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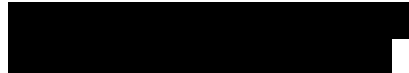


UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
STATION PLACE
100 F STREET, NE
WASHINGTON, DC 20549-2465

Office of FOIA Services

May 12, 2017

Mr. John Greenewald
The Black Vault



Re: Freedom of Information Act (FOIA), 5 U.S.C. § 552
Request No. 17-00041-OIG

Dear Mr. Greenewald:

This is the final response to your February 1, 2017 request for SEC Office of Inspector General investigative report, 15-ENF-0290-I.

Access is granted in part to OIG report, 15-ENF-0290-I. Information within the report is being withheld under 5 U.S.C. § 552(b)(6) and (7)(C), 17 CFR § 200.80(b)(6) and (7)(iii). Under Exemption 6 the release of the redacted information would constitute a clearly unwarranted invasion of personal privacy. Under Exemption 7(C) release of the information could reasonably be expected to constitute an unwarranted invasion of personal privacy. Further, public identification of Commission staff could conceivably subject them to harassment and annoyance in the conduct of their official duties and in their private lives.

I am the deciding official with regard to this adverse determination. You have the right to appeal my decision to the SEC's General Counsel under 5 U.S.C. § 552(a)(6), 17 CFR § 200.80(d)(5)(iv). The appeal must be received within ninety (90) calendar days of the date of this adverse decision. Your appeal must be in writing, clearly marked "Freedom of Information Act Appeal," and should identify the requested records. The appeal may include facts and authorities you consider appropriate.

You may file your appeal by completing the online Appeal form located at https://www.sec.gov/forms/request_appeal, or mail your appeal to the Office of FOIA Services of the Securities and

Mr. John Greenewald
May 12, 2017

17-00041-OIG

Exchange Commission located at Station Place, 100 F Street NE, Mail Stop 2465, Washington, D.C. 20549, or deliver it to Room 1120 at that address. Also, send a copy to the SEC Office of the General Counsel, Mail Stop 9612, or deliver it to Room 1120 at the Station Place address.

You also have the right to seek assistance from an SEC FOIA Public Liaison, whose contact information can be located at <https://www.sec.gov/oso/contact/foia-contact.html>. In addition, you may contact the Office of Government Information Services (OGIS) for dispute resolution services. OGIS can be reached at 1-877-684-6448 or <https://ogis.archives.gov/?p=/ogis/index.html>.

If you have any questions, please contact me by email at sifordm@sec.gov or by telephone at (202) 551-7201. If you cannot reach me please contact Mr. John J. Livornese, the SEC's FOIA Officer, by calling (202) 551-7900 or by sending an e-mail to foiapa@sec.gov.

Sincerely,

Mark P. Siford
Counsel to the Director/Chief FOIA Officer
Office of Support Operations

Enclosure

REPORT OF INVESTIGATION

CASE# 15-ENF-0290-I



Office of Inspector General

U.S. Securities and Exchange Commission



U.S. Securities and Exchange Commission
Office of Inspector General



Report of Investigation

Subject: (b)(6), (b)(7)(C)
Title: [REDACTED]
Level: [REDACTED]
Office: Division of Enforcement
Region: (b)(6), (b)(7)(C)

Case #: 15-ENF-0290-I

Origin: Division of Enforcement

Security Clearance: Y ☐ / N ☒

Subject: (b)(6), (b)(7)(C)
Title: Attorney
Level: (b)(6), (b)(7)(C)
Office: Division of Enforcement
Region: (b)(6), (b)(7)(C)

Security Clearance: Y ☐ / N ☒

Investigation Initiated: June 9, 2015

Investigation Completed: JAN 28 2016

Summary and Conclusion

On June 9, 2015, the U.S. Securities and Exchange Commission (SEC), Office of Inspector General (OIG), Office of Investigations, initiated this investigation on the basis of information provided by Director Andrew Ceresney, SEC Division of Enforcement (ENF), alleging that (b)(6), (b)(7)(C) was having an ongoing affair with a subordinate, (b)(6), (b)(7)(C) Attorney. After Ceresney and (b)(6), (b)(7)(C) Regional Director (b)(6), (b)(7)(C) became aware of the relationship, (b)(6), (b)(7)(C) removed (b)(6), (b)(7)(C) supervisor.

The investigation determined that according to (b)(6), (b)(7)(C) and (b)(6), (b)(7)(C) (b)(6), (b)(7)(C) was promoted to his current position when he began supervising (b)(6), (b)(7)(C) employees (b)(6), (b)(7)(C) admitted that around the same time he was promoted and while (b)(6), (b)(7)(C) his friendship (b)(6), (b)(7)(C) developed into a romantic relationship. (b)(6), (b)(7)(C) did not report his relationship (b)(6), (b)(7)(C) to his (b)(6), (b)(7)(C) supervisors and he did not seek guidance about the relationship from the SEC Office of Human Resources (OHR) or the SEC Office of the Ethics Counsel (OEC). During the 2013 and 2014 appraisal periods while their romantic relationship was ongoing (b)(6), (b)(7)(C) was (b)(6), (b)(7)(C) rating official. In 2013 and 2014, (b)(6), (b)(7)(C) received (b)(6), (b)(7)(C) performance awards while under (b)(6), (b)(7)(C) supervision; however (b)(6), (b)(7)(C) was

Report of Investigation

Case Title: (b)(6),(b)(7)(C)

Case # 15-ENF-0290-I

Page 2 of 14

not the recommending official for any of the awards that she received. When (b)(6),(b)(7)(C)

(b)(6),(b)(7)(C)

The investigation also developed that on at least three occasions while he supervised her, (b)(6),(b)(7)(C) gave (b)(6),(b)(7)(C) gifts valued over \$10, which he accepted. (b)(6),(b)(7)(C) told the OIG that these gifts were associated with either (b)(6),(b)(7)(C) birthday or Christmas and she denied giving them to (b)(6),(b)(7)(C) in exchange for any type of preferential treatment. (b)(6),(b)(7)(C) acknowledged that during the period in which he supervised her, he accepted the gifts from (b)(6),(b)(7)(C) as part of his personal relationship with her, and denied accepting the gifts in exchange for exhibiting work-related preferential treatment to her. (b)(6),(b)(7)(C) denied exhibiting any type of favoritism toward (b)(6),(b)(7)(C) as the result of their relationship.

The investigation further developed (b)(6),(b)(7)(C) charged lodging expenses to her government-issued travel charge card (travel card) that were associated with personal time she used following SEC training in (b)(6),(b)(7)(C) in contravention of the SEC policy. The records indicated (b)(6),(b)(7)(C) stayed two additional nights at the same hotel where she stayed during the training and the nights were charged to her travel card. (b)(6),(b)(7)(C) told the OIG that she assumed that she had provided the hotel with her personal credit card or paid with cash to resolve the additional nights of lodging that were not associated with her training. (b)(6),(b)(7)(C) paid the hotel charges and there was no loss to the government as the result of her using the travel card.

Report of Investigation

Case Title: (b)(6),(b)(7)(C)

Case # 15-ENF-0290-I

Page 3 of 14

Relevant Authorities

- Title 5 Code of Federal Regulations (C.F.R.) § 2635 Subpart C, Gifts Between Employees
- Title 17 C.F.R. § 200.735-1, Commission's Regulation Concerning Conduct of Members and Employees of the Commission
- Title 17 C.F.R. § 2635.101, Standards of Ethical Conduct for Employees of the Executive Branch
- SEC Administrative Regulation (SECR) 14-3, Travel Charge Card Monitoring Policy

Basis and Scope

On June 9, 2015, the OIG initiated this investigation on the basis of information provided by Ceresney alleging (b)(6),(b)(7)(C) was having an ongoing affair with one of his subordinate employees, (b)(6),(b)(7)(C). Ceresney and (b)(6),(b)(7)(C) became aware of the relationship (b)(6),(b)(7)(C) was removed as (b)(6),(b)(7)(C) supervisor. (EXHIBIT 1)

During the course of the investigation, the OIG interviewed the following individuals:

- (b)(6),(b)(7)(C) Attorney, (b)(6),(b)(7)(C)
- (b)(6),(b)(7)(C) OHR
- Shira Pavis Minton, Ethics Counsel, OEC
- (b)(6),(b)(7)(C)
- (b)(6),(b)(7)(C)
- (b)(6),(b)(7)(C)

In addition, the SEC OIG reviewed documents relevant to the investigation, including:

- SEC e-mails
- SEC Office of Financial Management (OFM) Travel Records
- (b)(6),(b)(7)(C) Employee Official Personnel Folder (eOPF)
- (b)(6),(b)(7)(C) eOPF
- (b)(6),(b)(7)(C) Performance Work Plans (PWP) Records
- (b)(6),(b)(7)(C) Award Recommendation and Approval Records
- U.S. General Services Administration (GSA) Federal Acquisition Website
- (b)(6),(b)(7)(C) Travel Card Records

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Report of Investigation

Case Title: (b)(6),(b)(7)(C)

Case # 15-ENF-0290-I

Page 4 of 14

Investigative Activity

Allegation: (b)(6),(b)(7)(C) Maintained an Inappropriate Relationship with a Subordinate Employee

During an interview with the OIG, (b)(6),(b)(7)(C) stated that on an unspecified date, he heard from an unidentified individual (b)(6),(b)(7)(C) was having an ongoing romantic affair with (b)(6),(b)(7)(C). (b)(6),(b)(7)(C) stated that this was the first occasion that he heard about the affair and did not believe (b)(6),(b)(7)(C) disclosed the relationship to anyone. (b)(6),(b)(7)(C) stated that he subsequently met with him to discuss (b)(6),(b)(7)(C) relationship with (b)(6),(b)(7)(C). According to (b)(6),(b)(7)(C) admitted to the relationship and thought he had "done nothing wrong." (b)(6),(b)(7)(C) opined (b)(6),(b)(7)(C) seemed surprised that an issue was being raised about his relationship with (b)(6),(b)(7)(C). (b)(6),(b)(7)(C) stated that around the same time he also contacted (b)(6),(b)(7)(C) OHR, to seek guidance. After consulting with (b)(6),(b)(7)(C) and Associate RD (b)(6),(b)(7)(C), (b)(6),(b)(7)(C) decided to remove (b)(6),(b)(7)(C) as (b)(6),(b)(7)(C) supervisor and have her report directly to (b)(6),(b)(7)(C) (EXHIBIT 2)

During an interview with the OIG, (b)(6),(b)(7)(C) identified (b)(6),(b)(7)(C). (b)(6),(b)(7)(C) stated that in February or March 2015, he began hearing rumors from some (b)(6),(b)(7)(C) staff members that (b)(6),(b)(7)(C) and (b)(6),(b)(7)(C) were "having an affair," although no one reported having first-hand knowledge of their relationship. (b)(6),(b)(7)(C) opined that he was surprised when he initially heard the rumors because he had not "seen or heard anything" between (b)(6),(b)(7)(C) and (b)(6),(b)(7)(C) to indicate they had anything more than a professional relationship. (b)(6),(b)(7)(C) stated he became concerned that the rumors had merit when a (b)(6),(b)(7)(C) employee called him and repeated the same allegation about (b)(6),(b)(7)(C) and (b)(6),(b)(7)(C). (b)(6),(b)(7)(C) stated that shortly thereafter, he and (b)(6),(b)(7)(C) met (b)(6),(b)(7)(C) to discuss the allegations. According to (b)(6),(b)(7)(C) admitted having a personal relationship with (b)(6),(b)(7)(C) and that (b)(6),(b)(7)(C) did not think the relationship had "crossed the line." (b)(6),(b)(7)(C) told the OIG (b)(6),(b)(7)(C) was promoted to his current position (b)(6),(b)(7)(C) and began supervising (b)(6),(b)(7)(C). (b)(6),(b)(7)(C) said that on (b)(6),(b)(7)(C) 2015, due to the alleged relationship (b)(6),(b)(7)(C) began reporting directly to (b)(6),(b)(7)(C).

During an interview (b)(6),(b)(7)(C) stated that (b)(6),(b)(7)(C) had been "like best friends" (b)(6),(b)(7)(C) around the same time (b)(6),(b)(7)(C) was promoted as her supervisor their relationship became romantic. (b)(6),(b)(7)(C) stated her relationship with (b)(6),(b)(7)(C) developed mutually over time and was not related to (b)(6),(b)(7)(C) promotion. (b)(6),(b)(7)(C) stated that at some point her relationship with (b)(6),(b)(7)(C) became sexual. (b)(6),(b)(7)(C) maintained that her personal relationship with (b)(6),(b)(7)(C) did not impact their professional relationship. (b)(6),(b)(7)(C) denied asking or ever receiving any professional advancement or favoritism as a result of her relationship with (b)(6),(b)(7)(C) while under his supervision. (EXHIBIT 5)

During an interview with the OIG, (b)(6),(b)(7)(C) admitted having a "romantic" relationship with (b)(6),(b)(7)(C) during the same timeframe that he supervised (b)(6),(b)(7)(C). (b)(6),(b)(7)(C) stated that he and (b)(6),(b)(7)(C) have been friends for "a very long time" and their relationship had been "evolving over time." (b)(6),(b)(7)(C) maintained that he kept his personal relationship with (b)(6),(b)(7)(C) separate from their professional relationship. He said he "evaluated [her] work based on the work" and that he

Report of Investigation

Case Title: (b)(6),(b)(7)(C)

Case # 15-ENF-0290-I

Page 5 of 14

"didn't do anything in connection with any sort of favoritism." (b)(6),(b)(7)(C) stated that he received a call from (b)(6),(b)(7)(C) inquiring about his relationship with (b)(6),(b)(7)(C). According to (b)(6),(b)(7)(C), (b)(6),(b)(7)(C) told him that the relationship "wasn't inappropriate." However, (b)(6),(b)(7)(C) stated that he and (b)(6),(b)(7)(C) did not discuss any details concerning his relationship with (b)(6),(b)(7)(C). (b)(6),(b)(7)(C) stated that prior to his contact with (b)(6),(b)(7)(C), he did not seek any guidance from OHR or OEC concerning his relationship with (b)(6),(b)(7)(C). (b)(6),(b)(7)(C) further indicated that he did not seek guidance or report his relationship with (b)(6),(b)(7)(C) to any of his supervisors. (EXHIBITS 6 and 7)

During an interview with the OIG, (b)(6),(b)(7)(C) stated he received a telephone call from (b)(6),(b)(7)(C) reporting an allegation that (b)(6),(b)(7)(C) and (b)(6),(b)(7)(C) were having a romantic affair. (b)(6),(b)(7)(C) recalled telling (b)(6),(b)(7)(C) that while there was no SEC policy that expressly prohibited relationships between supervisors and subordinates, it "doesn't mean you can do it." According to (b)(6),(b)(7)(C), (b)(6),(b)(7)(C) requested (b)(6),(b)(7)(C) to contact (b)(6),(b)(7)(C) and to inquire about his (b)(6),(b)(7)(C) relationship with (b)(6),(b)(7)(C). (b)(6),(b)(7)(C) stated that he subsequently contacted (b)(6),(b)(7)(C) and informed him about the allegation. (b)(6),(b)(7)(C) said that he did not ask (b)(6),(b)(7)(C) to confirm the relationship and he only suggested that (b)(6),(b)(7)(C) should notify the (b)(6),(b)(7)(C) management if he had a personal relationship with (b)(6),(b)(7)(C). (b)(6),(b)(7)(C) recalled that he also suggested to (b)(6),(b)(7)(C) that if there was a personal relationship between (b)(6),(b)(7)(C) and (b)(6),(b)(7)(C), that she should be moved to a different supervisor. (b)(6),(b)(7)(C) recalled that (b)(6),(b)(7)(C) was very "quiet" during the conversation and (b)(6),(b)(7)(C) did not "confirm or deny" his relationship with (b)(6),(b)(7)(C). (EXHIBIT 8)

A. Records Associated with (b)(6),(b)(7)(C) Performance Awards

An OIG review of OHR records revealed that between July 14, 2013 and March 23, 2015, when (b)(6),(b)(7)(C) supervised (b)(6),(b)(7)(C), she received (b)(6),(b)(7)(C) performance awards. However, OHR records indicated that (b)(6),(b)(7)(C) was not the recommending official for any of the awards. The records indicated (b)(6),(b)(7)(C) was the recommending official for (b)(6),(b)(7)(C) the awards, and an ENF supervisor was the recommending official for the (b)(6),(b)(7)(C) award. (EXHIBIT 9)

An OIG review of (b)(6),(b)(7)(C) e-mail records did not reveal any messages he sent to (b)(6),(b)(7)(C) or anyone else recommending or providing input for (b)(6),(b)(7)(C) to receive a performance award. A records review yielded negative results for any e-mail messages sent from (b)(6),(b)(7)(C) to (b)(6),(b)(7)(C) requesting him to submit her for performance awards. (EXHIBITS 10 and 11)

At the request of the OIG, (b)(6),(b)(7)(C) reviewed the OHR records for the (b)(6),(b)(7)(C) performance awards (b)(6),(b)(7)(C) received during the period that (b)(6),(b)(7)(C) and (b)(6),(b)(7)(C) were having a romantic relationship and while (b)(6),(b)(7)(C) supervised her. (b)(6),(b)(7)(C) recalled writing the justification for (b)(6),(b)(7)(C) the awards. (b)(6),(b)(7)(C) could not recall if he solicited (b)(6),(b)(7)(C) input for these awards. (EXHIBIT 3)

When interviewed by the OIG, (b)(6),(b)(7)(C) did not recall recommending (b)(6),(b)(7)(C) for any performance awards or if he provided input for any of the awards that (b)(6),(b)(7)(C) received. (b)(6),(b)(7)(C) also denied that based on his personal relationship with (b)(6),(b)(7)(C) he would have influenced or submitted her for an award. (EXHIBITS 6 and 7)

Report of Investigation

Case Title: (b)(6), (b)(7)(C)

Case # 15-ENF-0290-I

Page 6 of 14

When interviewed by the OIG, (b)(6), (b)(7)(C) also denied that she requested (b)(6), (b)(7)(C) to submit her for any performance awards. (EXHIBIT 5)

B. Records Associated with (b)(6), (b)(7)(C) Performance Evaluations

An OIG review of records for (b)(6), (b)(7)(C) PWP for the 2010 through 2014 appraisal periods revealed that for the 2013 and 2014 appraisals, (b)(6), (b)(7)(C) was her Rating Official. For the remaining performance appraisals during this period, (b)(6), (b)(7)(C) was (b)(6), (b)(7)(C) Rating Official. During these periods, (b)(6), (b)(7)(C) also received acceptable ratings from (b)(6), (b)(7)(C) (EXHIBITS 12 and 13)

When interviewed by the OIG, (b)(6), (b)(7)(C) stated that he was responsible for assigning the numerical scores on (b)(6), (b)(7)(C) 2013 and 2014 PWP. According to (b)(6), (b)(7)(C) prior to the final appraisals scores for every (b)(6), (b)(7)(C) employee were finalized, all of the (b)(6), (b)(7)(C) supervisors reviewed and collectively agreed upon the numerical scores assigned. (b)(6), (b)(7)(C) denied that he would have artificially inflated (b)(6), (b)(7)(C) performance scores based on their personal relationship. (b)(6), (b)(7)(C) further stated that he understood that regardless of their numerical performance scores bargaining unit employees received a standard pay increase. (EXHIBIT 7)

When interviewed by the OIG, (b)(6), (b)(7)(C) stated that as a result of the performance appraisals that (b)(6), (b)(7)(C) gave (b)(6), (b)(7)(C) in 2013 and 2014, there would not have been any salary implications. (b)(6), (b)(7)(C) stated that all SEC bargaining unit employees who achieved an "acceptable" rating received a 2.5 percent salary increase in 2013 and a 3.0 percent salary increase in 2014. (EXHIBIT 8)

C. Travel Records Associated with (b)(6), (b)(7)(C) and (b)(6), (b)(7)(C)

An OIG review of (b)(6), (b)(7)(C) and (b)(6), (b)(7)(C) travel vouchers for (b)(6), (b)(7)(C) 2014 through (b)(6), (b)(7)(C) 2014, revealed that between (b)(6), (b)(7)(C) 2013 and (b)(6), (b)(7)(C) 2015, they traveled to the same destinations, as provided in Table 1. (EXHIBIT 14)

Table 1: (b)(6), (b)(7)(C) and (b)(6), (b)(7)(C) Travel Vouchers

(b)(6), (b)(7)(C) Travel Dates	(b)(6), (b)(7)(C) Travel Dates	Destination
(b)(6), (b)(7)(C)		

Source: Travel Vouchers for (b)(6), (b)(7)(C)

Records indicated that (b)(6), (b)(7)(C) was not (b)(6), (b)(7)(C) approving official for any of her travel authorizations or vouchers. Records further indicated that from (b)(6), (b)(7)(C) 2014 to (b)(6), (b)(7)(C) 2014, (b)(6), (b)(7)(C) and (b)(6), (b)(7)(C) both traveled to (b)(6), (b)(7)(C). On the travel voucher she submitted for this trip, (b)(6), (b)(7)(C) provided the comment "leave was pre-authorized by supervisor; time was on the weekend." On his travel voucher, (b)(6), (b)(7)(C) provided the

Report of Investigation

Case Title: (b)(6),(b)(7)(C)

Case # 15-ENF-0290-I

Page 7 of 14

comment "leave was approved by supervisor; weekend." Both (b)(6),(b)(7)(C) and (b)(6),(b)(7)(C) also provided the comment (b)(6),(b)(7)(C) Conference" on their vouchers. A further review of the records for this trip revealed that (b)(6),(b)(7)(C) and (b)(6),(b)(7)(C) did not request reimbursement for expenses which were incurred over the weekend between (b)(6),(b)(7)(C) and (b)(6),(b)(7)(C) 2014.

[AGENT'S NOTE: An OIG review of SEC e-mail associated with (b)(6),(b)(7)(C) and (b)(6),(b)(7)(C) confirmed they were both registered for (b)(6),(b)(7)(C) Conference. The OIG also reviewed Time and Attendance records which further revealed that (b)(6),(b)(7)(C) and (b)(6),(b)(7)(C) used Annual Leave between (b)(6),(b)(7)(C) and (b)(6),(b)(7)(C) 2014]. (EXHIBITS 10, 11, 15, and 16)

On their vouchers both (b)(6),(b)(7)(C) and (b)(6),(b)(7)(C) claimed (b)(6),(b)(7)(C) for the roundtrip base airfare for transportation on American Airlines (b)(6),(b)(7)(C). An OIG query of the GSA Federal Acquisition website revealed that for Fiscal Year 2014 the government contract roundtrip airfare (b)(6),(b)(7)(C) using American Airlines was (b)(6),(b)(7)(C) which indicated that as a result of (b)(6),(b)(7)(C) and (b)(6),(b)(7)(C) travel schedule, the SEC did not incur additional expenses. (EXHIBIT 14)

When interviewed by the OIG (b)(6),(b)(7)(C) identified three trips that (b)(6),(b)(7)(C) and (b)(6),(b)(7)(C) took to (b)(6),(b)(7)(C) between (b)(6),(b)(7)(C) 2014 and (b)(6),(b)(7)(C) 2014, were associated with the (b)(6),(b)(7)(C). (b)(6),(b)(7)(C) stated that (b)(6),(b)(7)(C) was assigned to the matter and authorized to travel in (b)(6),(b)(7)(C). (EXHIBIT 3)

When interviewed by the OIG (b)(6),(b)(7)(C) stated (b)(6),(b)(7)(C) was not assigned to (b)(6),(b)(7)(C). According to (b)(6),(b)(7)(C), additional staff had to be assigned, and he said he made the decision to add (b)(6),(b)(7)(C) to it after consulting with (b)(6),(b)(7)(C). (b)(6),(b)(7)(C) further stated that his decision to add (b)(6),(b)(7)(C) was based on his evaluation of her professional skills and he denied that he made the assignment so that they could travel together. (EXHIBIT 6 and 7)

When interviewed by the OIG (b)(6),(b)(7)(C) said that she did not request to be added to (b)(6),(b)(7)(C). (b)(6),(b)(7)(C) was very labor intensive and she did not view the assignment as a personal or professional benefit.

D. (b)(6),(b)(7)(C)

When interviewed by the OIG (b)(6),(b)(7)(C) stated that sometime in (b)(6),(b)(7)(C) along (b)(6),(b)(7)(C). According to (b)(6),(b)(7)(C) and (b)(6),(b)(7)(C), (b)(6),(b)(7)(C) recalled that he solicited (b)(6),(b)(7)(C) for his opinion of both (b)(6),(b)(7)(C). (b)(6),(b)(7)(C) stated (b)(6),(b)(7)(C) told him both (b)(6),(b)(7)(C) said (b)(6),(b)(7)(C) was very "neutral" in his (b)(6),(b)(7)(C). (b)(6),(b)(7)(C) stated that when (b)(6),(b)(7)(C) (b)(6),(b)(7)(C).

Report of Investigation

Case Title: (b)(6),(b)(7)(C)

Case # 15-ENF-0290-1

Page 8 of 14

further stated that (b)(6),(b)(7)(C) was made without (b)(6),(b)(7)(C) further input. (EXHIBIT 3)

When interviewed by the OIG, (b)(6),(b)(7)(C) recalled having a conversation with (b)(6),(b)(7)(C) about (b)(6),(b)(7)(C) stated that he told (b)(6),(b)(7)(C) from his "point of view." (b)(6),(b)(7)(C) When asked if he (b)(6),(b)(7)(C) when he spoke with (b)(6),(b)(7)(C) responded, "no." (b)(6),(b)(7)(C) stated that he had conversations with (b)(6),(b)(7)(C) about (b)(6),(b)(7)(C) however, he denied providing her (b)(6),(b)(7)(C) further stated as the result of his relationship with (b)(6),(b)(7)(C) (EXHIBITS 6 and 7)

When interviewed by the OIG, (b)(6),(b)(7)(C) stated that she and (b)(6),(b)(7)(C) did not discuss her (b)(6),(b)(7)(C) When asked by the OIG if (b)(6),(b)(7)(C) stated, "We specifically did not even go there." (EXHIBIT 5)

An OIG review of (b)(6),(b)(7)(C) and (b)(6),(b)(7)(C) e-mail did not reveal any messages that they exchanged about (b)(6),(b)(7)(C) (EXHIBITS 10 and 11)

Developed Allegation #1: (b)(6),(b)(7)(C) Gave (b)(6),(b)(7)(C) Gifts that he Accepted while he Supervised her

During an interview with the OIG, (b)(6),(b)(7)(C) admitted to giving (b)(6),(b)(7)(C) gifts while he supervised her. She said she purchased a Bose brand Bluetooth speaker which she estimated the cost to be about \$120 and gave it to him as a Christmas gift. (b)(6),(b)(7)(C) also recalled that for either his birthday or Christmas she gave (b)(6),(b)(7)(C) a book. (b)(6),(b)(7)(C) could not recall any other gifts that she gave (b)(6),(b)(7)(C) but during the same period that he was her supervisor she admitted that she gave him gifts valued at "more than \$10." However, (b)(6),(b)(7)(C) stated that any gifts she gave (b)(6),(b)(7)(C) were associated with their personal relationship and that were either in conjunction with his birthday or a holiday. (b)(6),(b)(7)(C) denied giving (b)(6),(b)(7)(C) gifts expecting to receive any benefit related to her work at the SEC. (b)(6),(b)(7)(C) further stated that she had previously given gifts to (b)(6),(b)(7)(C) similar to what she would "for my best friends" although she "probably wouldn't have gotten him a Bluetooth speaker for Christmas" before she and (b)(6),(b)(7)(C) began a romantic relationship. (EXHIBIT 5)

During an interview with the OIG, (b)(6),(b)(7)(C) stated that for either his birthday or Christmas, (b)(6),(b)(7)(C) gave him a Bluetooth speaker and a pair of shoes valued more than \$10. (b)(6),(b)(7)(C) admitted that he accepted the gifts from (b)(6),(b)(7)(C). However, (b)(6),(b)(7)(C) stated the gifts were based on their personal relationship and denied he would have accepted anything of value in exchange for providing SEC-related benefits to (b)(6),(b)(7)(C). (b)(6),(b)(7)(C) also admitted that he accepted a history book from (b)(6),(b)(7)(C) which she gave him as a gift for some occasion which he could not recall. (b)(6),(b)(7)(C)

Report of Investigation

Case Title: (b)(6), (b)(7)(C)

Case # 15-ENF-0290-I

Page 9 of 14

also stated that he also gave (b)(6), (b)(7)(C) gifts for her birthday or Christmas. (b)(6), (b)(7)(C) stated that prior to becoming her supervisor he had previously given (b)(6), (b)(7)(C) gifts. (EXHIBITS 6 and 7)

An OIG review of (b)(6), (b)(7)(C) and (b)(6), (b)(7)(C) e-mail did not reveal any messages they exchanged concerning gifts or her requests for preferential treatment in exchange for the gifts. (EXHIBITS 10 and 11)

Developed Allegation #2: (b)(6), (b)(7)(C) used her Travel Card for Personal Travel

During a review of (b)(6), (b)(7)(C) travel voucher for her trip to (b)(6), (b)(7)(C) for training, the OIG discovered that she correctly claimed (b)(6), (b)(7)(C) for two nights of lodging expenses. However, a receipt from the (b)(6), (b)(7)(C) hotel, (b)(6), (b)(7)(C), which was included with the travel voucher, indicated that (b)(6), (b)(7)(C) travel card was charged for three nights of lodging. (EXHIBIT 14 and 17)

A subsequent OIG review of (b)(6), (b)(7)(C) travel card monthly billing statements revealed a charge for the amount of (b)(6), (b)(7)(C) to the (b)(6), (b)(7)(C) hotel in (b)(6), (b)(7)(C) which posted to the account on (b)(6), (b)(7)(C) 2014. On (b)(6), (b)(7)(C) 2014, an additional charge of for the amount of (b)(6), (b)(7)(C) to the same (b)(6), (b)(7)(C) hotel posted to (b)(6), (b)(7)(C) account.

When questioned about this charge, (b)(6), (b)(7)(C) told the OIG that the lodging charges were in conjunction with the personal time she used during her trip to (b)(6), (b)(7)(C) for training. She said she assumed that she had provided the hotel with her personal credit card or paid with cash to resolve the additional nights of lodging that were not associated with her training. (EXHIBITS 5 and 18)

Findings

The investigation determined that according to both (b)(6), (b)(7)(C) they have been close and personal friends (b)(6), (b)(7)(C) promoted to his current position when he began supervising (b)(6), (b)(7)(C) and (b)(6), (b)(7)(C) employees. (b)(6), (b)(7)(C) admitted that around the same time he was promoted and while (b)(6), (b)(7)(C) his friendship with (b)(6), (b)(7)(C) developed into a romantic relationship. (b)(6), (b)(7)(C) did not report his relationship with (b)(6), (b)(7)(C) to (b)(6), (b)(7)(C) supervisors and he did not seek guidance about the relationship from the SEC OHR or the SEC OEC. During the 2013 and 2014 appraisal periods while their romantic relationship was ongoing (b)(6), (b)(7)(C) was (b)(6), (b)(7)(C) rating official. In 2013 and 2014 (b)(6), (b)(7)(C) received (b)(6), (b)(7)(C) performance awards while under (b)(6), (b)(7)(C) supervision; however (b)(6), (b)(7)(C) was not the recommending official for any of the awards that she received. When (b)(6), (b)(7)(C) (b)(6), (b)(7)(C)

The investigation also developed that on at least three occasions while he supervised her, (b)(6), (b)(7)(C) gave (b)(6), (b)(7)(C) gifts valued over \$10, which he accepted. (b)(6), (b)(7)(C) told the OIG that these gifts were associated with either (b)(6), (b)(7)(C) birthday or Christmas and she denied giving them to

Report of Investigation

Case Title: (b)(6), (b)(7)(C)

Case # 15-ENF-0290-I

Page 10 of 14

(b)(6), (b)(7)(C) in exchange for any type of preferential treatment. (b)(6), (b)(7)(C) acknowledged that during the period in which he supervised her, he accepted the gifts from (b)(6), (b)(7)(C) as part of his personal relationship with her, and denied accepting the gifts in exchange for exhibiting work-related preferential treatment to her. Further, (b)(6), (b)(7)(C) denied exhibiting any type of favoritism toward (b)(6), (b)(7)(C) as the result of their relationship.

The investigation further developed that (b)(6), (b)(7)(C) charged lodging expenses to her government-issued travel charge card that were associated with personal time she used following SEC training in (b)(6), (b)(7)(C) in contravention of the SEC policy. The records indicated that (b)(6), (b)(7)(C) stayed two additional nights at the same hotel where she stayed during the training and the nights were charged to her travel card. (b)(6), (b)(7)(C) told the OIG that she assumed that she had provided the hotel with her personal credit card or paid with cash to resolve the additional nights of lodging that were not associated with her training. (b)(6), (b)(7)(C) paid the hotel charges and there was no loss to the government as the result of her using the travel card.

On the basis of the findings of our investigation, it appears that the following pertinent authorities were violated or could be applied to the case:

- 5 C.F.R. § 2635, Standards of Ethical Conduct for Employees of the Executive Branch, prohibits employees from:

(Subpart C) Giving or soliciting for a gift to another employee who is an official supervisor; or accepting a gift from a lower-paid employee, unless the two employees are personal friends who are not in a superior-subordinate relationship.

Accepting a gift from a lower-paid employee, unless the two employees are personal friends who are not in a superior-subordinate relationship.

Exceptions apply to these prohibitions when on an occasional basis, employees may give and accept items aggregating \$10 or less per occasion, food and refreshments shared in the office, or personal hospitality at a residence; this exception can be used for birthdays and holidays when gifts are traditionally exchanged.

- 5 C.F.R. § 2635.101, Basic Obligation of Public Service, states:

(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.

Report of Investigation

Case Title: (b)(6), (b)(7)(C)

Case # 15-ENF-0290-I

Page 11 of 14

- 17 C.F.R. § 200.735-2, Commission's Regulation Concerning Conduct of Members and Employees of the Commission, states:

(a) It is important that members, employees, and special Government employees maintain unusually high standards of honesty, integrity, impartiality and conduct. They must be constantly aware of the need to avoid situations which might result either in actual or apparent misconduct or conflicts of interest and to conduct themselves in their official relationships in a manner which commands the respect and confidence of their fellow citizens.

- SECR 14-3, Travel Charge Card Policy, dated March 27, 2014, states:

(5.3) Use of the travel charge card for any other purpose than official Government travel business is not authorized and is considered misuse of the travel charge card program. Delinquency in payment of the monthly travel card billing is considered card abuse.

(7) Use of the travel charge card for activities other than official federal Government travel and travel-related expenses is considered misuse/abuse.

Report of Investigation

Case Title: (b)(6), (b)(7)(C)

Case # 15-ENF-0290-I

Page 12 of 14

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Shira Pavis Minton, Ethics Counsel, Office of the Ethics Counsel

Lacey Dingman, Chief Human Capital Officer

(b)(6), (b)(7)(C)

Signatures

(b)(6), (b)(7)(C)


1/28/16

Date

1/28/16

Date

Approved:



P. Brian Crane, Assistant Inspector General
for Investigations

1/28/2016

Date

Report of Investigation

Case Title: (b)(6), (b)(7)(C)

Case # 15-ENF-0290-I

Page 13 of 14

Exhibits

1. Predicating Information, e-mail documenting referral from ENF, dated March 24, 2015.
2. Memorandum of Activity, interview of (b)(6), (b)(7)(C) dated June 10, 2015.
3. Memorandum of Activity, interview of (b)(6), (b)(7)(C) dated June 11, 2015.
4. Memorandum of Activity, receipt of information from (b)(6), (b)(7)(C) dated November 9, 2015.
5. Memorandum of Activity, interview of (b)(6), (b)(7)(C) dated June 11, 2015.
6. Memorandum of Activity, interview of (b)(6), (b)(7)(C) dated June 11, 2015.
7. Memorandum of Activity, interview of (b)(6), (b)(7)(C) dated November 16, 2015.
8. Memorandum of Activity, interview of (b)(6), (b)(7)(C) dated November 19, 2015.
9. Memorandum of Activity, review of (b)(6), (b)(7)(C) performance awards, dated November 6, 2015.
10. Memorandum of Activity, review of (b)(6), (b)(7)(C) e-mail records, dated November 23, 2015.
11. Memorandum of Activity, review of (b)(6), (b)(7)(C) e-mail records, dated November 23, 2015.
12. Memorandum of Activity, receipt and review of (b)(6), (b)(7)(C) Performance Work Plans, dated November 9, 2015.
13. Memorandum of Activity, receipt and review of (b)(6), (b)(7)(C) 2013 draft Performance Work Plan, dated November 20, 2015.
14. Memorandum of Activity, receipt and review of (b)(6), (b)(7)(C) and (b)(6), (b)(7)(C) travel records, dated November 12, 2015.
15. Memorandum of Activity, receipt and review of (b)(6), (b)(7)(C) time and attendance records, dated December 14, 2015.
16. Memorandum of Activity, receipt and review of (b)(6), (b)(7)(C) time and attendance records, dated December 14, 2015.

Report of Investigation

Case Title: (b)(6),(b)(7)(C)

Case # 15-ENF-0290-I

Page 14 of 14

17. Memorandum of Activity, receipt and review of (b)(6),(b)(7)(C) travel card records, dated January 5, 2016.

18. Memorandum of Activity, interview of (b)(6),(b)(7)(C) dated January 5, 2016.