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Attorney general calls white-collar crime a priority

By DANIEL WAGNER and TOM RAUM Associated Press

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WASHINGTON — Attorney General Eric Holder on Thursday told a panel studying the financial crisis that fighting white-collar crimes is “a real priority,” even if it bumps up against another urgent mission, combatting terrorism.

Holder told the bipartisan Financial Crisis Inquiry Commission that the FBI is investigating 2,800 mortgage fraud cases, up 400 percent from five years ago, and that he hopes to have 50 new FBI agents and 155 new attorneys working financial-crimes cases in the coming year.

Still, Holder said, “our resources, even given those additions, are relatively limited, and these cases are complex ones.”

Terror threats

Commission Chairman Phil Angelides asked Holder if the diversion of 500 investigators from financial crimes to terrorist activities since 9/11 and recent terrorism threats make it harder for the Justice Department to investigate financial crimes.

Holder said moving investigative resources to national security is understandable and suggested that the need to expand terrorism-related investigations wasn't stopping the Justice Department from making “fighting white-collar

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crime a real priority.”

Angelides, a Democrat and former California state treasurer, grilled Holder on a Sept. 4, 2004, warning from a top FBI official about “an epidemic of mortgage fraud coursing across this country” and the dire crisis that could occur if it were left unchecked. That was four years before the financial meltdown on Wall Street that led to the collapse of some of the nation's largest financial institutions.

Holder said he wasn't aware of the warning but would check into it.

Holder and top financial regulators testified on the second day of hearings by the 10-member panel set up by Congress to investigate the causes of the financial meltdown.

Securities and Exchange Commission Chairman Mary Schapiro and Federal Deposit Insurance Corp. Chairman Sheila Bair told the panel they were also beefing up enforcement of financial abuses and called for more regulatory reform.

Angelides said the commission, which heard from executives of four major banks Wednesday, was calling witnesses from both the private and public sector in hopes of getting to the bottom of the largest financial crisis since the 1930s.

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