

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.

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## 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

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## 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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