

Administration Announces Financial Fraud Unit

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Corporations and individuals doing business in financial marketplaces will be subject to increased scrutiny by a new task force on financial fraud announced on Tuesday.

Attorney General Eric Holder revealed creation of the interagency group to crack down on financial fraud at a press conference on Tuesday. The task force has been charged with investigating and prosecuting financial crimes connected to the recent financial crisis and with taking steps to stop fraud on an ongoing basis. The initiative was created under an executive order signed by President Barack Obama.

Holder stated, "The Task Force is designed to strengthen our collective efforts -- in conjunction with our federal, state, and local partners -- to investigate and prosecute significant financial crimes relating to the current financial crisis; to recover ill-gotten gains; and to ensure just and effective punishment for those who perpetrate financial crimes.

"We face unprecedented challenges in responding to the financial crisis that has gripped our economy for the past year. Mortgage, securities, and corporate fraud schemes have eroded the public's confidence in the nation's financial markets and have led to a growing sentiment that Wall Street does not play by the same rules as Main Street. Unscrupulous executives, Ponzi scheme operators, and common criminals alike have targeted the pocketbooks and retirement accounts of middle class Americans, and in many cases, devastated entire families' futures."

Holder said that the task force will go beyond holding accountable those involved in the mortgage and credit crises but will work to prevent another meltdown from happening. He said the administration wants to send a message to anyone looking to profit by harming others that, "We will investigate you, we will prosecute you, and we will incarcerate you."

The task force will be chaired by AG Holder and will include representatives of the Departments of Justice, Housing and Urban Development and the Securities and Exchange Commission.

Creating the task force or taking some other similar action was virtually a necessity for the administration in the face of growing public anger over the types of financial malfeasance alluded to by Holder in his statement. The public has been increasingly outspoken in its anger about such scandals as the one in which Bernie Madoff bilked thousands of people out of billions of dollars. He operated virtually unchecked for many years while those who were supposed to be regulating his operations were oblivious to obvious signs of his criminal activity. Madoff, at least, is in prison, serving a 150 year sentence. What have provoked even more public outrage has been the seemingly bullet-proof executives of banks and mortgage companies who have taken cost the taxpayers billions while, thus far, escaping any consequences of their reckless or possibly criminal activities.

In reality the government has not been ignoring these situations. The FBI, the Securities and Exchange Commission and many states' attorneys general have been investigating hundreds of different possible financial crimes. Holder referenced these investigations during the press conference and said he expects many prosecutions will be announced.

Also speaking at the press conference was Treasury Secretary Tim Geithner who stressed the necessity not only to prosecute crimes that have happened, but to spot and stop new trends in financial activity and products with the potential to negatively impact individuals and the economy as a whole.

"We can't wait for problems to peak before we respond," Geithner said in a statement. "We're seeking a comprehensive financial reform to create a more stable, safe financial system and stepping up our enforcement strategy."

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