

**Responses of SEC Inspector General Walter Stachnik
to Questions from Senator Specter
“Examining Enforcement of Criminal Insider Trading and
Hedge Fund Activity”
Hearing on December 5, 2006**

- 1. Has your staff interviewed John Mack to ascertain whether he personally exerted any political influence to dissuade SEC managers within the Enforcement Division from seeking his testimony? Why not?**

In order to protect the confidentiality and integrity of the Securities and Exchange Commission (SEC) Office of Inspector General's (OIG's) open investigation into allegations made by former Division of Enforcement (Enforcement) attorney Gary J. Aguirre, it is not appropriate for me to detail publicly the steps of an investigation that is still in progress. I can assure the Senate Judiciary Committee that we are performing a thorough investigation into Mr. Aguirre's allegations, including the allegation that John Mack exerted political influence to dissuade SEC Enforcement managers from taking his testimony.

- 2. On average, how many investigations does the SEC Office of Inspector General conclude in a year?**

During the last five fiscal years (2002 through 2006), the OIG completed an average of approximately 22 investigations per fiscal year.

- a. On average, how many tips or complaints does your office receive annually?**

During the last five fiscal years (2002 through 2006), the OIG received an average of approximately 100 complaints per fiscal year, including complaints from both internal and external sources.

- b. Do you have sufficient staff to investigate all of the serious allegations of misconduct that come to your attention?**

The OIG's investigations section is currently understaffed. We have expended, and continue to expend, a significant amount of resources on the investigation of Mr. Aguirre's allegations and responding to the inquiries of the Senate Judiciary and Finance Committees. In order to ensure that all serious allegations of misconduct are thoroughly investigated, I am currently exploring several alternatives, including having other Offices of Inspector General perform investigations, obtaining temporary assistance through contracts or details, and using OIG auditors to provide investigative support. If there appears to be a continued need for additional investigative resources, I will request additional staff from the SEC Chairman. I appreciate the concern that the OIG have sufficient resources to perform its investigative function.