

U.S. SECURITIES AND
EXCHANGE COMMISSION

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

10.01.25 TO 03.31.26

U.S.
SECURITIES
AND
EXCHANGE
COMMISSION



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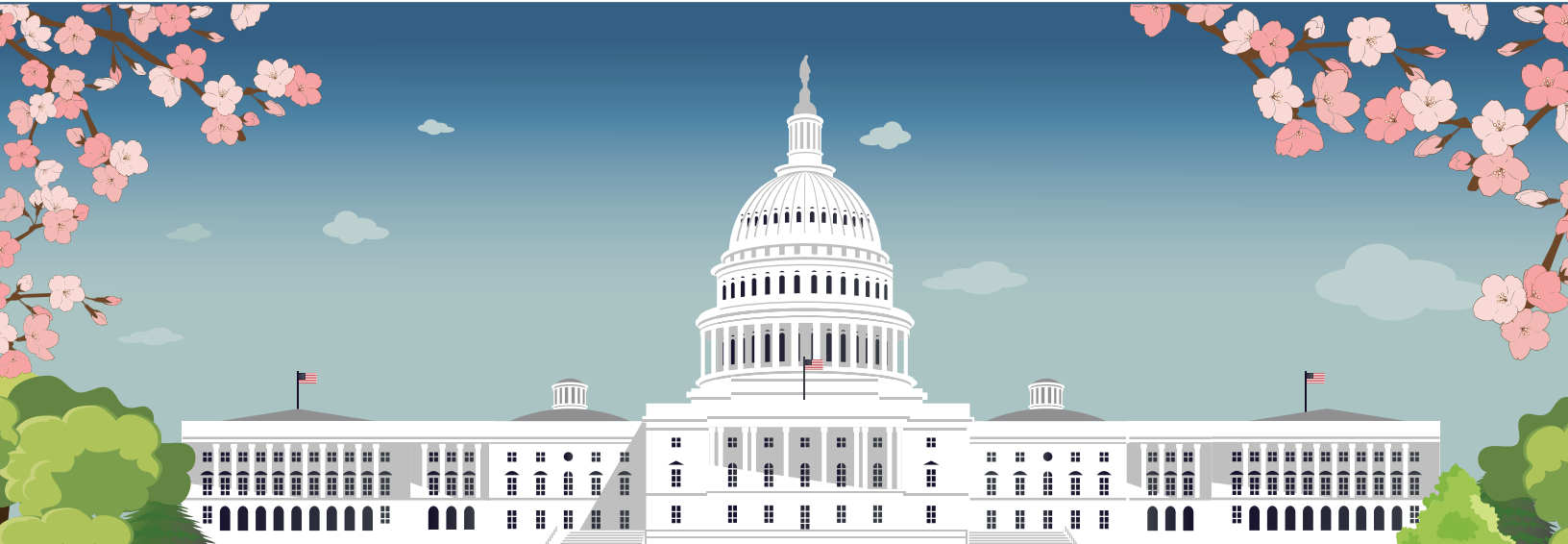


UNITED STATES SECURITIES AND EXCHANGE COMMISSION

OFFICE OF INSPECTOR GENERAL

SEMIANNUAL REPORT TO CONGRESS

OCTOBER 1, 2025 THROUGH MARCH 31, 2026



OIG MISSION

The 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.

“ Our productive working relationship with the SEC is a testament to the professionalism and expertise demonstrated every day by the talented staff of the SEC OIG. Their dedication to public service and to the pursuit of objective oversight continues to serve both the Commission and the American public. ”

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ABBREVIATIONS

CEO	Chief Executive Officer
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
FBI	Federal Bureau of Investigation
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
JDA	joint duty assignment
OA	Office of Audits
OEC	Office of the Ethics Counsel
OI	Office of Investigations
OIG	Office of Inspector General
PDC	Professional Development Committee
PIIA	Payment Information Integrity Act of 2019
SEC or agency	U.S. Securities and Exchange Commission
SGE	senior government employee
SOX	Sarbanes-Oxley Act of 2002



OFFICE OF
INSPECTOR GENERAL

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

KEVIN B. MUHLENDORF
INSPECTOR GENERAL

March 31, 2026

MESSAGE FROM THE INSPECTOR GENERAL

I am pleased to present this Semiannual Report to Congress, highlighting the accomplishments of the SEC OIG from October 1, 2025, to March 31, 2026. This report details the significant efforts by our office to promote integrity, efficiency, and accountability within the SEC. Through rigorous audits, evaluations, and investigations, we provide independent oversight and constructive recommendations that support the Commission's mission to protect investors, maintain fair, orderly, and efficient markets, and facilitate capital formation.

This reporting period included the 43-day government shutdown, which affected the ability of our Office of Audits to access SEC personnel and information, delaying the results of several planned audits and other reviews. However, multiple projects are nearing completion and the results will be provided to the SEC in the coming months.

Our Office of Investigations completed or closed nine investigations, with five referrals of individuals to the Department of Justice (DOJ). Working with DOJ, we obtained a Deferred Prosecution Agreement requiring \$1,000,000 in restitution and a \$500,000 penalty from an individual who contracted with the SEC to provide a data center but misrepresented the level of security his company's facility provided. We also obtained a 30-month sentence for an attorney involved in an EB-5 visa fraud scheme who obstructed the SEC's investigation into her activities. To enhance our ability to bring these types of cases and combat fraud and other improper activities affecting the SEC's operations, we entered into a joint duty assignment with the Federal Bureau of Investigation's (FBI) Economic Crimes Unit, which allows our OIG investigators access to FBI resources.

Since becoming Inspector General, I have directed our staff to redouble their efforts to identify opportunities for the SEC to save taxpayer resources and combat fraud against the agency. To that end, we reconstituted the SEC OIG's Acquisition Working Group and have scheduled SEC and OIG training with the DOJ Procurement Collusion Strike Force. Additionally, pursuant to [5 U.S.C. § 4512](#), I recently established an OIG Cash Awards Program to incentivize SEC employees to report fraud, waste, or mismanagement with the goal of identifying significant savings for the agency.

We greatly appreciate the support of the Chairman, Commissioners, and the Commission's staff, which contributed to our success this reporting period. Our productive working relationship with the SEC is a testament to the professionalism and expertise demonstrated every day by the talented staff of the SEC OIG. Their dedication to public service and to the pursuit of objective oversight continues to serve both the Commission and the American public.

Respectfully,

A handwritten signature in black ink, appearing to be "KM", written over a horizontal line.

Kevin B. Muhendorf
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.

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 6 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, DC, and it has 10 regional offices located throughout the country. As of March 31, 2026, the SEC employed 3,950 full-time equivalent employees.

OIG STRATEGIC GOALS AND ADMINISTRATION

Three strategic goals support the OIG's oversight mission: (1) Delivering results that promote integrity, efficiency, and effectiveness in the SEC's programs and operations; (2) 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 us. In addition, we initiated travel to the SEC's regional offices to meet with the leadership and staff in the field. 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 they believe 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 us. 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.

During this reporting period, we launched a Cash Awards Program to encourage all SEC employees to help identify potential fraud, waste, or mismanagement within the agency. Under [5 U.S.C. § 4512](#), employees may receive **up to \$10,000** when information they provide results in significant cost savings for the agency.

Additionally, we continued to promote the Employee Suggestion Program, as established under Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank), to encourage suggestions for improvements in the SEC's work efficiency, effectiveness, and productivity, and the use of its resources and to receive from SEC employees allegations of waste, abuse, misconduct, or mismanagement. Moreover, The Office of Investigations (OI) delivers a fraud awareness briefing program throughout the SEC on an as-needed basis. These briefings serve to educate SEC employees on our mission and programs, as well as to help the SEC identify specific vulnerabilities in the programs they oversee.



COORDINATION WITH OTHER AGENCIES

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

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 currently the Acting Inspector General (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 three 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 further developed the newly reconstituted CIGFO investigations subcommittee with the heads of the respective

Offices of Investigations for the FDIC and FHFA. We brought FHFA's Acting IG to one meeting and began exploring a shared DOJ, Criminal Fraud Section detailee to prosecute CIGFO-related joint investigations.

We also participated in several 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; the Assistant IGs for Management and Policy Working Group; and the Freedom of Information Act Working Group. Our attorney staff participated in the Council of Counsels to IGs. The Office of Audits' (OA) staff participated in CIGIE working groups related to external peer reviews, information technology, and quality assurance. 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 a myriad of colleagues throughout the CIGIE community. OI leadership

also sits on the CIGIE Professional Development Committee (PDC) and worked this reporting period with the PDC to develop a CIGIE Shadowing Program. OI leadership was also requested by CIGIE to lead an investigative planning and writing training course for the city of Atlanta OIG and brief the senior advisor for the Intelligence Community IG on the how a federal law enforcement academy is established and accredited to certify special agents as criminal investigators, all on behalf of CIGIE.

OI staff and leadership spoke at multiple external engagements including the SEC's Interagency Securities Council and the Northern Virginia Society for Human Resource Management's annual

legal conference.

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 the SEC's programs and operations. During this reporting period, OI leadership executed an agreement for a joint duty assignment (JDA) with the FBI Economic Crimes Unit. Three OI special agents are currently participating in the JDA. Similarly, OI was invited to enter into a memorandum of understanding and participate in the New York Financial Crime Task Force. OI was also invited to participate in the FBI's Southeast Asia Scam Center Strike Force.



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

[Fiscal Year 2025 Independent Evaluation of the SEC's Implementation of the Federal Information Security Modernization Act of 2014, Report No. 589](#)

ONGOING AUDITS, EVALUATIONS, AND OTHER REVIEWS¹

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 issued a draft report to agency management on March 25, 2026, and expect to issue the final report in the next reporting period.

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 to issue a report in the next reporting period.

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 to issue a report in the next reporting period.

Evaluation of the U.S. Securities and Exchange Commission's FY 2025 Compliance With the Payment Integrity Information Act of 2019

The Payment Integrity Information Act of 2019 (PIIA) requires executive branch agencies to review all programs and activities, identify those susceptible to significant improper payments, and submit to Congress an estimate of the annual amount of improper payments from the susceptible programs. PIIA also established additional agency requirements on which each agency IG will annually report. Pursuant to the Office of Management and Budget guidance (M-21-19), we have initiated an evaluation to determine whether, in FY 2025, the SEC complied with the PIIA.

We expect to issue a report in the next reporting period.

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

Evaluation of the Division of Enforcement's Collection and Distribution of Disgorgements and Penalties

We have initiated an evaluation to determine whether the Division of Enforcement has processes and procedures that ensure timely, efficient, and effective collections of delinquent disgorgements and penalties and disbursements of funds to harmed investors. The evaluation scope will include a review of collections and distributions data covering FY 2021 through FY 2025.

We expect to issue a report in the next reporting period.

Evaluation of the EDGAR Business Office 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 to issue a report in FY 2027.

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 to issue a report in FY 2027.

Fiscal Year 2026 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 to conduct this independent evaluation.

We expect to issue a report in FY 2027.

Evaluation of the Office of the Ombuds' Handling and Reporting of Investor Concerns

We have initiated an evaluation to determine whether the Office of the Ombuds appropriately handles and accurately reports matters submitted by investors, market participants, and other stakeholders. We will also evaluate actions taken in response to a management letter we issued in 2021. The evaluation scope will include a review of matters reported to the Office of the Ombuds between October 1, 2023, and September 30, 2025.

We expect to issue a report in FY 2027.



INVESTIGATIONS

OVERVIEW

OIG is a federal law enforcement component responsible for investigating significant matters of criminal, civil, and administrative wrongdoing and misconduct relating to SEC employees, contractors, programs, and operations, including SEC-regulated markets. Our investigations are carried out by federal criminal investigators (special agents), whose law enforcement powers have been granted by the U.S. Attorney General. Special agents conduct investigations of alleged wrongdoing by SEC employees, as well as investigations of alleged misconduct or criminal activity that affect the SEC's ability to effectively supervise and regulate the financial markets. Investigative findings may be referred to the DOJ or the SEC to determine what action may be appropriate. Such actions may include criminal or civil prosecution by DOJ or administrative discipline or other actions by the SEC. All of the SEC OIG's investigations are conducted in compliance with the CIGIE *Quality Standards for Investigations* and the Attorney General Guidelines for OIGs with Statutory Law Enforcement Authority, and our internal policies.

OIG is committed to ensuring that its investigations are independent, fair, thorough, and timely. In

conducting investigations, OIG 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 OIG discovers vulnerabilities or internal control deficiencies, we promptly report these issues to SEC management for corrective actions.

Managing the OIG Hotline is a critical OIG 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 their identity will be protected consistent with the IG Act.

During this reporting period, OIG led or participated in myriad ongoing criminal, civil, and administrative investigations, including the following that resulted in:

- A [30-month sentence](#) and two years of supervised release for a California-based immigration

attorney previously [indicted](#) for obstructing an SEC Division of Enforcement investigation and visa fraud.

- The [indictment](#) of a Hong Kong businessman for his role in filing false SEC Investment Advisor Forms on behalf of sham entities used in a “ramp-and-dump” scheme.
- The deferred prosecution agreement for a data center Chief Executive Officer (CEO), which required the CEO to pay \$1,000,000 in restitution to the SEC, pay a \$500,000 monetary penalty, and serve 150 hours of community service after a [previous indictment](#) on six counts of major fraud and one count of making a false writing or document.
- The arrest of a Dallas, Texas, man for burglary after he entered an SEC office and stole government equipment during the 2025 lapse in federal appropriations and corresponding government shutdown.

SELECT CLOSED INVESTIGATIONS, INCLUDING SUBSTANTIATED ALLEGATIONS AGAINST SENIOR GOVERNMENT EMPLOYEES, AND UPDATES ON PREVIOUSLY REPORTED MATTERS

[An SEC Supervisor Resigned, and Two Employees Were Suspended Following an Investigation Into Whether They Golfed During Duty Hours Without Taking Leave](#)
The OIG investigated whether three SEC employees golfed during duty hours, including one supervisor, the supervisor’s subordinate, and another employee. We found that the employees played golf during core duty hours on days when they had certified on their official timecards that they had been teleworking. They did not use annual leave, credit hours, or another applicable leave status for their absences while golfing.

On April 17, 2025, we referred the matter to the U.S. Attorney’s Office for the District of Columbia, which declined prosecution the same day. We also referred the matter to the SEC. The SEC reported that the supervisor agreed to resign following the investigation and the subordinate employee and other employee both received three-day work suspensions.

[An SEC Employee Failed to Preclear Personal Securities Transactions, Meet Securities Holding Period Requirements, and Report Related Income Information on Annual Financial Disclosure Filings, as Required by Ethics Regulations](#)

The OIG investigated allegations that an SEC employee failed to preclear personal securities transactions with the SEC’s Office of the Ethics Counsel (OEC), including a cryptocurrency-related stock that was prohibited from being held by SEC employees, and that the employee may have used nonpublic information to inform those transactions.

We found that the employee bought and sold a cryptocurrency-related stock which was prohibited for SEC employees, resulting in a personal gain of over \$200,000. The employee bought and sold numerous other securities, some of which were not permitted to be held by SEC employees at the time. In addition, the employee failed to obtain the required approvals from OEC before making those transactions. We also found that the employee failed to report income earned from some of those transactions on his Office of Government Ethics financial disclosure report and failed to report cryptocurrency holdings on his annual certification of personal holdings. We did not find evidence that the employee used nonpublic information to inform any of his personal securities transactions.

During the investigation, we also identified and investigated the employee’s potential misuse of his position and found that the employee used SEC letterhead and his official SEC title on a letter of recommendation to another government agency regarding the U.S. immigration status of a friend and nongovernment employee.

On July 10, 2025, we referred the matter to the U.S. Attorney’s Office for the District of Columbia, which declined prosecution the same day. We also referred the matter to the SEC. In January 2026, the SEC entered into a settlement agreement with the employee, which included a 30-day suspension and a “last chance” agreement that the employee would not engage in any misconduct for three years or face immediate removal from service.

Former SEC Employee Owes Debt to SEC After Falsely Claiming Virginia Residency While Living in and Working from Florida

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

alleged wrongdoing. We found that the employee 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 employee was living in Florida while claiming Virginia residency. The supervisor learned during the return-to-office process in March 2025 that the individual was living in Florida.

In April 2025, prior to OIG’s investigation, the employee accepted voluntary separation incentive pay and resigned his position with the SEC after his newly submitted request to telework from Florida was denied. Based on our investigative findings, in January 2026, the SEC retroactively changed the employee’s duty station from Washington, DC, to St. Petersburg, Florida, effective August 2021, resulting in a debt owed to the SEC for overpayment of locality pay.

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

Section 4(a) of the IG Act directs the OIG to review existing and proposed legislation and regulations relating to the programs and operations of the SEC, and to make recommendations concerning the impact of such legislation or regulations on the economy and efficiency of SEC programs and operations, as well as any impact on the prevention and detection of fraud and abuse in such programs and operations. Although the SEC's Office of Legislative Affairs and Office of the General Counsel review proposed or enacted legislation that could affect the SEC's activities, the OIG independently conducts reviews in accordance with the IG Act. During this reporting period, we reviewed relevant legislation

and proposed and final regulations and made no recommendations to the agency concerning their impact on the economy and efficiency of the SEC's programs and operations.

On December 23, 2024, Congress enacted the FY 2025 National Defense Authorization Act. That Act amended the Administrative False Claims Act to allow agencies to use administrative procedures to pursue false claims actions up to \$1,000,000 and directed agencies to promulgate implementing regulations within six months, by June 23, 2025. The SEC has not yet promulgated implementing regulations but intends to do so.



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" and did not make any recommendations (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 Department

of Labor OIG's inspection and evaluation program during the reporting period. The final report was issued on March 18, 2026.

PEER REVIEW OF INVESTIGATIVE OPERATIONS

The most recent peer review of OI was conducted by the U.S. Nuclear Regulatory Commission OIG in 2023. There are no outstanding recommendations.



MANAGEMENT DECISIONS

STATUS OF RECOMMENDATIONS WITH NO MANAGEMENT DECISIONS

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

REVISED MANAGEMENT DECISIONS

No management decisions were revised during the period.

AGREEMENT WITH SIGNIFICANT MANAGEMENT DECISIONS

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

REPORTS FOR WHICH NO AGENCY COMMENT WAS RETURNED WITHIN 60 DAYS

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

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

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

TABLES

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

Information Security	
02/25/2026	Fiscal Year 2025 Independent Evaluation of the SEC’s Implementation of the Federal Information Security Modernization Act of 2014
Report No. 589	

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 three recommendations related to two 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
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.

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

Report Number and Title	Rec. No.	Issue Date	Recommendation Summary
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.
586-Improved Documentation and Guidance Can Help Strengthen Corporation Finance's Disclosure Review Program	1	8/26/2025	Update policies and internal guidance to (a) require that staff document the reasons and relevant risk factors for conducting elective annual report reviews, (b) provide clear direction for scoping annual report reviews, and (c) require that staff document scoping decisions.
586-Improved Documentation and Guidance Can Help Strengthen Corporation Finance's Disclosure Review Program	2	8/26/2025	Coordinate with the SEC Office of the General Counsel to finalize the Sarbanes-Oxley Act of 2002 section 408(b) guidance, including a description of all six factors to be considered when selecting issuer filings for elective reviews, and finalize its interpretation of the minimum review period mandate from section 408(c) of the Act.

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

Report Number and Title	Rec. No.	Issue Date	Recommendation Summary
586-Improved Documentation and Guidance Can Help Strengthen Corporation Finance's Disclosure Review Program	3	8/26/2025	Consider developing a plan that prioritizes Disclosure Review Program goals and requirements in the event of significant staffing decreases and/or significant workload increases.
587-Special Review: Avoidable Errors Led to the Loss of Former SEC Chair Gary Gensler's Text Messages	1	9/3/2025	Update policies and procedures to ensure that OIT (a) thoroughly documents and understands changes to the SEC's mobile device management system before such changes are implemented; (b) maintains an accurate inventory of mobile devices enrolled in the SEC's mobile device management system (including timely follow-up and removal of inactive devices); (c) reviews and escalates mobile device management system notifications involving Capstone officials' devices; and (d) regularly obtains and, as necessary, responds to information about technical risks from vendors whose products may impact the SEC's mobile devices.
587-Special Review: Avoidable Errors Led to the Loss of Former SEC Chair Gary Gensler's Text Messages	2	9/3/2025	Ensure that all SEC Capstone officials' devices were backed up at the time OIT removed the texting application from SEC devices, and (for each device) document the date OIT verified that all electronic records, including text messages, were successfully saved (as of the October 2022 Capstone initiative and with each subsequent backup). If text messages from any Capstone officials' devices were not successfully saved, work with ORMS to determine if NARA notification is required.
587-Special Review: Avoidable Errors Led to the Loss of Former SEC Chair Gary Gensler's Text Messages	3	9/3/2025	Update the applicable system security plan(s) to accurately reflect the mobile device management system audit events and logs that should be forwarded to the SEC's security information and event management tool, and ensure that those logs support after-the-fact investigations of incidents.
587-Special Review: Avoidable Errors Led to the Loss of Former SEC Chair Gary Gensler's Text Messages	4	9/3/2025	Develop procedures to periodically verify that the mobile device management system audit events and logs identified in the applicable system security plan(s) are successfully retained in the SEC's security information and event management tool.

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

Report Number and Title	Rec. No.	Issue Date	Recommendation Summary
587-Special Review: Avoidable Errors Led to the Loss of Former SEC Chair Gary Gensler’s Text Messages	5	9/3/2025	Update policies and procedures to require OIT management’s approval of commands during troubleshooting activities that result in a factory reset of Capstone officials’ devices, and verification that appropriate device logs and forensic data have been collected and retained beforehand.

Table 3. Summary of Investigative Activity for the Reporting Period of October 1, 2025, to March 31, 2026

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

Investigative Caseload	Number
Cases Open at Beginning of Period	26
Cases Opened During Period	15
Cases Closed During Period*	9
Open Cases at End of Period**	32
Investigative Reports Issued During the Reporting Period***	8

* Of the nine cases closed in this reporting period, two involved senior government employees (SGEs).[†] One case involving SGEs had findings and was summarized in the narrative section of this report.

** Of the 32 open cases at the end of the reporting period, 19 are pending prosecution at the federal/state/local levels.

*** Investigative reports issued during the reporting include: Reports of Investigation; Interim Investigative Reports; Management Implication Reports; Investigative Summary Reports, and Fraud Alerts.

Criminal and Civil Investigative Activities	Number
Persons referred to DOJ for criminal prosecution this reporting period	5
Persons referred to state/local prosecuting authorities for criminal prosecution this reporting period	1
Indictments and criminal informations	1
Arrests	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 October 1, 2025, to March 31, 2026 (Continued)

Monetary Results	Number
Criminal Fines/Restitutions/Recoveries/Assessments/Forfeitures	\$1,520,300
Criminal Seizures	\$0
Civil Fines/Restitutions/Recoveries/Penalties/Damages/Forfeitures	\$0
Administrative Recoveries/Debt Collections/etc.	\$0

Administrative Investigative Activities	Number
Removals, Retirements, and Resignations	1
Suspensions	3
Reprimands/Warnings/Other Administrative Actions	1

Complaints Received	Number
Hotline Complaints	148
Total Complaints During Period*	349

* Due to the 43-day lapse in appropriations and resulting government shutdown with minimal staffing, some complaints received during the shutdown were grouped and batch processed, resulting in a lower number of total complaints for the reporting period relative to prior reporting periods.

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 Act²

Inspector General Act Reporting Requirement	Page(s)
Review of legislation and regulations	12
Significant problems, abuses, and deficiencies and associated reports	6-8
Identification of each recommendation made before the reporting period, for which corrective action has not been completed, including the potential costs savings associated with the recommendation	16-19
Summary of significant investigations closed during the reporting period	10-11
Total number of convictions resulting from investigations	19-20
Listing of each audit, evaluation, or inspection issued during the reporting period	16
Total dollar value of questioned costs (including a separate category for the dollar value of unsupported costs) and the dollar value of recommendations that funds be put to better use, including whether a management decision had been made by the end of the reporting period	N/A
Information regarding any management decision made during the reporting period with respect to any audit, inspection, or evaluation issued during a previous reporting period	15
Results of peer review conducted of SEC OIG	13-14
Date of the last peer review conducted by another OIG	13-14
List of outstanding recommendations made from any previous peer review of SEC OIG that remain outstanding or have not been fully implemented	N/A
A list of any peer reviews conducted by the IG of another OIG during the reporting period, including a list of any outstanding recommendations made from any previous peer review (including any peer review conducted before the reporting period) that remain outstanding or have not been fully implemented	14
Statistical table showing the total number of investigative reports issued during the reporting period	19-20
Statistical table showing the total number of persons referred to the DOJ for criminal prosecution during the reporting period	19-20
Statistical table showing the total number of persons referred to state and local prosecuting authorities for criminal prosecution during the reporting period	19-20
Statistical table showing the total number of indictments and criminal informations during the reporting period that resulted from any prior referral to prosecuting authorities	19-20
Description of the metrics used for developing the data for the statistical tables under paragraph 17	19-20

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

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

Inspector General Act Reporting Requirement	Page(s)
Report on each investigation conducted involving a senior government employee or senior official where allegations of misconduct were substantiated	10-11
Instances of whistleblower retaliation	11
Attempts by the establishment to interfere with the independence of the OIG	15
Each inspection, evaluation, and audit conducted by the OIG that is closed and was not disclosed to the public	N/A
Each investigation conducted by the OIG involving a senior government employee that is closed and was not disclosed to the public	N/A

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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.

TO REPORT

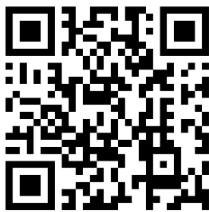
FRAUD, WASTE, AND ABUSE

Involving SEC programs, operations, employees, or contractors

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U.S. SECURITIES AND EXCHANGE COMMISSION

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