

111TH CONGRESS
1ST SESSION

H. R. 3995

To provide additional resources for Federal investigations and prosecutions of crimes related to the 2008 Financial Crisis, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 3, 2009

Ms. KAPTUR introduced the following bill; which was referred to the Committee on the Judiciary, and in addition to the Committee on Financial Services, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To provide additional resources for Federal investigations and prosecutions of crimes related to the 2008 Financial Crisis, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Financial Crisis of
5 2008 Criminal Investigation and Prosecution Act of
6 2009”.

7 **SEC. 2. FINDINGS.**

8 Congress finds the following:

1 (1) The Federal Bureau of Investigation (FBI)
2 has testified that “today’s financial crisis dwarves
3 the S&L crisis as financial institutions have reduced
4 their assets by more than \$1 trillion related to the
5 current global financial crisis compared to the esti-
6 mated \$160 million lost during the S&L crisis.”
7 (Testimony by Mr. John Pistole, Deputy Director of
8 the Federal Bureau of Investigations of the United
9 States Department of Justice before the U.S. Senate
10 Committee on the Judiciary, February 11, 2009).

11 (2) The FBI has testified that mortgage fraud
12 was such a major contributor to the current global
13 financial crisis that: “it would be irresponsible to ne-
14 glect mortgage fraud’s impact on the U.S. housing
15 and financial markets”.

16 (3) In the late 1980s and early 1990s, the
17 United States experienced a similar financial crisis
18 with the collapse of the Savings and Loan institu-
19 tions. Again, according to Deputy Director Pistole,
20 “the Department of Justice (DOJ), [and more spe-
21 cifically the FBI], were provided a number of tools
22 through the Financial Institutions Reform, Recovery
23 and Enforcement Act of 1989 (FIRREA) and Crime
24 Control Act of 1990 (CCA) to combat the aforemen-
25 tioned crisis. As stated in Senate Bill 331 dated

1 January 27, 2009, ‘in the wake of the Savings and
2 Loan crisis of the 1980s, a series of strike forces
3 based in 27 cities was staffed with 1,000 FBI
4 agents and forensic experts and dozens of Federal
5 prosecutors’.”.

6 (4) Fraud also played a decisive role in the Sav-
7 ings and Loan crisis. The FBI and Justice Depart-
8 ment made prosecuting those elite frauds among its
9 highest priorities. This took a massive commitment
10 of FBI resources, but it produced the most success-
11 ful prosecution of an epidemic of elite fraud in his-
12 tory—over 1,000 “priority” felony convictions of
13 senior insiders, according to Professor William K.
14 Black in his book “The Best Way to Rob a Bank
15 is to Own One”.

16 (5) However, the FBI, because of its crippling
17 personnel limitations, has been unable to assign suf-
18 ficient FBI agents assigned to investigate the cur-
19 rent global financial crisis. The FBI identified the
20 mortgage fraud “epidemic” in congressional testi-
21 mony in September 2004. It had so few white-collar
22 crime specialists available, however, that it was able
23 to assign only 120 special agents to mortgage fraud
24 cases—less than one-eighth the agents it found es-

1 sential to respond adequately to the huge, but far
2 smaller, Savings and Loan crisis.

3 (6) Given the magnitude of the financial crisis
4 of 2008 and the resulting losses and billions of tax-
5 payer dollars spent to keep the financial system
6 from collapsing, the FBI should have no less than
7 1,000 agents to address corporate, securities, and
8 mortgage fraud located across the country, and, in
9 addition, more forensic experts and Federal prosecu-
10 tors to uncover the crimes committed and bring the
11 perpetrators to justice.

12 (7) This authorization is expected to bring the
13 FBI and prosecutorial staffing to the necessary lev-
14 els to investigate complex financial crimes and pros-
15 ecute those who have committed these crimes.

16 **SEC. 3. ALLOWABLE USE OF FUNDS.**

17 The funds authorized in this Act shall be used for
18 the following:

19 (1) The hiring of additional employees, includ-
20 ing the hiring of 1,000 FBI agents and, in addition,
21 a sufficient number of forensic experts, by the Direc-
22 tor of the Federal Bureau of Investigation in the
23 Department of Justice to investigate corporate, secu-
24 rities, and mortgage fraud, and associated violations

1 of the law relating to the United States financial
2 markets.

3 (2) The hiring of additional employees by the
4 Attorney General of the Department of Justice to
5 prosecute violations of the laws relating to the
6 United States financial markets.

7 (3) The hiring of additional employees by the
8 Chair of the Securities and Exchange Commission
9 Division of Enforcement to investigate and prosecute
10 violations of the law relating to United States finan-
11 cial markets.

12 **SEC. 4. AUTHORIZATIONS.**

13 There are authorized to be appropriated to carry out
14 this Act such sums as necessary for fiscal year 2009, fiscal
15 year 2010, fiscal year 2011, and fiscal year 2012. Such
16 sums shall be available until obligated.

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