

Banking and Finance Law Daily Wrap Up, OVERSIGHT AND INVESTIGATION—Senator Ernst urges FDIC’s OIG to address claims of mismanagement and retaliation, (Apr. 3, 2025)

Banking and Finance Law Daily Wrap Up

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Noting whistleblower allegations of fraud and improper spending at the FDIC’s OIG, Sen. Ernst requests a “a comprehensive briefing by May 2, 2025.”

United States Senator Joni K. Ernst (R-Iowa) sent a [letter](#) to Jennifer L. Fain, the Inspector General of the Federal Deposit Insurance Corporation (FDIC), [requesting](#) an investigation into whistleblower allegations of mismanagement, fraud, and abuse within the FDIC Office of Inspector General (OIG). The letter details a range of alleged shortcomings, including extravagant and unnecessary spending, as well as instances of travel and payroll fraud. According to Senator Ernst, these issues have undermined the FDIC OIG’s ability to effectively carry out its core investigative mission.

Whistleblower allegations. The letter notes that multiple whistleblowers have come forward with “troubling” accounts of recent budgetary and operational decisions at the FDIC OIG. Historically, the OIG was known for conservative spending practices, returning unspent funds to the Deposit Insurance Fund (DIF) each year. However, the letter states that senior officials have begun questioning this practice. One whistleblower allegedly remarked that the FDIC OIG “should be growing” rather than returning money to the DIF. According to the Senator, this shift in approach may have driven the agency into a precarious financial position, ultimately forcing cutbacks that hamper its ability to conduct vital investigations.

Travel and spending discrepancies. The letter discusses allegations that involve Special Agent in Charge Quenton Sallows, who is accused of exploiting official travel for personal gain. The letter details what it calls a “fraudulent temporary duty (TDY) scheme,” alleging that Sallows assigned himself to TDY trips in cities such as Chicago and Dallas. This tactic, the letter asserts, allowed him to avoid paying personal travel expenses and maintain an unauthorized living arrangement in Florida, effectively subsidizing his personal housing costs despite his official duty station being in Arlington, Virginia. “This scheme not only violates the spirit of our travel policies but also undermines the integrity of our agency’s operations,” the letter warns.

Unnecessary purchases. The letter further documents several instances of alleged wasteful spending. It cites large orders of expensive ballistic helmets and ballistic shields that shattered during training as examples of unnecessary procurement. Additionally, the letter criticizes the mass purchase of travel bags and backpacks, noting that these items were ordered in bulk despite employees not requesting or needing them. “Such purchases are a clear indicator of mismanagement and reckless spending,” the letter states. It also highlights the procurement of iPad Pros that turned out to be largely incompatible with the FDIC OIG’s systems—devices whose cellular functions were disabled, rendering them nearly useless in field operations. The rapid deployment of body-worn cameras without adequate training or testing is another misstep the letter emphasizes, raising serious questions about the oversight of technological investments.

Toxic workplace. Senator Ernst, in the letter, expresses deep concern that the FDIC OIG may be mirroring the “toxic culture” previously uncovered at the FDIC under former leadership. Whistleblowers have alleged that supervisors within the OIG retaliate against employees who challenge management decisions or question spending practices. The letter refers to data from the 2023 OPM Federal Employee Viewpoint Survey, which indicated that while many staff members felt generally positive about their immediate supervisors, more than one-third reported experiencing or witnessing harassment. “These findings should have been a red flag for

Inspector General Fain when she assumed her role,” the letter contends, suggesting that a lack of accountability in addressing workplace harassment further erodes morale and effectiveness within the agency.

Locality pay fraud. The letter states that certain employees, including Sallows, have reportedly continued to receive higher-cost Washington, D.C., locality pay despite relocating to less expensive areas like Florida. Such practices, the letter warns, distort compensation structures and may be symptomatic of broader administrative bloat. The letter describes an “unwarranted expansion” of high-ranking positions and new “desk officer” roles that have inflated the agency’s budget without serving its core investigative mission. “Administrative bloat, exemplified by the creation of a Miami office for a minimal staff and limited responsibilities, is not justified by any operational need,” the letter asserts.

Calls for transparency. In its closing sections, the letter demands that Inspector General Fain provide a comprehensive briefing by May 2, 2025. The Senator’s inquiry seeks clarity on several critical issues: the actions taken following the IG’s tour of field offices, the plans for investigating the alleged wrongdoing, and whether any disciplinary measures are warranted against those responsible. Additionally, the letter requests documentation that justifies the establishment of the Miami office and asks for detailed information on Sallows’s alleged misrepresentation of his residency to secure higher pay. “If these allegations prove true, it would represent a complete and total failure of oversight and accountability within the FDIC OIG,” the letter warns, calling for urgent reforms and, potentially, criminal referrals for timecard fraud.

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