

# Office of Inspector General

Export-Import Bank *of the* United States



## SEMIANNUAL REPORT TO CONGRESS

October 1, 2011 to March 31, 2012

# THE EXPORT-IMPORT BANK OF THE UNITED STATES

The Export-Import Bank of the United States (Ex-Im Bank) is the official export credit agency of the United States. Ex-Im Bank supports the financing of U.S. goods and services in international markets, turning export opportunities into actual sales that help U.S. companies of all sizes to create and maintain jobs in the United States.

Ex-Im Bank assumes the credit and country risks that the private sector is unable or unwilling to accept. Ex-Im Bank also helps U.S. exporters remain competitive by countering the export financing provided by foreign governments on behalf of foreign companies. More than 80 percent of Ex-Im Bank's transactions have been made available for the direct benefit of U.S. small businesses in recent years.

Information about the Bank is available at [www.exim.gov](http://www.exim.gov).

## OFFICE OF THE INSPECTOR GENERAL

The Office of Inspector General (OIG), an independent office within Ex-Im Bank, was statutorily created in 2002 and organized in 2007. The mission of Ex-Im Bank OIG is to conduct and supervise audits, investigations, inspections and evaluations related to agency programs and operations; provide leadership and coordination as well as recommend policies that will promote economy, efficiency, and effectiveness in such programs and operations; and prevent and detect fraud, waste, abuse and mismanagement.

The OIG is dedicated to acting as an agent of positive change to help Ex-Im Bank improve its efficiency and effectiveness. It keeps Ex-Im Bank's Chairman and President and Congress fully informed about problems and deficiencies along with any positive developments relating to its administration and operations.

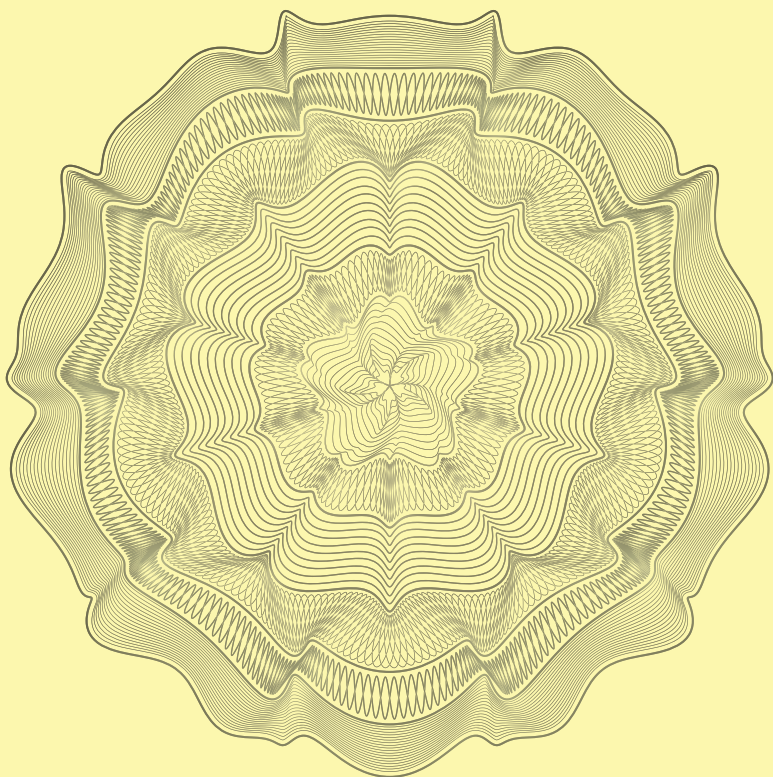
## ONLINE AVAILABILITY

Reports of OIG audits, evaluations, and other activities are available at [www.exim.gov/oig](http://www.exim.gov/oig).

Information about the responsibilities of Inspectors General across the U.S. Government can be found at [www.ignet.gov](http://www.ignet.gov).

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# MESSAGE FROM THE INSPECTOR GENERAL

As this reporting period closed, Export-Import Bank of the United States (Ex-Im Bank or Ex-Im) found itself unexpectedly in the middle of a reauthorization impasse in Congress. We have followed the debate closely and noted that two issues, concern for Ex-Im Bank's risk management and its economic impact procedures, have been prominently discussed. Before I report on our accomplishments during this period, I'd like to note that the Office of Inspector General (OIG) is working or has completed work on these issues as part of its mission to promote efficiency and effectiveness in Ex-Im's programs and operations.

First, in November 2011, our Office of Inspections and Evaluations commenced an evaluation of Ex-Im Bank's loss reserve allocation policies and risk mitigation practices. Ex-Im Bank's significant asset growth, the challenging economic environment, as well as changes in the composition of its product portfolio and Congressional interest, led us to start this evaluation. We expect to issue the results of this evaluation during the next reporting period.

Second, in September 2010, we issued a comprehensive evaluation report on Ex-Im Bank's economic impact procedures, the requirement that Ex-Im assess whether a particular transaction will negatively impact U.S. industry. The evaluation provided suggestions to review and revise these complex procedures to increase transparency, make the process more manageable for the range of participants involved, and address the accuracy of the methodology used by Ex-Im Bank. Ex-Im Bank management indicated that it had begun a review process of its economic impact procedures during the last reporting period; however, the OIG suggestions remain open and unimplemented.

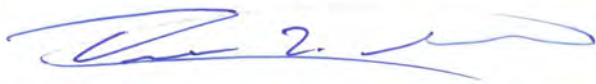
Now to our results. We have accomplished a great deal during the last six months to help prevent and prosecute fraud and improve Ex-Im Bank's programs and operations. Our investigators obtained seven criminal judgments, \$25,183,157 in criminal restitution, forfeiture, and special assessments, and 14 administrative actions resulting in \$3,203,066 in repayments to Ex-Im Bank. Our auditors oversaw the required Financial Statement Audit, which had a financial impact of \$172.1 million, and the Federal Information Security Management Act audit, which found that while progress has been made, additional action is needed to comply fully with federal guidance on information security.

In addition, we issued the results of an audit on Ex-Im Bank's Information Technology (IT) management. The audit found that the IT systems are not supporting Ex-Im Bank business

operations efficiently and effectively. While the audit made 11 specific recommendations, the overall recommendation is for Ex-Im Bank business operations and IT teams to work together to develop an integrated IT application system to ensure that business is conducted effectively and efficiently to support Ex-Im Bank's mission. Ex-Im Bank management agreed with our recommendations and has begun a project called Total Enterprise Modernization to implement these recommendations to meet customer needs.

To help Ex-Im Bank improve its operational performance and meet customer needs, the Office of Inspections and Evaluations also issued its first report evaluating Ex-Im Bank's performance metrics for operational efficiency, benchmarking Ex-Im Bank against 12 other Export Credit Agencies. This report found that Ex-Im Bank lacks a systematic approach to soliciting and measuring customer feedback on its performance and has not published comprehensive performance objectives to measure progress. This report provides Ex-Im Bank with recommendations on how to improve its operational performance and customer service in line with recent federal guidelines. A second phase of this report, a survey of Ex-Im Bank's exporting clients, will provide feedback on customers' views of Ex-Im Bank services and potential service improvements.

Finally, I am pleased that our Office of Audit recently received a rating of *pass* during its external peer review process, confirming our audit work is in compliance with professional standards. All of these accomplishments would not be possible without the hard work, professionalism, and dedication of our excellent staff.



Osvaldo L. Gratacós

# HIGHLIGHTS OF THIS SEMIANNUAL REPORT

The **Office of Investigations (OI)** capped the reporting period with several accomplishments towards meeting mission objectives of investigating and preventing fraud impacting Ex-Im Bank, including:

- Obtained seven criminal judgments, including for two former bankers, resulting in 100 months imprisonment, 252 months' probation, and \$25,183,157 in criminal restitution, forfeiture, and special assessments. One defendant was acquitted after trial.
- Obtained 14 administrative actions stemming from referrals of active investigative information resulting in \$3,203,066 in repayments to Ex-Im Bank, two voluntary exclusions, 360 months of debarment, and one month of suspension.<sup>1</sup>
- Obtained ten criminal informations and indictments against subjects of ongoing investigations.
- Obtained two arrest warrants and made two arrests based on warrants obtained by Ex-Im OIG Special Agents.
- Entered eight plea agreements in court by subjects pursuant to ongoing investigative matters.
- Provided 28 reports of investigative information to Ex-Im Bank Office of General Counsel concerning potential fraud and funds at risk to support enhanced due diligence efforts in approving, processing, and monitoring export credit loan guarantees and insurance policies.
- Referred two investigative matters to the Department of Justice for prosecutive decision.

The **Office of Audit (OA)** completed three audits, one evaluation, and received a rating of *pass* as a result of its recent peer review process during the reporting period.

- **Export-Import Bank's Financial Statements for Fiscal Year 2011.** An independent public accountant (IPA), working under OIG supervision, conducted an audit of Ex-Im Bank's financial statements for fiscal year 2011. The IPA issued an unqualified opinion on Ex-Im Bank's financial statements. The IPA

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<sup>1</sup> Administrative actions are responses taken by Ex-Im Bank to stop transactions, cancel policies, or protect funds at risk based upon investigative findings.

did not find any reportable noncompliance with laws and regulations and did not identify any deficiencies in internal control considered to be material weaknesses. However, the IPA identified a significant deficiency in internal control. The significant deficiency concerned an error in the subsidy re-estimate on foreign currency transactions that initially caused a \$134.1 million error in the total net subsidy cost. The IPA also noted certain non-significant deficiencies related to Ex-Im Bank's internal control over financial reporting totaling approximately \$38 million and made recommendations to address these deficiencies.

- **Information Technology (IT) Support for Export-Import Bank's Mission.** The audit found that, while the business operations at Ex-Im Bank are functioning and transactions are being processed, the IT systems are not supporting these operations efficiently and effectively. Overall, Ex-Im Bank IT systems and databases do not always capture and manage all necessary data for business needs and antiquated IT applications cause workflow inefficiencies. In addition, because not all applications for Ex-Im Bank products are electronically accepted and/or processed in a centralized database, and because Ex-Im Bank's IT systems are not integrated, certain key data has to be manually entered into different Ex-Im Bank systems and transaction records hard copied to complete workflow processing tasks. The present IT application infrastructure makes it difficult for Ex-Im Bank to provide timely service, effectively manage and track its programs, measure progress, and increase productivity. Ex-Im Bank management concurred with the findings and 11 recommendations and will implement actions to address the recommendations.
- **Federal Information Security Management Act (FISMA) Audit.** The fiscal year (FY) 2011 audit found that Ex-Im Bank adequately addressed many FISMA requirements. However, additional action is needed to comply fully with guidance issued by the Office of Management and Budget and the National Institute of Standards and Technology. The audit made two recommendations, which management implemented, that should strengthen Ex-Im Bank's information security.
- **Evaluation of Export-Import Bank of the United States' Compliance with the Improper Payments Elimination and Recovery Act of 2010 (IPERA).** This statutorily required evaluation found that Ex-Im Bank did not include claim payments that were later found to be based on fraudulent information within the improper payment risk assessment. As such, the total number and value of improper payments reported by Ex-Im Bank for FY 2010 was understated. In addition, we found that Ex-Im Bank did not have in place a formal policy defining the procedural requirements that must be performed in order to comply with IPERA. While management concurred with our recommendation to develop an IPERA policy, it did not concur that it had to include claim payments later found to have been based on fraud in its improper payment risk assessment.



At the end of the reporting period, the OA had three audits in progress:

- **Audit of the Direct Loan Program**. In the past three years, Ex-Im Bank has steadily increased direct loan authorizations for foreign borrowers. In FY 2009, it authorized 16 loans totaling approximately \$3 billion, in FY 2010, 15 loans totaling approximately \$4.3 billion, and in FY 2011, 18 loans totaling approximately \$6.3 billion. Given this increase, the OA contracted an IPA to audit the Direct Loan program. The audit objectives are to (1) identify policies and procedures established by Ex-Im Bank to process, approve, and monitor its direct loans, (2) identify the effectiveness or weaknesses in these policies and procedures, and (3) determine whether Ex-Im Bank complies with its policies and procedures and applicable laws, rules, and regulations. The results for this audit should be released during the next reporting period.
- **Audit of the Short-Term Insurance Program**. Ex-Im Bank's Export Credit Insurance Program helps U.S. exporters sell their goods overseas by protecting them against the risk of foreign-buyer or other foreign-debtor default for political or commercial reasons, allowing them to extend credit to their international customers. In FY 2011, Ex-Im Bank had \$6.8 billion in short-term insurance authorizations. The audit objectives are to (1) identify and evaluate policies and procedures established by Ex-Im Bank related to its credit underwriting due diligence in the Short-Term Insurance Program, (2) identify effectiveness or weaknesses in these policies and procedures, and (3) determine whether Ex-Im Bank complies with its policies and procedures and applicable laws, rules, and regulations. The results for this audit should be released during the next reporting period.
- **Audit of the Government Purchase Card Program**. The audit objectives are to determine whether the Bank's policies and procedures comply with federal regulations and whether controls are adequate to ensure compliance with its policies and procedures. The results for this audit should be released during the next reporting period.

The ***Office of Inspections and Evaluations (OIE)*** completed an inspection and an evaluation during this reporting period and is working on two evaluations.

- **Darussafaka Cementyi**. A draft inspection report of a \$39 million failed transaction to Darussafaka, a Turkish, non-government association, was completed this period. In December, 2003, Ex-Im Bank approved a long-term loan guarantee to Darussafaka. The guaranteed lender was Deutsche Bank. Proceeds of the loan were to support the sale of U.S. goods and services for the construction of a luxury retirement community in Urla and an auditorium in Istanbul (both in Turkey). The draft inspection report was referred to the OI for further investigation.

- **Ex-Im Bank Performance Metrics for Operational Efficiency.** A policy evaluation report on Ex-Im Bank performance metrics, benchmarking best practices in the Export Credit Agency (ECA) sector through a survey of other ECAs, was issued this period. In general, this report found that Ex-Im Bank lacks a systematic approach to soliciting and measuring customer feedback on its performance and has not published comprehensive performance objectives to measure progress as required by the Government Performance and Results Act of 1993. Eight recommendations, based upon ECA best practices, were made to improve Ex-Im Bank's operational efficiency and customer service. Management concurred with our recommendations.

The results of the ECA survey were presented at the Berne Union Conference<sup>2</sup> in October, 2011. In addition, the findings were summarized in an article submitted to *The Journal of Public Inquiry*, entitled, "Doing More with Less: How Export Credit Agencies are Using Performance Metrics to Improve Customer Service."

At the end of the reporting period, two evaluations are in progress:

- **Ex-Im Bank Customer Survey Evaluation.** This evaluation addresses customer satisfaction and complements the above survey on ECA performance metrics. Working with an independent contractor to conduct a survey of Ex-Im Bank's exporting clients, the objective is to identify perceptions of Ex-Im Bank's services and service delivery quality, satisfaction drivers, and potential service improvements. Results of the survey will be analyzed and reported to Ex-Im Bank management during the next reporting period.
- **Review of Loss Reserve Policies and Risk Mitigation Practices.** This evaluation addresses the loss reserve and portfolio risk mitigation practices of Ex-Im Bank. The need for a comprehensive review of these practices is driven in large part by Ex-Im Bank's significant asset growth and the challenging economic environment as well as changes in the composition of its product portfolio. The objectives of this evaluation are to review Ex-Im Bank's (1) reserve allocation policies and practices, (2) methodologies, data, and processes used to determine loss factors, and (3) to identify portfolio risk mitigation and reserve allocation best practices. Results of this evaluation should be released during the next reporting period.

## *OIG MANAGEMENT INITIATIVES*

During this reporting period, the OIG made significant progress on various initiatives related to its investigations and inspections and evaluations programs. The OIG further

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<sup>2</sup> The Berne Union is an international organization of public and private sector providers of export credit and investment insurance dedicated to fostering international acceptance of sound principles in export credits and investments insurance, and by providing a forum for professional exchanges among its members.

strengthened its investigative capabilities and investigative support by entering into several Memorandums of Understanding (MOU) with partner organizations, including the U.S. Marshals Service. These MOUs will help OIG effectively utilize available information and evidence to produce investigative results.

In addition, the OIG met with the World Bank Integrity Vice Presidency (INT) to discuss international investigations, matters of mutual interest, and future efforts impacting both World Bank funded projects intersecting Ex-Im Bank insurance, guarantees, or other types of cross-cutting project finance. The international investigative work of the OIG may be greatly enhanced through a partnership with INT where logistical support and capabilities can help both organizations protect funds at risk.

The OIG is also seeking to work with international finance organizations and other ECAs to enhance its work in promoting efficient and effective programs and operations at Ex-Im Bank. During this reporting period, the OIG proactively met with representatives of other ECAs and multilateral financial institutions to develop criteria on best practices regarding performance metrics for operational efficiency, customer service, and loss reserve and risk mitigation policies. The OIG will continue to work with these entities to find ways to collaborate in identifying best practices and identifying and preventing fraud in Ex-Im Bank programs and operations.

## *COUNCIL OF THE INSPECTORS GENERAL ON INTEGRITY AND EFFICIENCY*

The OIG is participating in the Professional Development Committee of the Council of Inspectors General on Integrity and Efficiency (CIGIE). The Professional Development Committee provides educational opportunities for members of the IG community, supports the development of competent personnel, provides opportunities to improve training methods and the development of OIG staff, and establishes training to meet continuing education requirements. In addition, the OIG is participating in the CIGIE Inspection and Evaluation Committee, which, among other things, leads the development of protocols for reviewing management issues that cut across departments and agencies, promotes the use of advanced program evaluation techniques, and fosters awareness of evaluation and inspection practice in OIGs.

## *REVIEW OF LEGISLATION & REGULATIONS*

Pursuant to section 4(a)(2) of the IG Act, the OIG reviews proposed and existing legislation and regulations related to the Ex-Im Bank's programs and operations. During this reporting period, proposed legislation to reauthorize Ex-Im Bank, S. 1547 and H.R. 2072, Securing American Jobs Through Exports Act of 2011, was still pending before Congress. In our last semiannual reporting period, we provided comments on the proposed legislation.

# EX-IM BANK MANAGEMENT CHALLENGES

Beginning in February 2012, under the Government Performance and Results Act (GPRA) Modernization Act of 2010, Ex-Im Bank must, among other requirements, prepare an agency performance plan to establish performance goals and indicators, describe how the goals will be achieved and measured, and describe major management challenges the agency faces along with planned actions to address such challenges. The law defines “major management challenges” as “programs or management functions . . . that have greater vulnerability to waste, fraud, abuse, and mismanagement (such as issues identified by an Inspector General) where failure to perform well could seriously affect the ability of an agency to achieve its mission or goals.”

To help Ex-Im Bank prepare the agency performance plan, the OIG has identified major management challenges facing Ex-Im Bank. We believe that addressing these challenges would provide Ex-Im Bank with a more efficient capability to meet its mission of creating and maintain jobs in the U.S. through export financing. We will review and update these challenges each semiannual reporting period.

1. **Human Capital**. The OIG has noted Ex-Im Bank’s low number of underwriters or loan officers relative to the increasing size of its total asset exposure. Over the past five years, Ex-Im Bank has witnessed significant asset growth with total exposure growing to \$89 billion as of FY 2011, with more than \$32 billion in authorizations in FY 2011 alone. Ex-Im Bank has achieved this increase with basically the same staffing level for the past decade. This increase in workload undertaken by the same level of staffing may contribute to diminished customer service, oversight, due diligence, and resulting high default rates. To better serve its customers and provide effective underwriting and oversight, Ex-Im Bank should, within funding constraints, review and adjust its staffing levels and requisite in-house expertise to reflect the record growth in authorizations and ensure effective portfolio management.
2. **Information Technology (IT) Management**. Ex-Im Bank uses an ineffective, inefficient, and fragmented IT platform and infrastructure composed of several systems and databases. These systems and databases do not effectively and accurately interface with each other – compromising data integrity, producing duplicative information, and creating unreliable files. Further, these systems make data mining burdensome and time consuming. This ineffective IT platform compromises the ability of Ex-Im Bank to provide timely service, effectively manage and track programs, measure progress, identify transaction patterns, and increase productivity.

During this reporting period, an outside contractor under the supervision of the OIG, issued the results of an audit of the IT function at Ex-Im Bank, confirming our observations (see OA Section below for more detailed information). The audit found that, while the business operations at Ex-Im Bank are functioning and transactions are being processed, the IT systems are not supporting these operations efficiently and effectively. Overall, Ex-Im Bank IT systems and databases do not always capture and manage all necessary data for business needs and antiquated IT applications cause workflow inefficiencies. In addition, because not all applications for Ex-Im Bank products are electronically accepted and/or processed in a centralized database, and because Ex-Im Bank's IT systems are not integrated, certain key data has to be manually entered into different Ex-Im Bank systems and transaction records hard copied to complete workflow processing tasks.

While the contractor identified 11 specific recommendations, the overall recommendation is for Ex-Im Bank business operations and IT teams to work together to develop an integrated IT application system to ensure that business is conducted effectively and efficiently to support Ex-Im Bank's mission. In response, Ex-Im Bank management has kicked off the first in a series of processing system projects that start with a detailed and thorough review of business requirements and strategic direction with the business owners. The project plans then establish a Business Stakeholders Steering Committee and a pool of identified business users who will test and review any application development. We look forward to working with Ex-Im Bank management as it moves forward to implement these recommendations and develops an integrated and effective IT platform.

3. **Strategic and Performance Planning.** Although Ex-Im Bank issued a five-year strategic plan in 2010, it has not developed a comprehensive annual performance plan (APP) in accordance with Office of Management and Budget guidance to properly quantify the effect and success of its program and operations.<sup>1</sup> An effective strategic plan describes goals the agency aims to achieve, what actions the agency will take to realize those goals, and how the agency will deal with challenges and risks that may hinder achieving results. An APP enables an agency to have a framework to measure the costs, benefits, results, and outcomes of its products, programs and initiatives.

During this reporting period, we issued an evaluation report on performance metrics for operational efficiency which found that Ex-Im Bank has not issued comprehensive performance plans and objectives to measure progress as required by

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1 In our March 2011 semiannual report, we noted that, on December 2, 2010, Ex-Im Bank OIG issued a memorandum to Ex-Im Bank management requesting clarification on the application of Government Performance and Results Act of 1993 and the Report Consolidations Act of 2000 (RCA), which would allow Ex-Im Bank to consolidate any statutorily required reports into an annual Performance and Accountability Report. On March 16, 2011, Ex-Im Bank's General Counsel replied that commencing in FY 2012, Ex-Im Bank would begin filing an Annual Performance Plan in accordance with the Government Performance and Results Act of 1993.

GPRA. Furthermore, under the GPRA Modernization Act of 2010, Ex-Im Bank is now required to, among other things, produce an APP and an annual performance report beginning in February 2012.

We believe engaging in this process will help Ex-Im Bank focus its resources, establish clear and measurable goals, and continuously monitor its performance. As of the end of this reporting period, we had not received Ex-Im Bank's APP for FY 2012.

4. **Risk Management.** Almost three years after the beginning of the financial crisis, the financial world is still undergoing the aftershocks. Volatility in global financial markets is more pronounced. Given Ex-Im Bank's position as a "lender of last resort", its authorizations have grown in record numbers to support U.S. exports as private lending has contracted or plateaued. Ex-Im Bank's significant asset growth over the past five years, however, presents a continual risk management challenge — how to adequately allocate reserves to cover potential losses in its credit portfolio so that taxpayers are not affected by any unforeseen economic crisis.

The lessons learned from the crisis include the inadequacy of overreliance on historical quantitative market data and the need for more robust scenario analysis and stress testing. Different theories have emerged from the financial crisis to supplement traditional risk management models. In essence, they encourage supplementing quantitative data with contextual qualitative data and the testing of worst case scenarios to determine whether financial institutions have the requisite reserves to withstand exogenous shocks.

Given the importance of risk management for Ex-Im Bank, during this reporting period, the OIE commenced an evaluation of Ex-Im Bank's loss reserve policies and risk mitigation practices. The need for a comprehensive review of these policies and practices is driven in large part by Ex-Im Bank's significant asset growth and the challenging economic environment as well as changes in the composition of its product portfolio. We expect to issue the results of this evaluation during the next reporting period.

5. **Customer Service.** Ex-Im Bank has not conducted customer satisfaction surveys on a regular basis. Customer surveys provide valuable insight into customer priorities, perceptions of Ex-Im Bank performance, areas for improvement, and other ECA best practices. For example, some Ex-Im Bank participants have complained in the past about approval times and process. Reducing the time it takes to approve transactions would allow American exporters to develop better relationships with clients and customers, encourage borrowers and sellers to use Ex-Im Bank, and improve the services Ex-Im Bank provides to its users. Indeed, the importance of federal agency customer service was highlighted by President Obama's April 27, 2011, Executive Order 13571 instructing Federal agencies (including independent agencies) to develop a customer service plan to streamline service delivery and improve customer experience.

To address these issues, during this reporting period, the OIE issued an evaluation report on Ex-Im Bank's performance metrics for operational efficiency and worked with Ex-Im Bank management to develop a customer survey. The OIG contracted a company with customer survey expertise to conduct the survey. We expect to report on the customer survey results during the next reporting period. Moving forward, we recommend that Ex-Im Bank routinely conduct and utilize customer surveys to validate the priorities of its customers and its performance plan.

6. **Credit Underwriting and Due Diligence Practices.** Currently, Ex-Im Bank uses a decentralized underwriting process and a risk-based due diligence model.<sup>2</sup> Given the lessons learned from incidences of fraud in the Medium-Term program, the surge in the number of transactions, and insufficient credit information and history from borrowers in some regions, it is vital that Ex-Im Bank enhance credit underwriting and due diligence practices in order to better identify and prevent fraudulent transactions.

In July 2010, Ex-Im Bank's Board of Directors issued an Individual Delegated Authority (IDA) resolution authorizing certain individual Ex-Im Bank officers to approve loans, guarantees, and insurance up to \$10 million. Before the IDA, Ex-Im Bank approved these transactions through a Credit Committee composed of members from different programs. The IDA resolution decentralized underwriting and decision making authority to each business unit. However, absent strong policies and procedures, decentralized underwriting and due diligence practices may cause inconsistent criteria to be applied in different programs.

Ex-Im Bank needs to develop effective policies, procedures, and compliance practices to ensure the IDA works effectively. Some of these policies should address the following:

- a. Uniform credit and underwriting standards within each program to be used by all Ex-Im Bank credit officers.
- b. Frequent use of security interest and sporadic inspections in order to better mitigate risks in programs and regions where defaults and fraud experience has been high.
- c. Use of financial statements in programs where defaults and fraud experience is high, in particular independently audited financial statements in regions where Ex-Im Bank has limited or unfavorable lending experience.

During this reporting period, Ex-Im Bank's Credit Policy division continued work on updating its Credit Manual to ensure consistency in application processing

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<sup>2</sup> Under a risk-based model, the scope and depth of due diligence performed on a transaction varies depending on the perceived risk based on a variety of factors, such as the size of the transaction, country of import, nature of goods, and experience with the transaction participants.



and decision-making. In addition, Ex-Im recently began requiring a first-priority security interest in equipment supported under the Medium-Term Program. We also commenced audits of the Short-Term Insurance Program and the Direct Loan Program to address some of these concerns. We expect to issue the results of these audits during the next reporting period.

One of the patterns observed in our investigations is the lack of due diligence efforts by lenders, specifically the ones who have a history of defaulted transactions. Indeed, the OIG has anecdotal evidence of loan officers in lending institutions expressing that the lender would not devote resources on due diligence efforts when there is a government guarantee and that such efforts are not required by Ex-Im Bank. Even though Ex-Im Bank expects such efforts from participating lenders, due diligence is not required in all lender agreements. Although the OIG is not in a position to state that this is a behavior demonstrated by all lenders, we can certainly state that this “moral hazard” issue has been prevalent in fraud cases involving multiple transactions.

We believe Ex-Im Bank should require lender partners and participants to conduct industry standard due diligence on government guarantees and insurance transactions. Effective implementation of “Know Your Customer” practices by lenders could help minimize or prevent fraudulent activity.

7. **Corporate Governance, Business Processes, and Internal Control Policies and Practices.** One of the consistent observations arising out of audits, evaluations, and investigations conducted by the OIG are the weaknesses in governance and internal controls in business operations. Internal policies providing clear guidance to staff and establishing clear roles and authorities are not prevalent at Ex-Im Bank. These areas need to be addressed as part of creating a better corporate governance culture.

For example, during our review of Ex-Im Bank’s Nigerian credit facility,<sup>3</sup> we noted that Ex-Im Bank did not have any policies and procedures in place when establishing the facility. In particular, Ex-Im Bank management failed to create policies and procedures that would document and memorialize the steps to be taken to approve credits, factors to be considered when approving credit, factors that would cause denial of credit or the cancellation of the credit lines, and the extent of the due diligence efforts for such transactions and markets. Moreover, Ex-Im Bank management did not develop steps outlining how the Nigerian banks’ credits were going to be renewed, factors affecting the renewals, and reporting of facility activities to the Board of Directors under the Special Delegation Authority granted by the Board.

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<sup>3</sup> Review of the Export-Import Bank Nigerian Facility, Special Report, June 10, 2011, can be found at [http://exim.gov/oig/documents/TransmittalandReport\\_110607.pdf](http://exim.gov/oig/documents/TransmittalandReport_110607.pdf).

Each OIG audit, evaluation, and inspection will review applicable governance and internal controls and make recommendations to strengthen such controls accordingly. The audits of the Short-Term Insurance Program and the Direct Loan Program are focusing on these issues. We expect to issue the results of these audits during the next reporting period.

8. **Renewable Energy Products and Clean Energy Export Opportunities.**

Ex-Im Bank's charter contains a Renewable Energy mandate of ten percent of all the authorizations every year. Although its financing for environmentally beneficial exports has increased significantly during the last two years, Ex-Im Bank has not met this mandate yet, mainly because the renewable energy exports have not reached significant numbers (compared with the size of Ex-Im Bank's portfolio).<sup>4</sup> Nonetheless, Ex-Im Bank has taken a proactive approach in developing renewable energy specific products such as Solar Express, as well as reaching out to local wind and solar manufacturers.

In July 2010, U.S. Government Accountability Office (GAO) issued a report on Ex-Im Bank's Environmentally Beneficial Exports.<sup>5</sup> It found that although some of the challenges to reach the target may be outside its control, Ex-Im Bank should develop a clear strategy for meeting the target that is integrated into a broader approach. It specifically recommended that Ex-Im Bank improve the tracking, reporting, and planning of its exports strategy to determine the resources required to meet its target. We continue to monitor Ex-Im Bank's progress in this area.

9. **Small Business Participation.** Since the 1980s, Congress and the Executive Branch have prioritized the expansion of exports by small businesses. Since 2002, Ex-Im Bank's charter has imposed a twenty percent small business participation requirement of all aggregate authorizations every fiscal year. Ex-Im Bank has exceeded this mandate in the last five fiscal years. However, although it reached an all-time record of \$6 billion in small business export financing in FY 2011, this amount fell short of the required twenty percent of all \$32 billion in financing.

GAO has reported on several aspects of Ex-Im Bank's financing for small business exports. Most recently, GAO reported on the performance standards that Ex-Im Bank established for assessing its small business financing efforts. GAO found that Ex-Im Bank had developed performance standards in most, although not all, of the areas specified by Congress, ranging from providing excellent customer service to

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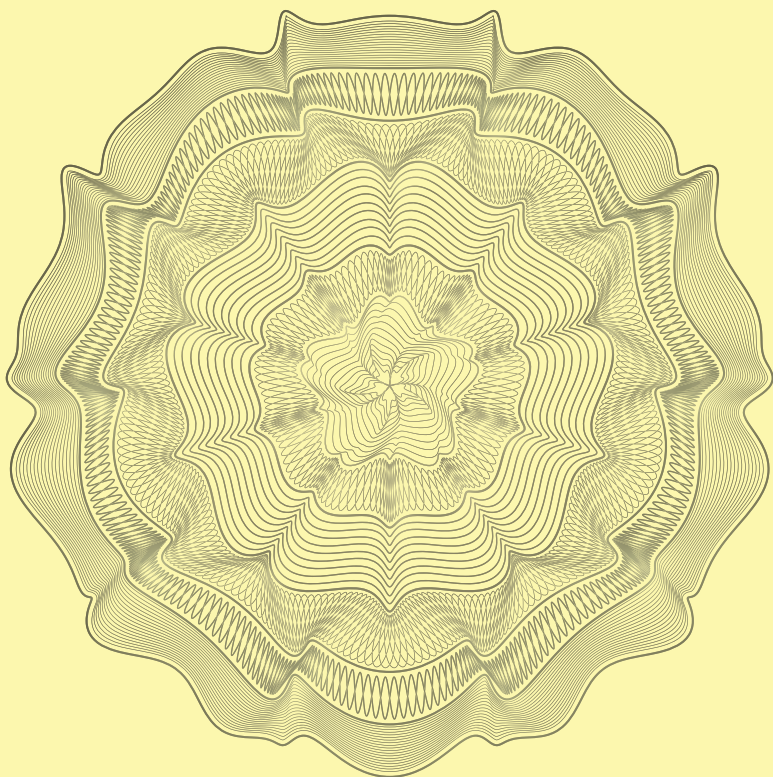
4 According to Department of Commerce data, the U.S. exported roughly \$2 billion of manufactured renewable energy goods in 2009. In FY 2011, Ex-Im Bank supported \$720 million in renewable energy financing, up from \$30 million in 2008.

5 Export-Import Bank, Reaching New Targets for Environmentally Beneficial Exports Presents Major Challenges for Bank, July 2010, GAO-10-682, is available at <http://www.gao.gov/new.items/d10682.pdf>.

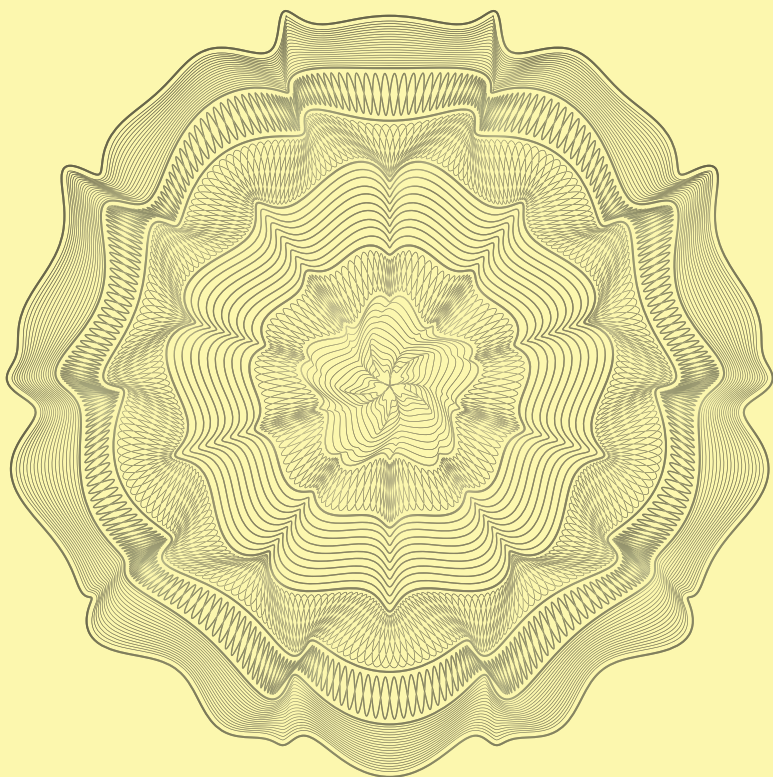
increasing outreach.<sup>6</sup> GAO also found that some measures for monitoring progress against the standards lacked targets and time frames and that Ex-Im Bank was just beginning to compile and use the small business information it was collecting to improve operations. We urge management to finalize its Small Business performance plan and metrics to improve its program operations. We continue to monitor Ex-Im Bank's progress in this area.

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<sup>6</sup> Export-Import Bank: Performance Standards for Small Business Assistance Are in Place but Ex-Im Is in the Early Stages of Measuring Their Effectiveness, July 2008, GAO-08-915, is available at <http://www.gao.gov/assets/280/278336.pdf>.



# OFFICE OF AUDIT



# *SUMMARY OF AUDIT ACTIVITIES*

The Office of Audit (OA) conducts independent and objective performance and financial audits relating to Ex-Im Bank operations and programs, and oversees the annual financial statement audit performed by and independent public accounting firm under contract. All OIG audits are performed in accordance with generally accepted government accounting standards (GAGAS) promulgated by the Comptroller General of the United States. Furthermore, OA refers irregularities and other suspicious conduct detected during audits or assessments to the Office of Investigations for investigative consideration.

The OA completed three audits and one evaluation during the six months ended March 31, 2012:

1. Export-Import Bank's Financial Statements for Fiscal Year 2011
2. Information Technology Support for Export-Import Bank's Mission
3. Fiscal Year 2011 Information Security Program and Practices Audit
4. Evaluation of Export-Import Bank of the United States' Compliance with the Improper Payments Elimination and Recovery Act of 2010

At the end of the reporting period, the OA had three audits in process:

1. Audit of the Direct Loan Program
2. Audit of the Short-Term Insurance Program
3. Audit of the Government Purchase Card Program

## *REPORTS ISSUED*

### **Export-Import Bank's Financial Statements for Fiscal Year 2011 (OIG-AR-12-01, November 15, 2011)**

<http://exim.gov/oig/documents/FY11%20Financial%20Statement%20Audit.pdf>

An independent public accountant (IPA), working under OIG supervision, conducted an audit of Ex-Im Bank's financial statements for fiscal year 2011. The IPA issued an unqualified opinion on Ex-Im Bank's financial statements. The IPA did not find any reportable

noncompliance with laws and regulations and did not identify any deficiencies in internal control considered to be material weaknesses. However, the IPA identified a significant deficiency in internal control.<sup>1</sup>

The significant deficiency concerned an error in the subsidy re-estimate on foreign currency transactions that initially caused a \$134.1 million error in the total net subsidy cost. Because financial and economic factors affecting the repayment prospects change over time, the net estimated credit loss of the outstanding balance of loans, guarantees and insurance is re-estimated annually in accordance with Office of Management and Budget (OMB) Guidelines. The re-estimate calculation is a critical process to evaluate Ex-Im Bank's future cash flow needs based on current borrowings and investments with U.S. Treasury and any expected portfolio cash flows and defaults.

The IPA found that the Microsoft Excel macro script used to generate cash flow streams for the OMB re-estimate data calculation template did not utilize the correct default rate for some foreign currency transactions. The correction led to a reduction in the re-estimate of the net subsidy cost. Management corrected this amount in the issued financial statements.

The recommended action to correct this deficiency was that management perform a thorough review of the Microsoft Excel macro script and perform a reasonable check of the Microsoft Excel macro results. On a sample basis, a comparison of the results from the Microsoft Excel macro and an independent calculation of cash flow streams were recommended. Management agreed with the recommendation.

### **Fiscal Year 2011 Financial Statement Audit - Management Letter (OIG-AR-12-03, January 3, 2012)**

[http://exim.gov/oig/documents/FY11\\_Fin\\_Statement\\_Audit\\_Ltr.pdf](http://exim.gov/oig/documents/FY11_Fin_Statement_Audit_Ltr.pdf)

During the annual financial statement audit, the IPA noted certain deficiencies related to Ex-Im Bank's internal control over financial reporting totaling approximately \$38 million and other matters and recommendations to address these deficiencies as follows:

#### 1. Loss Factor Historical Claims Data

Certain historical claims data were excluded from the loss factor calculation. Therefore, net claims data used to develop the default rate were not complete and accurate. The subsidy estimate based on that default rate was subsequently

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1 A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



inaccurate. The omission of the historical claims data resulted in inaccurate loss rates which caused an overstatement of the loss allowance of approximately \$28 million. Management immediately corrected the data, recalculated the subsidy, and made an adjusting entry to the financial statements.

The IPA recommended the Chief Financial Officer (CFO) should require a detailed review of the historical claims data be performed by at least two competent individuals in the Office of the CFO to ensure that historical claims data is complete and accurate. Management agreed with the recommendation.

## 2. Inaccurate Risk Rating

The risk ratings for credits monitored by the Project & Corporate Portfolio Management (PCPM) division (excluding Portfolio Monitoring and Control Group – PMCG) were not fully reconciled between the Loan/Guarantee and Accounting System (LGA) and the Asset Management System (AMS). AMS contains the approved risk rating reports. These risk ratings should be fully reconciled to LGA to ensure the accuracy of the risk ratings used for subsidy re-estimate calculation. The re-estimate calculation is a critical process to evaluate Ex-Im Bank's future cash flow needs based on current borrowings and investments with U.S. Treasury and any expected portfolio cash flows and defaults.

The PCPM division performed the review of the risk ratings between AMS and LGA on a sample basis instead of reviewing all transactions under the responsibility of PCPM division. Five credits under PCPM did not have a correct risk rating which resulted in an overstatement of allowance of approximately \$8.4 million.

The IPA recommended the CFO should direct the PCPM division officer to reconcile all risk ratings between AMS and LGA for all transactions under its portfolio. Management agreed with the recommendation.

## 3. Short-Term Single Buyer (STSB) Insurance Subsidy Calculation

During the IPA's subsidy calculation testing, it noted that the subsidy for short-term single buyer insurance was incorrectly calculated. The subsidy was calculated based on 100% of the transaction amount instead of 90%. The subsidy for short-term single buyer insurance should be based on 90% of the transaction amount, which is the risk assumed by Ex-Im Bank. The Ex-Im *Online* (EOL) system calculated the subsidy amount for short-term single buyer insurance by applying the subsidy rates to the incorrect field. Subsidy for short-term single buyer transactions authorized in FY 2011 was overstated by approximately \$1.6 million.

The IPA recommended the Chief Information Officer (CIO) should correct the EOL system code so that the subsidy rates are applied to the appropriate field. Management agreed with the recommendation.

#### 4. Trade Credit Insurance Originations

Certain Multi-Buyer Insurance products, including Special Buyer Credit Limit (SBCL) or Issuing Bank Credit Limit (IBCL) products, did not receive the required approval as specified in the Individual Delegated Authority policy. Seventeen transactions were approved by personnel without appropriate approval authority. Due to inaccurate coding of business rules, the EOL system did not recognize the increased policy limit from amendments and renewals to certain Multi-Buyer Insurance products, including SBCL and IBCL products; therefore, the product renewals and amendments were not properly routed through the EOL system in accordance with the IDA approval policy.

The IPA recommended the Vice Presidents of Trade Finance and Trade Credit Insurance should perform an annual review of the EOL business rules to ensure the IDA policy is implemented properly. Management agreed with the recommendation.

#### 5. Monitoring of Credits “In Transfer”

Most credits are monitored by the Office of the CFO to determine the appropriate risk rating. However, certain transactions with “in transfer” status were not monitored by the Office of the CFO. These transactions were monitored by the originating department. All transactions authorized by Ex-Im Bank should be monitored by the Office of the CFO to help ensure proper risk rating for financial reporting purposes. Under existing Ex-Im Bank policy, operative credits can, in certain circumstances, remain with the originating department for an extended period and therefore are not part of the monitoring process by the Office of the CFO. No change in risk rating was noted. However, there is a possibility that a review by the Office of the CFO could result in a change to the risk rating determined by the originating department.

The IPA recommended the CFO should ensure that transactions with “in-transfer” status are included in the monitoring process performed by the Office of the CFO. Management agreed with the recommendation.

#### 6. Reprographic Error on the published 2010 Annual Report

Several figures and words in the 2010 published financial statements, footnotes, and Management Discussion and Analysis (MD&A) were changed between the final printer’s proof and published versions. The figures and words in the financial statements, footnotes, and MD&A were altered by the printing office without approval from the Office of CFO of Export-Import Bank. Several numbers were incorrect. Some words were changed and some phrases were re-arranged. The numerical changes were insignificant. Changes in words and phrases did not affect the meaning of the sentence or paragraph.

The IPA recommended the CFO should work with the printing office to ensure all changes to documents are reviewed and approved by Ex-Im Bank personnel. The final

printed financial statements, footnotes, and MD&A should be compared to the final printer's proof to ensure no unauthorized changes have been made. Management agreed with the recommendation.

**Fiscal Year 2011 Information Security Program and Practices Audit (OIG-AR-12-02, December 19, 2011)**

[http://www.exim.gov/oig/documents/FISMA\\_REPORT\\_2011\\_Web\\_Version.pdf](http://www.exim.gov/oig/documents/FISMA_REPORT_2011_Web_Version.pdf)

The Federal Information Security Management Act (FISMA) requires an annual independent evaluation of Ex-Im Bank's information security program and practices. The OIG contracted with an IPA to evaluate Ex-Im Bank's security controls over information. The audit found that Ex-Im Bank adequately addressed many FISMA requirements. Accomplishments include:

- Documenting contingency plans and performing contingency testing.
- Maintaining an adequate Plan of Action and Milestones process.
- Developing incident reporting policies and procedures.
- Complying with remote access guidance.
- Developing and implementing a security training program.
- Establishing an enterprise-wide continuous monitoring program.
- Establishing and maintaining a program to oversee systems operated on its behalf by contractors or other entities.
- Adequately implementing a security configuration management program.
- Addressed one out of two findings issued as part of the prior-year FISMA audit.

While the above are positive efforts, additional action is needed to comply fully with guidance issued by OMB and the National Institute of Standards and Technology. The audit made two recommendations, which management implemented, that should strengthen Ex-Im Bank's information security.

Because this report addresses issues associated with information security at Ex-Im Bank, the OIG did not make the complete report available on-line.

**Information Technology (IT) Support for Export-Import Bank's Mission (OIG-AR-12-04, January 24, 2012)**

<http://exim.gov/oig/documents/IT%20Support%20OIG-AR-12-04%20508.pdf>

The OIG contracted the services of an independent contractor to complete a performance audit of Ex-Im Bank's IT infrastructure management. The audit evaluated whether the IT systems at Ex-Im Bank are able to support Ex-Im Bank's mission effectively and efficiently.

The audit found that, while the business operations at Ex-Im Bank are functioning and transactions are being processed, the IT systems are not supporting these operations efficiently and effectively. Overall, Ex-Im Bank IT systems and databases do not always capture and manage all necessary data for business needs and antiquated IT applications cause workflow inefficiencies. In addition, because not all applications for Ex-Im Bank products are electronically accepted and/or processed in a centralized database, and because Ex-Im Bank's IT systems are not integrated, certain key data has to be manually entered into different Ex-Im Bank systems and transaction records hard copied to complete workflow processing tasks. Furthermore, Ex-Im Bank does not have practices to effectively manage its IT strategic planning, IT spending, and the System Development Life Cycle (SDLC) and Program Change Management (PCM) process.

The identified findings were as follows:

#### 1. Business Operations

- Key IT applications are inefficient and incapable of capturing certain data, automating workflow procedures and integrating data. Ex-Im Bank's IT systems do not fully support its operations and reporting function because IT systems are not integrated and participant data is not effectively and efficiently processed. Data is manually keyed into multiple systems, working files are duplicated by offices for their respective processing, and manual tasks are performed to complete business processes.
- Participant data, which is data related to anyone involved in a transaction such as the applicant, lender, exporter, supplier, guarantor, etc., is not timely and fully captured. Two main IT systems, the Application Processing System and EOL, designed for the processing of loan, guarantee, and insurance products, cannot provide a complete view of participant activity due to difficulty in linking or highlighting duplicate participant data. These weaknesses result in employees researching missing data, difficulty in obtaining accurate and timely reports surrounding the Ex-Im Bank's operations, and preventing Ex-Im Bank and the OIG from efficiently conducting forensic analysis to identify possible patterns in transactions.

#### 2. Information Technology

Ex-Im Bank does not have practices to effectively manage its strategic planning, IT spending, and the SDLC and PCM. The audit found that the Office of the CFO (1) does not have sufficient detailed information on the amount of IT spending versus plans and the specific purpose for each expenditure, (2) the Strategic Plan was not formally approved and is not sufficiently comprehensive to coordinate and manage initiatives, (3) and the SDLC and PCM processes are not consistently followed. Failure to have strong controls in these areas prevents management from determining and monitoring the best use of funds to improve IT support of Ex-Im Bank's mission.

The report's recommendations included:

- Have the business owners individually and in aggregate reevaluate their business requirements and minimum relevant data necessary to process transactions involving complex structures and to monitor business operations. They should then work with the Office of Information Technology to initiate, develop, and test an integrated application that is aligned with those needs and in support of Ex-Im Bank's mission.
- Develop a formal working file document management policy. By developing a formal policy, Ex-Im Bank would additionally (a) educate Ex-Im Bank employees to ensure they understand the need to share consistent information across departments, (b) establish the means to retain and share working file documents, (c) store the policy in a readily accessible medium, and (d) implement a mechanism to monitor compliance to the formal policy.
- Implement a Bank-wide unique identifier to ensure that all new participants can be readily identified and returning participants are associated with their historical transactions.
- Have the business owners revise the required minimum participant data necessary to process an application. Ex-Im Bank should only process applications that meet those minimum criteria.
- Develop a formal data management policy and procedures to ensure complete and accurate participant data is captured in Ex-Im Bank's centralized database and define which information is required for reporting purposes. The policy and procedures should include, as soon as possible, a clear definition and management of participant identification so it can link participants to transactions.
- Require that the formal data management policy and procedures be (a) communicated to appropriate Ex-Im Bank employees, (b) reviewed annually, updated, and re-communicated accordingly, and (c) stored in a readily accessible medium.
- Collaborate to develop a formally approved robust process for creating a clear and comprehensive IT Strategic Plan according to OMB requirements to effectively support Ex-Im Bank's mission.
- Classify requested and authorized IT funds according to OMB's Circular A-11 definitions on the development and modernization of IT versus the amount being spent on operating and maintaining the status quo for IT.
- Enhance or replace the Administrative Accounting Activity system or develop an IT system to provide current information on actual versus planned IT spending to ensure the proper management of IT operation and maintenance spending and investments.
- Formally direct the CIO on the implementation of the new requirements prescribed in OMB's M-11-29, Chief Information Officer Authorities.

- Ensure Ex-Im Bank's SDLC process is consistently followed when implementing major systems and performing system changes.

Ex-Im Bank management concurred with the findings and recommendations and will implement actions to address the recommendations.

**Evaluation of Export-Import Bank of the United States' Compliance with the Improper Payments Elimination and Recovery Act of 2010 (IPERA) (OIG-EV-12-01, March 12, 2012)**

<http://www.exim.gov/oig/documents/Final-Report-Complete-120312.pdf>

The OIG conducted an evaluation to determine whether the Ex-Im Bank is in compliance with the requirements of IPERA. The evaluation found that Ex-Im Bank properly determined whether payments were proper or improper in their risk assessment. In addition, Ex-Im Bank completed the "Improper Payment Risk Assessment Questionnaire for FY 2010" as part of their risk assessment as well as issued a summary documenting the internal controls encompassing improper payments.

While Ex-Im Bank's efforts were positive, we found that:

1. Ex-Im Bank did not include in their improper payment risk assessment claim payments that were later found to be based on fraudulent information. As such, the total number and value of improper payments reported by Ex-Im Bank for FY 2010 was understated.
2. Ex-Im Bank did not have in place a formal policy defining the procedural requirements that must be performed in order to comply with IPERA.

We made two recommendations to address these findings:

1. The Office of Controller (OC) should include claim payments based on fraudulent information in the improper payment risk assessment and determine whether additional steps should be taken in accordance with OMB M-11-16.
2. The OC should develop and adopt a formal written policy that provides the procedural requirements to ensure consistency in future reviews and to comply with all of the applicable IPERA provisions.

Management did not concur with the first finding and recommendation and will seek OMB feedback on the methodology. Management concurred with the second finding and recommendation.

# ON-GOING AUDITS

## Audit of the Direct Loan Program

In the past three years, Ex-Im Bank has steadily increased direct loan authorizations for foreign borrowers. In FY 2009, it authorized 16 loans of approximately \$3 billion, in FY 2010, 15 loans of approximately \$4.3 billion, and in FY 2011, 18 loans of approximately \$6.3 billion. Given this increase in the Direct Loan program, the OA contracted with an IPA to audit the Direct Loan program. The audit objectives are:

1. Identify policies established by Ex-Im Bank to process, approve, and monitor its direct loans in accordance with applicable laws, rules, and regulations.
2. Identify procedures used by Ex-Im Bank to process, approve, and monitor its direct loans in accordance with applicable laws, rules, and regulations.
3. Identify effectiveness or weaknesses in these policies and procedures.
4. Determine whether Ex-Im Bank complies with its own Direct Loan Program policies and procedures and applicable laws, rules, and regulations.

Audit work commenced in March 2012. The OIG anticipates the IPA will issue its audit report in August 2012.

## Audit of the Short-Term Insurance Program

Ex-Im Bank's Export Credit Insurance Program helps U.S. exporters sell their goods overseas by protecting them against the risk of foreign-buyer or other foreign-debtor default for political or commercial reasons, allowing them to extend credit to their international customers. In FY 2011, Ex-Im Bank had \$6.8 billion in short-term insurance authorizations. An IPA, working under the OIG oversight, is conducting an audit of Ex-Im Bank's Short-Term Insurance Program. The audit objectives are:

1. Identify and evaluate policies and procedures established by Ex-Im Bank related to its credit underwriting due diligence in the Short-Term Insurance Program.
2. Identify and evaluate policies and procedures established by Ex-Im Bank to ensure applicable exported merchandise was shipped to the approved designated country.
3. Identify effectiveness or weaknesses in these policies and procedures.
4. Determine whether Ex-Im Bank complies with its policies and procedures and applicable laws, rules, and regulations.

Audit work commenced in March 2012. The OIG anticipates the IPA will issue its audit report in August 2012.

## **Audit of the Government Purchase Card Program**

The OA is conducting an audit to evaluate Ex-Im Bank's policies and procedures for the Government Purchase Card Program. The specific audit objectives are to determine whether Ex-Im Bank's policies and procedures comply with federal regulations and if controls are adequate to ensure compliance with its policies and procedures.

Audit work commenced in January 2012. The OIG anticipates issuing the audit report in June 2012.

## ***AUDIT FOLLOW-UP***

Recommended actions remain open on one audit reported in the previous Semiannual Report.

### **Working Capital Guarantee Delegated Authority Program (OIG-AR-11-04, July 08, 2011)**

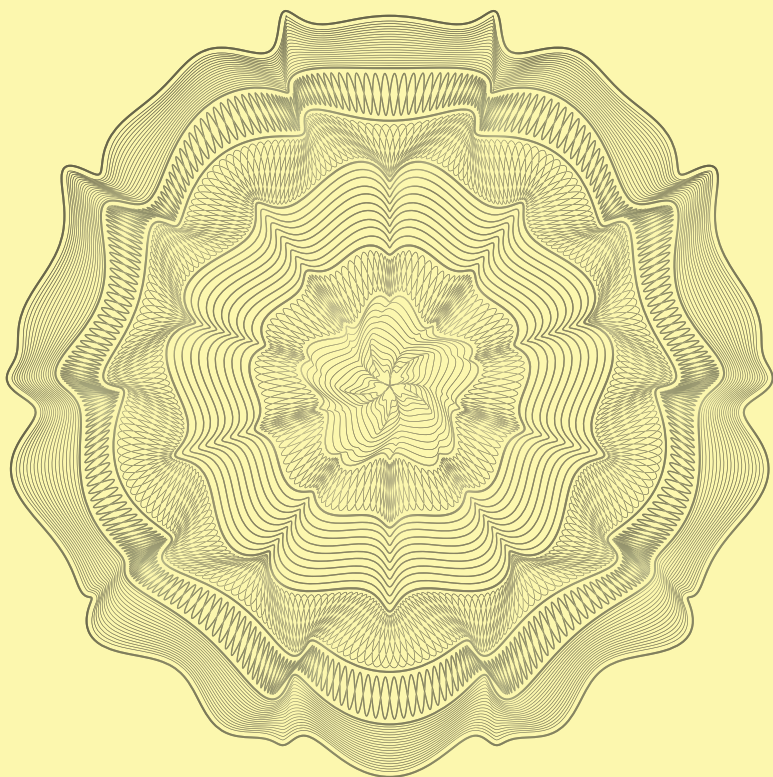
<http://www.exim.gov/oig/documents/WCGDA%20final%20report%20110708.pdf>

Of the three recommendations, management reported that it had completed action on two recommendations and plans to complete action on the remaining recommendation by October 1, 2012.

The remaining open recommendation is to maintain vital information to evaluate program performance.



# OFFICE OF INSPECTIONS AND EVALUATIONS



# SUMMARY OF INSPECTIONS & EVALUATIONS ACTIVITY

The Office of Inspections and Evaluations (OIE) conducts objective and independent inspections and evaluations of Ex-Im Bank transactions, programs, and operations. The OIE reviews and evaluates Ex-Im Bank projects, transactions, policies and procedures, and develops recommendations for improving program performance. Furthermore, OIE refers irregularities and other suspicious conduct detected during inspections or evaluations to the Office of Investigations for investigative consideration.

OIE completed one draft inspection report and one evaluation report during this reporting period.

- OIE completed a draft inspection report of a \$39 million failed transaction to Darussafaka – a Turkish, non-government association. In December, 2003, Ex-Im Bank approved a long-term loan guarantee to Darussafaka. The guaranteed lender was Deutsche Bank. Proceeds of the loan were to support the sale of U.S. goods and services for the construction of a luxury retirement community in Urla and an auditorium in Istanbul (both in Turkey). The draft inspection report was referred to the OI for further investigation.
- OIE completed a policy evaluation report on Ex-Im Bank performance metrics, benchmarking best practices in the Export Credit Agency (ECA) sector through a survey of other ECAs. In general, this report found that Ex-Im Bank lacks a systematic approach to soliciting and measuring customer feedback on its performance and has not published comprehensive performance objectives to measure progress as required by the GPRA of 1993. The OIE made eight recommendations to improve Ex-Im Bank’s operational efficiency and customer service to bring Ex-Im Bank in line with ECA best practices.
- Results of ECA survey were presented at the Berne Union Conference in October, 2011. In addition, the OIE summarized the findings in an article submitted to *The Journal of Public Inquiry*, entitled, “Doing More with Less: How Export Credit Agencies are Using Performance Metrics to Improve Customer Service.”
- To develop best practices that Ex-Im Bank OIG can use as criteria for its evaluations, the OIE conducted numerous meetings with representatives of federal agencies with credit programs, other ECAs, and multilateral financial institutions. The OIE also served as the Ex-Im’s OIG representative to the CIGIE subcommittee on training and professional development and attended several seminars.

## *REPORTS ISSUED*

### **Report on Performance Metrics for Operational Efficiency, Phase One (OIG-INS-12-01, March 27, 2012)**

<http://www.exim.gov/oig/documents/Final%20Report%20120327.pdf>

The OIE conducted an evaluation of Ex-Im Bank's performance metric policies, with a particular focus on transaction response time and the measurement of customer satisfaction. Performance metrics allow management to track progress toward its objectives in a transparent manner. In addition, they provide insightful data that can be utilized for a variety of purposes: to inform resource alignment, highlight potential problems and take corrective action, develop strategy, and to incentivize performance.

The OIE conducted this evaluation because Ex-Im Bank's accelerated growth during the past four years resulted in the growing perception among certain stakeholders that transactions may be taking longer to process and approve. In addition, the OIG is interested in benchmarking Ex-Im Bank's performance against ECA best practices related to operational efficiency and customer service.

The evaluation consists of two phases. Phase One entails a review of Ex-Im Bank's metrics for operational efficiency and a comparison of those metrics with other practices based on an OIG survey of twelve ECAs. Phase Two consists of an Ex-Im Bank customer satisfaction survey to be conducted by the OIG commencing in May, 2012. The customer survey will provide valuable feedback on customer priorities and Ex-Im Bank's perceived performance.

During this Phase One evaluation, we found that Ex-Im Bank lacks a systematic approach to soliciting and measuring customer feedback on its performance and the overall level of customer satisfaction. Indeed, Ex-Im Bank has not conducted a comprehensive customer survey since 2004. Soliciting customer feedback in a timely and systematic manner provides valuable insight as to customer priorities, perceived performance, areas for improvement, and informs future resource allocation.

Our ECA survey shows that other ECAs are proactive and survey their clients on a regular and systematic basis. President Obama has recently emphasized such customer service focus by issuing Executive Order 13571, which requires federal agencies (and requests independent agencies) to develop customer service plans and standards that implement best practices from the private sector.

We also found that Ex-Im Bank has not published comprehensive performance objectives, standards for acceptable performance, and metrics to measure progress as required by the GPRA of 1993. Our survey shows that other ECAs have implemented and published agency-wide performance metrics that address both quantitative and qualitative factors. In

addition, we found that Ex-Im Bank currently measures its operating efficiency in largely quantitative terms – citing the volume of exports financed, number of jobs supported, and revenues per employee – but does not address important qualitative issues such as the level of customer satisfaction.

Finally, we found that, although Ex-Im Bank has made substantial progress in improving transaction responses within the Small Business Group and short-term products, greater focus should be placed on the tracking and management of the transaction response times in the long-term credit programs. Although the preponderant share of Ex-Im Bank customers reside within the short-term credit programs and Small Business Group, long-term credit programs account for over eighty percent of Ex-Im Bank's total outstanding portfolio.

The OIE made several recommendations to improve Ex-Im Bank's operational efficiency and customer service to bring Ex-Im Bank in line with ECA best practices. In general, we recommend that Ex-Im Bank develop a systematic approach to defining and measuring customer satisfaction, such as an annual customer survey and a customer service plan, and participate in dialogue with other ECAs on customer service best practices. In addition, we recommend that Ex-Im Bank develop, implement, and publicize consistent performance standards and metrics throughout the agency and actively monitor performance.

We also recommend that Ex-Im Bank management implement a balanced score card approach and incorporate both quantitative and qualitative metrics. Finally, we recommend that Ex-Im Bank solicit customer input on its operational performance, revisit its metrics and customer service levels to reflect customer expectations, and implement appropriate response targets for long-term credits. Management concurred with our recommendations.

## *ONGOING INSPECTIONS & EVALUATIONS*

### Ex-Im Bank Customer Survey Evaluation

This evaluation addresses customer satisfaction and complements the above survey on ECA performance metrics. The OIE is working with an independent contractor to conduct a survey of Ex-Im Bank's exporting clients. The survey's objective is to identify customers' perceptions of Ex-Im Bank's services and service delivery quality, satisfaction drivers, and potential service improvements. Results of the survey will be analyzed and reported to Ex-Im Bank management during the next reporting period.

### Review of Loss Reserve Policies and Risk Mitigation Practices

This evaluation addresses the loss reserve and portfolio risk mitigation practices of Ex-Im Bank. The need for a comprehensive review of reserve allocation policies and risk mitigation

practices is driven in large part by Ex-Im Bank's significant asset growth and the challenging economic environment as well as changes in the composition of its product portfolio.

The objectives of this evaluation are to (1) review Ex-Im Bank's reserve allocation policies and practices; methodologies, data, and processes used to determine loss factors and (2) identify portfolio risk mitigation and reserve allocation best practices. The evaluation will also benchmark Ex-Im Bank's policies against practices of other ECAs, multilateral financial institutions, and six U.S. federal agencies with credit programs. The second phase of this evaluation will review potential portfolio risk mitigation techniques available to Ex-Im Bank.

## *INSPECTIONS & EVALUATIONS FOLLOW-UP*

Beginning with this reporting period, we are reporting on open suggestions for improvement resulting from OIG Inspections and Evaluations.

### **Evaluation Report Relating to Economic Impact Procedures. OIG-EV-10-3, September 17, 2010**

[http://exim.gov/oig/documents/EIB\\_Report\\_Final\\_Complete\\_Web.pdf](http://exim.gov/oig/documents/EIB_Report_Final_Complete_Web.pdf)

The economic impact procedures enacted by Ex-Im Bank have been the subject of Congressional scrutiny and public interest. Both the OIG and the GAO<sup>1</sup> have identified opportunities for improvement in Ex-Im Bank's economic impact procedures. The reviews identified ways in which the procedures can be revised to increase transparency, make the process more manageable for the range of participants involved, and address the accuracy of the methodology used by Ex-Im Bank. The OIG report also explicitly addressed steps to better implement the intent of Congress in the economic impact process.

The OIG and GAO met with Ex-Im Bank management in August 2, 2012 to discuss the GAO and OIG reports and the recommendations and suggestions. Ex-Im Bank management stated that they had begun a process to review its economic impact procedures. As of the end of the reporting period, the OIG's suggestions for improvement in Ex-Im Bank's economic impact procedures remain open and unimplemented.

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1 See GAO, Export-Import Bank: Improvements Needed in Assessment of Economic Impact, GAO-07-1071, September 12, 2007. This report is available at <http://www.gao.gov/new.items/d071071.pdf>.

## ***OIG Suggestions***

### **A. To improve procedures and reports**

A.1. The Planning and Policy Group (PPG) economic impact reports should present the available quantitative and qualitative information obtained by the PPG staff that is material and relevant to the determination of economic impact in a concise balancing format that addresses each of the elements of economic impact contemplated by the Charter and which will support the Board's decisional process under Section 2(e)(3) of the Charter.

A.2. Economic impact reports, supplemented by the Bank's publicly available Economic Impact Procedures, should be written to reasonably inform the reader of the limitations and qualifications of the data, assumptions, estimates, methods and analysis relied upon by the PPG staff and the sensitivity of the conclusions expressed by the PPG staff to possible changes in assumptions or estimates that can be reasonably anticipated. The PPG staff should consider guidance provided by OMB in developing specifications for its analysis and reports to the Board.

A.3. Reliance on trade flow analysis or any other quantitative methods used by the PPG staff that effectively decide economic impact cases should be made subject to Board approval and subsequent periodic reaffirmation.

### **B. To develop improved criteria to guide the Board and Staff**

B.1. While the data supporting trade flow analysis and the conclusions that may be drawn from that data and analysis have relevance to the Board's consideration and determination of economic impact cases, trade flow analysis should not be the sole or primary criterion for deciding economic impact cases addressed in the economic impact reports prepared by PPG and it should not be determinative of the recommendation of PPG, or the Board's decision, in economic impact cases.

B.2. The PPG staff should develop additional criteria for analysis of economic impact that are consistent with Ex-Im Bank's Charter and Congressional intent to assist the Board in deciding economic impact cases. These criteria should focus on the sort of macroeconomic trends that were characteristic of the U.S. industries that were cited as experiencing substantial economic injury at the hands of foreign competitors in Congressional hearings preceding the enactment of the current economic impact requirements expressed in Section 2(e) of the Bank's Charter.

B.3 The Bank's Economic Impact Procedures should provide for a periodic backward looking empirical review to determine whether it appears that approved transactions have in fact caused or contributed to any substantial injury to U.S. producers of an exportable good or related employment under the criteria relied upon by the PPG

staff and the Board, and whether any projected benefits to the U.S. economy and employment of approving, or disapproving, specific transactions were in fact realized.

B.4. In view of the suggestions above in A.1 through B.2, the PPG staff should reevaluate the “sensitive commercial sectors list” promulgated by Ex-Im Bank pursuant to Section 2(e)(5) of the Charter. In particular, it is suggested that Ex-Im Bank further refine or omit reference to “Products associated with projects where a significant portion of the output directly produced by the project is destined for the U.S. market and will compete directly with U.S. production,” which is based on “likely net negative trade flow implication.”

In addition, the Board should be consulted before the sensitive sector list is published to confirm that they are in general accord with it in order to avoid the Bank’s President effectively usurping the Board’s final authority to decide economic impact cases.

C. To improve transparency — Ex-Im Bank should advance the transparency of its economic impact policy and determinations by:

C.1. Revising the Economic Impact Procedures to include more information about the PPG methodology and publishing the expanded description on Ex-Im Bank’s web site.

C.2. Revising Ex-Im Bank’s internal procedures to more fully and accurately describe the PPG methodology in preparing economic impact reports.

C.3. Making economic impact reports publicly available after redacting them, or delaying their release, to protect sensitive business confidential information of the transaction proponents.

### **Review of the Export-Import Bank Nigeria Banking Facility (June 7, 2011, OIG-SR-11-01)**

[http://exim.gov/oig/documents/TransmittalandReport\\_110607.pdf](http://exim.gov/oig/documents/TransmittalandReport_110607.pdf)

Ex-Im Bank’s Nigerian Banking Facility (NBF) expedites the processing of short, medium, and long-term Ex-Im Bank financing for the purchase of U.S. goods and services by Nigerian buyers. Due to corruption allegations against managers of two NBF participating banks, the OIG conducted a review to determine whether (1) potential exposure to fraud existed, (2) policies and procedures to establish credit facilities were in place and properly implemented, and (3) requirements were in place to require participating banks to report any corruption investigations to Ex-Im Bank.

The review found that transactions conducted by the two investigated banks and underwritten by Ex-Im Bank under the NBF did not demonstrate any indicia of fraud.

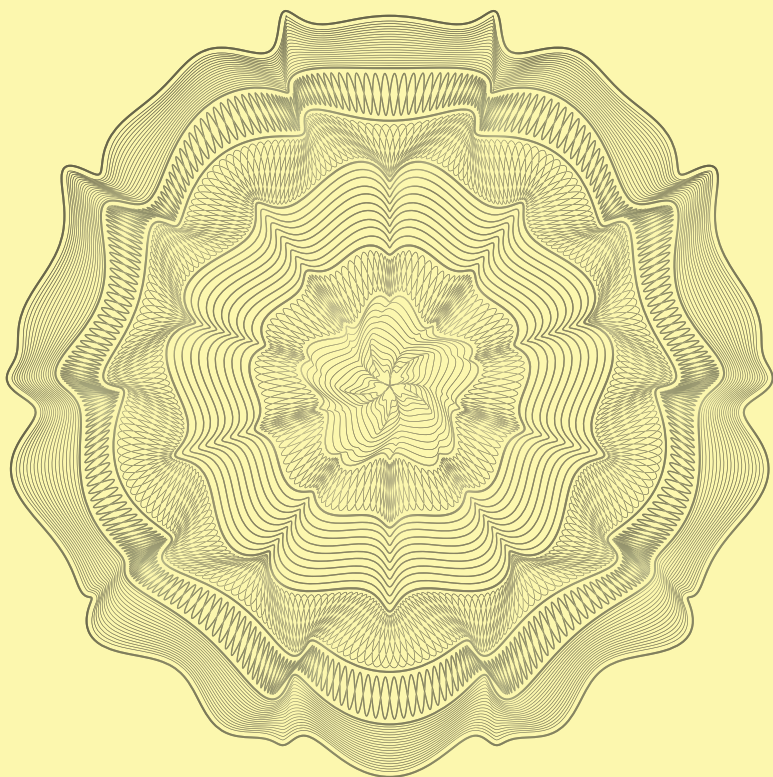


However, we found that Ex-Im Bank lacked policies and procedures when it established the Special Delegation Authority (SDA). In addition, the NBF and participating banks were not required to provide certifications or representations to Ex-Im Bank of compliance with U.S. or Nigerian laws including anti-corruption certifications or statements.

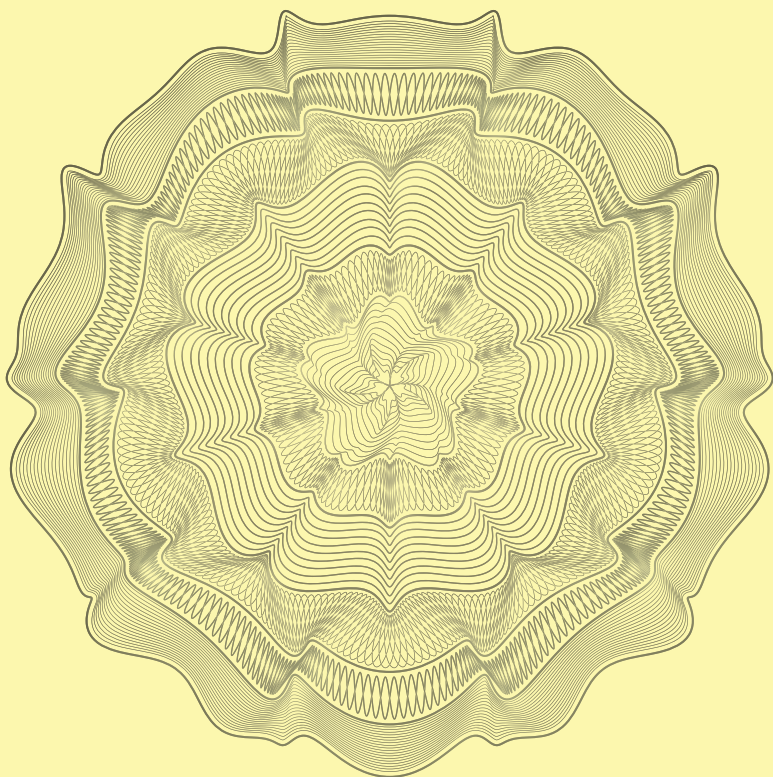
We made three suggestions to Ex-Im Bank management:

1. Develop policies and procedures clearly defining when an SDA is beneficial to American exporters and to achieving Ex-Im Bank's mission.
2. Develop policies and procedures describing how credit facilities would be established and describing the extent of credit analysis and reputation checks to be conducted.
3. Establish an anti-corruption hotline where allegations of corruption practices can be reported to Ex-Im Bank by project participants or others with information about possible corruption practices in any country.

As of the end of the reporting period, Ex-Im Bank management had prepared draft policies and procedures to be included in Ex-Im Bank's Credit Manual addressing the first two recommendations and thus remain open until implemented. Regarding the third recommendation, we have not received any response. We note, however, that Ex-Im Bank management may implement the third recommendation by advising project participants during the transaction approval process of the OIG's hotline as a mechanism for reporting corruption.



# OFFICE OF INVESTIGATIONS



# SUMMARY OF ACCOMPLISHMENTS

The Office of Investigations (OI) conducts and coordinates investigations relating to alleged or suspected violations of laws, rules, or regulations occurring in Ex-Im Bank programs and operations. The subjects of OI investigations can be program participants, contractors, Ex-Im Bank management or employees. Special Agents in OI are Federal Criminal Investigators (job series 1811). Investigations that uncover violations of Federal law, rules, or regulations may result in criminal or civil prosecution, and administrative sanctions.

During this reporting period, OI achieved several milestones and accomplishments towards meeting mission objectives of investigating and preventing trade finance and export credit fraud impacting Ex-Im Bank. These actions include:

- Obtained seven criminal judgments resulting in 100 months imprisonment, 252 months' probation, and \$25,183,157 in criminal restitution, forfeiture, and special assessments. One defendant was acquitted by trial.
- Obtained 14 administrative actions<sup>1</sup> stemming from referrals of active investigative information resulting in \$3,203,066 in payments to Ex-Im Bank, two voluntary exclusions, 360 months of debarment and one month of suspension.
- Obtained ten criminal informations and indictments against subjects of ongoing investigations.
- Obtained two arrest warrants and made two arrests based on warrants obtained by Ex-Im OIG Special Agents.
- Entered eight plea agreements in court by subjects pursuant to ongoing investigative matters.
- Provided 28 reports of investigative information to Ex-Im Bank Office of General Counsel concerning potential fraud and funds at risk to support enhanced due diligence efforts in approving, processing, and monitoring export credit loan guarantees and insurance policies.
- Referred two investigative matters to the Department of Justice for prosecutive decision.

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<sup>1</sup> Administrative actions are responses by Ex-Im Bank to stop transactions, cancel policies, or protect funds at risk based upon investigative findings.

## *SUMMARY OF INVESTIGATIONS*

The OI evaluates all reports of possible fraud or illegality affecting Ex-Im Bank programs and activities. Such reports are received from a variety of sources – Ex-Im Bank employees, Ex-Im Bank Office of General Counsel, participants in Ex-Im Bank transactions, other government agencies, and the Ex-Im Bank OIG Hotline. Evaluations that identify reasonable indications of possible fraud or illegality result in an investigation. These investigations are summarized in the table below.

<b>Summary of Investigative Activity During Period</b>	<b>Investigations Totals</b>	<b>No. of Claims*</b>	<b>Amount Of Claims</b>
Investigations open as of October 1, 2011	35	530	\$347,332,596
Opened during period	10	4	\$1,267,429
Closed during period	(7)	(18)	(\$10,046,849)
Investigations open as of March 31, 2012	38	516	\$338,553,176

- \* The number and amount of claims paid subject to investigation. Not all investigations involve claims paid by Ex-Im Bank. Not all claims opened or closed in the period are related to cases opened or closed in the period, but may be related to other active investigations. The referral of a claim to the OIG for investigation does not establish the existence of fraud and not all claims included in a case under investigation are necessarily fraudulent until proven so by evidence developed in the investigation. The number of claims may vary during the course of an investigation as facts and findings develop.

# *SUMMARY OF INVESTIGATIVE RESULTS*

The Office of Investigations obtained the following actions during this reporting period.

DESCRIPTION	OIG	JOINT ACTIVITIES*	TOTAL
Matters Referred to the Department of Justice	1	1	2
Arrest Warrants Obtained	1	1	2
Arrests Made	1	1	2
Criminal Indictments, Informations, Complaints	2	8	10
Pleas Entered	2	6	8
Criminal Judgments	2	5	7
Prison Time (months)	16	84	100
Probation (months)	72	180	252
Court Ordered Criminal Fines, Restitution, and Forfeiture	\$1,611,762	\$23,571,395	\$25,183,157
Administrative Actions**	6	8	14
Administrative Cost Savings and Repayments	\$265,000	\$2,938,066	\$3,203,066

\* Joint investigations with other law enforcement agencies.

\*\* Administrative actions are responses by Ex-Im Bank to stop transactions, cancel policies, or protect funds at risk based upon investigative findings.

# *INVESTIGATIONS*

## **Loan Guarantee, Export Credit Insurance, Direct Loans**

Two of Ex-Im Bank's key programs – the loan guarantee program and the export credit insurance program – have been particularly susceptible to fraud schemes by foreign borrowers, U.S. based exporters, and other transaction participants, including deal brokers commonly referred to as “agents” or “finders” who assist in arranging the transactions and shipments. These two programs account for the majority of investigations currently underway. Each program offers different features to Ex-Im Bank customers, but criminal activity exploits certain processes within the programs in order to induce Ex-Im Bank to approve fraudulent loan guarantees or insurance coverage. Investigations also occur in other areas, such as Direct Loans, or in matters having to do with the integrity of Ex-Im Bank programs and processes.

### **Loan Guarantee Program**

Ex-Im Bank assists exporters by guaranteeing term financing from a commercial lender to creditworthy international buyers, both private and public sector, for purchases of U.S. goods and services. Ex-Im Bank's guarantee of a lender's loan to an international buyer is used to finance purchases of U.S. goods and services. Criminals have exploited this program by submitting false financial statements of foreign borrowers in order to induce Ex-Im Bank to provide its guarantee coverage for a loan for which the borrowers might otherwise be ineligible or by submitting false documentation to the guaranteed lender and Ex-Im Bank regarding the shipment, nature, or quantity of the U.S. goods allegedly being exported.

Successful investigative efforts within the loan guarantee program during the reporting period include the summaries below.

### **Texas Resident Sentenced To 24 Months In Prison For Scheme To Defraud Ex-Im Bank**

An El Paso, Texas, resident was sentenced on October 20, 2011 to 24 months in prison for his role in a scheme to defraud Ex-Im Bank of more than \$3.6 million.

The sentence was announced by Assistant Attorney General Lanny A. Breuer of the Criminal Division; U.S. Attorney Robert Pitman of the Western District of Texas; both from the Department of Justice (DOJ); Osvaldo L. Gratacós, Inspector General of Ex-Im Bank; Special Agent in Charge Manuel Oyola-Torres of Homeland Security Investigations (HSI) in El Paso; Special Agent in Charge Rebecca Sparkman of the Internal Revenue Service-Criminal Investigation (IRS-CI) in Washington, D.C.; and Inspector in Charge Daniel S. Cortez of the U.S. Postal Inspection Service (USPIS) in Washington, D.C.



Gilberto Baez-Garcia, 35, was also sentenced by Judge Kathleen Cardone in U.S. District Court in El Paso to five years of supervised release and was ordered to pay \$3,614,594 in restitution and \$ 3,614,977 in forfeiture. Baez pleaded guilty on May 11, 2011, to conspiracy to commit wire and bank fraud, conspiracy to launder money, and bank fraud. Baez admitted that he participated in a scheme to defraud Ex-Im Bank of more than \$3.6 million. Baez most recently resided in El Paso. He was arrested on June 4, 2010.

According to court documents, Baez was the co-owner of Valcomar, Inc., an export company located in El Paso that purported to be in the business of exporting U.S. manufactured goods to Mexico. During his plea hearing, Baez admitted that he and another El Paso exporter created false documents so Baez could obtain a fraudulent Ex-Im Bank loan, which resulted in a \$1,016,126 loss to the government. Baez also admitted that he and his co-conspirators assisted others to obtain fraudulent Ex-Im Bank loans, which resulted in more than \$2 million in losses to the government. According to court records, all of Ex-Im Bank loans involving Baez were fraudulent and Baez and others stole the loan proceeds by transferring funds to Mexico and elsewhere. As a result, the loans went into default and caused Ex-Im Bank to pay claims losses to the lending banks in the amount of \$3,614,594.

### **Ex-Im Bank OIG Announces Unsealing of Federal Indictments and Seeks Information on Fugitives**

Ex-Im Bank OIG announced on November 21, 2011 that, pursuant to an ongoing joint investigation, several federal indictments were unsealed in El Paso, TX. As a result of the unsealing, investigators are currently attempting to locate and arrest 10 fugitives charged as a result of the joint investigation related to export financing fraud. One fugitive was provisionally arrested and is awaiting extradition from Mexico.

OIG investigations have found that the fugitives and several other defendants conspired to defraud Ex-Im Bank of millions of dollars through various loan schemes to finance fictitious and fraudulent exports of purported U.S. manufactured goods into Mexico. As a result of their actions, the loans defaulted, resulting in over \$22 million in claims paid by Ex-Im Bank to various lending banks. The defendants in each of the cases have been charged with a variety of federal criminal violations to include conspiracy, wire fraud, and money laundering. Since 2010, the cases have resulted in 24 criminal indictments, four criminal informations, 21 arrest warrants, 12 arrests, and five convictions resulting in prison sentences and over \$4.6 million in criminal restitution and \$5.6 million in court ordered forfeiture.

Federal agents are currently seeking the location and arrest of 10 fugitives charged in the unsealed federal indictments and who are believed to be residing in or near Ciudad Juárez, Chihuahua, Mexico. These fugitives are:

- Sergio Acosta-Camacho, a Mexican citizen and former owner of AML Construction
- Pedro Ruvalcaba-Placencia, a Mexican citizen and owner of a business, Delicas Nuez, in Ciudad Juarez

- Alfredo Rodela-Campos, a Mexican citizen residing in Chihuahua
- Jorge Martinez-Joo, a Mexican citizen and former owner of El Paso-based exporter, El Paso Valcomar Inc.
- Adrian Rascon-Chavez and his wife Genoveva Fontes de Rascon, both United States citizens and former owners of Juárez-based clinic Centro Oncológico de Norte SA
- Maria de Jesús Ortiz-Saldivar, a Mexican citizen and the former accountant of Genoveva Fontes de Rascon
- Jorge Valdez-Cota and his wife, Veronica Iglesias-Lucero, both Mexican citizens and owners of a metal fabrication shop in Ciudad Juárez
- Gilberto Ruiz-González, a Mexican citizen, resident of Ciudad Juárez, and owner of Passage Supply

Ex-Im Bank OIG, Immigration Customs Enforcement-Homeland Security Investigations (HSI), the U.S. Postal Inspection Service, and Internal Revenue Service-Criminal Investigations in Washington, D.C. are conducting this joint investigation. HSI Special Agents in El Paso and Mexico are assisting Ex-Im Bank OIG agents to locate the fugitives through liaison efforts with Mexican law enforcement authorities.

Through their fraudulent schemes of fictitious exports of U.S. goods to Mexico, these individuals caused significant losses and undermined Ex-Im Bank's mission of helping U.S. companies create or maintain U.S. jobs by promoting exports.

Individuals with information concerning the location of the fugitives in question may call the Ex-Im Bank OIG Hotline at 1-888-OIG-EXIM (1-888-644-3946) or HSI Communications at 1-407-975-1820 or 1-800- BE-ALERT (1-800-232-5378).

### **Five Persons Charged and Another Pleads Guilty in Schemes to Defraud Ex-Im Bank**

During this reporting period, five defendants involved in a related investigation were charged by criminal indictment for their role in various counts of wire fraud and money laundering conspiracies. In another investigation, a defendant pleaded guilty to conspiracy to commit wire fraud and money laundering. These criminal charges and guilty pleas highlight successful investigative efforts to address loan guarantee fraud in Mexico, South America, and elsewhere. As of the end of this reporting period, the defendants are awaiting further judicial action in federal court and these investigations concerning \$12 million in claims against Ex-Im Bank are continuing.

### **Defendant Sentenced For His Role in Ex-Im Bank Fraud Scheme**

During this period, one defendant in an ongoing investigation was sentenced in U.S. District Court for his role with others in a scheme to defraud Ex-Im Bank. The defendant was sentenced to six months in prison, 24 months of supervised release, and ordered to pay

restitution in the amount of \$116,119 and forfeiture in the amount of \$17,500. This sentencing was part of a broader investigative effort to examine approximately \$1.2 million worth of fraudulent and fictitious exports into Mexico. This investigation is ongoing and continues to pursue other culpable parties involved in the scheme.

### **Export Credit Insurance Program**

This program offers protection in the form of several different insurance policy types to U.S. exporters and their lenders against non-payment by foreign buyers due to commercial and political risks. Export credit insurance allows exporters to increase export sales by limiting international repayment risk, offering credit to international buyers, and enabling exporters to access working capital funds. One fraudulent scheme to exploit this program involves the falsification of shipping records to convince Ex-Im Bank that the described goods have been shipped when in fact they have not.

Successful investigative efforts within the export credit insurance program during the reporting period include the reports noted below.:

### **Former Wells Fargo Employee Sentenced For Accepting A Bribe In Exchange For Helping To Approve A Loan Guaranteed By Ex-Im Bank**

On January 30, 2012, El Paso resident Gerardo Uribe, 45, a former employee of Wells Fargo Bank, was sentenced to eight months incarceration. The Honorable U.S. District Judge Fred Biery in U.S. District Court for the Western District of Texas, San Antonio, TX sentenced Uribe for his role in accepting a bribe in exchange for helping to approve a loan. Uribe had previously pled guilty on October 6, 2011 to a criminal information that charged him with bank bribery and engaging in monetary transactions in property derived from a specified unlawful activity.

In addition to the above sentence, Uribe was ordered to pay \$50,000 in restitution and serve 60 months of supervised release. According to court records and plea documents, throughout 2006 and 2007, Uribe worked at the El Paso branch of Wells Fargo Bank underwriting business loans, some of which were guaranteed by Ex-Im Bank. Around January 2006, a Mexican business owner submitted a loan application to Wells Fargo Bank requesting \$3,462,910 to purchase business machine equipment from a company in the United States. According to plea documents, the Mexican business owner offered to pay \$50,000 to Uribe as a reward or gratuity for facilitating the loan's approval. Uribe accepted the bribe in connection with his approval of the loan, which was approved in August 2006 with a guarantee from Ex-Im Bank. Thereafter, loan proceeds in the amount of approximately \$3.2 million were sent to a Texas equipment company, which subsequently transferred the money to the Mexican business owner. The Mexican business owner subsequently defaulted after two installment payments and, in September 2007, Ex-Im Bank paid a claim to Wells Fargo Bank of approximately \$2.9 million.

According to court records, San Antonio business owner, Andrew Parker, President of San Antonio Trade Group, Inc., served as the broker and exporter of record for this loan to facilitate the exporting of the equipment to Mexico. Through San Antonio Trade Group, Parker devised and executed a massive scheme to defraud the U.S. through fraudulent loans guaranteed by Ex-Im Bank. In October 2008, Parker pled guilty to various charges and was sentenced to 117 months in prison and ordered to pay approximately \$10 million, according to a Department of Justice Press Release. ([http://www.justice.gov/usao/twx/press\\_releases/2008/Parker\\_sent.pdf](http://www.justice.gov/usao/twx/press_releases/2008/Parker_sent.pdf)).

### **Miami Business Owner Sentenced For His Role In Defrauding Ex-Im Bank**

On March 27, 2012, Miami resident and businessman Rafael E. Cuarezma, 44, was sentenced to 10 months incarceration (five months prison, five months home incarceration). In addition, Cuarezma was ordered to pay \$355,046.08 in restitution and serve 36 months of supervised release. The Honorable U.S. District Judge William P. Dimitrouleas, Southern District of Florida, Fort Lauderdale Division, sentenced Cuarezma for his role in defrauding Ex-Im Bank. Cuarezma had previously pled guilty on January 10, 2012 to criminal charges of two counts of conspiracy to commit wire fraud and wire fraud.

According to court records, Cuarezma, a naturalized U.S. citizen born in Nicaragua, owned and worked as the general manager of an electronics business in Miami known as LFM International Corporation (LFM) that exported electronic equipment to buyers in foreign countries. In March 2008 and October 2009, Ex-Im Bank approved two insurance policies for Cuarezma and LFM to cover the risk of non-payment by buyers in South America of U.S. manufactured electronics equipment. Under an "Enhanced Assignment of Policy Proceeds", Cuarezma and LFM then assigned the proceeds of the insurance policies to a lending bank in Miami to obtain financing for the purchase and export of these goods. Under an Enhanced Assignment of the insurance proceeds, Ex-Im Bank agrees to pay claims to the assignee. Therefore, the insurance policies covered the lender in the event of a default related to the loan payments by Cuarezma and LFM.

According to court records, Cuarezma entered into a conspiracy with others to defraud Ex-Im Bank and unlawfully enrich themselves by submitting false and fraudulent information to Ex-Im Bank through the lender to obtain money from the loan and misappropriate the loan proceeds for their own use and benefit. According to the court records, Cuarezma admitted that he and others prepared and caused to be prepared false loan applications, false financial statements, false shipping documents, and false invoices representing that Cuarezma, through LFM, had sold and shipped approximately \$1,118,761 worth of goods manufactured in the United States to South American buyers. In fact, according to court records, Cuarezma had not sold or shipped any of the goods. Cuarezma defaulted on his loan causing Ex-Im Bank to pay a claim to the lender on March 10, 2010 in the amount of \$372,808.

### **Florida Resident Sentenced In Scheme To Defraud Ex-Im Bank**

On January 17, 2012, Miami resident Mario Francisco Mimbella was sentenced to six months in prison for his role in a scheme to defraud Ex-Im Bank of \$496,869. The sentencing caps ongoing investigative efforts by Ex-Im OIG to investigate fraudulent loans and exports to borrowers in South America and elsewhere.

Mimbella, 61, was sentenced by Judge Amy B. Jackson in U.S. District Court, District of Columbia, to an additional 36 months of supervised release and was ordered to pay \$496,869 in restitution. Mimbella pleaded guilty on July 12, 2011 to a criminal information that charged him with one count of making a false statement in connection with a scheme to defraud Ex-Im Bank.

According to court documents, Mimbella was the owner of Mario's Air, Inc., a Miami-based air cargo provider serving light cargo transportation needs primarily between Miami, Florida and the Bahamas. Mario's Air was purported to be an exporter of garbage collection trucks purchased with \$2.3 million in loans to Peruvian borrowers from a U.S. lending bank. Those loans were guaranteed by Ex-Im Bank. Court records reflect that the intended purpose of the loans to the Peruvian borrowers was supposed to be for the purchase and export of U.S. manufactured garbage trucks. According to court records, Mimbella submitted false bills of lading and other export records purporting to show that loan proceeds had been used to purchase and ship U.S. manufactured trucks. However, in one of the loans, Mimbella instead wired loan proceeds directly to a Peruvian borrower who used the money to purchase garbage trucks made in Germany rather than the United States. Subsequently, one of the fraudulent loans defaulted and Ex-Im Bank paid a claim in the amount of \$502,169 to the U.S. lending bank in accordance with the terms of the guarantee.

### **Owner of Miami Company Sentenced to 46 Months in Prison for Scheme to Defraud Ex-Im Bank**

The owner of an export company in Miami was sentenced on November 1, 2011 to 46 months in prison for his role in a scheme to defraud Ex-Im Bank of approximately \$24 million, announced Department of Justice Assistant Attorney General Lanny A. Breuer of the Criminal Division; Osvaldo L. Gratacós, Inspector General of Ex-Im Bank; Jeannine A. Hammett, Acting Special Agent in Charge of the Internal Revenue Service-Criminal Investigation (IRS-CI) in Washington, D.C.; and Henry Gutierrez, Inspector in Charge of the U.S. Postal Inspection Service (USPIS) in Miami.

Guillermo O. Mondino, 48, was sentenced by Judge Ricardo M. Urbina in U.S. District Court in Washington, D.C. Mondino pleaded guilty on June 23, 2010, to one count of conspiracy to commit mail fraud and one count of money laundering in connection with a scheme to defraud Ex-Im Bank of approximately \$24 million. In addition to his prison term, Mondino was sentenced to three years of supervised release and was ordered to pay \$13.3 million in restitution and \$2.7 million in forfeiture.

According to court documents, Mondino was the owner of Texon Inc., an export company located in Miami, which purported to export various types of equipment to South and Central America buyers. Mondino admitted that he assisted numerous foreign buyers to obtain fraudulent loans that were insured by Ex-Im Bank. According to court records, Mondino and others misappropriated the loan proceeds for their own use and benefit. From 2003 through 2009, Mondino, through Texon, assisted foreign buyers to create fraudulent loan applications, financial statements, purchase orders, invoices, and bills of lading to falsely represent to various lending banks and Ex-Im Bank the purchase and export of U.S. goods to buyers in South and Central America. After receiving more than \$24 million in Ex-Im Bank insured loan proceeds, Mondino diverted about \$6.4 million of the loan proceeds directly to the foreign buyers.

According to court records, all of the loans involving Mondino were fraudulent. As a result of the fraud, the loans went into default, causing Ex-Im Bank to pay claims to the lending banks on \$14.1 million of loans. The case was investigated by Ex-Im Bank OIG, IRS-CI in Washington, D.C., and USPIS in Miami, FL. Agents were also assisted by South Miami area representatives of the Federal Maritime Commission in the analysis of complex maritime shipping documents.

### **Former Bank Employee Pleads Guilty to Stealing over \$223,000**

Rosamaria T. Somarriba, age 67, of Baltimore, pleaded guilty on January 30, 2012 to mail fraud in connection with a scheme to defraud her employer's bank customer and Ex-Im Bank. The guilty plea was announced by United States Attorney for the District of Maryland Rod J. Rosenstein and Special Agent in Charge Richard A. McFeely of the Federal Bureau of Investigation.

According to her plea agreement, Somarriba was employed within the International Trade Finance Division of M&T Bank in Baltimore, Maryland. Somarriba began working at the bank in 1985 and, at the time of her termination in early 2011, had attained the position of assistant vice president/relationship liaison. In this capacity, Somarriba was able to access bank customer accounts and transfer funds between them. Ex-Im Bank provided loan guarantees and insurance coverage to M&T Bank.

In March 2011, after Somarriba had been terminated by M&T Bank for reasons unrelated to this case, the bank uncovered suspicious activity within the account of one of its bank customers, Company A. Company A had defaulted on its Ex-Im Bank-guaranteed loan in October 2007; as a result, M&T Bank had filed a claim with Ex-Im Bank, which agreed to "cover" Company A's owed payments and to pay M&T Bank according to the original terms of Company A's loan. However, the payments Ex-Im Bank had paid M&T Bank on behalf of Company A exceeded the amounts required to continue funding the loan. As a result, excess funds accumulated within Company A's account.

Further investigation revealed that between July 2006 and May 2010, Somarriba, who knew of the accumulation of these excess funds, made at least four unauthorized transfers

out of Company A's account, representing at least \$169,582 originally belonging to Ex-Im Bank, into another bank customer's account held by Company B. Somarriba then made over 30 unauthorized debits from Company B's account amounting to at least \$211,072, for her own benefit. In this way, Somarriba stole at least \$169,582 in Ex-Im Bank funds and at least \$41,490 in Company B's funds. Additionally, Somarriba withdrew \$12,390 from Company B's account to satisfy her and her husband's debts owed to the IRS. During the course of the scheme from at least as early as 2006 through at least February 2011, Somarriba defrauded Ex-Im Bank and Company B of at least a total of \$223,462.

Somarriba faces a maximum sentence of 20 years in prison followed by three years of supervised release, and a fine of \$250,000 or twice the amount of gain or loss. As part of her plea agreement, Somarriba has agreed to pay restitution of, and to forfeit, at least \$223,462. U.S. District Judge Benson E. Legg scheduled her sentencing for May 31, 2012.

This law enforcement action is part of President Barack Obama's Financial Fraud Enforcement Task Force. President Obama established the interagency Financial Fraud Enforcement Task Force to wage an aggressive, coordinated, and proactive effort to investigate and prosecute financial crimes. The task force includes representatives from a broad range of federal agencies, regulatory authorities, inspectors general, and state and local law enforcement who, working together, bring to bear a powerful array of criminal and civil enforcement resources. The task force is working to improve efforts across the federal executive branch, and with state and local partners, to investigate and prosecute significant financial crimes, ensure just and effective punishment for those who perpetrate financial crimes, combat discrimination in the lending and financial markets, and recover proceeds for victims of financial crimes.

## *OTHER INVESTIGATIVE RESULTS*

### *Special Agents Work Collaboratively with Ex-Im Bank to Help Protect Funds at Risk*

To the extent permissible and within the confines and limitations of an investigation, OI Special Agents work collaboratively to share investigative intelligence with the Office of General Counsel, Credit and Risk Management Division, and Asset Management Division of Ex-Im Bank to help identify potential and suspected fraudulent activity within Bank transactions and to protect Bank funds.

During this reporting period, OI communicated with Ex-Im Bank management to enhance the monitoring of several existing transactions and due diligence reviews of proposed transactions based on developed investigative leads. We shared active law enforcement intelligence with Ex-Im Bank on several matters concerning suspected criminal activity by participants involved in active policies or transactions under review. As an example, OI

coordination with DOJ and Ex-Im Bank helped facilitate 14 administrative actions resulting in the direct repayment and collection of outstanding debt by responsible parties in amounts totaling \$3,203,066.

In one investigation, law enforcement information was provided to Ex-Im Bank management concerning the activities of one subject misusing Ex-Im Bank's online application process. This information resulted in the issuance of a cease and desist letter and the removal of internet access capability to Ex-Im Bank systems for the individual.

In other matters, OI investigative results were presented to the Office of General Counsel which pursued suspension and debarment efforts against several parties. As a result, one party voluntarily withdrew from participating in Ex-Im Bank transactions and was debarred for 10 years. In another investigation, the defendant voluntarily agreed to a 10 year exclusion and repaid Ex-Im Bank \$240,000. In a third investigation, the defendant was suspended for one month and was subsequently debarred for 10 years.

Additionally during this reporting period, the OI made 28 referrals of investigative information to Ex-Im Bank Office of General Counsel concerning potential fraud and funds at risk for enhanced due diligence by Ex-Im Bank.

These efforts are part of the OI objective to expeditiously protect funds at risk concurrent with ongoing criminal investigations and to enhance Ex-Im Bank's existing capabilities in monitoring, oversight, and collection efforts involving transactions in which fraud is uncovered.

### *Investigative Capabilities are Strengthened by Memorandums of Understanding & Other Law Enforcement Partnerships*

During this reporting period, the OI further strengthened its investigative capabilities and investigative support by entering into several Memorandums of Understanding (MOU) with partner organizations. The OIG and the U.S. Marshal Service signed an MOU for operational and field support during investigations nationwide and other administrative support related to criminal history records checks. In addition, the OIG entered into an MOU with another law enforcement organization for the use of criminal forensic laboratory analysis and related services. Such support will assist the OIG in furthering criminal investigations where document analysis and fingerprint or signature examinations are required. These MOUs will help OIG effectively utilize available information and evidence to produce investigative results.

During this reporting period, the OI met with the Office of Investigations of the Small Business Administration OIG to discuss export-related programs within the SBA which may impact ongoing or future Ex-Im Bank OIG investigations. Efforts were made to identify common fraud risk scenarios and discuss joint partnerships in investigations where warranted. Further information was shared concerning ways to enhance business



intelligence to determine if common entities or suspected parties exist by and between the SBA and Ex-Im Bank. Such efforts were in furtherance of strengthening joint capabilities and effective investigative efforts.

Also, the OI met with the World Bank Integrity Vice Presidency (INT) to discuss international investigations, matters of mutual interest, and future efforts impacting World Bank funded projects intersecting Ex-Im Bank programs and other types of cross-cutting project finance. The international investigative work of the OIG may be greatly enhanced through a partnership with INT where logistical support and capabilities can help both organizations protect funds at risk.

### *Outreach - OIG Continues Efforts to Educate the Export Community on Identifying & Reporting Fraud, Waste, & Abuse*

As part of the OIG's mission to prevent and detect fraudulent activity, efforts have been made to meet with and educate stakeholders and other law enforcement partners about the various risks and fraud scenarios most commonly seen in trade finance and export credit fraud cases.

On November 15, 2011, an OI representative lectured at the Inspector General Academy's Transition Training Program in Atlanta, Georgia. The program is designed for law enforcement agents entering the Inspector General community. The attendees consisted of approximately 50 law enforcement professionals and information was provided concerning international trade finance fraud and the role and responsibility of Ex-Im Bank OIG.

On November 17, 2011, an OI representative was a guest speaker at the Financial Information Security Association (FISA) in Miramar, Florida, to discuss Ex-Im Bank OIG and international trade finance fraud investigations. FISA include members of the banking community, federal and local law enforcement, and financial crime experts involved in financial fraud investigation and the protection of financial institution and bank funds. This presentation discussed common fraud scenarios and efforts by the OIG and partner law enforcement agencies to protect Ex-Im Bank from international trade finance fraud and related schemes.

Additionally, an OI representative was a guest speaker at the International Consortium on Governmental Financial Management meeting in Washington, DC, on January 4, 2012 to discuss Ex-Im Bank OIG and progress made to combat trade finance fraud since the OIG was staffed in 2007. Attendees included various governmental agency representatives, OIGs, consulting and accounting firms, and others involved in oversight responsibilities related to governmental financial management.

## *Hotline Activity*

The Ex-Im Bank OIG maintains a hotline to receive reports of fraud, waste, and abuse in Ex-Im Bank programs and operations. Hotline reports are evaluated by our investigative team and, based on the available evidence, may result in the initiation of an investigation, referral to other law enforcement authorities having jurisdiction, or referral to management for administrative action.

The OIG received five hotline reports during the reporting period. One was referred for investigation, one was referred for audit, two were referred to the OIG Office of Inspections and Evaluations, and one was resolved and closed by the hotline.

Hotline reports can be made by any of the following methods:

- phone at 1-888-OIG-EXIM (1-888-644-3946)
- email to [IGhotline@exim.gov](mailto:IGhotline@exim.gov)
- mail or delivery service to Ex-Im Bank OIG Hotline, Office of Inspector General, 811 Vermont Ave. NW, Washington DC 20571

The OIG will not disclose the identity of a person making a report through the hotline without their consent unless the Inspector General determines such disclosure is unavoidable during the course of an investigation.

# APPENDIX A – PEER REVIEW REPORTING

This appendix complies with Section 5(a)(14)-(16) of the IG Act of 1978, as amended.

## Peer Review of the Audit Function

Under generally accepted government auditing standards, OIG audit functions must have an external peer review at least every three years. During this reporting period, the Office of Audit successfully passed an external peer review for the year ended September 30, 2010. The review was conducted by the National Endowment for the Arts (NEA) OIG. It found the system of quality control for the Ex-Im Bank OIG's Office of Audit to be suitably designed and to provide Ex-Im Bank OIG with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The NEA OIG issued the rating of "PASS" and made no recommendation. The peer review report may be found at <http://exim.gov/oig/documents/Peer%20Review%20Audit%20120207.pdf>.

## Peer Review of the Investigation Function

As of July 2011, Ex-Im Bank OIG derives its law enforcement authority from Section 6(e) of the IG Act of 1978, as amended. As such, the OIG is required to undergo an external peer review process of our investigative function every three years. The peer review is scheduled for the summer of 2014.

## Peer Reviews of Other OIGs

The Ex-Im Bank OIG did not conduct a peer review of any other OIG during this reporting period. It has scheduled a peer review of the audit function of the Consumer Product Safety Commission OIG for the fall of 2013. In addition, it has scheduled a peer review of the investigation function of the Office of Personnel Management OIG for the end of 2012.

## *APPENDIX B – IG ACT PROVISIONS REQUIRING REPORTING IN SAR*

CITATION	REPORTING REQUIREMENTS	PAGE
Section 4(a)(2)	Review existing and proposed legislation and regulations	8
Section 5(a)(1)	A description of significant problems, abuses, and deficiencies	9 - 15
Section 5(a)(2)	Recommendations for corrective action with respect to significant problems, abuses, or deficiencies	19 - 28 31 - 37
Section 5(a)(3)	Prior significant recommendation on which corrective action has not been completed	None
Section 5(a)(4)	Matters referred to prosecutive authorities	43
Section 5(a)(5)	A summary of instances in which information was refused	None
Section 5(a)(6)	List of audit reports by subject matter, showing the total dollar value of questioned costs and recommendations that funds be put to better use	None
Section 5(a)(7)	A summary of each particularly significant report	19 - 37
Section 5(a)(8)	Statistical tables showing the total number of audit reports and the total dollar value of questioned costs	None
Section 5(a)(9)	Statistical tables showing the total number of audit reports and the dollar value of recommendations that funds be put to better use period	None
Section 5(a)(10)	A summary of each audit report issued before this reporting period for which no management decision has been made by the end of the reporting period	None
Section 5(a)(11)	A description and explanation of the reasons for any significant revised management decision made during the reporting period	None
Section 5(a)(12)	Information concerning any significant management decision with which the Inspector General is in disagreement	None
Sections 5(a) (14), (15), & (16)	Peer Review conducted and outstanding recommendations	55

## *APPENDIX C – ABBREVIATIONS & ACRONYMS*

AMS	Asset Management System
APP	Annual Performance Plan
CFO	Chief Financial Officer, Export-Import Bank
CIGIE	Council of Inspectors General on Integrity and Efficiency
CIO	Chief Information Officer, Export-Import Bank
DOJ	U.S. Department of Justice
ECA	Export Credit Agency
EOL	Ex-Im <i>Online</i> System
EX-IM or EX-IM BANK	Export-Import Bank <i>of the</i> United States
FISA	Financial Information Security Association
FISMA	Federal Information Security Management Act
FY	Fiscal Year
GAO	U.S. Government Accountability Office
GPRA	Government Performance and Results Act of 1993 and GPRA Modernization Act of 2010
HSI	Homeland Security Investigations
IBCL	Issuing Bank Credit Limit
IDA	Individual Delegated Authority
INT	Integrity Vice Presidency, World Bank
IPA	Independent Public Accountant
IPERA	Improper Payments Elimination and Recovery Act of 2010
IRS-CI	Internal Revenue Service - Criminal Investigations
IT	Information Technology
LGA	Loan/Guarantee and Accounting System
MD&A	Management Discussion and Analysis
MOU	Memorandum of Understanding
NBF	Nigerian Banking Facility
NEA	National Endowment for the Arts
OA	Office of Audit, Office of Inspector General, Export-Import Bank
OC	Office of Controller, Export-Import Bank
OI	Office of Investigations, Office of Inspector General, Export-Import Bank

OIE	Office of Inspections and Evaluations, Office of Inspector General, Export-Import Bank
OIG	Office of Inspector General, Export-Import Bank
OMB	Office of Management and Budget, The White House
PCM	Program Change Management
PCPM	Project & Corporate Portfolio Management, Export-Import Bank
PMCG	Portfolio Monitoring & Control Group, Export-Import Bank
PPG	Planning & Policy Group, Export-Import Bank
RCA	Reports Consolidations Act of 2000
SBCL	Special Buyer Credit Limit
SDA	Special Delegation Authority
SDLC	System Development Life Cycle
STSB	Short-Term Single Buyer
USPIS	U.S. Postal Inspection Service

# OFFICE OF INSPECTOR GENERAL (OIG) HOTLINE

## REPORTING FRAUD, WASTE, AND ABUSE

The Inspector General Act of 1978 states that the Inspector General (IG) may receive and investigate complaints or information concerning the possible existence of an activity constituting a violation of law, rules, or regulations, or mismanagement, gross waste of funds, abuse of authority or a substantial and specific danger to the public health and safety.

Whether reporting allegations via telephone, mail, or in person, the OIG will not disclose the identity of persons making a report without their consent unless the IG determines such disclosure is unavoidable during the course of the investigation.

## REPORTING METHODS

You may submit your complaint or information by these methods:

In person: At the Office of Inspector General  
Export Import Bank of the US  
811 Vermont Avenue, NW  
Washington, D.C. 20571

By Telephone: 1- 888-OIG-EXIM (1-888-644-3946)

By Mail: Ex-Im Hotline  
Office of Inspector General  
Export Import Bank of the US  
811 Vermont Avenue, NW  
Washington, D.C. 20571

By E-mail: [IGHotline@exim.gov](mailto:IGHotline@exim.gov)



**Office of Inspector General  
Export-Import Bank *of the* United States**

**811 Vermont Avenue, N.W.  
Washington, DC 20571  
Telephone 202.565.3908  
Facsimile 202.565.3988  
[www.exim.gov/oig](http://www.exim.gov/oig)**