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Description of document: Reports from each National Credit Union Administration (NCUA) Inspector General (OIG) Investigation Closed 2017 -2019

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National Credit Union Administration  
Office of the Inspector General  
Attn: Office of General Counsel  
1775 Duke St.  
Alexandria, VA 22314  
Email: [OIGmail@ncua.gov](mailto:OIGmail@ncua.gov)

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## National Credit Union Administration

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Office of Inspector General

April 3, 2020

SENT BY EMAIL

SUBJECT: FOIA Request 2020-IGF-00011

This responds to your March 9, 2020, request under the Freedom of Information Act (FOIA), 5 U.S.C. § 552, for a copy of the report of investigation or closing memorandum from each OIG investigation closed during 2017, 2018, and 2019, but to omit any reports already released to you.

Attached are a closing memorandum and three reports of investigation for the requested time period that you had not previously requested or received. These records comprise 34 pages and include redactions of information that is protected under (b)(6) and (b)(7)(C) of FOIA, which protect personal privacy interests. The identifying information of a criminal investigator is also redacted under exemptions (b)(6) and (b)(7)(C). Additional redactions include examination-related information protected under exemption (b)(8) and confidential information provided by a third party, which is protected under exemption (b)(4).

For your information, Congress excluded three discrete categories of law enforcement and national security records from the requirements of the FOIA. *See* 5 U.S.C. § 552(c) (2006 & Supp. IV 2010). This response is limited to those records that are subject to the requirements of the FOIA. This is a standard notification that is given to all our requesters and should not be taken as an indication that excluded records do, or do not, exist.

If you are not satisfied with my action on this request, you may file an administrative appeal in writing within 90 days of the date of this letter. If you file an appeal, please note “FOIA APPEAL” in the letter and on the envelope (or in the subject line of email to [foia@ncua.gov](mailto:foia@ncua.gov)) and address it to: National Credit Union Administration, Office of General Counsel-FOIA APPEAL, 1775 Duke Street, Alexandria, VA 22314-3428. A copy of your initial request and a copy of this letter should accompany your appeal letter.

For further assistance, you may contact me, the OIG FOIA Public Liaison Sharon Regelman, or the Office of Government Information Services (OGIS). The OIG FOIA Liaison is responsible for assisting in the resolution of FOIA disputes. OGIS, which is part of the National Archives and Records Administration (NARA), offers mediation services to resolve disputes between FOIA requesters and Federal agencies as a non-exclusive alternative to appeals or litigation. You may contact the FOIA Public Liaison at [oigmail@ncua.gov](mailto:oigmail@ncua.gov) or 703-518-6350. You may contact OGIS at 8601 Adelphi Road-OGIS, College Park, MD 20740-6001; [OGIS@nara.gov](mailto:OGIS@nara.gov);

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202-741-5770; 877-684-6448 (toll free); or 202-741-5769 (fax). Seeking assistance from the  
OIG Public Liaison or OGIS does not affect your right, or extend the deadline, to pursue an  
appeal.

Sincerely,

**MARTA ERCEG** Digitally signed by MARTA ERCEG  
Date: 2020.04.03 16:22:12 -04'00'

Marta Erceg  
Counsel to the Inspector General/  
Assistant IG for Investigations

cc: Acting Associate General Counsel, Information and Access Law



NATIONAL CREDIT UNION ADMINISTRATION  
Office of Inspector General  
Office of Investigations

REPORT OF INVESTIGATION

CASE NUMBER: 17-(b)(1)-05

DATE: March 7, 2018

CASE TITLE: (b)(6); (b)(7)(C); (b)(8)

CASE STATUS: Closed – pending

VIOLATIONS: Retaliation

PREDICATION

On October 17, 2017, the National Credit Union Administration (NCUA) Office of Inspector General (OIG), Alexandria, VA received a letter from the counsel to (b)(8) Credit Union (b)(8) (b)(8) LLP, alleging that (b)(6); (b)(6); (b)(7)(C) NCUA Regional Director, (b)(8) retaliated against (b)(8) (b)(8) (b)(8) also of (b)(8), emailed the OIG the letter.

According to (b)(8) letter, (b)(6); (b)(7)(C) issued a (b)(8) (b)(8) to (b)(8) in retaliation for (b)(8) attempting to file an (b)(8) concerning a joint examination report regarding (b)(8) by the (b)(8) (b)(8) (b)(8) and the NCUA and the (b)(6); (b)(7)(C); (b)(8) to (b)(8) (b)(8) requested that the OIG investigate this alleged retaliation and also requested that (b)(6); (b)(7)(C) oversight of (b)(8) be suspended until the investigation was completed.

DISTRIBUTION:

Mark A. Treichel  
Executive Director

CASE AGENT:

Barry Grzechowiak  
Director of Investigations

APPROVED:

Marta Erceg  
Counsel/Asst. Inspector  
General for Investigations

*Barry Grzechowiak*  
(Signature)

*Marta Erceg*  
(Signature)

## REPORT OF INVESTIGATION

Case Number: 17-(b)(4)-05

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### SUBJECT INFORMATION

(b)(8) (b)(6); (b)(7)(C) NCUA Regional Director, (b)(8)

### RELEVANT STATUTES, REGULATIONS, AND RULES

#### **12 U.S.C. § 4806, Regulatory appeals process, ombudsman, and alternative dispute resolution**

12 U.S.C. § 4806 provides in relevant part:

- The National Credit Union Administration Board shall establish an independent intra-agency appellate process. This process shall be available to review material supervisory determinations made at insured credit unions that the NCUA supervises.
- In establishing the independent appellate process, NCUA shall ensure that appropriate safeguards exist for protecting the appellant from retaliation by NCUA examiners.
- The term “material supervisory determination” includes determinations relating to examination ratings and the term “independent appellate process” means a review by an NCUA official who does not directly or indirectly report to the NCUA official who made the material supervisory determination under review.

#### **NCUA Interpretive Ruling and Policy Statement 11-1, Supervisory Review Committee, 76 Fed. Reg. 3674 (Jan. 20, 2011)**

Interpretive Ruling and Policy Statement (IRPS) 11-1<sup>1</sup> provides in relevant part:

Alleged acts of retaliation should be reported to NCUA’s Inspector General, who is authorized by Congress, under the Inspector General Act, to receive and investigate complaints and other information regarding abuse in agency programs and operations.

Any retaliation by NCUA staff against a credit union making any type of appeal will subject the employee to appropriate disciplinary or remedial action by the appropriate supervisor. Such disciplinary or remedial action may include oral or written warning or admonishment, reprimand, suspension or separation from employment, change in

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<sup>1</sup> NCUA’s first IRPS regarding the Supervisory Review Committee was IRPS 95-1, 60 Fed. Reg. 14795 (March 20, 1995), and contained the same provisions regarding retaliation. IRPS 11-1 has since been amended, including most recently in October 2017. See Supervisory Review Committee: Procedures for Appealing Material Supervisory Determinations, 82 Fed. Reg. 50270 (Oct. 30, 2017).

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assigned duties, or disqualification from a particular assignment, including prohibition from participating in any examination of the credit union that was the subject of the retaliation.

### SYNOPSIS

(b)(8) examination of (b)(8) began on April 3, 2017, and (b)(8) issued its examination report to (b)(8) on June 20, 2017. NCUA and (b)(8) officials held a joint conference with (b)(8) officials and its counsel on June 28, 2017, in which the (b)(8) was discussed with (b)(8). On July 10, 2017, (b)(6); (b)(7)(C) officially disclosed a (b)(8) to (b)(8). (b)(8) had 30 days from July 10 to appeal (b)(6); (b)(7)(C), i.e., August 9, 2017. (b)(8) was retained as (b)(8) counsel on July 19. (b)(8) sent a request to (b)(8) on July 20 that it be permitted to disclose information regarding (b)(8) examination to (b)(8). (b)(8) granted that request on August 17, 2017. On August 24, 2017, (b)(8) wrote to (b)(6); (b)(7)(C) to request an extension to appeal (b)(8) (b)(8), which was 15 days past the appeal deadline.

On September 6, (b)(6); (b)(7)(C) denied the request for an extension and stated that (b)(6) concerns with (b)(8) and the problems identified in the examination report had prompted a decision to further focus (b)(8) attention on those issues via the (b)(8) (b)(8). (b)(6); (b)(7)(C) issued the (b)(8) (b)(8) on September 25. The investigation showed that NCUA officials discussed issuing the (b)(8) early in the examination and prior to (b)(8) request for an extension to file an appeal on (b)(8) behalf. The investigation did not indicate that (b)(6); (b)(7)(C) issued the (b)(8) to (b)(8) in retaliation for (b)(8) request.

### DETAILS

#### A. Interview of (b)(8) (b)(8)

On October 26, 2017, the Reporting Agent (RA) telephonically interviewed (b)(8) (b)(8) attorney, (b)(8) in connection with this investigation. (Exhibit 1) (b)(8) stated that (b)(8) could not appeal the (b)(8) earlier because (b)(8) did not grant (b)(8)

(b)(8)

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request to share the examination report with (b)(8) until late on August 17, 2017. (b)(8) further noted that in (b)(6); (b)(7)(C) September 6, 2017, denial of (b)(8) request for an extension to file an appeal, (b)(6); (b)(7)(C) stated that even if (b)(6) had the power to grant the extension, (b)(6) would not do so because of (b)(8) and that (b)(8) would be forthcoming. (b)(8) stated that these statements were totally out of place for an intra-agency appeal. (b)(8) said that the purpose of the intra-agency appeal was to allow the credit union and the NCUA to have a dialogue about the issues and had nothing to do with the (b)(8)

(b)(8) stated that the timeline (b)(6); (b)(7)(C) provide in (b)(6) September 6, 2017, letter was deceptive. (b)(8) said that on July 20, 2017, (b)(8) requested permission from (b)(8) to release the examination report to (b)(8). (b)(8) approved this request on August 17, 2017. In addition, (b)(8) added that although (b)(6); (b)(7)(C) timeline indicated that (b)(6) provided the (b)(8) on July 6, (b)(6); (b)(7)(C) did not provide the disclosure to (b)(8) until July 10 because of email difficulties.

### B. Documents provided by (b)(8)

(b)(8) provided the OIG with the following documents regarding this investigation:

- July 20, 2017, letter from (b)(8) to (b)(8) requesting authorization to disclose materials to (b)(8) (Exhibit 2)
- August 17, 2017, letter from (b)(8) to (b)(8) indicating that a limited waiver was granted for disclosure of materials. (Exhibit 3)
- August 24, 2017, letter from (b)(8) to (b)(6); (b)(7)(C) requesting an extension to submit an appeal to the (b)(8) in the examination report. (Exhibit 4)
- September 6, 2017, letter from (b)(6); (b)(7)(C) to (b)(8) denying the request for an extension to submit an appeal. (Exhibit 5)
- September 13, 2017, letter from (b)(8) to (b)(6); (b)(7)(C) requesting a reconsideration of (b)(6) denial. (Exhibit 6)
- September 25, 2017, letter from (b)(6); (b)(7)(C) to (b)(8) upholding (b)(6) previous decision to not grant the extension. (Exhibit 7)
- September 25, 2017, (b)(8) from (b)(6); (b)(7)(C) to (b)(8) (Exhibit 8)

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- October 17, 2017, letter from (b)(8) to (b)(6); (b)(7)(C); (b)(8) requesting an extension and notification that a complaint for retaliation will be filed with the NCUA OIG. (Exhibit 9)
- November 3, 2017, letter from the NCUA General Counsel McKenna to (b)(8) denying the request for an appeal. (Exhibit 10)
- November 13, 2017, letter from (b)(8) responding to the November 3 denial letter. (Exhibit 11)
- November 29, 2017, NCUA final determination letter to (b)(8) (Exhibit 12)

### C. Interviews of (b)(6); (b)(7)(C); (b)(8), (b)(6); (b)(8), and (b)(6); (b)(8)

#### 1. (b)(6); (b)(7)(C); (b)(8)

On November 15, 2017, the RA telephonically interviewed (b)(6); (b)(7)(C); (b)(8) NCUA Associate Regional Director (ARD), (b)(6); (b)(7)(C); (b)(8) in connection with this investigation. (Exhibit 13)

(b)(6); (b)(7)(C); (b)(8) stated that (b)(8) is (b)(8)

(b)(8)

(b)(8)



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(b)(8)

(b)(6); (b)(7)(C); added that the NCUA provided (b)(8) with a draft copy of (b)(8); (b)(8) and asked for comments prior to its issuance. (b)(8) did not have any concerns with (b)(8); (b)(8) (Exhibit 14) (b)(8) also said that the NCUA discussed the issuance of (b)(8); (b)(8) with (b)(8) after the (b)(8) was issued and that (b)(8) was pleased the NCUA issued the (b)(8) and fully supported its issuance.

(b)(6); (b)(7)(C); said that throughout (b)(8) examination, NCUA (b)(6); (b)(7)(C); (b)(8) (b)(8) (b)(6); and NCUA Examiner (b)(8) (b)(6); communicated with (b)(6); (b)(7)(C); (b)(8) also noted that NCUA works closely with the state on examinations. (b)(6); (b)(7)(C); stated that by the end of the examination and before the joint conference, they were all on the same page with regard to (b)(6); (b)(7)(C); (b)(8)

(b)(6); (b)(7)(C); stated that a joint conference was held on June 28, 2017, to discuss the examination of (b)(8) (Exhibit 15) (b)(6); (b)(7)(C); stated that (b)(8) attended the joint conference as did (b)(8) counterpart. (b)(6); (b)(7)(C); said that (b)(8) provided comments for NCUA and the (b)(8) examiners provided the details of the examination. (b)(6); (b)(7)(C); said that (b)(8) attorney, (b)(8) (b)(8) was also present. (b)(6); (b)(7)(C); noted that (b)(8) (b)(8) current counsel, was not hired until July 19, and was therefore not part of the joint conference. (b)(6); (b)(7)(C); stated that (b)(8) understood (b)(8) issues and before the joint conference began, (b)(8) stated that (b)(8) knew what it needed to do and was going to do it.

(b)(6); (b)(7)(C); told the RA that during the joint conference (b)(8) received the final examination report. (b)(6); (b)(7)(C); stated that NCUA did not mention the (b)(8) during the joint conference (b)(8) However,

(b)(8)

(b)(6); (b)(7)(C); said that the NCUA and (b)(8) both completed (b)(6); (b)(7)(C); (b)(8) stated that, although rare, (b)(6); (b)(7)(C); (b)(8) may be different. However, (b)(6); (b)(7)(C); stated that (b)(8) and the NCUA were in complete agreement over (b)(8) (b)(6); (b)(7)(C); (b)(8)

(b)(6); (b)(7)(C); stated that on July 6, 2017, the NCUA attempted to give the (b)(6); (b)(7)(C); (b)(8) to (b)(8) and the 30-day appeal clock started on that date. (b)(6); (b)(7)(C); stated that there was an email glitch at the NCUA when it tried to send the (b)(6); (b)(7)(C); (b)(8) to (b)(8) on July 6 and as a result, (b)(8) did not receive it until July 10. On July 19, (b)(8) hired (b)(8) as its counsel. (b)(6); (b)(7)(C); stated that on July 20, (b)(8) requested (b)(8) to provide (b)(8) with the examination report. This process took time and (b)(6); (b)(7)(C); said that (b)(8) approved (b)(8) request to receive the examination report on August 17. (b)(6); (b)(7)(C); added

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that on August 3, (b)(8) wrote to the NCUA and there was no mention of any disagreement with the examination report (b)(6); (b)(7)(C); (b)(8) (b)(6); (b)(7)(C); said (b)(8) filed the appeal on August 24, which was outside of the 30-day appeal period. (b)(6); (b)(7)(C); said that Regional Director (b)(6); (b)(7)(C) cannot grant an appeal outside of the 30-day time frame. In addition, (b)(6); (b)(7)(C); stated that the region consulted with NCUA's general counsel before denying (b)(8) appeal request and issuing the (b)(8)

(b)(6); (b)(7)(C); also told the RA that (b)(8) did not have to wait to get the examination report from (b)(8) before (b)(8) could appeal (b)(6); (b)(7)(C); (b)(8) said that (b)(8) could have shared the NCUA's (b)(6); (b)(7)(C); (b)(8) with (b)(8) as there is a provision that allows that. (b)(6); (b)(7)(C); stated that although the examination report belongs to (b)(8) (b)(8) has no procedure to allow (b)(8) to appeal the examination report. (b)(8) could appeal only (b)(6); (b)(7)(C); (b)(8)

2. (b)(6);

On November 28, 2017, the RA telephonically interviewed (b)(8) (b)(6); NCUA (b)(6); (b)(7)(C); (b)(8) Region (b) in connection with this investigation. (Exhibit 16)

(b)(6); stated that as (b)(6); (b)(7)(C); (b)(8) (b)(8) (b)(6); (b)(7)(C); (b)(8) (b)(6); (b)(7)(C); (b)(8) (b)(6); said that (b)(8) is on site during examinations and handles any issues that arose. (b)(6); stated during (b)(8) examination, (b)(8) communicated weekly, if not daily, with the (b)(6); (b)(7)(C); (b)(8) (b)(8) (b)(6);

(b)(6); said that the (b)(8) examination was considered a state examination because (b)(8) is a state-chartered credit union, and for that reason, (b)(8) issued the report. However, (b)(6); also said that during the examination, the NCUA worked directly with (b)(8) and the examination was a joint effort.

(b)(8)

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(b)(6); stated that (b)(8) was fine with the NCUA issuing the (b)(8) (b)(6); added that there were discussions from the beginning of the examination in April 2017 about issuing a (b)(8) and these discussions were elevated as the examination progressed. (b)(6); said that most of the discussions were oral about the (b)(8) but there were email discussions regarding the (b)(8) dating back to August 10, 2017. (Exhibit 17) (b)(6); stated that (b)(8) knew early on in the examination (b)(8) (b)(6); also said the NCUA always provides the state with the (b)(8) for comment and review before issuance.

(b)(6); said that (b)(8) attended the joint conference with (b)(8) and (b)(8) officials. (b)(6); stated that (b)(8) attended an exit meeting with (b)(8) and (b)(8) officials about two months prior to the joint conference. During the exit meeting, (b)(6); said (b)(8) was told during the joint conference that (b)(8) was forthcoming; (b)(8)

(b)(8)

3. (b)(6);

On November 29, 2017, the RA telephonically interviewed (b)(8) (b)(6); NCUA (b)(6); (b)(7)(C); (b)(8) Region (b)(8) in connection with this investigation. (Exhibit 18)

(b)(6); said (b)(8) initially was a team member on the examination. NCUA employee (b)(8) (b)(8) was the Examiner-in-Charge (EIC). (b)(8) and (b)(6); took over the examination as EIC. (b)(6); stated that (b)(8) discussed the (b)(8) with (b)(8) early in the examination and (b)(8)

(b)(8)

(b)(8)

(b)(6); said that (b)(8) attended the joint conference in which the state discussed its examination report. (b)(6); added that (b)(8) counsel (b)(8) was there as well. According to (b)(6); (b)(8) board of directors understood (b)(8)

(b)(8)

(b)(6); stated that a (b)(8) was not discussed during the joint conference.

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(b)(6); (b)(7)(C); (b)(8)

## E. Interview of (b)(6); (b)(7)(C); (b)(8)

On January 29, 2017, the RA interviewed (b)(6); (b)(7)(C) NCUA Regional Director, Region (b)(6) in connection with this investigation. (Exhibit 20)

Prior to beginning the interview, the RA provided (b)(6); (b)(7)(C) with a Garrity advisement (Attached to Exhibit 20). The RA explained the Garrity advisement to (b)(6); (b)(7)(C). (b)(6); (b)(7)(C) did not have any questions regarding the Garrity advisement and signed it.

The RA asked (b)(6); (b)(7)(C) what (b)(6); (b)(7)(C) involvement is regarding examinations. (b)(6); (b)(7)(C) stated that (b)(6); (b)(7)(C) receives updates from examiners on their examinations, including (b)(6); (b)(7)(C); (b)(8) examinations, such as the one performed on (b)(8). (b)(6); (b)(7)(C) added that (b)(6); (b)(7)(C) updates the Board on the more important examinations and that (b)(6); (b)(7)(C) reports on (b)(6); (b)(7)(C); (b)(8) examinations weekly.

Regarding the (b)(8) examination, (b)(6); (b)(7)(C) stated that the examination's exit conference took place on April 27, 2017. (b)(6); (b)(7)(C) was not present. During the exit conference, NCUA, (b)(8) and (b)(8) officials met and discussed the findings.

The RA asked (b)(6); (b)(7)(C) about (b)(8) involvement and responsibilities in (b)(8) examination. (b)(6); (b)(7)(C) replied that (b)(8) is a state-chartered credit union and (b)(8) was responsible for the examination report. (b)(6); (b)(7)(C) said (b)(6); (b)(7)(C) was not actively involved in the examination, but was briefed on it and provided NCUA's views on the examination to (b)(8).

(b)(6); (b)(7)(C) stated that representatives from (b)(8) and NCUA held a joint conference with (b)(8) on June 20, 2017.<sup>3</sup> (b)(6); (b)(7)(C) said that (b)(6); (b)(7)(C); (b)(8) NCUA Region (b)(6); (b)(7)(C); (b)(8) were present. (b)(6); (b)(7)(C) was not at the joint conference. (b)(6); (b)(7)(C) said that (b)(6); (b)(7)(C) understood the (b)(6); (b)(7)(C); (b)(8) and that (b)(8) current counsel, (b)(8) was not at the conference. (b)(6); (b)(7)(C) said that both (b)(6); (b)(7)(C); (b)(8) and (b)(8) represent (b)(8).

<sup>3</sup> The Joint Conference was held on June 28, 2017, not June 20, 2017.

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(b)(6); (b)(7)(C) said the NCUA preferred (b)(8); (b)(6); (b)(7)(C); (b)(8) (b)(8) because (b)(8) was a state-chartered credit union. (b)(6); (b)(7)(C); (b)(8) (b)(6); (b)(7)(C); (b)(8) (b)(6); (b)(7)(C); (b)(8)

(b)(6); (b)(7)(C); (b)(8) (b)(6); (b)(7)(C) said that (b)(6); (b)(7)(C); (b)(8) thought (b)(8) was on board regarding the (b)(6); (b)(7)(C); (b)(8) because (b)(6); (b)(7)(C); (b)(8) attended the June 20, 2017, conference and was part of the discussion regarding (b)(8) (b)(6); (b)(7)(C); (b)(8)

(b)(6); (b)(7)(C); (b)(8)

(b)(6); (b)(7)(C) stated that on July 6, 2017, (b)(6); (b)(7)(C); (b)(8) (b)(8) and that was the date when the 30 days for (b)(8) to appeal (b)(6); (b)(7)(C); (b)(8) (b)(6); (b)(7)(C) said that (b)(6); (b)(7)(C) asked NCUA General Counsel McKenna if (b)(6); (b)(7)(C) could accept an appeal from (b)(8) past the 30 days and was told that (b)(6); (b)(7)(C) could not, which was also (b)(6); (b)(7)(C) understanding. (b)(6); (b)(7)(C) added that (b)(8) wanted to appeal to (b)(8) but the state did not have an appeal process. (b)(6); (b)(7)(C) said that (b)(8) could have appealed to the NCUA provisionally within the 30-day window to maintain its appeal rights, but did not do so. (b)(6); (b)(7)(C) added that (b)(6); (b)(7)(C) makes the final determination on whether to grant appeals or not. (b)(6); (b)(7)(C) said that (b)(6); (b)(7)(C) never heard anything from (b)(8) until it filed an appeal on August 24, 2017.

(b)(6); (b)(7)(C) stated that (b)(6); (b)(7)(C) made (b)(6); (b)(7)(C) decision to issue the (b)(8) before (b)(6); (b)(7)(C) received the appeal. (b)(6); (b)(7)(C) said (b)(6); (b)(7)(C) intention was not to be retaliatory but to have (b)(8) focus (b)(6); (b)(7)(C); (b)(8) (b)(6); (b)(7)(C); (b)(8)

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### CONCLUSION

Based on the information provided during interviews and a review of related email, the OIG concluded that the (b)(8) was planned prior to (b)(6); request for an extension to file an appeal, and was not issued in retaliation for that request.



**NATIONAL CREDIT UNION ADMINISTRATION**  
**Office of Inspector General**  
**Office of Investigations**

**REPORT OF INVESTIGATION**

**CASE NUMBER:** 19-04  
**DATE:** July 17, 2019  
**CASE TITLE:** Yun Luo  
**CASE STATUS:** Closed – pending  
**VIOLATIONS:** Misuse of Position and False Statements

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**PREDICATION**

On April 22, 2019, the National Credit Union Administration (NCUA) Office of Inspector General (OIG) received information from the NCUA's Office of Examination and Insurance (E&I) that Yun (Isabel) Luo, NCUA Senior Capital Markets Specialist, sent a text to an employee at her former employer, Pentagon Federal Credit Union (PenFed), which may have constituted an abuse of her position. During the course of investigating this allegation, we also learned that Luo had resigned from PenFed in October 2018 prior to being hired by the NCUA.

**SUBJECT INFORMATION**

Yun (Isabel) Luo, Senior Capital Markets Specialist, CU-15, E&I, Alexandria, VA. Luo's employment with the NCUA began on February 17, 2019.

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**DISTRIBUTION:**

Mark Treichel  
Executive Director,  
NCUA

**REPORTING AGENT:**

(b)(6);(b)(7)(C)  
Director of Investigations  
Retired June 28, 2019

(Signature)

**APPROVED:**

Marta Erceg  
Counsel/Assistant Inspector  
General for Investigations

**MARTA ERCEG** Digitally signed by MARTA ERCEG  
Date: 2019.07.17 15:42:14 -04'00'

(Signature)

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### SYNOPSIS

Luo worked at PenFed Credit Union prior to working at the NCUA. The investigation revealed that she sent a text message on January 3, 2019, likely to a (b)(6);(b)(7)(C) PenFed (b)(6);(b)(7)(C) stating that she had obtained a position with the NCUA, would supervise credit unions ranging in size from \$1 billion to \$10 billion, and also would review the work of the other team (the Office of National Examinations and Supervision), and stating that (b)(6);(b)(7) PenFed (b)(6);(b)(7) and a (b)(6);(b)(7) PenFed (b)(6);(b)(7)(C) would “have to work hard this year.” Luo told us that her text message was a joke and that she did not think that it or other text messages she had sent regarding PenFed would have been shared by (b)(6);(b)(7)(C) and that her phone must have been hacked. The NCUA’s Alternate Designated Agency Ethics Official (ADAEO) told us that she could not identify a private gain to Luo from sending this text message, which would be required to prove a violation under the Standards of Ethical Conduct for Employees of the Executive Branch, 5 C.F.R. § 2635.702 (providing that employees shall not use public office for private gain). However, the ADAEO said that there could be an appearance issue under the ethics regulations even without private gain and that would be viewed from a reasonable person standard. See 5 C.F.R. § 2635.101(b)(14) (“Employees shall endeavor to avoid any actions creating the appearance that they are violating the law or the ethical standards set forth in this part. Whether particular circumstances create an appearance that the law or these standards have been violated shall be determined from the perspective of a reasonable person with knowledge of the relevant facts.”).

The investigation also found that PenFed asked Luo to resign (b)(4) (b)(4) resign effective October 4, 2018.

(b)(4)

Luo applied for her NCUA position on October 15, 2018, and received an offer of employment on December 27, 2018, which she accepted. In the Questionnaire for Public Trust Positions, SF-85P that she completed on January 8, 2019, as part of her background investigation for her NCUA position, Luo indicated that she was employed by PenFed from November 2016 to October 2018. However, Luo did not reveal to the NCUA at any time that PenFed had asked her to resign.

Luo signed a Declaration for Federal Employment, OF 306, as an applicant on January 3, 2019, and again as an appointee on February 20, 2019. The Declaration for Federal Employment provided:

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All your answers must be truthful and complete. A false statement on any part of this declaration may be grounds for not hiring you, or for firing you after you begin work. Also, you may be punished by a fine or imprisonment (under 18 U.S.C. § 1001).

On her Declaration for Federal Employment, Luo answered “no” to the question of whether during the last 5 years she had been fired from a job for any reason, quit after being told that she would be fired, left any job by mutual agreement because of specific problems, or was debarred from federal employment by the Office of Personnel Management or any other Federal agency. Likewise, on January 8, 2019, Luo answered “no” to the question in the Questionnaire for Public Trust Positions of whether in the last 7 years she had been fired from a job, quit a job after being told she would be fired, left a job by mutual agreement following allegations of misconduct or allegations of unsatisfactory performance, or left a job for other reasons under unfavorable circumstances. Like the Declaration for Federal Employment, the Questionnaire for Public Trust Positions warns applicants about the importance of being truthful in their responses and of the penalties associated with making false statements.

(b)(4)

The United States Attorney’s Office for the Eastern District of Virginia declined prosecution of this case on July 2, 2019.

### DETAILS

#### A. Yun (Isabel) Luo, Senior Capital Markets Specialist, E&I

On May 21, 2019, the RA and the Counsel to the Inspector General/Assistant Inspector General for Investigations (AIGI), NCUA OIG, interviewed Yun “Isabel” Luo, E&I. (Exhibit 1) The RA provided Luo a Garrity Advisement, which she signed. (Exhibit 1, Attachment)

Luo stated that she worked at PenFed for 2 years, where she was the vice president of quantitative risk and was responsible for PenFed’s capital plan and stress testing. Luo had some

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interaction with the Office of National Examinations and Supervision (ONES) at the NCUA as part of her PenFed job. In response to the RA asking why she left PenFed, Luo said that there was a restructuring and her team was taken away. She did not think that was fair and she did not get along with (b)(6);(b)(7)(C) (b)(6);(b)(7)(C). She applied for her position at the NCUA because she thought it would be a good fit for her and because she was not happy at PenFed.

The RA asked Luo what she told the NCUA about leaving PenFed, and Luo said that this was not brought up before the hiring process or during her job interviews. However, she said that the ONES team was aware before her interviews that she had left PenFed; specifically, she told (b)(6); (b)(6); and (b)(6); (b)(7)(C) in ONES that she had left PenFed at the end of October/early November 2018. Luo said that when she applied for the NCUA position, she was still working at PenFed.

Note: Our investigation found that Luo applied for her NCUA position on October 15, 2018, which was 11 days after (b)(4) and 10 days before (b)(4). See Exhibit 2 (vacancy announcement and screen shot showing application date).

The RA asked Luo why she approached (b)(6);(b)(7)(C) PenFed, during the NCUA's reception for former NCUA Board Member Rick Metsger (which occurred on March 15, 2019). Luo said that she felt that (b)(6);(b) and PenFed's (b)(6);(b)(7)(C) should be aware of the issues raised by people who were let go by PenFed.

Subsequently, Luo met with (b)(6);(b) and (b)(6);(b) to discuss her concerns. However, Luo stated that before she could raise any issues, (b)(6);(b)(7) began talking about how well PenFed treated people and accused her of posting negative things about PenFed in Chinese on Chinese web sites. Luo said that she did not post anything about PenFed in Chinese or in English. After their meeting, Luo sent (b)(6);(b) an email recapping it. Luo said that (b)(6);(b) left the meeting first and (b)(6);(b) stayed with her for 10 more minutes. Luo said to calm (b)(6);(b) down, she informed (b)(6) that she works for E&I (in the group that establishes policy for NCUA's oversight of credit unions) and not for ONES (ONES supervises corporate credit unions and credit unions with assets of \$10 billion or more like PenFed).

The RA then showed Luo a text message she sent on January 3, 2019, which stated: "I got a GS15 government position with NCUA. I will supervise CU in 1 to 10B size, and also review the other team's [ONES] work. (b)(6) and (b)(6); have to work hard this year." (Exhibit 3) The RA asked to whom she had sent the text message and she said that she would have to go back and check and then stated that she did not think she sent it to a PenFed employee.

The RA asked Luo what she meant by stating in her text message "(b)(6) and (b)(6); have to work hard this year." Luo said that (b)(6);(b)(7)(C) was a (b)(6);(b)(7)(C) at PenFed and people felt that (b)(6);

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and Luo (b)(6);(b)(7)(C) were not fair to (b)(6);(b)(7)(C). Luo then said that she was joking in the text message about (b)(6);(b)(7)(C) having to work hard.

The RA showed Luo another text message she sent (on January 27, 2019, according to the OIG's May 9, 2019, interview of (b)(6);(b)(7)(C)), which stated: "Yes, it is a full time position. Did (b)(6);(b)(7)(C) and (b)(6);(b)(7)(C) have (b)(6);(b)(7)(C) as u might know?" (Exhibit 4)

Luo said she thought she sent that message after her meeting with (b)(6);(b)(7)(C) and (b)(6);(b)(7)(C).

Note: Luo's meeting with (b)(6);(b)(7)(C) and (b)(6);(b)(7)(C) was on March 20, 2019, 2 months after Luo sent the message.

Luo said she felt very shocked by the meeting and wondered who would accuse her of posting negative things on a Chinese website, thinking that it would be someone who would be Chinese, (b)(6);(b)(7)(C). The RA asked why (b)(6);(b)(7)(C) would do such a thing and, if (b)(6);(b)(7)(C) did, whether there would be a benefit to (b)(6);(b)(7)(C). Luo said she wondered whether there was (b)(6);(b)(7)(C).

(b)(6);(b)(7)(C)  
(b)(6);(b)(7)(C) Luo said that the restructuring was unfair and a lot of it benefited (b)(6);(b)(7)(C). Luo said there was very bad management and people at PenFed, and PenFed did not allow people to return to employment at PenFed. She then stated that the text messages we showed her were piecemeal, and they were small messages out of big messages. She said the texts were to a (b)(6);(b)(7)(C) PenFed employee (b)(6);(b)(7)(C). Luo said that she did not think this person would have brought the text messages to the NCUA and then stated that she thought her phone must have been hacked. She said that the employee she texted was (b)(6);(b)(7)(C).

(b)(6);(b)(7)(C)

(b)(6);(b)(7)(C)

In response to the AIGI asking whether Luo sent her January 3, 2019, text message to (b)(6);(b)(7)(C), Luo said no, and that the text message was not to a PenFed employee, but maybe to someone who worked on PenFed projects. The AIGI asked again to whom she sent the January 3 text and Luo said she thought it was (b)(6);(b)(7)(C). Luo then stated that she had no idea that these conversations would become known.

Note: On June 26, 2019, the RA asked Luo to provide him contact information for (b)(6);(b)(7)(C). Luo responded that she may have mentioned the wrong name (b)(6);(b)(7)(C) in the interview and the text messages could have been part of a private conversation she had with (b)(6);(b)(7)(C).

The RA directed Luo's attention to the Declaration for Federal Employment and Questionnaire

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for Public Trust Positions that Luo had completed in which Luo had indicated “no” in response to a question of whether she had left a job by mutual agreement. (Exhibit 5) The RA asked Luo whether answering “no” to this question was correct. Luo responded, “I am not going to answer.” The RA stated that he knew the answer was “yes” because he had a copy of her resignation (b)(4) (Exhibit 6) and asked Luo why she said “no,” and added that it was important for Luo to tell the truth. Luo stated that she believed that she had worked out things with PenFed (b)(4)

(b)(4) The RA asked Luo again about her responding “no” to the question and Luo responded, “It depends on what you want the answer to be.” The RA responded that he wanted the answer to be the truth. Luo then said, “If you want ‘yes,’ it can be ‘yes.’” The RA asked, “Did you leave the job by mutual agreement, yes or no?” Luo responded, “Yes.” The RA asked Luo why she answered “no.” Luo responded that she thought (b)(4) should not be shared with anyone. The RA asked, “You should not tell your future employer?” Luo said she put “no” because (b)(4)

(b)(4)

The RA returned to the January 3, 2019, text message and asked if it meant that Luo was going to get back at PenFed and asked if someone had provoked her. She said that the text message was likely to (b)(6);(b)(7)(C) and it was a joke.

The AIGI asked Luo whether during her interviews with the NCUA she was asked whether she was still employed by PenFed. Luo responded that she did not try to mislead the interviewers and reiterated that she already had told ONES personnel that she had left PenFed.

Luo said that this was a very malicious attack by PenFed on her in her new job and that we had not told her who gave us the text messages and that her phone likely was hacked. The RA told Luo that someone, without identifying who, provided us the text messages. Luo said she did not think (b)(6);(b)(7)(C) would have done that.

In response to the AIGI’s question whether she has provided information about PenFed to anyone at the NCUA or offered to provide such information, Luo said she has not.

After her interview, Luo provided the OIG with emails (Exhibit 7) that we summarize here:

- December 19, 2018, email from Luo to Tom Fay, Director, Capital Markets Division, E&I, indicating that she sent (b)(6);(b)(7)(C) Human Resources, PenFed, an email on December 11, 2018, and left (b)(4) a voice mail on December 18, 2018, so that Fay could verify her employment with PenFed, but that she did not receive a response. She also said that others at PenFed later told her that (b)(6);(b)(7)(C) had left PenFed.

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- May 22, 2019, email from Luo to the OIG stating that the messages she discussed during her interview with the OIG could have been part of a private conversation with (b)(6); (b)(7)(C) a (b)(6); (b)(7)(C) PenFed employee and (b)(6); (b)(7)(C).
- May 22, 2019, email from Luo to the OIG regarding text messages she sent to (b)(6); (b)(7)(C) in October and mid-December 2018.
- March 20, 2019, emails between Luo and (b)(6); (b)(7)(C) about their meeting.

### B. Hattie Ulan, Alternate Designated Agency Ethics Official

On April 30, 2019, the RA and the AIGI interviewed Hattie Ulan, NCUA's Alternate Designated Agency Ethics Official (ADAEO). (Exhibit 8) Ulan stated that on January 14, 2019, before the NCUA hired Luo but while Luo had a tentative offer contingent on successful completion of a background investigation, Kelly Gibbs, Director, Office of Continuity and Security Management (OCSM), contacted Ulan and told her that issues had come up with Luo's security clearance. Ulan said that after she spoke to Gibbs, she (Ulan) talked to Tom Fay, Director, Capital Markets Division, whom Ulan knew would be Luo's supervisor, and told him that Luo could not work on PenFed matters for 1 year under ethics rules. Ulan put this advice to Fay in writing on January 18, 2019. She did not speak to Luo about this.

Ulan believes that Luo started working at NCUA on February 19, 2019, which was the day Ulan provided her the new employee ethics orientation. Ulan said she heard nothing else about Luo and PenFed until April 2, 2019, when NCUA General Counsel Mike McKenna asked her to look at a text dated January 3, 2019, from Luo that PenFed (b)(6); (b)(7)(C) (b)(6); (b)(7)(C) had emailed him on April 1, 2019, which (b) said (b) received from a PenFed employee after learning that Luo had told PenFed's (b)(6); (b)(7)(C) that she was unhappy with PenFed for asking her to resign. Luo's text read:

I got a GS15 government position with NCUA. I will supervise CU in 1 to 10B size, and also review the other team's work. (b) and (b)(6); (b)(7)(C) have to work hard this year.

Ulan said the text "seemed crazy," but also said that English was not Luo's first language and suggested that maybe the text was meant as a joke. In response to an AIGI question, Ulan said she did not know whether Luo would have known that she was prohibited from working on PenFed matters for 1 year at the time she sent the January 3 message. Ulan recommended that we ask Fay whether this was discussed during Luo's job interview.

Ulan said she learned from Fay that Luo had a break in service between her PenFed employment

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and NCUA employment when she and Fay were calculating the length of time Luo would be prohibited from working on PenFed matters and Fay told Ulan that Luo was not working in January 2019. However, Ulan was not aware that Luo may have resigned from PenFed.

(b)(4)

When the AIGI asked whether Luo's text could be a misuse of her government position for private gain (under the Standards of Ethical Conduct for Employees of the Executive Branch, 5 C.F.R. § 2635.702), Ulan said she had thought about that but was unable to identify a private gain to Luo. However, she said that there could be an appearance issue under the ethics regulations even without private gain and that this would be viewed from a reasonable person standard. See 5 C.F.R. § 2635.101(b)(14) ("Employees shall endeavor to avoid any actions creating the appearance that they are violating the law or the ethical standards set forth in this part. Whether particular circumstances create an appearance that the law or these standards have been violated shall be determined from the perspective of a reasonable person with knowledge of the relevant facts.").

In the context of her suggesting that Luo's text may have been unclear, Ulan stated that Luo definitely has communication issues and that she is hard to understand. The AIGI and the RA noted that their review of written messages by Luo indicated that Luo communicates clearly in writing and then asked Ulan whether her opinion was based on Luo's accent, and Ulan said yes.

### C. Kelly Gibbs, Director, OCSM

On April 30, 2019, the RA and the AIGI interviewed Kelly Gibbs, Director, OCSM. (Exhibit 9) The AIGI asked Gibbs who made the decision regarding Luo's security clearance. Gibbs said that her office has up to 1 year to make an unfavorable determination regarding Luo's suitability for employment. Gibbs said Luo completed background documents after she received a tentative offer of employment from the NCUA, including a Questionnaire for Public Trust Positions, SF-85P.

Gibbs said she knew there was something shady with Luo's prior employment with PenFed because PenFed did not respond to her office's request for Luo's employment records and Luo did not provide information regarding her supervisors at PenFed. In response to OCSM's request that Luo provide information regarding her supervisor at PenFed, Luo told OCSM that PenFed did not give references. OCSM responded that Luo needed to provide a name of a

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supervisor anyway, but Luo continued to not provide that information. Gibbs then reached out to Fay and told him that OCSM could not get supervisor information from Luo. Fay told Gibbs that he had spoken to the (b)(6);(b)(7)(C) of PenFed and the (b)(6);(b)(7)(C) had highly recommended Luo.

Gibbs talked to Fay again later regarding her concerns about Luo, and Fay said he would talk to Tim Segerson, Deputy Director, E&I. Gibbs told Fay that she would not hire Luo and Fay said that he trusted the PenFed (b)(6);(b)(7)(C) reference so he was not worried about PenFed's no-reference policy.

### D. PenFed Officials

1. (b)(6);(b)(7)(C) and (b)(6);(b)(7)(C)

On May 1, 2019, the RA and the AIGI interviewed (b)(6);(b)(7)(C) (b)(6);(b)(7)(C) PenFed, and (b)(6);(b)(7)(C) PenFed. (Exhibit 10)

(b)(6);(b)(7)(C) stated that on April 3, 2019, (b) met with three NCUA examiners, Lynn Markgraf, Vicki Nahrwold, and Rob Wilkinson, who were responsible for examinations of PenFed. (b) said the primary purpose of the meeting, which took place at a conference the examiners were attending, was to discuss PenFed's concerns with Luo reviewing PenFed, in particular its capital plan and liquidity plan, and questions about whether Luo could be independent.

(b)(6);(b)(7)(C) told the RA and AIGI that Luo was a former PenFed employee (b)(4)

(b)(4)

Note: (b)(4)

(b)(4)

(b)(4) October 4, 2019.

(b)(6);(b)(7)(C) stated that (b) PenFed employees (b)(6);(b)(7)(C) obtained Luo's social media posts, which caused (b)(6);(b)(7)(C) to be concerned about Luo's independence, which concerns he shared with NCUA General Counsel McKenna.

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(b)(6); (b)(7)(C) said there were maybe three posts, with one in particular dated January 3, 2019, that raised concerns. The RA asked for the other posts and (b)(6); (b)(7)(C) stated (b)(6); (b)(7)(C) would get them and forward them to the OIG (see above note indicating (b)(6); (b)(7)(C) provided them after the interview). (b)(6); (b)(7)(C) read Luo's January 3, 2019, post:

I got a GS15 government position with NCUA. I will supervise CU in 1 to 10B size, and also review the other team's work. (b)(6); (b)(7)(C) and (b)(6); (b)(7)(C) have to work hard this year.

(b)(6); (b)(7)(C) stated that (b)(6); (b)(7)(C) is (b)(6); (b)(7)(C) at PenFed, who (b)(6); (b)(7)(C) (b)(6); (b)(7)(C) (b)(6); (b)(7)(C) said that (b)(6); (b)(7)(C) works for (b)(6); (b)(7)(C) Luo (b)(6); (b)(7)(C) stated that (b)(6); (b)(7)(C) showed (b)(6); (b)(7)(C) Luo's posts on (b)(6); (b)(7)(C) phone. (b)(6); (b)(7)(C) said that Luo did not send the posts to (b)(6); (b)(7)(C) someone else had forwarded them to (b)(6); (b)(7)(C)

(b)(6); (b)(7)(C) said that (b)(6); (b)(7)(C) (b)(6); (b)(7)(C) attended a going away party at the NCUA Central Office for NCUA Board Member Rick Metsger and was "cornered" by Luo. According to (b)(6); (b)(7)(C) told him that Luo wanted to speak to (b)(6); (b)(7)(C) because she was not pleased with the situation regarding her resignation. (b)(6); (b)(7)(C) was not at Metsger's going away party. (b)(6); (b)(7)(C) said that (b)(6); (b)(7)(C) described Luo as frantic and emotionally distraught telling (b)(6); (b)(7)(C), "I have to meet with (b)(6); (b)(7)(C)"

(b)(6); (b)(7)(C) said that (b)(6); (b)(7)(C) met with Luo and she stated that she was not pleased with her resignation and did not like that she was asked to resign. (b)(6); (b)(7)(C) said that they are concerned that she is not letting her resignation go. (b)(6); (b)(7)(C) said that this meeting preceded (b)(6); (b)(7)(C) showing (b)(6); (b)(7)(C) Luo's posts.

(b)(6); (b)(7)(C) also said that Luo's resignation came as no surprise to (b)(6); (b)(7)(C) because (b)(6); (b)(7)(C) knew that there were problems with (b)(6); (b)(7)(C) (b)(6); (b)(7)(C) said (b)(6); (b)(7)(C) added that PenFed's job reference policy is to verify dates of employment only.

2. (b)(6); (b)(7)(C)

On May 6, 2019, the RA interviewed (b)(6); (b)(7)(C) (b)(6); (b)(7)(C) PenFed. (Exhibit 11) (b)(6); (b)(7)(C) stated that at the conclusion of the March 15 reception for former Board Member Metsger, Luo approached (b)(6); (b)(7)(C) and said she now worked for the NCUA and needed to speak to (b)(6); (b)(7)(C) and (b)(6); (b)(7)(C) about how she left PenFed. (b)(6); (b)(7)(C) stated that (b)(6); (b)(7)(C) but wanted to speak to them anyway.

(b)(6); (b)(7)(C) said that 5 days later, on March 20, (b)(6); (b)(7)(C) and (b)(6); (b)(7)(C) met with Luo. (b)(6); (b)(7)(C) said that Luo



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stated she was treated unfairly and she is a technical expert and that her PenFed supervisors disrespected her and they changed her position so that she was no longer supervising anyone.

(b)(6);(b)(7)(C) stated that (b)(6);(b)(7)(C) said that (b) did not have any details about her situation and advised her to look forward, not back. (b)(6);(b)(7)(C) said that (b) told her that she had a great opportunity at the NCUA. (b)(6);(b)(7)(C) added that Luo said that she was underemployed at the NCUA and that she is a sophisticated modeler but she is doing less work. (b)(6);(b)(7)(C) said that after about 45 minutes, (b)(6);(b)(7)(C) had to leave for a meeting but (b)(6);(b)(7)(C) stayed and talked with Luo about personal things.

(b)(6);(b)(7)(C) said that when (b) returned to (b)(C) office at PenFed, (b)(6);(b)(7)(C) came to (b)(C) office and shared messages (b) had from Luo that were posted on social media in Chinese. (b)(6);(b)(7)(C) said the messages were translated into English but (b)(6);(b)(7)(C) did not know who translated the messages. (b)(6);(b)(7)(C) said that (b)(6);(b)(7)(C) told (b) that all the messages (b) showed (b)(6);(b)(7)(C) were from Luo and that (b) took the other parties' names off the messages. (b)(6);(b)(7)(C) said that (b) was unsure how (b)(6);(b)(7)(C) obtained the text messages.

3. (b)(6);(b)(7)(C)

On May 8, 2019, the RA and the AIGI interviewed (b)(6);(b)(7)(C) PenFed. (Exhibit 12) (b)(6);(b)(7)(C) said (b) was (b)(6);(b)(7)(C) interacted with her on a daily basis when she worked at PenFed. (b)(6);(b)(7)(C) stated that Luo was not a good fit for PenFed's culture or (b) group but she was a talented individual and was moved to another position within PenFed that (b) hoped was beneficial for her and the organization.

(b)(6);(b)(7)(C) said that (b)(6);(b)(7)(C) sent him text messages Luo allegedly sent that stated that she now worked at the NCUA and (b)(6);(b)(7)(C) and (b)(6);(b)(7)(C) would have to work hard this year." (b)(6);(b)(7)(C) works for (b)(6);(b)(7)(C) and was Luo's (b)(6);(b)(7)(C) said (b) took the messages to (b)(6);(b)(7)(C) in PenFed's Human Resources department and to (b) supervisor, (b)(6);(b)(7)(C) then provided the messages to (b)(6);(b)(7)(C) (b)(6);(b)(7)(C) said that (b) did not change or translate the messages in any way.

(b)(6);(b)(7)(C) stated that when (b) saw the text messages (b) was concerned because they were somewhat disparaging. (b)(6);(b)(7)(C) stated that (b) was particularly concerned with the text message sent on January 3, 2019, where Luo stated that she received a GS 15 position with the NCUA, she will supervise credit unions in \$1B to \$10B in size, and that (b) and (b)(6);(b)(7)(C) have to work hard this year. (b)(6);(b)(7)(C) believed that showed Luo was biased against PenFed.

4. (b)(6);(b)(7)(C)

On May 9, 2019, the RA interviewed (b)(6);(b)(7)(C) PenFed. (Exhibit 13) (b)(6);(b)(7)(C) said that two people who used to work at PenFed forwarded (b) four text messages that they had received from Luo. (b)(6);(b)(7)(C) said Luo sent the

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messages using WeChat, which is a social media/messaging application. (b)(6);(b)(7)(C) did not want to provide the RA the names of the (b)(6);(b)(7)(C) PenFed employees, and (b)(6);(b)(7)(C) reiterated that (b)(6);(b)(7)(C) (b)(6);(b)(7)(C) when they received the messages from Luo.

(b)(6);(b)(7)(C) stated that (b)(6);(b)(7)(C) forwarded the messages to (b)(6);(b)(7)(C) exactly as (b)(6);(b)(7)(C) received them and did not translate or change them in any way. (b)(6);(b)(7)(C) said that Luo sent the first message on January 3, 2019, and the other messages on January 27, 2019. (b)(6);(b)(7)(C) said all the messages were communications from Luo to the others and did not include their responses. (b)(6);(b)(7)(C) stated that (b)(6);(b)(7)(C) was concerned with the messages because Luo may have some influence on PenFed's capital plan.

### E. Tom Fay, Director, Capital Markets Division, E&I

On May 14, 2019, the RA and the AIGI interviewed Tom Fay, Director, Capital Markets Division, E&I. (Exhibit 14) Fay stated that he, Julie Cayse, Director of Risk Management, E&I, and Jamie Underwood, Director of Supervision, Region 1, interviewed Luo on November 16, 2018. On November 29, 2018, Fay arranged for Luo to meet with three members of his team who would be Luo's colleagues once she was hired: John Nilles, Rob Bruncau, and Rick Mayfield. On December 7, 2018, Luo was brought back for another interview with Fay, Tim Segerson, Deputy Director, E&I, and Owen Cole, Director, Division of Capital and Credit Markets, E&I.

Fay stated that during the interviews, they did not ask Luo why she was interested in leaving PenFed or if she had been fired from her job or asked to resign in lieu of termination and Luo spoke as if she were still working at PenFed.

Fay stated that Luo provided him three references after an Office of Human Resources (OHR) specialist told him that Luo had not provided any references with her application and that references were required. Fay stated that Luo provided him two references initially and then a third reference (the third reference was actually not provided by Luo; rather, Fay proactively contacted the reference—see below regarding (b)(6);(b)(7)(C)). The first two references, whom Fay contacted on December 12, were (b)(6);(b)(7)(C) PenFed, and (b)(6);(b)(7)(C) (title unknown), PenFed. Fay said they gave Luo glowing references.

On December 17, 2018, the OHR specialist contacted Fay because (b)(4) (b)(4) and wanted Fay to check into it. Fay asked Luo about the (b)(4) and Luo said she left PenFed due to a restructuring there.

After he learned that Luo had been separated from PenFed, on December 19, 2018, Fay decided to contact (b)(6);(b)(7)(C) PenFed. Fay said he knew (b)(6);(b)(7)(C) from past work. Fay stated that (b)(6);(b)(7)(C) liked Luo, said that she was aggressive, and that there might

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have been a cultural issue with her at PenFed.

Fay said that he left messages with PenFed's human resources office asking it to verify Luo's employment and asking for PenFed's reference policy, but received no response. The RA asked Fay whether he spoke to Gibbs, Director, OCSM. Fay said that he thought Gibbs called him because something was missing on Luo's application. In response to the RA's question about whether Gibbs expressed reservations about Luo to him, Fay said she had not.

On December 27, 2018, Fay stated that a final offer of employment was made to Luo. The RA asked Fay about text messages that Luo sent. Fay stated that he received one text message dated January 3, 2019, which Hattie Ulan, ADAEO, forwarded him in April 2019. The text message read, "I got a GS 15 government position with NCUA. I will supervise CU in 1 to 10B size, and also review the other team's work. (b)(6) and (b)(6); (b)(7)(F) have to work hard this year." The RA provided Fay the other text messages sent by Luo on January 27, 2019, which read, "Yes, it is a full time position. Did (b)(6);(b)(7)(C) (b)(6);(b)(7)(C) as u might know?"; "It was very bad management, and bad people. That's why they don't allow u to come back to PenFed"; and "Because of their lies, you suffered negative consequences on your career. U were almost forced to take a job in NYC." Fay reacted with dismay to these text messages. Fay said that he has not discussed the January 3 text message with Luo. The RA asked what Fay's take was on the text messages and Fay said that if he received the messages, he would have been disturbed. Fay also noted that although Luo stated that "I supervise CU" in her January 3 text message, his group does not supervise credit unions but rather works on policies.

On January 17, 2019, after Ulan contacted him about Luo not working on PenFed-related matters, Fay confirmed with Luo that she would not work on PenFed-related matters. Fay said that Ulan approached him in April 2019 about Luo working on PenFed issues in view of Luo's January 3, 2019, text message. Fay reconfirmed with Ulan that Luo would not work on PenFed matters.

Fay said that after Luo started working for him, she told him that she had information about PenFed that would be useful to the ONES group. Fay told her not to share anything with ONES but does not know if Luo spoke to the ONES group. However, Fay said he asked and Luo agreed to send a note to OCSM about her conversation with him about this.

On June 3, 2019, the RA emailed Gibbs asking if Luo communicated this to OCSM and Gibbs indicated that Luo had not. (Exhibit 15)

Fay said that he was not aware of (b)(4) until Segerson told him about it the week before our interview of him.

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### F. NCUA Interviewers

On May 14, 2019, the RA and the AIGI interviewed Julie Cayse, Director, Risk Management, E&I. (Exhibit 16) Cayse served as a panel interviewer on November 16, 2018, Luo's first interview. Cayse stated that she did not know that Luo no longer worked at PenFed when she interviewed Luo and that Luo spoke in the present tense when describing what she did for PenFed.

On May 14, 2019, the RA and the AIGI interviewed Jamie Underwood, Director of Supervision, Region 1. (Exhibit 17) Underwood also served as a panel interviewer during Luo's first interview. Underwood stated that she recalled the interviews but did not recall Luo.

On May 14, 2019, the RA and the AIGI interviewed Tim Segerson, Deputy Director, E&I. (Exhibit 18) Segerson served as a panel interviewer during Luo's second and final interview on December 17, 2019. Segerson stated that during her interview Luo did not say that she no longer worked at PenFed.

On May 15, 2019, the RA interviewed Owen Cole, Director of Capital and Credit Markets, E&I. (Exhibit 19) Cole served as a panel interviewer during Luo's second interview. In response to the RA's question of whether Luo told the interview panel that PenFed no longer employed her, Cole stated that no one knew that she was separated from PenFed during her interview. Cole also stated that E&I did not learn that Luo had left PenFed until right before E&I offered her a job.

G. (b)(6);(b)(7)(C) PenFed (b)(6);(b)(7)(C)

On May 22, 2019, the RA and the AIGI interviewed (b)(6);(b)(7)(C) (Exhibit 20) (b)(6);(b)(7)(C) stated that Luo was (b)(6);(b)(7)(C) at PenFed. (b)(6);(b)(7)(C) said that the text messages (b)(6);(b)(7)(C) exchanged with Luo in January 2019 were private conversations that dealt with office politics and that Luo told (b)(6);(b)(7)(C) that she was with the NCUA. (b)(6);(b)(7)(C) did not know why Luo left PenFed and came to the NCUA. (b)(6);(b)(7)(C) said that (b)(6);(b)(7)(C) but that (b)(6);(b)(7)(C) work performance at PenFed was high quality and that Luo wanted (b)(6);(b)(7)(C) at PenFed. (b)(6);(b)(7)(C) stated that (b)(6);(b)(7)(C) (b)(6);(b)(7)(C)

The RA then asked with whom (b)(6);(b)(7)(C) shared the text messages at PenFed. (b)(6);(b)(7)(C) first responded that (b)(6);(b)(7)(C) did not forward the text messages to anyone at PenFed but then said that (b)(6);(b)(7)(C) shared them with someone very trusted at PenFed. (b)(6);(b)(7)(C) said (b)(6);(b)(7)(C) did not want to tell us the name of that person, but it was not (b)(6);(b)(7)(C) (b)(6);(b)(7)(C) said (b)(6);(b)(7)(C) and (b)(6);(b)(7)(C) are not friends and they have no relationship outside of work but that (b)(6);(b)(7)(C) respects (b)(6);(b)(7)(C). (b)(6);(b)(7)(C) said that (b)(6);(b)(7)(C) and Luo sent the

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text messages under very special circumstances, and (b)(6); (b)(7)(C) did not understand why people at PenFed would share the text messages with the NCUA. (b)(6); (b)(7)(C) trusted the person with whom (b)(6); (b)(7)(C) shared the messages and felt that this was very confidential. The RA asked (b)(6); (b)(7)(C) for (b)(6); (b)(7)(C) text messages with Luo but (b)(6); (b)(7)(C) said (b)(6); (b)(7)(C) did not have them anymore.

### H. ONES Officials

On June 3, 2019, the RA and the AIGI interviewed Scott Hunt, Director, Office of National Examinations and Supervision (ONES). (Exhibit 21) Hunt stated that he has not spoken to Luo and did not believe that anyone in ONES had spoken to her after she began working at the NCUA. He said that Chris DiBenedetto and Dale Klein, ONES employees who work on capital planning and stress testing, spoke to Luo when she was at PenFed as part of their work. Hunt previously thought it might have been a good idea to have Luo, after she started working at the NCUA, to provide a debriefing on PenFed to ONES to better understand PenFed's processes but then he realized that she was "burning bridges" with PenFed. He heard about an incident with Luo and PenFed at an NCUA Board Member event, and he told Tao Cheng, Director of the Division of Quantitative Analytics, ONES, to "stand down" and not get a debriefing from Luo.

On June 3, 2019, the RA and the AIGI interviewed Dale Klein, Senior Financial Analyst, ONES. (Exhibit 22) Klein said he knew Luo through ONES' supervision of PenFed's capital plan. Luo told Klein that she had left PenFed in October or November 2018. She contacted him through LinkedIn and indicated that she was doing consulting work. Later, she told him that she was interviewing for a job with the NCUA and asked him to "put in a good word" for her. Regarding that, Klein said to the RA and AIGI, "That's not how NCUA hiring works." In addition, Klein was on leave during that time. A short time later, Luo told Klein she had received a job offer from the NCUA.

After Luo started at the NCUA, she did not discuss PenFed with Klein and he noted that he has not worked with her. Luo did not offer Klein any information about PenFed either before she joined the NCUA or after.

On June 3, 2019, the RA and the AIGI interviewed Tao Cheng, Director, Division of Quantitative Analysis, ONES. (Exhibit 23) Cheng said that he knew Luo from interacting with her two or three times when she worked at PenFed, as part of his job. Cheng knew that Luo had left PenFed and joined the NCUA. Fay asked for his opinion about Luo, saying that E&I planned to hire Luo. Cheng told Fay that his opinion about Luo was that she was good. Also, Luo had told Cheng in December or January that she was leaving PenFed.

In response to a question from the RA, Cheng said that Luo did not tell him about any issues or problems with PenFed and was vague about why she left PenFed, simply saying that something

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did not work out, she did not like the situation there, and that PenFed did not treat her well. He said he was not aware of any dissatisfaction she may have had with PenFed while she was working there.

Cheng's only recent interaction with Luo was asking her whether she had any recommendations for people who could fill financial analyst positions at the NCUA. Luo recommended a former PenFed colleague, (b)(6),(b)(7)(C) who subsequently applied for one of the positions.

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### List of Exhibits

- Exhibit 1: Memorandum of Interview, Yun (Isabel) Luo, May 21, 2019 (with attached Garrity Advisement)
- Exhibit 2: Vacancy announcement and screen shot showing Luo's application date
- Exhibit 3: January 3, 2019, text message/post sent by Luo
- Exhibit 4: January 27, 2019, text messages/posts sent by Luo
- Exhibit 5: Declaration for Federal Employment and Questionnaire for Public Trust Positions
- Exhibit 6: (b)(4)
- Exhibit 7: Luo emails
- Exhibit 8: Memorandum of Interview, Hattie Ulan, April 30, 2019
- Exhibit 9: Memorandum of Interview, Kelly Gibbs, April 30, 2019
- Exhibit 10: Memorandum of Interview, (b)(6);(b)(7)(C) and (b)(6);(b)(7)(C) May 1, 2019
- Exhibit 11: Memorandum of Interview, (b)(6);(b)(7)(C) May 6, 2019 (with attached emails)
- Exhibit 12: Memorandum of Interview, (b)(6);(b)(7)(C) May 8, 2019
- Exhibit 13: Memorandum of Interview, (b)(6);(b)(7)(C) May 9, 2019
- Exhibit 14: Memorandum of Interview, Tom Fay, May 14, 2019
- Exhibit 15: Email from Kelly Gibbs, June 3, 2019
- Exhibit 16: Memorandum of Interview, Julie Cayse, May 14, 2019
- Exhibit 17: Memorandum of Interview, Jamie Underwood, May 14, 2019
- Exhibit 18: Memorandum of Interview, Tim Segerson, May 14, 2019
- Exhibit 19: Memorandum of Interview, Owen Colc, May 15, 2019
- Exhibit 20: Memorandum of Interview, (b)(6);(b)(7)(C) May 22, 2019
- Exhibit 21: Memorandum of Interview, Scott Hum, June 3, 2019
- Exhibit 22: Memorandum of Interview, Dale Klein, June 3, 2019
- Exhibit 23: Memorandum of Interview, Tao Cheng, June 3, 2019



**NATIONAL CREDIT UNION ADMINISTRATION**  
**Office of Inspector General**  
**Office of Investigations**

**REPORT OF INVESTIGATION**

**CASE NUMBER:** 19-05  
**CASE TITLE:** (b)(6);(b)(7)(C)  
**ISSUE DATE:** August 1, 2019  
**CASE STATUS:** Closed – pending  
**VIOLATIONS:** Unauthorized Access to Computer Server/Documents (not sustained)

**PREDICATION**

On May 9, 2019, the National Credit Union Administration (NCUA) Office of Inspector General (OIG), Alexandria, VA, received a letter from (b)(6); (b)(7)(C) (b)(6); attorney for (b)(6); (b)(6); (b)(6); (b)(7)(C) a (b)(6); (b)(7)(C) (b)(6); (b)(7)(C) letter alleged that there was a data breach of (b)(6); personal, private server and that someone with an Internet Provider (IP) address registered to the NCUA accessed and downloaded (b)(6); tax returns and banking information from a folder contained on this server on May 3, 2019. The NCUA's Office of the Chief Information Officer (OCIO) identified the IP address as belonging to (b)(6);(b)(7)(C) NCUA.

**SUBJECT INFORMATION**

(b)(6);(b)(7)(C), (b)(6); Region.

**DISTRIBUTION:**

Mark Treichel  
Executive Director

(b)(6); (b)(7)(C)

**CASE AGENT:**

(b)(6);(b)(7)(C)  
Director of Investigations  
Retired June 28, 2019

**APPROVED:**

Marta Erceg  
Counsel/Assistant Inspector  
General for Investigations

**MARTA  
ERCEG**

Digitally signed by MARTA ERCEG  
Date: 2019.08.01 12:13:10 -04'00'

(Signature)

(Signature)



## REPORT OF INVESTIGATION

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### SYNOPSIS

The investigation did not find that (b)(6);(b)(7)(C) or any other employee of the NCUA accessed (b)(6); (b)(6); personal server or accessed (b)(6) tax returns or bank information.

OCIO reviewed the alleged data breach and concluded that an Egnyte link that may have contained (b)(6); information was not on (b)(6); personal server because the link connected to Egnyte's cloud service. Also, the OCIO's review found that although at least one NCUA employee attempted to access the link, there was no evidence that the link was operational at the time of that attempt or that any NCUA employee retrieved any data from the link.

The investigation found that the Egnyte link was contained in a September 6, 2018, email from (b)(6); to a mortgage loan officer that also attached tax payment vouchers and related documents. In the email, (b)(6); told the mortgage loan officer that the link contained additional information. Our investigation found that (b)(6); may have viewed the email and clicked on the link, but also found that (b)(6); does not remember seeing the email. This email was among others that (b)(6); (b)(6); (b)(6); (b)(6); sent to the NCUA, which NCUA's Office of General Counsel (OGC) forwarded to the NCUA's (b)(6); Region.

### DETAILS

#### A. September 6, 2018, Email from (b)(6); to Mortgage Loan Officer

On May 30, 2019, OGC forwarded to the OIG attachments to a May 2, 2019, whistleblower complaint by (b)(6); (b)(6); to the NCUA that included (b)(6); September 6, 2018, email to the mortgage loan officer. (Exhibit 1 – September 6, 2018, email) Previously, on May 2, 2019, OGC had forwarded this information to the NCUA's (b)(6); Region. (b)(6); (b)(6); is a company that was (b)(6); (b)(7)(C) (b)(6); and which (b)(6); is now (b)(6); (b)(7)(C) (b)(6); (b)(7)(C) (b)(6); (b)(6); indicated in its whistleblower complaint that it had retained (b)(6); (b)(6); email account from (b)(6); time as an (b)(6); (b)(6); (b)(6); (b)(7)(C) (b)(6); (b)(7)(C) pursuant to its written procedures and an agreement that (b)(6); had signed with (b)(6); (b)(6);

#### B. (b)(6); (b)(6); (b)(7)(C)

On May 31, 2019, the Reporting Agent (RA) and the Counsel to the Inspector General/Assistant Inspector General for Investigations (AIGI) interviewed (b)(6); (b)(6); Deputy Director of Supervision, (b)(6); Region, NCUA, regarding whether (b)(6); forwarded documents related to (b)(6); to (b)(6); (Exhibit 2)

The RA advised (b)(6); that the OIG received an allegation from (b)(6); attorney that (b)(6); accessed the (b)(6); (b)(6);'s computer file that contained tax and banking information and we were (b)(6); (b)(7)(C)

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This report is furnished on an official need to know basis and must be protected from dissemination.

This report may not be released or disseminated to other parties without prior authorization from the NCUA Office of Inspector General. UNAUTHORIZED RELEASE MAY RESULT IN CRIMINAL PROSECUTION.

## REPORT OF INVESTIGATION

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investigating whether that had happened. The RA instructed (b)(6); not to tell (b)(6); or anyone else about this allegation or that we interviewed (b)(6);.

(b)(6); said that the (b)(6); (b)(7)(C) documents were probably forwarded to (b)(6); and added that (b)(6); would check (b)(6); emails after the interview to verify that. (b)(6); explained that the documents likely would have been shared with (b)(6); because (b)(6); (b)(8) (b)(8) (b)(6); said (b)(6); received the documents from OGC who had received the documents along with a complaint about (b)(6); from (b)(6); (b)(6); (b)(6); also said that the (b)(6); Region (b)(7)(C); (b)(8) (b)(8) (b)(6); noted that the link that was in the email regarding the (b)(6); (b)(7)(C) s tax- and banking-related information could have been “dead” (no longer valid) to (b)(6);.

After the interview, (b)(6); provided the RA an email showing that (b)(6); (b)(7)(C) Deputy Director, (b)(6); Region, set up a folder on a shared drive to enable (b)(6); to copy the documents to (b)(6); computer, and that the folder was removed from the shared drive once (b)(6); completed the copying. (Exhibit 3)

C. (b)(6); (b)(7)(C)

On June 7, 2019, the RA and the AIGI interviewed (b)(6); (b)(7)(C) regarding (b)(6); alleged access of a personal, private server containing personal tax returns and banking information belonging to (b)(6); (Exhibit 4)

(b)(6); stated that (b)(6); (b)(7)(C) for the (b)(6); Region and that (b)(6); has worked for the NCUA for (b)(6); (b)(7)(C)

In response to the RA asking if (b)(6); knew why (b)(6); was being interviewed, (b)(6); stated (b)(6); was not sure (b)(8) (b)(8) The RA explained to (b)(6); the allegation that the OIG had received and that the OCIO had determined that the IP address included in the allegation belonged to (b)(6);. The RA told (b)(6); that the OCIO had completed a review of both (b)(6); computer hard drive and (b)(6); other activity on NCUA’s network and found that (b)(6); clicked an “Egnyte” link but that OCIO also determined that there was no data breach of a personal, private server as alleged. The RA further explained that the link was in an email from (b)(6); that had been provided to the NCUA by (b)(6); (b)(6); and that email and others were provided by OGC to the (b)(6); Region who in turn provided the emails to (b)(6);.

(b)(8) (b)(6); (b)(8) (b)(6); (b)(8) (b)(6);

(b)(6); (b)(8) (b)(8) (b)(6);

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(b)(6);(b)(7)(C);(b)(8)

The RA asked (b)(6); if (b) saw a file labeled “tax returns” in the documents (b) received from the (b)(6); Region. (b)(6); said that (b) looked at every file and did not see a file labeled “tax returns.” (b)(6);(b)(7)(C);(b)(8)

(b)(6);(b)(7)(C);(b)(8)

(b)(6); said that (b)(6);(b)(7)(C);(b)(8) has never mentioned seeing any tax-related information. (b)(6);(b)(7)(C);(b)(8)

(b)(6);(b)(7)(C);(b)(8)

(b)

(b)

The AIGI described the email regarding (b)(6); tax-related information that included the Egnyte link that (b)(6); sent to a mortgage loan officer. (b)(6); stated that (b) does not remember the email or clicking on any link. (b) added that (b) was not looking for tax-related information and that most of the emails dealt with routing instructions. (b)(6);(b)(8)

(b)(6);(b)(8)

(b)(6); said that (b) possibly

could have clicked on the Egnyte link, but does not remember doing so.

(b)(6);(b)(7)(C);(b)(8)

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### List of Exhibits

- Exhibit 1: Email from (b)(6); (b)(6); to Mortgage Loan Officer, September 6, 2018  
Exhibit 2: Memorandum of Interview, (b)(6); (b)(6); May 31, 2019  
Exhibit 3: Email from (b)(6); (b)(7)(C) to (b)(6); (b)(7)(C), May 3, 2019  
Exhibit 4: Memorandum of Interview, (b)(6); (b)(7)(C) June 7, 2019



**NATIONAL CREDIT UNION ADMINISTRATION**  
**Office of Inspector General**  
**Office of Investigations**

**REPORT OF INVESTIGATION**

**CASE NUMBER:** 19-04  
**DATE:** July 17, 2019  
**CASE TITLE:** Yun Luo  
**CASE STATUS:** Closed – pending  
**VIOLATIONS:** Misuse of Position and False Statements

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**PREDICATION**

On April 22, 2019, the National Credit Union Administration (NCUA) Office of Inspector General (OIG) received information from the NCUA's Office of Examination and Insurance (E&I) that Yun (Isabel) Luo, NCUA Senior Capital Markets Specialist, sent a text to an employee at her former employer, Pentagon Federal Credit Union (PenFed), which may have constituted an abuse of her position. During the course of investigating this allegation, we also learned that Luo had resigned from PenFed in October 2018 prior to being hired by the NCUA.

**SUBJECT INFORMATION**

Yun (Isabel) Luo, Senior Capital Markets Specialist, CU-15, E&I, Alexandria, VA. Luo's employment with the NCUA began on February 17, 2019.

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**DISTRIBUTION:**

Mark Treichel  
Executive Director,  
NCUA

**REPORTING AGENT:**

(b)(6);(b)(7)(C)  
Director of Investigations  
Retired June 28, 2019

(Signature)

**APPROVED:**

Marta Erceg  
Counsel/Assistant Inspector  
General for Investigations

**MARTA ERCEG** Digitally signed by MARTA ERCEG  
Date: 2019.07.17 15:42:14 -04'00'

(Signature)

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### SYNOPSIS

Luo worked at PenFed Credit Union prior to working at the NCUA. The investigation revealed that she sent a text message on January 3, 2019, likely to a (b)(6);(b)(7)(C) PenFed (b)(6);(b)(7)(C) stating that she had obtained a position with the NCUA, would supervise credit unions ranging in size from \$1 billion to \$10 billion, and also would review the work of the other team (the Office of National Examinations and Supervision), and stating that (b)(6);(b)(7) PenFed (b)(6);(b)(7) and a (b)(6);(b)(7) PenFed (b)(6);(b)(7)(C) would “have to work hard this year.” Luo told us that her text message was a joke and that she did not think that it or other text messages she had sent regarding PenFed would have been shared by (b)(6);(b)(7)(C) and that her phone must have been hacked. The NCUA’s Alternate Designated Agency Ethics Official (ADAEO) told us that she could not identify a private gain to Luo from sending this text message, which would be required to prove a violation under the Standards of Ethical Conduct for Employees of the Executive Branch, 5 C.F.R. § 2635.702 (providing that employees shall not use public office for private gain). However, the ADAEO said that there could be an appearance issue under the ethics regulations even without private gain and that would be viewed from a reasonable person standard. See 5 C.F.R. § 2635.101(b)(14) (“Employees shall endeavor to avoid any actions creating the appearance that they are violating the law or the ethical standards set forth in this part. Whether particular circumstances create an appearance that the law or these standards have been violated shall be determined from the perspective of a reasonable person with knowledge of the relevant facts.”).

The investigation also found that PenFed asked Luo to resign (b)(4) (b)(4) resign effective October 4, 2018.

(b)(4)

Luo applied for her NCUA position on October 15, 2018, and received an offer of employment on December 27, 2018, which she accepted. In the Questionnaire for Public Trust Positions, SF-85P that she completed on January 8, 2019, as part of her background investigation for her NCUA position, Luo indicated that she was employed by PenFed from November 2016 to October 2018. However, Luo did not reveal to the NCUA at any time that PenFed had asked her to resign.

Luo signed a Declaration for Federal Employment, OF 306, as an applicant on January 3, 2019, and again as an appointee on February 20, 2019. The Declaration for Federal Employment provided:

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All your answers must be truthful and complete. A false statement on any part of this declaration may be grounds for not hiring you, or for firing you after you begin work. Also, you may be punished by a fine or imprisonment (under 18 U.S.C. § 1001).

On her Declaration for Federal Employment, Luo answered “no” to the question of whether during the last 5 years she had been fired from a job for any reason, quit after being told that she would be fired, left any job by mutual agreement because of specific problems, or was debarred from federal employment by the Office of Personnel Management or any other Federal agency. Likewise, on January 8, 2019, Luo answered “no” to the question in the Questionnaire for Public Trust Positions of whether in the last 7 years she had been fired from a job, quit a job after being told she would be fired, left a job by mutual agreement following allegations of misconduct or allegations of unsatisfactory performance, or left a job for other reasons under unfavorable circumstances. Like the Declaration for Federal Employment, the Questionnaire for Public Trust Positions warns applicants about the importance of being truthful in their responses and of the penalties associated with making false statements.

(b)(4)

The United States Attorney’s Office for the Eastern District of Virginia declined prosecution of this case on July 2, 2019.

### DETAILS

#### A. Yun (Isabel) Luo, Senior Capital Markets Specialist, E&I

On May 21, 2019, the RA and the Counsel to the Inspector General/Assistant Inspector General for Investigations (AIGI), NCUA OIG, interviewed Yun “Isabel” Luo, E&I. (Exhibit 1) The RA provided Luo a Garrity Advisement, which she signed. (Exhibit 1, Attachment)

Luo stated that she worked at PenFed for 2 years, where she was the vice president of quantitative risk and was responsible for PenFed’s capital plan and stress testing. Luo had some

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interaction with the Office of National Examinations and Supervision (ONES) at the NCUA as part of her PenFed job. In response to the RA asking why she left PenFed, Luo said that there was a restructuring and her team was taken away. She did not think that was fair and she did not get along with (b)(6);(b)(7)(C) (b)(6);(b)(7)(C). She applied for her position at the NCUA because she thought it would be a good fit for her and because she was not happy at PenFed.

The RA asked Luo what she told the NCUA about leaving PenFed, and Luo said that this was not brought up before the hiring process or during her job interviews. However, she said that the ONES team was aware before her interviews that she had left PenFed; specifically, she told (b)(6); (b)(6); and (b)(6); (b)(7)(C) in ONES that she had left PenFed at the end of October/early November 2018. Luo said that when she applied for the NCUA position, she was still working at PenFed.

Note: Our investigation found that Luo applied for her NCUA position on October 15, 2018, which was 11 days after (b)(4) and 10 days before (b)(4). See Exhibit 2 (vacancy announcement and screen shot showing application date).

The RA asked Luo why she approached (b)(6);(b)(7)(C) PenFed, during the NCUA's reception for former NCUA Board Member Rick Metsger (which occurred on March 15, 2019). Luo said that she felt that (b)(6);(b) and PenFed's (b)(6);(b)(7)(C) should be aware of the issues raised by people who were let go by PenFed.

Subsequently, Luo met with (b)(6);(b) and (b)(6);(b) to discuss her concerns. However, Luo stated that before she could raise any issues, (b)(6);(b)(7) began talking about how well PenFed treated people and accused her of posting negative things about PenFed in Chinese on Chinese web sites. Luo said that she did not post anything about PenFed in Chinese or in English. After their meeting, Luo sent (b)(6);(b) an email recapping it. Luo said that (b)(6);(b) left the meeting first and (b)(6);(b) stayed with her for 10 more minutes. Luo said to calm (b)(6);(b) down, she informed (b)(6) that she works for E&I (in the group that establishes policy for NCUA's oversight of credit unions) and not for ONES (ONES supervises corporate credit unions and credit unions with assets of \$10 billion or more like PenFed).

The RA then showed Luo a text message she sent on January 3, 2019, which stated: "I got a GS15 government position with NCUA. I will supervise CU in 1 to 10B size, and also review the other team's [ONES] work. (b)(6) and (b)(6); have to work hard this year." (Exhibit 3) The RA asked to whom she had sent the text message and she said that she would have to go back and check and then stated that she did not think she sent it to a PenFed employee.

The RA asked Luo what she meant by stating in her text message "(b)(6) and (b)(6); have to work hard this year." Luo said that (b)(6);(b)(7)(C) was a (b)(6);(b)(7)(C) at PenFed and people felt that (b)(6); (b)(6);(b)(7)(C).

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and Luo (b)(6);(b)(7)(C) were not fair to (b)(6);(b)(7)(C). Luo then said that she was joking in the text message about (b)(6);(b)(7)(C) having to work hard.

The RA showed Luo another text message she sent (on January 27, 2019, according to the OIG's May 9, 2019, interview of (b)(6);(b)(7)(C)), which stated: "Yes, it is a full time position. Did (b)(6);(b)(7)(C) and (b)(6);(b)(7)(C) have (b)(6);(b)(7)(C) as u might know?" (Exhibit 4)

Luo said she thought she sent that message after her meeting with (b)(6);(b)(7)(C) and (b)(6);(b)(7)(C).

Note: Luo's meeting with (b)(6);(b)(7)(C) and (b)(6);(b)(7)(C) was on March 20, 2019, 2 months after Luo sent the message.

Luo said she felt very shocked by the meeting and wondered who would accuse her of posting negative things on a Chinese website, thinking that it would be someone who would be Chinese, (b)(6);(b)(7)(C). The RA asked why (b)(6);(b)(7)(C) would do such a thing and, if (b)(6);(b)(7)(C) did, whether there would be a benefit to (b)(6);(b)(7)(C). Luo said she wondered whether there was (b)(6);(b)(7)(C).

(b)(6);(b)(7)(C)  
(b)(6);(b)(7)(C) Luo said that the restructuring was unfair and a lot of it benefited (b)(6);(b)(7)(C). Luo said there was very bad management and people at PenFed, and PenFed did not allow people to return to employment at PenFed. She then stated that the text messages we showed her were piecemeal, and they were small messages out of big messages. She said the texts were to a (b)(6);(b)(7)(C) PenFed employee (b)(6);(b)(7)(C). Luo said that she did not think this person would have brought the text messages to the NCUA and then stated that she thought her phone must have been hacked. She said that the employee she texted was (b)(6);(b)(7)(C).

(b)(6);(b)(7)(C)  
(b)(6);(b)(7)(C)

In response to the AIGI asking whether Luo sent her January 3, 2019, text message to (b)(6);(b)(7)(C), Luo said no, and that the text message was not to a PenFed employee, but maybe to someone who worked on PenFed projects. The AIGI asked again to whom she sent the January 3 text and Luo said she thought it was (b)(6);(b)(7)(C). Luo then stated that she had no idea that these conversations would become known.

Note: On June 26, 2019, the RA asked Luo to provide him contact information for (b)(6);(b)(7)(C). Luo responded that she may have mentioned the wrong name (b)(6);(b)(7)(C) in the interview and the text messages could have been part of a private conversation she had with (b)(6);(b)(7)(C).

The RA directed Luo's attention to the Declaration for Federal Employment and Questionnaire

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for Public Trust Positions that Luo had completed in which Luo had indicated “no” in response to a question of whether she had left a job by mutual agreement. (Exhibit 5) The RA asked Luo whether answering “no” to this question was correct. Luo responded, “I am not going to answer.” The RA stated that he knew the answer was “yes” because he had a copy of her resignation (b)(4) (Exhibit 6) and asked Luo why she said “no,” and added that it was important for Luo to tell the truth. Luo stated that she believed that she had worked out things with PenFed (b)(4)

(b)(4) The RA asked Luo again about her responding “no” to the question and Luo responded, “It depends on what you want the answer to be.” The RA responded that he wanted the answer to be the truth. Luo then said, “If you want ‘yes,’ it can be ‘yes.’” The RA asked, “Did you leave the job by mutual agreement, yes or no?” Luo responded, “Yes.” The RA asked Luo why she answered “no.” Luo responded that she thought (b)(4) should not be shared with anyone. The RA asked, “You should not tell your future employer?” Luo said she put “no” because (b)(4)

(b)(4)

The RA returned to the January 3, 2019, text message and asked if it meant that Luo was going to get back at PenFed and asked if someone had provoked her. She said that the text message was likely to (b)(6);(b)(7)(C) and it was a joke.

The AIGI asked Luo whether during her interviews with the NCUA she was asked whether she was still employed by PenFed. Luo responded that she did not try to mislead the interviewers and reiterated that she already had told ONES personnel that she had left PenFed.

Luo said that this was a very malicious attack by PenFed on her in her new job and that we had not told her who gave us the text messages and that her phone likely was hacked. The RA told Luo that someone, without identifying who, provided us the text messages. Luo said she did not think (b)(6);(b)(7)(C) would have done that.

In response to the AIGI’s question whether she has provided information about PenFed to anyone at the NCUA or offered to provide such information, Luo said she has not.

After her interview, Luo provided the OIG with emails (Exhibit 7) that we summarize here:

- December 19, 2018, email from Luo to Tom Fay, Director, Capital Markets Division, E&I, indicating that she sent (b)(6);(b)(7)(C) Human Resources, PenFed, an email on December 11, 2018, and left (b)(4) a voice mail on December 18, 2018, so that Fay could verify her employment with PenFed, but that she did not receive a response. She also said that others at PenFed later told her that (b)(6);(b)(7)(C) had left PenFed.

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- May 22, 2019, email from Luo to the OIG stating that the messages she discussed during her interview with the OIG could have been part of a private conversation with (b)(6); (b)(7)(C) a (b)(6); (b)(7)(C) PenFed employee and (b)(6); (b)(7)(C).
- May 22, 2019, email from Luo to the OIG regarding text messages she sent to (b)(6); (b)(7)(C) in October and mid-December 2018.
- March 20, 2019, emails between Luo and (b)(6); (b)(7)(C) about their meeting.

### B. Hattie Ulan, Alternate Designated Agency Ethics Official

On April 30, 2019, the RA and the AIGI interviewed Hattie Ulan, NCUA's Alternate Designated Agency Ethics Official (ADAEO). (Exhibit 8) Ulan stated that on January 14, 2019, before the NCUA hired Luo but while Luo had a tentative offer contingent on successful completion of a background investigation, Kelly Gibbs, Director, Office of Continuity and Security Management (OCSM), contacted Ulan and told her that issues had come up with Luo's security clearance. Ulan said that after she spoke to Gibbs, she (Ulan) talked to Tom Fay, Director, Capital Markets Division, whom Ulan knew would be Luo's supervisor, and told him that Luo could not work on PenFed matters for 1 year under ethics rules. Ulan put this advice to Fay in writing on January 18, 2019. She did not speak to Luo about this.

Ulan believes that Luo started working at NCUA on February 19, 2019, which was the day Ulan provided her the new employee ethics orientation. Ulan said she heard nothing else about Luo and PenFed until April 2, 2019, when NCUA General Counsel Mike McKenna asked her to look at a text dated January 3, 2019, from Luo that PenFed (b)(6); (b)(7)(C) (b)(6); (b)(7)(C) had emailed him on April 1, 2019, which (b) said (b) received from a PenFed employee after learning that Luo had told PenFed's (b)(6); (b)(7)(C) that she was unhappy with PenFed for asking her to resign. Luo's text read:

I got a GS15 government position with NCUA. I will supervise CU in 1 to 10B size, and also review the other team's work. (b) and (b)(6); (b)(7)(C) have to work hard this year.

Ulan said the text "seemed crazy," but also said that English was not Luo's first language and suggested that maybe the text was meant as a joke. In response to an AIGI question, Ulan said she did not know whether Luo would have known that she was prohibited from working on PenFed matters for 1 year at the time she sent the January 3 message. Ulan recommended that we ask Fay whether this was discussed during Luo's job interview.

Ulan said she learned from Fay that Luo had a break in service between her PenFed employment

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and NCUA employment when she and Fay were calculating the length of time Luo would be prohibited from working on PenFed matters and Fay told Ulan that Luo was not working in January 2019. However, Ulan was not aware that Luo may have resigned from PenFed.

(b)(4)

When the AIGI asked whether Luo's text could be a misuse of her government position for private gain (under the Standards of Ethical Conduct for Employees of the Executive Branch, 5 C.F.R. § 2635.702), Ulan said she had thought about that but was unable to identify a private gain to Luo. However, she said that there could be an appearance issue under the ethics regulations even without private gain and that this would be viewed from a reasonable person standard. See 5 C.F.R. § 2635.101(b)(14) ("Employees shall endeavor to avoid any actions creating the appearance that they are violating the law or the ethical standards set forth in this part. Whether particular circumstances create an appearance that the law or these standards have been violated shall be determined from the perspective of a reasonable person with knowledge of the relevant facts.").

In the context of her suggesting that Luo's text may have been unclear, Ulan stated that Luo definitely has communication issues and that she is hard to understand. The AIGI and the RA noted that their review of written messages by Luo indicated that Luo communicates clearly in writing and then asked Ulan whether her opinion was based on Luo's accent, and Ulan said yes.

### C. Kelly Gibbs, Director, OCSM

On April 30, 2019, the RA and the AIGI interviewed Kelly Gibbs, Director, OCSM. (Exhibit 9) The AIGI asked Gibbs who made the decision regarding Luo's security clearance. Gibbs said that her office has up to 1 year to make an unfavorable determination regarding Luo's suitability for employment. Gibbs said Luo completed background documents after she received a tentative offer of employment from the NCUA, including a Questionnaire for Public Trust Positions, SF-85P.

Gibbs said she knew there was something shady with Luo's prior employment with PenFed because PenFed did not respond to her office's request for Luo's employment records and Luo did not provide information regarding her supervisors at PenFed. In response to OCSM's request that Luo provide information regarding her supervisor at PenFed, Luo told OCSM that PenFed did not give references. OCSM responded that Luo needed to provide a name of a

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supervisor anyway, but Luo continued to not provide that information. Gibbs then reached out to Fay and told him that OCSM could not get supervisor information from Luo. Fay told Gibbs that he had spoken to the (b)(6);(b)(7)(C) of PenFed and the (b)(6);(b)(7)(C) had highly recommended Luo.

Gibbs talked to Fay again later regarding her concerns about Luo, and Fay said he would talk to Tim Segerson, Deputy Director, E&I. Gibbs told Fay that she would not hire Luo and Fay said that he trusted the PenFed (b)(6);(b)(7)(C) reference so he was not worried about PenFed's no-reference policy.

### D. PenFed Officials

1. (b)(6);(b)(7)(C) and (b)(6);(b)(7)(C)

On May 1, 2019, the RA and the AIGI interviewed (b)(6);(b)(7)(C) (b)(6);(b)(7)(C) PenFed, and (b)(6);(b)(7)(C) PenFed. (Exhibit 10)

(b)(6);(b)(7)(C) stated that on April 3, 2019, (b) met with three NCUA examiners, Lynn Markgraf, Vicki Nahrwold, and Rob Wilkinson, who were responsible for examinations of PenFed. (b) said the primary purpose of the meeting, which took place at a conference the examiners were attending, was to discuss PenFed's concerns with Luo reviewing PenFed, in particular its capital plan and liquidity plan, and questions about whether Luo could be independent.

(b)(6);(b)(7)(C) told the RA and AIGI that Luo was a former PenFed employee (b)(4)  
(b)(4)

Note: (b)(4)

(b)(4)  
(b)(4) October 4, 2019.

(b)(6);(b)(7)(C) stated that (b) PenFed employees (b)(6);(b)(7)(C) obtained Luo's social media posts, which caused (b)(6);(b)(7)(C) to be concerned about Luo's independence, which concerns he shared with NCUA General Counsel McKenna.

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(b)(6); (b)(7)(C) said there were maybe three posts, with one in particular dated January 3, 2019, that raised concerns. The RA asked for the other posts and (b)(6); (b)(7)(C) stated (b)(6); (b)(7)(C) would get them and forward them to the OIG (see above note indicating (b)(6); (b)(7)(C) provided them after the interview). (b)(6); (b)(7)(C) read Luo's January 3, 2019, post:

I got a GS15 government position with NCUA. I will supervise CU in 1 to 10B size, and also review the other team's work. (b)(6); (b)(7)(C) and (b)(6); (b)(7)(C) have to work hard this year.

(b)(6); (b)(7)(C) stated that (b)(6); (b)(7)(C) is (b)(6); (b)(7)(C) at PenFed, who (b)(6); (b)(7)(C) (b)(6); (b)(7)(C) (b)(6); (b)(7)(C) said that (b)(6); (b)(7)(C) works for (b)(6); (b)(7)(C) Luo (b)(6); (b)(7)(C) stated that (b)(6); (b)(7)(C) showed (b)(6); (b)(7)(C) Luo's posts on (b)(6); (b)(7)(C) phone. (b)(6); (b)(7)(C) said that Luo did not send the posts to (b)(6); (b)(7)(C) someone else had forwarded them to (b)(6); (b)(7)(C)

(b)(6); (b)(7)(C) said that (b)(6); (b)(7)(C) (b)(6); (b)(7)(C) attended a going away party at the NCUA Central Office for NCUA Board Member Rick Metsger and was "cornered" by Luo. According to (b)(6); (b)(7)(C) told him that Luo wanted to speak to (b)(6); (b)(7)(C) because she was not pleased with the situation regarding her resignation. (b)(6); (b)(7)(C) was not at Metsger's going away party. (b)(6); (b)(7)(C) said that (b)(6); (b)(7)(C) described Luo as frantic and emotionally distraught telling (b)(6); (b)(7)(C), "I have to meet with (b)(6); (b)(7)(C)"

(b)(6); (b)(7)(C) said that (b)(6); (b)(7)(C) met with Luo and she stated that she was not pleased with her resignation and did not like that she was asked to resign. (b)(6); (b)(7)(C) said that they are concerned that she is not letting her resignation go. (b)(6); (b)(7)(C) said that this meeting preceded (b)(6); (b)(7)(C) showing (b)(6); (b)(7)(C) Luo's posts.

(b)(6); (b)(7)(C) also said that Luo's resignation came as no surprise to (b)(6); (b)(7)(C) because (b)(6); (b)(7)(C) knew that there were problems with (b)(6); (b)(7)(C) (b)(6); (b)(7)(C) said (b)(6); (b)(7)(C) added that PenFed's job reference policy is to verify dates of employment only.

2. (b)(6); (b)(7)(C)

On May 6, 2019, the RA interviewed (b)(6); (b)(7)(C) (b)(6); (b)(7)(C) PenFed. (Exhibit 11) (b)(6); (b)(7)(C) stated that at the conclusion of the March 15 reception for former Board Member Metsger, Luo approached (b)(6); (b)(7)(C) and said she now worked for the NCUA and needed to speak to (b)(6); (b)(7)(C) and (b)(6); (b)(7)(C) about how she left PenFed. (b)(6); (b)(7)(C) stated that (b)(6); (b)(7)(C) but wanted to speak to them anyway.

(b)(6); (b)(7)(C) said that 5 days later, on March 20, (b)(6); (b)(7)(C) and (b)(6); (b)(7)(C) met with Luo. (b)(6); (b)(7)(C) said that Luo

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stated she was treated unfairly and she is a technical expert and that her PenFed supervisors disrespected her and they changed her position so that she was no longer supervising anyone.

(b)(6);(b)(7)(C) stated that (b)(6);(b)(7)(C) said that (b) did not have any details about her situation and advised her to look forward, not back. (b)(6);(b)(7)(C) said that (b) told her that she had a great opportunity at the NCUA. (b)(6);(b)(7)(C) added that Luo said that she was underemployed at the NCUA and that she is a sophisticated modeler but she is doing less work. (b)(6);(b)(7)(C) said that after about 45 minutes, (b)(6);(b)(7)(C) had to leave for a meeting but (b)(6);(b)(7)(C) stayed and talked with Luo about personal things.

(b)(6);(b)(7)(C) said that when (b) returned to (b)(C) office at PenFed, (b)(6);(b)(7)(C) came to (b)(C) office and shared messages (b) had from Luo that were posted on social media in Chinese. (b)(6);(b)(7)(C) said the messages were translated into English but (b)(6);(b)(7)(C) did not know who translated the messages. (b)(6);(b)(7)(C) said that (b)(6);(b)(7)(C) told (b) that all the messages (b) showed (b)(6);(b)(7)(C) were from Luo and that (b) took the other parties' names off the messages. (b)(6);(b)(7)(C) said that (b) was unsure how (b)(6);(b)(7)(C) obtained the text messages.

### 3. (b)(6);(b)(7)(C)

On May 8, 2019, the RA and the AIGI interviewed (b)(6);(b)(7)(C) PenFed. (Exhibit 12) (b)(6);(b)(7)(C) said (b) was (b)(6);(b)(7)(C) interacted with her on a daily basis when she worked at PenFed. (b)(6);(b)(7)(C) stated that Luo was not a good fit for PenFed's culture or (b) group but she was a talented individual and was moved to another position within PenFed that (b) hoped was beneficial for her and the organization.

(b)(6);(b)(7)(C) said that (b)(6);(b)(7)(C) sent him text messages Luo allegedly sent that stated that she now worked at the NCUA and (b)(6);(b)(7)(C) and (b)(6);(b)(7)(C) would have to work hard this year." (b)(6);(b)(7)(C) works for (b)(6);(b)(7)(C) and was Luo's (b)(6);(b)(7)(C) said (b) took the messages to (b)(6);(b)(7)(C) in PenFed's Human Resources department and to (b) supervisor, (b)(6);(b)(7)(C) then provided the messages to (b)(6);(b)(7)(C) (b)(6);(b)(7)(C) said that (b) did not change or translate the messages in any way.

(b)(6);(b)(7)(C) stated that when (b) saw the text messages (b) was concerned because they were somewhat disparaging. (b)(6);(b)(7)(C) stated that (b) was particularly concerned with the text message sent on January 3, 2019, where Luo stated that she received a GS 15 position with the NCUA, she will supervise credit unions in \$1B to \$10B in size, and that (b) and (b)(6);(b)(7)(C) have to work hard this year. (b)(6);(b)(7)(C) believed that showed Luo was biased against PenFed.

### 4. (b)(6);(b)(7)(C)

On May 9, 2019, the RA interviewed (b)(6);(b)(7)(C) PenFed. (Exhibit 13) (b)(6);(b)(7)(C) said that two people who used to work at PenFed forwarded (b) four text messages that they had received from Luo. (b)(6);(b)(7)(C) said Luo sent the

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messages using WeChat, which is a social media/messaging application. (b)(6);(b)(7)(C) did not want to provide the RA the names of the (b)(6);(b)(7)(C) PenFed employees, and (b)(6);(b)(7)(C) reiterated that (b)(6);(b)(7)(C) (b)(6);(b)(7)(C) when they received the messages from Luo.

(b)(6);(b)(7)(C) stated that (b)(6);(b)(7)(C) forwarded the messages to (b)(6);(b)(7)(C) exactly as (b)(6);(b)(7)(C) received them and did not translate or change them in any way. (b)(6);(b)(7)(C) said that Luo sent the first message on January 3, 2019, and the other messages on January 27, 2019. (b)(6);(b)(7)(C) said all the messages were communications from Luo to the others and did not include their responses. (b)(6);(b)(7)(C) stated that (b)(6);(b)(7)(C) was concerned with the messages because Luo may have some influence on PenFed's capital plan.

### E. Tom Fay, Director, Capital Markets Division, E&I

On May 14, 2019, the RA and the AIGI interviewed Tom Fay, Director, Capital Markets Division, E&I. (Exhibit 14) Fay stated that he, Julie Cayse, Director of Risk Management, E&I, and Jamie Underwood, Director of Supervision, Region 1, interviewed Luo on November 16, 2018. On November 29, 2018, Fay arranged for Luo to meet with three members of his team who would be Luo's colleagues once she was hired: John Nilles, Rob Bruncau, and Rick Mayfield. On December 7, 2018, Luo was brought back for another interview with Fay, Tim Segerson, Deputy Director, E&I, and Owen Cole, Director, Division of Capital and Credit Markets, E&I.

Fay stated that during the interviews, they did not ask Luo why she was interested in leaving PenFed or if she had been fired from her job or asked to resign in lieu of termination and Luo spoke as if she were still working at PenFed.

Fay stated that Luo provided him three references after an Office of Human Resources (OHR) specialist told him that Luo had not provided any references with her application and that references were required. Fay stated that Luo provided him two references initially and then a third reference (the third reference was actually not provided by Luo; rather, Fay proactively contacted the reference—see below regarding (b)(6);(b)(7)(C)). The first two references, whom Fay contacted on December 12, were (b)(6);(b)(7)(C) PenFed, and (b)(6);(b)(7)(C) (title unknown), PenFed. Fay said they gave Luo glowing references.

On December 17, 2018, the OHR specialist contacted Fay because (b)(4) (b)(4) and wanted Fay to check into it. Fay asked Luo about the (b)(4) and Luo said she left PenFed due to a restructuring there.

After he learned that Luo had been separated from PenFed, on December 19, 2018, Fay decided to contact (b)(6);(b)(7)(C) PenFed. Fay said he knew (b)(6);(b)(7)(C) from past work. Fay stated that (b)(6);(b)(7)(C) liked Luo, said that she was aggressive, and that there might



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have been a cultural issue with her at PenFed.

Fay said that he left messages with PenFed's human resources office asking it to verify Luo's employment and asking for PenFed's reference policy, but received no response. The RA asked Fay whether he spoke to Gibbs, Director, OCSM. Fay said that he thought Gibbs called him because something was missing on Luo's application. In response to the RA's question about whether Gibbs expressed reservations about Luo to him, Fay said she had not.

On December 27, 2018, Fay stated that a final offer of employment was made to Luo. The RA asked Fay about text messages that Luo sent. Fay stated that he received one text message dated January 3, 2019, which Hattie Ulan, ADAEO, forwarded him in April 2019. The text message read, "I got a GS 15 government position with NCUA. I will supervise CU in 1 to 10B size, and also review the other team's work. (b)(6) and (b)(6); (b)(7)(F) have to work hard this year." The RA provided Fay the other text messages sent by Luo on January 27, 2019, which read, "Yes, it is a full time position. Did (b)(6);(b)(7)(C) (b)(6);(b)(7)(C) as u might know?"; "It was very bad management, and bad people. That's why they don't allow u to come back to PenFed"; and "Because of their lies, you suffered negative consequences on your career. U were almost forced to take a job in NYC." Fay reacted with dismay to these text messages. Fay said that he has not discussed the January 3 text message with Luo. The RA asked what Fay's take was on the text messages and Fay said that if he received the messages, he would have been disturbed. Fay also noted that although Luo stated that "I supervise CU" in her January 3 text message, his group does not supervise credit unions but rather works on policies.

On January 17, 2019, after Ulan contacted him about Luo not working on PenFed-related matters, Fay confirmed with Luo that she would not work on PenFed-related matters. Fay said that Ulan approached him in April 2019 about Luo working on PenFed issues in view of Luo's January 3, 2019, text message. Fay reconfirmed with Ulan that Luo would not work on PenFed matters.

Fay said that after Luo started working for him, she told him that she had information about PenFed that would be useful to the ONES group. Fay told her not to share anything with ONES but does not know if Luo spoke to the ONES group. However, Fay said he asked and Luo agreed to send a note to OCSM about her conversation with him about this.

On June 3, 2019, the RA emailed Gibbs asking if Luo communicated this to OCSM and Gibbs indicated that Luo had not. (Exhibit 15)

Fay said that he was not aware of (b)(4) until Segerson told him about it the week before our interview of him.

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### F. NCUA Interviewers

On May 14, 2019, the RA and the AIGI interviewed Julie Cayse, Director, Risk Management, E&I. (Exhibit 16) Cayse served as a panel interviewer on November 16, 2018, Luo's first interview. Cayse stated that she did not know that Luo no longer worked at PenFed when she interviewed Luo and that Luo spoke in the present tense when describing what she did for PenFed.

On May 14, 2019, the RA and the AIGI interviewed Jamie Underwood, Director of Supervision, Region 1. (Exhibit 17) Underwood also served as a panel interviewer during Luo's first interview. Underwood stated that she recalled the interviews but did not recall Luo.

On May 14, 2019, the RA and the AIGI interviewed Tim Segerson, Deputy Director, E&I. (Exhibit 18) Segerson served as a panel interviewer during Luo's second and final interview on December 17, 2019. Segerson stated that during her interview Luo did not say that she no longer worked at PenFed.

On May 15, 2019, the RA interviewed Owen Cole, Director of Capital and Credit Markets, E&I. (Exhibit 19) Cole served as a panel interviewer during Luo's second interview. In response to the RA's question of whether Luo told the interview panel that PenFed no longer employed her, Cole stated that no one knew that she was separated from PenFed during her interview. Cole also stated that E&I did not learn that Luo had left PenFed until right before E&I offered her a job.

G. (b)(6);(b)(7)(C) PenFed (b)(6);(b)(7)(C)

On May 22, 2019, the RA and the AIGI interviewed (b)(6);(b)(7)(C) (Exhibit 20) (b)(6);(b)(7)(C) stated that Luo was (b)(6);(b)(7)(C) at PenFed. (b)(6);(b)(7)(C) said that the text messages (b)(6);(b)(7)(C) exchanged with Luo in January 2019 were private conversations that dealt with office politics and that Luo told (b)(6);(b)(7)(C) that she was with the NCUA. (b)(6);(b)(7)(C) did not know why Luo left PenFed and came to the NCUA. (b)(6);(b)(7)(C) said that (b)(6);(b)(7)(C) but that (b)(6);(b)(7)(C) work performance at PenFed was high quality and that Luo wanted (b)(6);(b)(7)(C) at PenFed. (b)(6);(b)(7)(C) stated that (b)(6);(b)(7)(C) (b)(6);(b)(7)(C)

The RA then asked with whom (b)(6);(b)(7)(C) shared the text messages at PenFed. (b)(6);(b)(7)(C) first responded that (b)(6);(b)(7)(C) did not forward the text messages to anyone at PenFed but then said that (b)(6);(b)(7)(C) shared them with someone very trusted at PenFed. (b)(6);(b)(7)(C) said (b)(6);(b)(7)(C) did not want to tell us the name of that person, but it was not (b)(6);(b)(7)(C) (b)(6);(b)(7)(C) said (b)(6);(b)(7)(C) and (b)(6);(b)(7)(C) are not friends and they have no relationship outside of work but that (b)(6);(b)(7)(C) respects (b)(6);(b)(7)(C). (b)(6);(b)(7)(C) said that (b)(6);(b)(7)(C) and Luo sent the

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text messages under very special circumstances, and (b)(6); (b)(7)(C) did not understand why people at PenFed would share the text messages with the NCUA. (b)(6); (b)(7)(C) trusted the person with whom (b)(6); (b)(7)(C) shared the messages and felt that this was very confidential. The RA asked (b)(6); (b)(7)(C) for (b)(6); (b)(7)(C) text messages with Luo but (b)(6); (b)(7)(C) said (b)(6); (b)(7)(C) did not have them anymore.

### H. ONES Officials

On June 3, 2019, the RA and the AIGI interviewed Scott Hunt, Director, Office of National Examinations and Supervision (ONES). (Exhibit 21) Hunt stated that he has not spoken to Luo and did not believe that anyone in ONES had spoken to her after she began working at the NCUA. He said that Chris DiBenedetto and Dale Klein, ONES employees who work on capital planning and stress testing, spoke to Luo when she was at PenFed as part of their work. Hunt previously thought it might have been a good idea to have Luo, after she started working at the NCUA, to provide a debriefing on PenFed to ONES to better understand PenFed's processes but then he realized that she was "burning bridges" with PenFed. He heard about an incident with Luo and PenFed at an NCUA Board Member event, and he told Tao Cheng, Director of the Division of Quantitative Analytics, ONES, to "stand down" and not get a debriefing from Luo.

On June 3, 2019, the RA and the AIGI interviewed Dale Klein, Senior Financial Analyst, ONES. (Exhibit 22) Klein said he knew Luo through ONES' supervision of PenFed's capital plan. Luo told Klein that she had left PenFed in October or November 2018. She contacted him through LinkedIn and indicated that she was doing consulting work. Later, she told him that she was interviewing for a job with the NCUA and asked him to "put in a good word" for her. Regarding that, Klein said to the RA and AIGI, "That's not how NCUA hiring works." In addition, Klein was on leave during that time. A short time later, Luo told Klein she had received a job offer from the NCUA.

After Luo started at the NCUA, she did not discuss PenFed with Klein and he noted that he has not worked with her. Luo did not offer Klein any information about PenFed either before she joined the NCUA or after.

On June 3, 2019, the RA and the AIGI interviewed Tao Cheng, Director, Division of Quantitative Analysis, ONES. (Exhibit 23) Cheng said that he knew Luo from interacting with her two or three times when she worked at PenFed, as part of his job. Cheng knew that Luo had left PenFed and joined the NCUA. Fay asked for his opinion about Luo, saying that E&I planned to hire Luo. Cheng told Fay that his opinion about Luo was that she was good. Also, Luo had told Cheng in December or January that she was leaving PenFed.

In response to a question from the RA, Cheng said that Luo did not tell him about any issues or problems with PenFed and was vague about why she left PenFed, simply saying that something

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did not work out, she did not like the situation there, and that PenFed did not treat her well. He said he was not aware of any dissatisfaction she may have had with PenFed while she was working there.

Cheng's only recent interaction with Luo was asking her whether she had any recommendations for people who could fill financial analyst positions at the NCUA. Luo recommended a former PenFed colleague, (b)(6),(b)(7)(C) who subsequently applied for one of the positions.

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### List of Exhibits

- Exhibit 1: Memorandum of Interview, Yun (Isabel) Luo, May 21, 2019 (with attached Garrity Advisement)
- Exhibit 2: Vacancy announcement and screen shot showing Luo's application date
- Exhibit 3: January 3, 2019, text message/post sent by Luo
- Exhibit 4: January 27, 2019, text messages/posts sent by Luo
- Exhibit 5: Declaration for Federal Employment and Questionnaire for Public Trust Positions
- Exhibit 6: (b)(4)
- Exhibit 7: Luo emails
- Exhibit 8: Memorandum of Interview, Hattie Ulan, April 30, 2019
- Exhibit 9: Memorandum of Interview, Kelly Gibbs, April 30, 2019
- Exhibit 10: Memorandum of Interview, (b)(6);(b)(7)(C) and (b)(6);(b)(7)(C) May 1, 2019
- Exhibit 11: Memorandum of Interview, (b)(6);(b)(7)(C) May 6, 2019 (with attached emails)
- Exhibit 12: Memorandum of Interview, (b)(6);(b)(7)(C) May 8, 2019
- Exhibit 13: Memorandum of Interview, (b)(6);(b)(7)(C) May 9, 2019
- Exhibit 14: Memorandum of Interview, Tom Fay, May 14, 2019
- Exhibit 15: Email from Kelly Gibbs, June 3, 2019
- Exhibit 16: Memorandum of Interview, Julie Cayse, May 14, 2019
- Exhibit 17: Memorandum of Interview, Jamie Underwood, May 14, 2019
- Exhibit 18: Memorandum of Interview, Tim Segerson, May 14, 2019
- Exhibit 19: Memorandum of Interview, Owen Colc, May 15, 2019
- Exhibit 20: Memorandum of Interview, (b)(6);(b)(7)(C) May 22, 2019
- Exhibit 21: Memorandum of Interview, Scott Hum, June 3, 2019
- Exhibit 22: Memorandum of Interview, Dale Klein, June 3, 2019
- Exhibit 23: Memorandum of Interview, Tao Cheng, June 3, 2019

This report is furnished on an official need to know basis and must be protected from dissemination that may compromise the best interests of the National Credit Union Administration Office of Inspector General. This report shall not be released or disseminated to other parties without prior consultation with the Office of Inspector General. UNAUTHORIZED RELEASE MAY RESULT IN CRIMINAL PROSECUTION.



**NATIONAL CREDIT UNION ADMINISTRATION**  
**Office of Inspector General**  
**Office of Investigations**

**MEMO TO FILE**

**DATE OF REPORT:** February 15, 2019

**SUBJECT:** (b)(6); (b)(7)(C)

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**SYNOPSIS**

The investigation is closed. No further action is warranted at this time.

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**DETAILS**

The National Credit Union Administration (NCUA) Office of Inspector General (OIG) initiated an investigation of (b)(6); (b)(7)(C) on August 28, 2018, based on information provided by the NCUA's Office of Human Resources (OHR) Director of Staffing and Classification Jodi Johnson and Office of General Counsel (OGC) attorney Scott Schwartz. Specifically, Johnson and Schwartz stated that (b)(6); (b)(7)(C) may have provided false information about (b)(6) qualifications on various job applications (b)(6) submitted to the NCUA. For example, (b)(6); (b)(7)(C) stated on (b)(6) resume that (b)(6); (b)(7)(C) served as a ONES expert, but someone could not be an ONES expert unless they have worked for the NCUA, which (b)(6); (b)(7)(C) has not.

Johnson and Schwartz stated an investigation could formally show that (b)(6); (b)(7)(C) submitted false information on (b)(6) job applications and could result in the Office of Personnel Management debarring (b)(6); (b)(7)(C) from federal government.

Johnson said that OHR would develop specific questions for the reporting agent to ask (b)(6); (b)(7)(C) during an investigative interview based on OHR identifying what aspects of (b)(6); (b)(7)(C) application were NCUA-specific and could not have been performed by (b)(6); (b)(7)(C) without having had worked at the NCUA. However, due to other office priorities, OHR has not had time to develop questions. In addition, Johnson indicated that (b)(6); (b)(7)(C) has not recently applied for any NCUA jobs. Johnson also stated that (b)(6); (b)(7)(C) was not qualified for the last few jobs (b)(6) had applied for, even based on the resume (b)(6) had submitted with misstatements about (b)(6) qualifications. Johnson stated there is nothing further needed at this time. As a result, this investigation is closed.