Amendment # - To allow TARP funds to support fraud investigations and prosecutions

Although the rise in fraud associated with the mortgage industry and federal assistance programs was entirely foreseeable, Congress failed to enact adequate prevention measures and should not now expect taxpayers to contribute nearly half a billion additional dollars to clean up another mess Congress created.

- This year, Congress has already spent more than $1.5 trillion.

- Our national debt is more than $11 trillion, and CBO recently set this year’s deficit at $1.7 trillion — projected to rise to $1.845 trillion by year’s end.

- Congress no longer has the luxury of conducting business as usual, taking care of parochial pet projects before priorities like protecting American homeowners and their hard-earned tax dollars from fraud.

The need for additional resources to investigate and prosecute fraud associated with the mortgage industry and government handouts did not spring up overnight. Yet, proponents of this bill act like it did.

- Other than $10 million given to the FBI for investigating mortgage fraud in the omnibus appropriations act, none of the spending measures passed by this Congress have included funding for fraud.

- Now, having missed earlier opportunities to fund anti-fraud efforts, proponents of S. 386 have elevated the issue to “emergency status,” criticizing anyone who dares question the wisdom of spending another half billion dollars.

Congress can fund this initiative without adding more to the taxpayers’ tab — by paying for it with unobligated TARP funds. This amendment would authorize the use of such funds to pay for spending authorized by S. 386.

- Just yesterday, officials announced that 20 investigations had been opened regarding fraud and other crimes associated with bailout funds.¹

¹ Ralph Vartabedian and Tom Hamburger, “Crimes suspected in 20 bailout cases -- for starters;” LA Times,
• The Inspector General described the bailout money as “inherently vulnerable to fraud, waste and abuse” and warned that tens of billions of dollars are likely to be lost to fraud as the program becomes “more complex and larger in scope.”

• Consistent with the Inspector General’s call for greater fraud protections, Congress should authorize the use of TARP funds to support anti-fraud enforcement efforts. Given the likelihood that billions more dollars will be lost to fraud, this would seem a worthy investment.

April 21, 2009.

2 Id.