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Federal Task Force Targets Financial Fraud

The Obama Administration launches multi-agency panel to coordinate investigation and prosecution of financial crimes

By [Phil Mintz](#)

The Obama Administration said on Nov. 17 that it is forming a multi-agency Financial Fraud Enforcement Task Force to investigate and prosecute financial crimes, including mortgage and securities fraud, as well as discrimination cases and fraud involving financial stimulus monies.

Obama's office issued an Executive Order setting up the agency, which will be chaired by Attorney General Eric Holder, and will include representatives of the Justice, Treasury, and Housing & Urban Development departments and the Securities & Exchange Commission, among others. The panel—which replaces a Corporate Fraud Task Force established by the Bush Administration in 2002 following a spate of corporate accounting scandals—is to hold its first meeting within 30 days.

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"This Task Force's mission is not just to hold accountable those who helped bring about the last financial meltdown, but to prevent another meltdown from happening," Holder said at a news conference. "By punishing criminals for their actions, we will send a strong message to anyone looking to profit from the misfortune of others: We will investigate you, we will prosecute you, and we will incarcerate you."

The panel comes as reports of financial fraud, including the unraveling of Bernard Madoff's long-running Ponzi scheme, have gained prominence during the recession. Fraud experts say that [white-collar crimes rise during a down economy](#).

According to a Nov. 13 [Inspector General's memo](#), the FBI was investigating more than 189 major corporate frauds, 18 of which have losses over \$1 billion, and the number of mortgage fraud investigations conducted by the FBI has more than doubled in the past three years.

Ronald J. Huefner, professor of accounting at the University of Buffalo School of Management, said that while the real work of combating fraud is going to be done by agency auditors and investigators, creating the task force is "a signal that the people at the top are committed" to fighting fraud. Enhanced inter-agency cooperation could also be a plus, Huefner said. "Historically, one of their big problems is to be able to talk to each other and coordinate."

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