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## National Credit Union Administration

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### Office of Inspector General

March 2, 2021

SENT BY EMAIL

SUBJECT: FOIA Request 2021-IGF-00003

This responds to your January 6, 2020, request under the Freedom of Information Act (FOIA), 5 U.S.C. § 552, which we received on February 23, 2021. Our office is closed and all employees are working remotely due to the pandemic, although we go to the office to check for mail about every 2 weeks. When we previously checked, on February 8, 2021, your request had not been received. If you could send any future requests electronically, we would be able to receive and respond to them more promptly.

Your request asked for final reports of investigation 19-01, 19-04, and 19-06. I have attached reports 19-04 and 19-06. Both reports include redactions under Exemptions (b)(6) and (b)(7)(C) of FOIA, which protect personal privacy interests that are not outweighed by the public interest in disclosure. In 19-04, I redacted the identity of private-sector employees, whose privacy interests outweigh public interest. I also redacted information under Exemption 4 of FOIA, which protects confidential information submitted to the Government. In this case, we received confidential information and agreed to protect its confidentiality.

In 19-06, I redacted the subject's information because he was a lower-level employee and his identity therefore is protected. I also redacted the identity of the investigator for both reports, who has heightened privacy interests under the FOIA exemptions.

I referred your request for the report of investigation 19-01 to the U.S. Department of Justice Office of Inspector General (DOJ-OIG). As indicated in my previous response to your FOIA request 2021-IGF-00001 for a list of investigations closed, 19-01 related to an investigation conducted by DOJ-OIG.

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); 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: 2021.03.02 14:29:42 -05'00'

Marta Erceg  
Counsel to the Inspector General  
Assistant IG for Investigations

Attachment

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:** 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)(C) PenFed (b)(6);(b)(7)(C) and a (b)(6);(b)(7)(C) 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 and (b)(4) (b)(4) resign effective October 4, 2018.

Luo (b)(4) on October 25, 2018, (b)(4) (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.

In her OIG interview, after some back and forth with the Reporting Agent (RA), Luo said that she answered “no” to these questions because (b)(4) PenFed, which she believed should not be shared with anyone. (b)(4)

(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 Dale Klein and Tao Cheng 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)(7)(C) 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)(7)(C) and (b)(6);(b)(7)(C) to discuss her concerns. However, Luo stated that before she could raise any issues, (b)(6);(b)(7)(C) 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)(7)(C) an email recapping it. Luo said that (b)(6);(b)(7)(C) left the meeting first and (b)(6);(b)(7)(C) stayed with her for 10 more minutes. Luo said to calm (b)(6);(b)(7)(C) down, she informed (b)(6);(b)(7)(C) 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);(b)(7)(C) and (b)(6);(b)(7)(C) 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);(b)(7)(C) and (b)(6);(b)(7)(C) 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)(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” (b)(4) 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 and (b)(4) they would not say negative things about each other. 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 of (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.

Ulan stated that Luo asked her whether she needed to report on her OGE 450 (confidential financial disclosure form) (b)(4) (b)(4)

(b)(4) (b)(4) When asked by the AIGI whether Luo had (b)(4) (b)(4) Ulan said she did not know and would need to check Luo's OGE 450.

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)'s 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) (b)(6);(b)(7)(C) said that (b)(4) (b)(4) (b)(6);(b)(7)(C) (b)(4) (b)(4) (b)(4) (b)(4) When asked if the OIG could obtain (b)(4) (b)(6);(b)(7)(C) said it was extremely confidential and (b) would need to check with Human Resources. (b) stated that it might be that in the OIG's case, an exception could be made because the NCUA is PenFed's regulator.

Note: After our interview, (b)(6);(b)(7)(C) emailed us (b)(4) and Luo's social media posts that PenFed had. (b)(6);(b)(7)(C) said that it appeared that Luo (b)(4) (b)(4) on 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 her supervisory skills and that her human relation skills were lacking. (b)(6); (b)(7)(C) said that a number of people who worked for Luo quit because they could not take it anymore. (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 Luo said that she knew (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)(6);(b)(7)(C) did not have any details about her situation and advised her to look forward, not back. (b)(6);(b)(7)(C) said that (b)(6);(b)(7)(C) 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)(6);(b)(7)(C) returned to (b)(6);(b)(7)(C) office at PenFed, (b)(6);(b)(7)(C) came to (b)(6);(b)(7)(C) office and shared messages (b)(6);(b)(7)(C) 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)(6);(b)(7)(C) that all the messages (b)(6);(b)(7)(C) showed (b)(6);(b)(7)(C) were from Luo and that (b)(6);(b)(7)(C) took the other parties' names off the messages. (b)(6);(b)(7)(C) said that (b)(6);(b)(7)(C) 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)(6);(b)(7)(C) 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)(6);(b)(7)(C) group but she was a talented individual and was moved to another position within PenFed that (b)(6);(b)(7)(C) 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)(6);(b)(7)(C) took the messages to (b)(6);(b)(7)(C) in PenFed's Human Resources department and to (b)(6);(b)(7)(C) supervisor. (b)(6);(b)(7)(C) then provided the messages to (b)(6);(b)(7)(C) (b)(6);(b)(7)(C) said that (b)(6);(b)(7)(C) did not change or translate the messages in any way.

(b)(6);(b)(7)(C) stated that when (b)(6);(b)(7)(C) saw the text messages (b)(6);(b)(7)(C) was concerned because they were somewhat disparaging. (b)(6);(b)(7)(C) stated that (b)(6);(b)(7)(C) 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)(6);(b)(7)(C) 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)(6);(b)(7)(C) 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) 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 Bruneau, 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 she saw (b)(4) (b)(4) Luo's PenFed (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) and (b)(6); (b)(7)(C) 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) did not understand why people at PenFed would share the text messages with the NCUA. (b)(6) trusted the person with whom (b)(6) shared the messages and felt that this was very confidential. The RA asked (b)(6);(b)(7)(C) for (b)(6) text messages with Luo but (b)(6);(b)(7)(C) said (b)(6) 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 Cole, May 15, 2019
- Exhibit 20: Memorandum of Interview, (b)(6);(b)(7)(C) May 22, 2019
- Exhibit 21: Memorandum of Interview, Scott Hunt, 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:** 19-06

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

**ISSUE DATE:** May 22, 2020

**VIOLATION** Submitting False Travel Vouchers

**PREDICATION**

On May 22, 2019, the National Credit Union Administration (NCUA) Office of Inspector General (OIG) received information that (b)(6); (b)(7)(C) NCUA (b)(6); (b)(7)(C) allegedly informed co-workers that he falsified his travel vouchers to increase his income by submitting travel vouchers for periods longer than his actual travel and for expenses he did not incur.

**SUBJECT INFORMATION**

(b)(6); (b)(6); (b)(6); (b)(7)(C), CU-14, (b)(6); (b)(7)(C) Region. (b)(6); employment with NCUA began on (b)(6); (b)(7)(C)

**DISTRIBUTION:**

Larry D. Fazio  
Executive Director

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

Regional Director  
(b)(6); (b)(7)(C) Region

**REPORTING AGENT:**

(b)(6); (b)(7)(C)  
Director of Investigations

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

Digitally signed  
by (b)(6);  
(b)(6);  
Date: 2020.05.22  
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(Signature)

**APPROVED:**

Marta Erceg  
Counsel/Assistant Inspector  
General for Investigations

**MARTA  
ERCEG**

Digitally signed  
by MARTA ERCEG  
Date: 2020.05.22  
13:39:42 -04'00'

(Signature)

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### SYNOPSIS

The investigation substantiated the complaint that (b)(6); falsified his travel vouchers by submitting travel vouchers for periods longer than his actual travel and for expenses he did not incur. The Reporting Agent (RA) compared (b)(6); documents and receipts submitted in the Concur travel system, EZ Pass toll records, and interview statements with what (b)(6); claimed in his travel vouchers for the period of January 1, 2016, through November 7, 2019,<sup>1</sup> and determined that (b)(6); claimed 43 nights of travel that he did not in fact travel. Because of his materially and misleading false claims, NCUA paid \$10,336 more than it should have. Of this, (b)(6); received \$4,736: \$2,050 in travel bonus funds and \$2,686 in per diem payments.

(b)(6); admitted to submitting travel vouchers for periods longer than his actual travel but said that it was not intentional. Three NCUA employees stated in interviews that (b)(6); described to them how he claimed reimbursement for travel for periods longer than his actual travel and that he seemed proud of his scheme.

In January 2020, after the RA had interviewed him, (b)(6); submitted a document in Concur to reduce his travel bonus for 2019 by 13 nights, which listed dates and locations of the travel that did not occur. In a later interview, (b)(6); admitted that he traveled home over the weekend on multiple 2-week assignments but submitted travel vouchers for per diem and hotel expenses that included the weekend.

One of the employees interviewed said that (b)(6); told him that he was reimbursed for baggage fees that he did not incur because of his personal credit card benefits. (b)(6); stated in an interview that he had a United Mileage Plus Explorer Visa card that could provide him free checked baggage, but to the best of his knowledge, he did not seek reimbursement of checked baggage fees when he received free checked baggage.

Article 14, Section 2 of the current collective bargaining agreement (CBA) between the NCUA and the National Treasury Employees Union states: "Employees in travel status will be reimbursed for all actual expenses essential to transacting official government business, or related to transacting official government business."

There may be criminal fines and imprisonment under 18 U.S.C. §§ 287 and 1001 for fraudulent claims and false statements.

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<sup>1</sup> The RA chose the start date because (b)(6); work travel significantly increased in 2017 when he became a (b)(6); (b)(7)(C) but the RA started the period a year earlier, in January 1, 2016, in order to determine whether (b)(6); also engaged in his scheme during his more infrequent travel when he was an examiner. Three of the falsely claimed nights occurred in 2016. The RA selected the end date because he interviewed (b)(6); on November 19, 2019, and (b)(6); submitted all vouchers for travel that occurred after October 23, 2019, after the interview. These post-interview vouchers did not indicate that (b)(6); engaged in his scheme.



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On March 13, 2020, the United States Attorney's Office for (b)(6); (b)(7)(C) declined to prosecute (b)(6); for submitting false travel vouchers. However, that office recommended that the RA contact the (b)(6); (b)(7)(C) Attorney General's Office, which is considering whether to refer (b)(6); to the (b)(6); (b)(7)(C) Division of Consumer Affairs with respect to (b)(6); (b)(7)(C) (b)(6); (b)(7)(C)

### DETAILS

A. (b)(6); (b)(6);

On November 19, 2019, the RA and the Assistant Inspector General for Investigations (AIGI) interviewed (b)(6); for the first time regarding his travel vouchers. (Exhibit 1)

At the time of the November interview, (b)(6); had been with the NCUA for (b)(6); years and had been promoted from an examiner to a (b)(6); (b)(7)(C)

In response to the RA asking (b)(6); if there was anything in his travel vouchers he would like to explain, (b)(6); said no and that he traveled a lot, mostly driving, and stayed at a lot of hotels. When the RA asked (b)(6); if he overstated his travel vouchers, he responded, "Absolutely not," and that his supervisor approved his travel vouchers.

The RA asked (b)(6); if he remembered a weeklong trip to (b)(6); (b)(7)(C) in January 2019, which (b)(6); remembered. The RA informed (b)(6); that his voucher stated he came home on Friday, January 18, but in fact, (b)(6); came home on Thursday, January 17. (b)(6); responded that he did not intentionally claim an extra day of travel. The RA showed (b)(6); a receipt dated January 17 for airport parking in (b)(6); (b)(7)(C) (b)(6); responded that he thought he must have come back home on Thursday (January 17) and did not update his travel voucher. (b)(6); stated that he always scheduled his trips through Friday. The RA showed (b)(6); his travel voucher in which he claimed he was on travel from January 14 to January 18. (b)(6); responded that he must have forgotten to go back and change the date in his Concur itinerary. The RA informed (b)(6); that besides the travel voucher, (b)(6);'s submission in the Time Management System (TMS) stated he traveled home on January 18. The RA also showed (b)(6); a rental car receipt indicating that (b)(6); traveled home on January 17. (b)(6); responded that he came home on Thursday and did not know whether he charged hours to the credit union on Friday. He said he sometimes completed TMS ahead of time. (b)(6); said he did not make intentional false statements and that he thought the RA was saying he falsely or intentionally did this. He then offered to correct his expense reports.

The RA informed (b)(6); that there was another occurrence relating to (b)(6);'s October 1-5, 2018, trip to a credit union in (b)(6); (b)(7)(C). The RA informed (b)(6); that he claimed on his travel voucher and in TMS that he traveled from October 1 through 5 but his parking and rental car receipts showed he traveled home on October 4. (b)(6); responded that the voucher was a

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mistake and was not intentional. (b)(6); believed the credit union exam took place over 2 weeks and that he traveled home during the weekend.

(b)(6); drove a lot for work and used an EZ Pass transponder for tolls. He said that he only started traveling a lot in the last 2 years after he was promoted to a (b)(6); (b)(7)(C) and did not travel much in his prior position as an examiner.

The RA asked (b)(6); if he had kids and if he overstated vouchers because he needed extra money. (b)(6); said he had (b)(6); kids but “so what,” and noted that his wife also worked. (b)(6); said that the next thing, the RA would take his badge and say, “You are fired.” The RA said that this was not related to firing (b)(6); and that he would further examine (b)(6);’s travel records and then talk to a prosecutor. The prosecutor would take into account how honest (b)(6); had been in the interview. The RA said he did not want to go through the travel records and find more misstatements. (b)(6); said that the RA would find more instances where he traveled back a day early, but that any voucher mistake was not intentional. (b)(6); said that dates, columns, and days caused him confusion. The RA said that because (b)(6); was a (b)(6); he would be held to a higher standard. The RA again asked (b)(6); if he overstated vouchers to make extra money. (b)(6); responded that he made extra money by working at (b)(6); and had no debt other than a mortgage. (b)(6); offered to go back and review his records. The RA said no, that was his job, and asked if he could go with (b)(6); to his hotel to retrieve his EZ Pass transponder number. (b)(6); responded that he was staying “all the way at the Westin” (which in fact was only 0.3 miles away) and that he would take a picture of the transponder and email it to the RA.

The AIGI asked (b)(6); if he talked to anyone else about his travel vouchers. (b)(6); responded that he provided his vouchers to his supervisor, but his supervisor had never said anything to him. He also said that he would not endanger his job and his (b)(6); (b)(7)(C) by intentionally submitting false travel vouchers. He traveled home on Thursdays, but he did not submit inaccurate travel vouchers on purpose.

The RA informed (b)(6); that he would pull the metadata for when he entered his time in TMS. (b)(6); responded that he prepopulated TMS before his travel and then submitted it after his travel. He did not necessarily check TMS to make sure it was still accurate when he submitted it. (b)(6); said that it was carelessness on his part not to change his Concur itinerary and TMS.

(b)(6); stated that his TMS being inaccurate regarding when he was traveling and when he was working on credit union matters was irrelevant because he worked a 40-hour maxiflex schedule. On the maxiflex schedule, he just had to work 40 hours a week, not a set number of hours a day. (b)(6); stated he worked from home on Fridays when he traveled home on Thursdays and that he could prove he worked at home with emails and a report he prepared that was based on the work he performed during the week at the credit union. (b)(6); had never finished a report by Thursday. Exit meetings with the credit unions were not until late on Thursday or on Friday. (b)(6); had to pull a lot of documents together for his report to send on Friday or even Saturday.

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(b)(6); stated that he had unequivocally done the work he claimed on TMS, just not on the days he claimed. (b)(6); started working at credit unions as early as 6:30 a.m. (b)(6); said that he did not always work on Friday, but put in the 40 hours required under his maxiflex schedule.

The RA asked (b)(6); if he had ever joked around with anyone about inflating travel vouchers. (b)(6); responded he had not and that he kept his head down.

The RA told (b)(6); that he would go through his travel records and that he hoped (b)(6); was being honest. (b)(6); responded that the RA would find other occurrences of his coming home earlier than what he stated on his voucher, but it was not intentional. The RA said he would report to the prosecutor the number of misstatements and the total dollar amount associated with the misstatements as well as (b)(6); position and that (b)(6); was a (b)(6);. The prosecutor would probably factor all of this in with (b)(6); level of honesty, and the RA noted that this pattern on (b)(6); part did not look good. (b)(6); responded by stating that we would see that he came home on Thursday a lot. The RA informed (b)(6); that a sloppy (b)(6); did not make sense and asked (b)(6); if this was on purpose. (b)(6); offered to total everything up and pay it back. The RA informed that he wanted (b)(6); to tell the truth.

The RA walked (b)(6); to the lobby after concluding the interview during which (b)(6); offered to provide the toll records himself. The RA brought (b)(6); back to the interview room and informed (b)(6); that he would subpoena his toll records. The RA also informed (b)(6); that the OIG had received reports from people that (b)(6); had said he inflated his travel vouchers to make extra money. (b)(6); stated he did not proclaim this was a way to make extra money. He then said he was “done” because we would take the other people’s word and we would see his travel vouchers. (b)(6); said he never talked about his travel vouchers, not that he was aware of. He said that in general when talking about systems and vouchers, “could something have come up” about how there was a weakness in the voucher system and that you could just go home a day early? (b)(6); said that if this came up, it was taken out of context. (b)(6); wanted to know who reported this information to the OIG and the RA responded that he could not tell him. (b)(6); stated that this was a he said/she said issue and how would anyone know what he was reporting on his travel voucher. He then said that he could think of a few people who would want to undercut him, such as (b)(6); (b)(6); (b)(7)(C) who did not like him. (b)(6); said they had an issue at a credit union earlier in the year.

(b)(6); wanted to know if his travel records were reviewed after he was reported to the OIG and the RA responded that he had reviewed them. The RA informed (b)(6); that the OIG did not make prosecution or employment decisions. (b)(6); stated he should start looking for another job as he was going to be made the poster child. (b)(6); asked if he should continue working. The RA informed (b)(6); that he could not give him advice on that. (b)(6); asked again who reported him and that his travel voucher errors happened but he had “no intention.”

On November 29, 2019, (b)(6); emailed the RA a picture of his EZ Pass transponder. (Exhibit 2)

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On December 20, 2019, the RA and AIGI interviewed (b)(6); (b)(7)(C) regarding issues related to his outside (b)(6); (b)(7)(C) employment, which he had referred to in his November 19, 2019, interview. (Exhibit 3)

The RA asked (b)(6); (b)(7)(C) if the honorarium listed on his Office of Government Ethics Form 450 (450) was for his (b)(6); (b)(7)(C) position or for his (b)(6); (b)(7)(C) position that he listed on the 450. (b)(6); (b)(7)(C) responded that the honorarium was for handling a lot of paperwork as the (b)(6); (b)(7)(C). The honorarium consisted of a once-a-year payment of \$1,000, although this amount increased to \$2,000 in October 2019. (b)(6); (b)(7)(C) did not receive an IRS Form 1099 for the honorarium. He had asked the NCUA about the (b)(6); (b)(7)(C) position and was informed that there were no issues with him serving in that position because it had nothing to do with credit unions.

(b)(6); (b)(7)(C) became the (b)(6); (b)(7)(C) 6 to 7 years ago. (b)(6); (b)(7)(C) did not perform the (b)(6); (b)(7)(C) work during NCUA work time. He sent payments at night and on weekends in response to email requests for (b)(6); (b)(7)(C)-related reimbursements.

(b)(6); (b)(7)(C) did not receive payment for the (b)(6); (b)(7)(C) position listed on his 450. He was not sure about the position and needed to look at his 450.

On January 6, 2020, (b)(6); (b)(7)(C) submitted a document titled “(b)(6); (b)(7)(C) – Expense Reporting, Lodging Bonus Correction FTY 2019” in Concur, in which he indicated that he had charged additional lodging nights for Thursdays and he reduced the number of nights of travel he claimed by 13. (Exhibit 4)

On March 4, 2020, the RA and AIGI interviewed (b)(6); (b)(7)(C) regarding issues related to his travel expenses. (Exhibit 5)

The RA asked (b)(6); (b)(7)(C) if he used his personal credit card for NCUA travel. (b)(6); (b)(7)(C) responded that he used his personal credit card in certain situations where he could. In general, he did not use his personal credit card for airfare because a government credit card was required to obtain the government fares. (b)(6); (b)(7)(C) needed to get the government fare because his schedule could change and the government fares were refundable. (b)(6); (b)(7)(C) used his personal credit card to pay for hotels unless the hotel accepted the tax exemption. A government credit card was required if the tax exemption was accepted. However, 90 percent of the hotels did not accept the tax exemption.

The government credit card was required to be used for rental cars because of insurance implications. He said that for meals and gas, there was no requirement to use the government credit card.

(b)(6); (b)(7)(C) had multiple personal credit cards, including a United Mileage Plus Explorer Visa card. (b)(6); (b)(7)(C) said that that credit card could give him free baggage. (b)(6); (b)(7)(C) said he could not claim checked baggage fees if he received free checked baggage. To the best of (b)(6); (b)(7)(C) knowledge,

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he did not seek reimbursement for checked baggage fees when he received free checked baggage.

(b)(6); said that he submitted the January 6, 2020, correction for the number of travel nights as a result of his first interview with OIG. In response to the RA asking (b)(6); if he did not travel on those nights, (b)(6); responded, "That's what you told me." (b)(6); added that in any given year, Concur gives employees an opportunity to correct what they had submitted for the travel bonus. (b)(6); said that he corrected the number of nights in a show of good faith and honesty. He also went back into TMS and corrected it as a result of his first interview with the OIG. He then stated, "We haven't even gotten to a point where we can have a civil conversation about the circumstances."

The RA told (b)(6); that in his November 2019 vouchers, (b)(6); did not claim 2 nights for which he had hotel receipts. (b)(6); replied that he submitted his November 2019 travel voucher after his first interview with the OIG, and as a result of the interview, he did not ask for reimbursement for the 2 hotel nights. The 2 nights were instances when he came home after 4 nights instead of 5 nights.

The RA then asked (b)(6); about particular vouchers in connection with his travel to credit union examinations:

(b)(6); (b)(7)(C) - March 2019

The RA asked (b)(6); if he went home at night because the examination site in (b)(6); (b)(7)(C) was only 46 miles from (b)(6); residence. (b)(6); replied that he did not recall what he did that week. (b)(6); further stated that there could have been something going on at home or somewhere he had to take one of his kids. The RA informed (b)(6); that the toll records looked as if he went home late at night and returned to (b)(6); early in the morning. (b)(6); responded that if an employee travelled over 40 miles away from his residences, he was allowed to stay at a hotel. (b)(6); further stated that it did not matter where you laid your head at night. The union head said this on multiple occasions, but (b)(6); could not specifically recall when.

(b)(6); (b)(7)(C) - September 2019

The RA informed (b)(6); that this examination was a 2-week assignment and asked (b)(6); if he went home during the weekend. (b)(6); responded that he did go home and that he was allowed to go home because he is a (b)(6); (b)(6); did not check out of the hotel room because he did not have to. (b)(6); said that he could not receive per diem and keep the hotel room if he also claimed travel expenses for going home. If he did not claim travel expenses, he could keep the hotel room and receive per diem. It was one or the other. He said that he was not required to submit a justification or a cost comparison in order to return home.

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(b)(6); (b)(7)(C) June 2019

The RA informed (b)(6); that the examination was a 2-week assignment and asked (b)(6); if he went home during the weekend. (b)(6); responded that he had and that was allowable because it was a 2-week examination and he is (b)(6); (b)(7)(C)

(b)(6); (b)(7)(C) May 2019

The RA informed (b)(6); that the examination was a 2-week assignment and asked (b)(6); if he went home during the weekend. (b)(6); responded that he had and that was allowable because it was a 2-week examination and he is (b)(6); (b)(7)(C)

(b)(6); (b)(7)(C) November 2018

The RA informed (b)(6); that the examination was a 2-week assignment and asked (b)(6); if he flew home during the weekend. (b)(6); responded that he drove there and stayed the entire 2 weeks and did not return home over the weekend. He said that it would have taken him (b)(6); hours to fly to (b)(6); (b)(7)(C) so driving there was faster.

(b)(6); (b)(7)(C) May 2019

The RA asked (b)(6); if he came home during the week. (b)(6); responded that he did not recall and that his residence was not that close to the examination site. (b)(6); said that he would need to check his records to know for sure. (b)(6); also stated that nothing dictated that he had to sit in his hotel room when he was off work.

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The RA then said that he saw that (b)(6); had submitted claims for checked baggage fees that (b)(6); did not incur. He asked (b)(6); what his credit cards would show regarding the baggage fees if they were subpoenaed. (b)(6); responded that he didn't have that information in front of him.

The RA asked (b)(6); if he wanted to correct the record in any respect. (b)(6); responded that the OIG was trying to prove he was a criminal and that he was not one. He said that what he did were "normal things" and "everyone does this." In response to the AIGI's question, (b)(6); stated that he absolutely had not told other people that he left early on Thursdays but claimed Friday travel expenses. He added that when he first started as (b)(6); (b)(7)(C) his supervisor told (b)(6); that because he had a young family, he could leave examinations on Thursdays. In response to the AIGI's question, (b)(6); refused to provide the name of the supervisor. In response to the RA's question, (b)(6); stated it was not (b)(6); (b)(7)(C)



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The RA informed (b)(6); that submitting false statements violated the (b)(6); (b)(7)(C) professional code of conduct and asked (b)(6); if he had any comment regarding this. (b)(6); responded that he did not have a comment.

### B. Andrew Healey

On February 28, 2020, the RA and the AIGI interviewed Andrew Healey (Healey), Director of Special Actions, regarding (b)(6); travel expenses. (Exhibit 6)

Healey is (b)(6); supervisor. Healey first learned of issues regarding (b)(6); travel expenses when he received a phone call from Cindy Hertensteiner, another NCUA supervisor. Hertensteiner told Healey that an examiner she supervised told her that (b)(6); did not travel on a Friday as he had claimed during a credit union examination. Healey reviewed (b)(6); receipts for the trip with Hertensteiner and he determined that (b)(6); travel voucher was in sync with (b)(6); traveling on Friday.

(b)(6); was very upset after he was interviewed by the OIG in November 2019. Healey knew that (b)(6); issue was significant based on how agitated he was after the interview. (b)(6); did not provide any explanation or details regarding his interview other than stating he had no intent to do wrong. He did not provide a refund or tell Healey that he had overstated his travel by 13 nights in 2019.

Examiners submitting corrections of 1 to 2 nights for the calculation of the travel bonus was not unusual. However, (b)(6); 13-night revision was very unusual. (b)(6); did not provide any documents to support the revision other than a document with the dates and locations of the 13 nights. The date in question on the (b)(6); examination was the first in (b)(6); list of the 13 nights.

The RA asked Healey if he knew what (b)(6); was doing on the Fridays that he falsely claimed to be traveling. Healey responded that he had 14 employees on continuous travel and he did not know what (b)(6); was doing those days. (b)(6); had other work to do if he was not traveling or not at a credit union. Also, the regional lending specialists were allowed 3 hours of office time per week.

(b)(6); went into TMS in January 2020 and revised 8 of the 13 nights. Healey queried the dates that (b)(6); changed in TMS and included them in a spreadsheet with TMS information that Healey had previously saved from the time of (b)(6); October 2019 performance appraisal. Healey also saved an image of (b)(6); HR Links timesheet in his spreadsheet. Healey thought that (b)(6); revising TMS a year later was odd because time input for examinations a year ago was inconsequential. Healey provided the spreadsheet to the RA after the interview.

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(b)(6); (b)(7)(C) was within NCUA policy to be in travel status for an examination of a (b)(6); (b)(7)(C) credit union that was 46 miles from his residence. NCUA examiners are allowed per diem and to stay in a hotel room if they travel over 40 miles.

The RA asked Healey if he would have approved payments for hotel rooms that (b)(6); (b)(7)(C) had not spent the night in or per diem for days (b)(6); (b)(7)(C) was not on travel. Healey responded that he would not have approved either.

The RA asked Healey if an examiner was allowed per diem or to keep a hotel room over the weekend if they traveled home for the weekend in the middle of a 2-week examination, and Healey said no, examiners were not allowed to claim per diem when they were not traveling or keep a hotel room that they were not going to use.

The RA asked Healey if during an examination in (b)(6); (b)(7)(C) checked out of his hotel room early because of a hurricane. Healey said he did not know. He added that although (b)(6); (b)(7)(C) told him that he had no intent, there was no reason for him to hold a hotel room through Friday when he knew he was going to check out of the hotel on Thursday. Healey thought that not holding hotel rooms that are not needed may be addressed in the collective bargaining agreement.

The RA asked Healey about (b)(6); (b)(7)(C)'s travel voucher for November 2019 expenses, which was after the RA's interview of (b)(6); (b)(7)(C) in which (b)(6); (b)(7)(C) did not claim two nights for which he had hotel receipts. Healey did not remember this or (b)(6); (b)(7)(C) talking to him about it. Healey thought (b)(6); (b)(7)(C) was probably more careful on his travel vouchers after he was interviewed in November 2019. Healey noted that none of the corrections submitted by (b)(6); (b)(7)(C) for the travel bonus were after October 5, 2019.

Healey thought that NCUA employees were allowed to use their personal credit card for lodging but were required to use their government travel card for airlines. Healey used his government travel card for all of his government travel expenses, including meals. He knew that NCUA employees were not allowed to claim baggage fees that they did not incur. Healey has free baggage on two airlines because of his frequent flier status and he consequently does not claim baggage fees on his vouchers.

### C. NCUA Employees to Whom (b)(6); (b)(7)(C) Disclosed Scheme

On September 14, 2019, the RA and AIGI interviewed the complainant and obtained the names of three NCUA employees whom (b)(6); (b)(7)(C) told he submitted false travel expenses. Two of the NCUA employees (Employees 1 and 2) participated in the same conversation with (b)(6); (b)(7)(C) (Exhibit 7). The complainant and the other employees reported (b)(6); (b)(7)(C) to their supervisor, and the complainant and one of the employees also reported (b)(6); (b)(7)(C) to the OIG.

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February 14, 2020, Interview of Employee 1 (Exhibit 8)

(b)(6); told the employee how he booked one-way flights for Monday and Friday, which allowed him to more easily change his flight and return home on Thursday if he finished early. (b)(6); stated he could do this for almost every trip and collect the per diem and earn a travel bonus for traveling on Friday even though he came home early on Thursday. The employee could not believe what (b)(6); had said and was shell-shocked during the conversation. (b)(6); seemed proud of what he was saying and it seemed like he had done it before.

(b)(6); also told the employee that he used his personal Visa credit card for his travel that looked like the NCUA travel card that was also a Visa. (b)(6); explained that no one ever checked the last four digits of the credit card in Concur, only the type of card.

February 19, 2020, Interview of Employee 2 (Exhibit 9)

The second employee said that (b)(6); told him and Employee 1 that he used his personal credit card instead of his official credit card so he could earn points and that he booked one-way flights so he could leave early. (b)(6); said that he increased his travel bonus by claiming travel days for days he did not travel and that he worked out everything to his advantage. The employee pointed out to (b)(6); that it was all a matter of records, which the supervisor reviews. (b)(6); responded that no one looked at that stuff. (b)(6); also said that he could come and go as he pleased.

February 14, 2020, Interview of Employee 3 (Exhibit 10)

(b)(6); told Employee 3 that he was going to leave on Thursday, but claim hotel and per diem expenses for Friday. (b)(6); also said that he submitted claims for reimbursement of checked baggage fees that were free for him because of his United Airlines credit card. (b)(6); bragged about his scheme.

### D. EZ Pass Toll Records

The RA obtained (b)(6); EZ Pass toll records through the use of an IG subpoena for the period of January 1, 2016, through November 7, 2019. (Exhibits 11 and 12)

### E. Analysis of travel expenses claimed by (b)(6);

On March 22, 2020, the RA completed an analysis of (b)(6); travel expenses for the period of January 1, 2016, through November 7, 2019. (Exhibit 13)

The RA reviewed the trip dates on (b)(6); travel vouchers against 1) receipts that (b)(6); submitted with his vouchers, 2) (b)(6); EZ Pass toll records, 3) (b)(6); statements in a

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March 4, 2020, interview regarding his weekend travel, and 4) a January 2020 document submitted by (b)(6); to correct the number of nights he had previously certified that he was on travel in order to receive a bonus. The RA calculated (b)(6); overstated expenses after identifying travel dates that (b)(6); falsely claimed he was traveling when he was not.

1. Receipts—The RA identified several occurrences when the trip end date (b)(6); claimed on the voucher was after the dates of the receipts he submitted with his voucher. For example, (b)(6); indicated on his voucher that the end date of a trip was January 18, 2019, including indicating that he incurred a parking expense on that date, but his (b)(6); (b)(7)(C) Airport parking receipt was dated a day earlier, January 17, 2019.

2. EZ Pass Toll Records—The OIG subpoenaed (b)(6); EZ Pass toll records and noted numerous instances of (b)(6); driving back to his (b)(6); (b)(7)(C) residence earlier than the date he had indicated on his travel voucher.

3. Weekend Trips Home—On March 4, 2020, (b)(6); admitted in an interview to traveling home over the weekend from 2-week credit union examinations in (b)(6); (b)(7)(C) in September 2019; (b)(6); (b)(7)(C) in June 2019; and (b)(6); (b)(7)(C) in May 2019. However, (b)(6); travel vouchers did not reflect that he returned home but rather that he claimed per diem and hotel expenses over the entire period, including the weekend. The RA deducted the travel payments (b)(6); would have received had he claimed traveling home from the falsely claimed hotel and per diem payments in calculating the overstated expenses.

4. Reduction in Travel Nights—On January 6, 2020, after the RA had interviewed him, (b)(6); submitted a document in Concur to reduce the number of nights he previously had certified for a travel bonus by 13 nights and listed the dates and locations of travel that did not occur. The RA deducted the 13 nights in calculating (b)(6); overstated expenses.

NCUA employees receive a \$50 bonus for every travel night over 50, a \$75 bonus for every travel night over 100, and a \$100 bonus for every travel night over 150. (b)(6); fraudulently received travel bonuses for 30 nights when he was not in travel status for the 2016-2019 period. The RA calculated that (b)(6); received a total of \$2,050 in travel bonus funds for those 30 nights. (b)(6); submitted a reduction of 13 travel nights for his 2019 travel bonus, but the RA determined that (b)(6); had overstated his 2019 travel by an additional 9 nights.

The RA's analysis of (b)(6); travel records, through November 7, 2019, determined (b)(6); fraudulently claimed travel for a total of 43 nights. Because of his false claims, NCUA paid \$10,336 more than it should have. Of this, (b)(6); received \$4,736: \$2,050 in travel bonus funds and \$2,686 in per diem payments.

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### List of Exhibits

- Exhibit 1: Memorandum of Interview, (b)(6); (b)(7)(C) November 19, 2019
- Exhibit 2: Email from (b)(6); (b)(7)(C) to RA, November 29, 2019
- Exhibit 3: Memorandum of Interview, (b)(6); (b)(7)(C) December 20, 2019
- Exhibit 4: Expense Reporting Lodging Bonus Correction FTY 2019, submitted in Concur by Okken, January 6, 2019
- Exhibit 5: Memorandum of Interview, (b)(6); (b)(7)(C) March 4, 2020
- Exhibit 6: Memorandum of Interview, Andrew Healey, February 28, 2020
- Exhibit 7: Memorandum of Interview, Complainant, September 14, 2019
- Exhibit 8: Memorandum of Interview, Employee 1, February 14, 2020
- Exhibit 9: Memorandum of Interview, Employee 2, February 19, 2020
- Exhibit 10: Memorandum of Interview, Employee 3, February 14, 2020
- Exhibit 11: Memorandum of Activity, IG Subpoena Served, December 6, 2019
- Exhibit 12: Memorandum of Activity, IG Subpoena Results, January 8, 2020
- Exhibit 13: Memorandum of Activity, Analysis of (b)(6); (b)(7)(C)'s travel expenses, March 22, 2020