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Description of document: Department of the Treasury records provided to Senator Charles E. Grassley and Senator Tom Coburn concerning the independence of Inspectors General necessary to promote efficiency and prevent fraud, waste and abuse in agency programs, in response to the Senators' inquiry, 2011-2012

Requested: 14-April-2012

Released date: 04-May-2012

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Source of document: Disclosure Services  
FOIA Request  
Department of the Treasury  
Washington, DC 20220  
Fax: 202-622-3895  
[Submit an Online Request](#)

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

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From: "Delmar, Richard K."

Date: May 4, 2012 4:01:32 PM

Subject: FOIA request for Treasury OIG responses to Grassley/Coburn

Treasury OIG is responding to your April 14, 2012 FOIA request 2012-04-140, for all Treasury OIG responses to the April 8, 2010 request from Senators Grassley and Coburn. The attached documents are responsive to your request, and constitute all the records we have on this matter.

If you believe that this response to your FOIA request is incomplete, or otherwise wish to appeal this determination, you may do so, pursuant to 5 U.S.C. § 552(a)(6)(A)(i). Pursuant to the Department's FOIA appeal process set forth in 31 C.F.R. § 1.5(i), an appeal must be submitted within 35 days from the date of this response to your request, signed by you and addressed to:

Freedom of Information Act Appeal,  
DO, Disclosure Services,  
Department of the Treasury,  
Washington, D.C. 20020.

The appeal should reasonably describe the records to which access has been denied and should specify the date of the initial request and the date of this determination. Please enclose copies of your initial requests and this message.

Please call if you have questions.

Rich Delmar  
Counsel to the Inspector General  
Department of the Treasury  
202-927-3973  
202-528-8997  
delmarr@oig.treas.gov



OFFICE OF  
INSPECTOR GENERAL

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20220

September 10, 2010

The Honorable Charles E. Grassley  
Ranking Member  
Committee on Finance  
United States Senate  
219 Dirksen Senate Office Building  
Washington, DC 20510

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

Dear Senator Grassley and Senator Coburn:

As you requested in your letter of April 8, 2010, I am providing an updated report regarding an instance where the Treasury Office of Inspector General (OIG) believes that it is being denied the assistance and cooperation of a bureau within the Department of the Treasury in connection with our investigative and audit responsibilities. I appreciate your concerns with this subject and your strong support for the independence of Inspectors General. The support of the Congress is vital to my ability to successfully accomplish my obligations under the Inspector General Act to provide vigorous oversight of Treasury programs and operations under the jurisdiction of my office.

In your letter, you asked for, inter alia, continuing notice of instances when the Department or any of its offices or bureaus resisted and/or objected to our oversight activities and/or restricted our access to information. You noted that even temporary delays in granting access to information can be unnecessary and frustrate the mission of Inspectors General.

I am writing to report that the OIG is being denied unrestricted and unfettered access to information from the Office of the Comptroller of the Currency (OCC) for use in investigations of possible fraud upon the OCC by failed financial institutions regulated by the OCC. These requests for information are made pursuant to the OIG's obligation to investigate issues relating to Treasury's programs and operations, which include the national bank safety and soundness examinations conducted by the OCC, and attempts to interfere with or defraud those

examinations. A recent request to the OCC for bank examination-related information was met with the assertion that

The Right to Financial Privacy Act (RFPA), [12 U.S.C. § 3401 et seq.] precludes the OCC from transferring such information unless the OCC determines that it has reason to believe the records are relevant to a legitimate law enforcement inquiry within the jurisdiction of the receiving agency. To comply with the RFPA, the OCC's standard practice is to request that agencies submit written communication that includes sufficient relevant information.... This includes a statement that the information is requested as part of a lawful criminal investigation, the names of the agencies involved in the investigation, the name of the United States Attorney's Office involved in the investigation, and the specific documents being requested. Receipt of a written request containing this information enables the OCC to make the determination required by the RFPA. Once such a determination is made, OCC employees are authorized to transfer the information.

This position was predicated on a reading of RFPA Section 3412(a), which provides

Financial records originally obtained pursuant to this chapter shall not be transferred to another agency or department unless the transferring agency or department certifies in writing that there is reason to believe that the records are relevant to a legitimate law enforcement inquiry... within the jurisdiction of the receiving agency or department.

However, RFPA also makes exceptions to this rule, including Section 3413(d), which provides that

Nothing in this chapter shall authorize the withholding of financial records or information required to be reported in accordance with any Federal statute or rule promulgated thereunder.

The Inspector General Act, 5 U.S.C. App.3 is such a statute. It states in Section 6(a)(1) that

In addition to the authority otherwise provided by this Act, each Inspector General, in carrying out the provisions of this Act, is authorized to have access to all records, reports, audits, reviews, documents, papers, recommendations, or other material available to the applicable establishment which relate to programs and operations with respect to which that Inspector General has responsibilities under this Act.



My office has consistently held this position, and continues to do so. I reiterated it in a memo I wrote to former Comptroller Dugan on July 19, in which I stated that our request for bank examination records in connection with investigations of OCC regulated institutions is reasonable, proper, and not governed by the requirements and limitations of the RFPA. I asked him to direct OCC divisions and employees to respond to OIG information requests consistently with the requirements of Section 6(a)(1) of the Inspector General Act. Members of my staff met with the Chief Counsel of the OCC and members of her staff to discuss this issue and seek a resolution; however, OCC remains of the view that it can determine the instances in which my office has investigative jurisdiction of matters affecting OCC programs and operations. Further discussions, and a possible meeting with the Treasury General Counsel, will follow.

A copy of this letter will be sent to the Honorable Max Baucus, Chairman, Senate Finance Committee, and the Honorable Carl Levin, Chairman, Permanent Subcommittee on Investigations.

If you have any questions, please call me (202) 622-1090 or a member of your staff may call Rich Delmar, Counsel to the Inspector General, at (202) 927-3973.

Sincerely,

A handwritten signature in black ink, appearing to read 'E. Thorson', with a long horizontal flourish extending to the right.

Eric M. Thorson  
Inspector General

# United States Senate

WASHINGTON, DC 20510

April 8, 2010

## Via Electronic Transmission

The Honorable Eric M. Thorson  
Inspector General  
U.S. Department of the Treasury  
1500 Pennsylvania Avenue, NW  
Washington, DC 20220

Dear Inspector General Thorson:

As the Ranking Members of the Senate Committee on Finance and the Senate Committee on Homeland Security and Governmental Affairs, Permanent Subcommittee on Investigations, we have a duty to conduct oversight into the actions of executive branch agencies. Integral to this effort is ensuring that Inspectors General have the independence necessary to carry out audits, evaluations, and investigations within their respective agencies. During our time in Congress, we have sought to protect the independence of Inspectors General and write today in that continued effort.

Recently we learned that several agencies have sought to interfere with, limit, or outright block investigations, evaluations, or audits by, among others, Inspectors General, or otherwise impede their activities. Simply put, Inspectors General cannot get their job done without assistance and cooperation from the agencies they serve. Despite the need for cooperation, agencies are not always forthcoming with assistance required for Inspectors General to achieve their respective goals. In an effort to monitor agency cooperation, we request that your office list and describe any instances when the Department/Agency resisted and/or objected to oversight activities and/or restricted your access to information. Even temporary delays in granting access to information can be unnecessary and frustrate the mission of Inspectors General, so please include descriptions of instances where information was ultimately provided but only after a substantial delay. Where possible, please include the Department/Agency's reasoning for its actions, if any. When responding to this request, please include all applicable information from October 1, 2008 to the date of this letter. In the event a matter occurs subsequent to the date of this letter, please advise the staff members identified below immediately. We would appreciate receiving this information on June 15, 2010.

Secondly, we are requesting that you provide our staff with biannual reports on all closed investigations, evaluations, and audits conducted by your office that were not disclosed to the public. For example, this may include findings that resulted in an internal Management Implication Report. We would appreciate this non-public information for the period of January 1, 2009 through April 30, 2010 on June 15, 2010.




Thirdly, section 6(f)(3)(E) of the Inspector General Act states that an Inspector General shall have his/her comments included in the budget of the United States Government submitted to Congress if the Inspector General concludes that the budget would "substantially inhibit" the OIG from performing its respective duties. This requirement is essential if Congress is to ensure that Inspectors General are adequately funded. We were troubled to learn of an allegation that the Office of Management (OMB) and Budget told an Assistant Inspector General that OMB would "make life miserable" for the IG if they chose to communicate with Congress concerning their budget. We are also aware that a survey was done and that the Inspector General community did not identify any other situations of concern. In any event, we request that if any federal official threatens and/or otherwise attempts to impede your office's ability to communicate with Congress, whether that communication concerns the budget or any other matter, we wish to be advised immediately.

Finally, we understand that the Ranking Member of the House Committee on Oversight and Government Reform has requested that you provide information on outstanding recommendations that have not been fully implemented. Please provide a courtesy copy of your reply to us as well.

Thank you in advance for your cooperation with this request. If you have any questions, please do not hesitate to contact Christopher Armstrong on Senator Grassley's staff at (202) 224-4515, or Chris Barkley on Senator Coburn's staff at (202) 224-3721. All written responses should be sent in electronic format to [Brian\\_Downey@finance-rep.senate.gov](mailto:Brian_Downey@finance-rep.senate.gov).

Sincerely,

  
Charles E. Grassley  
Ranking Member  
Committee on Finance

  
Tom Coburn  
Ranking Member  
Permanent Subcommittee on Investigations  
Homeland Security and Governmental Affairs Committee







INSPECTOR GENERAL

DEPARTMENT OF THE TREASURY  
WASHINGTON

JUN 3 2011

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

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

Dear Senator Grassley and Senator Coburn:

In your letter of April 8, 2010, you requested that we provide your staff with biannual information on all closed investigations, evaluations, and audits conducted by my office that were not disclosed to the public. I am writing today to provide the requested information for the period October 1, 2010, through March 31, 2011.

The enclosure to this letter identifies the closed investigative cases issued by our **Office of Investigations** that were not disclosed to the public. We are reporting 49 closed investigative cases for the period.

Our **Office of Audit** issued the following audit that was not disclosed to the public for the period.

*CONTRACT AUDIT: Crane & Co.'s Price Proposal in Response to Solicitation No. BEP-10-001, Report No. OIG-11-026 (issued November 15, 2010) – this report is Sensitive But Unclassified*

Your letter of April 8, 2010, also asks that your respective offices be notified immediately when our office encounters: (1) any matter involving resistance and/or objection to my oversight activities and/or restrictions to my access to information by the Department of the Treasury; and (2) any matter involving a federal official

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threatening and/or otherwise attempting to impede my office's ability to communicate with Congress, whether that communication concerns the budget or any other matter.

In this regard, I reported to you in a letter dated September 1, 2010, that my office was being denied unrestricted and unfettered access to information from the Office of the Comptroller of the Currency (OCC) for use in investigations of possible fraud upon OCC by individuals of failed OCC-regulated financial institutions. Since that time, we have reached a mutually acceptable agreement with OCC that provides our office with the necessary access to information and personnel during the conduct of an investigation or inquiry involving bank fraud that falls under our jurisdiction. We now consider this matter resolved. We have no new matters to report during the period covered by this letter.

I am sending copies of this letter to the Honorable Patrick J. Leahy, Chairman, Senate Committee on the Judiciary; the Honorable Carl Levin, Chairman, Permanent Subcommittee on Investigations; and, the Honorable Max Baucus, Chairman, and the Honorable Orrin G. Hatch, Ranking Member, Senate Committee on Finance.

If you have any questions, please call me at (202) 622-1090 or a member of your staff may call Rich Delmar, Counsel to the Inspector General at (202) 927-3973.

Sincerely,

A handwritten signature in black ink, appearing to read 'E. M. Thorson', with a long horizontal flourish extending to the right.

Eric M. Thorson  
Inspector General

Enclosure

**Department of the Treasury Office of Inspector General**  
**Closed Investigative Cases**  
**For the Period October 1, 2010, through March 31, 2011**

Case Number	Disposition	Summary Comments
BEP-09-0201-I	Administrative Actions	Bureau of Engraving and Printing (BEP) employee allegedly participated in criminal activity.
BEP-10-0149-I	Administrative Actions	Off duty arrest of a BEP employee
BEP-10-1355-I	Criminal Declination	BEP employee accepted a job offer with a BEP contractor and was still working for BEP until she resigned in November 2008.
BEP-10-2506-I	Administrative Actions	Allegations of employee misconduct on the part of various management officials with regard to an abusive environment in the work facility.
BEP-10-2629-I	Allegation Unfounded	BEP employee may have committed theft of Combined Federal Campaign funds.
BPD-10-0474-I	Subject Exonerated	Harassing communications to a Bureau of the Public Debt (BPD) high ranking official.
BPD-10-3043-I	Criminal Declination	Numerous fraudulent attempts to gain access to BPD's Treasury Direct system.
CFIF-10-2753-I	Criminal Conviction	Investigation involving fraudulent claim against the Financial Management Service's (FMS) Check Forgery Insurance Fund (CFIF).
CFIF-10-2940-I	Lack of Investigative Merit	Investigation involving fraudulent claim against FMS's CFIF.
CFIF-10-2982-I	Criminal Conviction	Investigation involving fraudulent claim against FMS's CFIF.
CFIF-11-0275-I	Criminal Conviction	Investigation involving fraudulent claim against FMS's CFIF.
CDFI-10-1550-I	Allegation Unfounded	Alleged misuse of Community Development Financial Institutions (CDFI) Fund program funds.

**Department of the Treasury Office of Inspector General  
Closed Investigative Cases  
For the Period October 1, 2010, through March 31, 2011**

Case Number	Disposition	Summary Comments
CDFI-11-0530-I	Allegation Unfounded	Alleged time and attendance fraud involving a CDFI Fund manager.
DO-10-0266-I	Administrative Actions	Misconduct by an Office of Foreign Assets Control employee.
DO-10-1343-I	Allegation Unfounded	Allegation regarding the misuse of forfeiture funds by a MD Sheriff's Department.
DO-10-1649-I	Criminal Declination	Allegation regarding the possible fraudulent attempt to gain access to Recovery Act Funds.
FinCEN-11-0434-I	Allegation Unfounded	Possible misuse of Bank Secrecy Act information by a Financial Crimes Enforcement Network employee.
2008-0120-I	Criminal Declination	Possible misuse of a FMS routing and account number.
FMS-09-0169-I	Criminal Declination	Possible compromise of FMS routing and account numbers.
FMS-10-1800-I	Criminal Declination/ Administrative Actions	Misuse of a FEDEX account by an FMS employee.
FMS-10-1881-I	Criminal Conviction	Allegation that an Army financial clerk stationed in Afghanistan used his official position to modify other soldiers' Eagle Cash Card accounts fraudulently to obtain funds.
FMS-10-2338-I	No Further Action	Allegation of time and attendance fraud involving FMS employees.
FMS-11-0480-I	No Further Action	Allegation that an FMS employee may have released personally identifiable information (PII).
ZZZ-10-1871-I	Lack of Investigative Merit/No Treasury Nexus	Allegation of false claims submitted to the United States in connection with the Build America Bond Program under the American Recovery and Reinvestment Act.



**Department of the Treasury Office of Inspector General**  
**Closed Investigative Cases**  
**For the Period October 1, 2010, through March 31, 2011**

Case Number	Disposition	Summary Comments
OFS-11-0118-I	Allegation Unfounded	Allegations of improper measures involving Office of Financial Stability security access procedures.
2006-0382-I	Criminal Declination/Civil Declination/Administrative Action	Allegation regarding possible conflict of interest by an Office of Comptroller of the Currency (OCC) employee.
OCC-09-0174-I	Criminal Conviction/ Criminal Declination	Theft of government property at an OCC facility.
OCC-10-1352-I	Criminal Declination/ Administrative Actions	Alleged violations of Treasury Standards of Conduct.
OCC-10-1418-I	No Further Action	Allegation of possible embezzlement by a former bank teller.
OCC-10-1724-I	Criminal Declination/ Administrative Actions	Allegation of possible misuse of government- issued equipment.
OCC-10-2046-I	Lack of Investigative Merit	Possible fraudulent transactions submitted to Wachovia Bank by a third party payment group.
OCC-10-2704-I	Allegation Unfounded	Allegations of sexual harassment committed by an OCC employee.
OCC-10-3092-I	Allegation Unfounded	Allegations of a fraudulent scheme.
OTS-10-1348-I	Criminal Declination/ Administrative Actions	Possible violations committed by a bank examiner.
OTS-10-2780-I	Criminal Declination/ Administrative Actions	Alleged misuse of government-issued computer and internet access.

**Department of the Treasury Office of Inspector General  
Closed Investigative Cases  
For the Period October 1, 2010, through March 31, 2011**

Case Number	Disposition	Summary Comments
OTS-10-2997-I	Administrative Actions	Allegation surrounding possible access to commercially sensitive information.
BANK-10-2967-I	Allegation Unfounded	Joint investigation with the Offices of Inspector General of the Board of Governors of the Federal Reserve System and the Federal Deposit Insurance Corporation regarding a bank failure.
USM-11-0217-I	Other Agency Referral	Potential Hatch Act violation.
2008-0096-I	Management Advisory/ Administrative Actions	Suspected money laundering involving the U.S. Mint's (Mint) coin redemption program.
2009-0002-I	No Further Action	Review of the Mint's Numismatic Program concerning possible credit card fraud.
USM-09-0123-I	Administrative Actions	Allegations of inappropriate use of government equipment.
USM-10-0222-I	Administrative Actions	Allegations of possible time and attendance fraud.
USM-10-0585-I	Criminal Declination/ Criminal Conviction	Allegations of possible credit card fraud.
USM-10-0989-I	Criminal Declination/ Administrative Actions	Potential altered police report.
USM-10-1405-I	Criminal Declination/ Administrative Actions	Allegations of threats among fellow employees.
USM-10-2093-I	Criminal Declination/ Administrative Actions	Assault of a Mint employee.
USM-10-2412-I	Criminal Declination	Personally owned firearm discharged at Mint facility.

**Department of the Treasury Office of Inspector General  
Closed Investigative Cases  
For the Period October 1, 2010, through March 31, 2011**

Case Number	Disposition	Summary Comments
USM-10-3005-I	Allegation Unfounded	Allegation of illegal blueprints sold at an auction.
TTB-10-2794-I	Management Advisory	Complaint from the Alcohol and Tobacco Tax and Trade Bureau (TTB) regarding five (5) TTB laptops stolen from the third floor office space of TTB's headquarters in Washington, DC.