The following memorandum regarding a review of Fannie Mae's email retention policy was provided to Acting Director Edward J. DeMarco by Inspector General Steve A. Linick in June 2012.

OFFICE OF INSPECTOR GENERAL

Federal Housing Finance Agency

400 7th Street, S.W., Washington DC 20024

TO: Steve Linick, Inspector General

FROM: Peter Emerzian, Deputy Inspector General, Office of Investigations

SUBJECT: Review of Fannie Mae's Email Retention Policy

DATE: June 18, 2012

We reviewed the email retention polices for Fannie Mae and Freddie Mac. As discussed below, we believe Fannie Mae's current email retention policy is insufficient to protect FHFA's long-term interest and could have a negative impact of FHFA OIG Audits, Evaluations, and Investigations.

Background

Fannie Mae personnel advised that email is retained on Fannie Mae servers for a period of 60 days. After this time, the email may be recovered within their servers for an additional 15 days. After that point all records are deleted from their email system.

Fannie Mae maintains a centralized and modern backup system; however, the company only maintains backups of emails for a period of 5 weeks. At which point the backup tapes are overwritten. Fannie Mae employees are free to move their emails to local email archives that are maintained on their Fannie Mae assigned computers, as opposed to the email server. It is Fannie Mae Information Technology personnel's experience that many employees maintain on their Fannie Mae issued computers emails going back many years.

Fannie Mae Information Technology Department also maintains a system known as "The Vault." The system permanently archives all emails for approximately 300 individual users having very sensitive positions. Such users would include Fannie Mae's former Chief Executive Officer, Michael Williams, as well as personnel assigned to the Home Affordable Modification Program.

Analysis

During the course of one investigation, OI reviewed the forensic images of computers assigned to five Fannie Mae employees who work in the same business unit. Particularly, OI investigators were looking for responsive emails to further the investigation.

The following table displays the summary of email objects[1] retained over a three year period for the five employees:

Year	Employee #1	Employee #2	Employee #3	Employee #4	Employee #5
2011	1212	0	2207	2070	1335
2010	1903	1483	2194	10256	1247
2009	2090	14	1939	11228	1282

Of note, one employee had no emails retained in 2011, meaning that it appeared that the employee had not retained or archived any emails.

Looking further into the data, the last email retained by Employee #1 was 4 months prior to the imaging of his computer. Employee #2's last retained email had been 10 months prior to the imaging of his computer. The emails for Employee #3 and Employee #4 were recent right up to the day their computers were imaged. For Employee #5, there was a one month gap of emails prior to imaging their computer.

Conclusion

In the aforementioned case, the investigative implications of such limited email retention meant that the effort to search for responsive emails was considerably more difficult. Consequently, any emails recovered outside the official Fannie Mae retention process is largely a result of chance.

If a situation arises where any Fannie Mae employee believed they were the target of an investigation, in the current environment, it would be within their ability and discretion to remove a significant portion of historical record, whether it be incriminating or exculpable.

OI asked Freddie Mac for information on their email retention policies and was advised that Freddie Mac keeps emails going back to November 2007.

Recommendation

FHFA-OIG OI recommends that given the significant investment of taxpayer funds, FHFA should consider changing the current email retention policy at Fannie Mae to be consistent with Freddie Macs retention policies.

[1] An email object in this circumstance also includes read receipts, meeting invitations/acceptances/declinations, etc.