

**Assistant Attorney General for the Criminal Division Lanny A. Breuer
Speaks at the “Focus on Recovery” Biennial National Procurement and
Grant Fraud Conference**

Philadelphia ~ Wednesday, November 17, 2010

Thank you for that kind introduction, Robb, and for all the hard work you have been doing. I am absolutely delighted to have this opportunity to address you today. This is a tremendously important training conference, and it is my privilege to participate in it. I want to thank everyone at the Recovery Accountability and Transparency Board, the U.S. Postal Service’s Office of Inspector General, and the Financial Fraud Enforcement Task Force who has helped to make this event possible. I also want to commend you all for your participation. You are the reason for this event.

Vice President Biden told you yesterday that protecting the integrity of Recovery Act funds is a high priority for this Administration. He cares deeply about the program, and has been an excellent steward and sheriff of the act. And I can tell you that it is extremely important to the Justice Department as well. You are the eyes and ears of our joint effort to prevent and detect Recovery Act fraud, and your presence here is evidence of your commitment to that effort.

The pledge I want to make to you in return is that when you find and report evidence of fraud, we will investigate it with you – and, when the facts and the law warrant, we will not hesitate to prosecute. The Criminal Division, along with our partners in the U.S. Attorneys Offices, is firmly committed to supporting you in our collective mission to prevent and deter any attempts to defraud the American people of the money invested in our future through the Recovery Act.

As you know, President Obama signed the American Recovery and Reinvestment Act shortly after taking office, in February 2009. Among other things, the Act authorized \$275 billion in federal contracts, grants, and loans in order to spur economic activity and create long-term growth – funding roads, schools, police forces, and countless other projects across the country. To state the obvious, that’s a lot of money; and a lot of reasons why you and I and others need to remain vigilant and focused on the possibility of fraud.

So far, there is reason for optimism. And that is largely because of the important work of Earl Devaney. Under Earl’s leadership, the Recovery Accountability and Transparency Board has implemented a first-of-its-kind method of tracking Recovery Act dollars as they are distributed. As many of you know, and as I have seen first-hand, Earl has set up

a state-of-the-art "war room" at the Board's headquarters, and his staff works around the clock to trace and prevent fraud on Recovery Act funds. As important, Earl has also ensured that the manner in which Recovery Act funds are disbursed is completely transparent to the American people. As a result of the light that has been shined on that process, attempts to defraud the government of money disbursed under the Recovery Act have undoubtedly been deterred. I am fortunate to have worked very closely with Earl since I became Assistant Attorney General 19 months ago, and our teams have forged a strong partnership. Earl's efforts represent innovative law enforcement at work, and we are all better off for his leadership.

So far, the Justice Department is encouraged to see that there has not been widespread fraud and abuse with respect to Recovery Act funds. The Financial Fraud Enforcement Task Force, a co-sponsor of this training conference, has been an important part of the effort to stop fraud before it occurs. The Task Force, which the President established by Executive Order in November of last year, has brought together people from Departments and agencies all across the federal government in a collective effort to combat financial fraud, including Recovery Act fraud. Chaired by the Attorney General, the Task Force includes senior-level officials from more than 20 federal departments, agencies, and offices, as well as state and local law enforcement, and it has an express mandate to "investigate and prosecute significant financial crimes and other violations relating to the . . . financial crisis." I am privileged to sit on the Task Force's Steering Committee and to co-chair the Task Force's Recovery Act Fraud Working Group, along with Earl and others.

There are a number of steps that the members of the Working Group have already taken, together or individually, to combat Recovery Act fraud.

First, Earl and the Recovery Board have established a system for quickly referring potential fraud matters to Inspectors General around the country, and for analyzing requests for assistance that the Board receives from IGs and reports of fraud that come in from the general public. This system ensures that any allegations of fraud are quickly and effectively addressed.

Second, the Justice Department, in concert with IGs and others, has worked hard to train the people who award and oversee Recovery Act funds, and the agents and auditors who investigate Recovery Act fraud, on how to detect, prevent, and root out fraudulent conduct. Tens of thousands of professionals responsible for awarding, overseeing and auditing Recovery Act funds have been trained so far in joint IG and DOJ training programs.

Third, as an outgrowth of meetings that I have had with several U.S. Attorneys from across the country, we are working to ensure that the relevant U.S. Attorneys' Offices are notified when Earl and the Board make an initial referral to an IG. In this way, U.S. Attorneys can become engaged in potential fraud matters at their initial stages.

Finally, the Task Force recently took the forward step of bringing the National Procurement Fraud Task Force (or NPFTF) under its umbrella. The NPFTF was established in 2006, under the Criminal Division's leadership, to bring together officials in the Justice Department and other federal departments and agencies; Inspectors General across the government; law enforcement entities; and others to prevent, detect, and prosecute procurement and grant fraud. The NPFTF, which I have been privileged to chair, has achieved an important level of coordination among its members. And going forward, the Financial Fraud Enforcement Task Force and the Recovery Act Working Group will have the benefit of the NPFTF's expertise, and of the participation of all its member IGs. The IG community is, quite simply, indispensable to rooting out fraud, waste and abuse, and the inclusion of even more of the IG community in the Financial Fraud Enforcement Task Force is an important step forward.

As I said, so far, the effort to prevent Recovery Act fraud has been a success story. According to the most current figures, there have been about 40 criminal cases charged relating to fraud on Recovery Act funds, and 13 convictions, all involving relatively small dollar amounts. For the time being, these small numbers are encouraging.

But I also know, based on my experience as the head of a Division that prosecutes hundreds and hundreds of fraud cases, that financial criminals are opportunistic, and can be extraordinarily innovative. I have seen it in investment fraud schemes that we have been investigating and prosecuting all across the country, through which financial criminals prey upon vulnerable, individual investors and bilk them out of their life savings. I have seen it in countless health care fraud schemes, in which fraudsters devise ways – often very crude – to defraud the Medicare program. Indeed, since their inception in 2007, the Department's Medicare Fraud Strike Force operations have obtained indictments of more than 825 individuals who collectively have billed the Medicare program more than \$2 billion. And I've seen it in disaster fraud schemes, in which financial criminals take advantage of natural disasters such as Hurricane Katrina to try and defraud the federal government, insurance companies, and others. Indeed, in the five years following Katrina, the Justice Department charged over 1,300 people with fraud schemes related to Hurricanes Katrina, Rita, and Wilma.

In short, just because we have not yet seen widespread fraud on Recovery Act funds does not mean that we will not see it in the future. On the contrary, given the size and number of the contracts, grants, and loans awarded under the Act, we must be prepared for financial criminals to work hard at devising fraudulent schemes aimed at stealing the moneys disbursed under the Act.

That is where I believe you and your agencies and IGs all across the country come in. That is why this training conference, and the training that agents, auditors, and grantmakers have been receiving over the last year and a half, are so important. You are on the front lines of our effort to detect and prevent Recovery Act fraud. You will be the ones to see it first. You will be the ones to find it. And we will depend first and foremost upon your vigilance and expertise to root it out.

The Criminal Division, and its partners in the U.S. Attorneys' Offices, know how to prosecute cases. That's what we do. And we have extensive experience in quickly and effectively prosecuting fraudsters who always appear ready to divert government funds that are intended for communities around the country. We've done it in the wake of Hurricane Katrina and other natural disasters, and we are prepared to protect the funds currently being disbursed to citizens of the Gulf Coast following last summer's oil spill. Indeed, in the Criminal Division's Fraud Section, we recently constituted a Financial Institutions and Public Sector Fraud Unit, which will handle, among other things, our government procurement fraud cases. That Unit, along with the rest of the Section, stands ready to investigate any credible evidence of Recovery Act fraud that we receive, and to prosecute all meritorious cases. I know that the U.S. Attorneys' Offices around the country stand ready to do the same thing.

So I want to make a pledge to you today: If you find and report to us evidence of Recovery Act fraud, we will investigate it thoroughly with you. And, when the facts and the law warrant, we will prosecute the perpetrators. As I said at the outset, protecting the integrity of Recovery Act funds is a priority for the Administration and for the Justice Department, and we are 100 percent committed to following through on any case that merits it. Let me also say that if for any reason you feel that you are not receiving the support you need from our prosecutors, or the Division as a whole, let me know and I will personally address your concern. You have my word on it.

Collectively, we have an important mission: To prevent and detect fraud on Recovery Act funds and bring to justice those intent on defrauding the American taxpayer of those funds. Because of the Vice President's visionary leadership, and because of Earl Devaney's leadership on the Recovery Accountability and Transparency Board; as well

as the Justice Department's and the IG community's unprecedented efforts to train agents, auditors, and grantmakers; and because of your hard work, so far we have not yet seen significant Recovery Act fraud. But, given the size and number of Recovery Act contracts, grants, and loans, we must be prepared for the fact that there will be people intent on committing fraud.

You are essential to the task of finding those criminals before they succeed and rooting out their fraudulent conduct. But as you go forward, know this: You have strong partners in the Criminal Division and the U.S. Attorneys' Offices who stand ready to support you in carrying out our important mission. Thank you for having me here.