



OFFICE OF
INSPECTOR GENERAL

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

MEMORANDUM

February 22, 2010

TO: Diego T. Ruiz
Executive Director

Sharon Sheehan
Associate Executive Director
Office of Administrative Services

William Fagan
Branch Chief, Security
Office of Security, Publishing and Mail Operations

FROM: H. David Kotz
Inspector General

SUBJECT: SEC Access Card Readers in Regional Offices

Recently the Office of Inspector General (OIG) received several allegations that two senior managers in a Regional Office were frequently absent from the office for several hours a day over an extended period of time. We initiated inquiries into these allegations. In an attempt to determine the veracity of these allegations, the OIG sought documentation of the employees' arrival and departure times. The OIG discovered, however, that the Regional Office where the two senior managers worked, and most of the other SEC Regional Offices, do not have a system in place to identify both entry and exit times of Commission employees. The OIG found that only the SEC Headquarters and the New York Regional Office are equipped with systems which capture building entry and exit logs.

The lack of access card readers such as the ones used at SEC Headquarters, or other similar devices that would capture such information, reveals that SEC employees may enter and exit the premises of most Regional Offices without such information being recorded. As a result, the SEC has no way of investigating allegations concerning time and attendance abuse in the Regional Offices. Such information has been instrumental to the agency in similar cases investigated by the OIG at Headquarters.

We are recommending that the access card readers or other devices to capture building exit and entry information, similar to ones currently utilized at the SEC's Headquarters and the New York Regional Office, be installed on a Commission-wide basis in every SEC Regional

Office so that allegations of time and attendance abuse or other law enforcement concerns may be adequately investigated and addressed.¹

Recommendation 1

The SEC should, on a Commission-wide basis, ensure that all Regional Offices are capable of capturing and recording the building entry and exit information of Commission employees.

¹ In the past, access information has been critical to the OIG's investigation of several matters and to its ability to assist other law enforcement agencies. For example, in one matter the OIG used such information to facilitate an arrest by the FBI of an SEC contractor for his alleged criminal activity in a scheme to defraud. In another OIG matter, building access information established that a SEC employee was using Commission resources to operate a private business after hours.