



UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

August 29, 2022

Investigative Summary

Findings Related to the Former SEC Ombudsman

The U.S. Securities and Exchange Commission (SEC) Office of Inspector General (OIG) investigated anonymous allegations that the former SEC Ombudsman provided false statements to OIG auditors regarding the SEC's Tips, Complaints, and Referral (TCR) program, and that the former Ombudsman violated SEC Regulation (SECR) 3-2 (TCR Intake Policy) by failing to enter TCRs in accordance with SEC policy.

We found that the former Ombudsman misrepresented facts in a written response to an OIG draft management letter related to TCR practices by the Office of the Ombudsman. The former Ombudsman's written response to the OIG letter was in direct contravention to what the former Ombudsman conveyed to the OIG during its engagement with the former Ombudsman on the TCR program, what we confirmed through TCR records, and what we learned from the Office of the Ombudsman's staff. Additionally, the former Ombudsman approved a spreadsheet provided to the OIG containing fourteen TCR entries that were purportedly entered by staff within the Office of the Ombudsman, which was inaccurate and misleading. We found that ten of the fourteen TCRs presented in the spreadsheet did not originate within the Office of the Ombudsman, were not related to Ombudsman matters, nor were they entered into the TCR system by Office of the Ombudsman staff.

We also found that the former Ombudsman violated SECR 3-2 by failing to enter TCRs on investor matters received by the Office of the Ombudsman that warranted entry. Moreover, the former Ombudsman directed staff within the Office of the Ombudsman to refer investors to enter their own TCRs on matters related to alleged securities law violations or fraud, rather than entering the matters into the TCR system or forwarding the matters to a TCR point of contact, as SECR 3-2 requires.

Finally, we found that the former Ombudsman presented vignettes in the Ombudsman's Annual Reports to the Congress that were potentially misleading. In the Fiscal Year (FY) 2017 – 2020 Annual Reports to Congress, the Ombudsman presented the vignettes as individual Ombudsman matters and activities. However, the former Ombudsman told us that the vignettes were in fact hypothetical or composite descriptions of Office of the Ombudsman matters. After the OIG pointed out this discrepancy to the former Ombudsman in 2021, the former Ombudsman added language to the Ombudsman's Annual Report for FY 2021 clarifying that the vignettes presented were simplified or composite descriptions of investor complaints.