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Obama Administration Establishes Federal Task Force to Combat Financial Fraud

Attorney General Eric Holder announced this week the creation of an interagency Financial Fraud Enforcement Task Force that will investigate and prosecute various alleged economic crimes that played a role in bringing about the current financial crisis. This multidisciplinary effort, which replaces the Corporate Fraud Task Force established in 2002 in the wake of the Enron and other accounting scandals, will target mortgage, securities and corporate fraud, and reflects the administration's first step in ramping up its white collar enforcement efforts.

The Department of Justice will lead the task force, with the Department of the Treasury, the Securities and Exchange Commission and the Department of Housing and Urban Development serving on the steering committee. Building on the recently expanded membership of the Corporate Fraud Task Force, the new task force includes officials from the Federal Reserve, the Federal Housing Finance Agency and the Office of the Special Inspector General for the Troubled Asset Relief Program, among many others.

Emphasizing the role of economic crimes in the current financial downturn, Mr. Holder noted that the mission of the task force will be both to punish those who contributed to the financial crisis and to "send a strong message to anyone looking to profit from the misfortune of others" in order to prevent another meltdown from happening.

The establishment of the task force is another effort by the administration to crack down on mortgage fraud, Ponzi schemes and other financial crimes that have impacted Americans to an increasing degree in recent years. While the interdisciplinary task force model has been used in the past, the announcement reflects the beginning of what is expected to be an intensive enforcement effort across the country over the next several years.

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