

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 policies 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 objects¹ 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.



Nancy Jardini

Senior Vice President
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November 20, 2012

Mr. Jon D. Greenlee
Deputy Director
Division of Enterprise Regulation
Federal Housing Finance Agency
400 7th Street, SW
Washington, DC 20024

Dear Mr. Greenlee: 

We have reviewed the October 22, 2012 letter outlining FHFA's concerns regarding Fannie Mae's email retention practices and the actions that must be taken to address these concerns. Outlined below are the actions Fannie Mae is taking to address each issue. Additional details are provided in the attachment.

- **Immediately begin saving emails from all employees.** This action is complete. On October 5, 2012, Fannie Mae changed practices to ensure all emails on Fannie Mae servers are captured and retained on back-up tapes. These tapes include email starting as of August 6, 2012. *See attached eMail Retention Project Plan for specific actions taken.*
- **Establish a new corporate policy on email retention which requires that emails be retained for five years.** We will update our Backup and Recovery Service Level Requirements and Procedures ("Procedure") to require that all email be retained for five years. The Procedure will be completed by December 15, 2012.
- **Develop a project plan for systems and technology to ensure compliance with the new policy. The plan must include estimated costs and timelines for implementation.** A project is currently underway scheduled for implementation on January 31, 2013. This solution will extend our current email vaulting solution to all mailboxes in the company. The estimated cost for the hardware and software is approximately \$1 million. *See attached eMail Retention Project Plan.*
- **Develop an internal audit plan to review and evaluate the new practices in the 2013 audit cycle.** Internal Audit will commence review of the revised email retention practices in the scope of the Windows Security and Control audit which is scheduled to take place during Q1 2013, and every two years thereafter. Based on the results of the audit, Internal Audit will evaluate the need to conduct additional procedures later in the year.

If you have any questions, please do not hesitate to contact me at (202) 752-8597.

Sincerely,

A handwritten signature in black ink, appearing to read "Nancy Jardini", with a long horizontal flourish extending to the right.

Nancy Jardini
Senior Vice President and Chief Compliance and Ethics Officer

cc: Owen Lennon

eMail Retention Project Plan

Scope:

FHFA has asked Fannie Mae to retain all email messages for 5 years. This document explains Fannie Mae’s approach to satisfy this requirement.

Steps in progress or completed (timeline):

1. Change Retention on Exchange Back-up tapes (**CC 257951 - 10/5**) – **Complete**
 - a. Weekly Full back-ups of all Exchange email are being retained indefinitely
 - b. Post Oct 5, 2012 emails are being archived using tape. Emails dated post Aug 6, 2012 will be available on these tapes.
2. Change Retention on Exchange server to 31 days (**CC 261162 - 10/21**) – **Complete**
3. Change Retention on Exchange Servers to 35 days (**CC 264440 – 11/5**) - **Complete**
 - a. This will allow us to retain more email on the servers and reduce the back-up tape holds to once a month (still retained indefinitely)
 - b. Changed from 31 days to 35 days to ensure we do not miss anything with monthly full back-ups
4. Change back-up schedule to retain monthly Full back-up from the first of each month and retain it indefinitely.
 - a. Technical change (**CC 264032 – 11/8**) - **Complete**
 - b. Procedure/Requirement document change (**CC 264347 –12/15**)

Permanent Solution:

Fannie Mae is implementing the following approach in order to satisfy the FHFA requirement

1. Solution available on January 31st 2013:
 - a. Extend current Enterprise Vault implantation to retain all emails for every mailbox at Fannie Mae

Dependencies, Constraints and/or Risks:

1. Procurement is on critical path
2. Resources and support will be needed during holiday period
 - o The proposed schedule includes everyone’s vacation

Project Schedule:

<i>Steps</i>	<i>Projected Completion Date</i>
1 Define strategy	11/05/2012 Complete
2 Engage all stakeholders and build plan	11/05/2012 Complete
3 Obtain quotes and Initiate Procurement	11/05/2012 Complete
4 Build Development Environment	11/29/2012 Complete
5 Build Test Environment	12/11/2012 Complete
6 Procurement complete	12/12/2012
7 Update Requirements/Procedure	12/15/2012
8 Finish HW build for Acpt. and Prod.	12/19/2012
9 Finish Build UAT Env.	01/03/2013
10 Implement Solution	01/18/2013

Procurement details:

1. Hardware
 - a. Requisition ID: 1000227865
 - b. Submitted: 11/5/2012
2. Operating System licenses
 - a. Requisition ID: 1000227867
 - b. Submitted: 11/5/2012
3. Enterprise Vault licenses
 - a. Requisition ID: 1000227813
 - b. Submitted: 11/2/2012