and the Public Company Accounting Oversight Board.

The SEC accomplishes its mission through six main divisions—Corporation Finance, Economic and Risk Analysis, Enforcement, Examinations, Investment Management, and Trading and Markets—and 25 functional offices. The agency's headquarters are in Washington, D.C., and it has

10 regional offices located throughout the country. As of September 30, 2025, the SEC employed 4,213 full-time equivalent employees.

## OIG STRATEGIC GOALS AND ADMINISTRATION

Three strategic goals advance the OIG's oversight mission: (1) Delivering results that promote integrity, efficiency, and effectiveness in the SEC's programs and operations; (2) Promoting a professional working environment that facilitates organizational success; and (3) Improving the effectiveness and efficiency of our processes through continuous innovation, collaboration, and communication.

During this reporting period we continued our outreach efforts to SEC's divisions and regional offices.

## OIG OUTREACH

Members of our senior management regularly met with the Commissioners and senior officers from various SEC divisions and offices to foster open communication at all levels between the agency and the OIG. Through these efforts, we kept up-to-date on significant, current matters that were relevant to our work, and we obtained agency management's

input on what it believes are the areas presenting the greatest risks or challenges, allowing us to plan for future work. We briefed senior agency leaders on relevant findings and the agency's progress in implementing our recommendations. The constructive working relationship between agency leaders and the OIG promotes continuous improvement in the SEC's programs and operations.

We prioritized educating SEC employees about our mission, as well as employees' responsibility to refer allegations of fraud, waste, abuse, and misconduct to the OIG. To ensure we reach all SEC employees, SEC new employee orientation sessions provide an overview of our office, its mission, and the role each SEC employee plays in maintaining the agency's integrity and efficiency. In support of our oversight, the SEC regularly reminds all staff of their legal obligation to cooperate with all OIG inquiries, including providing access to SEC employees, facilities, systems, and equipment, as well as our right to access all agency information, even that which may be classified, privileged, confidential, or otherwise exempt from disclosure

under the law. These statements from the SEC Chairman make clear that SEC employees have the right to communicate directly with us without seeking permission from anyone within the agency, and that the OIG protects whistleblower confidentiality and pursues allegations of retaliation for protected conduct. The SEC issues these statements annually, with the most recent one published in September 2025.

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



## COORDINATION WITH OTHER AGENCIES

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

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

reconstituted CIGFO investigations subcommittee with the heads of the respective Offices of Investigations for the FDIC and FHFA, which we plan to expand the next reporting period.

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

General Criminal Investigator Academy for the IG Transition Training Program and the New Manager training course, and mentor myriad colleagues throughout the CIGIE community.

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

staff collaborated with investigations staff from other OIGs to finalize and issue the updated *CIGIE Quality Standards for Investigations* and *Qualitative Assessment Review Guidelines for Investigative Operations for Federal Offices of Inspector General*. OI also provided assistance to, and coordination with, the Pandemic Response Accountability Committee to assist in investigating allegations of fraud related to pandemic funding.



# AUDITS, EVALUATIONS, AND OTHER REVIEWS

## OVERVIEW

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

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

- resources are safeguarded and appropriately managed;
- governing laws, regulations, and policies are complied with;

- funds are expended properly;
- government programs are achieving their objectives and desired outcomes;
- government services are provided effectively, efficiently, and economically; and
- information provided by the Commission to the public and others is reliable.

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

## COMPLETED AUDITS, EVALUATIONS, AND OTHER REVIEWS<sup>1</sup>

[Final Management Letter: Audit of the SEC's Efforts to Recruit and Retain a Highly Skilled Workforce and Address Related Challenges](#)

[Final Management Letter: Potential Opportunity to Consolidate the SEC's Disclosure Review Information Technology Systems](#)

[Improved Documentation and Guidance Can Help Strengthen Corporation Finance's Disclosure Review Program, Report No. 586](#)

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

[Special Review: Avoidable Errors Led to the Loss of Former SEC Chair Gary Gensler's Text Messages, Report No. 587](#)

[Observations on the SEC's Rulemaking Process, Report No. 588](#)

## ONGOING AUDITS AND EVALUATIONS

### [Audit of the Division of Investment Management's Disclosure Review and Accounting Office Operations](#)

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

We expect a report will be issued in FY 2026.

### [Audit of the SEC's Change Control Process](#)

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

system changes. The audit scope will include a sample of information systems that underwent changes during calendar year 2024.

We expect a report will be issued in FY 2026.

### [Fiscal Year 2025 Independent Evaluation of the SEC's Implementation of the Federal Information Security Modernization Act of 2014](#)

The Federal Information Security Modernization Act of 2014 (FISMA) requires IGs to annually assess the effectiveness of agency information security programs and practices and to report the results to the Office of Management and Budget and the Department of Homeland Security. This assessment includes testing and assessing the effectiveness of agency information security policies, procedures, practices, and a subset of agency information systems. To comply with FISMA, we have initiated an evaluation of the SEC's information security programs and practices. We contracted with Sikich CPA LLC (formerly, Cotton & Company Assurance and Advisory, LLC) to conduct this independent evaluation.

We expect a report will be issued in FY 2026.

### [Evaluation of the EBO's Review Processes](#)

We have initiated an evaluation to determine whether the Electronic Data Gathering, Analysis, and Retrieval (EDGAR) Business Office has effective processes for (1) reviewing requests to submit filings electronically in EDGAR, and (2) promoting the reliability and integrity of filers' submissions. The evaluation will include EDGAR Business Office activities from October 2023 through May 2025.

We expect a report will be issued in FY 2026.

### **Evaluation of the SEC's Processes for Managing Software License Costs**

We have initiated an evaluation to determine whether the SEC effectively manages software license costs and prevents wasteful spending on unused or underused software licenses. The evaluation will cover the SEC's tracking and management of software licenses between January 1, 2024, and June 30, 2025.

We expect a report will be issued in FY 2026.

### **Audit of the Office of the Chief Accountant's Accounting Consultations Process**

We have initiated an audit to assess whether the consultations process ensures comprehensive

reviews (including consideration of past consultations), transparency, and coordination with relevant SEC divisions and offices and external parties, as appropriate. We will also determine whether the Accounting Group performs consultations in a timely manner, in accordance with its policies and procedures, and complies with ethics and information security requirements. The audit will include Accounting Group consultations and activities from FY 2023 through the third quarter of FY 2025.

We expect a report will be issued in FY 2026.



# INVESTIGATIONS

## OVERVIEW

**O**I is a federal law enforcement component responsible for investigating allegations of criminal, civil, and administrative misconduct relating to SEC programs, operations, and personnel. The subject of an investigation may be an SEC employee, contractor, consultant, or any person or entity involved in alleged wrongdoing affecting the agency and its mission. OI investigative findings may result in criminal prosecutions, fines, civil penalties, administrative sanctions, and/or personnel actions. OI's special agents conduct investigations in accordance with the CIGIE *Quality Standards for Investigations* and applicable guidelines issued by the United States Attorney General for criminal investigators with statutory law enforcement authority.

OI is committed to ensuring that its investigations are independent, fair, thorough, and timely. In conducting investigations, OI works closely with SEC divisions and offices and other law enforcement agencies and components. We partner with DOJ, including prosecutors at Main Justice and United States Attorney's Offices around the country. We also work with authorities around the world. In addition to holding bad actors accountable, when OI discovers vulnerabilities or internal control

deficiencies, we promptly report these issues to SEC management for corrective actions.

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

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

- The [indictment](#) of the co-CEO of a Chinese publicly traded technology company and a financial advisor for a securities fraud scheme that netted over \$100,000,000.
- A 13-year [sentence](#) for a South Carolina man who was convicted for his involvement in a \$13,000,000 Ponzi scheme and cyberstalking of witnesses in an SEC matter.
- The [14-month sentence](#) for an Alabama man who was convicted for hacking the SEC's X (formerly Twitter) account leading to spiked Bitcoin prices.

## SELECT CLOSED INVESTIGATIONS, INCLUDING SUBSTANTIATED ALLEGATIONS AGAINST SENIOR GOVERNMENT EMPLOYEES

### Former SEC Contract Specialist Falsely Claimed Virginia Residency While Living In and Working from Florida, Collecting Higher Locality Pay for Years

The OIG investigated an allegation that a former Contract Specialist lived in St. Petersburg, Florida, while falsely claiming to live in Fairfax, Virginia, collecting Washington, D.C.-area locality pay as opposed to that allocated for the “Rest of the United States.” The OIG also investigated whether the Contract Specialist’s first line supervisor was aware of the alleged wrongdoing.

We found that the individual had lived in Florida since at least 2020 and used a friend’s Fairfax, Virginia address on all official SEC documentation and acquired a Virginia driver’s license despite not living at nor working from the address. We also found that the supervisor was not aware that the Contract Specialist lived in Florida while claiming Virginia residency. The supervisor learned during the return-to-office process in March 2025 that the individual lived in Florida.

In April 2025, prior to OIG’s investigation, the Contract Specialist accepted voluntary separation incentive pay and resigned his position with the SEC after his newly-submitted request to telework from Florida was denied.

### Former Division of Enforcement Attorney Resigned While Under Investigation

The OIG investigated an allegation that a Division of Enforcement attorney emailed SEC nonpublic information (NPI) from his SEC email to his

personal Gmail account without authorization. We found that, over a four-year time period, the attorney sent over 500 emails containing NPI, including the identities of SEC whistleblowers, to and from his personal email account, despite having taken more than a dozen trainings and being counseled at least 5 times on the rules prohibiting the unauthorized disclosure of NPI.

While under investigation, the attorney elected to retire from the SEC effective April 4, 2025.

### An SEC Attorney Falsely Certified an Active Good Standing State Bar License

The OIG investigated allegations that an SEC attorney falsely certified to the SEC that they had an active bar membership in good standing when they did not, failing to meet a required condition of employment with the SEC.

We found that the SEC attorney falsely certified active membership in good standing with a state bar at the time they were hired in 2008. Additionally, on at least 13 separate occasions between 2015 and 2024, the SEC attorney provided false certifications of an active state bar license in good standing. State bar records where the attorney claimed membership in good standing showed the attorney was not in good standing since 2004.

The SEC placed the attorney on administrative leave and the attorney resigned.

## REPORT ON INSTANCES OF WHISTLEBLOWER RETALIATION

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



## REVIEW OF LEGISLATION AND REGULATIONS

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

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



## PEER REVIEW

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

### MOST RECENT PEER REVIEWS OF THE SEC OIG

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

### PEER REVIEW OF AUDIT OPERATIONS

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

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

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

### PEER REVIEW OF EVALUATION OPERATIONS

The Department of Commerce (DOC) OIG conducted the most recent assessment of our OA's evaluation work for the three-year period ending September 30, 2023. On March 7, 2024, the DOC OIG issued its report, concluding that OA's evaluation policies and procedures generally were consistent with the CIGIE's *Quality Standards for Inspection and Evaluation* (Blue Book) standards

addressed in the external peer review. In addition, the DOC OIG found that the two reports reviewed generally complied with Blue Book standards. The DOC OIG did not make any recommendations.

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

We participated in a peer review of the Federal Housing Finance Agency OIG's audit organization during the reporting period. The [final report](#) was issued on September 3, 2025.

## PEER REVIEW OF INVESTIGATIVE OPERATIONS

The U.S. Nuclear Regulatory Commission (NRC) OIG conducted a peer review of our investigative operations in 2023. The NRC OIG conducted its review in conformity with the *Quality Standards for Investigations* and the *Quality Assessment*

*Review Guidelines for Investigative Operations of Federal Offices of Inspector General* established by CIGIE and the *Attorney General Guidelines for Offices of Inspectors General With Statutory Law Enforcement Authority*.

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

The OIG conducted a peer review of the Government Publishing Office OIG's investigative operations. The [final report](#) was issued in April 2025.

The OIG conducted a peer review of the Department of State OIG's investigative operations. The final report was issued in September 2025 but to date has not been posted online



## MANAGEMENT DECISIONS

### Status of Recommendations With No Management Decisions

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

### Revised Management Decisions

No management decisions were revised during the period.

### Agreement with Significant Management Decisions

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

### Reports for Which No Agency Comment Was Returned Within 60 Days

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

### Instances Where the Agency Unreasonably Refused or Failed To Provide Information to Us or Attempted To Interfere With Our Independence

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

Table 1: List of Reports: Audits, Evaluations, and Other Reviews

Human Capital Management	
05/14/2025	Final Management Letter: Audit of the SEC's Efforts to Recruit and Retain a Highly Skilled Workforce and Address Related Challenges
N/A	
Contract Management	
6/24/2025	Final Management Letter: Potential Opportunity to Consolidate the SEC's Disclosure Review Information Technology Systems
N/A	
Regulatory Oversight	
8/26/2025	Improved Documentation and Guidance Can Help Strengthen Corporation Finance's Disclosure Review Program
Report No. 586	
Information Security	
9/3/2025	Special Review: Avoidable Errors Led to the Loss of Former SEC Chair Gary Gensler's Text Messages
Report No. 587	
Regulatory Oversight	
9/29/2025	Observations on the SEC's Rulemaking Process
Report No. 588	

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

During this most recent semiannual reporting period, SEC management provided the OIG with documentation to support the implementation of OIG recommendations. In response, the OIG closed 15 recommendations related to 5 OA reports. The following table lists recommendations issued before the commencement of this semiannual reporting period that remain open. (“Redacted text” indicates recommendations that include one or more redactions of nonpublic information.)

Report Number and Title	Rec. No.	Issue Date	Recommendation Summary
574-Fiscal Year 2022 Independent Evaluation of the SEC's Implementation of the Federal Information Security Modernization Act of 2014	6	11/15/2022	Redacted Text
583-Enhanced Planning, Performance Measurement and Evaluation, and Information Can Improve Oversight of Broker-Dealer Examinations	3	9/23/2024	Require that exam plans or other planning memoranda contain more detailed information about the process used to select broker-dealer examination candidates and the reason(s) for selection to help support that risk-based strategies were used.

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

Report Number and Title	Rec. No.	Issue Date	Recommendation Summary
583-Enhanced Planning, Performance Measurement and Evaluation, and Information Can Improve Oversight of Broker-Dealer Examinations	6	9/23/2024	Review and update, as appropriate, procedures and guidance relevant to asset verification and risk ratings to ensure recordkeeping in TRENDS is consistent across broker-dealer examination files, which may include incorporating reviews of this information across broker-dealer examinations.
584-Fiscal Year 2024 Independent Evaluation of the U.S. Securities and Exchange Commission's Implementation of the Federal Information Security Modernization Act of 2014	1	11/25/2024	Complete efforts to document and implement an enterprise-wide risk management strategy that incorporates the review and approval processes set forth in agency policy.
584-Fiscal Year 2024 Independent Evaluation of the U.S. Securities and Exchange Commission's Implementation of the Federal Information Security Modernization Act of 2014	3	11/25/2024	Redacted Text
584-Fiscal Year 2024 Independent Evaluation of the U.S. Securities and Exchange Commission's Implementation of the Federal Information Security Modernization Act of 2014	4	11/25/2024	Redacted Text
584-Fiscal Year 2024 Independent Evaluation of the U.S. Securities and Exchange Commission's Implementation of the Federal Information Security Modernization Act of 2014	7	11/25/2024	Develop and implement a mechanism to enforce recurring privileged user training for applicable personnel.
584-Fiscal Year 2024 Independent Evaluation of the U.S. Securities and Exchange Commission's Implementation of the Federal Information Security Modernization Act of 2014	9	11/25/2024	Update its business impact analysis template to ensure that the SEC assesses all systems using a correct and comprehensive set of mission-essential functions.
584-Fiscal Year 2024 Independent Evaluation of the U.S. Securities and Exchange Commission's Implementation of the Federal Information Security Modernization Act of 2014	10	11/25/2024	Incorporate assessments of system recovery time objectives into future disaster recovery exercises.

**Table 3: Summary of Investigative Activity for the Reporting Period of April 1, 2025, to September 30, 2025**

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

Investigative Caseload	Number
Cases Open at Beginning of Period	24
Cases Completed but Not Closed at Beginning of Period*	0
Cases Opened During Period	11
Cases Closed During Period**	9
Cases Completed but Not Closed at End of Period	2
Open Cases at End of Period	24
Investigative Reports Issued During the Reporting Period	3

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

\*\* Of the 9 cases closed during this reporting period, 3 involved senior government employees (SGEs).<sup>2</sup> All of the cases involving SGEs were substantiated.

Criminal and Civil Investigative Activities	Number
Referrals for Criminal Prosecution to DOJ	14
Accepted	4
Indictments/Informations	2
Arrests	0
Convictions	1
Referrals for Criminal Prosecution to State and Local Prosecuting Authorities	1
Referrals for Civil Action to DOJ	0
Referrals for Civil Action to State and Local Prosecuting Authorities	0

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

Table 3. Summary of Investigative Activity for the Reporting Period of April 1, 2025, to September 30, 2025 (Continued)

Monetary Results	Number
Criminal Fines/Restitutions/Recoveries/Assessments/Forfeitures	\$14,857,842
Criminal Seizures	\$9,697,928
Civil Fines/Restitutions/Recoveries/Penalties/Damages/Forfeitures	\$0
Administrative Investigative Activities	Number
Removals, Retirements, and Resignations	5
Suspensions	0
Reprimands/Warnings/Other Actions	1
Complaints Received	Number
Hotline Complaints	349
Total Complaints During Period	692
Complaints referred to other parties during this reporting period	41
Trafficking Victims Prevention and Protection	Number
Suspected Violations Reported	0
Investigations Opened	0
Status and Outcomes	N/A
Recommended actions to improve the programs and operations of such agency	N/A

Table 4. References to Reporting Requirements of the IG Act<sup>3</sup>

Inspector General Act Reporting Requirement	Page(s)
Review of legislation and regulations	11
Significant problems, abuses, and deficiencies and associated reports	6–7
Identification of each recommendation made before the reporting period, for which corrective action has not been completed, including the potential costs savings associated with the recommendation	15–16
Summary of significant investigations closed during the reporting period	10
Total number of convictions resulting from investigations	17
Listing of each audit, evaluation or inspection issued during the reporting period	15
Total dollar value of questioned costs (including a separate category for the dollar value of unsupported costs) and the dollar value of recommendations that funds be put to better use, including whether a management decision had been made by the end of the reporting period	N/A
Information regarding any management decision made during the reporting period with respect to any audit, inspection, or evaluation issued during a previous reporting period	14
Results of peer review conducted of SEC OIG	12–13
Date of the last peer review conducted by another OIG	12–13
List of outstanding recommendations made from any previous peer review of SEC OIG that remain outstanding or have not been fully implemented	N/A
A list of any peer reviews conducted by the IG of another OIG during the reporting period, including a list of any outstanding recommendations made from any previous peer review (including any peer review conducted before the reporting period) that remain outstanding or have not been fully implemented	12–13
Statistical table showing the total number of investigative reports issued during the reporting period	17
Statistical table showing the total number of persons referred to the DOJ for criminal prosecution during the reporting period	17
Statistical table showing the total number of persons referred to State and local prosecuting authorities for criminal prosecution during the reporting period	17
Statistical table showing the total number of indictments and criminal informations during the reporting period that resulted from any prior referral to prosecuting authorities	17
Description of the metrics used for developing the Data for the Statistical Tables Under Paragraph 17	17

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

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

Inspector General Act Reporting Requirement	Page(s)
Report on each investigation conducted involving a senior government employee or senior official where allegations of misconduct were substantiated	10
Instances of whistleblower retaliation	10
Attempts by the establishment to interfere with the independence of the OIG	14
Each inspection, evaluation, and audit conducted by the OIG that is closed and was not disclosed to the public	N/A
Each investigation conducted by the OIG involving a senior government employee that is closed and was not disclosed to the public	10

APPENDIX

# OIG SEC EMPLOYEE SUGGESTION PROGRAM ANNUAL REPORT FY 2025

## OVERVIEW

The OIG established the OIG SEC ESP in September 2010, pursuant to Section 966 of Dodd-Frank. Section 966 required the IG to establish a suggestion program for SEC employees. In accordance with the reporting requirement in Dodd-Frank, the SEC OIG has prepared this annual report describing suggestions and allegations received, recommendations made, or actions taken by the OIG, and actions taken by the SEC in response to suggestions from October 1, 2024, through September 30, 2025.

Through the ESP, the OIG receives suggestions from agency employees concerning improvements in the SEC's work efficiency, effectiveness, productivity, and use of resources. The OIG's OI reviews and acts on ESP submissions that allege waste, abuse, misconduct, or mismanagement. SEC employees report their concerns to the ESP via an electronic mailbox and telephone hotline maintained by the OIG.

## SUMMARY OF EMPLOYEE SUGGESTIONS AND ALLEGATIONS

Between October 1, 2024, and September 30, 2025, the OIG received and analyzed 20 suggestions or allegations, details of which are shown below:

Nature and Potential Benefits of Suggestion*	Number
Increase efficiency or productivity	4
Increase effectiveness	8
Increase the use of resources or decrease costs	2

  

Nature and Seriousness of Allegation*	Number
Mismanagement and/or discrimination	1
Waste of SEC resources	1
Misconduct by an employee	0

Action Taken by the OIG in Response to Suggestion or Allegation*	Number
Memorandum to or communication with the SEC about the suggestion or allegation	2
Referred to OIG Office of Investigations	0
Referred to OIG Office of Audits	4
Researched issues, but determined no further action was necessary	5
Other	8

Action Taken by SEC Management*	Number
SEC management took action to address the suggestion or allegation	2
SEC decided to secure new technology in response to the suggestion	0
SEC management is considering the suggestion in context of existing procedures	0
SEC management initiated an internal review	0

\*Some suggestions or allegations are included under multiple categories.

# OIG GENERAL OFFICE CONTACT INFORMATION

## EMPLOYEE SUGGESTION PROGRAM

The OIG SEC Employee Suggestion Program, established under the Dodd-Frank Wall Street Reform and Consumer Protection Act, welcomes suggestions by all SEC employees for improvements in the SEC's work efficiency, effectiveness, productivity, and use of resources. The OIG evaluates all suggestions received and forwards them to agency management for implementation, as appropriate. SEC employees may submit suggestions by calling the OIG Hotline at (833) SEC-OIG1, or by filing a complaint online as indicated below.

## COMMENTS AND IDEAS

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

## TO REPORT

## FRAUD, WASTE, AND ABUSE

Involving SEC programs, operations, employees, or contractors

## FILE A COMPLAINT ONLINE AT

## SEC OIG HOTLINE

[www.govcomhotline.com/SEC](http://www.govcomhotline.com/SEC)



CALL THE 24/7 TOLL-FREE OIG HOTLINE

**(833) SEC-OIG1**





U.S. SECURITIES AND EXCHANGE COMMISSION

This report is available on the Inspector General's website  
[sec.gov/oig](http://sec.gov/oig)