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April 18, 2009

EDITORIAL

## Fraud Factor

While Washington is spending billions to shore up the financial system, it is doing far too little to strengthen the federal government's ability to investigate and prosecute the sort of corporate and mortgage frauds that helped cause the economic collapse.

Those efforts — never fully adequate — have suffered in recent years as money and people were shifted from white-collar fraud to anti-terrorist activities. Over time, the ranks of fraud investigators and prosecutors were dramatically thinned, leaving the F.B.I. and the larger Justice Department ill prepared to keep pace with a skyrocketing number of serious fraud allegations. Now they are ill equipped to police the vast infusion of federal money into the economy.

A bipartisan measure newly approved by the Senate Judiciary Committee and now coming before the full Senate would begin to close the enforcement gap.

Sponsored by Senators Patrick Leahy of Vermont and Edward Kaufman of Delaware, both Democrats, and Senator Charles Grassley, Republican of Iowa, the Fraud Enforcement and Recovery Act of 2009 would significantly expand the number of prosecutors, agents and analysts devoted to pursuing financial crimes.

It would strengthen existing federal fraud and money-laundering provisions, updating the definition of "financial institution" in federal fraud statutes to include largely unregulated mortgage businesses, for example, and reversing flawed court decisions that have undermined the effectiveness of the False Claims Act, one of the most potent weapons against government fraud.

The measure envisions spending \$490 million over the next two fiscal years. Like a similar enforcement buildup in response to the savings and loan crisis of the 1980s, this one will contribute far more than it costs to the federal Treasury through restitutions and asset recoveries, according to the Congressional Budget Office forecast. Senators should not be asking if the expenditure is affordable, but whether it is enough.

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