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The Special Counsel

April 21, 2026

The President
The White House
Washington, D.C. 20050

Re: OSC File No. DI-24-000971

Dear Mr. President:

I am forwarding to you reports transmitted to the U.S. Office of Special Counsel (OSC) by the U.S. Department of the Treasury (Treasury) in response to the Special Counsel's referral of a disclosure of wrongdoing at the Internal Revenue Service (IRS), Criminal Investigation (CI), Office of Strategy, National Criminal Investigations Training Academy (NCITA), located at the Federal Law Enforcement Training Center (FLETC) in Glynco, Georgia.¹ OSC has reviewed the disclosure, agency reports, and whistleblower comments, and, in accordance with 5 U.S.C. § 1213(e), I have determined that the reports contain the information required by statute and that the findings appear reasonable. As summarized below, the agency partially substantiated the allegations.

The whistleblower, [REDACTED], Criminal Tax Special Counsel at NCITA, who consented to the release of his name, alleged that with the tenure of a new NCITA director in September 2021, changes to CI Special Agent Training violated agency rules, undermined CI's ability to fulfill its mission, and resulted in excessive and unjustifiable costs. The investigation, which covered September 2021 to August 2024, partially substantiated these allegations.

Absence of CI Senior Executive Team Training Oversight

An overarching finding was a lack of oversight by the CI Senior Executive Team over CI's Special Agent Investigative Techniques (SAIT) training course, when Special Agent Trainees "learn how to investigate the specific violations of Federal law under CI's jurisdiction."² As an initial matter, the investigation found that the CI Training Council, comprised largely of members of the CI Senior Executive Team, had been defunct since 2019, even though agency policy assigns it CI training oversight responsibilities, including advising the Chief of CI on training-related issues and policy; reviewing the program and any proposed changes for alignment with CI's mission; and serving as the curriculum review board for NCITA.³ The agency concluded that while the CI Senior Executive Team should have retained oversight responsibilities in the absence of a formal Council, it could not identify documentary evidence that it exercised those responsibilities. The agency

¹ The whistleblower's allegations were referred for investigation pursuant to 5 U.S.C. § 1213(c) and (d) to then-Treasury Secretary Janet Yellen, who signed the initial report. At OSC's request, the agency submitted a supplemental report, which Secretary Scott K.H. Bessent signed. The Treasury Inspector General for Tax Administration (TIGTA) conducted the investigation.

² Internal Revenue Manual (IRM) 9.2.1.3.3 (2013).

³ IRM 9.2.1.1(1) (2023).

found that, in failing to exercise its oversight responsibilities, the CI Senior Executive Team had not reviewed and approved SAIT curriculum changes, particularly a reduction in core financial investigative lessons by more than 35 hours, which were replaced with 38 hours of general law enforcement instruction.

Moreover, the investigation substantiated additional allegations later raised by the whistleblower regarding the CI Senior Executive Team's oversight failures. The investigation found that the CI Senior Executive Team had not approved other changes to the SAIT training program; namely, the removal of the Criminal Tax Special Counsel from instructing select legal course materials, and had not consulted with the Criminal Tax Special Counsel regarding the changes to the legal portions of the SAIT curriculum. These changes occurred despite the Internal Revenue Manual assigning the Criminal Tax Special Counsel at FLETC the role of "primary legal instructor and Chief Counsel representative on Criminal Investigation's teaching cadre," exercising "overall program and policy responsibility for the substantive criminal tax teaching provided."⁴

The investigation further found that the CI Senior Executive Team had not approved undocumented grading practices that deviated from SAIT policies, which per the *Supervisory Academy Instructor Handbook*, places NCITA in a tenuous position. Specifically, the investigation identified 24 instances of grading irregularities, including unauthorized question discounting, remedial exams with no retained underlying documentation, and an unexplained grade change by NCITA leadership.

To address the CI Senior Executive Team's oversight failures regarding curriculum changes, removal of the Criminal Tax Special Counsel from legal coursework, and grading practices, the agency adopted all five TIGTA recommendations. Specifically, it agreed to re-establish the CI Training Council with Executive and Senior CI leadership as voting members and Office of Chief Counsel leadership as advisors. It further agreed that the Council will determine which SAIT courses should be instructed by Office of Chief Counsel Criminal Tax attorneys; ensure it receives Criminal Tax Special Counsel advice on tax-related curriculum changes; review the Student Evaluation policy for consistency and fairness; and approve a process for reviewing test grading to ensure compliance with SAIT evaluation policies.

Unsubstantiated Findings

Although the agency concluded that the reduction in core financial investigative lessons, particularly without approval or justification, could have impaired Special Agent investigative preparedness, it could not substantiate that it had done so. In general, it could not confirm that newly graduated Special Agent Trainees were less or inadequately prepared to investigate financial crimes. While the amount of time devoted to core financial topics was reduced, the topics themselves were not eliminated. Field office management indicated that trainees completing SAIT had the basic skills to conduct financial investigations and did not voice concerns regarding the quality of the training. The agency also emphasized that SAIT is not the final phase of Special Agent training. In the final phase, each new Special Agent Trainee is assigned an on-the-job instructor to assist in completing training and achieving full professional competence.

⁴ IRM 30.3.2.4.1.4(1)(b) (2005).

The investigation was unable to substantiate that the failure rate of students in recent years was artificially low compared to its historical average. Although NCITA does not maintain historical data on failure rates, the agency reviewed SAIT passage rates for the relevant period and found a downward trend—from a 94 percent passage rate in 2021 to an 85 percent passage rate in 2024.

While confirming that there was an overall increase in Special Agent hiring, the agency did not substantiate that more Special Agents were hired without accounting or tax backgrounds. Recent job announcements required applicants to meet specialized experience in accounting or auditing and/or education in accounting and related fields. Of the 717 new Special Agent hires between 2021 and 2024, the agency reviewed 363 application packages plus a statistically valid random sample of the remainder for a total of 558 and found that all but two—attributed to Human Resources error—met the experience or education criteria. In addition to addressing the two instances, the IRS has since instituted a formal two-year training plan for Human Resource specialists and a new quality review program to prevent similar mistakes.

The investigation found that the general law enforcement lessons that replaced financial investigative content did not duplicate material from an earlier phase of Special Agent training—FLETC's Criminal Investigator Training Program, although some course titles were similar. Accordingly, the cost of these general law enforcement lessons was considered reasonable.

Whistleblower Comments

In his comments, the whistleblower questioned the credibility of CI senior management and criticized their failure to take responsibility for inadequate oversight of NCITA, stating that they had not been properly held accountable. He also argued that the initial report did not fully address whether reduced financial investigative training and grade manipulation had undermined Special Agent preparedness.

I thank the whistleblower for bringing these allegations to OSC. As required by 5 U.S.C. § 1213(e)(3), I have sent a copy of this letter, the agency reports, and whistleblower comments to the Chairs and Ranking Members of the Senate Finance Committee and the House Financial Services Committee. OSC has also filed redacted copies of these documents and a redacted copy of the letter referring this matter in our public file, which is available online at www.osc.gov. This matter is now closed.

Respectfully,



Charles N. Baldis
*Senior Counsel and Designee
of Acting Special Counsel Jamieson Greer*

Enclosures