



**VIA ELECTRONIC TRANSMISSION**

December 11, 2025

The Honorable Joni Ernst  
United States Senate  
Washington, DC 20510

Dear Senator Ernst:

I am writing to update you on the reviews that my office has conducted in response to your letter of April 1, 2025 conveying allegations of misconduct within the Federal Deposit Insurance Corporation (FDIC) Office of Inspector General (OIG).

As you know, I briefed your staff on April 10, 2025 on the issues I had identified within the FDIC OIG and the actions taken in response. I also shared information and documentation showing that certain allegations conveyed to you by unknown parties were unsupported or inaccurate, and committed to a thorough review of all allegations presented in your letter, including referral for external independent review when appropriate. I also committed to provide your staff with additional documents and we have done so.

The following summarizes our review of these issues:

**Actions Taken Following Regional Office Visits to Address Employee Concerns**

Your letter noted that, upon taking office last year, I visited regional offices to meet with individual employees and understand their concerns and suggestions for the future of the OIG. You asked me to provide details of the actions I took following these visits.

During my visits to the field, the majority of employees I met with expressed satisfaction with their work and the climate in the OIG and passion for their work that impressed me both in terms of their dedication and the subject matter expertise of OIG employees. This is consistent with the Federal Employee Viewpoint Survey (FEVS) result that the overall global satisfaction score for the OIG was 73 percent, as well as the statistics cited in your letter that 63 percent of Office of Investigations (OI) employees recommend the organization as a good place to work.<sup>1</sup>

However, some Special Agents expressed dissatisfaction with the leadership and direction of the OIG Investigations function. The complaints of these employees focused on the following areas, which appear similar to some concerns that were shared with you by the anonymous whistleblowers:

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<sup>1</sup> Your letter focused on the OIG Investigations function. I met with nearly all OIG employees, and the most significant concerns were expressed by Investigations employees. Our response plan was directed at the entire OIG workforce; however, the concerns of the Investigations employees were particularly targeted.

- Some Special Agents believed that current leadership was too focused on law enforcement operations and tactical training and not focused enough on experience and analysis specific to banking crimes. These agents did not believe that protective equipment and tactical training are necessary for the FDIC OIG's mission.
- Some Special Agents who had been with the FDIC OIG for large portions of their careers believed that agents hired from other agencies did not have necessary expertise in financial crimes and were promoted quickly, because there was favoritism in hiring and promotions among managers who had worked together in the past.
- Some Special Agents expressed generally that under current leadership there had been too much change, too fast.

Many employees expressed a desire for more opportunities for promotion and career development. Employees were also generally dissatisfied with the FDIC's pivot from allowing full-time telework to requiring some degree of work to be conducted in the office.

Our leadership team engaged last year with the OIG's Workforce Council, which is a team of non-management employees who receive employee concerns and make recommendations to management. The Workforce Council surveyed employees and made several recommendations that management agreed to implement:

- To address the concern about perceived arbitrary action and personal favoritism in hiring and personnel actions, we engaged independent personnel experts from other agencies to review prior hiring and promotion actions for compliance with policies and best practices. The results of this review are discussed below.
- To address concerns that certain management actions were arbitrary, we shared the business cases and supporting documents that had been prepared about several issues, including establishment of the Miami Regional Office in 2019 and updates to Office of Investigations regional boundaries and assignment of a manager to Miami in 2023.
- To address recommendations about interaction and communication, we concurred with recommendations to link data analytics and innovation efforts across OIG components and provide more information on the OIG Intranet site.

We did not concur with the Workforce Council's recommendation to allow employees to telework on a permanent full-time basis. I did not consider full-time telework to be suitable for the mission of the OIG and necessary collaboration among our employees. In 2025, we implemented the President's directive that all employees work full-time, in-person, with limited exceptions.

## Specific Allegations

### *Budget Mismanagement*

Your letter conveyed allegations that the OIG has been improperly spending funds at year-end instead of returning money to the Deposit Insurance Fund and has reduced spending on mission-essential travel.

We provided budget information to your staff showing that the OIG has received a flat appropriation for the past three fiscal years, while absorbing increasing personnel costs due to pay increases, salary adjustments, and added benefits determined by our parent agency. This data shows no anomalous year-end spending.

Because of the third straight year of flat appropriations, along with a significant portion of the OIG's workforce participating in the Administration's Deferred Resignation Program which until the end of 2025 increases projected personnel expenses, we implemented cost savings measures in FY 2025, including the use of unpaid furloughs for many OIG employees.

For travel, we communicated to our employees that mission-essential travel would continue, but travel for meetings, conferences, or non-mandatory training would be restricted. Our travel budget includes the leasing and operating costs of vehicles for Special Agents. These costs have not been reduced. Spending data that we shared with your staff does not support the allegation that mission-essential travel was heavily restricted.

### *Wasteful Mass Purchases*

Your letter conveyed allegations that the OIG had procured unnecessary law enforcement equipment such as helmets and shields, travel bags and backpacks, and iPads.

We briefed your staff on the threat environment that our agents have faced in conducting law enforcement operations, and we shared information demonstrating that any perception that financial crimes are necessarily low-risk is misguided. In response to line-of-duty deaths of federal agents, agencies have instituted new practices on deployment of protective equipment when law enforcement operations are necessary. As such, we procured appropriate equipment based on market research, benchmarking with law enforcement partners, and cost comparisons.

The iPads were also competitively procured to support agent work. While iPads originally were provided with cellular service, a review later found that cellular service was underutilized and duplicative of wifi and hotspot connectivity using agency-issued phones, so we cancelled some cellular service as a cost savings measure.

These purchases were generally made with FY 2023 funding and are not recurring, so they have not affected the OIG budget in the past two years.

We have provided documentation to your staff on these issues.

### *Administrative Bloat*

Your letter conveyed allegations that the OIG had increased the number of managers and desk officers who do not conduct investigations and that the creation of a Miami region was unnecessary.

Our review validated that the OIG has increased the number of managers and desk officers. However, it is not accurate that these employees do not conduct investigations. They conduct investigative work in addition to management and administrative responsibilities. This includes providing oversight and guidance to ensure that OI investigative activities align with Attorney General Guidelines and Quality Standards for Investigations.

In fiscal year 2025, for example, the desk officers and headquarters operations staff (HQ OPs), received and processed 945 complaints through the OIG Hotline. They referred 152 complaints for action and initiated 46 active investigations across OI's nine regions. Furthermore, HQ Ops opened nine investigations and worked alongside OI's Electronic Crimes Unit on one additional investigation. These investigations involved sensitive and other high-risk matters that required specialized expertise and close work with OIG Executives.

Your letter stated that the Miami region was created in 2023. To clarify, the OIG established a field office in Miami in 2019. Establishment of this office was considered as early as 2017 due to the amount of work that the OIG was conducting in Miami, which is a major hub of financial fraud, and the travel expenses that the OIG was incurring to investigate cases in Miami. A business justification memo was prepared at that time, in 2017. In 2023, a manager was assigned to the Miami office and it was designated as its own region. A business justification was also prepared for that decision. We have shared these justification documents with your staff.

### *Favoritism and Retaliation*

Your letter conveyed allegations that OIG managers, in particular Tyler Smith and Shimon Richmond, had engaged in a pattern of hiring and promoting employees who were friends at prior agencies, in particular the OIG for the Department of Health and Human Services.<sup>2</sup> The letter and discussions with your staff did not specify any particular actions that Mr. Smith and Mr. Richmond took to allegedly favor their friends.

These allegations have been previously made and reviewed by the Integrity Committee of the Council of Inspectors General on Integrity and Efficiency (CIGIE). Following its process, CIGIE requested additional information from the subjects of the allegations. They provided

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<sup>2</sup> The Privacy Act generally restricts the disclosure of personnel and investigative information. To respond to the allegations made against them by name in your letter, Mr. Smith and Mr. Richmond have consented to the disclosures in this letter.

documentation to explain their role in the process and counter the allegations. After reviewing these responses, the Integrity Committee decided to close the matter without further action. We have shared this documentation with your staff.

The FDIC OIG requested that human resources officials from other OIGs conduct an independent review of hiring and promotion files from 2022 through 2024. This review identified some deficiencies in recordkeeping, particularly in files from earlier in the time period, which had been remediated in more recent files. The review did not find any illegal appointments. The review also found that hiring a large number of employees from one agency may have contributed to employee perceptions of favoritism in the process. But counter to the allegations against Mr. Smith and Mr. Richmond, this agency was not HHS OIG – it was the Department of the Treasury. There is a clear overlap and nexus between the financial crimes investigations conducted by Treasury and FDIC OIG such that it would not be unexpected for Treasury employees to be strong candidates for FDIC positions.

We further analyzed the former employers of hiring officials and new employees to look for any correlation indicating favoritism for a shared former employer and did not find any such correlation. We have shared the results of the independent review and our subsequent analysis with our workforce.

Your letter also conveyed generalized allegations of retaliation, but your staff did not provide us any specific examples that we could review or refer. The allegation of retaliation was also referred to the Office of Special Counsel (OSC), which did not identify any specific matters requiring investigation. We accepted OSC's suggestion to resolve the referral by having OSC provide training to OIG employees and managers on prohibited personnel practices, retaliation, and options available for reporting. We required that all OIG managers and employees attend this training, which was completed in September 2025.

#### *Travel, Telework, and Timecard Fraud*

Your letter conveyed allegations that a specific OIG manager, Quenton Sallows, had engaged in travel and timecard fraud.<sup>3</sup> Specifically, he had falsely labeled personal vacations as duty-related travel and had fraudulently received Washington, D.C. locality pay while teleworking from Florida.

We conducted an extensive review of these allegations, in conjunction with the FDIC travel and human resources offices, using timesheet records, travel vouchers, badging information showing physical presence at FDIC facilities, and IT records showing login times and locations as well as work activity conducted.

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<sup>3</sup> The Privacy Act generally restricts the disclosure of personnel and investigative information. To respond to the allegations made against him by name in your letter, Mr. Sallows has consented to the disclosures in this letter.

Our review did not substantiate the allegation that Mr. Sallows had falsely reported his residence. Documents show that he updated his address in FDIC personnel records in 2022. We did not substantiate the allegation that he fraudulently claimed Washington, D.C. locality pay. While assigned to a Washington, D.C. based position, he divided his time between work at the Arlington, VA office, temporary duty travel within the United States, and telework. Timesheet records show that he teleworked less than 50 percent of the time, in compliance with policy at the time. To confirm the accuracy of timesheet records, we reviewed whether regular time (i.e., non-telework time) was supported by building access records or travel documentation.

These records corroborate the accuracy of timesheet entries that we sampled. Building access records show that Mr. Sallows was physically present at the FDIC offices in Arlington, VA on a regular and recurring basis. This is also the recollection of other FDIC managers who were reporting to the office regularly, while policy allowed most non-manager FDIC OIG employees to telework most or all of the time. For other days when he reported regular, non-telework time on his timesheet, travel records confirmed that he was on duty-related travel.

We reviewed travel records to assess the allegations that Mr. Sallows engaged in personal vacations at government expense and that official travel subsidized his telework from a Florida residence. This included referral of travel vouchers for audit by the FDIC travel office. Our review did not substantiate these allegations.

Our review found no indication from cities traveled to or dates of travel that official travel was a pretext for personal vacations. Mr. Sallows traveled to OIG field offices and cities within his area of responsibility. In the examples cited in the letter of travel to Chicago and Dallas, both cities have FDIC field offices and Mr. Sallows was the supervisor of the OIG manager in that region.

On the allegation that official travel subsidized Mr. Sallows' living in Florida, FDIC policy requires that all official travel be calculated from the official duty station for the dates of official travel. If an employee wants to travel to or from another location or travel on different dates for their personal convenience, they must create a Cost Comparison Schedule, which is an FDIC form that compares in detail the costs of travel from the official duty station with the costs of the alternate travel arrangements. In these cases, the employee may only be reimbursed for the lesser of the two costs. Additionally, the employee may not use the government fare or the government credit card for alternative travel.

We reviewed all travel vouchers for 2023 and 2024 for compliance with this policy. Our review found some instances where the Cost Comparison Schedule had not been completed, so we referred 11 vouchers to the FDIC travel office for audit. For two of them, the audit found no change. For two others, the audit found that Mr. Sallows was required to repay disallowed expenses. For the other seven, the audits identified expenses that Mr. Sallows was entitled to claim but did not, so he will be reimbursed for those additional amounts. Overall, the audits of the travel vouchers net out to require Mr. Sallows to repay \$122.44. While the audits led to

some adjustments, some applied to the FDIC and some applied to Mr. Sallows, and show no pattern of false claims.

Overall, Mr. Sallows' election to travel from his residence instead of the official duty station in 2023 and 2024 resulted in savings to the FDIC of more than \$5,000. This is because the costs of travel from his residence were generally lower than costs of travel from Washington, D.C. or Miami. When costs from the duty station would have been lower than travel from his residence, Mr. Sallows was only reimbursed for the lower amount and not his actual expenses. More often, the costs of travel from the residence were lower than the costs would have been from the duty station. Because under policy Mr. Sallows was only reimbursed for the lower actual amounts, the FDIC realized cost savings.

Our review substantiated that Mr. Sallows was not in compliance with FDIC security policies regarding information technology resources. The use of an unauthorized device could circumvent the FDIC's policy on security controls of locking the computer after a period of inactivity. The instances of non-compliance that we identified have been addressed through the OIG's performance and conduct process. We did not substantiate allegations that unauthorized devices were used to simulate work. Computer and phone records showed a significant volume of work activity throughout the day. This is corroborated by the accounts of managers and employees who worked with Mr. Sallows. They stated that Mr. Sallows promptly responded to calls, emails, and other messages, whether he was in the office, in the field, or teleworking.

### Conclusion

Your letter requested my help in getting to the bottom of the allegations that you conveyed and invited me to use this opportunity to work together to address these issues. I hope the extensive information that we have provided to your staff, and this response, demonstrates that we take all allegations seriously. For many of the above allegations, our reviews have found that the allegations were not supported by the evidence we identified and have shared with your staff.

I will continue working to understand, identify, and address all real or perceived issues at the FDIC OIG and continue to improve our office climate. I look forward to continuing to work with you, and the entire Congress, on our shared goals of improving the efficiency and effectiveness of the FDIC and the FDIC OIG. If you have any questions or concerns please contact me or OIG Chief of Staff Jonathan Lebruto at [jlebruto@fdicoig.gov](mailto:jlebruto@fdicoig.gov).

Sincerely,



Jennifer L. Fain

Inspector General