U.S. Securities and Exchange Commission

Office of Inspector General

SEMIANNUAL REPORT TO CONGRESS

04.01.26 TO 09.30.26



UNITED STATES SECURITIES AND EXCHANGE COMMISSION

OFFICE OF INSPECTOR GENERAL

SEMIANNUAL REPORT TO CONGRESS

APRIL 1, 2026 THROUGH SEPTEMBER 30, 2026



OIG MISSION

The mission of the Office of Inspector General (OIG) is to promote the integrity, efficiency, and effectiveness of U.S. Securities and Exchange Commission (SEC or agency) programs and operations through independent and impactful oversight. We accomplish this mission by:

- conducting independent and objective audits, evaluations, and other reviews of SEC programs and operations;
- conducting independent and objective investigations of potential criminal, civil, and administrative violations that undermine the ability of the SEC to accomplish its statutory mission;
- preventing and detecting fraud, waste, and abuse in SEC programs and operations;
- identifying vulnerabilities in SEC systems and operations and making recommendations to improve them;
- communicating timely and useful information that facilitates management decision making and the achievement of measurable gains; and
- keeping Congress, the Chairman, and the Commissioners fully and currently informed of significant issues and developments.

“This report details the significant efforts by our office to promote integrity, efficiency, and accountability within the SEC.

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ABBREVIATIONS

CEO	Chief Executive Officer
CIGFO	Council of Inspectors General on Financial Oversight
CIGIE	Council of Inspectors General on Integrity and Efficiency
Dodd-Frank	Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010
DOC	Department of Commerce
DOJ	Department of Justice
EDGAR	Electronic Data Gathering Analysis and Retrieval
ENF	Division of Enforcement
ESP	Employee Suggestion Program
FBI	Federal Bureau of Investigation
FDIC	Federal Deposit Insurance Corporation
FHFA	Federal Housing Finance Agency
FISMA	Federal Information Security Modernization Act of 2014
FY	fiscal year
IG	Inspector General
IG Act	Inspector General Act of 1978, as amended
OA	Office of Audits
OI	Office of Investigations
OIG	Office of Inspector General
SDO	Suspension and Debarment official
SEC or agency	U.S. Securities and Exchange Commission
SGE	senior government employee

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

OFFICE OF
INSPECTOR GENERAL

KEVIN B. MUHLENDORF
INSPECTOR GENERAL

September 30, 2026

MESSAGE FROM THE INSPECTOR GENERAL

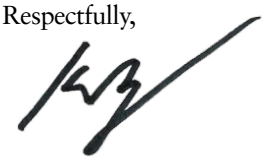
I am pleased to present this Semiannual Report to Congress, highlighting the accomplishments of the SEC OIG from April 1, 2026, to September 30, 2026. This report details the significant efforts by our office to promote integrity, efficiency, and accountability within the SEC. Through rigorous audits, evaluations, reviews, and investigations, we provide independent oversight and constructive recommendations that support the Commission's mission to protect investors, maintain fair and efficient markets, and facilitate capital formation.

Our Office of Audits (OA) issued four reports related to SEC programs and operations and continued work on seven other engagements that are expected to be completed in the coming fiscal year. These important projects help the SEC improve service to the investing public through examinations of many varied programs such as the Division of Investment Management's process for reviewing disclosures filed by regulated entities, the SEC Ombudsman, and the Office of the Chief Accountant's accounting consultation process. In order to promote efficiency and protect taxpayer resources, we continued to examine how the SEC procures and manages its substantial contracting portfolio by targeting contractor performance issues.

Our Office of Investigations (OI) bolstered the SEC's investor protection mission by successfully bringing criminal cases involving obstruction of SEC investigations and operations, including the arrest of an attorney who obstructed an investigation into a Ponzi scheme and another where we helped obtain a lengthy sentence for an individual who impersonated SEC officials to defraud victims. In furtherance of our mission to prevent frauds targeting the SEC, we worked with the Department of Justice (DOJ) to obtain a $1.8 million False Claims Act resolution related to a contractor who lied to the SEC about its data security profile.

We greatly appreciate the support of the Chairman, Commissioners, and the Commission's staff, which contributed to our success this reporting period. Our productive working relationship with the SEC is a testament to the professionalism and expertise demonstrated every day by the talented staff of the SEC OIG. Their dedication to public service and to the pursuit of objective oversight continues to serve both the Commission and the American public.

Respectfully,



Kevin B. Muhlendorf
Inspector General

MANAGEMENT AND ADMINISTRATION

AGENCY OVERVIEW

The SEC's mission is to protect investors; maintain fair, orderly, and efficient markets; and facilitate capital formation. The SEC strives to promote capital markets that inspire public confidence and provide a diverse array of financial opportunities to retail and institutional investors, entrepreneurs, public companies, and other market participants.

The SEC is responsible for overseeing the nation's securities markets and certain primary participants, including broker-dealers, investment companies, investment advisers, clearing agencies, transfer agents, credit rating agencies, and securities exchanges, as well as organizations such as the Financial Industry Regulatory Authority, Municipal Securities Rulemaking Board, and the Public Company Accounting Oversight Board.

The SEC accomplishes its mission through 6 main divisions—Corporation Finance, Economic and Risk Analysis, Enforcement, Examinations, Investment Management, and Trading and Markets—and 25 functional offices. The agency's headquarters are in Washington, DC, and it has 10 regional offices located throughout the country. As of September 30, 2026, the SEC employed 3,888 full-time equivalent employees and 2,129 contractor employees.

OIG STRATEGIC GOALS AND ADMINISTRATION

Three strategic goals support the OIG's oversight mission: (1) Delivering results that promote integrity, efficiency, and effectiveness in the SEC's programs and operations; (2) Promoting a professional working environment that facilitates organizational success; and (3) Improving the effectiveness and efficiency of our processes through continuous innovation, collaboration, and communication.

OIG OUTREACH

During this reporting period, we continued our outreach efforts to the SEC's divisions and offices. Members of our senior management regularly meet with the Commissioners and senior officers from various SEC divisions and offices to foster open communication. Additionally, we visited several of the SEC's regional offices and met with their leadership and staff. Through these efforts, we kept up-to-date on significant, current matters relevant to our work, and we obtained input from agency management and staff on areas presenting the greatest risks or challenges to the agency. We briefed senior agency leaders on relevant findings and the agency's progress in implementing our recommendations. The Inspector General (IG) has scheduled divisional All Hands meetings to educate SEC staff about the OIG's structure and function,

what and how to report to the OIG, the Cash Awards Program, and whistleblower protections. The constructive working relationship between agency leaders and the OIG promotes continuous improvement in the SEC's programs and operations.

We prioritized educating SEC employees about our mission, as well as employees' responsibility to refer allegations of fraud, waste, abuse, and misconduct. To ensure we reach all SEC employees, SEC new employee orientation sessions provide an overview of our office, its mission, and the role each SEC employee plays in maintaining the agency's integrity and efficiency. In support of our oversight, the SEC Chairman annually reminds all staff of their legal obligation to cooperate with all OIG inquiries, including providing us access to SEC employees, facilities, systems, and equipment, as well as our right to access all agency information, even that which may be classified, privileged, confidential, or otherwise exempt from disclosure under the law. These statements make clear that SEC employees have the right to communicate directly with us without seeking permission from anyone within the agency, and that the OIG protects whistleblower confidentiality and pursues allegations of retaliation for protected conduct.

During the reporting period, we continued to promote a Cash Awards Program, encouraging SEC employees to help identify potential fraud, waste, abuse, or mismanagement within the agency. Under 5 U.S.C. § 4512, employees may receive up to $10,000 when information they provide results in significant cost savings for the agency.

The OIG continues to promote the Employee Suggestion Program (ESP), as established under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank), to encourage suggestions for improvements in the SEC's work efficiency, effectiveness, and productivity, and the use of its resources and to receive from SEC employees allegations of waste, abuse, misconduct, or mismanagement. This period, we revised the process by which we relay to the agency and track suggestions received through the ESP to ensure they receive the appropriate attention by agency senior leadership.

OI delivers a fraud awareness briefing program throughout the SEC on an as-needed basis. These briefings serve to educate SEC employees on our mission and programs, as well as to help the SEC identify specific vulnerabilities in the programs they oversee.

OI also participated in the SEC Cross-Border Task Force summit and interagency coordination meeting, met with the SEC's Retail Fraud Working Group, and joined the Financial Industry Regulatory Authority's Small-Cap Fraud Seminar.



COORDINATION WITH OTHER AGENCIES

During this semiannual reporting period, we coordinated our activities with those of other agencies, pursuant to Section 4(a)(4) of the Inspector General Act of 1978, as amended (IG Act).

Specifically, we participated in the meetings and activities of the Council of Inspectors General on Financial Oversight (CIGFO), which was established by Dodd-Frank. The chairman of CIGFO is currently the Acting IG of the U.S. Department of the Treasury. Other members of the Council, in addition to the IGs of the SEC and the U.S. Department of the Treasury, are the IGs of the Board of Governors of the Federal Reserve System, the Commodity Futures Trading Commission, the Department of Housing and Urban Development, the Federal Deposit Insurance Corporation (FDIC), the Federal Housing Finance Agency (FHFA), and the National Credit Union Administration. As required by Dodd-Frank, CIGFO meets at least once every three months. At CIGFO meetings, members share information about their ongoing work, with a focus on concerns that may apply to the broader financial sector and ways to improve financial oversight. This reporting period, we also further developed the newly reconstituted CIGFO investigations subcommittee with the heads of the respective Offices of Investigations for the FDIC and FHFA.

We participated in several activities within the Council of Inspectors General on Integrity and Efficiency (CIGIE) such as monthly meetings of the IGs; the Assistant IGs for Investigations Working Group; the Investigations Policy Working Group; the Investigations Training Subcommittee; the Audit Committee; the Quality Management Committee; the Federal Audit Executive Council; the Assistant IGs for Management and Policy Working Group; and the Freedom of Information Act Working Group. Our attorney staff participated in the Council of Counsels to IGs. OA staff participated in CIGIE working groups related to external peer reviews and information technology and communicated with Social Security Administration OIG to assist them with understanding our use of advanced analytics to increase data-matching and verification. OA also participated in the review that led to the recently issued CIGFO report, *Audit of the Financial Stability Oversight Council's Designation of Nonbank Financial Companies*. OI staff serve as adjunct instructors at the Inspector General Criminal Investigator Academy for the IG Transition Training Program, the Legal Refresher Training Program, the Product Substitution Investigations Training Program, and the New Manager training course, and mentor colleagues throughout the CIGIE community as part of the CIGIE Fellows Program. OI leadership

also sits on the CIGIE Professional Development Committee and worked this reporting period to finalize a CIGIE Shadowing Program, which will roll out next reporting period. OI leadership was also requested by one IG to engage in invitational travel to Blackstone, Virginia, to provide Attorney General-mandate legal refresher training. OI's Digital Forensics Investigations Unit also became an active member of the CIGIE Digital Forensics Support Group.

The DOJ Antitrust Division requested that OI leadership teach a week-long training course at the International Law Enforcement Academy in Budapest, Hungary, on *Combatting Collusion in Public Procurement* to an international audience of prosecutors, investigators, and government procurement officials from Greece, Montenegro, North Macedonia, and Serbia.

Finally, OI coordinated with law enforcement partners across the government to meet its mission of preventing and detecting fraud, waste, abuse, and criminal conduct within the SEC's programs and operations. During this reporting period, OI was invited to enter into a memorandum of understanding and participate on the South Florida Financial Fraud Task Force with Federal Bureau of Investigation (FBI) Miami.

AUDITS, EVALUATIONS, AND OTHER REVIEWS

OVERVIEW

OA conducts, coordinates, and supervises independent audits, evaluations, and other reviews of the SEC's programs and operations to assess agency performance; to help detect and deter waste, fraud, abuse, and mismanagement; and to promote economy, efficiency, and effectiveness at the SEC's headquarters and regional offices. Audits are performed in accordance with generally accepted government auditing standards issued by the Comptroller General of the United States. Evaluations follow CIGIE's *Quality Standards for Inspections and Evaluations*. Other reviews offer timely findings in compliance with additional CIGIE standards.

OA engagements provide essential accountability and transparency over government programs. We issue independent reports, which identify deficiencies found and make recommendations to correct those deficiencies or increase efficiencies in SEC operations. Typically, OA assesses whether:

- resources are safeguarded and appropriately managed;
- governing laws, regulations, and policies are complied with;
- funds are expended properly;
- government programs are achieving their objectives and desired outcomes;
- government services are provided effectively, efficiently, and economically; and
- information provided by the Commission to the public and others is reliable.

OA also monitors the agency's progress in taking corrective actions on recommendations in our audit and evaluation reports and works with other OIG components to independently assess agency operations.

COMPLETED AUDITS, EVALUATIONS, AND OTHER REVIEWS

Opportunities Exist to Strengthen Investment Management's Disclosure Review Program, Report No. 590

Final Management Letter: Contract Management Concerns Identified During OIG Evaluation of Enforcement's Collection and Distribution of Disgorgements and Penalties

Evaluation of the SEC's FY 2025 Compliance With the Payment Integrity Information Act of 2019, Report No. 591

The Office of the Ombudsman Appropriately Handled Investor Concerns But Reporting Was Inaccurate and Unclear, Report No. 592

ONGOING AUDITS, EVALUATIONS, AND OTHER REVIEWS

Audit of the SEC's Change Control Process

We have initiated an audit to assess the Office of Information Technology's process for managing changes to the SEC's operational environment to prevent unintended consequences that can affect the performance and security of SEC systems and data. Specifically, we will determine whether the Office of Information Technology adequately defined and consistently implemented a change control process, to include appropriate testing of changes before deployment and regular monitoring for unapproved system changes. The audit scope will include a sample of information systems that underwent changes during calendar year 2024.

We issued a draft report on September 16, 2026, and expect to issue a final report in the next reporting period.

Audit of the Office of the Chief Accountant's Accounting Consultations Process

We have initiated an audit to assess whether the consultations process ensures comprehensive reviews (including consideration of past consultations), transparency, and coordination with relevant SEC divisions and offices and external parties, as appropriate. We will also determine whether the Accounting Group performs consultations in a timely manner, in accordance with its policies and procedures, and complies with ethics and information security requirements. The audit will include Accounting Group consultations and activities from fiscal year (FY) 2023 through the third quarter of FY 2025.

We expect to issue a report in the next reporting period.

Evaluation of the Division of Enforcement's Collection and Distribution of Disgorgements and Penalties

We have initiated an evaluation to determine whether the Division of Enforcement (ENF) has processes and procedures that ensure timely, efficient, and effective collections of delinquent disgorgements and penalties and disbursements of funds to harmed investors. The evaluation scope will include a review of collections and distributions data covering FY 2021 through FY 2025.

We expect to issue a report in the next reporting period.

Evaluation of the EDGAR Business Office's Review Processes

We have initiated an evaluation to determine whether the Electronic Data Gathering, Analysis, and Retrieval (EDGAR) Business Office has effective processes for (1) reviewing requests to submit filings electronically in EDGAR, and (2) promoting the reliability and integrity of filers' submissions. The evaluation will include EDGAR Business Office activities from October 2023 through May 2025.

We expect to issue a report in the next reporting period.

Evaluation of the SEC's Processes for Managing Software License Costs

We have initiated an evaluation to determine whether the SEC effectively manages software license costs and prevents wasteful spending on unused or underused software licenses. The evaluation will cover the SEC's tracking and management of software licenses between January 1, 2024, and June 30, 2025.

We expect to issue a report in the next reporting period.

Fiscal Year 2026 Independent Evaluation of the SEC's Implementation of the Federal Information Security Modernization Act of 2014

The Federal Information Security Modernization Act of 2014 (FISMA) requires IGs to annually assess the effectiveness of agency information security programs and practices and to report the results to the Office of Management and Budget and the Department of Homeland Security. This assessment includes testing and assessing the effectiveness of agency information security policies, procedures, practices, and a subset of agency information systems. To comply with FISMA, we have initiated an evaluation of the SEC's information security programs and practices. We contracted with Sikich CPA LLC to conduct this independent evaluation.

We expect to issue a report in the next reporting period.

Special Project: Division of Enforcement Lost Case Folders

We initiated this review to understand the circumstances that led to missing ENF electronic case folders (reported to the OIG in September 2025 and March 2026) previously stored on an SEC Headquarters shared network drive, and the actions planned or taken in response. Specifically, we seek to gain an understanding of (1) how ENF creates and maintains electronic case files; (2) the extent of the folders missing, the relevant sequence of events, and the resulting impact, if any; (3) the controls, monitoring practices, or safeguards in place at the time and their effectiveness in preventing or detecting such issues; and (4) planned or completed corrective actions.

We expect to issue a report in the next reporting period.



INVESTIGATIONS

OVERVIEW

OI is a federal law enforcement component responsible for investigating significant matters of criminal, civil, and administrative wrongdoing and misconduct relating to SEC employees, contractors, programs, and operations, including SEC-regulated markets. Our investigations are carried out by federal criminal investigators (special agents), whose criminal law enforcement powers have been granted by the U.S. Attorney General. Special agents conduct investigations of alleged wrongdoing by SEC employees, as well as investigations of alleged misconduct or criminal activity that affect the SEC's ability to effectively supervise and regulate the financial markets. Investigative findings may be referred to the DOJ or the SEC to determine what action may be appropriate. Such actions may include criminal or civil prosecution by the DOJ or administrative discipline or other actions by the SEC. All SEC OIG investigations are conducted in compliance with the CIGIE *Quality Standards for Investigations* and the *Attorney General Guidelines for OIGs with Statutory Law Enforcement Authority*, and our internal policies.

OI is committed to ensuring that its investigations are independent, fair, thorough, and timely. In conducting investigations, OI works closely with SEC divisions and offices and other law enforcement agencies and components. We partner with the DOJ, including prosecutors at Main Justice and United States Attorneys' Offices around the country. We also work with authorities around the world. In addition to holding bad actors accountable, when OI discovers vulnerabilities or internal control deficiencies, we promptly report these issues to SEC management for corrective actions.

Managing the OIG Hotline is a critical OI responsibility. The OIG Hotline, which is available to receive and process allegations and complaints about fraud, waste, abuse, or other corruption related to SEC programs, operations, and personnel 24 hours a day, 7 days a week, allows individuals to report their allegations directly and confidentially, secure in the knowledge that their identity will be protected consistent with the IG Act.

During this reporting period, OI led or participated in a variety of ongoing criminal, civil, and administrative investigations, including ones that resulted in:

- The arrest of a Texas-based attorney for operating a Ponzi scheme and obstructing an SEC investigation.
- The 14-year sentence of an Atlanta man for conspiracy to commit mail and wire fraud in connection with an investment fraud and impersonation scheme.

- An OIG fraud alert to the public regarding an individual purporting to be an SEC "investigative officer," to include the use of fake SEC credentials, and attempting to defraud at least one citizen who had been previously victimized in a securities investment scheme.
- An order to disbar and strike from the roll of attorneys of the State of New York, an attorney who pleaded guilty to EB-5 visa fraud, witness tampering, and obstruction of proceedings. Prior to entering a guilty plea, the attorney fled to and was extradited from the Kyrgyz Republic.
- The first ever fact-based present responsibility referral to the SEC Office of Acquisitions for consideration by the SEC Suspension and Debarment official, which resulted in issuance of a pre-notice letter regarding the potential suspension of federal government contracting eligibility.

SELECT CLOSED INVESTIGATIONS, INCLUDING SUBSTANTIATED ALLEGATIONS AGAINST SENIOR GOVERNMENT EMPLOYEES, AND UPDATES ON PREVIOUSLY REPORTED MATTERS

A Former CEO and the Corporation He Once Ran Agree to Pay the United States $1.8M to Settle Allegations of False Claims Act Violations for Data Center Services

The OIG investigated allegations that a Chief Executive Officer (CEO) and the corporation he formerly ran knowingly submitted false claims for data center services provided under a contract with the SEC. On August 14, 2026, the CEO and corporation entered into a civil settlement to resolve those allegations, specifically that they fraudulently induced the SEC to enter into the contract for data center services by falsely certifying that the data center met at least Tier III data security standards. The CEO and company agreed to pay $1,800,000 to the United States.

On January 5, 2026, to resolve a parallel criminal matter, the CEO entered into a deferred prosecution agreement, which required the CEO to pay $1,000,000 in restitution to the SEC, pay a $500,000 monetary penalty, and serve 150 hours of community service.

A Former SEC Employee Accessed and Shared Nonpublic Investigative Information with Her Son, Who Then Posted and Shared the Information on Social Media

The OIG investigated the social media disclosure of SEC nonpublic information concerning an active ENF investigation.

On May 10, 2025, an image of nonpublic SEC information was posted on X (formerly Twitter). The posted image, a photo taken of a computer screen displaying an internal SEC system, pertained to an ongoing ENF investigation. We found that while working from home, an SEC employee, now retired, accessed information related to the investigation, without authority or a need to know, on more than one occasion by using the ENF case management system. The employee allowed her son to view the information to prove to him that the SEC had an active investigation into the specific matter.

We also found that the employee's son posted on X an image of a computer screen with the ENF case management system opened to the investigation. Via direct messages on X, the son shared additional photos of his mother's SEC laptop displaying nonpublic information from the same matter. One of the direct messages included the contact information of an SEC employee working on the investigation.

On June 4, 2025, we referred these findings to the United States Attorney's Office for the District of Columbia for criminal prosecution. On May 11, 2026, the United States Attorney's Office declined to prosecute the former employee or her son.

SEC OIG Investigated a Fraudulent Court Order Used to De-index an SEC Settlement

ENF regional office staff reported to the OIG a suspected fictitious U.S. District Court order submitted to an internet search engine in support of a request to de-index (i.e., remove from internet search results) an SEC settlement in a previously closed ENF investigation. The SEC also received email requests to remove the settlement agreement information from SEC websites purportedly on behalf of the previously investigated entity (the Entity).

We conferred with the U.S. District Court for the District of Columbia and found that the court order was in fact fabricated. We subpoenaed records related to emails sent to the internet search engine and the SEC in support of the de-indexing requests and identified the sender's internet protocol addresses.

Legal counsel for the Entity reported to the OIG that the Entity had hired a "reputation management" firm (the Firm) to assist with "search engine optimization." Unbeknownst to the Entity, the Firm, largely based overseas, created the fake court order and sent emails to the SEC seeking de-indexing.

On various dates in September 2026, we ensured that the Administrative Office of the U.S. Courts, the U.S. District Court for the District of Columbia, and the FBI's Internet Crime Complaint Center were aware of the fake court order and the overseas firm and closed our investigation.

SEC OIG Issued a Fraud Alert Warning of Imposters Purporting to Be SEC Officials

ENF regional office staff referred to the OIG a complaint from an attorney representing a victim in an ongoing ENF action that his client was contacted by someone purporting to be an "SEC Investigator" named "Frank Harris," when in fact no such employee works at the SEC.

We initiated an investigation to identify the SEC imposter, who had provided the victim an emailed image of false credentials, and solicited personally identifiable and financial information. Based on the emails provided to OIG from the victim, the OIG suspects the impersonator, who furthered the scheme by creating other imposter emails from a purported U.S. court in an effort to bolster the *bona fides* of "Frank Harris," would have further defrauded the victim through an advance fee scheme. After initially indicating they would cooperate, the victim ultimately declined to assist the OIG with the criminal investigation of the imposter. The OIG closed its criminal investigation after determining that the imposter was likely located outside the United States.

On June 22, 2026, the OIG published a fraud alert to warn potential victims about this type of imposter scheme.

REPORT ON INSTANCES OF WHISTLEBLOWER RETALIATION

Whistleblowers are an essential source of information, and the OIG is committed to their protection. For this semiannual reporting period, we have zero instances of whistleblower retaliation to report.



REVIEW OF LEGISLATION AND REGULATIONS

Section 4(a) of the IG Act directs the OIG to review existing and proposed legislation and regulations relating to the programs and operations of the SEC, and to make recommendations concerning the impact of such legislation or regulations on the economy and efficiency of SEC programs and operations, as well as any impact on the prevention and detection of fraud and abuse in such programs and operations. Although the SEC's Office of Legislative Affairs and Office of the General Counsel review proposed or enacted legislation that could affect the SEC's activities, the OIG independently conducts reviews in accordance with the IG Act. During this reporting period, we reviewed relevant legislation and proposed and final regulations and made no recommendations to the agency concerning their impact on the economy and efficiency of the SEC's programs and operations.

On December 23, 2024, Congress enacted the FY 2025 National Defense Authorization Act. That Act amended the Administrative False Claims Act to allow agencies to use administrative procedures to pursue false claims actions up to $1,000,000 and directed agencies to promulgate implementing regulations within six months, by June 23, 2025. The SEC has not yet promulgated implementing regulations but intends to do so.

PEER REVIEW

OIGs undergo periodic peer reviews to ensure that their operations meet the professional standards of the IG community. The results of a peer review must be included in the semiannual report of the reviewed office, which must also identify any recommendations that have not been fully implemented. The OIG that conducts a peer review must likewise identify the outstanding and unimplemented recommendations pertaining to the office that it reviewed. The specific statutory requirements appear in Section 5 of the IG Act.

MOST RECENT PEER REVIEWS OF THE SEC OIG

The results of the most recent peer reviews of OA and OI confirm the rigor of the SEC OIG's oversight, which ensures that the SEC is accountable to the public.

PEER REVIEW OF AUDIT OPERATIONS

The Export-Import Bank OIG conducted the most recent assessment of our OA's system of quality control for the three-year period ending March 31, 2024. On July 24, 2024, the Export-Import Bank OIG issued its report, concluding that OA's system of quality control was suitably designed and complied with to provide the OIG with reasonable assurance of performing and reporting in conformity with generally accepted government auditing standards and applicable legal and regulatory requirements in all material respects. On the basis of its review, the Export-Import Bank OIG gave OA a peer review rating of "pass" and did not make any recommendations (Federal audit organizations can receive a rating of "pass," "pass with deficiencies," or "fail").

The external peer review report is available on our website at Peer Review: System Review Report on the U.S. Securities and Exchange Commission's Office of Inspector General Audit Organization.

PEER REVIEW OF EVALUATION OPERATIONS

The Department of Commerce (DOC) OIG conducted the most recent assessment of our OA's evaluation work for the three-year period ending September 30, 2023. On March 7, 2024, the DOC OIG issued its report, concluding that OA's evaluation policies and procedures generally were consistent with the CIGIE's *Quality Standards for Inspection and Evaluation* (Blue Book) standards

addressed in the external peer review. In addition, the DOC OIG found that the two reports reviewed generally complied with Blue Book standards. The DOC OIG did not make any recommendations.

The external peer review report is available on our website at Peer Review: External Peer Review Report for the SEC OIG Inspection and Evaluation Function.

PEER REVIEW OF INVESTIGATIVE OPERATIONS

The most recent peer review of the OI was conducted by the U.S. Nuclear Regulatory Commission OIG in 2023. There are no outstanding recommendations.

MANAGEMENT DECISIONS

Status of Recommendations With No Management Decisions

Management decisions have been made on all audit and evaluation reports issued before the beginning of this reporting period.

Revised Management Decisions

No management decisions were revised during the period.

Agreement with Significant Management Decisions

We agree with all significant management decisions regarding audit and evaluation recommendations.

Reports for Which No Agency Comment Was Returned Within 60 Days

There were no audit or evaluation reports issued before the beginning of this reporting period for which no agency comment was returned within 60 days of providing the report to the agency.

Instances Where the Agency Unreasonably Refused or Failed To Provide Information to Us or Attempted To Interfere With Our Independence

During this reporting period, there were no instances in which the agency unreasonably refused or failed to provide information to us or attempted to interfere with our independence.

TABLES

Table 1. List Of Reports: Audits, Evaluations, and Other Reviews

Regulatory Oversight	
May 4, 2026	Opportunities Exist to Strengthen Investment Management's Disclosure Review Program
Report No. 590	
Contract Management	
July 2, 2026	Final Management Letter: Contract Management Concerns Identified During OIG Evaluation of Enforcement's Collection and Distribution of Disgorgements and Penalties
N/A	
Financial Management	
July 30, 2026	Evaluation of the SEC's FY 2025 Compliance With the Payment Integrity Information Act of 2019
Report No. 591	
Regulatory Oversight	
September 28, 2026	The Office of the Ombudsman Appropriately Handled Investor Concerns But Reporting Was Inaccurate and Unclear
Report No. 592	

Table 2. Reports With Recommendations on Which Corrective Action Has Not Been Completed

During this most recent semiannual reporting period, SEC management provided the OIG with documentation to support the implementation of OIG recommendations. In response, the OIG closed 13 recommendations related to 5 OA reports. The following table lists recommendations issued before the commencement of this semiannual reporting period that remain open. ("Redacted text" indicates recommendations that include one or more redactions of nonpublic information.)

Report Number and Title	Rec. No.	Issue Date	Recommendation Summary
574 - Fiscal Year 2022 Independent Evaluation of the SEC's Implementation of the Federal Information Security Modernization Act of 2014	6	11/15/2022	Redacted Text
584 - Fiscal Year 2024 Independent Evaluation of the U.S. Securities and Exchange Commission's Implementation of the Federal Information Security Modernization Act of 2014	1	11/25/2024	Complete efforts to document and implement an enterprise-wide risk management strategy that incorporates the review and approval processes set forth in agency policy.
584 - Fiscal Year 2024 Independent Evaluation of the U.S. Securities and Exchange Commission's Implementation of the Federal Information Security Modernization Act of 2014	7	11/25/2024	Develop and implement a mechanism to enforce recurring privileged user training for applicable personnel.
584 - Fiscal Year 2024 Independent Evaluation of the U.S. Securities and Exchange Commission's Implementation of the Federal Information Security Modernization Act of 2014	10	11/25/2024	Incorporate assessments of system recovery time objectives into future disaster recovery exercises.

Table 3. Summary of Investigative Activity for the Reporting Period of April 1, 2026, to September 30, 2026

The data contained in this table was compiled from the OIG's investigations case management system.

Investigative Caseload*	Number
Cases Open at Beginning of Period	32
Cases Opened During Period	13
Cases Closed During Period**	14
Open Cases at End of Period***	31
Investigative reports issued during the reporting period****	9

* Preliminary investigations are not included in our investigative caseload numbers; only full investigations are counted.

** Of the 14 cases closed in this reporting period, one involved a senior government employee (SGE).[1] The case involving the SGE had no findings.

*** Of the 31 open cases at the end of the reporting period, 24 are pending prosecution at the federal/state/local levels.

****Investigative reports issued during the reporting included: Reports of Investigation; Interim Investigative Reports; Management Implication Reports; Investigative Summary Reports; Present Responsibility Referrals; and Fraud Alerts.

Criminal and Civil Investigative Activities	Number
Persons referred to the DOJ for criminal prosecution this reporting period^	11
Persons referred to the DOJ for civil prosecution this reporting period	2
Persons referred to state/local prosecuting authorities for criminal prosecution this reporting period	0
Indictments and criminal informations^^	0
Arrests	1

^ This **does not** include criminal investigations referred to SEC OIG by the DOJ that were already accepted for prosecution.

^^ This **does not** include individuals charged by criminal complaint.

1 According to 5 U.S.C. § 405(a)(6)(A), an SGE is "an officer or employee in the executive branch . . . who occupies a position classified at or above GS-15 of the General Schedule or, in the case of positions not under the General Schedule, for which the rate of basic pay is equal to or greater than 120 percent of the minimum rate of basic pay payable for GS-15 of the General Schedule . . ." As an independent agency, the SEC has independent pay setting authority, and its pay scale is generally higher than the General Schedule, which can result in more SEC employees being categorized as SGEs in accordance with the IG Act.

Table 3. Summary of Investigative Activity for the Reporting Period of April 1, 2026, to September 30, 2026 *(continued)*

Monetary Results	Number
Criminal fines/restitutions/recoveries/assessments/forfeitures	$2,439,631
Criminal seizures	0
Civil fines/restitutions/recoveries/penalties/damages/forfeitures	$1,800,000
Administrative recoveries/debt collections/etc.	$53,942

Administrative Investigative Activities	Number
Removals, Retirements, and Resignations	1
Suspensions	0
Reprimands/Warnings/Other Administrative Actions	2

Complaints Received†	Number
Hotline Complaints	238
Total Complaints During Period	475

† Complaints received that are not intended for the SEC OIG are batched weekly; each week's batch is tracked as one complaint.

Trafficking Victims' Prevention and Protection	Number
Suspected Violations Reported	0
Investigations Opened	0
Status and Outcomes	n/a
Recommended Actions to Improve the Programs and Operations of Such Agency	n/a

Table 4. References to Reporting Requirements of the IG Act[2]

Inspector General Act Reporting Requirement	Page(s)
Review of legislation and regulations	12
Significant problems, abuses, and deficiencies and associated reports	6–8
Identification of each recommendation made before the reporting period, for which corrective action has not been completed, including the potential costs savings associated with the recommendation	17
Summary of significant investigations closed during the reporting period	10–11
Total number of convictions resulting from investigations	18–19
Listing of each audit, evaluation, or inspection issued during the reporting period	16
Total dollar value of questioned costs (including a separate category for the dollar value of unsupported costs) and the dollar value of recommendations that funds be put to better use, including whether a management decision had been made by the end of the reporting period	N/A
Information regarding any management decision made during the reporting period with respect to any audit, inspection, or evaluation issued during a previous reporting period	15
Results of peer review conducted of SEC OIG	13–14
Date of the last peer review conducted by another OIG	13–14
List of outstanding recommendations made from any previous peer review of SEC OIG that remain outstanding or have not been fully implemented	N/A
A list of any peer reviews conducted by the IG of another OIG during the reporting period, including a list of any outstanding recommendations made from any previous peer review (including any peer review conducted before the reporting period) that remain outstanding or have not been fully implemented	N/A
Statistical table showing the total number of investigative reports issued during the reporting period	18–19
Statistical table showing the total number of persons referred to the DOJ for criminal prosecution during the reporting period	18–19
Statistical table showing the total number of persons referred to State and local prosecuting authorities for criminal prosecution during the reporting period	18–19
Statistical table showing the total number of indictments and criminal informations during the reporting period that resulted from any prior referral to prosecuting authorities	18–19

2 5 U.S.C. §§ 404–405, formerly cited as 5 U.S.C. App. 3 §§ 4-5. Please note: The James M. Inhofe National Defense Authorization Act for Fiscal Year 2023, Pub. L. No. 117-263 § 5273 amended the semiannual reports requirements and those requirements have not yet been codified.

Table 4. References to Reporting Requirements of the IG Act *(continued)*

Inspector General Act Reporting Requirement	Page(s)
Description of the metrics used for developing the Data for the Statistical Tables Under Paragraph 17	18–19
Report on each investigation conducted involving a senior government employee or senior official where allegations of misconduct were substantiated	10–11
Instances of whistleblower retaliation	11
Attempts by the establishment to interfere with the independence of the OIG	15
Each inspection, evaluation, and audit conducted by the OIG that is closed and was not disclosed to the public	N/A
Each investigation conducted by the OIG involving a senior government employee that is closed and was not disclosed to the public	N/A

APPENDIX

OIG SEC EMPLOYEE SUGGESTION PROGRAM ANNUAL REPORT FY 2026

OVERVIEW

The OIG established the OIG SEC ESP in September 2010, pursuant to Section 966 of Dodd-Frank. Section 966 required the IG to establish a suggestion program for SEC employees. In accordance with the reporting requirement in Dodd-Frank, the SEC OIG has prepared this annual report describing suggestions and allegations received, recommendations made, or actions taken by the OIG, and actions taken by the SEC in response to suggestions from October 1, 2025, through September 30, 2026.

Through the ESP, the OIG receives suggestions from agency employees concerning improvements in the SEC's work efficiency, effectiveness, productivity, and use of resources. The OIG's OI reviews and acts on ESP submissions that allege waste, abuse, misconduct, or mismanagement. SEC employees report their concerns to the ESP via an electronic mailbox and telephone hotline maintained by the OIG.

SUMMARY OF EMPLOYEE SUGGESTIONS AND ALLEGATIONS

Between October 1, 2025, and September 30, 2026, the OIG received and analyzed 25 suggestions or allegations, details of which are shown below:

Nature and Potential Benefits of Suggestion*	Number
Increase efficiency or productivity	5
Increase effectiveness	8
Increase the use of resources or decrease costs	4

Nature and Seriousness of Allegation*	Number
Mismanagement and/or discrimination	1
Waste of SEC resources	2
Misconduct by an employee	0

Action Taken by the OIG in Response to Suggestion or Allegation*	Number
Memorandum to or communication with the SEC about the suggestion or allegation	12
Referred to OIG Office of Investigations	0
Referred to OIG Office of Audits	0
Researched issues, but determined no further action was necessary	1
Other	0

Action Taken by SEC Management*	Number
SEC management took action to address the suggestion or allegation	3
SEC decided to secure new technology in response to the suggestion	0
SEC management is considering the suggestion in context of existing procedures	0
SEC management initiated an internal review	1

* Some suggestions or allegations are included under multiple categories.

OIG GENERAL OFFICE CONTACT INFORMATION

EMPLOYEE SUGGESTION PROGRAM

The OIG SEC Employee Suggestion Program, established under the Dodd-Frank Wall Street Reform and Consumer Protection Act, welcomes suggestions by all SEC employees for improvements in the SEC's work efficiency, effectiveness, productivity, and use of resources. The OIG evaluates all suggestions received and forwards them to agency management for implementation, as appropriate. SEC employees may submit suggestions by calling the OIG Hotline at (833) SEC-OIG1, or by filing a complaint online as indicated below.

COMMENTS AND IDEAS

The SEC OIG also seeks ideas for possible future audits, evaluations, or reviews. We will focus on high-risk programs, operations, and areas where substantial economies and efficiencies can be achieved. Please send your input to AUDPlanning@sec.gov.

TO REPORT

FRAUD, WASTE, AND ABUSE

Involving SEC programs, operations, employees, or contractors

FILE A COMPLAINT ONLINE AT

SEC OIG Hotline

WWW.GOVCOMHOTLINE.COM/SEC

CALL THE 24/7 TOLL-FREE OIG HOTLINE

(833) SEC-OIG1



U.S. SECURITIES AND EXCHANGE COMMISSION

This report is available on the Inspector General's website
SEC.gov/oig