

Federal Government Establishes Interagency Financial Fraud Enforcement Task Force

Legal Alert
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Garvey Schubert Barer Legal Update, December 2, 2009.

Since early 2000, business entities have faced increased risk of criminal prosecution and regulatory enforcement proceedings. In response to the collapse of Enron and WorldCom, President George W. Bush signed Executive Order 13271 establishing the Corporate Fraud Task Force within the United States Department of Justice (DOJ). On November 17, 2009, the Obama Administration replaced the original task force with an interagency Financial Fraud Enforcement Task Force.

A copy of the Executive Order may be obtained online at www.justice.gov/opa/pr/2009/November/09-opa-1243.html.

The new task force is designed to coordinate the anti-fraud efforts of all federal government law enforcement and regulatory agencies. It will join the expertise and resources of over twenty federal agencies with those of state and local government partners to investigate and prosecute *significant* financial crimes.

The new task force will be led by the DOJ, assisted by a steering committee consisting of representatives of the Department of Treasury, Housing and Urban Development (HUD) and the Securities and Exchange Commission (SEC). In addition, senior level officials from the following departments, agencies and offices will participate:

- Department of Commerce
- Department of Labor
- Department of Education
- Department of Homeland Security
- Commodity Futures Trading Commission

Related Services

Securities Litigation & Enforcement

White-Collar Defense & Investigations

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Federal Trade Commission
Federal Deposit Insurance Corporation
Board of Governors of the Federal Reserve System
Federal Housing Finance Agency
Office of Thrift Supervision
Office of the Comptroller of the Currency
Small Business Administration
Federal Bureau of Investigation
Social Security Administration
Internal Revenue Service, Criminal Investigations
Financial Crimes Enforcement Network
United States Postal Inspection Service
United States Secret Service
United States Immigration and Customs Enforcement

Relevant Offices of Inspectors General and related Federal entities, including without limitation the Office of the Inspector General for the Department of Housing and Urban Development, the Recovery Accountability and Transparency Board, and the Office of the Special Inspector General for the Troubled Asset Relief Program

In addition, the attorney general will invite representatives of the National Association of Attorneys General, the National District Attorneys Association, and other state, local, tribal and territorial representatives to participate in the task force through its Enforcement Committee.

The new Financial Fraud Enforcement Task Force will “coordinate criminal and civil enforcement resources of the executive branch to investigate and prosecute financial fraud cases; recover stolen funds for victims; address discrimination in lending and financial markets; and enhance coordination and cooperation among federal, state, local, tribal, and territorial authorities responsible for investigating and prosecuting significant financial crimes and violations.” See [Attorney General Eric Holder’s November 17, 2009 speech](#).

The original task force’s members were the Director of the FBI, the Assistant Attorney General of DOJ’s Criminal Division, the Assistant Attorney General of DOJ’s Tax Division, and the United States Attorneys for the Southern and Eastern District of New York, the Northern District of Illinois, the Central and Northern District of California, and the Southern District of Texas. Its function was to

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Provide direction for the investigation and prosecution of cases of securities fraud, accounting fraud, mail and wire fraud, money laundering, tax fraud ... and other related financial crimes committed by commercial entities and directors, officers, professional advisors and employees thereof ... when such cases as determined by the Deputy Attorney General ... to be significant.

A copy of Executive Order 13271 may be obtained online at www.usdoj.gov/dag/cftf/execorder.htm.

Decision makers in all sectors of the economy should be mindful of the increased focus on the detection, investigation and prosecution of all varieties of financial fraud. Business entities involved in the lending, finance, securities, and government contracting are likely to be the initial targets of the task force.