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Description of document: Securities and Exchange Commission (SEC) records provided to Senator Charles E. Grassley and Senator Tom Coburn concerning the independence of the Inspector General necessary to promote efficiency and prevent fraud, waste and abuse in agency programs, in response to the Senators' inquiry, 2011-2012

Requested: 24-April-2012

Released date: 12-June-2012

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Source of document: Freedom of Information Act Request
Securities and Exchange Commission
100 F Street NE, Mail Stop 2736
Washington, DC 20549
Fax: 202-772-9337
[Online Request for Copies of Documents](#)

Note: This is one of several files on the same subject for various agencies available on governmentattic.org. See: <http://www.governmentattic.org/6docs/GrassleyCoburn.htm>

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
STATION PLACE
100 F STREET, NE
WASHINGTON, DC 20549-2736

Office of FOIA Services

June 1, 2012

Re: Freedom of Information Act (FOIA), 5 U.S.C. § 552
Request No. 12-06682-FOIA

This is our final response to your request dated April 24, 2012 for a copy of each bi-annual response to Senators Grassley and Coburn regarding their April 8, 2010 request to the SEC Office of Inspector General to provide a summary of non-public management advisories and closed investigations.

Access is granted in full to the attached correspondence, comprised of seven (7) pages. If you have any questions, please contact me by email at sifordm@sec.gov or by telephone at (202) 551-7201. If you cannot reach me please contact Mr. John J. Livornese by calling (202) 551-7900 or by sending an e-mail to foiapa@sec.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "M. Siford".

Mark P. Siford
Office of FOIA Services
Attorney Advisor

Enclosure



UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

OFFICE OF THE
INSPECTOR GENERAL

December 21, 2011

The Honorable Charles E. Grassley, Ranking Member
United States Senate Committee on the Judiciary
135 Hart Senate Office Building
Washington, D.C. 20510

The Honorable Tom Coburn, Ranking Member
Permanent Subcommittee on Investigations
United States Senate Committee on Homeland Security and Governmental Affairs
172 Russell Senate Office Building
Washington, D.C. 20510

Re: Requested Biannual Reports on Closed Investigations, Evaluations and Audits

Dear Senators Grassley and Coburn:

In your letter of April 8, 2010, you requested that I provide you with biannual reports on all closed investigations, evaluations, and audits conducted by the Securities and Exchange Commission (SEC) Office of Inspector General (OIG). As I previously advised you, the SEC OIG describes the results of its closed investigations, evaluations and audits in its Semiannual Reports to Congress. Enclosed is a copy of our Semiannual Report to Congress for the period from April 1, 2011 to September 30, 2011. This Report is also available on our website at <http://www.sec-oig.gov/Semiannual/SemiannualReports.html>.

Please let me know if you have any questions or if you require any additional information.

Sincerely,

A handwritten signature in black ink, appearing to read "H. David Kotz".

H. David Kotz
Inspector General

Enclosure



OFFICE OF
INSPECTOR GENERAL

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

June 1, 2010

Via First-Class Mail and Electronic Mail

The Honorable Charles E. Grassley, Ranking Member
United States Senate Committee on Finance
135 Hart Senate Building
Washington, D.C. 20510-6200

The Honorable Tom Coburn, Ranking Member
Permanent Subcommittee on Investigations
United States Senate Committee on Homeland Security and Governmental Affairs
193 Russell Senate Office Building
Washington, D.C. 20510

Re: April 8, 2010 Letter Requesting Office of Inspector General
Information

Dear Senators Grassley and Coburn:

Thank you for your April 8, 2010 letter requesting information from the Securities and Exchange Commission (SEC) Office of Inspector General (OIG). Specifically, your letter requested information to be provided by June 15, 2010, concerning (1) any instances when the agency resisted and/or objected to oversight activities and/or restricted our access to information from October 1, 2008 to April 8, 2010; and (2) all closed investigations, audits and evaluations conducted by the SEC OIG that were not disclosed to the public for the period of January 1, 2009 through April 30, 2010. You also requested that you be notified immediately if any federal official threatens and/or otherwise attempts to impede the SEC OIG's ability to communicate with Congress. Finally, you requested a courtesy copy of our reply to the request of the Ranking Member of the House Committee on Oversight and Government Reform for information on outstanding recommendations that have not been fully implemented.

In response to your first request, please be advised that the SEC OIG has no instances to report for the period from October 1, 2008 to April 8, 2010, in which the SEC resisted and/or objected to oversight activities and/or restricted our access to information. Should any such instances arise, we will notify you immediately.

Regarding your second request, the SEC OIG places a great deal of importance on transparency and strives to keep the Congress and the public informed of our significant activities. As a consequence, our Semiannual Reports to Congress describe all

The Honorable Charles E. Grassley, Ranking Member
The Honorable Tom Coburn, Ranking Member
June 1, 2010
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investigations, audits and evaluations conducted by the Office during the reporting period, as well as all other matters of interest that occurred during the period. In addition, all audit and evaluation reports, investigative memoranda and management alerts are posted to the OIG's website, www.sec-oig.gov. The website also contains links to OIG investigative reports that the SEC has posted in redacted form pursuant to the Freedom of Information Act.

Specifically, the investigations, audits and evaluations conducted by the SEC OIG for the period from January 1, 2009 through March 31, 2010 are summarized in the OIG's Semiannual Reports to Congress for the periods from October 1, 2008 to March 31, 2009; April 1, 2009 to September 30, 2009; and October 1, 2009 to March 31, 2010. These reports are available on the OIG's website at <http://www.sec-oig.gov/Semiannual/SemiannualReports.html>. The OIG did not issue any investigation, audit or evaluation reports between March 31, 2010 and April 30, 2010, although we worked on a number of matters that are described in the Semiannual Report to Congress for the period from October 1, 2009 to March 31, 2010, under Pending Audits and Evaluations and Pending Investigations.

With respect to your third request, the SEC OIG has experienced no situations where a federal official has threatened or otherwise attempted to impede the SEC OIG's ability to communicate with Congress. However, should such a situation occur, we will advise you immediately.

Finally, we are enclosing a copy of our April 14, 2010 letter to the Honorable Darrell Issa, Ranking Member, U.S. House of Representatives Committee on Oversight and Government Reform, providing information on open SEC OIG recommendations.

If you have any questions or would like any further information about these matters, please contact me at 202-551-6037.

Sincerely,



H. David Kotz
Inspector General

Enclosure



OFFICE OF
INSPECTOR GENERAL

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

April 14, 2010

Via Facsimile and First Class Mail

The Honorable Darrell Issa
Ranking Member
Committee on Oversight and Government Reform
U.S. House of Representatives
2157 Rayburn House Office Building
Washington, D.C. 20515-6143

Re: March 24, 2010 Letter Requesting Updated Information on Open
Inspector General Recommendations

Dear Congressman Issa:

Thank you for your letter dated March 24, 2010, in which you requested certain updated information concerning the Securities and Exchange Commission (SEC) Office of Inspector General's (OIG's) open and unimplemented recommendations, as well as my suggestions for legislative improvements to the Inspector General Act of 1978 (IG Act), or the Inspector General Reform Act of 2008 (Reform Act).

The following information is provided in response to your request for information about the SEC OIG's open and unimplemented recommendations:

1. The number of open and unimplemented SEC OIG recommendations as of April 1, 2010, is 230.
2. The open and unimplemented SEC OIG recommendations that have an estimated cost savings associated with them are summarized in the enclosed Table 1.
3. The recommendations that the SEC OIG believes are the three most important open and unimplemented recommendations are summarized in the enclosed Table 2.
4. The number of recommendations that the SEC OIG deemed accepted and implemented by the agency during the time period from January 5, 2009 to April 1, 2010, is 194.

In response to your request for my suggestions for improvements to the IG Act or the Reform Act, I respectfully refer you to my testimony before the Subcommittee on Government Management, Organization and Procurement of the U.S. House of Representatives Committee on Oversight and Government Reform on March 25, 2009, which can be found at <http://www.secoig.gov/Testimony/H.%20David%20Kotz%20Testimony%20March%2025.%202009.pdf>. In that testimony, I suggested certain improvements that I believe would strengthen the Inspectors General and assist them in carrying out their critical work. These measures include additional appropriations directed to Offices of Inspector General; enhanced audit, investigative and personnel authorities for Inspectors General; and a requirement that agencies take action to address deficiencies identified by an Inspector General audit or investigation, or to certify to the appropriate Committees of Congress that no action is necessary or appropriate, within a specified time frame.

If you have any questions about the information provided above and in the attached tables, or if you require any additional information, please do not hesitate to contact me at (202) 551-6037.

Sincerely,



H. David Kotz
Inspector General

Enclosures

**Tables Accompanying Securities and Exchange Commission
Office of Inspector General's Response to Congressman Darrell Issa, dated April 14, 2010**

Table 1: SEC OIG Open Recommendations With Estimated Cost Savings as of April 1, 2010

Audit Report Title and Number	Report Issue Date	Recommendation	Estimated Obtainable Cost Savings
Management and Oversight of Interagency Acquisition Agreements at the SEC, Report No. 460	March 26, 2010	Recommendation No. 9 - The Office of Acquisitions should take action to close the interagency acquisitions we identified for which the period of performance expired and deobligate the approximately \$6.9 million in unused funds that remain on the interagency acquisitions, in accordance with the appropriate close-out procedures.	\$6,945,831

Table 2: SEC OIG Three Most Important Open and Unimplemented Recommendations as of April 1, 2010

Report Title, Number and Date	Recommendation	Status of Recommendation	Cost Savings	Plans to Implement
Review and Analysis of OCIE Examinations of Bernard L. Madoff Investment Securities, LLC, Report No. 468, September 29, 2009	Recommendation No. 3 - The Office of Compliance Inspections and Examinations (OCIE) should establish a protocol that explains how to identify red flags and potential violations of securities law based on an evaluation of information found in news reports and relevant industry sources. The protocol should also determine how decisions on whether to initiate cause examinations are made and by whom, set a reasonable time frame for evaluation (<i>i.e.</i> , 90 days) of the search results and provide notification to OCIE management when such time has expired.	Management concurred with the recommendation. A corrective action plan was provided to the OIG, and implementation is pending.	N/A	Yes

**Tables Accompanying Securities and Exchange Commission
Office of Inspector General's Response to Congressman Darrell Issa, dated April 14, 2010**

<p>Program Improvements Needed Within the SEC's Division of Enforcement, Report No. 467, September 29, 2009</p>	<p>Recommendation No. 15 - The Division of Enforcement should put in place policies and procedures or training mechanisms to ensure staff have an understanding of what types of information should be validated during investigations with independent parties, such as the Financial Industry Regulatory Authority, Depository Trust Company, and Chicago Board Options Exchange.</p>	<p>Management concurred with the recommendation. A corrective action plan was provided to the OIG, and implementation is pending.</p>	<p>N/A</p>	<p>Yes</p>
<p>Practices Related to Naked Short Selling Complaints and Referrals, Report No. 450, March 18, 2009</p>	<p>Recommendation No. 1 - The Division of Enforcement should develop written in-depth triage analysis steps for naked short selling complaints, as it has for complaints involving other types of securities law violations, such as spam-driven manipulations and insider trading.</p>	<p>Management did not concur with the recommendation.</p>	<p>N/A</p>	<p>No</p>