



Department of Justice

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DEPUTY ATTORNEY GENERAL PAUL J. MCNULTY ANNOUNCES FORMATION OF NATIONAL PROCUREMENT FRAUD TASK FORCE

WASHINGTON – Deputy Attorney General Paul J. McNulty announced today a new national procurement fraud initiative established by the Justice Department’s Criminal Division to promote the early detection, prevention and prosecution of procurement fraud associated with increased contracting activity for national security and other government programs. In partnership with U.S. Attorneys’ Offices, the Justice Department’s Civil Division, and other federal law enforcement agencies, the Department will form the National Procurement Fraud Task Force, chaired by Assistant Attorney General Alice S. Fisher of the Criminal Division, to intensify the government’s detection efforts and to continue prosecuting those who defraud taxpayers.

Among others, the federal agencies that will participate in the Task Force include the FBI, the Special Inspector General for Iraq Reconstruction and the Offices of Inspectors General (OIGs) for the Department of Defense, CIA, NASA, General Services Administration, the Civil and Criminal Divisions of the Department of Justice, Department of Homeland Security, Department of Energy, Department of Veterans Affairs, Nuclear Regulatory Commission, Small Business Administration, Social Security Administration, U.S. Postal Service, the Office of the Director of National Intelligence, National Reconnaissance Office, Department of State, Department of Transportation, Department of Treasury, Department of Housing and Urban Development, Department of Interior, and Department of Agriculture. In addition, all defense-related investigative agencies – Defense Criminal Investigative Service, Naval Criminal Investigative Service, U.S. Army- Criminal Investigative Command, and the Air Force Office of Special Investigations – will be full participants.

"Procurement fraud cheats American taxpayers and harms the government's efforts to obtain the goods and services needed for its mission. At a time of heightened concern for our nation's security, every tax dollar is precious," said Deputy Attorney General McNulty. We simply cannot tolerate fraud and abuse in government contracting. This task force is modeled after the Department's highly successful efforts in combating fraud in the aftermath of Hurricane Katrina and an effort I initiated in the U.S. Attorney's Office in the Eastern District of Virginia."

The Task Force will strengthen the government’s efforts to fight procurement fraud, focusing resources at all levels of government to increase criminal enforcement in areas of procurement fraud to have the most substantial impact. These areas include defective pricing or other irregularities in the pricing and formation of contracts, product substitution, misuse of classified and procurement sensitive information, false claims, grant fraud, labor mischarging,

accounting fraud, fraud involving foreign military sales, ethics and conflict of interest violations, and public corruption associated with procurement fraud.

"This initiative provides a structure for increased coordination among federal law enforcement to focus on its mission to detect and combat procurement fraud," said Assistant Attorney General Fisher. "The public needs to have faith in the integrity of the procurement system and know that anyone who is cheating the system the system will be held accountable."

The Task Force will focus its efforts on the following priorities:

- Identification and prosecution of viable procurement fraud cases through coordination with U.S. Attorneys' Offices and OIG field offices;
- Ensuring adequate resources are available to successfully investigate and prosecute procurement fraud cases;
- Standardization of "best practices" (*e.g.*, recruitment of sources, consensual calls, and witness interviews);
- Better coordination between agency auditors and investigators to ensure that red flags and badges of fraud are promptly reported to criminal investigators for follow-up investigation;
- Better identification and resolution of investigative and coordination issues as they arise in joint cases (*e.g.*, audit support and expanded efforts to share information);
- Specialized training for OIG agents and auditors on the development and prosecution of procurement fraud cases;
- Examination of existing laws and policies to determine if they need to be strengthened or changed;
- Development of strategies encouraging agencies to refer more cases for civil and criminal prosecution; and
- Better coordination of targeted civil, regulatory and criminal enforcement actions.

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