## Contents

**Office of Investigations**
Field Offices  
Headquarters  
Types of Cases  
Process of Investigation  
Our Investigative Accomplishments

**Case Highlights**

**Feature Articles**
Wells Fargo Agrees to Pay $3 Billion for Years-Long Fraud Exploiting Its Customers  
Teaming Up With Other Agencies to Solve Financial Crime Cases  
Training for OIG Special Agents

**More About the OIG**

**OIG Hotline**
Office of Investigations

Our investigative team includes about 30 federal agents, forensic analysts, technical specialists, and support staff with a broad range of experience. Our agents are law enforcement officers with authority granted by the U.S. attorney general to carry firearms, make arrests, and execute warrants for search and seizure.

We routinely partner with other federal law enforcement agencies, the U.S. Attorney’s Offices throughout the country, and state and local law enforcement, adding value to complex investigations by virtue of our specialized knowledge and experience.

Field Offices

We have field offices in Chicago (Midwestern Region), Miami (Southeast Region), New York City (Northeast Region), and San Francisco (Western Region).

The field offices partner with the Federal Bureau of Investigation (FBI), the U.S. Secret Service, the Internal Revenue Service–Criminal Investigation (IRS–CI), the Federal Deposit Insurance Corporation (FDIC) and the U.S. Department of the Treasury OIGs, and other federal law enforcement to use their extensive and specialized expertise in white-collar financial fraud to develop cases prosecuted by U.S. Attorney’s Offices across the nation. When appropriate, our agents also work with state and local law enforcement and other governmental organizations.

We conduct outreach with the supervision, legal, and enforcement groups at the Board of Governors of the Federal Reserve System and the Bureau of Consumer Financial Protection, including the 12 Federal Reserve Banks that supervise financial institutions under delegated authority from the Board and regional Bureau supervision staff.

Headquarters


A large part of the work of Investigative Operations falls to the Special Investigative Unit (SIU).

The SIU is a dedicated team of agents with extensive experience working cases that pose a reputational risk to the Board or the Bureau, such as leaks of confidential information or employee misconduct. The SIU regularly updates the inspector general and, when appropriate, top Board and Bureau officials on important developments.

The SIU’s work is fast paced and demanding. The cases are complex, with more interviews, more evidence, and more progress reports than a normal investigation. Their work is a critical part of meeting our mission to promote economy, efficiency, and effectiveness and to prevent and detect fraud, waste, and abuse in the programs and operations of the Board and the Bureau.
Technical Operations includes the Electronic Crimes Unit (ECU) and the OIG Hotline.

**ECU** agents can recover deleted or otherwise hidden information from just about any electronic device. Powerful hardware and software help agents find key data, sift through metadata, break encryption, and crack passwords. They have discovered crucial evidence that has been used to help prosecute individuals who have committed crimes related to the programs and operations of the Board and the Bureau.

Not all the work is conducted in the lab. ECU agents can also execute search and seizure of computer evidence, write warrant applications for data, and provide onsite support to help bring equipment back to the lab so that they can recover evidence. They also refer potential security vulnerabilities to the Board and the Bureau and participate in the FBI’s Cyber Task Force and the U.S. Secret Service’s Cybercrimes Task Force.

This training is accomplished through a variety of methods, including formal training classes, conferences, online training, in-house training or practice, and approved self-study.

The **OIG Hotline** helps people report fraud, waste, abuse, and mismanagement related to the programs or operations of the Board and the Bureau. Hotline staff can be reached by phone, web form, fax, or mail. We review all incoming hotline communications, research and analyze the issues raised, and determine how best to address the complaints.
Types of Cases

Criminal cases

Criminal cases are potential violations of law for which the penalties may include fines or incarceration—for example, a bank executive who obstructs the examination process or falsifies data or other information.

Administrative cases

Administrative cases typically involve agency employees whose potential misconduct may have violated a federal regulation or agency policy, for which penalties may involve administrative discipline. An example would be an employee who uses their government travel card in a manner that violates agency policy.

Civil cases

Civil cases generally involve potential violations of law for which the federal government’s remedies include the ability to recover monetary damages from the wrongdoer—for example, a contractor who submits a false claim, such as billing an agency for work that was never performed.

The OIG does not investigate violations of banking or consumer financial regulations. These matters are program operating responsibilities of the Board and the Bureau and are not within the OIG’s purview.

Process of Investigation

Complaint evaluation  Preliminary investigation  Full investigation  Prosecution or administrative action
Our Investigative Accomplishments
October 1, 2019–September 30, 2020

16 ARRESTS
9 CONVICTIONS
19 CASES CLOSED
30 MATTERS FOR PROSECUTORIAL CONSIDERATION
$3B IN CIVIL JUDGMENTS
$2.8M IN CRIMINAL FINES, RESTITUTION, AND SPECIAL ASSESSMENTS
We often work closely with the U.S. Department of Justice (DOJ), the FBI, and other law enforcement agencies. Investigative findings may be referred to the DOJ for criminal prosecution or civil litigation or to the Board or the Bureau for administrative discipline or other actions.
Wells Fargo and Co. and its subsidiary, Wells Fargo Bank, N.A., have agreed to pay $3 billion to resolve three matters stemming from a years-long practice of pressuring employees to meet unrealistic sales goals, which led thousands of employees to provide millions of accounts or products to customers under false pretenses or without consent, often by creating false records or misusing customers’ identities.

As part of these agreements, Wells Fargo admitted that it collected millions of dollars in fees and interest the company was not entitled to, harmed the credit ratings of certain customers, and unlawfully misused customers’ sensitive personal information.

Beginning in 1998, Wells Fargo increased its focus on sales volume and reliance on annual sales growth. A core part of this sales model was the cross-sell strategy—selling existing customers additional financial products.

Wells Fargo’s Community Bank, then the largest operating segment of Wells Fargo, implemented a volume-based sales model in which employees were directed and pressured to sell large volumes of products to existing customers, often with little regard to actual customer need or expected use. Onerous sales goals and management pressure led thousands of employees to engage in unethical practices and unlawful conduct—including fraud, identity theft, and the falsification of bank records—to sell products of little or no value to the customer.

Many of these practices were referred to within Wells Fargo as gaming. Customer signatures were forged to open accounts without authorization, PINs were created to activate unauthorized debit cards, money was moved from millions of customer accounts to unauthorized accounts, credit cards and bill pay products were opened without authorization, customers’ contact information was altered to prevent them from learning of unauthorized accounts, and customers were encouraged to open accounts they neither wanted nor needed.

Despite knowledge of the illegal sales practices, Community Bank senior leadership failed to prevent and reduce these practices. To Wells Fargo management and the board of directors, they cast the problem as driven by individual misconduct instead of the sales model itself.

This investigation was conducted by our office, the U.S. Securities and Exchange Commission, the FBI, the FDIC OIG, the Federal Housing Finance Agency (FHFA) OIG, and the United States Postal Inspection Service. It was prosecuted by the U.S. Attorney’s Offices for the Central District of California and the Western District of North Carolina and the Commercial Litigation Branch in the Civil Division of the DOJ.
A former payment processor at Freedom Mortgage was sentenced to 46 months in federal prison after she pleaded guilty to an information charging her with one count of unauthorized access of a computer with intent to defraud and one count of money laundering. In addition to the prison term, the defendant was sentenced to 3 years of supervised release and ordered to pay $2,087,697 in restitution. Freedom Mortgage is a privately held mortgage lender of U.S. Department of Veterans Affairs, Federal Housing Administration, and conventional loans. It is supervised by the Bureau.

From April 2014 to May 2017, the defendant had access to the company’s computer system as a payment processor. She discovered that some escrow checks were returned to the company as undeliverable. She admitted that she would monitor those funds by checking monthly reports to see whether the funds were ever claimed. If the money was not claimed, she recruited various relatives and friends to allow her to use their bank accounts. With that information, she used their identities to open reloadable debit/credit accounts. She accessed the company’s computer system and made it appear as if the customer requested that the money be sent by wire transfer into the fraudulent accounts. After creating the request, she accessed the company’s computer and approved the transfer, using a coworker’s login and password.

The defendant effected approximately 580 fraudulent wire transfers—totaling more than $2 million—from her company’s bank account to bank accounts and reloadable debit/credit accounts controlled by her relatives, friends, or associates. She then used the money to pay personal expenses.

This was a joint investigation by our office, the IRS–CI, the U.S. Immigration and Customs Enforcement’s Homeland Security Investigations, and the U.S. Department of Housing and Urban Development OIG. It was prosecuted by the U.S. Attorney’s Office for the District of New Jersey in Camden.
Three First NBC Executives Indicted, Three Other Individuals Pleaded Guilty, in Fraud Against Failed $5 Billion Bank

Fraud cases involving First NBC Bank—the $5 billion bank that failed in April 2017—saw several new developments in 2020. Based in New Orleans, the bank was a subsidiary of First NBC Bank Holding Company, a Board-supervised bank holding company.

Three First NBC Executives and One Borrower Indicted for Fraud

Three First NBC Bank executives—President Ashton Ryan, Chief Credit Officer William Burnell, and Executive Vice President Robert Calloway—were indicted for defrauding First NBC Bank. Frank Adolph, a borrower, was also indicted for defrauding the bank. If convicted, the four defendants face, for each of the charged counts, up to 30 years in prison, a fine of $1 million or the greater of twice the gain to a defendant or twice the loss to any victim, up to 5 years’ supervised release, and a $100 mandatory special assessment. An indictment is merely an accusation, and the guilt of the defendants must be proven beyond a reasonable doubt.

From 2006 through April 2017, Ryan, Burnell, Calloway, and Adolph allegedly conspired to defraud First NBC Bank through a variety of schemes. Specifically, the four and others conspired to defraud the bank by disguising the financial status of certain borrowers and their troubled loans, concealing the true financial condition of the bank from the board, auditors, and examiners. In addition to Adolph, the other alleged conspiring borrowers were

- developer Gary Gibbs, developer Warren Treme, and hotel owner Arvind “Mike” Vira, who each recently pleaded guilty to conspiracy to commit bank fraud (see below)
- bank general counsel Gregory St. Angelo and business owner Kenneth Charity, who each pleaded guilty to conspiracy to commit bank fraud in July 2019
- contractor Jeffrey Dunlap, who pleaded guilty to conspiracy to commit bank fraud in October 2018

Calloway was Gibbs’s loan officer, and Ryan served as the loan officer or oversaw the loan officers for all these borrowers. Burnell approved the risk rating for the borrowers’ loans and was the gatekeeper tasked with protecting the safety and soundness of the bank’s loan portfolio.

During the course of the conspiracy, Ryan, Burnell, and Calloway repeatedly extended new loans to the borrowers to cover their previous loans and overdraft fees, which they could not have otherwise paid. To hide this practice, Ryan, Burnell, and Calloway made false statements in loan documents and elsewhere about the purposes of the loans, the borrowers’ abilities to repay the loans, and the sources of funds used to pay the loans. The new loans also prevented the borrowers from appearing on lists that Ryan and Burnell gave the bank’s board each month, which would have highlighted that the borrowers were unable to make loan payments or had cash flow problems. When members of the board or the bank’s outside auditors or examiners asked...
about loans to these borrowers, Ryan, Burnell, and Calloway made further false statements to conceal their activities.

As a result, the balance on these borrowers’ loans continued to grow. By the time regulators closed First NBC Bank in April 2017, Gibbs owed the bank $123 million; St. Angelo, $46 million; Vira, $39 million; Dunlap, $22 million; Charity, $18 million; Adolph, $6 million; and Treme, $6 million. The bank’s failure cost the FDIC’s Deposit Insurance Fund just under $1 billion.

All the while, Ryan, Burnell, and Calloway each received millions of dollars in compensation from First NBC Bank. Ryan also received personal benefits from three of the borrower relationships. Vira loaned millions to Ryan at the same time Vira was a borrower at the bank, and Ryan and Vira conspired to hide their business dealings from the board, auditors, and examiners. Treme was Ryan’s partner in several businesses and real estate development projects, and Ryan used Treme’s borrowing from the bank as a way to spend loan proceeds on Ryan’s own projects. Even when parts of Ryan’s business dealings with Vira and Treme were revealed to regulators, Ryan continued to conceal from regulators that he exercised authority over loans to Vira and Treme. Dunlap was a contractor for a business that Ryan and Treme ran, and Ryan used loan proceeds from Dunlap’s business to benefit his own development project, Wadsworth Estates. Ryan never disclosed his business relationship with Dunlap to the board, auditors, or examiners. Burnell was aware of this business relationship and also never disclosed it to the board, auditors, or examiners.

This case was investigated by our office, the FBI, and the FDIC OIG. It is being prosecuted by the U.S. Attorney’s Office for the Eastern District of Louisiana.

Developer Plead Guilty to Working With First NBC Executives in $123 Million Fraud

Gary Gibbs, a developer in Florida, pleaded guilty to conspiracy to defraud First NBC Bank. Gibbs faces up to 30 years in prison, a fine of the greater of twice the gain to the defendant or twice the loss to any victim, and up to 5 years’ supervised release.

From about 2010 through April 2017, Gibbs had personal and business relationships with First NBC Bank. During that time, Gibbs and his business entities were regularly unable to pay existing loans or overdrafts on First NBC Bank accounts. Bank President Ashton Ryan, Chief Credit Officer William Burnell, and Executive Vice President Robert Calloway disguised Gibbs’s and his entities’ true financial condition by making new loans to pay his existing loans and cover his overdrafts and by falsely increasing the income of Gibbs’s entities to hide the amount of money the entities were losing. Ryan, Burnell, and Calloway also falsified month-end reports to hide their activities from the bank’s board, auditors, and examiners. Neither Ryan nor Calloway disclosed that Gibbs was considering defaulting on his loans or filing for bankruptcy, which would have revealed that Gibbs did not generate enough cash to pay his loans. By the time First NBC Bank failed in April 2017, the defendant and his entities owed the bank over $123 million.

This case was investigated by our office, the FBI, and the FDIC OIG. It is being prosecuted by the U.S. Attorney’s Office for the Eastern District of Louisiana.
**New Orleans Hotel Owner Plead ed Guilty in Conspiracy to Defraud First NBC Bank**

Avind “Mike” Vira, a hotel owner and Louisiana resident, pleaded guilty to conspiracy to defraud First NBC Bank. Vira faces up to 5 years in prison, a fine of $250,000 or the greater of twice the gain to Vira or twice the loss to any victim, up to 3 years’ supervised release, and a mandatory $100 special assessment.

From about April 2010 through April 2017, Vira had personal and business relationships with First NBC Bank. During that time, Ashton Ryan, the bank’s president, allegedly acted as Vira’s de facto loan officer and ensured that Vira received beneficial interest rates on savings accounts, checking accounts, and loans. In return, Vira allegedly agreed to make loans to Ryan and to keep the loans hidden from bank employees at Ryan’s direction. Ryan likewise concealed this relationship from others at the bank and from FDIC examiners. Further, at Ryan’s behest, Vira inflated his own assets on financial statements that he submitted to First NBC Bank in support of his loans. As a result, Vira and Ryan allegedly were able to defraud the bank by using nominee loans to funnel money to Ryan without bank or regulatory scrutiny.

This case was investigated by our office, the FBI, and the FDIC OIG. It is being prosecuted by the U.S. Attorney’s Office for the Eastern District of Louisiana.

**Developer Plead ed Guilty to Conspiracy to Defraud First NBC Bank of $6 Million**

Warren Treme, a developer in Louisiana, pleaded guilty to conspiracy to defraud First NBC Bank. Treme faces up to 30 years in prison, a fine of $1 million or the greater of twice the gain to the defendant or twice the loss to any victim, up to 5 years’ supervised release, and a $100 mandatory special assessment.

From about 2008 through April 2017, Treme had personal and business relationships with First NBC Bank. He also co-owned several entities with Ashton Ryan, the bank’s president. Because of this conflict of interest, Ryan should not have been involved with the Treme’s loans. However, Ryan exercised authority over Treme’s loans with William Burnell, the chief credit officer. Throughout his borrowing relationship at First NBC Bank, Treme lacked sufficient income and cash flow from his businesses to pay his loans and personal expenses. Ryan and Burnell disguised Treme’s true financial condition by making new loans to pay his existing loans.

Further, Ryan and Burnell schemed to take $400,000 from Treme’s business partners as part of a settlement. Rather than using the $400,000 to pay down an outstanding loan debt owed by Treme and his business partners, Ryan and Burnell gave $300,000 to Treme. Treme spent the money on gambling, a trip to the Caribbean, and expenses related to a real estate development company he co-owned with Ryan. During a subsequent bank board meeting, Ryan and Burnell falsely stated that the $300,000 was used to pay down the outstanding loan debt owed by Treme and his business partners.

This case was investigated by our office, the FBI, and the FDIC OIG. It is being prosecuted by the U.S. Attorney’s Office for the Eastern District of Louisiana.
Five Individuals Charged in Pandemic-Related Fraud Attempting $46 Million in Forgivable Paycheck Protection Program Loans

In four separate cases, five individuals were charged for allegedly filing fraudulent loan applications seeking a combined $46 million in forgivable loans guaranteed by the U.S. Small Business Administration (SBA) through the Coronavirus Aid, Relief, and Economic Security Act Paycheck Protection Program (PPP).

California Man Charged in $22 Million PPP Fraud

A California man was charged with bank fraud for allegedly participating in a scheme to file fraudulent PPP loan applications seeking over $22 million on behalf of several businesses.

According to the allegations, the defendant submitted nine fraudulent loan applications. In support of the applications, he made numerous false and misleading statements about the companies’ respective business operations and payroll expenses. The applications were also supported by fake documents, including falsified federal tax filings, and failed to disclose his prior criminal record. He received more than $1 million from one of the approved PPP loan applications.

This case was investigated by our office, the FBI, and the SBA OIG. It is being prosecuted by the U.S. Attorney’s Office for the Northern District of California.

Owner of Information Technology Services Company Indicted in $13 Million PPP Fraud

The owner, president, and CEO of an information technology (IT) services company in Massachusetts was indicted for allegedly filing fraudulent PPP loan applications seeking more than $13 million. Specifically, he was charged with four counts of wire fraud and one count of making a false statement to a financial institution.

According to the allegations, in the loan applications, filed during April–June 2020, the defendant misrepresented payroll expenses, exaggerated employee counts, and falsely certified that his employees’ primary residence was in the United States. He also submitted falsified documentation in support of his PPP applications. According to the indictment, he received over $2 million of the $13 million in PPP funds he applied for.

This case was investigated by our office, the FDIC OIG, the FBI, the IRS–CI, and the SBA OIG. It is being prosecuted by the DOJ and the U.S. Attorney’s Office for the District of Massachusetts.
Business Owners Charged in $7 Million PPP Fraud

Two brothers, owners of multiple businesses, were charged with wire fraud conspiracy for their alleged participation in a scheme to file fraudulent PPP loan applications seeking nearly $7 million.

According to the allegations, the brothers conspired to submit and submitted at least eight fraudulent PPP loan applications. In support of their applications, they made numerous false and misleading statements about their companies’ respective business operations and payroll expenses. Further, the fraudulent loan applications were supported by fake documents, including falsified federal tax filings. Finally, the defendants used fraudulently obtained loan proceeds on personal expenses, including securities, home improvements, and a vehicle. To date, the government has seized over $400,000 of the more than $600,000 that the defendants obtained.

This case was investigated by our office, the FDIC OIG, the FBI, the SBA OIG, and the FHFA OIG. It is being prosecuted by the DOJ and the U.S. Attorney’s Office for the Western District of New York.

Florida Man Charged in $3.9 Million PPP Fraud

A Florida man was charged in a scheme to fraudulently obtain $3.9 million in PPP loans and use those funds, in part, to purchase a Lamborghini for himself. He was charged with one count of bank fraud, one count of making false statements to a financial institution, and one count of engaging in transactions in unlawful proceeds. Authorities seized $3.4 million from his bank accounts and the $318,000 sports car at the time of his arrest.

According to the allegations, the defendant sought some $13.5 million in PPP loans through applications to an insured financial institution on behalf of different companies. The applications made numerous false and misleading statements about the companies’ respective payroll expenses. The financial institution approved and funded about $3.9 million in loans. Within days of receiving the PPP funds, he purchased a 2020 Lamborghini Huracán, which he registered jointly in his name and in the name of one of his companies. Soon after, he failed to make the payroll payments he claimed on his loan applications. He did, however, make purchases at luxury retailers and resorts in Miami Beach. 

This case was investigated by our office, the FDIC OIG, the IRS–CI, the SBA OIG, and the U.S. Postal Inspection Service. It is being prosecuted by the DOJ and the U.S. Attorney’s Office for the Southern District of Florida.
Former Whitaker Bank President Plead Guilty to Embezzlement

A former president of Whitaker Bank, a state member bank in Kentucky, pleaded guilty to embezzling or misapplying more than $50,000 of the bank’s funds. He was also charged by way of information, waiving his right to indictment by a federal grand jury. He faces up to 30 years in prison, a $1 million fine, 5 years’ supervised release, a $100 special assessment, and forfeiture and restitution.

The former president admitted that, from January 12, 2016, to August 13, 2018, he willfully misapplied assets of the bank. He admitted to stealing golf carts and other property from a foreclosed country club owned by Whitaker Bank. He also admitted to being reimbursed for personal expenses, including vehicle repairs, technology purchases for his family, and landscaping at his home, which he intentionally misreported as legitimate work expenses.

This case was investigated by our office, the FDIC OIG, and the FBI. It is being prosecuted by the U.S. Attorney’s Office for the Eastern District of Kentucky.

Former Crown Bank CEO Plead Guilty to Bank Fraud

A former CEO of Crown Bank in Minnesota pleaded guilty to one count of wire fraud and one count of filing a false income tax return. The bank is a subsidiary of Crown Bankshares, Inc., a bank holding company supervised by the Board. The former CEO was also the president and member of the board of directors of Crown Bankshares, Inc.

The former CEO fraudulently used the bank’s funds to pay substantial personal debts and expenses and altered records to hide his activity. From 2012 to 2017, he made false entries to conduct transactions for his own benefit without notifying the bank’s board of directors and without properly notifying the appropriate state and federal regulatory agencies. He also allegedly deceived investors about a pending deal for another bank to acquire Crown Bank at a premium when there was no agreement with the bank in question. Further, he allegedly filed a false income tax return for 2016 by not disclosing $720,000 in income from transactions designed to look like loans or stock purchases from third parties but that were instead going directly to himself. The false tax return resulted in a tax loss of about $285,200.

This case was investigated by our office, the FBI, the FDIC OIG, and the IRS–CI. It is being prosecuted by the U.S. Attorney’s Office for the District of Minnesota in Minneapolis.
**Case Highlights**

**Former First Midwest Bank Vice President Sentenced for Embezzlement**

Former vice president and market sales manager at First Midwest Bank, a state member bank in Illinois, was sentenced to 6 months in federal prison after pleading guilty to an information charging him with one count of embezzlement from a financial institution. He was also sentenced to 2 years’ supervised release and ordered to pay $125,457 in restitution and a $100 special assessment. As a result of his conviction, he is prohibited from employment by any federally insured depository institution.

From around November 2016 to February 2019, the former vice president used his position of private trust on 131 occasions to cause First Midwest Bank to debit a total of $125,457 from its general ledger accounts based on his false and fraudulent representations that, among other things, the requested funds were being credited to bank customers or were used to fund promotional and charitable events in the community. He attempted to conceal his embezzlement by causing First Midwest Bank to deposit the general ledger funds into about 15 different bank accounts under his control, including accounts in his name, in the names of his family members, and in the names of two individuals without their knowledge or authorization. He obtained the two individuals’ personal information by using the bank’s computers to access their accounts.

This investigation was conducted by our office. It was prosecuted by the U.S. Attorney’s Office for the Northern District of Illinois.

**Former Arvest Bank Employee Plead Guilty for Embezzlement Scheme**

A former mortgage sales assistant at Arvest Bank, a state member bank in Oklahoma, pleaded guilty to one count of fraud and related activity in connection with access devices.

In 2019, she used her position to embezzle almost $25,000 from an elderly customer of the bank. She created a series of debit card transactions and false entries to cover up the scheme. As part of the plea deal, she will be required to repay the funds to the victim and prohibited from working in the banking industry. She also faces up to 10 years in prison and a $250,000 fine.

This investigation was conducted by our office. It was prosecuted by the U.S. Attorney’s Office for the Northern District of Oklahoma.
Former SmartBank Vice President of Loan Operations Sentenced for Embezzlement

The former vice president of loan operations for SmartBank, a state member bank based in Tennessee, was sentenced to 15 months in prison, 4 years’ supervised release, and $516,630 in restitution in a plea agreement after being charged with one count of embezzlement and one count of filing a false tax return.

The former vice president of loan operations’ responsibilities included overseeing the entry of financial transactions in SmartBank’s general ledger system. From about 2013 to 2018, she manipulated SmartBank’s general ledger to fund the issuance of 60 cashier’s checks totaling nearly $360,000. About $150,000 was deposited into her bank account and used to pay credit card bills, auto loan payments, and other living expenses. The rest, including about $27,000 used to purchase a travel trailer, supported her lifestyle. Further, she manipulated SmartBank’s general ledger system to fraudulently reduce her home mortgage loan by more than $200,000 and her parents’ home mortgage loan by $46,000. In addition, she failed to report the embezzled funds as income on her tax returns.

This investigation was conducted by our office, the FBI, the FHFA OIG, and the IRS–CI. It was prosecuted by the U.S. Attorney’s Office for the Eastern District of Tennessee.

Former Arvest Bank Branch Manager Sentenced for Embezzlement Scheme

A former branch manager at Arvest Bank, a state member bank in Arkansas, was sentenced to one weekend in jail, 2 years’ supervised release, and a $100 special assessment after pleading guilty to making false entries in bank records. As a result of her conviction, she is prohibited from employment by any federally insured depository institution.

The former branch manager misused her authority to conduct nearly $22,000 in fraudulent transactions in bank customers’ accounts. She attempted to conceal her activity by creating bogus transaction documents showing funds moving between the customers’ accounts when in reality she was embezzling the funds.

This investigation was conducted by our office. It was prosecuted by the U.S. Attorney’s Office for the Eastern District of Arkansas.
Wells Fargo and Co. and its subsidiary, Wells Fargo Bank, N.A., have agreed to pay $3 billion to resolve matters stemming from a years-long practice of pressuring employees to meet unrealistic sales goals. Wells Fargo admitted to this practice and that it collected millions of dollars in fees and interest to which the company was not entitled, harmed the credit ratings of certain customers, and unlawfully misused customers’ sensitive personal information.
Beginning in 1998, Wells Fargo increased its focus on sales volume and reliance on annual sales growth. A core part of this sales model was the cross-sell strategy—selling existing customers additional financial products.

Well Fargo’s Community Bank, then the largest operating segment of Wells Fargo, implemented a volume-based sales model in which employees were directed and pressured to sell large volumes of products to existing customers, often with little regard to actual customer need or expected use. Onerous sales goals and management pressure led thousands of employees to engage in unlawful conduct—including fraud, identity theft, and the falsification of bank records—and unethical practices to sell products of no or little value to the customer.

Many of these practices were referred to within Wells Fargo as gaming. Customer signatures were forged to open accounts without authorization, PINs created to activate unauthorized debit cards, money moved from millions of customer accounts to unauthorized accounts, credit cards and bill pay products opened without authorization, customers’ contact information altered to prevent them from learning of unauthorized accounts, and customers encouraged to open accounts they neither wanted or needed.

Despite knowledge of the illegal sales practices, Community Bank senior leadership failed to prevent and reduce these practices. To Wells Fargo management and the board of directors, they cast the problem as driven by individual misconduct instead of the sales model itself.

“This settlement holds Wells Fargo accountable for tolerating fraudulent conduct that is remarkable both for its duration and scope, and for its blatant disregard of customers’ private information,” said Deputy Assistant Attorney General Michael D. Granston of the DOJ’s Civil Division.

“Our office is committed to bringing to justice those who deliberately falsify and fabricate bank records in order to deceive regulators and the public,” said Inspector General Mark Bialek of the Board of Governors of the Federal Reserve System and the Bureau of Consumer Financial Protection. “I commend our agents and our law enforcement partners for their hard work and persistence that led to today’s announcement.”

This case was the result of coordination among our office; the DOJ, including multiple U.S. Attorney’s offices; the SEC; the FBI; the FDIC OIG; the FHFA OIG; and the United States Postal Inspection Service.
Teaming Up With Other Agencies to Solve Financial Crime Cases

How outreach, partnership, and collaboration lead to successful investigations

Financial crimes like bank fraud and loan fraud tend to be complex. The evidence for such crimes often includes tens of thousands of documents—bank statements, emails, Call Reports, text messages, loan files, and other records—which can be time consuming to analyze.
Criminal statute violations often fall within the jurisdiction of multiple agencies. To effectively investigate financial crimes, our special agents often collaborate with other agencies.

**Why We Work Together**

**Personnel.** We have field offices in Chicago, Miami, New York City, and San Francisco. Each field office carries multiple cases and is responsible for several states. Interviews are usually conducted with two agents, and we leverage our relationships with partner agencies when needed. Other agencies often assist with surveillance, undercover operations, and arrests, which may require additional personnel. And because agents sometimes work cases that are based several states away, it can be valuable to partner with an agent in the geographic vicinity of the person being investigated in order to better access local contacts and information.

**Access to technological resources.** Working together allows agencies to share technological resources. For example, the FDIC has resources to efficiently retrieve and search records from banks that have closed. We have a forensic analysis team that can retrieve records, emails, and text messages from computers, smart phones, and other electronic devices. Sharing resources helps us solve cases effectively and save money.

**Sharing expertise.** Special agents have diverse backgrounds and experiences that position them to contribute in varied ways. For example, some agents have financial backgrounds, while others are skilled at undercover operations or surveillance techniques. Agencies also have different types of resources, such as dedicated analysts, surveillance teams, and access to investigative systems or information. As one agent described it, everyone who is part of the investigative team contributes a piece of the puzzle to solve the crime.

**Referrals.** Sometimes a case doesn’t exactly fit what we do. Knowing agents at various agencies and understanding what kinds of cases fall into their jurisdiction makes it easier to provide and receive case referrals.

**Concurrent jurisdiction.** In many cases, several OIGs have concurrent jurisdiction, so it makes sense to work together. For example, while a bank may be supervised by a Reserve Bank, the FDIC may also have concurrent jurisdiction because of the Deposit Insurance Fund (the fund that pays back depositors after a bank fails). Cases of loan fraud may also involve the SBA or FHFA OIGs.

**Building Collaborative Relationships**

Our collaborative relationships with other agencies are essential to our work, and we prioritize building and maintaining these relationships through outreach. For example, our Chicago field office cohosts the Illinois Fraud Working Group with the U.S. Attorney’s Office Northern District of Illinois. The quarterly meetings, attended by financial OIGs, federal regulators, and other federal law enforcement, provide an opportunity to discuss cases and trends. In addition, the Chicago and San Francisco field offices often schedule their quarterly firearms training with other agencies as an opportunity to share resources and build relationships.

We also maintain collaborative relationships with staff within the Board, the Bureau, and the Reserve Banks, like bank examiners, who are essential to solving cases. These experts can provide firsthand knowledge that can make them a key witness in a case.

Of course, collaboration can be challenging. Agents travel frequently, and coordinating plans can be difficult. In addition, an agency’s priorities can change at any time, so an agent may be required to abruptly switch to a different case. But dealing with the drawbacks is clearly worth it.

**Collaboration Pays Off**

Many of our recent cases were solved through collaboration.

**CFG Community Bank.** In a recent case, the former acting President of CFG Community Bank, a state member bank, diverted more than $900,000 in funds for his own benefit. After pleading guilty to one count of bank fraud and one count of income tax evasion, he was sentenced to 3 years in federal prison. This was a joint investigation by our office, the FBI, the Social Security Administration OIG, and the IRS–CI and was prosecuted by the U.S. Attorney’s Office for the District of Maryland.
Société Générale S.A. In another case, Société Générale paid $1.34 billion in penalties for conspiring to violate the Trading with the Enemy Act—the second-largest penalty ever imposed on a financial institution for violations of U.S. economic sanctions. We conducted this investigation with the IRS–CI; the case was prosecuted by the U.S. Attorney’s Office for the Southern District of New York.

Agencies We Collaborate With

- Federal Bureau of Investigation
- Federal Deposit Insurance Corporation
- Federal Housing Finance Agency
- Internal Revenue Service
- U.S. Department of the Treasury
- U.S. Small Business Administration

Fighting Financial Crime

Financial crimes aren’t just a matter of money. Although such crimes may seem abstract and victimless, they generate costs and consequences at a real, human level. Financial crimes often cause banks to close, which can have a communitywide effect, especially in rural areas. A recent Federal Reserve report found that when bank branches close, accessing financial services becomes more expensive and less convenient, especially for small business owners, older people, and those who have lower incomes and less reliable access to transportation. These effects can reverberate through the entire community.

Our work not only helps bring those who commit crimes to justice, but also deters crime by sending a clear message that there will be consequences for such crimes. We could not work as effectively and efficiently without the help of other agencies. Ultimately, collaboration helps the Office of Investigations achieve the OIG’s mission—to improve economy, efficiency, and effectiveness, and to prevent and detect fraud, waste, and abuse.
Training for OIG Special Agents

What happens when institutions provide false documents to Board or Bureau examiners or an examiner takes a bribe to look the other way? Or when an employee uses agency information—like confidential financial data—for personal gain? OIG special agents are trained to investigate.
White-collar crime investigations involve myriad law enforcement skills that special agents develop through years of training and experience. In fact, an OIG special agent’s training never ends.

The OIG hires new special agents as well as special agents from other government agencies who may already have years of law enforcement experience. Special agent candidates must meet a set of physical requirements, such as having good vision and hearing. They also must be under 37 years old and have a bachelor’s degree. Most important, before new hires can become special agents, they must successfully complete a comprehensive federal training course in criminal investigation.

Criminal Investigator Training Program: Law Enforcement Basics

All special agents are required to pass an 11-week course called the Criminal Investigator Training Program (CITP) through the Federal Law Enforcement Training Centers (FLETC). CITP is held on the FLETC campus in Glynco, Georgia, and incorporates lectures, laboratory work, practical exercises, and written exams to teach arrest and search techniques, self-defense, marksmanship, and other skills. In addition to CITP, newly hired first-time agents also take an OIG-specific course, while current special agents participate in a shorter transitional training.

During CITP, trainees work a simulated case—for example, an allegation that computers have been stolen and are being sold online—and use that case to practice skills they are learning, including interviewing suspects and witnesses, performing surveillance and undercover operations, writing and executing search and arrest warrants, writing a criminal complaint, obtaining an indictment, and testifying in a courtroom hearing. Agents must learn not only how to work within the parameters of the law, but also how to protect themselves when people don’t comply with lawful commands.

Most federal law enforcement agencies send their special agents to CITP (some agencies, like the FBI and the Drug Enforcement Administration, are large enough to have their own training programs). Living and training alongside investigators working for other agencies helps special agents make contacts and build relationships that can be useful throughout their careers. Many special agents enjoy the camaraderie that develops among the trainees.

Trainees must endure paramilitary-style training, including living in dorms, wearing uniforms, adhering to regimented schedules, running in cadence, and embracing a team mentality. They must also balance the academic course load and physical demands with the challenges that come from being away from home for several months. Getting through the program requires commitment, mental and physical toughness, and grit.

IG Investigator Training Program: OIG-Specific Training

Within their first year of OIG employment and within 3 to 6 months of completing CITP, special agents take the Council of the Inspectors General on Integrity and Efficiency’s IG Investigator Training Program. In this 3-week course, also held in Glynco, Georgia, special agents learn how to apply the framework of legal considerations and
tactical training to the OIG environment. They also learn about the authorities, duties, responsibilities, and obligations associated with the Inspector General Act of 1978, as amended. Topics covered include IG subpoenas, employee misconduct investigations, and government workplace searches, among many others.

**Specialized Training: Developing Expertise**

Many special agents also pursue specialized training in areas such as computer forensics; undercover operations; firearms; and control tactics, a term for defensive tactics that emphasize proactive physical control of the situation. These specialized training classes can be weeks or months long. Other special agents have developed expertise in bank fraud, money laundering, the Bank Secrecy Act, or other financial topics. Many OIG special agents are also qualified to teach specialized training courses.

Having special agents who specialize in different areas ensures that the OIG will be prepared to investigate a variety of cases. For example, if a special agent is interviewing a banker, the agent must have enough subject-matter knowledge to understand whether the banker’s responses make sense and to know which follow-up questions are appropriate.

**Ongoing Training: Maintaining Skills and Knowledge**

Special agents also complete a variety of ongoing training assignments. Every quarter, for example, special agents must pass a firearms training that involves a qualification course for several firearms and long guns. Special agents must achieve a certain accuracy score each time.

Special agents also undergo annual training on several topics, including flying armed on airplanes, safety around blood-borne pathogens, and ethics. Every 3 years, special agents take additional training on a variety of topics, including a legal refresher course, first aid and CPR, physical conditioning and defensive tactics, arrest techniques, and intermediate weapons.

Ongoing training can be time intensive, but it’s important to stay up to date on laws and law enforcement practices, which change periodically. Training also ensures that special agents maintain the skills and knowledge that they might not use regularly. And while the training covers a wide range of topics, this scope reflects the extensive skill set required by the job.

**Meeting Evolving Demands**

The financial and regulatory environment is always changing, so special agents must also grow and ensure that they have the right skills and mindset to meet evolving demands. In interviews, special agents emphasized how having a mindset of constantly striving to improve and ensuring that they were well prepared helped them succeed—and stay safe—on the job. Ultimately, training builds the foundation of skills and knowledge special agents need to help the OIG combat fraud, waste, and abuse.
More About the OIG

Information Technology
IT auditors conduct audits and evaluations of the economy, efficiency, and effectiveness of the IT programs and systems of the Board and the Bureau. These audits focus on information security controls, systems development, operations, investment, and contractor support. IT staff also provide data analytics support for audits, evaluations, and investigations.

Audits and Evaluations
Auditors conduct audits and evaluations of the economy, efficiency, and effectiveness of the programs and operations of the Board and the Bureau; the agencies’ compliance with applicable laws and regulations; the effectiveness of their internal controls; and the presentation and accuracy of the Board’s and the Federal Financial Institutions Examination Council’s financial statements.

Front Office
Front office staff plan and execute our strategic direction, manage communications, execute our internal quality assurance function, provide general support for our IT infrastructure, and provide administrative and human resources services.

Legal Services
Attorneys advise the inspector general and staff on all legal matters and provide strategic analysis, counseling, research, and representation. Legal staff also conduct legislative and regulatory reviews and manage congressional and media relations.
**OIG Hotline**

Help the Board and the Bureau work efficiently; effectively; and free of fraud, waste, and abuse.

**What should I report?**

- Violations of federal laws or agency policies
- Contract and procurement irregularities
- Travel card or purchase card fraud
- Ethics violations or conflicts of interest by agency officials
- Employee misconduct
- Theft or abuse of property
- Obstruction of agency operations, such as providing false information to regulators
- Waste or mismanagement of funds or government resources

**How do I report?**

- [oig.federalreserve.gov/hotline](http://oig.federalreserve.gov/hotline)
- [oig.consumerfinance.gov/hotline](http://oig.consumerfinance.gov/hotline)
- 1-800-827-3340

Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW
Mail Stop K-300
Washington, DC 20551

**Am I protected?**

We will not disclose your identity except in rare circumstances where it’s unavoidable. Further, Board and Bureau employees are protected by law from reprisals or retaliation for contacting us. Reserve Bank staff should refer to their Reserve Bank policy.