



# SEMIANNUAL REPORT TO CONGRESS

April 1, 2016–September 30, 2016



## OFFICE OF INSPECTOR GENERAL

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM  
CONSUMER FINANCIAL PROTECTION BUREAU

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CONSUMER FINANCIAL PROTECTION BUREAU

# Message From the Inspector General

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Mark Bialek  
Inspector General

During this reporting period, I reached my five-year anniversary as the Inspector General for the Board of Governors of the Federal Reserve System (Board) and the Consumer Financial Protection Bureau (CFPB). I am proud of our many audit, evaluation, and investigation accomplishments these last five years, and as I reflect back and look forward, I see engagement as the cornerstone of our success. We have established a field presence for the first time to engage directly with our regional stakeholders. Through discussion, formal audit and investigative work, and continuous risk assessment, we continue to focus on issues critical to the Board and the CFPB. We reorganized our office and built up a talented and highly skilled staff to help them face rising challenges. We have also developed a new strategic plan that explicitly makes engagement a driver for our work.

This reporting period, we continued to engage with our colleagues in the Inspector General community and to focus our resources on areas of critical concern, including the effectiveness of our agencies' information security controls. In separately describing the management challenges facing the Board and the CFPB, we noted that they face a shared threat to their information technology infrastructure, as evidenced throughout the government by breaches of sensitive data and increasing reports of information security incidents. To help overcome these challenges, we have audited several information security areas at the Board and the CFPB, as required by the Federal Information Security Modernization Act of 2014. Overall, we found that the agencies have implemented security controls for their information systems, but we identified risks that they agreed to mitigate and steps that need to be taken to mature their respective information security programs.

Our Office of Investigations has also targeted its efforts on areas that will yield the best results. Our investigators have been doing more joint work with the Board's law enforcement group, and we have had more case referrals from the Board, including investigations into the early release of sensitive information. Over the past six months, we have received 424 hotline complaints; opened 21 investigations; and seen our work result in

two indictments, seven convictions, and \$37,475,750 in criminal fines, restitution, and forfeiture. Through our field offices, we expect to strengthen connections with the Board's and the CFPB's enforcement groups, which will widen our reach and deepen the understanding of our investigative jurisdiction.

As our investigative results demonstrate, working with our stakeholders is a top priority across the Office of Inspector General (OIG). This spring, we launched a data-driven outreach program to strengthen relationships with the Board and the CFPB, the Reserve Banks, the OIG community, Congress, and others. Since then, we have hosted or participated in more than 100 outreach engagements. By learning from our partners and educating them about our mission, we are delivering better results through audits, evaluations, and investigations. For example, outreach to Reserve Bank General Auditors has enhanced coordination about potential risks and oversight issues throughout the System, and meetings with congressional stakeholders have helped us improve our work products. We have also focused on public outreach by making reports and other content on our website more engaging and increasing our social media audience more than sixfold, which led to a person submitting a complaint via Twitter that was subsequently resolved.

Looking forward to the next five years, I trust that Board and CFPB leadership, Congress, the public, and our other stakeholders will continue to acknowledge the value the OIG provides and, as a result, increasingly request our assistance in addressing important issues. My thanks go to the Board and to the CFPB for their continued support and to the OIG staff members for their dedication to our mission, vision, and values, and for their exemplary work during this reporting period.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark Bialek". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Mark Bialek  
Inspector General  
October 31, 2016

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# Highlights

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The Office of Inspector General (OIG) continued to promote the integrity, economy, efficiency, and effectiveness of the programs and operations of the Board of Governors of the Federal Reserve System (Board) and the Consumer Financial Protection Bureau (CFPB). The following are highlights of our work during this semiannual reporting period.

**Management Challenges for the Board and the CFPB.** We issued our memorandums on the major management challenges facing the Board and the CFPB. These challenges identify the areas that, if not addressed, are most likely to hamper the Board's and the CFPB's accomplishment of their strategic objectives. We listed seven major management challenges for the Board and four major management challenges for the CFPB.

## Audits, Evaluations, and Inspections

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**8**  
reports issued

**4** Board  
**4** CFPB

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**31**  
recommendations closed

**20** Board  
**11** CFPB

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**The Board's Release of Economic Information Provided Under Embargo.** We identified opportunities for the Board (1) to adhere more strictly to controls that already exist in policies, procedures, and agreements with participating news organizations to protect information provided to news organizations under embargo and (2) to establish new controls to more effectively safeguard embargoed economic information. We also identified risks to providing information under embargo through the Board's embargo application.

**The CFPB's Government Travel Card Program.** We found that although the CFPB had implemented several controls over its

government travel card program, some controls were not designed or operating effectively (1) to prevent or identify unauthorized use of the government travel cards and (2) to provide reasonable assurance that cards are closed out in a timely manner upon employees' separation.

**The CFPB's Coordination on Consumer Financial Education.**

We found that the interagency coordination process steps followed by the offices in the Division of Consumer Education and Engagement that target students, older Americans, servicemembers, and traditionally underserved individuals align with interagency coordination best practices. Further, these offices have processes in place to help mitigate risks related to interagency coordination that were identified by other federal agencies that provide consumer financial education.

**The Board's Active Directory.** Overall, we found that the Board is effectively administering and protecting the Active Directory infrastructure. However, we found that the Board can strengthen Active Directory controls in the areas of risk management, continuous monitoring, user group management, contractor account management, and system documentation. In addition, we identified a risk for management's continued attention related to transport layer security.

## Investigations

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**21**  
cases opened

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**18**  
cases closed

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**9**  
matters for prosecutorial consideration

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**2**  
indictments

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**\$37,475,750**  
in criminal fines, restitution, and forfeiture

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**Former Federal Reserve Bank of San Francisco Examiner Sentenced.** A former Federal Reserve Bank examiner was sentenced to time served, one year of supervised release, 200 hours of community service, and a \$4,000 fine for four counts of making false statements within the jurisdiction of two different federal agencies—the Board and the Federal Deposit Insurance Corporation (FDIC).

**Former Employee at the Federal Reserve Bank of Chicago Sentenced.** A Senior Supervision Analyst at the Federal Reserve Bank of Chicago was sentenced to six months' home confinement, two years' probation, and a \$20,000 fine after admitting to stealing sensitive and confidential documents from the Reserve Bank.

**Former President and Chief Executive Officer of Farmers Exchange Bank Charged in Superseding Indictment.** A former President and Chief Executive Officer of Farmers Exchange Bank received one additional count of theft, embezzlement, or misapplication by a bank employee and 12 counts of money laundering. This superseding indictment follows a 25-count indictment that was returned by a federal grand jury on July 12, 2016.



# Introduction

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Congress established the OIG as the independent oversight authority for the Board and the CFPB. In fulfilling this responsibility, the OIG conducts audits, evaluations, investigations, and other reviews related to Board and CFPB programs and operations. By law, OIGs are not authorized to perform agency program functions.

In accordance with the Inspector General Act of 1978, as amended, our office has the following responsibilities:

- to conduct and supervise independent and objective audits, evaluations, investigations, and other reviews related to Board and CFPB programs and operations in order to promote economy, efficiency, and effectiveness within the Board and the CFPB
- to help prevent and detect fraud, waste, abuse, and mismanagement in Board and CFPB programs and operations
- to review existing and proposed legislation and regulations in order to make recommendations regarding possible improvements to Board and CFPB programs and operations
- to keep the Board of Governors, the Director of the CFPB, and Congress fully and currently informed

Congress has also mandated additional responsibilities that influence the OIG's priorities, including the following:

- Section 38(k) of the Federal Deposit Insurance Act, as amended by the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act; 12 U.S.C. § 1831o(k)), requires that the OIG review Board-supervised financial institutions that failed when the failure resulted in a material loss to the Deposit Insurance Fund (DIF) and that we report on the failure within six months. Section 38(k) also requires that the OIG conduct an in-depth review of any nonmaterial losses to the DIF that exhibit unusual circumstances.
- The Federal Reserve Act, as amended by the USA PATRIOT Act of 2001 (12 U.S.C. § 248(q)), grants the Board certain

federal law enforcement authorities. Our office performs the external oversight function for the Board's law enforcement program.

- The Federal Information Security Management Act of 2002, as amended by the Federal Information Security Modernization Act of 2014 (FISMA; 44 U.S.C. § 3555), established a legislative mandate for ensuring the effectiveness of information security controls over resources that support federal operations and assets. In accordance with FISMA requirements, we perform annual independent reviews of the Board's and the CFPB's information security programs and practices, including the effectiveness of security controls and techniques for selected information systems.
- The Improper Payments Information Act of 2002, as amended (IPIA; 31 U.S.C. § 3321 note), requires agency heads to periodically review and identify programs and activities that may be susceptible to significant improper payments. The CFPB has determined that its Consumer Financial Civil Penalty Fund is subject to IPIA. The Improper Payments Elimination and Recovery Act of 2010 requires our office to determine each fiscal year whether the agency is in compliance with IPIA.
- Section 211(f) of the Dodd-Frank Act (12 U.S.C. § 5391(f)) requires that the OIG review and report on the Board's supervision of any covered financial company that is placed into receivership. The OIG is to evaluate the effectiveness of the Board's supervision, identify any acts or omissions by the Board that contributed to or could have prevented the company's receivership status, and recommend appropriate administrative or legislative action.
- Section 989E of the Dodd-Frank Act (5 U.S.C. app. 3 § 11 note) established the Council of Inspectors General on Financial Oversight (CIGFO), which is required to meet at least quarterly to share information and discuss the ongoing work of each Inspector General (IG), with a focus on concerns that may apply to the broader financial sector and ways to

improve financial oversight.<sup>1</sup> Additionally, CIGFO is required to report annually about the IGs' concerns and recommendations, as well as issues that may apply to the broader financial sector. CIGFO also can convene a working group of its members to evaluate the effectiveness and internal operations of the Financial Stability Oversight Council, which was created by the Dodd-Frank Act and is charged with identifying threats to the nation's financial stability, promoting market discipline, and responding to emerging risks to the stability of the nation's financial system.

- The Government Charge Card Abuse Prevention Act of 2012 (5 U.S.C. § 5701 note and 41 U.S.C. § 1909(d)) requires our office to conduct periodic risk assessments and audits of the CFPB's purchase card, convenience check, and travel card programs to identify and analyze risks of illegal, improper, or erroneous purchases and payments.
- Section 11B of the Federal Reserve Act (12 U.S.C. § 248b) mandates annual independent audits of the financial statements of each Federal Reserve Bank and of the Board. The Board performs the accounting function for the Federal Financial Institutions Examination Council, and we oversee the annual financial statement audits of the Board and of the Federal Financial Institutions Examination Council.<sup>2</sup> Under the Dodd-Frank Act, the U.S. Government Accountability Office (GAO) performs the financial statement audit of the CFPB.
- The Digital Accountability and Transparency Act of 2014 (DATA Act; 31 U.S.C. § 6101 note) requires agencies to report financial and payment data in accordance with data

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1. CIGFO comprises the IGs of the Board and the CFPB, the Commodity Futures Trading Commission, the U.S. Department of Housing and Urban Development, the U.S. Department of the Treasury, the FDIC, the Federal Housing Finance Agency, the National Credit Union Administration, the U.S. Securities and Exchange Commission, and the Office of the Special Inspector General for the Troubled Asset Relief Program.
  2. The Federal Financial Institutions Examination Council is a formal interagency body empowered (1) to prescribe uniform principles, standards, and report forms for the federal examination of financial institutions by the Board, the FDIC, the National Credit Union Administration, the Office of the Comptroller of the Currency, and the CFPB and (2) to make recommendations to promote uniformity in the supervision of financial institutions.

standards established by the U.S. Department of the Treasury and the Office of Management and Budget. The CFPB has determined that its Consumer Financial Civil Penalty Fund is subject to the DATA Act and that only one specific DATA Act requirement, section 3(b), applies to the Bureau Fund. The DATA Act requires our office to review a statistically valid sample of the data submitted by the agency and report on its completeness, timeliness, quality, and accuracy and the agency's implementation and use of the data standards.

# Major Management Challenges

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Although not required by statute, the OIG annually reports on the major management challenges facing the Board and the CFPB. These challenges identify the areas that, if not addressed, are most likely to hamper the Board's and the CFPB's accomplishment of their strategic objectives.

We identified seven major management challenges for the Board. This year, we added a new challenge—Managing the Handling and Release of Sensitive Federal Open Market Committee and Board-Generated Information—in recognition of instances in which sensitive information was released to the public before its intended release date or time. The 2016 major management challenges for the Board are

- Enhancing Oversight of Cybersecurity at Supervised Financial Institutions
- Ensuring an Effective Information Security Program
- Sustaining an Effective Financial Stability Regulatory and Supervisory Framework
- Establishing an Efficient and Effective Governance System
- Managing the Handling and Release of Sensitive Federal Open Market Committee and Board-Generated Information
- Advancing Efforts to Improve Human Capital Management
- Managing and Acquiring Sufficient Workspace to Support the Board's Mission

We identified four major management challenges for the CFPB. This year's challenges closely track the challenges we identified in 2015. The 2016 major management challenges for the CFPB are

- Ensuring an Effective Information Security Program

- Ensuring Comprehensive Policies and Procedures Are in Place and Followed
- Maturing the Human Capital Program
- Managing and Acquiring Sufficient Workspace to Support CFPB Activities

See our website for our full [management challenges memorandums](#) to the Board and the CFPB.

# Audits, Evaluations, and Inspections

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Audits assess aspects of the economy, efficiency, and effectiveness of Board and CFPB programs and operations. For example, the OIG oversees audits of the Board's financial statements and conducts audits of (1) the efficiency and effectiveness of the Board's and the CFPB's processes and internal controls over their programs and operations; (2) the adequacy of controls and security measures governing these agencies' financial and management information systems and their safeguarding of assets and sensitive information; and (3) compliance with applicable laws and regulations related to the agencies' financial, administrative, and program operations. OIG audits are performed in accordance with the *Government Auditing Standards* established by the Comptroller General of the United States.

Inspections and evaluations include program evaluations and legislatively mandated reviews of failed financial institutions supervised by the Board. Inspections are often narrowly focused on particular issues or topics and provide time-critical analyses. Evaluations are generally focused on the effectiveness of specific programs or functions. OIG inspections and evaluations are performed according to the *Quality Standards for Inspection and Evaluation* issued by the Council of the Inspectors General on Integrity and Efficiency (CIGIE).

The information below summarizes OIG audit and evaluation work completed during the reporting period.

# Board of Governors of the Federal Reserve System

## The Board Should Strengthen Controls to Safeguard Embargoed Sensitive Economic Information Provided to News Organizations

OIG Report 2016-MO-B-006

April 15, 2016

Our audit objective was to assess the Board's controls to protect sensitive economic information from unauthorized disclosure when it is provided under embargo to news organizations either through a press lockup room located at the Board or through the Board's embargo application, which enables news participants to remotely access information made available by the Board.

During the course of this audit, we discovered issues that warranted the Board's immediate attention. We issued a restricted early alert memorandum to the Board on July 16, 2015, that outlined these concerns and included recommendations. On August 19, 2015, a news organization broke the embargo of the Federal Open Market Committee meeting minutes that had been provided through the embargo application. On August 21, 2015, the Board ceased using the embargo application to provide news organizations embargoed access to Federal Open Market Committee-related information and other market-moving economic publications within the scope of our audit. Separately, the Board relocated its press lockup room in September 2015, a move that had been planned before our audit began.

We identified opportunities for the Board (1) to more strictly adhere to controls already established in policies, procedures, and agreements with participating news organizations and (2) to establish new controls to more effectively safeguard embargoed economic information. We also identified risks to providing information under embargo through the embargo application.

Our report contains recommendations designed to strengthen the Board's controls to safeguard sensitive economic information provided to news organizations under embargo and includes actions taken by the Board in response to the early alert memorandum. The Board generally concurred with our recommendations and noted



both that substantial improvements were planned before we began our review and that many were implemented during our review.

## **The Board’s Protective Services Unit Is Operating Effectively and Efficiently**

**OIG Report 2016-MO-B-010**

**July 22, 2016**

Our objective was to evaluate the effectiveness and efficiency of the Board’s Protective Services Unit operations as well as the unit’s compliance with applicable laws, regulations, policies, and procedures. The Protective Services Unit provides physical security for the Chair of the Board at all times.

The USA PATRIOT Act of 2001 amended the Federal Reserve Act to provide certain federal law enforcement authority for security officers of the Board. It also required the Board to establish corresponding regulations, *Uniform Regulations for Federal Reserve Law Enforcement Officers*, that apply to the Protective Services Unit.

We found Protective Services Unit operations to be effective; efficient; and in compliance with applicable laws, regulations, and internal policies and procedures. Our review covered mission-critical operations involving hiring, inventory, qualifications and training, incident reporting, travel transactions, scheduling and timekeeping, and continuity of operations. We also determined that the Protective Services Unit provides the Chair with an appropriate level of security consistent with the security provided for Cabinet-level agency heads. Our report does not contain any formal recommendations.

## **OIG Report on the Board’s Information Security Management Practices Pursuant to Section 406 of the Cybersecurity Act of 2015**

**August 12, 2016**

We conducted this review pursuant to section 406 of the Cybersecurity Act of 2015. Enacted into law on December 18, 2015, the act seeks to bolster cybersecurity protections at federal agencies, assess the federal government’s cybersecurity workforce, and improve the cybersecurity preparedness of critical information systems and networks. Section 406 of the act requires the IG of each

covered agency to submit a report on specific information security management practices of the agency's covered systems no later than 240 days after the act is enacted. The act defines a *covered system* as a national security system as defined in title 40, section 11103, of the *United States Code* or a federal computer system that provides access to personally identifiable information.

Our report does not contain recommendations. We will address the adequacy of the Board's information security program in our next FISMA report, to be issued in November 2016.

## **Security Control Review of the Board's Active Directory Implementation**

**OIG Report 2016-IT-B-008**

**May 11, 2016**

Our audit objective, as required by FISMA, was to evaluate the administration and security design effectiveness of the Active Directory operating environment implemented at the Board. To accomplish this objective, we (1) evaluated whether the Board has conducted a proper risk assessment of the Board's Active Directory domain; (2) determined whether tools and processes have been implemented to continuously monitor the Board's Active Directory domain; (3) determined whether the tools and processes implemented allow for users (active employees, contractors, super users, administrators, and others) to be properly identified; (4) determined whether the Board's Active Directory domain is properly configured and scanned for vulnerabilities; and (5) determined whether contingency planning processes have been established for the Board's Active Directory domain.

Overall, we found that the Board is effectively administering and protecting the Active Directory infrastructure. We found, however, that the Board can strengthen Active Directory controls in the areas of risk management, continuous monitoring, user group management, contractor account management, and system documentation. In addition, we identified a risk for management's continued attention related to transport layer security. Our report includes recommendations to address these findings, and the Board generally concurred with those recommendations.

## Consumer Financial Protection Bureau

### **The CFPB Should Continue to Enhance Controls for Its Government Travel Card Program**

OIG Report 2016-FMIC-C-009

June 27, 2016

Our audit objective was to determine whether the CFPB has established and maintained internal controls for its government travel card program in accordance with the Government Charge Card Abuse Prevention Act of 2012.

We found that although the CFPB had implemented several controls over its government travel card program, some controls were not designed or operating effectively (1) to prevent or identify unauthorized use of the government travel cards and (2) to provide reasonable assurance that cards are closed in a timely manner upon employees' separation. Therefore, our report contains recommendations designed to help ensure government travel card program integrity. The CFPB concurred with our recommendations.

### **The CFPB's Coordination for Targeted Consumer Financial Education Aligns With Best Practices and Can Benefit From Federal Partner Insights**

OIG Report 2016-MO-C-011

July 25, 2016

Our objectives were (1) to assess the extent to which certain CFPB Division of Consumer Education and Engagement offices' coordination with other federal agencies aligns with best practices for effective interagency coordination and (2) to obtain insights from the federal partners of these Division of Consumer Education and Engagement offices to identify opportunities to strengthen the effectiveness of interagency coordination.

The Dodd-Frank Act mandated that the CFPB develop and implement a strategy to improve the financial literacy of consumers and initiatives to educate and empower consumers to make better-informed financial decisions. The Division of Consumer Education and Engagement is implementing the mandate through various initiatives that may be coordinated with other organizations, including federal agencies.

Overall, we found that the interagency coordination process steps followed by the Division of Consumer Education and Engagement offices that target students, older Americans, servicemembers, and traditionally underserved individuals align with interagency coordination best practices. Further, the targeted offices have processes in place to help mitigate risks related to interagency coordination that were identified by other federal agencies that provide consumer financial education. During our review, we benchmarked with 27 consumer financial education practitioners from 10 federal agencies to understand their coordination efforts and identify which GAO best practices on interagency coordination were relevant for consumer financial education coordination. Additionally, the 27 practitioners described agency practices, lessons learned, and associated risks from their own interagency coordination experiences that were not previously identified by GAO. We found that the targeted offices' coordination processes align with GAO and federal agency practices, and we identified some tools that may improve the targeted offices' coordination efforts.

## **OIG Report on the CFPB's Information Security Management Practices Pursuant to Section 406 of the Cybersecurity Act of 2015**

**August 12, 2016**

We conducted this review pursuant to section 406 of the Cybersecurity Act of 2015. Enacted into law on December 18, 2015, the act seeks to bolster cybersecurity protections at federal agencies, assess the federal government's cybersecurity workforce, and improve the cybersecurity preparedness of critical information systems and networks. Section 406 of the act requires the IG of each covered agency to submit a report on specific information security management practices of the agency's covered systems no later than 240 days after the enactment of the act. The act defines a *covered system* as a national security system as defined in title 40, section 11103, of the *United States Code* or a federal computer system that provides access to personally identifiable information.

Our report does not contain recommendations. We will address the adequacy of the CFPB's information security program in our next FISMA report, to be issued in November 2016.

## **The CFPB's Civil Penalty Fund Is in Compliance With the Improper Payments Information Act of 2002, as Amended**

**OIG Report 2016-FMIC-C-007**

**May 2, 2016**

Our audit objective was to determine whether the CFPB is in compliance with IPIA.

IPIA requires agency heads to periodically review all programs and activities that the agency head administers and identify all programs and activities that may be susceptible to significant improper payments. The CFPB determined that the Consumer Financial Civil Penalty Fund is subject to IPIA. In addition, IPIA requires that each fiscal year, the IG of each agency determine and report on whether the agency is in compliance with the act.

Overall, we determined that the CFPB fully complied with the applicable IPIA requirements for fiscal year 2015 as they relate to the Consumer Financial Civil Penalty Fund. Specifically, we determined that the CFPB met the first two IPIA requirements and that the other four requirements were not applicable.

# Failed State Member Bank Reviews

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## Material Loss Reviews

Section 38(k) of the Federal Deposit Insurance Act, as amended, requires that the IG of the appropriate federal banking agency complete a review of the agency's supervision of a failed institution and issue a report within six months of notification from the FDIC OIG that the projected loss to the DIF is material. Under section 38(k), a material loss to the DIF is defined as an estimated loss in excess of \$50 million.

The material loss review provisions of section 38(k) require that the IG do the following:

- review the institution's supervision, including the agency's implementation of prompt corrective action
- ascertain why the institution's problems resulted in a material loss to the DIF
- make recommendations for preventing any such loss in the future

No state member bank failures occurred during the reporting period that required us to initiate a material loss review.

## Nonmaterial Loss Reviews

The Federal Deposit Insurance Act, as amended, requires the IG of the appropriate federal banking agency to semiannually report certain information on financial institutions that incurred nonmaterial losses to the DIF and that failed during the respective six-month period.

When bank failures result in nonmaterial losses to the DIF, the IG is required to determine (1) the grounds identified by the federal

banking agency or the state bank supervisor for appointing the FDIC as receiver and (2) whether the losses to the DIF present unusual circumstances that would warrant in-depth reviews. Generally, the in-depth review process is the same as that for material loss reviews, but in-depth reviews are not subject to the six-month reporting deadline.

The IG must semiannually report the completion dates for each such review. If an in-depth review is not warranted, the IG is required to explain this determination. In general, we consider a loss to the DIF to present unusual circumstances if the conditions associated with the bank's deterioration, ultimate closure, and supervision were not addressed in any of our prior bank failure reports, or if there was potential fraud.

We understand that an Arkansas state member bank, Allied Bank, failed on September 23, 2016. Given the timing of the failure, we had not been advised of the estimated loss to the DIF associated with the failure before the close of the semiannual reporting period. After the close of the semiannual reporting period, we received notice that the estimated loss to the DIF associated with the failure is beneath the materiality threshold. Therefore, we will report the results of our nonmaterial loss review for this failure in the next *Semiannual Report to Congress*.

# Investigations

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The OIG's Office of Investigations conducts investigations of criminal, civil, and administrative wrongdoing by Board and CFPB employees, as well as investigations of alleged misconduct or criminal activity that affects the Board's or the CFPB's ability to effectively supervise and regulate the financial community. The OIG operates under statutory law enforcement authority granted by the U.S. Attorney General, which vests our Special Agents with the authority to carry firearms, to seek and execute search and arrest warrants, and to make arrests without a warrant in certain circumstances. OIG investigations are conducted in compliance with CIGIE's *Quality Standards for Investigations* and the *Attorney General Guidelines for Offices of Inspector General with Statutory Law Enforcement Authority*.

During this period, the Office of Investigations met with other financial OIGs to discuss matters of mutual interest, joint investigative operations, joint training opportunities, and hotline operations. The office also met with officials at both the Board and the CFPB to discuss investigative operations and the investigative process.

## Board of Governors of the Federal Reserve System

The Board is responsible for consolidated supervision of bank holding companies, including financial holding companies formed under the Gramm-Leach-Bliley Act. The Board also supervises state-chartered banks that are members of the Federal Reserve System. Under delegated authority from the Board, the Reserve Banks supervise bank holding companies and state member banks, and the Board's Division of Banking Supervision and Regulation oversees the Reserve Banks' supervision.

Our office's investigations concerning bank holding companies and state member banks typically involve allegations that holding company directors or officers falsified financial records, lied to or misled examiners, or obstructed examinations in a manner that



may have hindered the Board's ability to carry out its supervisory operations. Such activity may result in criminal violations, including false statements or obstruction of bank examinations. The following are examples from this reporting period of investigations into matters affecting the Board's ability to carry out its supervisory responsibilities.

### **Former Federal Reserve Bank of San Francisco Examiner Sentenced for Making False Statements**

In our prior *Semiannual Report to Congress*, we reported that a former Federal Reserve Bank examiner was indicted and found guilty of failing to disclose to the Federal Reserve Bank of San Francisco on his annual conflicts of interest disclosure form that he was a director of a corporation looking to buy a bank in San Francisco. He was also found guilty of making false statements for the purpose of influencing an action of the FDIC.

During this reporting period, the former Reserve Bank examiner was sentenced to time served, one year of supervised release, 200 hours of community service, and a \$4,000 fine for four counts of making false statements within the jurisdiction of two different federal agencies—the Board and the FDIC. The conviction is the result of a federal trial in the United States District Court for the Northern District of California.

This case was the result of a joint investigation by the Board-CFPB OIG, the FDIC OIG, and the U.S. Attorney's Office for the Northern District of California.

### **Former Employee at the Federal Reserve Bank of Chicago Sentenced for Stealing Sensitive and Confidential Documents**

A Senior Supervision Analyst at the Federal Reserve Bank of Chicago was sentenced to six months' home confinement, two years' probation, and a \$20,000 fine after admitting to stealing sensitive and confidential documents from the Reserve Bank.

The defendant was in discussions to take a new job outside the Federal Reserve Bank of Chicago when he printed a confidential Federal Reserve document from his work computer and took

it home. After accepting the new job, the defendant printed an additional 31 confidential Federal Reserve documents from his work computer and brought those home, as well as taking 3 other proprietary Federal Reserve documents on his last day at the Reserve Bank.

When confronted by federal agents, the defendant initially denied taking the confidential documents, but he later turned over some of the stolen documents and told the agents he had shredded the remaining documents after his first interview with them. The defendant pleaded guilty to bank robbery and incidental crimes and was also prohibited from directly or indirectly participating in the affairs of any United States financial institution for at least 10 years.

This case was investigated by the Federal Bureau of Investigation (FBI) and the Board-CFPB OIG, with prosecutorial support from the U.S. Attorney's Office for the Northern District of Illinois.

### **Former President and Chief Executive Officer of Farmers Exchange Bank Charged in Superseding Indictment**

A former President and Chief Executive Officer of Farmers Exchange Bank received one additional count of theft, embezzlement, or misapplication by a bank employee and 12 counts of money laundering. This superseding indictment follows a 25-count indictment that was returned by a federal grand jury on July 12, 2016.

The superseding indictment alleges that the defendant embezzled and willfully misapplied monies, funds, and assets of the bank holding company, which is regulated by the Board, when he caused funds that belonged to FEB Bancshares, Inc., to be converted for his personal use. The superseding indictment further alleges that the defendant engaged in a series of financial transactions involving the FEB Bancshares, Inc., funds that were designed, in whole or in part, to conceal and disguise the nature, location, source, and ownership and control of the proceeds of the specified unlawful activity.

On the same date as the superseding indictment, two seizure warrants were issued, which authorized the seizure of up to \$338,000 from the defendant's bank accounts, representing the amount of money owed to the other shareholders of FEB

Bancshares, Inc., as a result of the sale of the subsidiary bank, Farmers Exchange Bank.

This is a joint investigation by the FDIC OIG, the Board-CFPB OIG, and the FBI. This case is being prosecuted by the U.S. Attorney's Office for the Eastern District of Wisconsin.

### **Former Onebanc Senior Executive Vice President Pleaded Guilty to Misprision of a Felony**

A former senior executive vice president at One Bank & Trust, N.A., doing business as Onebanc, pleaded guilty to misprision of a felony. The defendant was also a Director at One Financial Corporation, which is the bank holding company for Onebanc and is regulated by the Board. The defendant was also on Onebanc's Loan Committee and Executive Loan Committee.

The defendant recommended approval of a \$1.5 million line of credit for someone the defendant knew. The defendant then arranged for other Onebanc senior executives to approve this line of credit without it going through the formal approval process of Onebanc's loan committee. When the \$1.5 million line of credit went into default, the defendant worked with other senior bank executives and made false bank entries in order to hide the default from federal bank regulators. Onebanc's records were changed to show that the debt had been paid off, when in fact it had not been. The \$1.5 million default was intentionally and fraudulently purged from the Past Due report sections in Onebanc's Call Reports to prevent any additional regulatory scrutiny during a time when Onebanc was soliciting over \$10 million in funding from the Troubled Asset Relief Program.

This case was the result of a joint investigation by the Board-CFPB OIG, Internal Revenue Service—Criminal Investigation, the FBI, the FDIC OIG, the Office of the Special Inspector General for the Troubled Asset Relief Program, and the U.S. Attorney's Office for the Eastern District of Arkansas.

## **Former Manager of Car Dealerships Sentenced for Loan Fraud**

A former manager of car dealerships was sentenced to 54 months in prison and ordered to pay restitution of \$994,654 and to forfeit \$1,493,925 in property. From December 2008 to January 2013, the former manager knowingly provided false and fraudulent information and documentation to financing companies with the intent to fraudulently obtain automobile loans on behalf of customers. As part of the scheme, the defendant submitted false loan applications containing misrepresentations concerning the true customers' identity, assets, income, and employment, as well as features of the automobiles purchased. In one instance, the false supporting documentation included a fake income letter purportedly from the Federal Reserve Pension Fund.

The defendant previously pleaded guilty to one count of wire fraud and one count of aiding and abetting the filing of a false individual income tax return.

This case was investigated by the United States Secret Service, the Internal Revenue Service–Criminal Investigation, and the Board-CFPB OIG, with prosecutorial support by the U.S. Attorney's Office for the Northern District of Illinois, Eastern Division.

## **Consumer Financial Protection Bureau**

Title X of the Dodd-Frank Act created the CFPB to implement and enforce federal consumer financial law. The CFPB's five statutory objectives are (1) to provide consumers with critical information about financial transactions, (2) to protect consumers from unfair practices, (3) to identify and address outdated and unduly burdensome regulations, (4) to foster transparency and efficiency in consumer financial product and service markets and to facilitate access and innovation, and (5) to enforce federal consumer financial law without regard to the status of the person to promote fair competition.

The CFPB supervises large banks, thrifts, and credit unions with total assets of more than \$10 billion and certain nonbank entities, regardless of size, including mortgage brokers, loan modification

providers, payday lenders, consumer reporting agencies, debt collectors, and private education lenders. Additionally, with certain exceptions, the CFPB's enforcement jurisdiction generally extends to individuals or entities that are or have engaged in conduct that violates federal consumer financial law.

Our office's investigations concerning the CFPB's responsibilities typically involve allegations that company directors or officers provided falsified business data and financial records to the CFPB, lied to or misled examiners, or obstructed examinations in a manner that may have affected the CFPB's ability to carry out its supervisory responsibilities. Such activity may result in criminal violations, such as false statements or obstruction of examinations. The following are examples from this reporting period of investigations into matters affecting the CFPB's ability to carry out its supervisory responsibilities.

### **Former Owner of Loan Modification Company Sentenced**

The former owner of Modify Loan Experts, LLC, was sentenced to five years' probation and ordered to serve 500 hours of community service. This sentence followed a guilty plea by the defendant and his company, Modify Loan Experts, LLC, with the Michigan Attorney General's Office to one felony count of false pretenses with intent to defraud; six misdemeanor counts of attempted debt management act violations; and seven misdemeanor counts of Credit Services Protection Act violations. The defendant also pleaded guilty to one misdemeanor count of unemployment compensation fraud and agreed to pay \$125,000 in restitution. The CFPB supervises mortgage service providers, unless such services are provided by a law firm. The Board-CFPB OIG investigated this matter in part to determine whether any misrepresentations were made in an effort to obstruct the agency's enforcement program.

The defendant and Modify Loan Experts, LLC, made false and fraudulent communications when marketing and selling loan modification and debt reduction services in order to obtain money from customers, including promises that an attorney would represent the customers and negotiate with mortgage companies on their behalf and that funds received from debt consolidation customers would be held in an escrow account and be used to negotiate with credit card companies. An attorney did not negotiate

with the banks on customers' behalf, however, and the defendant kept customers' money.

This case was investigated by the Federal Housing Finance Agency OIG and the Board-CFPB OIG, with prosecutorial support from the Attorney General's Office for the State of Michigan.

# Hotline

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The OIG Hotline helps people report fraud, waste, abuse, or mismanagement related to the programs or operations of the Board and the CFPB. Hotline staff can be reached by phone, email, web form, fax, or mail. The OIG reviews all incoming Hotline communications, researches and analyzes the issues raised, and determines how best to address the complaints. During this reporting period, the Hotline received 424 complaints.

The OIG Hotline continued to receive complaints from individuals seeking information about or wanting to file noncriminal consumer complaints regarding consumer financial products and services. In these matters, Hotline staff members typically refer complainants to the consumer group of the appropriate federal regulator for the institution involved, such as the Office of the Comptroller of the Currency's Customer Assistance Group or the CFPB Consumer Response team.

The OIG Hotline continued to receive a significant number of complaints involving suspicious solicitations invoking the name of the Federal Reserve or the Chair of the Board of Governors. Hotline staff members continue to advise all individuals that these phishing emails are solicitations that attempt to obtain the personal or financial information of the recipient and that neither the Board nor the Reserve Banks endorse or have any involvement in them. As appropriate, the OIG may investigate these complaints.

# Legislative and Regulatory Review, Congressional and Media Activities, and CIGIE Participation

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**22**

legislative items reviewed

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**8**

regulatory items reviewed

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**37**

responses to congressional members and staff

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**39**

responses to media inquiries

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## Legislative and Regulatory Review

The Legal Services program serves as the independent legal counsel to the IG and OIG staff. Legal Services provides comprehensive legal advice, research, counseling, analysis, and representation in support of OIG audits; investigations; inspections; evaluations; and other professional, management, and administrative functions. Legal Services also keeps the IG and OIG staff aware of recent legal developments that may affect the OIG, the Board, and the CFPB.

In accordance with section 4(a)(2) of the Inspector General Act of 1978, as amended, Legal Services independently reviews newly enacted and proposed legislation and regulations to determine their



potential effect on the economy and efficiency of the Board's and the CFPB's programs and operations. During this reporting period, Legal Services reviewed 22 legislative items and 8 regulatory items.

## Congressional and Media Activities

The OIG communicates and coordinates with various congressional committees on issues of mutual interest. During this reporting period, we provided 37 responses to congressional members and staff concerning the Board and the CFPB. Additionally, we responded to 39 media inquiries.

## CIGIE Participation

The IG is a member of CIGIE, which provides a forum for IGs from various government agencies to discuss governmentwide issues and shared concerns. Collectively, CIGIE's members work to improve government programs and operations. The IG also serves as a member of CIGIE's Legislation Committee and Investigations Committee. The Legislation Committee is the central point of information for legislative initiatives and congressional activities that may affect the community, such as proposed cybersecurity legislation that was reviewed during the reporting period. The Investigations Committee advises the IG community on issues involving criminal investigations, criminal investigations personnel, and criminal investigative guidelines.

The Assistant Inspector General for Information Technology, as the Chair of the Information Technology Committee of the Federal Audit Executive Council, works with information technology audit staff throughout the IG community and reports to the CIGIE Information Technology Committee on common information technology audit issues. The Associate Inspector General for Legal Services and the Legal Services staff attorneys are members of CIGIE's Council of Counsels to the Inspector General.

# Peer Reviews

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Government auditing and investigative standards require that our audit and investigative units be reviewed by a peer OIG organization every three years. Section 989C of the Dodd-Frank Act amended the Inspector General Act of 1978 to require that OIGs provide in their semiannual reports to Congress information about (1) peer reviews of their respective organizations and (2) their peer reviews of other OIGs. The following information addresses these Dodd-Frank Act requirements.

- In September 2014, the Tennessee Valley Authority OIG completed the latest peer review of our audit organization. We received a peer review rating of *pass*. There were no report recommendations, and we had no pending recommendations from previous peer reviews of our audit organization.
- In April 2016, the Special Inspector General for Afghanistan Reconstruction completed the latest peer review of our Office of Investigations and rated us as compliant. There were no report recommendations, and we had no pending recommendations from previous peer reviews of our investigations organization. The peer review included suggestions for improvement or increased efficiency or effectiveness, which we have considered and will incorporate as appropriate.

See our website for [peer review reports](#) of our organization.

# Abbreviations

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Board	Board of Governors of the Federal Reserve System
CFPB	Consumer Financial Protection Bureau
CIGFO	Council of Inspectors General on Financial Oversight
CIGIE	Council of the Inspectors General on Integrity and Efficiency
DATA Act	Digital Accountability and Transparency Act of 2014
DIF	Deposit Insurance Fund
Dodd-Frank Act	Dodd-Frank Wall Street Reform and Consumer Protection Act
FBI	Federal Bureau of Investigation
FDIC	Federal Deposit Insurance Corporation
FISMA	Federal Information Security Modernization Act of 2014
GAO	U.S. Government Accountability Office
IG	Inspector General
IPIA	Improper Payments Information Act of 2002, as amended
OIG	Office of Inspector General

# Appendix: Statistical Tables

**Table 1: Audit, Inspection, and Evaluation Reports Issued to the Board During the Reporting Period**

Report title	Type of report
The Board Should Strengthen Controls to Safeguard Embargoed Sensitive Economic Information Provided to News Organizations	Audit
Security Control Review of the Board’s Active Directory Implementation	Audit
The Board’s Protective Services Unit Is Operating Effectively and Efficiently	Evaluation
OIG Report on the Board’s Information Security Management Practices Pursuant to Section 406 of the Cybersecurity Act of 2015	Audit

Total number of audit reports: 3

Total number of inspection and evaluation reports: 1

**Table 2: OIG Reports to the Board With Recommendations That Were Open During the Reporting Period<sup>a</sup>**

Report title	Issue date	Recommendations			Status of recommendations		
		Number	Mgmt. agrees	Mgmt. disagrees	Last follow-up date	Closed	Open
Response to a Congressional Request Regarding the Economic Analysis Associated with Specified Rulemakings	06/11	2	2	–	09/16	–	2
Evaluation of Prompt Regulatory Action Implementation	09/11	1 <sup>b</sup>	1	–	–	–	1
Security Control Review of the National Remote Access Services System (nonpublic report)	03/12	8	8	–	09/16	7	1
Security Control Review of the Board’s Public Website (nonpublic report)	04/12	12	12	–	05/16	9	3

See notes at end of table.

**Table 2: OIG Reports to the Board With Recommendations That Were Open During the Reporting Period<sup>a</sup> (continued)**

Report title	Issue date	Recommendations			Status of recommendations		
		Number	Mgmt. agrees	Mgmt. disagrees	Last follow-up date	Closed	Open
Security Control Review of the Aon Hewitt Employee Benefits System (nonpublic report)	09/12	8	8	–	09/16	4	4
Security Control Review of Contingency Planning Controls for the Information Technology General Support System (nonpublic report)	12/12	5	5	–	04/16	5	–
Board Should Enhance Compliance with Small Entity Compliance Guide Requirements Contained in the Small Business Regulatory Enforcement Fairness Act of 1996	07/13	2	2	–	09/16	–	2
Security Control Review of a Third-party Commercial Data Exchange Service Used by the Board’s Division of Banking Supervision and Regulation (nonpublic report)	08/13	11	11	–	09/15	9	2
The Board Can Benefit from Implementing an Agency-Wide Process for Maintaining and Monitoring Administrative Internal Control	09/13	1	1	–	09/16	–	1
Opportunities Exist to Achieve Operational Efficiencies in the Board’s Management of Information Technology Services	02/14	2	2	–	09/15	–	2
Opportunities Exist for the Board to Improve Recordkeeping, Cost Estimation, and Cost Management Processes for the Martin Building Construction and Renovation Project	03/14	6	6	–	09/16	4	2

See notes at end of table.

**Table 2: OIG Reports to the Board With Recommendations That Were Open During the Reporting Period<sup>a</sup> (continued)**

Report title	Issue date	Recommendations			Status of recommendations		
		Number	Mgmt. agrees	Mgmt. disagrees	Last follow-up date	Closed	Open
The Board Should Enhance Its Policies and Procedures Related to Conference Activities	06/14	5	5	–	08/16	5	–
Enforcement Actions and Professional Liability Claims Against Institution-Affiliated Parties and Individuals Associated with Failed Institutions	07/14	3 <sup>b</sup>	3	–	09/16	–	3
Opportunities Exist to Enhance the Board’s Oversight of Future Complex Enforcement Actions	09/14	5	5	–	09/16	3	2
The Board Should Enhance Its Supervisory Processes as a Result of Lessons Learned From the Federal Reserve’s Supervision of JPMorgan Chase & Company’s Chief Investment Office	10/14	10	10	–	09/16	6	4
The Board Can Better Coordinate Its Contingency Planning and Continuity of Operations Program	10/14	4	4	–	02/16	1	3
Opportunities Exist to Improve the Operational Efficiency and Effectiveness of the Board’s Information Security Life Cycle	12/14	3	3	–	–	–	3
Review of the Failure of Waccamaw Bank	03/15	5	5	–	09/16	3	2
The Board Can Enhance Its Diversity and Inclusion Efforts	03/15	11	11	–	09/16	7	4

See notes at end of table.

**Table 2: OIG Reports to the Board With Recommendations That Were Open During the Reporting Period<sup>a</sup> (continued)**

Report title	Issue date	Recommendations			Status of recommendations		
		Number	Mgmt. agrees	Mgmt. disagrees	Last follow-up date	Closed	Open
Security Control Review of the Board's Consolidated Supervision Comparative Analysis, Planning and Execution System (nonpublic report)	09/15	3	3	–	–	–	3
The Board Identified Areas of Improvement for Its Supervisory Stress Testing Model Validation Activities, and Opportunities Exist for Further Enhancement	10/15	8	8	–	09/16	5	3
2015 Audit of the Board's Information Security Program	11/15	4	4	–	–	–	4
Security Control Review of the Board's Statistics and Reserves System (nonpublic report)	12/15	6	6	–	–	–	6
Review of the Failure of NBRFS Financial	03/16	1	1	–	–	–	1
The Board Should Strengthen Controls to Safeguard Embargoed Sensitive Economic Information Provided to News Organizations	04/16	9	9	–	–	–	9
Security Control Review of the Board's Active Directory Implementation (nonpublic report)	05/16	10	10	–	–	–	10

- a. A recommendation is closed if (1) the corrective action has been taken; (2) the recommendation is no longer applicable; or (3) the appropriate oversight committee or administrator has determined, after reviewing the position of the OIG and division management, that no further action by the agency is warranted. A recommendation is open if (1) division management agrees with the recommendation and is in the process of taking corrective action or (2) division management disagrees with the recommendation and we have referred or are referring it to the appropriate oversight committee or administrator for a final decision.
- b. These recommendations were directed jointly to the Office of the Comptroller of the Currency, the FDIC, and the Board.

**Table 3: Audit, Inspection, and Evaluation Reports Issued to the CFPB During the Reporting Period**

Report title	Type of report
The CFPB's Civil Penalty Fund Is in Compliance With the Improper Payments Information Act of 2002, as Amended	Audit
The CFPB Should Continue to Enhance Controls for Its Government Travel Card Program	Audit
The CFPB's Coordination for Targeted Consumer Financial Education Aligns With Best Practices and Can Benefit From Federal Partner Insights	Evaluation
OIG Report on the CFPB's Information Security Management Practices Pursuant to Section 406 of the Cybersecurity Act of 2015	Audit

Total number of audit reports: 3

Total number of inspection and evaluation reports: 1

**Table 4: OIG Reports to the CFPB With Recommendations That Were Open During the Reporting Period<sup>a</sup>**

Report title	Issue date	Recommendations			Status of recommendations		
		Number	Mgmt. agrees	Mgmt. disagrees	Last follow-up date	Closed	Open
Evaluation of the Consumer Financial Protection Bureau's Consumer Response Unit	09/12	5	5	–	09/16	3	2
Opportunities Exist to Enhance the CFPB's Policies, Procedures, and Monitoring Activities for Conferences	08/13	4	4	–	09/16	4	–
The CFPB Should Strengthen Internal Controls for Its Government Travel Card Program to Ensure Program Integrity	09/13	14	14	–	09/16	11	3
2013 Audit of the CFPB's Information Security Program	12/13	4	4	–	09/16	1	3
The CFPB Has Established Effective GPRA Processes, but Opportunities Exist for Further Enhancement	06/14	3	3	–	09/16	2	1
Security Control Review of the CFPB's Cloud Computing–Based General Support System (nonpublic report)	07/14	4	4	–	09/16	1	3

See notes at end of table.



**Table 4: OIG Reports to the CFPB With Recommendations That Were Open During the Reporting Period<sup>a</sup> (continued)**

Report title	Issue date	Recommendations			Status of recommendations		
		Number	Mgmt. agrees	Mgmt. disagrees	Last follow-up date	Closed	Open
The CFPB Complies With Section 1100G of the Dodd-Frank Act, but Opportunities Exist for the CFPB to Enhance Its Process	09/14	3	3	–	09/16	1	2
Audit of the CFPB’s Acquisition and Contract Management of Select Cloud Computing Services	09/14	4	4	–	09/16	3	1
2014 Audit of the CFPB’s Information Security Program	11/14	3	3	–	03/16	1	2
The CFPB Can Enhance Its Diversity and Inclusion Efforts	03/15	17	17	–	09/16	11	6
Security Control Review of the CFPB’s Tableau System (nonpublic report)	03/15	3	3	–	03/16	2	1
Security Control Review of the CFPB’s Data Team Complaint Database (nonpublic report)	07/15	7	7	–	09/16	–	7
CFPB Headquarters Construction Costs Appear Reasonable and Controls Are Designed Appropriately	07/15	1	1	–	09/16	–	1
The CFPB Can Further Enhance Internal Controls for Certain Hiring Processes	08/15	2	2	–	06/16	2	–
The CFPB Can Enhance Its Contract Management Processes and Related Controls	09/15	10	10	–	09/16	9	1
Opportunities Exist to Enhance Management Controls Over the CFPB’s Consumer Complaint Database	09/15	8	8	–	09/16	4	4
2015 Audit of the CFPB’s Information Security Program	11/15	2	2	–	09/16	–	2
Collecting Additional Information Can Help the CFPB Manage Its Future Space-Planning Activities	02/16	1	1	–	09/16	–	1

See notes at end of table.

**Table 4: OIG Reports to the CFPB With Recommendations That Were Open During the Reporting Period<sup>a</sup> (continued)**

Report title	Issue date	Recommendations			Status of recommendations		
		Number	Mgmt. agrees	Mgmt. disagrees	Last follow-up date	Closed	Open
The CFPB Should Continue to Enhance Controls for Its Government Travel Card Program	06/16	9	9	–	09/16	–	9

a. A recommendation is closed if (1) the corrective action has been taken; (2) the recommendation is no longer applicable; or (3) the appropriate oversight committee or administrator has determined, after reviewing the position of the OIG and division management, that no further action by the agency is warranted. A recommendation is open if (1) division management agrees with the recommendation and is in the process of taking corrective action or (2) division management disagrees with the recommendation and we have referred or are referring it to the appropriate oversight committee or administrator for a final decision.

**Table 5: Audit, Inspection, and Evaluation Reports Issued to the Board and the CFPB With Questioned Costs, Unsupported Costs, or Recommendations That Funds Be Put to Better Use During the Reporting Period<sup>a</sup>**

Reports	Number	Dollar value
With questioned costs, unsupported costs, or recommendations that funds be put to better use, regardless of whether a management decision had been made	0	\$0

a. Because the Board and the CFPB are primarily regulatory and policymaking agencies, our recommendations typically focus on program effectiveness and efficiency, as well as strengthening internal controls. As such, the monetary benefit associated with their implementation typically is not readily quantifiable. In the event that an audit, inspection, or evaluation report contains quantifiable information regarding questioned costs, unsupported costs, or recommendations that funds be put to better use, this table will be expanded.

**Table 6: Summary Statistics on Investigations During the Reporting Period<sup>a</sup>**

Investigative actions	Number or dollar value
<b>Investigative caseload</b>	
Investigations open at end of previous reporting period	65
Investigations opened during the reporting period	21
Investigations closed during the reporting period	18
Investigations open at end of the period	68
<b>Investigative results for the reporting period</b>	
Referred to prosecutor	9
Joint investigations	47
Referred to audit	2
Referred for administrative action	0
Oral and/or written reprimands	0
Terminations of employment	0
Arrests	2
Suspensions	0
Debarments	0
Indictments	2
Criminal informations	0
Convictions	7
Monetary recoveries	\$1,831,925
Civil actions	\$0
Criminal fines, restitution, and forfeiture	\$37,475,750
Asset forfeiture	\$0

a. Some of the investigative numbers may include data also captured by other OIGs.

**Table 7: Summary Statistics on Hotline Activities During the Reporting Period**

Hotline complaints	Number
Complaints pending from previous reporting period	38
Complaints received during reporting period	424
Total complaints for reporting period	462
Complaints resolved during reporting period	446
Complaints pending	16



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