

May 6, 2009

Mr. SCOTT of Virginia: The Fraud Enforcement and Recovery Act of 2009 is crafted to combat financial fraud that contributed to causing and worsening our Nation's current economic crisis. We are bringing to the floor a bill that represents a consensus of efforts for the House and Senate, each acting on a bipartisan basis, blending the Senate-passed bill with H.R. 1748, the Fight Fraud Act of 2009, which the House Judiciary Committee reported last week.

This bill amends the Federal criminal fraud statutes to reach the full range of fraud and other financial crimes that have come to light as the financial crisis has unfolded. The bill amends the definition of "financial institution" and fraud statutes to make it clear that financial institutions include mortgage lending businesses. It amends the securities fraud statute to make it clear that securities fraud includes commodities fraud. It makes it clear that it is a felony for a mortgage broker to knowingly make a materially false statement on a loan application or fraudulently overvalue property in order to influence any action by a mortgage lending business. Of course, that is already a crime, and the bill clearly states this fact just in case anybody thought it was okay to cheat and defraud a mortgage lending business during the mortgage process.

It amends Federal money laundering statutes to make them more effective in the context of fraud prosecutions and to ensure their appropriate use. It also seeks to deter fraud from undermining the TARP and economic stimulus package efforts recently passed by explicitly making fraud in those cases a felony.

In addition to amending criminal statutes, S-386 clarifies key provisions of the False Claims Act in order to more effectively enlist private citizens in helping root out fraud against the government and bring its perpetrators to justice.

Now, Mr. Speaker, I think the most important part of the bill, in my judgment, is not the clarification of various fraud sections in the criminal code, but its authorization of resources to investigate and prosecute fraudulent activities. Additional authorization for the FBI, for example, would enable it to nearly double the size of its mortgage and financial fraud program. The U.S. Attorneys offices and other components of the Justice Department and other Federal agencies involved in investigating fraud would also receive increased authorizations. Additional funds provided pursuant to the new authorizations can be used not only for Federal investigations and

enforcement, but also to support State and local law enforcement efforts in this area, including training, technical assistance, expertise and other support provided through programs such as the National White Collar Crime Center.

Mr. Speaker, many financial crimes today go unpunished because law enforcement agencies simply lack the resources to investigate and prosecute financial crimes such as ID theft, mortgage fraud or organized retail theft. This bill will empower Federal law enforcement officials to hold criminals accountable for their crimes.

And finally, Mr. Speaker, the bill incorporates legislation by the gentleman from Connecticut (Mr. *Larson*) which will create an independent, bipartisan commission with subpoena power to examine more broadly the circumstances giving rise to the current financial crisis.

I would like to commend the Judiciary Committee's chairman, the gentleman from Michigan (Mr. *Conyers*), the ranking member, the gentleman from Texas (Mr. *Smith*), the ranking member of the subcommittee, the gentleman from Texas (Mr.

Gohmert

) and others on the committee, as well as the gentleman from Illinois (Mrs.

Biggart

) and our colleagues from the other body for their help in making this such a strong bipartisan bill. I urge my colleagues to support it.