



Management Advisory Memorandum on Reporting Allegations of Misconduct

May 2024

Immediate Office Communication No. 24-01

Office of Inspector General

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NOTICE

Pursuant to Pub. L. 117-263, section 5274, non-governmental organizations and business entities identified in this report have the opportunity to submit a written response for the purpose of clarifying or providing additional context to any specific reference. Comments must be submitted to comments@fdicoig.gov within 30 days of the report publication date as reflected on our public website. Any comments will be appended to this report and posted on our public website. We request that submissions be Section 508 compliant and free from any proprietary or otherwise sensitive information.



Date: May 23, 2024

Memorandum To: Martin J. Gruenberg
Chairman

/Signed/

From: Jennifer L. Fain
Inspector General

Subject | Management Advisory Memorandum on Reporting Allegations of
Misconduct | Immediate Office Communication No. 24-01

The Office of Inspector General (OIG) is conducting a special inquiry into the workplace culture of the FDIC with respect to harassment and related misconduct. The OIG has the statutory authority to review allegations of misconduct at the FDIC under the Inspector General Act of 1978, as amended. The OIG must have a comprehensive awareness of misconduct allegations at the FDIC in order to determine whether we should initiate audit, evaluation, or investigative work, or refer a matter to another entity. Generally, the OIG will conduct an independent review of allegations of misconduct that involve senior FDIC officials, potential criminal or serious ethics violations, or systemic or pervasive misconduct. For other allegations, the OIG may refer the issues to the FDIC or other appropriate entity for action.

The special inquiry objective is to determine (1) employee perceptions of the FDIC workplace culture with respect to harassment, or related misconduct, and management actions; (2) FDIC management's actions to review, process, and address complaints of harassment and related misconduct, including the management of related litigation; (3) FDIC executives' knowledge of harassment and related misconduct and what actions (if any) were taken in response; and (4) factual findings regarding selected allegations that senior officials personally engaged in harassment or related misconduct.

The purpose of this management advisory is to inform you of concerns the OIG has identified during the course of the special inquiry that we believe require your immediate attention. Specifically, the OIG learned of several allegations of misconduct regarding senior FDIC officials that were not reported to the OIG in a timely manner. The OIG is now reviewing these allegations to determine how they should be incorporated into OIG work plans, and we are making follow-up requests with the Office of Minority and Women Inclusion (OMWI); the Labor and Employee Relations Section (LERS) within the Division of Administration; and the Labor, Employment, and Administration Section (LEAS) within the Legal Division to identify if there are additional allegations that have not been reported to the OIG. Additionally, we have identified instances where corporate-wide communications can be improved to ensure that staff are informed about the OIG and the OIG Hotline as a means to report allegations of harassment, and staff's responsibility to report allegations of misconduct to the OIG.

In June 2021, the FDIC and the OIG collaborated to update FDIC Directive 12000.01, *Cooperation with the Office of Inspector General*, which requires prompt reporting to the OIG of actual or suspected fraud, waste, abuse, misconduct, or mismanagement related to FDIC programs and operations. The FDIC has communicated these requirements to the FDIC workforce in Global Messages, including a July 2023 joint message from the Chairman and Acting Inspector General.

The FDIC has multiple processes and offices to handle various allegations of harassment and misconduct (i.e., OMWI, LERS, and LEAS). Reporting allegations to the OIG promptly in accordance with the Directive is especially important when they involve senior FDIC officials because these offices may have inherent conflicts in their ability to objectively investigate such allegations.

Therefore, to ensure the concerns identified in this management advisory are effectively resolved, at a minimum, the FDIC offices primarily responsible for receiving allegations of misconduct (i.e., OMWI, LERS, and LEAS) should coordinate with the OIG to develop and implement a process to notify the OIG of misconduct allegations. Further, all corporate-wide communications to employees about the various options for reporting misconduct should include the OIG Hotline as an option. Lastly, we suggest the Chairman and Inspector General send a Global Message to the FDIC workforce restating FDIC employees' obligation to report allegations of misconduct to the OIG.

We provided a draft of this memorandum to OMWI, LEAS, and LERS. We believe these measures will help encourage more consistent implementation and execution of the Directive that the FDIC and OIG have jointly established. We plan to include a summary of the FDIC's actions regarding this advisory, as well as more formal recommendations to address these matters, in our final special inquiry report.

Thank you, in advance, for your prompt attention to this matter. If you have any questions or concerns regarding this memorandum, please contact Tyler Smith, Deputy Inspector General at [REDACTED]

cc: Board of Directors
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The OIG's mission is to prevent, deter, and detect waste, fraud, abuse, and misconduct in FDIC programs and operations; and to promote economy, efficiency, and effectiveness at the agency.

To report allegations of waste, fraud, abuse, or misconduct regarding FDIC programs, employees, contractors, or contracts, please contact us via our [Hotline](#) or call 1-800-964-FDIC.

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www.fdicigoig.gov

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