

**Office of Inspector General**

Board of Governors of the Federal Reserve System  
Consumer Financial Protection Bureau

# Semiannual Report to Congress

October 1, 2023–March 31, 2024





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Consumer Financial Protection Bureau



# Message From the Inspector General

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We recently issued our *Strategic Plan 2024–2027*, which provides an overview of our organizational goals and objectives for the next 4 years. Much has changed since our previous strategic plan: The COVID-19 pandemic transformed the global economy and the landscape of work, and ongoing technological advancements appear likely to further alter the ways we work and live. Meanwhile, the Board of Governors of the Federal Reserve System and the Consumer Financial Protection Bureau continue to receive heightened interest from stakeholders given their critical roles in the nation’s economy and our current business environment.

In our updated strategic plan, we remain steadfast to our vision: To be *the* trusted oversight organization of the Board and the CFPB. We also continue to honor our values of collaboration and teamwork; diversity, equity, inclusion, and accessibility (DEIA); excellence; integrity; objectivity and independence; and respect. To support our ongoing DEIA initiatives, we have also issued our first *Diversity, Equity, Inclusion, and Accessibility Strategic Plan, Fiscal Years 2024–2027*, which identifies specific actions that will help us ensure we are creating a diverse, inclusive, equitable, and accessible work environment.

Our strategic plan notes the continued need to be at the forefront of technological evolution in areas including artificial intelligence and big data. Information technology (IT) advancements also make it easier than ever to collaborate across distance and time zones, and in recent years, we have seen an increased level of interaction between the Board and the Federal Reserve Banks. Such collaboration has benefits but also raises potential security risks and questions about oversight.

In this reporting period, we tested security controls for several IT platforms and programs, including a videoconferencing platform that Board staff used to collaborate with outside parties during the COVID-19 pandemic and in its subsequent hybrid work environment; for a videoconferencing platform the CFPB uses to enable real-time collaboration among employees and virtual teams; for the CFPB’s use of Microsoft Office 365; and for the Board’s Projection Collection System, which is used to securely store economic projections from Federal Open Market Committee (FOMC) participants. Overall, in all four reports, we found that the security controls we tested were effective, and in several reports, we made suggestions for strengthening controls further.

Ethics and conflicts of interest remain other areas of heightened interest. In January, we released reports on our investigations into the 2020 trading activities of certain senior Board and Reserve Bank officials. During this reporting period, we also closed certain recommendations from an evaluation we completed in 2023 that assessed the design and effectiveness of the personal investment and trading policy that the

FOMC adopted after the trading incidents. Specifically, in response to the recommendations from our evaluation, the Board’s Ethics Office amended the *Investment and Trading Policy for FOMC Officials* to expand the employees subject to the investment and trading restrictions and to include new restrictions for employees with access to confidential Class I FOMC information. Separately, we conducted an evaluation to assess the extent to which the CFPB promotes a focus on independence and has policies, procedures, and controls to mitigate the risk of conflicts of interest among Division of Supervision, Enforcement and Fair Lending employees and found that the CFPB can enhance certain practices to mitigate the risk of conflicts of interest for these employees.

In our material loss review of Heartland Tri-State Bank, which had about \$139 million in assets before it failed in summer 2023, we found that the bank failed because of alleged fraud by its chief executive officer, who initiated wire transfers totaling about \$47.1 million of the bank’s funds as part of an apparent cryptocurrency scheme. We recommended that the Board raise awareness among state member banks of cryptocurrency scams and train examiners on such scams and relevant preventive and detective controls at banks.

In other work this reporting period, we assessed the Board intelligence programs’ control environment for its core business processes and found that these programs do not maintain certain foundational governance documents and lack measurable performance objectives. We intend to monitor the Board’s progress in implementing our recommendations and will assess the need to conduct further evaluations. Stemming from our review of the Board intelligence programs, we issued a memorandum report in which we found that while the Board has a detailed policy for safeguarding various levels of sensitive information, the policy does not address controlled unclassified information; we made recommendations to ensure the proper handling of such information. We also assessed the CFPB’s eligibility verification processes for the four health benefits programs available to employees and made recommendations to strengthen the CFPB’s enrollment procedures and improve certain eligibility verification controls for the agency’s vision and dental programs. Finally, we found that the CFPB can enhance certain aspects of its enforcement investigations process, and we recommended actions for the agency to track timing expectations for key steps in the enforcement process to help mitigate delays and reinforce documentation requirements for investigations.

Our investigators continue to send a strong message that wrongdoers will be brought to justice. In one recent case, Argus Information & Advisory Services agreed to pay \$37 million to settle allegations it improperly accessed, used, and retained anonymized credit card data it received through contracts with federal regulators, including the Board, the CFPB, the Federal Reserve Bank of Philadelphia, and the Office of the Comptroller of the Currency. In another recent case, the chief executive officer of a California residential reentry home was sentenced to 17 years for a \$34 million Paycheck Protection Program fraud

scheme and other crimes. And in a recent bank fraud case, Massachusetts loan brokers and a bank loan officer were sentenced to prison for conspiracy to commit a multimillion-dollar bank fraud.

Overall, in the past 6 months, our Office of Investigations closed 41 investigations and resolved 189 hotline complaints. Our work resulted in 11 referrals for criminal prosecution; 28 arrests; 7 indictments; 11 criminal informations; 35 convictions; and \$248 million in criminal fines, restitution, forfeiture, and civil judgments.

As we look to the future, we remain attentive to several areas of interest. For instance, we are closely monitoring the ongoing legal challenge to the constitutionality of the CFPB's funding mechanism. In addition, we are actively researching generative artificial intelligence to better understand how it might affect our work and that of the Board and the CFPB. Other issues, however, are likely to emerge without warning. Ultimately, we know that we must remain agile and flexible as our priorities adjust and new concerns develop.

Our work would not be possible without the tremendous skill and dedication of the Office of Inspector General staff, who continue to meet evolving challenges with determination, flexibility, and creativity. I am truly grateful for their steadfast commitment to our mission, vision, and values, and I am deeply proud of the work they have accomplished.

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  
April 30, 2024







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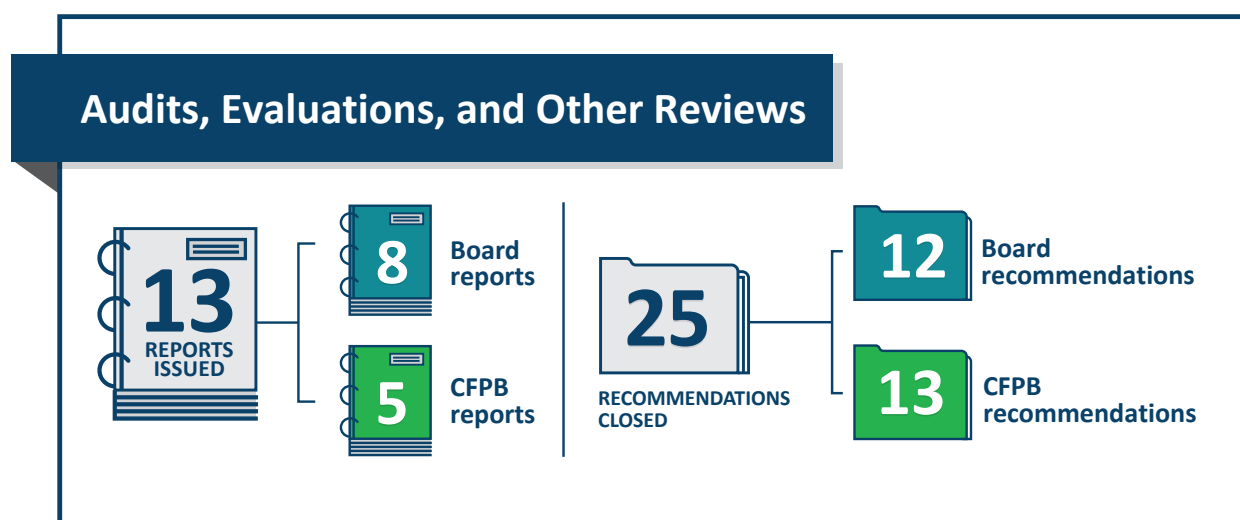
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# Highlights

We continued to promote the integrity, economy, efficiency, and effectiveness of the programs and operations of the Board of Governors of the Federal Reserve System and the Consumer Financial Protection Bureau. The following are highlights, in chronological order, of our work during this semiannual reporting period.



## Credit Quality of Main Street Lending Program Loans

The Main Street Lending Program (MSLP) special purpose vehicle team established and followed processes for quarterly credit scoring, including monitoring payment performance, and workout loan management.

## The Board's Videoconferencing Platform

The selected security controls for the Board's videoconferencing platform were effective overall; however, the Board can improve account management, audit log review, and security assessment and authorization controls.

## The Board's Intelligence Programs

The Executive Intelligence Oversight Group did not establish foundational governance documents, measurable performance objectives, or policies and procedures documenting the roles and responsibilities for two of its three core functions.

## Heartland Tri-State Bank

Heartland Tri-State Bank failed because of alleged fraud by its chief executive officer (CEO), who initiated wire transfers totaling about \$47.1 million of the bank’s funds as part of an apparent cryptocurrency scheme. The bank’s failure cost the Deposit Insurance Fund (DIF) an estimated \$54 million.

## The Board’s Projection Collection System

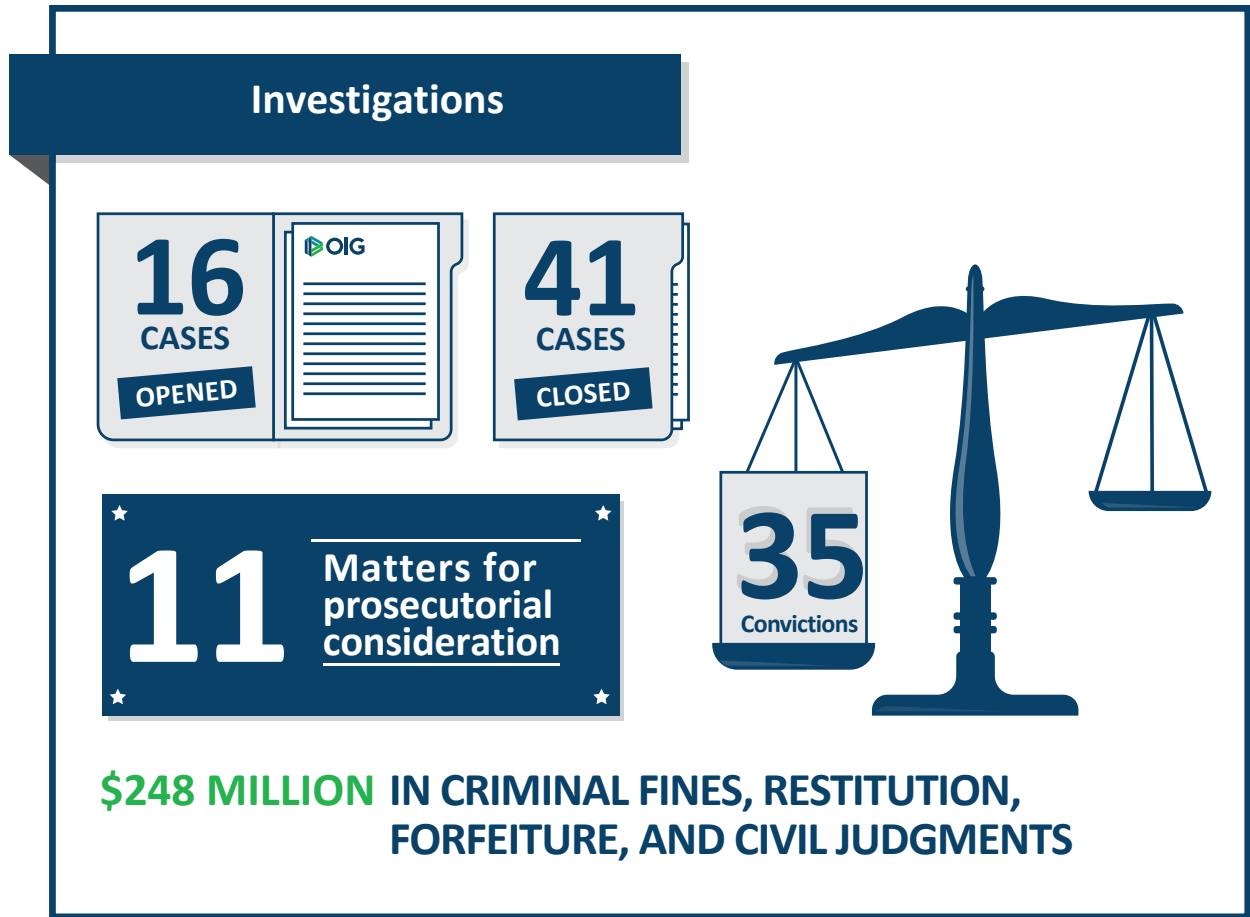
The Board’s Projection Collection System is used to securely store economic projections from Federal Open Market Committee (FOMC) participants before the projections are released to the public. Overall, the security controls we tested for the Projection Collection System were effective; however, the Board can strengthen configuration management controls.

## CFPB Practices to Mitigate Conflicts of Interest

The CFPB can mitigate the risk of conflicts of interest for examiners by clarifying rotation requirements for certain key examiners and by implementing an assignment tracking mechanism to monitor rotations and ensure policy compliance.

## The CFPB’s Videoconferencing Platform

The selected security controls tested for the videoconferencing platform were operating effectively; however, management can consider improving the monitoring of the videoconferencing platform’s chat communications.



### Investigation Into Board Trading Activity

We investigated allegations that Board Chair Jerome Powell and former Vice Chair Richard Clarida violated laws, rules, regulations, or policies related to trading activities. While their trading activities complied with rules in effect at the time, these rules did not sufficiently support public confidence in the impartiality and integrity of the policymakers and senior staff carrying out the public mission of the FOMC's work.

### Investigation Into Federal Reserve Bank Trading Activity

We investigated allegations that Robert Kaplan, former president of the Federal Reserve Bank of Dallas (FRB Dallas), and Eric Rosengren, former president of the Federal Reserve Bank of Boston (FRB Boston), violated laws, rules, regulations, or policies related to trading activities. We did not find that Mr. Kaplan's trading activities violated laws, rules, regulations, or policies related to trading activities as investigated by our office. We did find, however, that omissions on his 2020 financial disclosure report created appearance issues under the FOMC blackout rule and FRB Dallas's code of conduct. We also had findings

related to omissions and discrepancies on Mr. Rosengren’s 2020 financial disclosure form, and we believe that his trading activities in real estate investment trusts in 2020 created an appearance of a conflict of interest.

### **Argus to Pay \$37 Million Settlement for Misusing Data**

Argus Information & Advisory Services agreed to pay the United States \$37 million to settle allegations it improperly accessed, used, and retained anonymized credit card data it received through contracts with federal regulators, including the Board, the CFPB, the Federal Reserve Bank of Philadelphia, and the Office of the Comptroller of the Currency.

### **California CEO Sentenced for \$34 Million Paycheck Protection Program Fraud and Other Crimes**

Attila Colar, former CEO of All Hands on Deck, was sentenced to 17 years in prison and ordered to pay nearly \$1.2 million in restitution after being convicted of 44 counts related to a \$34 million Paycheck Protection Program (PPP) fraud scheme and other crimes.

### **Massachusetts Loan Brokers and Bank Loan Officer Sentenced for Multimillion-Dollar Bank Fraud**

Ted Capodilupo and Joseph Masci, operators of a loan brokerage business, and Brian Ferris, a loan officer at a Massachusetts bank, were sentenced to a year in prison and combined \$4 million in restitution for conspiracy to commit bank fraud. They developed a scheme to defraud a bank and the U.S. Small Business Administration (SBA) by submitting fraudulent loan applications for ineligible borrowers and pocketing the associated fees.



# Introduction

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Established by Congress, we are the independent oversight authority for the Board and the CFPB. In fulfilling this responsibility, we conduct audits, evaluations, investigations, and other reviews related to Board and CFPB programs and operations.

In accordance with the Inspector General Act of 1978 (5 U.S.C. §§ 401–424), our office has the following responsibilities:

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

Congress has also mandated additional responsibilities that influence our priorities, including the following:

- Section 15010 of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act; 15 U.S.C. § 9001 note) established the Pandemic Response Accountability Committee (PRAC) within the Council of the Inspectors General on Integrity and Efficiency (CIGIE). PRAC is required to conduct and coordinate oversight of covered funds and the coronavirus response to detect and prevent fraud, waste, abuse, and mismanagement and to identify major risks that cut across programs and agency boundaries. PRAC is also required to submit reports related to its oversight work to relevant federal agencies, the president, and appropriate congressional committees. The CIGIE chair named our inspector general (IG) as a member of PRAC, and as such, we participate in PRAC meetings, conduct PRAC oversight activities, and contribute to PRAC reporting responsibilities.
- 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 testing the effectiveness of security controls and practices for selected information systems.

- Section 11B of the Federal Reserve Act (12 U.S.C. § 248b) mandates annual independent audits of the financial statements of each Reserve Bank and of the Board. The Board performs the accounting function for the Federal Financial Institutions Examination Council (FFIEC), and we oversee the annual financial statement audits of the Board and of the FFIEC.<sup>1</sup> Under the Dodd-Frank Wall Street Reform and Consumer Protection Act, the U.S. Government Accountability Office performs the financial statement audit of the CFPB.
- The Payment Integrity Information Act of 2019 (PIIA; 31 U.S.C. §§ 3351–58) 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 the PIIA. The PIIA requires us to determine each fiscal year whether the agency complies with the act.
- The Government Charge Card Abuse Prevention Act of 2012 (5 U.S.C. § 5701 note and 41 U.S.C. § 1909(d)) requires us to conduct periodic risk assessments and audits of the Board’s and 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 211(f) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (12 U.S.C. § 5391(f)) requires that we review and report on the Board’s supervision of any covered financial company that is placed into receivership. We are 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. § 424 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 IG, with a focus on concerns that may apply to the broader financial sector and ways to improve financial oversight.<sup>2</sup> Additionally, CIGFO must report annually about the IGs’ concerns and recommendations, as well as issues that may apply to the broader financial sector. CIGFO can also 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.

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1. The FFIEC is a formal interagency body empowered to (1) prescribe uniform principles, standards, and report forms for the federal examination of financial institutions by the Board, the Federal Deposit Insurance Corporation, the National Credit Union Administration, the Office of the Comptroller of the Currency, and the CFPB and (2) make recommendations to promote uniformity in the supervision of financial institutions.

2. 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 Federal Deposit Insurance Corporation, 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.



- Section 38(k) of the Federal Deposit Insurance Act, as amended by the Dodd-Frank Act (12 U.S.C. § 1831o(k)), outlines certain review and reporting obligations for our office when a state member bank failure occurs. The nature of those review and reporting requirements depends on the size of the loss to the DIF.
- 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. We perform the external oversight function for the Board’s law enforcement program.





## Pandemic Response Oversight

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The economic disruptions caused by the COVID-19 pandemic resulted in an abrupt shock to financial markets and affected many credit channels relied on by households, businesses, and state and local governments. In response, the Board took steps to support the flow of credit to U.S. households and businesses. Notably, the Board used its emergency lending authority under section 13(3) of the Federal Reserve Act to create lending programs, with the approval of the secretary of the U.S. Department of the Treasury, to ensure liquidity in financial markets and to provide lending support to various sectors of the economy. In addition, the CFPB has played a vital role throughout the pandemic by enforcing federal consumer protection laws and protecting consumers from abuse.

Although the federal government declared an end to the pandemic, matters related to the lending programs, in particular, investigations of alleged fraud, will continue for the foreseeable future. Two of the Board's lending facilities are still active. The MSLP and Paycheck Protection Program Liquidity Facility (PPPLF) programs are in the repayment phase, with borrowers repaying MSLP loans and PPPLF participants providing payments against advances. The Board continues to submit monthly reports to Congress summarizing this activity.

We are closely coordinating with the U.S. Government Accountability Office; PRAC, which coordinates IG community oversight of the federal government's COVID-19 pandemic response efforts; the Special Inspector General for Pandemic Recovery (SIGPR); the SBA Office of Inspector General; the U.S. Department of Justice (DOJ); and other OIGs to ensure robust oversight of the Board's pandemic response activities, and we are overseeing the CFPB's pandemic response activities through our own reviews, to efficiently deploy resources where they are most needed.

Inspector General Bialek continues to serve on PRAC; he serves as the vice chair of the PRAC Investigations Subcommittee.

## Status Updates for Completed, Initiated, and Planned Work

In 2020, we initiated a pandemic response monitoring effort for risk assessment purposes and as part of our audit planning activities. We primarily focused on the Board's pandemic response lending programs, which helped to inform our selection of prospective audit and evaluation topics. This monitoring effort generally focused on the following topics:

- governance and controls to ensure consistent execution of the Board’s programs by the Reserve Banks designated to put them into action, as well as vendor activities to execute program objectives
- coordination activities among the Reserve Banks or the designated program manager to execute, monitor, and improve that execution over time
- data aggregation and validation, particularly before program-related information is shared with the public or congressional stakeholders
- whether pandemic response lending efforts served the intended communities

Although the CFPB was not directly funded by the CARES Act or tasked with CARES Act requirements, the agency played a vital role in protecting consumers from pandemic-related consumer financial fraud and abuse. Our monitoring effort included these activities.

The ongoing audits and evaluations we have initiated based on these activities and their status are outlined below.

## **Evaluations of the Federal Reserve System’s Loan Purchase and Administration for Its MSLP**

We issued the second report of this two-phase assessment in October 2023; see the [summary](#) below.

### **Evaluation of the Federal Reserve System’s PPPLF**

The Board established the PPPLF to extend credit to financial institutions that originate loans through the SBA’s guaranteed PPP, taking the PPP loans as collateral. The PPPLF, managed by the Federal Reserve Bank of Minneapolis and operated out of the 12 Reserve Banks, distributed billions of dollars to eligible lenders. We are assessing the effectiveness of the Federal Reserve System’s processes for (1) identifying and managing risk and unresolved loans, (2) addressing nonpayment, and (3) detecting and mitigating fraudulent collateral. We plan to issue this report during the next reporting period.

### **Audit of the CFPB’s Consumer Response Operations**

The CFPB uses consumer complaints to help inform the agency’s supervision, enforcement, and policymaking activities. With the increase in consumer complaints it received during the COVID-19 pandemic, the Office of Consumer Response continues to face an operational risk with respect to its effectiveness in reviewing and monitoring consumer complaints. We are assessing the effectiveness of the CFPB’s processes for reviewing and monitoring company responses to consumer complaints. We plan to issue this report during the next reporting period.

## Security Control Review of the CFPB’s Consumer Response System

FISMA requires us to perform an annual independent evaluation of the CFPB’s information security program, to include testing the effectiveness of controls for select systems. As part of our 2023 FISMA audit, we contracted with an independent accounting firm to test the effectiveness of selected security controls for the CFPB’s consumer response system. This system is used by the CFPB to collect, respond to, and refer consumer inquiries and complaints concerning consumer financial products and services. As noted above, the consumer response system is dealing with a higher volume of consumer complaints received during the COVID-19 pandemic. We plan to issue a separate, restricted memorandum on the results of the testing of the consumer response system in the next reporting period.

## Pandemic-Related Investigations

Our Office of Investigations is dedicated to identifying and investigating potential fraud related to the lending facilities that are central to the Board’s pandemic response. In conducting our work in this area, we have leveraged our relationships with various federal law enforcement organizations, U.S. attorney’s offices, PRAC, and other OIGs. Since the start of the pandemic, our work has resulted in 161 full investigations; 120 arrests; 110 convictions; and nearly \$214 million in criminal fines, restitution, and special assessments. During this reporting period, we opened 4 full investigations; made 27 arrests; had 27 convictions; and recovered nearly \$18 million in criminal fines, restitution, and special assessments. Our recent investigative results and recoveries are described in the [Investigations](#) section of this report.





## Audits, Evaluations, and Other Reviews

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Audits assess aspects of the economy, efficiency, and effectiveness of Board and CFPB programs and operations. For example, we oversee audits of the Board’s financial statements and conduct 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. Our audits are performed in accordance with *Government Auditing Standards*, which is issued by the comptroller general of the United States.

Evaluations also assess aspects of the economy, efficiency, and effectiveness of Board and CFPB programs and operations. Evaluations are generally focused on the effectiveness of specific programs or functions; we also conduct our legislatively mandated reviews of failed financial institutions supervised by the Board as evaluations. Our evaluations are performed according to *Quality Standards for Inspection and Evaluation*, which is issued by CIGIE.

Other reviews may include risk assessments, data analytics or other testing, and program and operational reviews that may not be performed in accordance with audit or evaluation standards.

The information below summarizes our audits, evaluations, and other reviews completed during the reporting period.

### Board of Governors of the Federal Reserve System

#### **FRB Boston Followed Its Processes for Monitoring the Credit Quality of Main Street Lending Program Loans**

**2023-FMIC-B-017**

**October 18, 2023**

The Board authorized the MSLP to keep credit flowing to small and medium for-profit businesses and nonprofits during the COVID-19 pandemic. The MSLP is administered by FRB Boston, which established a special purpose vehicle to manage the MSLP loan portfolio. We assessed the MSLP’s processes for monitoring credit quality, including credit scoring and workout loan management.

To monitor the credit quality of MSLP loans, the MSLP special purpose vehicle team established processes for quarterly credit scoring, including monitoring payment performance, and workout loan management. The special purpose vehicle team followed its processes for all of the loans in our sample.

Our report does not contain recommendations.

## **Results of Security Control Testing of a Videoconferencing Platform Used by the Board**

**2023-IT-B-018R**

**November 27, 2023**

During the COVID-19 pandemic and subsequent hybrid work environment, the Board promoted a videoconferencing platform for staff to collaborate with outside parties. As part of our FISMA-related work, we reviewed selected information security controls for the videoconferencing platform.

The selected security controls for the videoconferencing platform were effective overall. However, we noted ways to improve account management, audit log review, and security assessment and authorization controls.

Our report includes one matter for management consideration related to the Board’s security assessment and authorization processes. Given the sensitivity of this information, this report is restricted.

## **Results of Scoping of the Evaluation of the Board’s Intelligence Programs**

**2023-MO-B-019R**

**December 11, 2023**

The Board intelligence programs perform intelligence gathering, review, and dissemination; information security oversight; and insider threat program administration. Our work to identify opportunities for improvement in the intelligence programs resulted in two reports.

This report includes our findings and recommendations based on the results of our scoping work. We reported out after scoping in part because the absence of formal policies, procedures, and documented processes limited our ability to broadly assess the control environment.

We found that the Executive Intelligence Oversight Group does not maintain foundational governance documents defining its purpose, roles, and responsibilities. In addition, we found that the Board intelligence programs (1) had not established measurable performance objectives, (2) had not established Board-specific policies and procedures documenting the roles and responsibilities for two of its three core functions, and (3) can enhance one of its core functions with additional training.

The Board generally concurred with our recommendations. Given the sensitivity of the information in our review, this report is restricted.



## **The Board Should Provide Staff With Guidance on Controlled Unclassified Information**

**2024-MO-B-001**

**January 8, 2024**

As noted above, the Board intelligence programs perform intelligence gathering, review, and dissemination; information security oversight; and insider threat program administration. In this report, we addressed a finding related to Board guidance on safeguarding controlled unclassified information.

The Board's *Information Classification and Handling Standard* details the safeguarding and storage standards for Board printed and digital information based on the sensitivity of the information. Board staff must assign one of seven Board-defined sensitivity levels when creating information or obtaining nonpublic information from an outside source. These sensitivity levels are based on the potential adverse effects or negative consequences of publicly disseminating the information and are mapped to National Institute of Standards and Technology security and privacy controls. During the scoping phase of this evaluation, we discovered that the Board's *Information Classification and Handling Standard* does not provide guidance for Board divisions on safeguarding controlled unclassified information, even though several divisions routinely handle such information.

This report contains two recommendations related to updating the *Information Classification and Handling Standard* to describe and provide expectations for safeguarding controlled unclassified information and updating associated training materials. The Board concurred with our recommendations.

## **Material Loss Review of Heartland Tri-State Bank**

**2024-SR-B-004**

**February 7, 2024**

Heartland Tri-State Bank, based in rural Kansas, had about \$122 million in assets when it failed in July 2023. The bank's failure cost the DIF an estimated \$54 million, prompting our review.

Heartland failed because of alleged fraud by its CEO, who initiated wire transfers totaling about \$47.1 million of the bank's funds as part of an apparent cryptocurrency scheme. Under the CEO's influence, bank employees circumvented internal controls and processed the transfers. The wire transfers significantly impaired Heartland's capital and liquidity, and the bank became insolvent.

In earlier examinations, the Federal Reserve Bank of Kansas City had determined that Heartland had adequate internal control policies for a bank of its size. When the Reserve Bank became aware of the wire transfers, it promptly launched a target examination, but Heartland's financial troubles were already beyond its ability to repair.

Our report contains two recommendations to help the Board raise awareness among state member banks of cryptocurrency scams and to train examiners on such scams and relevant preventive and detective controls at banks. The Board concurred with our recommendations.

## **Results of Security Control Testing of the Board’s Projection Collection System**

**2024-IT-B-005R**

**February 21, 2024**

The Board’s Projection Collection System is used to securely store economic projections from FOMC participants before the projections are released to the public. As part of our FISMA-related work, we reviewed selected information security controls for the Board’s Projection Collection System.

Overall, the security controls we tested for the Projection Collection System were effective. For example, privileged access was provisioned on a need-to-know basis and events were logged and retained as required. However, the Board can strengthen configuration management controls.

Our report includes one item for management consideration. Given the sensitivity of the information in our review, this report is restricted.

## **Federal Financial Institutions Examination Council Financial Statements as of and for the Years Ended December 31, 2023 and 2022, and Independent Auditors’ Report**

**2024-FMIC-B-006**

**February 22, 2024**

The Board performs the accounting function for the FFIEC, and we contracted with an independent public accounting firm to audit the financial statements of the FFIEC. We reviewed and monitored the work of the firm to ensure compliance with applicable standards and the contract.

In the auditors’ opinion, the financial statements presented fairly, in all material respects, the financial position of the FFIEC as of December 31, 2023 and 2022, and the results of operations and cash flows for those years in accordance with U.S. generally accepted accounting principles. In addition, the auditors did not identify any deficiencies in internal control over financial reporting; any instances of noncompliance with laws, regulations, contracts, and grant agreements; or any other matters.

## **Board of Governors of the Federal Reserve System Financial Statements as of and for the Years Ended December 31, 2023 and 2022, and Independent Auditors’ Reports**

**2024-FMIC-B-008**

**March 7, 2024**

We contracted with an independent public accounting firm to audit the financial statements of the Board and to audit the Board’s internal control over financial reporting. We reviewed and monitored the work of the firm to ensure compliance with applicable standards and the contract.

In the auditors’ opinion, the financial statements presented fairly, in all material respects, the financial position of the Board as of December 31, 2023 and 2022, and the results of its operations and its cash flows for those years in conformity with U.S. generally accepted accounting principles. Also, in the auditors’ opinion, the Board maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on the criteria established in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In addition, the auditors found no instances of noncompliance with laws, regulations, contracts, or other matters.

## **Consumer Financial Protection Bureau**

### **The CFPB Can Enhance Certain Aspects of Its Enforcement Investigations Process**

**2024-SR-C-002**

**January 8, 2024**

The CFPB investigates potential violations of federal consumer financial laws by entities or individuals within its authority and initiates public enforcement actions when appropriate. Timely actions, according to the agency, help to better protect consumers. We assessed the efficiency of the CFPB’s process for conducting enforcement investigations, including the timeline of the investigation process, and we reviewed the Office of Enforcement’s practices for tracking and monitoring matters.

Since fiscal year 2017, the CFPB had not met its goal to file or settle 65 percent of its enforcement actions within 2 years of opening an investigation. We found that tracking timing expectations for key steps in the enforcement process may help reveal inefficiencies that, if addressed, could mitigate delays during investigations. In addition, training staff on documentation requirements will lead to more accurate, complete information on enforcement matters.

Our report contains two recommendations designed to enhance certain aspects of the CFPB’s enforcement investigations process. The CFPB concurred with our recommendations.

## **Results of Security Control Testing of the CFPB’s Microsoft Office 365 System**

**2024-IT-C-003R**

**January 24, 2024**

The CFPB uses Microsoft Office 365 to provide its employees with a variety of productivity-oriented applications, such as email and Microsoft Excel, Exchange Online, PowerPoint, SharePoint Online, Teams, and Word. As part of our FISMA-related work, we contracted with an independent contractor to review selected information security controls for the CFPB’s Microsoft Office 365 system.

The selected security controls tested for the Microsoft Office 365 system were operating effectively. For example, the CFPB ensured that privileged accounts were provisioned, managed, and reviewed in accordance with the principles of least privilege and separation of duties. The CFPB also performed system-level risk assessments. However, the CFPB can strengthen specific contingency planning controls for Microsoft Office 365.

Given the sensitivity of the information in our review, this report is restricted.

## **The CFPB Can Enhance Certain Practices to Mitigate the Risk of Conflicts of Interest for Division of Supervision, Enforcement and Fair Lending Employees**

**2024-SR-C-007**

**February 26, 2024**

To foster public confidence in the integrity of the agency’s work, CFPB officials and staff must independently and objectively execute their financial institution supervision and oversight activities. We assessed the extent to which the CFPB promotes a focus on independence and has policies, procedures, and controls to mitigate the risk of conflicts of interest among Division of Supervision, Enforcement and Fair Lending staff.

The CFPB can mitigate the risk of conflicts of interest for Division of Supervision, Enforcement and Fair Lending examiners by formally adopting a policy to clarify rotation requirements for certain key examiners and by implementing an assignment tracking mechanism to monitor rotations and ensure compliance with the policy. These actions will promote objectivity, cross-training, and broader expertise among examiners while reducing the risk of regulatory capture.

Our report contains two recommendations designed to further enhance the CFPB’s approach to mitigating the risk of conflicts of interest. The CFPB concurred with our recommendations.

## **Results of Security Control Testing of a Videoconferencing Platform Used by the CFPB**

**2024-IT-C-009R**

**March 20, 2024**

The videoconferencing platform used by the CFPB enables real-time collaboration to connect employees and virtual teams. As part of our FISMA-related work, we contracted with an independent contractor to review selected information security controls for this videoconferencing platform.

The selected security controls tested for the videoconferencing platform were operating effectively. For example, the CFPB ensured that privileged accounts were provisioned, managed, and reviewed in accordance with the principles of least privilege and separation of duties. In addition, the CFPB performed quarterly security control assessments of the videoconferencing platform.

This memorandum report includes one item for management consideration related to monitoring of the videoconferencing platform’s chat communications. Given the sensitivity of the information in our review, this report is restricted.

## **Results of Scoping of the Evaluation of the CFPB’s Healthcare Benefits Eligibility Processes**

**2024-MO-C-010**

**March 20, 2024**

The CFPB offers healthcare benefits through its own vision and dental programs, the Federal Employees Health Benefits program, and Federal Employees Dental and Vision Program to employees and their qualified dependents. We reviewed the processes and controls that the agency uses to ensure that employees and their qualified dependents are eligible to receive those benefits.

The CFPB had conducted two internal control reviews related to the agency’s administration of its vision and dental programs. These reviews found discrepancies in the programs’ enrollment files that were not financially material. The CFPB has made some updates to policies and procedures to address the causes of the discrepancies; however, the agency can further improve its control environment for administering these programs.

We reported our findings at the end of our scoping effort because addressing our four recommendations may aid the Office of Human Capital’s continued efforts to enhance the CFPB’s vision and dental program administration processes. The CFPB concurred with our recommendations.





# 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 we complete a review of the agency's supervision of a failed institution and issue a report within 6 months of notification from the Federal Deposit Insurance Corporation (FDIC) OIG that the projected loss to the DIF is material. Section 38(k) defines a material loss to the DIF as an estimated loss in excess of \$50 million.

The material loss review provisions of section 38(k) require that we 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

In July 2023, the Kansas Office of the State Bank Commissioner closed Heartland Tri-State Bank, a state member bank located in Elkhart, Kansas, and supervised by the Federal Reserve Bank of Kansas City. The Office of the State Bank Commissioner appointed the FDIC as receiver. At the time of its failure, Heartland had total assets of approximately \$122 million. The FDIC estimated the cost of the failure to be about \$54 million, which exceeds the statutory threshold for a material loss review. We completed our [material loss review of Heartland](#) during this reporting period.

## Nonmaterial Loss Reviews

The Federal Deposit Insurance Act, as amended, requires that we semiannually report certain information on financial institutions that incur nonmaterial losses to the DIF and that fail during the 6-month period.

When bank failures result in nonmaterial losses to the DIF, the IG must 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 6-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.

No nonmaterial state member bank failures occurred during the reporting period.





# Investigations

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Our Office of Investigations investigates criminal, civil, and administrative wrongdoing by Board and CFPB employees as well as alleged misconduct or criminal activity that affects the Board's or the CFPB's ability to effectively supervise and regulate the financial community. We operate 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. Our investigations are conducted in compliance with *Quality Standards for Investigations*, issued by CIGIE, and *Attorney General Guidelines for Offices of Inspector General With Statutory Law Enforcement Authority*.

The Board is responsible for consolidated supervision of bank holding companies and state-chartered banks that are members of the System, known as *state member banks*. Under delegated authority from the Board, the Reserve Banks supervise bank holding companies and state member banks, and the Board's Division of Supervision and Regulation oversees the Reserve Banks' supervisory activities. Our investigations concerning bank holding companies and state member banks typically involve allegations that senior officials falsified financial records, lied to or misled examiners, or obstructed examinations.

The CFPB implements and enforces federal consumer financial law and supervises large banks, thrifts, and credit unions with total assets of more than \$10 billion and certain nonbank entities, including mortgage brokers, loan modification providers, payday lenders, consumer reporting agencies, debt collectors, and private education lenders. Our 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. Additionally, with certain exceptions, the CFPB's enforcement jurisdiction generally extends to individuals or entities that are engaging or have engaged in conduct that violates federal consumer financial law.

Many of our investigations during this semiannual reporting period concern fraud related to the Federal Reserve's pandemic response efforts, including the MSLP, which supported lending to small and medium-sized for-profit and nonprofit organizations in sound financial condition before the COVID-19 pandemic, and the PPPLF, which extended credit to eligible financial institutions and took PPP loans guaranteed by the SBA as collateral. In addition, our office also conducted investigations in support of our membership on PRAC. Our office is also part of DOJ's COVID-19 Fraud Enforcement Task Force.

The following are examples of our investigative activity made public during this reporting period.

## **Investigation Into Board Trading Activity**

On October 4, 2021, the Board requested that we “conduct an independent review of whether the 2020 trading activities of Rob Kaplan, President of the Dallas Federal Reserve Bank; Eric Rosengren, President of the Boston Federal Reserve Bank; and Rich Clarida, Vice Chair of the Board of Governors of the Federal Reserve System violated the law or Federal Reserve policies, whether the trading activities warrant further investigation by other authorities, and any other related matters that you deem appropriate.” In response, we initiated separate investigations of Board and Reserve Bank officials. Given public reporting regarding Chair Jerome Powell’s December 2019 financial transactions, we included his trading activities in our investigation of Board officials.

We did not find evidence to substantiate the allegations that Chair Powell or Mr. Clarida violated laws, rules, regulations, or policies related to trading activities in effect at the time and as investigated by our office. While Chair Powell and Mr. Clarida’s trading activities complied with relevant Federal Reserve and FOMC rules in effect during the scope of our investigation, these rules did not sufficiently support public confidence in the impartiality and integrity of the policymakers and senior staff carrying out the public mission of the FOMC’s work.

## **Investigation Into Reserve Bank Trading Activity**

On October 4, 2021, the Board requested that we “conduct an independent review of whether the 2020 trading activities of Rob Kaplan, President of the Dallas Federal Reserve Bank; Eric Rosengren, President of the Boston Federal Reserve Bank; and Rich Clarida, Vice Chair of the Board of Governors of the Federal Reserve System violated the law or Federal Reserve policies, whether the trading activities warrant further investigation by other authorities, and any other related matters that you deem appropriate.” In response, we initiated separate investigations of Board and Reserve Bank officials. In this investigation, we reviewed whether former FRB Dallas President Robert Kaplan’s or former FRB Boston President Eric Rosengren’s trading activities violated any laws, rules, regulations, or policies related to trading activities.

We did not find that Mr. Kaplan’s trading activities violated laws, rules, regulations, or policies related to trading activities as investigated by our office. We did find, however, that omissions on his 2020 financial disclosure report did not support public confidence in the impartiality and integrity of the policymakers and senior staff carrying out the public mission of the FOMC’s work. The collective facts, in our opinion, create an “appearance of acting on confidential FOMC information” under the FOMC blackout rule and an “appearance of a conflict of interest” that could cause a reasonable person to question Mr. Kaplan’s impartiality under FRB Dallas’s code of conduct.

With regard to Mr. Rosengren, we found that he did not report multiple trades on his 2020 Form A. Additionally, we found multiple discrepancies between the transactions reflected in his brokerage statements and trading data and what he reported on his 2020 Form A. Moreover, in our opinion, Mr. Rosengren’s trading activities in real estate investment trusts in 2020—during a time of financial market volatility that prompted the Federal Reserve to authorize the purchase of agency mortgage-backed securities—create an “appearance of a conflict of interest” that could cause a reasonable person to question Mr. Rosengren’s impartiality under FRB Boston’s code of conduct.

Finally, we noted that the rules in effect during the scope of our review did not sufficiently support public confidence in the impartiality and integrity of the policymakers and senior staff carrying out the public mission of the FOMC’s work.

## **Argus Information & Advisory Services Agreed to Pay \$37 Million to Settle Allegations It Misused Data Obtained Under Government Contracts**

Argus Information & Advisory Services agreed to pay the United States \$37 million to settle allegations it improperly accessed, used, and retained anonymized credit card data it received through contracts with federal regulators, including the Board, the CFPB, the Federal Reserve Bank of Philadelphia, and the Office of the Comptroller of the Currency. Argus is incorporated in Delaware, with offices in White Plains, New York. The company analyzes economic transactions, credit card data, and credit bureau data to provide benchmarking and market analysis products to commercial and government clients.

The settlement resolves allegations that, from 2010 through 2020, Argus improperly used the anonymized data for products and services it sold to commercial customers. Specifically, Argus was accused of using the anonymized data to create synthetic data, which serves as a proxy to mimic real data for such uses as training artificial intelligence models. The United States further alleged that Argus failed to disclose to the United States its improper access, use, and retention of credit card data and that it failed to disclose to its commercial clients the extent to which it relied on synthetic data. The synthetic data in question did not include personally identifiable information.

The settlement was the result of coordinated effort among our office, the DOJ, the Treasury OIG, and the U.S. Attorney’s Office for the Eastern District of Virginia.

## **CEO of California Residential Reentry Home Sentenced to 17 Years for \$34 Million PPP Fraud and Other Crimes**

Attila Colar, former CEO of All Hands on Deck, was sentenced to 17 years in prison and ordered to pay nearly \$1.2 million in restitution after being convicted of 44 counts related to a \$34 million PPP fraud scheme and other crimes. The counts included conspiracy, bank fraud, wire fraud, aggravated identity

theft, obstruction, and witness tampering. He was also ordered to serve 5 years of supervised release after prison.

Colar submitted multiple PPP loan applications on behalf of All Hands on Deck that were false or misleading. All Hands on Deck is a residential reentry home in California for individuals who are on probation or parole, are homeless, or have mild mental illness. Colar substantially overstated payroll—he was the only salaried employee but claimed as many as 81 employees. He also submitted multiple fraudulent PPP loan applications in the name of other, bogus companies. He used the identities of two individuals living in his residential reentry facility, claiming they were CEOs of companies with million-dollar payrolls. In all, Colar submitted 16 fraudulent PPP loan applications seeking over \$34 million. In another scheme, Colar induced a company to fraudulently refer parolees to All Hands on Deck using falsified fire inspection clearance reports, a false letter of recommendation, false security clearance documents, and false or misleading information about its staff.

We investigated this case with the Federal Bureau of Investigation (FBI), the Internal Revenue Service (IRS) Criminal Investigation (CI), the SBA OIG, and the U.S. Treasury Inspector General for Tax Administration (TIGTA). The U.S. Attorney’s Office for the Northern District of California prosecuted.

## **Massachusetts Loan Brokers and Bank Loan Officer Sentenced to Prison for Multimillion-Dollar Bank Fraud**

Ted Capodilupo and Joseph Masci, operators of a loan brokerage business, and Brian Ferris, a loan officer at a Massachusetts bank, were sentenced for conspiracy to commit bank fraud. Capodilupo, Masci, and Ferris were sentenced to 1 year and 1 day in prison followed by 2 years of supervised released. Capodilupo and Masci were each ordered to pay over \$1.4 million in restitution, and Ferris was ordered to pay over \$1.2 million in restitution.

Capodilupo, Masci, and Ferris agreed to defraud a bank and the SBA by submitting fraudulent loan applications to the bank, which administered the SBA’s small business express loan program. Capodilupo and Masci submitted dozens of fraudulent applications on behalf of borrowers who were ineligible for traditional business loans. They misrepresented, among other things, the identity of the real loan recipients and the businesses the loans were sought for, and they falsified documents supporting the applications. Capodilupo and Masci charged borrowers fees for obtaining these fraudulent loans. Ferris, who worked as a loan officer at the bank, caused the bank to issue the loans in exchange for a kickback of about \$500 per loan. The scheme generated about \$270,000 in fees for Capodilupo and Masci. Many of the loans ultimately defaulted, resulting in substantial losses to the bank.

We investigated this case with the FBI, the FDIC OIG, and the SBA OIG. The U.S. Attorney’s Office for the District of Massachusetts prosecuted.

## Oklahoma Spouses Sentenced to Prison for \$2.7 Million PPP Fraud

Spouses William Mark Sullivan and Michelle Cadman-Sullivan, of Oklahoma, were sentenced to 36 and 24 months in prison, respectively, for conspiracy to commit bank fraud in an attempt to obtain a \$2.7 million PPP loan. Both were also ordered to serve 5 years of supervised release and pay nearly \$750,000 in restitution.

The couple fraudulently applied for six PPP loans totaling more than \$2.7 million. They created bogus businesses—Oklahoma Paving, U.S. Central Construction, USA-1 Construction, and Oklahoma Energy—and falsified employee counts, payroll expenses, and tax documents for their loan applications. They also failed to disclose to the banks that they were submitting duplicative and overlapping applications. The couple admitted to transferring the funds they received—over \$740,000—to various bank accounts and using the funds for personal expenses.

We investigated this case with the SBA OIG and TIGTA. The U.S. Attorney’s Office for the Northern District of Oklahoma prosecuted.

## Maryland Resident Sentenced to Prison for \$1.2 Million PPP and Economic Injury Disaster Loan Fraud

Denish Sahadevan, of Potomac, Maryland, was sentenced to 3 years in prison and 3 years of supervised release for wire fraud, aggravated identity theft, and money laundering in a \$1.2 million PPP and Economic Injury Disaster Loan (EIDL) fraud scheme. Sahadevan was also ordered to pay at least \$429,000 in restitution and forfeiture.

Sahadevan submitted fraudulent PPP and EIDL applications on behalf of four Maryland entities he controlled. He created bogus documents, such as tax forms and bank statements, for the applications. He also used the identifying information of a tax preparer he knew—without that person’s knowledge or agreement—to legitimize the tax forms. Sahadevan applied for about 71 PPP loans totaling more than \$941,000 and successfully obtained about \$146,000. He also applied for and received 8 EIDL loans totaling more than \$283,000. Sahadevan then laundered the money by purchasing and trading securities and cryptocurrency, settling personal debts, and making payments to his girlfriend.

We investigated this case with the FBI. The U.S. Attorney’s Office for the District of Maryland prosecuted.

## Former Oklahoma Resident Sentenced to Prison for MSLP Fraud

Jill Nicole Ford, formerly of Oklahoma, was sentenced to 20 months in prison and over \$250,000 in restitution for bank fraud and money laundering related to a fraudulent loan obtained through the MSLP.

Ford obtained the loan for her business, Oliver & Olivia Apparel, after falsely representing that she would use the funds for payroll and working capital without distributing any funds to herself. However, Ford used the loan to pay for construction at her home and to buy a luxury vehicle.

We investigated this case with the FBI, the IRS CI, the SBA OIG, SIGPR, and the U.S. Secret Service. The U.S. Attorney’s Office for the Western District of Oklahoma prosecuted.

## **Oklahoma Resident Sentenced to Prison for Gambling Away EIDL Loan**

Carmen Leann Oliver, of Oklahoma, was sentenced to 18 months in prison, 5 years of supervised released, and restitution of more than \$170,000 for wire fraud in connection with an EIDL fraud scheme.

Oliver fraudulently obtained an EIDL loan she was not entitled to by lying on her application about the business’s operating expenses and revenue. Once the loan was approved and deposited into her account, Oliver misappropriated funds for personal use, including gambling at various casinos.

The U.S. Attorney’s Office for the Northern District of Oklahoma prosecuted this case.

## **Former Bank Teller Sentenced to Prison for Stealing Nearly \$90,000 Deposited by Georgia Convenience Store**

Kayla Monroe Evans was sentenced to 2 months in prison followed by 2 months home confinement for stealing nearly \$90,000 from a Georgia convenience store’s deposits while working as a teller at Synovus Bank, a state member bank. She was also ordered to pay more than \$97,000 in restitution and to serve 5 years of supervised release.

For nearly 2 years, Evans handled the convenience store’s deposits. An auditor for the store began noticing substantial differences between the amount of cash presented to the bank compared with the amount actually deposited. The investigation discovered that Evans was frequently skimming large amounts of cash from the deposits for her personal use, stealing almost \$90,000 in total. As part of her plea, Evans agreed to pay restitution for the full loss to the store and to never seek employment in any financial institution.

We investigated this case with the Candler County Sheriff’s Office, the District Attorney’s Office for the Middle Judicial Circuit, and the Georgia Bureau of Investigation. The U.S. Attorney’s Office for the Southern District of Georgia prosecuted.

## **Nevada Resident Sentenced to Prison for PPP and EIDL Fraud Committed While on Supervised Release**

Arian Anthony Bailey, of Las Vegas, Nevada, was sentenced to 2 years and 6 months in prison to be followed by 3 years of supervised release for devising a scheme to fraudulently obtain more than \$550,000 in PPP and EIDL loans. He was also ordered to pay over \$46,000 in restitution.

While on supervised release for felony drug and gun convictions, Bailey devised a scheme to defraud the SBA. As part of the scheme, Bailey submitted loan applications for bogus businesses. The applications contained false information, including revenues and certifications that Bailey would spend the loan money on business expenses. He also provided fraudulent documentation in support of his loan applications. The loss caused by Bailey's scheme was over \$46,000.

We investigated this case with the FBI and the SBA OIG. The U.S. Attorney's Office for the District of Nevada prosecuted.

## **Nevada Resident Sentenced to Prison for PPP and EIDL Fraud**

Shavonte Hill, of Las Vegas, Nevada, was sentenced to 2 years and 6 months in prison and 3 years of supervised release for fraudulently obtaining over \$42,000 in PPP and EIDL loans. Hill was also ordered to pay restitution of the full amount received.

While on supervised release for a 2017 felony conviction, Hill submitted PPP and EIDL loan applications for nonexistent business. Hill fabricated revenue and other information to support the applications and falsely certified that the loans would be used for payroll and other business expenses.

We investigated this case with the FBI, the IRS CI, the Las Vegas Metropolitan Police Department, and the SBA OIG. The U.S. Attorney's Office for the District of Nevada prosecuted.

## **Oklahoma Resident Sentenced to Prison for PPP Fraud**

Ladawn Pinkney, of Oklahoma, was sentenced to 6 months in prison followed by 6 months of home confinement and 2 years of supervised release for wire fraud in a PPP fraud scheme. She was also ordered to pay restitution of over \$41,000.

Pinkney submitted two fraudulent PPP loan applications on behalf of businesses that did not exist before the COVID-19 pandemic. She then received over \$41,000, which she deposited into her own bank account; she did not use the funds for the purposes represented in the PPP loan applications. Pinkney later submitted fraudulent loan forgiveness applications to the SBA, and the loans were forgiven.

The U.S. Attorney's Office for the Northern District of Oklahoma prosecuted this case.

## **Oklahoma Resident Sentenced to Prison for PPP Fraud**

Malcolm Andre Jones, of Oklahoma, was sentenced to 27 months in prison followed by 3 years of supervised release for wire fraud in a PPP fraud scheme. He was also ordered to pay over \$20,000 in restitution. His sentence was enhanced for obstruction of justice; while on pretrial bond, he lied to probation officers, the government, and his attorney.

Jones submitted a fraudulent PPP loan application to an SBA-approved lender. In the application, Jones falsely claimed that he operated a landscaping business and that all loan proceeds would be used for business-related purposes. Instead, he used the more than \$20,000 in loan proceeds for nonbusiness expenses, including paying bills and buying furniture and an automobile. Jones further fraudulently submitted a forgiveness application for the loan, which was approved.

We conducted this investigation with TIGTA. The U.S. Attorney's Office for the Northern District of Oklahoma prosecuted.

## **Former Missouri Bank Manager Pleaded Guilty to \$12.4 Million PPP and Unemployment Benefits Fraud**

Anthony Omar Brockman, a former bank branch manager in Kansas City, Missouri, pleaded guilty to three counts for accepting gifts in exchange for facilitating a \$12.4 million PPP loan fraud scheme and for a separate fraud scheme to receive over \$11,000 in unemployment benefits. Brockman faces up to 70 years in prison.

Brockman facilitated fraudulent PPP loan applications for Tod Ray Keilholz, the owner of TRK Construction and three other Missouri businesses. Keilholz was charged separately for his role in a more than \$27.1 million bank fraud scheme that included over \$12.4 million in PPP loans. In exchange for his help securing the loans, Brockman accepted a new Chevrolet Tahoe and National Football League playoff tickets, which Keilholz bought with his fraudulently gained loan proceeds. Further, Brockman signed an affidavit gifting the vehicle to Rich Boy Prep, a charity of which his wife was the CEO, but instead sold the vehicle.

We investigated this case with the FBI, the FDIC OIG, the IRS CI, the SBA OIG, and TIGTA. The U.S. Attorney's Office for the Western District of Missouri is prosecuting.

## **Missouri Business Owner Pleaded Guilty to \$12.4 Million Bank Fraud**

Tod Ray Keilholz, of Jefferson City, Missouri, pleaded guilty to one count of bank fraud, one count of money laundering, and one count of aggravated identity theft in a \$12.4 million bank fraud scheme that included fraudulent PPP loans. Under the terms of his plea agreement, Keilholz must forfeit to the



government the \$12.4 million he fraudulently received as well as several properties, vehicles, and luxury items derived from those proceeds. He faces up to 40 years in prison.

Keilholz was the sole owner of TRK Construction, TRK Valpo, TL Builders, and Project Design. In multiple PPP loan applications, he made false claims and used bogus documents to inflate the incomes of his businesses and to claim payrolls for employees who did not exist or no longer worked for him. He received over \$12.4 million in PPP loans as a result of his scheme. Rather than use the proceeds for payroll and other business expenses as required, Keilholz paid down debts.

We investigated this case with the FBI, the IRS CI, the SBA OIG, and TIGTA. The U.S. Attorney's Office for the Western District of Missouri is prosecuting.

### **Three New Jersey Residents Pleaded Guilty to \$2.1 Million PPP and EIDL Schemes**

Three New Jersey residents pleaded guilty to separate charges for their roles in fraudulently obtaining over \$2.1 million in PPP and EIDL loans. Arlen G. Encarnacion pleaded guilty to two counts of conspiracy to commit wire fraud and money laundering. Jacquelyn Pena and Kent Encarnacion also separately pleaded guilty to conspiracy to commit wire fraud and money laundering. Each count of conspiracy to commit wire fraud carries a maximum penalty of 20 years in prison, and each count of money laundering carries a maximum penalty of 10 years in prison. Both the wire fraud and money laundering counts carry a maximum fine of \$250,000 or twice the gross gain to the defendant or gross loss to the victim, whichever is greatest.

Arlen Encarnacion submitted 11 fraudulent PPP loan applications and 3 fraudulent EIDL applications on behalf of purported businesses. Kent Encarnacion helped submit 1 of the fraudulent PPP applications, and Pena helped submit 3 of the other fraudulent PPP applications. Each application contained false representations, including bogus federal tax return documentation and fabricated information about the number of employees and wages paid. Based on these alleged misrepresentations, over \$2.1 million in loans were granted. Arlen Encarnacion received the bulk of the fraudulent proceeds, and Kent Encarnacion and Pena misappropriated all of the funds.

We investigated this case with the FDIC OIG, the Federal Housing Finance Agency (FHFA) OIG, Homeland Security Investigations, the IRS CI, the Social Security Administration OIG, and the U.S. Postal Inspection Service. The U.S. Attorney's Office for the District of New Jersey is prosecuting.

## Massachusetts Resident Pleaded Guilty to \$1.5 Million PPP and EIDL Fraud

Joao Mendes, of Massachusetts, pleaded guilty to one count of wire fraud in a scheme to submit false applications for over \$1.5 million in PPP and EIDL loans. Mendes faces up to 20 years in prison, 3 years of supervised release, and a fine of up to \$250,000 or twice the gross gain or loss from the offense. The United States has recovered over \$1.5 million in cryptocurrency and more than \$206,000 in U.S. currency, which will be criminally forfeited.

Mendes submitted or caused to be submitted multiple fraudulent EIDL and PPP loan applications on behalf of various entities. The fraudulent PPP loan applications misrepresented the number of employees and the average monthly payroll expenses of Mendes’s various businesses. He also allegedly submitted false tax records in support of his loan applications. As a result of the fraudulent applications, Mendes and others received over \$1.5 million in PPP and EIDL funds. Once Mendes received the funds, he spent them for his personal benefit, including purchasing cryptocurrency; transferred funds to other accounts he controlled; and transferred funds to other individuals.

We investigated this case with the FBI, the FDIC OIG, the FHFA OIG, the IRS CI, the SBA OIG, TIGTA, and the U.S. Postal Inspection Service. The U.S. Attorney’s Office for the District of Massachusetts and the DOJ Criminal Division are prosecuting.

## Florida Sheriff’s Office Deputy Convicted of PPP Fraud

Stephanie Diane Smith, a Broward County Sheriff’s Office deputy, was convicted by a jury of two counts of wire fraud for her PPP fraud scheme. She faces up to 20 years in prison for each count.

While serving as a deputy sheriff, Smith applied for and received two PPP loans for herself as a sole proprietor doing business as Children 1st Basketball Training and as Agape Smith Vending based on materially false information. She made false claims about each business’s gross income and submitted a falsified IRS tax form with each application. Smith also sought and received forgiveness of both fraudulently obtained PPP loans, which totaled over \$31,000.

We investigated this case with the Broward County Sheriff’s Office and the FBI. The U.S. Attorney’s Office for the Southern District of Florida is prosecuting.

## Former Kansas Bank Executive Charged for Embezzling \$47 Million

Shan Hanes was charged with embezzling over \$47 million from Heartland Tri-State Bank as its CEO. The embezzlement caused Heartland, a state member bank serving rural Kansas, to fail, which cost the DIF \$54 million.<sup>3</sup> If convicted, Hanes faces up to 30 years in prison. The fact that a defendant has been

3. The loss to the DIF prompted our [Material Loss Review of Heartland Tri-State Bank](#).

charged with a crime is merely an accusation, and a defendant is presumed innocent until and unless proven guilty.

Hanes allegedly embezzled the money to enrich himself in a pig butchering cryptocurrency scheme. In this type of scheme, would-be investors are conned into depositing money into fake accounts controlled by the scammers. The scammers fabricate returns to encourage further deposits, then disappear with the money once the accounts are sufficiently “fattened up.” Wielding his personal influence to circumvent Heartland’s internal controls, Hanes effected wire transfers totaling over \$47 million in bank funds to buy cryptocurrency. The loss of assets significantly impaired Heartland’s capital and liquidity, and the bank became insolvent.

We investigated this case with the FBI, the FDIC OIG, and the FHFA OIG. The U.S. Attorney’s Office for the District of Kansas is prosecuting.

### **California Resident Charged for \$10.6 Million PPP and MSLP Fraud**

California resident Craig David Davis was charged in Alexandria, Virginia, with four counts of wire fraud for a scheme to fraudulently obtain PPP and MSLP loans. If convicted, he faces up to 20 years in prison for each count. The fact that a defendant has been charged with a crime is merely an accusation, and a defendant is presumed innocent until and unless proven guilty.

Davis allegedly submitted fake tax documents and business records to three banks to obtain two PPP loans and one MSLP loan totaling more than \$10.6 million.

We investigated this case with the FBI, the FDIC OIG, Homeland Security Investigations, the IRS CI, the SBA OIG, SIGPR, and the U.S. Social Security Administration OIG. The U.S. Attorney’s Office for the Eastern District of Virginia is prosecuting.

### **Former Florida Sheriff’s Office Lieutenant Charged for PPP Fraud**

Ernest Bernard Gonder Jr., a former lieutenant in the Broward County Sheriff’s Office, was charged with two counts of wire fraud in a more than \$167,000 PPP fraud scheme. If convicted, Gonder faces up to 20 years in prison for each count. The fact that a defendant has been charged with a crime is merely an accusation, and a defendant is presumed innocent until and unless proven guilty.

Gonder allegedly submitted a fraudulent loan application that misrepresented EBG Properties LLC’s average monthly payroll and number of employees and included fake tax documents. As a result, Gonder received a loan for more than \$106,000. Gonder made similar bogus claims to receive a loan of more than \$61,000 purportedly for the Impact Center of Broward County. Gonder instead used the proceeds to enrich himself, then sought and received forgiveness of the loans, according to the allegations.

We investigated this case with the Broward County Sheriff's Office and the FBI. The U.S. Attorney's Office for the Southern District of Florida is prosecuting.

## **Seventeen Florida Sheriff's Office Employees Charged for PPP and EIDL Fraud**

Charges were brought in 17 separate cases against Broward County Sheriff's Office employees. Each of the following defendants was charged with one to three counts of wire fraud or conspiracy to commit wire fraud: Alexandra Acosta, George Anthony III, Katrina Brown, Rorie Brown, Keshondra Tameisha Davis, Allen Dorvil, Ritchie Noah Dubuisson, Keith Dunkley, Alexis Monique Greene, Jewell Farrell Johnson, La'Keitha Victoria Lawhorn, Ancy Morancy, Derrick J. Nesbitt, Jean Pierre-Toussant, Marcus Errol Powell, Stephanie Diane Smith (who has since been convicted as described above), and Carolyn Denise Wade. The maximum sentence for wire fraud is 20 years in prison, and the maximum sentence for conspiracy to commit wire fraud is 5 years in prison. The fact that a defendant has been charged with a crime is merely an accusation, and a defendant is presumed innocent until and unless proven guilty.

The defendants allegedly participated in independent schemes to fraudulently apply for loans and other relief through the PPP and EIDL programs by making false representations, forging documents, and committing other offenses to support their loan applications. In total, the defendants allegedly received almost \$500,000 unlawfully and used the proceeds to unjustly enrich themselves.

We investigated these cases with the Broward County Sheriff's Office and the FBI. The U.S. Attorney's Office for the Southern District of Florida is prosecuting.



## Hotline

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The [OIG Hotline](#) helps people report fraud, waste, abuse, and mismanagement related to the programs or operations of the Board and the CFPB. 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.

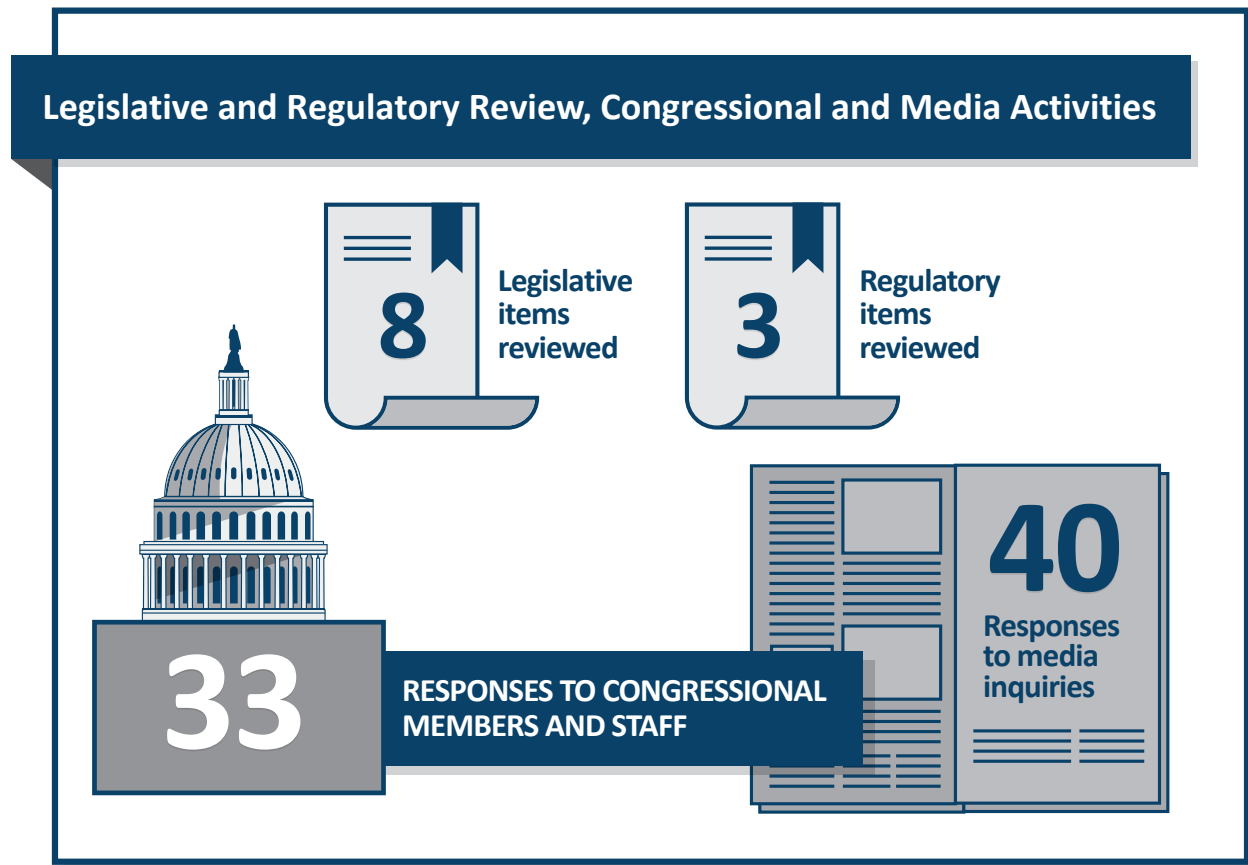
During this reporting period, the OIG Hotline received 182 complaints. Complaints within our purview are evaluated and, when appropriate, referred to the relevant component within the OIG for audit, evaluation, investigation, or other review. Some complaints convey concerns about matters within the responsibility of other federal agencies or matters that should be addressed by a program or operation of the Board or the CFPB. We refer such complaints to the appropriate federal agency for evaluation and resolution.

We continue to receive noncriminal consumer complaints regarding consumer financial products and services. For these matters, we typically refer complainants to the consumer group of the appropriate federal regulator for the institution involved, such as the CFPB's Office of Consumer Response, Federal Reserve Consumer Help, or other law enforcement agencies as appropriate. In addition, we receive misdirected complaints regarding COVID-19 pandemic–related programs and operations. In such cases, we refer either the individual or the original complaint to the appropriate agency for further evaluation.





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



## Legislative and Regulatory Review

Our Office of Legal Services (OLS) is the independent legal counsel to the IG and OIG staff. OLS provides comprehensive legal advice, research, counseling, analysis, and representation in support of our audits, evaluations, and investigations, as well as other professional, management, and administrative functions. OLS also keeps the IG and OIG staff aware of recent legal developments that may affect us, the Board, or the CFPB.

In accordance with the Inspector General Act of 1978 (5 U.S.C. 404(a)(2)), OLS 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, OLS reviewed 8 legislative items and 3 regulatory items.

## Congressional and Media Activities

We communicate and coordinate with various congressional committees on issues of mutual interest. During this reporting period, we provided 33 responses to congressional members and staff concerning the Board and the CFPB. Additionally, we responded to 40 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.

As part of the OIG community, we are proud to be part of the Oversight.gov effort. Oversight.gov is a searchable website containing the latest public reports from federal OIGs. It provides access to nearly 29,000 reports, detailing for fiscal year 2023 alone around \$82.2 billion in potential savings and around 5,200 recommendations to improve programs across the federal government.

The IG serves as a member of CIGIE’s Legislation Committee and Technology Committee and is the vice chair of the Investigations Committee. The Legislation Committee is the central point of information for legislative initiatives and congressional activities that may affect the OIG community. The Technology Committee facilitates effective information technology (IT) audits, evaluations, and investigations and provides a forum for the expression of the OIG community’s perspective on governmentwide IT operations. The Investigations Committee advises the OIG community on issues involving criminal investigations, criminal investigations personnel, and criminal investigative guidelines. The IG is also a member of CIGIE’s Diversity, Equity, Inclusion, and Accessibility Work Group. The work group works to affirm, advance, and augment CIGIE’s commitment to promote a diverse, equitable, inclusive, and accessible workforce and workplace environment throughout the OIG community.

In addition, the IG serves on CIGIE’s PRAC, which coordinates oversight of federal funds authorized by the CARES Act and the COVID-19 pandemic response. The IG is the vice chair of the PRAC Investigations Subcommittee.

Our assistant inspector general for information technology, as the chair of the Information Technology Committee of the Federal Audit Executive Council, works with IT professionals throughout the OIG



community and reports to the CIGIE Technology Committee on common IT audit issues. During this reporting period, we led a capstone project with IT auditors from five other OIGs to identify trends in cybersecurity performance under FISMA. We expect to issue this capstone report during the next reporting period.

Our OLS attorneys are members of the Council of Counsels to the Inspector General, and our Quality Assurance staff founded the Federal Audit Executive Council’s Quality Assurance Work Group, which in 2023 became a permanent committee under the council called the Quality Management Committee. Our Quality Assurance staff are members of the permanent committee.





## Peer Reviews

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Government auditing and investigative standards require that our audit, evaluation, and investigative units be reviewed by a peer OIG organization every 3 years. The Inspector General Act of 1978 requires that OIGs provide in their semiannual reports to Congress information about (1) the most recent peer reviews of their respective organizations and (2) their peer reviews of other OIGs conducted within the semiannual reporting period. The following information addresses these requirements.

- In September 2023, the OIG for the U.S. Department of Commerce 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.
- In March 2023, the DOJ OIG completed an inspection and evaluation peer review of our evaluation activities. The review team determined that our evaluation policies and procedures are consistent with the December 2020 *Quality Standards for Inspection and Evaluation* and that the reports reviewed generally complied with the covered standards therein and our internal policies and procedures.
- In September 2023, the OIG for the National Aeronautics and Space Administration conducted a peer review of our audit organization. We received a peer review rating of *pass*.

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





## Appendix A: Statistical Tables

**Table A-1. Audit and Evaluation Reports and Other Reviews Issued to the Board During the Reporting Period**

Report title	Type of report
FRB Boston Followed Its Processes for Monitoring the Credit Quality of Main Street Lending Program Loans	Evaluation
Results of Security Control Testing of a Videoconferencing Platform Used by the Board	Audit
Results of Scoping of the Evaluation of the Board’s Intelligence Programs	Evaluation
The Board Should Provide Staff With Guidance on Controlled Unclassified Information	Evaluation
Material Loss Review of Heartland Tri-State Bank	Evaluation
Results of Security Control Testing of the Board’s Projection Collection System	Audit
Federal Financial Institutions Examination Council Financial Statements as of and for the Years Ended December 31, 2023 and 2022, and Independent Auditors’ Report	Audit
Board of Governors of the Federal Reserve System Financial Statements as of and for the Years Ended December 31, 2023 and 2022, and Independent Auditors’ Reports	Audit
Total number of audit reports: 4	
Total number of evaluation reports: 4	
Total number of other reports: 0	

**Table A-2. OIG Reports to the Board With Recommendations That Were Open During the Reporting Period**

Report title	Issue date	Recommendations			Status of recommendations		
		Number	Management agrees	Management disagrees	Last follow-up date	Closed	Open
2016 Audit of the Board's Information Security Program	11/16	9	9	0	09/23	8	1
The Board Can Enhance Its Cybersecurity Supervision Approach in the Areas of Third-Party Service Provider Oversight, Resource Management, and Information Sharing	04/17	8	8	0	01/24	7	1
2017 Audit of the Board's Information Security Program	10/17	9	9	0	09/23	8	1
Security Control Review of the Board's Public Website (nonpublic)	03/18	7	7	0	05/23	6	1
2018 Audit of the Board's Information Security Program	10/18	6	6	0	09/23	5	1
2019 Audit of the Board's Information Security Program	10/19	6	6	0	09/23	4	2
The Board's Oversight of Its Designated Financial Market Utility Supervision Program Is Generally Effective, but Certain Program Aspects Can Be Improved	03/20	6	6	0	03/24	5	1
2020 Audit of the Board's Information Security Program	11/20	4	4	0	09/23	3	1

See notes at end of table.

Report title	Issue date	Recommendations			Status of recommendations		
		Number	Management agrees	Management disagrees	Last follow-up date	Closed	Open
The Board’s Implementation of Enterprise Risk Management Continues to Evolve and Can Be Enhanced	09/21	3	3	0	06/22	1	2
The Board Can Strengthen Inventory and Cybersecurity Life Cycle Processes for Cloud Systems	03/22	3	3	0	05/23	0	3
Testing Results for the Board’s Software and License Asset Management Processes (nonpublic)	06/22	1	1	0	05/23	0	1
2022 Audit of the Board’s Information Security Program	09/22	1	1	0	09/23	0	1
The Board Can Enhance Certain Governance Processes Related to Reviewing and Approving Supervisory Proposals	12/22	9	9	0	03/24	2	7
The Board Can Enhance Enterprise Practices for Data Management Roles and Responsibilities	01/23	5	5	0	02/24	5	0
The Board Can Further Enhance the Design and Effectiveness of the FOMC’s Investment and Trading Rules	04/23	6	6	0	03/24	2	4
The Board Can Enhance Its Procedures and Controls for Protecting Confidential Information in Supervision Central	06/23	2	2	0	12/23	2	0

See notes at end of table.

Report title	Issue date	Recommendations			Status of recommendations		
		Number	Management agrees	Management disagrees	Last follow-up date	Closed	Open
Results of Scoping of the Evaluation of the Board and Reserve Banks' Cybersecurity Incident Response Process for Supervised Institutions	06/23	6	6	0	02/24	3	3
The Board and FRB Boston Generally Followed Their Process for Purchasing MSLP Loan Participations but Can Formally Document Some Key Processes	07/23	1	1	0	01/24	1	0
Material Loss Review of Silicon Valley Bank	09/23	7	7	0	n.a.	0	7
Review of the Supervision of Silvergate Bank (nonpublic)	09/23	12	12	0	03/24	0	12
2023 Audit of the Board's Information Security Program	09/23	7	7	0	n.a.	0	7
Results of Scoping of the Evaluation of the Board's Intelligence Programs	12/23	6	6	0	03/24	0	6
The Board Should Provide Staff With Guidance on Controlled Unclassified Information	01/24	2	2	0	03/24	1	1
Material Loss Review of Heartland Tri-State Bank	02/24	2	2	0	n.a.	0	2

Note: 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.

n.a. not applicable.



**Table A-3. Audit and Evaluation Reports and Other Reviews Issued to the CFPB During the Reporting Period**

Report title	Type of report
The CFPB Can Enhance Certain Aspects of Its Enforcement Investigations Process	Evaluation
Results of Security Control Testing of the CFPB’s Microsoft Office 365 System	Audit
The CFPB Can Enhance Certain Practices to Mitigate the Risk of Conflicts of Interest for Division of Supervision, Enforcement and Fair Lending Employees	Evaluation
Results of Security Control Testing of a Videoconferencing Platform Used by the CFPB	Audit
Results of Scoping of the Evaluation of the CFPB’s Healthcare Benefits Eligibility Processes	Evaluation
Total number of audit reports: 2	
Total number of evaluation reports: 3	
Total number of other reports: 0	

**Table A-4. OIG Reports to the CFPB With Recommendations That Were Open During the Reporting Period**

Report title	Issue date	Recommendations			Status of recommendations		
		Number	Management agrees	Management disagrees	Last follow-up date	Closed	Open
2014 Audit of the CFPB's Information Security Program	11/14	3	3	0	02/24	3	0
2017 Audit of the CFPB's Information Security Program	10/17	7	7	0	02/24	7	0
The CFPB Can Further Strengthen Controls Over Certain Offboarding Processes and Data	01/18	11	11	0	03/24	10	1
2018 Audit of the Bureau's Information Security Program	10/18	4	4	0	09/23	2	2
Technical Testing Results for the Bureau's Legal Enclave (nonpublic)	07/20	4	4	0	03/24	1	3
The Bureau Can Strengthen Its Hiring Practices and Can Continue Its Efforts to Cultivate a Diverse Workforce	03/21	10	10	0	02/24	10	0
The Bureau Can Improve Its Controls for Issuing and Managing Interagency Agreements	07/21	6	6	0	10/23	6	0
Evaluation of the Bureau's Implementation of Splunk (nonpublic)	09/21	4	4	0	02/24	4	0
The Bureau Can Improve Aspects of Its Quality Management Program for Supervision Activities	11/21	9	9	0	01/24	9	0
2022 Audit of the CFPB's Information Security Program	09/22	6	6	0	02/24	2	4

See notes at end of table.

Report title	Issue date	Recommendations			Status of recommendations		
		Number	Management agrees	Management disagrees	Last follow-up date	Closed	Open
2023 Audit of the CFPB’s Information Security Program	09/23	1	1	0	n.a.	0	1
The CFPB Can Enhance Certain Aspects of Its Enforcement Investigations Process	01/24	2	2	0	n.a.	0	2
The CFPB Can Enhance Certain Practices to Mitigate the Risk of Conflicts of Interest for Division of Supervision, Enforcement and Fair Lending Employees	02/24	2	2	0	02/24	1	1
Results of Scoping of the Evaluation of the CFPB’s Healthcare Benefits Eligibility Processes	03/24	4	4	0	n.a.	0	4

Note: 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.

n.a. not applicable.

**Table A-5. Audit 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**

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

Note: 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 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 A-6. Summary Statistics on Investigations During the Reporting Period**

Investigative actions	Number or dollar value <sup>a</sup>
<b>Investigative caseload</b>	
Investigations open at end of previous reporting period	167
Investigations opened during the reporting period	16
Investigations closed during the reporting period	41
Investigations open at end of the reporting period	142
<b>Investigative results for the reporting period</b>	
Persons referred to DOJ prosecutors	10
Persons referred to state/local prosecutors	1
Declinations received	6
Joint investigations	111
Reports of investigation issued	2
Oral and/or written reprimands	2
Terminations of employment	2
Arrests	28
Suspensions	0
Debarments	0
Prohibitions from banking industry	5
Indictments	7
Criminal informations	11
Criminal complaints	4
Convictions	35
Civil actions	\$0
Administrative monetary recoveries and reimbursements	\$0

See notes at end of table.

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<b>Investigative actions</b>	<b>Number or dollar value<sup>a</sup></b>
Civil judgments	\$23,500,000
Criminal fines, restitution, and special assessments	\$207,399,282
Forfeiture	\$16,873,697

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

<sup>a</sup> Metrics: These statistics were compiled from the OIG’s investigative case management and tracking system.

**Table A-7. Summary Statistics on Hotline Activities During the Reporting Period**

<b>Hotline complaints</b>	<b>Number</b>
Complaints pending from previous reporting period	13
Complaints received during reporting period	182
Total complaints for reporting period	195
Complaints resolved during reporting period	189
Complaints pending	6







## Appendix B: Additional Mandated Reporting Requirements

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The Inspector General Empowerment Act of 2016 and the Securing Inspector General Independence Act of 2022 amended the semiannual reporting requirements for OIGs under section 5 of the Inspector General Act of 1978 to include additional summaries and statistics for the reporting period. Our response to these requirements is below.

**An identification of each recommendation made before the reporting period, for which corrective action has not been completed, including the potential cost savings associated with the recommendation.**

- See [appendix C](#).

**Statistical tables showing for the reporting period (1) the number of issued investigative reports, (2) the number of persons referred to the DOJ for criminal prosecution, (3) the number of persons referred to state and local authorities for criminal prosecution, and (4) the number of indictments and criminal informations that resulted from any prior referral to prosecuting authorities. Describe the metrics used to develop the data for these new statistical tables.**

- See [table A-6](#).

**A report on each investigation conducted by the OIG where allegations of misconduct were substantiated involving a senior government employee, which includes (1) the name of the senior government official, if already made public by the OIG; (2) a detailed description of the facts and circumstances of the investigation as well as the status and disposition of the matter; (3) whether the matter was referred to the DOJ and the date of the referral; and (4) whether the DOJ declined the referral and the date of such declination.**

- We initiated an investigation concerning allegations that senior CFPB employees were improperly offered separation incentives based on politically motivated personnel decisions or for other improper reasons in violation of criminal, civil, or agency policy authority. We found that in May 2021, voluntary separation compensation (VSC) was improperly issued to one ineligible senior executive, in violation of the CFPB's VSC directive. This senior executive did not have the requisite 3 years of executive branch service, and their position type did not qualify for VSC. We referred this matter to the U.S. Office of Special Counsel, which has independent authority to investigate possible prohibited personnel practices. Our investigation is closed.

- We initiated an investigation of a videoconference call between the Board chair and an impersonator who was believed to be Ukrainian President Volodymyr Zelenskyy. The purpose of this investigation was to determine whether any criminal statutes, regulations, or agency policies were violated associated with this call. We found no violations of law, regulation, or policy associated with this matter. Board staff stated that they will strengthen the process for verifying the identity of individuals who reach out to the Board when a preexisting relationship with Board officials does not exist.

**A detailed description of any instance of whistleblower retaliation, including information about the official found to have engaged in retaliation and what, if any, consequences the agency imposed to hold that official accountable.**

- We have nothing to report.

**Information related to interference by the Board or the CFPB, including (1) a detailed description of any attempt by the Board or the CFPB to interfere with the independence of the OIG, such as through budget constraints designed to limit OIG capabilities and incidents when either agency has resisted or objected to OIG oversight activities or restricted or significantly delayed OIG access to information, including the justification of the establishment for such action, and (2) a summary of each report made to the Board of Governors or the CFPB director during the reporting period regarding unreasonable refusals or failures to provide information or assistance to the OIG.**

- We have nothing to report.

**Detailed descriptions of (1) inspections, evaluations, and audits conducted by the OIG that were closed and not disclosed to the public and (2) investigations conducted by the OIG involving a senior government employee that were closed and not disclosed to the public.**

- We have nothing to report.



## Appendix C: Open Recommendations Made Before the Reporting Period

The Securing Inspector General Independence Act of 2022 requires that we identify each recommendation made before the reporting period for which corrective action has not been completed, including the cost savings associated with the recommendation. 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.

### Board of Governors of the Federal Reserve System

**Table C-1. Reports to the Board Issued Before the Reporting Period With Open Recommendations, by Calendar Year**

Year	Number of reports with open recommendations	Number of open recommendations
2016	1	1
2017	2	2
2018	2	2
2019	1	2
2020	2	2
2021	1	2
2022	4	12
2023 <sup>a</sup>	5	33

<sup>a</sup> Through September 30, 2023.

## **2016 Audit of the Board’s Information Security Program**

**2016-IT-B-013**

**November 10, 2016**

**Total number of recommendations: 9**

**Recommendations open: 1**

1. Work with the chief operating officer to perform a risk assessment to determine which aspects of an insider threat program are applicable to other types of sensitive Board information and develop and implement an agencywide insider threat strategy for sensitive but unclassified Board information, as appropriate.

## **The Board Can Enhance Its Cybersecurity Supervision Approach in the Areas of Third-Party Service Provider Oversight, Resource Management, and Information Sharing**

**2017-IT-B-009**

**April 17, 2017**

**Total number of recommendations: 8**

**Recommendations open: 1**

1. Reiterate to financial institutions the requirement to notify their primary regulator of the existence of new service relationships, and develop a process to periodically reconcile and refresh the listing of multiregional data processing servicer firms and technology service providers.

## **2017 Audit of the Board’s Information Security Program**

**2017-IT-B-018**

**October 31, 2017**

**Total number of recommendations: 9**

**Recommendations open: 1**

8. Develop, implement, and regularly update an information security continuous monitoring strategy that includes performance measures to gauge the effectiveness of related processes and provides agencywide security status.

## **Security Control Review of the Board’s Public Website (nonpublic)**

**2018-IT-B-008R**

**March 21, 2018**

**Total number of recommendations: 7**

**Recommendations open: 1**

The open recommendation relates to strengthening cybersecurity risk management processes.

## **2018 Audit of the Board’s Information Security Program**

**2018-IT-B-017**

**October 31, 2018**

**Total number of recommendations: 6**

**Recommendations open: 1**

6. Develop and implement a process to assess the knowledge, skills, and abilities of Board staff with significant security responsibilities and establish plans to close identified gaps.

## **2019 Audit of the Board’s Information Security Program**

**2019-IT-B-016**

**October 31, 2019**

**Total number of recommendations: 6**

**Recommendations open: 2**

5. Work with the System to ensure that the data loss protection replacement solution
  - a. functions consistently across the Board’s technology platforms.
  - b. supports rulesets that limit the exfiltration weaknesses we identified, to the extent practicable.
6. Develop and implement a Boardwide process to incorporate the review of data loss protection logs into employee and contractor offboarding processes to identify any potential unauthorized data exfiltrations or access.

## **The Board’s Oversight of Its Designated Financial Market Utility Supervision Program Is Generally Effective, but Certain Program Aspects Can Be Improved**

**2020-FMIC-B-005**

**March 18, 2020**

**Total number of recommendations: 6**

**Recommendations open: 1**

2. Define and document which parties at the division director and governor levels will have a role in reviewing and approving enforcement actions for designated financial market utilities.

## **2020 Audit of the Board’s Information Security Program**

**2020-IT-B-020**

**November 2, 2020**

**Total number of recommendations: 4**

**Recommendations open: 1**

3. Ensure that the Board’s continuous monitoring processes include the security control requirements for applicable network devices.

## **The Board’s Implementation of Enterprise Risk Management Continues to Evolve and Can Be Enhanced**

**2021-IT-B-011**

**September 15, 2021**

**Total number of recommendations: 3**

**Recommendations open: 2**

1. Work with Board divisions to conduct an assessment of the current risk management practices and risk culture across the agency and use the results to inform the direction of the Board’s enterprise risk management program.
2. Work with the administrative governor, as appropriate, to determine an optimal governance structure and associated reporting relationships for the agency’s enterprise risk management program and update the *Delegations of Administrative Authority* accordingly.

## **The Board Can Strengthen Inventory and Cybersecurity Life Cycle Processes for Cloud Systems**

**2022-IT-B-006**

**March 23, 2022**

**Total number of recommendations: 3**

**Recommendations open: 3**

1. Ensure that the Cloud Resource Center’s inventory of cloud projects in the configuration and production phases is comprehensive and periodically maintained.
2. Develop and implement a process to ensure that the Federal Risk and Authorization Management Program Program Management Office has an accurate inventory of Federal Risk and Authorization Management Program–approved cloud systems used by the Board.
3. Ensure that the Board’s information security continuous monitoring standards and associated procedures provide consistent guidance on continuous monitoring frequencies and associated documentation review requirements for cloud service providers.

## **Testing Results for the Board’s Software and License Asset Management Processes (nonpublic)**

**2022-IT-B-008R**

**June 15, 2022**

**Total number of recommendations: 1**

**Recommendations open: 1**

The open recommendation relates to strengthening software asset management processes.

## **2022 Audit of the Board’s Information Security Program**

**2022-IT-B-013**

**September 30, 2022**

**Total number of recommendations: 1**

**Recommendations open: 1**

1. Ensure that risks are appropriately categorized and prioritized on the Board’s cybersecurity risk register.

## **The Board Can Enhance Certain Governance Processes Related to Reviewing and Approving Supervisory Proposals**

**2022-SR-B-017**

**December 7, 2022**

**Total number of recommendations: 9**

**Recommendations open: 7**

1. Develop, in consultation with the Board of Governors, a dashboard or similar tool for Board members that forecasts planned supervisory policy and guidance proposals. As part of this effort, assign responsibilities for maintaining and updating the dashboard or tool and establish a frequency for distributing the dashboard or tool.
2. Update the Policy Issuance Processing Form template to provide guidance on how to document Board member and Board committee consultation on supervisory policy and guidance proposals.
3. Issue internal guidance on the process for soliciting public comment on supervisory policy and guidance proposals that defines
  - a. the types of supervisory proposals that should be submitted for public comment.
  - b. the options for soliciting public comment on a proposal.
  - c. the factors that should be considered when determining whether to seek comment and, if the Board decides to solicit public comment on a supervisory proposal, which option to use.
  - d. the approval process for whether and how to solicit public comment.

4. Update, in consultation with the Board of Governors, the director of the Division of Financial Stability, and the general counsel, the delegations of authority related to the stress testing program to clarify how actions should be delegated when there is no vice chair for supervision or Committee on Supervision and Regulation (CSR) chair.
5. Update, in consultation with the Board of Governors, the director of the Division of Supervision and Regulation, and the general counsel, the CSR charter to state how the committee should operate in the absence of a vice chair for supervision and a CSR chair, including specifying who is responsible for setting the strategic direction and priorities of the committee and developing committee meeting agendas.
6. Update, in consultation with the Board of Governors, the *Board Organization and Procedures* policy to state who will fill the role of oversight governor for the Division of Supervision and Regulation if the Board chair has not appointed one.
7. Establish a process to document CSR meetings, including describing what guidance or concurrence was provided to Board staff.

## **The Board Can Further Enhance the Design and Effectiveness of the FOMC's Investment and Trading Rules**

**2023-SR-B-006**

**April 26, 2023**

**Total number of recommendations: 6**

**Recommendations open: 4**

3. Develop a plan for how to further enhance uniformity across the System's financial disclosure report review process, including considering additional controls and guidance.
4. Formalize a process for determining and enforcing consequences for Reserve Bank covered individuals who violate the *Investment and Trading Policy* that includes clear roles and responsibilities.
5. Develop a process to verify the accuracy of the information on financial disclosure reports for individuals subject to the *Investment and Trading Policy*. As part of this effort,
  - a. require covered individuals to provide brokerage statements to their respective ethics officer for all accounts with holdings and transactions reported on their annual financial disclosure report.
  - b. update financial disclosure review guidance to include the use of employee-provided brokerage statements to check annual financial disclosure reports for accuracy and completeness.



6. Develop an approach to verify the accuracy of the information on financial disclosure reports for individuals who have access to confidential Class I FOMC information and are not covered by the *Investment and Trading Policy*. As part of this effort,
  - a. determine the method and frequency for checking the accuracy and completeness of financial disclosure reports against brokerage statements, for example, by conducting periodic random sampling or full reviews.
  - b. update financial disclosure review guidance to include the use of employee-provided brokerage statements to check annual financial disclosure reports for accuracy and completeness and describe the method and frequency of this review.
  - c. assess the costs and benefits of establishing a system to automatically detect prohibited assets or failure to preclear trades using employee-provided brokerage statements and determine whether to implement such an automated approach.

## **Results of Scoping of the Evaluation of the Board and Reserve Banks’ Cybersecurity Incident Response Process for Supervised Institutions**

**2023-SR-B-010**

**June 26, 2023**

**Total number of recommendations: 6**

**Recommendations open: 3**

3. Update the Cybersecurity Analytics Support Team’s operating procedures to reflect the governance structure.
5. Update the Board’s December 2018 playbook implementing guidance to reflect
  - a. the updates made to the playbook as part of recommendation 4.
  - b. the role of the Operational Resilience function in the cybersecurity incident response process.
  - c. the governance structure of the cybersecurity incident response process.
6. Require that key stakeholders in the cybersecurity incident response process complete training or other exercises on their roles and responsibilities in the process once the updates to the playbook and its implementing guidance have been completed.

## **Material Loss Review of Silicon Valley Bank**

**2023-SR-B-013**

**September 25, 2023**

**Total number of recommendations: 7**

**Recommendations open: 7**

1. Assess the current Regional Banking Organization (RBO) supervision framework and determine whether adjustments should be made based on a supervised institution’s size and complexity, such as unique or concentrated business models or rapid growth. Based on the determination, develop and implement training for RBO Supervision staff that emphasizes the need for varying approaches based on an institution’s size, complexity, and business model.
2. Assess whether the Bank Exams Tailored to Risk models are appropriate for RBOs, specifically those that are large or complex or that present unique risk factors such as concentrated business models or rapid growth, and determine whether a different approach to determining the scope and resources for examinations is needed.
3. Assess the current RBO supervisory planning process and implement measures to tailor supervisory plans to better promote a timely focus on salient risks.
4. Develop an approach for transitioning institutions from the RBO portfolio to the Large and Foreign Banking Organization (LFBO) portfolio and determine how best to involve LFBO Supervision earlier, such as through joint reviews with RBO Supervision, and how to more timely form a dedicated supervisory team. Based on the approach developed, finalize and issue formal guidance on transitioning RBOs to the LFBO portfolio that includes steps and a timeline for forming a dedicated supervisory team, approaches for the two Supervision sections to collaborate, and a list of potential RBO and LFBO joint reviews to conduct to better prepare an institution for the transition.
5. Reiterate to examination teams the purpose of the Risk and Surveillance Sections’ reports and the need to closely reflect on their contents to help inform their ongoing supervisory activities.
6. Assess the current LFBO supervisory planning process and implement measures to tailor supervisory plans to better promote a timely focus on salient risks.
7. Develop guidance for LFBO Supervision staff that outlines the importance of a balanced approach to supervising institutions and requires a focus on assessing both forward-looking risks and relevant financial indicators.

## **Review of the Supervision of Silvergate Bank (nonpublic)**

**2023-SR-B-014R**

**September 27, 2023**

**Total number of recommendations: 12**

**Recommendations open: 12**

1. Update Supervision and Regulation Letter 02-9 to provide additional details on what may constitute a change in the general character of a state member bank’s business, including providing examiners with a variety of examples or scenarios that could help them to determine when a bank needs to file an application and receive approval from the Board under Regulation H.
2. Discuss and reinforce the updates made to Supervision and Regulation Letter 02-9 in response to recommendation 1 with Reserve Banks through training.
3. Develop guidance to ensure that banking organizations engaged in new and novel business activities have a custom-tailored supervisory plan and approach appropriate for their uniqueness and associated risks.
4. Develop a plan to ensure that the Division of Supervision and Regulation’s oversight activities assess compliance with the guidance developed in response to recommendation 3.
5. Develop and implement a plan for instructing Community Banking Organization (CBO) and RBO examiners to take a forward-looking view of a bank’s risk profile and the possible and plausible outcomes of that risk profile when assigning CAMELS composite and component ratings, including
  - a. guidance for examiners on effectively balancing a bank’s financial results and condition with its risk profile when assigning CAMELS composite and component ratings, particularly for banks with concentrated business models susceptible to boom and bust cycles.
  - b. guidance for examiners on circumstances that warrant a heightened sense of urgency to initiate CAMELS composite or component ratings downgrades, identify when a bank is exhibiting unsafe or unsound banking practices, or designate a bank as being in “troubled condition.”
  - c. required training for examiners that reinforces the guidance developed as part of this recommendation, including scenarios that exemplify the challenges of assigning CAMELS composite and component ratings and the implications of potentially deferring composite or component ratings downgrades when a disconnect has developed between a bank’s financial condition and results and its escalating risk profile.
6. Develop guidance for examiners on preparing firms to transition from the CBO portfolio to the RBO portfolio that includes references to updated and relevant guidance applicable to firms that cross the \$10 billion asset size threshold.

7. Develop a plan to minimize the time necessary to establish a new RBO central point of contact and supervisory team for CBOs approaching the \$10 billion asset size threshold.
8. Develop guidance for examiners on supervising firms approaching the \$10 billion total assets threshold that describes
  - a. how to prepare for the transition, including the roles and responsibilities of the Board, the CBO team, and the RBO team, and the expectations for sharing relevant information between the portfolio teams.
  - b. procedures for developing and updating the supervisory plan before, during, and after the transition.
9. Expand the scope of examiner guidance related to volatile funding sources and liquidity risks to highlight the risks associated with concentrations in uninsured deposits and noninterest-bearing deposits.
10. Expand examiner guidance to address supervising firms with concentrated deposits, large customer relationships, and concentrated business models susceptible to boom and bust cycles based on the lessons learned from Silvergate’s voluntary liquidation.
11. Develop guidance for examiners on supervising banks projecting or experiencing rapid growth. The guidance should include
  - a. parameters for identifying significant, rapid growth that may hinder a bank’s ability to operate in a safe and sound manner and parameters for identifying when a bank is growing in an unchecked manner based on conditions in the market that have surpassed management’s capability to effectively manage it.
  - b. actions examiners should take as a bank projects or experiences such growth, including any expected escalations.
  - c. actions examiners should take when supervising banks susceptible to volatile market conditions.
12. Develop guidance for banks projecting or experiencing significant, rapid growth that includes expectations for ensuring that they have requisite staff and risk management capabilities and effective key control functions.

## **2023 Audit of the Board's Information Security Program**

**2023-IT-B-015**

**September 29, 2023**

**Total number of recommendations: 7**

**Recommendations open: 7**

1. Prioritize the definition and incorporation of a cybersecurity risk tolerance into the agency's cybersecurity policies, procedures, and processes, as appropriate.
2. Ensure all required attributes are consistently documented within the agency's cybersecurity risk register.
3. Document and implement a process to consistently inventory the Board's web applications, including its public-facing websites.
4. Document and implement a process to consistently inventory and prioritize the Board's third-party systems, including the identification of subcontractors.
5. Enforce the agency's *iOS Update and Device Inactivity Policy* to ensure that agency services are denied to mobile devices that are out of compliance.
6. Develop, document, and implement a process to review and update the Board's privacy impact assessments.
7. Ensure that the process to update privacy impact assessments is adequately resourced for effective implementation.

## Consumer Financial Protection Bureau

**Table C-2. Reports to the CFPB Issued Before the Reporting Period With Open Recommendations, by Calendar Year**

Year	Number of reports with open recommendations	Number of open recommendations
2018	2	3
2019	0	0
2020	1	3
2021	0	0
2022	1	4
2023 <sup>a</sup>	1	1

<sup>a</sup> Through September 30, 2023.

### The CFPB Can Further Strengthen Controls Over Certain Offboarding Processes and Data

**2018-MO-C-001**

**January 22, 2018**

**Total number of recommendations: 11**

**Recommendations open: 1**

2. Finalize the building access system upgrade to ensure that personal identity verification badges and site badges are automatically deactivated in the building access system and that personal identity verification badges are automatically deactivated in the USAccess system upon an individual's separation.

### 2018 Audit of the Bureau's Information Security Program

**2018-IT-C-018**

**October 31, 2018**

**Total number of recommendations: 4**

**Recommendations open: 2**

1. Strengthen configuration management processes by
  - a. remediating configuration-related vulnerabilities in a timely manner.
  - b. ensuring that optimal resources are allocated to perform vulnerability remediation activities.

- Determine whether established processes and procedures for management of user-access agreements and rules-of-behavior forms for privileged users are effective and adequately resourced and make changes as needed.

## **Technical Testing Results for the Bureau’s Legal Enclave (nonpublic)**

**2020-IT-C-017R**

**July 22, 2020**

**Total number of recommendations: 4**

**Recommendations open: 3**

The open recommendations relate to strengthening vulnerability management, configuration management, and testing processes.

## **2022 Audit of the CFPB’s Information Security Program**

**2022-IT-C-014**

**September 30, 2022**

**Total number of recommendations: 6**

**Recommendations open: 4**

- Ensure that policies and supporting procedures for developing and maintaining an enterprisewide software inventory are developed and maintained.
- Ensure that an enterprisewide software inventory is conducted and maintained.
- Ensure the development of policies and procedures for the performance and maintenance of an organizationwide business impact analysis.
- Update the CFPB’s organizationwide business impact analysis and ensure that the results are used to make applicable changes to related contingency and continuity plans.

## **2023 Audit of the CFPB’s Information Security Program**

**2023-IT-C-016**

**September 29, 2023**

**Total number of recommendations: 1**

**Recommendations open: 1**

- Maintain a comprehensive schedule for testing current contingency plans, documenting test procedures, and maintaining relevant updates to the contingency plan.







# Abbreviations

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<b>CARES Act</b>	Coronavirus Aid, Relief, and Economic Security Act
<b>CBO</b>	Community Banking Organization
<b>CEO</b>	chief executive officer
<b>CI</b>	Criminal Investigation
<b>CIGFO</b>	Council of Inspectors General on Financial Oversight
<b>CIGIE</b>	Council of the Inspectors General on Integrity and Efficiency
<b>CSR</b>	Committee on Supervision and Regulation
<b>DIF</b>	Deposit Insurance Fund
<b>DOJ</b>	U.S. Department of Justice
<b>EIDL</b>	Economic Injury Disaster Loan
<b>FBI</b>	Federal Bureau of Investigation
<b>FDIC</b>	Federal Deposit Insurance Corporation
<b>FFIEC</b>	Federal Financial Institutions Examination Council
<b>FHFA</b>	Federal Housing Finance Agency
<b>FISMA</b>	Federal Information Security Modernization Act of 2014
<b>FOMC</b>	Federal Open Market Committee
<b>FRB Boston</b>	Federal Reserve Bank of Boston
<b>FRB Dallas</b>	Federal Reserve Bank of Dallas
<b>IG</b>	inspector general
<b>IRS</b>	Internal Revenue Service
<b>IT</b>	information technology
<b>LFBO</b>	Large and Foreign Banking Organization
<b>MSLP</b>	Main Street Lending Program
<b>OLS</b>	Office of Legal Services
<b>PIIA</b>	Payment Integrity Information Act of 2019
<b>PPP</b>	Paycheck Protection Program
<b>PPPLF</b>	Paycheck Protection Program Liquidity Facility
<b>PRAC</b>	Pandemic Response Accountability Committee

<b>RBO</b>	Regional Banking Organization
<b>SBA</b>	U.S. Small Business Administration
<b>SIGPR</b>	Special Inspector General for Pandemic Recovery
<b>TIGTA</b>	U.S. Treasury Inspector General for Tax Administration
<b>VSC</b>	voluntary separation compensation



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**OIG Hotline**

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