Council of Inspectors General on Financial Oversight (CIGFO)
December 16, 2020
Conference Call
10:00 a.m.
Meeting Minutes

Council Members Present

Rich Delmar, Acting Chair, Deputy Inspector General, Department of the Treasury
James Hagen, Inspector General, National Credit Union Administration
Jay Lerner, Inspector General, Federal Deposit Insurance Corporation (FDIC)
Mark Bialek, Inspector General, Board of Governors of the Federal Reserve System (Board)/Consumer Financial Protection Bureau (CFPB)
Carl Hoecker, Inspector General, U.S. Securities and Exchange Commission
Judith Ringle, Deputy Inspector General and Chief Counsel, U.S. Commodity Futures Trading Commission
Stephen Begg, Deputy Inspector General, U.S. Department of Housing and Urban Development

Guests

Hannibal “Mike” Ware, Inspector General, Small Business Administration (SBA)
Jason Derr, Counsel, Office of Inspector General (OIG) Board/CFPB
Jim Lisle, Audit Director, Federal Housing Finance Agency (FHFA) OIG
Terry Gibson, Assistant Inspector General for Program Audit and Evaluations, FDIC
Jenniffer Wilson, Deputy Special Inspector General for Audit, Special Inspector General for Troubled Asset Relief Program (SIGTARP)
Loren Sciurba, Acting Counsel to the Inspector General, Department of the Treasury
Debbie Harker, Assistant Inspector General for Audit, Department of the Treasury
Susan Barron, Deputy Assistant Inspector General for Audit, Department of the Treasury
Andrew Berke, Senior Advisor, Department of the Treasury OIG
Jeffrey Hawkins, Audit Director, Department of the Treasury OIG

At 10:03 a.m. Rich Delmar, the Acting Chair, called the meeting to order and roll call was taken. Mr. Delmar first acknowledged and welcomed Mr. Hannibal “Mike” Ware as the guest speaker for the meeting. He then asked for consideration of the September 24, 2020 meeting minutes and asked if the members had any corrections or additions to the draft. None were noted. Mr. Delmar then called for a motion to approve, which was made by Mr. Lerner and seconded by Mr. Hoecker. The minutes were approved by unanimous consent.

Mr. Delmar then formally introduced Mr. Ware, Inspector General of the SBA. Mr. Ware explained that his office is responsible for the oversight of the $650 billion Paycheck Protection Program (PPP) as part of the Coronavirus Aid, Relief, and Economic Security Act. SBA OIG was funded $25 million for oversight activities. SBA OIG undertook extraordinary efforts to ramp up to meet their new obligations under the PPP. Mr. Ware believes a "whole of government approach" to oversight is needed. As an example of this approach, the SBA OIG Office of Investigations (OI) has experienced a 300 percent increase in casework over the last year. By leveraging partnerships with law enforcement partners such as the Federal Bureau of Investigations, U.S. Secret Service, and the Department of Justice and established relationships with other OIGs such as FDIC, Board/CFPB, Treasury Inspector General for Tax Administration, and FHFA, the SBA OIG has already seen PPP fraud investigations result in many indictments and convictions leading to millions of dollars in savings.

Mr. Ware believes that this is only the beginning. SBA OIG has never experienced cases at such a rapid rate and pace. Investigations are being conducted in real time, as the fraud occurs. SBA OIG has also been successful at using teams of auditors commingled with other OIGs resulting in six reports with another eight projects in progress. The SBA OIG hotline has already received in excess of 10,000 complaints since PPP started. In a normal year, about 1,000 complaints are received. Mr. Ware believes that the success of the SBA OIG in handling the drastic increase in workload is due to the SBA OIG embracing data analytics, which supports the Office of Audit and OI and increases the speed and volume of analysis. Mr. Ware also re-emphasized his belief that a "whole of government approach" to oversight has been key to the SBA OIG's success. The SBA OIG has no higher priority at this time than the oversight of these PPP funds.

Mr. Delmar then introduced Terry Gibson, FDIC, and Jenniffer Wilson, SIGTARP, who provided an update on the CIGFO Working Group (WG) Project on Forward Looking Guidance for Crisis Readiness for the Financial Stability Oversight Council (FSOC). Ms. Gibson stated that the WG received all of the OIG templates in late October. Also in October, the WG finalized the work plan and assigned performance of steps to the core WG members. The WG is currently drafting the report and plans to have it completed after the holidays so that all of the member Inspectors General can have a draft copy by the end of January for review. Ms. Wilson added that as the WG works through the templates and report writing process, there might be a need to conduct follow up interviews with FSOC. Treasury OIG will assist with coordination as needed.

Mr. Delmar then turned to Mr. Sciurba to provide the group an update on legislative matters. Mr. Sciurba discussed a Federal Register notice dated December 14 (FR Vol 85, No. 240). This is an FSOC data call to assess designation of Financial Market Utilities (FMU) under Dodd-Frank. Eight FMUs were designated in 2012 including such institutions as the Chicago Mercantile Exchange and The Depository Trust Co. The information will be used to consider changing current designations or adding new ones. Comments are invited through January 13.

Mr. Sciurba then discussed another Federal Register notice dated November 25 (FR Vol 85, No. 228). The Office of the Comptroller of the Currency has proposed regulations to ensure national banks and federal savings associations provide fair access to all customers as required by Dodd-Frank. “Fair access” in this case, goes beyond the requirements of the Equal Credit and Fair Housing Acts for example, and is designed to combat “de-banking” of certain businesses or industries based on the subjective opinions of the bank or its customers. The proposed regulations cover banks with assets over $100 billion. Examples described in the notice and in a November 10 hearing before the Senate Banking Committee include coal, arctic drilling, firearms, and family planning. The new regulations would require decisions on lending and financial services to be done on an individual, case-by-case basis and solely on objective criteria, free of political or moral objections. The comment period for these proposed regulations ends January 25.

Mr. Sciurba then provided an update on potential coronavirus relief and funding bills, including a compromise put forth by the bipartisan Problem Solvers Caucus, under which an earlier proposal of $908 billion in relief would be split into two bills. The first includes $160 billion in additional coronavirus relief money for states as well as a liability shield for employers. This part has been set aside. He said the second part was likely to pass and was expected to be somewhere between $750 billion and $1 trillion and contains direct stimulus payments - the size of which was still being debated, paycheck protection, additional unemployment insurance, aid to small businesses, as well as smaller amounts for education, transportation and other needs, including potential money for vaccine distribution. He said there was a push to get this passed by Friday (December 18) before current funding expired, leading to a possible shutdown. In addition, he noted that in October, Senator Schumer introduced Senate. *S. 4800, (HEROES) A Bill To Provide Coronavirus Relief* which incorporated the House HEROES version. This bill included the following inspector general provisions: requires congressional notification when placing an Inspector General on paid or unpaid, non-duty status; amends the Vacancies Reform Act to require the President to explain a failure to make a timely nomination for a vacant Inspector General position; and requires cause for removing Inspectors General. He said negotiations had been on and off since then, and it was uncertain if any of these provisions would make their way into any other proposed legislation.

Mr. Delmar then opened up the meeting for discussion. Hearing none, a motion was made and seconded to adjourn and was approved by all.

The meeting adjourned at 10:40 a.m.