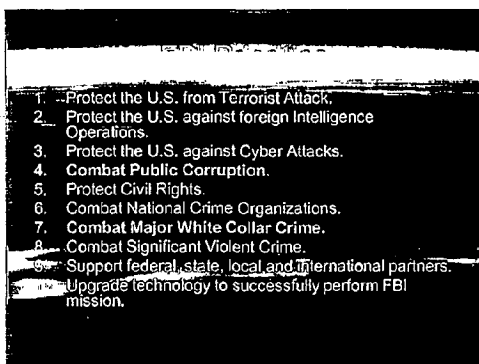
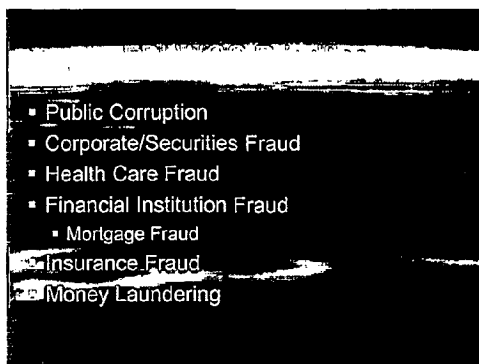


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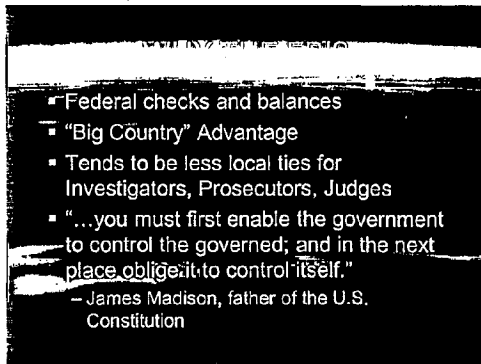
- Number 1 Criminal Priority
- Examples:
 - Bribery
 - Extortion
 - Conflict of Interest
- Federal, State, Local officials

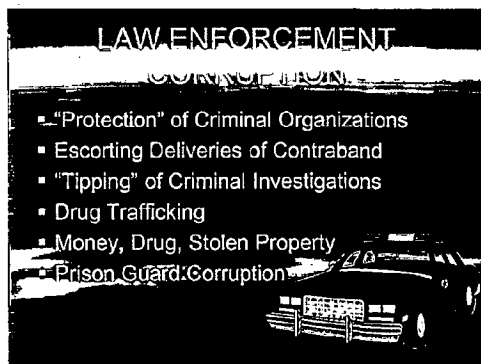
"Fighting corruption is essential to meeting the great challenges of our times...When corruption flourishes, it weakens confidence in public institutions such as law enforcement, and undermines the honest values that democracy depends upon. All people deserve legal systems that spread opportunity, instead of protecting the narrow interests of a well-connected few."

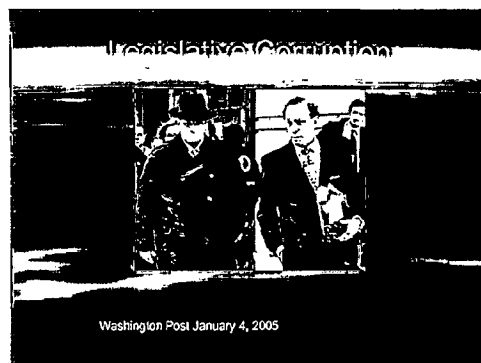
- President Bush, May 2003

Why should I think there is

- "Public money is like holy water; everyone helps himself to it"
- Italian Proverb
- "I can resist everything except for temptation"
- Oscar Wilde







LEGISLATIVE CORRUPTION

- **Primary Targets**
 - U.S. Congress/State Legislators
 - County Commissioners/City Councilmen
 - Lobbyists/Consultants
- **Typical Official Acts**
 - Introduce bills/resolutions
 - Vote/Not Vote
 - Exert tangible, improper influence over others
- **Payments**
 - Cash, campaign contributions, property, hidden business interests and investments



I am proud to have broken the law, concealed my conduct, and disgraced my office.

Congressman Randy "Duke" Cunningham
 Union House (San Diego) November 27, 2005



SAN DIEGO, CA - On November 28, 2005, U.S. Representative Randall "DUKE" Cunningham, pled guilty to accepting gifts and bribes from defense contractors in exchange for providing preferential treatment.

REGULATORY CORRUPTION

- **Licensing/Certifications**
 - Liquor, construction, professional
- **Inspections**
 - Non-enforcement of city/county codes
 - Extortion despite code compliance
- **Zoning Changes**
 - Residential to commercial
 - Low-density to high-density



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JUDICIAL CORRUPTION

"Rainmaking" Schemes

- Attorneys/clerks soliciting bribes for influence
- **Court Appointment Kickbacks**
- **Probation-Related Fraud**
- **Obstruction of Justice**
 - Witness/jury tampering
 - Perjury/false statements
- **Traditional**
 - Reduced charges, sentencing,
 - Forfeitable property, fines





Corporate Fraud/Securities And

COMMODITIES FRAUD

- **White Collar Crime Priority #2**
- **Corporate Fraud**
 - Accounting Fraud
 - Examples: Enron, Worldcom, Adelphi
- **Insider Trading**
- **Market Manipulation**

Corporate Fraud Definition

Accounting Fraud

("Cooking the Books")

The falsification of financial information, including:

- False accounting entries
- Bogus trades designed to inflate profits or hide losses
- False transactions designed to evade regulatory oversight

Corporate Fraud Definition

Self-Dealing

("Me First")

Self-dealing by corporate insiders includes:

- Insider Trading
- Manipulating stock option dates
- Kickbacks
- Misuse of corporate property for personal gain
- Individual tax violations related to self-dealing

Corporate Fraud Victims

- Individual Shareholders
- Employee Pension Plans
- Mutual Funds
- Financial Institutions (Lenders)
- Market Stability and Reliance

Corporate Fraud Response

The FBI Response

- Corporate-Fraud Response Teams (CFRT):
 - Special Agents and Financial Analysts with accounting and Corporate Fraud expertise.
 - Deployed on temporary assignment to the location of Corporate Fraud cases to help carry out investigations:
 - Conduct interviews
 - Analyze documents
 - Review financial statements
 - Handle evidence

- White Collar Crime Priority #3
- Fraud: 3-10% of \$3.31 trillion spent on health care
- Work with Inspectors General
- Examples:
 - Hospital Cost Reporting
 - Outpatient-Surgery Centers
 - Medical Transportation

Mission of the FBI

- To identify, investigate, and assist in the prosecution of individuals and entities which:
 - Defraud US Government Health Care Programs
 - Defraud Private Health Care Insurers & Programs
 - Defraud Consumers of Health Care Programs

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Health Insurance Portability and Accountability Act of 1996
Public Law 104-191 Enacted August 21, 1996

- Appropriated special funding to the FBI for health care fraud enforcement
- Eight FBI Special Agents in the San Francisco Division

Health Care Fraud Schemes

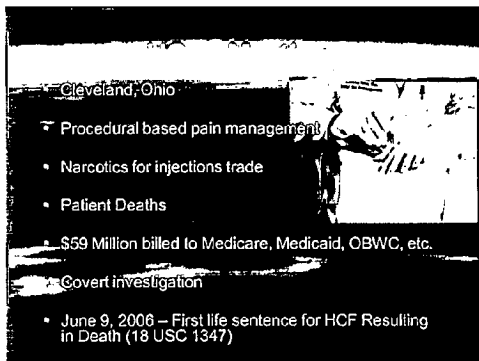
- Services not rendered
- Services not necessary
- Kickbacks
- Upcoding
- Product substitution
- Durable medical equipment fraud
- Substandard products
- Infusion therapy fraud
- Illegal Internet prescription drug sales
- Counterfeit pharmaceuticals
- Prescription drug diversion
- Medical privacy

DILUTED TRUST



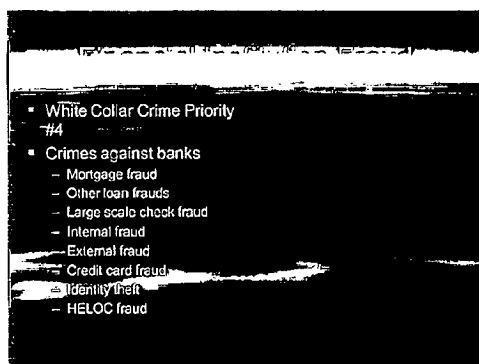
Robert R. Courtney
The Associated Press

William Van Nant in his Independence, Mo., home with a somphack he made for his wife, who received diluted drugs before dying of cancer.
The Associated Press



Cleveland, Ohio

- Procedural based pain management
- Narcotics for injections trade
- Patient Deaths
- \$59 Million billed to Medicare, Medicaid, OBWC, etc.
- Covert investigation
- June 9, 2006 – First life sentence for HCF Resulting in Death (18 USC 1347)



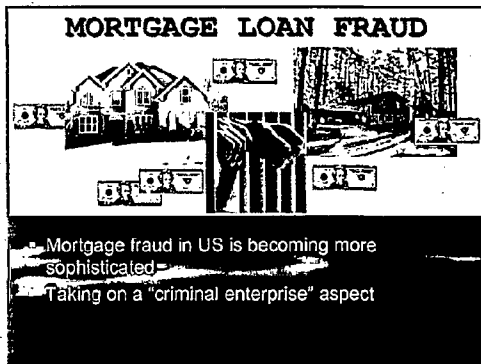
White Collar Crime Priority
#4

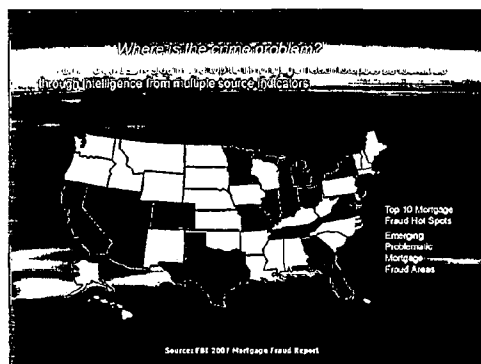
- Crimes against banks
 - Mortgage fraud
 - Other loan frauds
 - Large scale check fraud
 - Internal fraud
 - External fraud
 - Credit card fraud
 - Identity theft
 - HELOC fraud



What Is the Most Common Form of Financial Institution Fraud Today?

3/24/2011

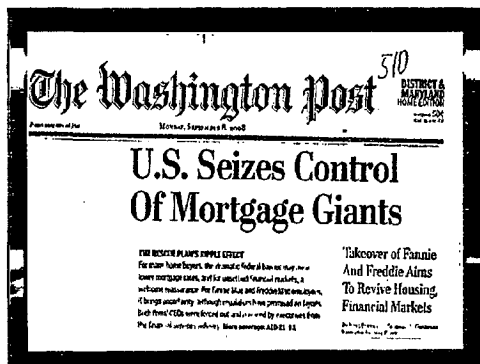






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Financial Companies' Losses Top \$1 Trillion

**S&P 500 index loses
nearly \$150B in value
in trading Monday**

NEW YORK | U.S. financial companies have lost more than \$1 trillion in value this year, and yet another decline on Monday shows concerns aren't going away soon.

Banks and brokerage began the week lower on the same fears that have been proven true since last summer in the ongoing credit crisis. The financial sector was hit with a confluence of troubles on Monday; cautious remarks from a Federal Reserve official and new capital concerns at Freddie Mac and Fannie Mae.

an Brothers, Morgan Stanley and Merrill Lynch caused the financial acrobatics of the Standard & Poor's 500 index to lose almost \$150 billion in value on Monday, according to the rating agency. That means S&P 500's 45 financial components have lost some \$1.3 trillion since the sector reached a high last October.

Howard Silverblatt, S&P's senior index analyst, said financial stocks will likely continue to be hurt until some signs develop that show banks and brokerages have a better grip on credit problems. **JOE DEL GRADIO (AP)**

BUSINESS

STEVEN FEARLSTER
Macbeth and the Market

There have been a number of, in fact, an amazing number of alleged "breakthroughs" in the field of child development in the past 10 years. I think that the most important of these is the discovery that children are not just passive recipients of information from the world, but that they are active participants in their own development. This is a very important discovery, and it has led to a number of new theories of child development. One of the most important of these is the theory of "constructivism," which says that children build their own understanding of the world through their experiences. This theory has led to a number of new educational practices, such as "discovery learning" and "problem-based learning." These practices are based on the idea that children learn best when they are actively involved in the learning process. This is a very important discovery, and it has led to a number of new theories of child development. One of the most important of these is the theory of "constructivism," which says that children build their own understanding of the world through their experiences. This theory has led to a number of new educational practices, such as "discovery learning" and "problem-based learning." These practices are based on the idea that children learn best when they are actively involved in the learning process.

[illegible]

Merrill Lynch Posts \$4.65 Billion Loss In Second Quarter

[illegible]

Mortgage Crisis Reverses Tide of Urban Renewal



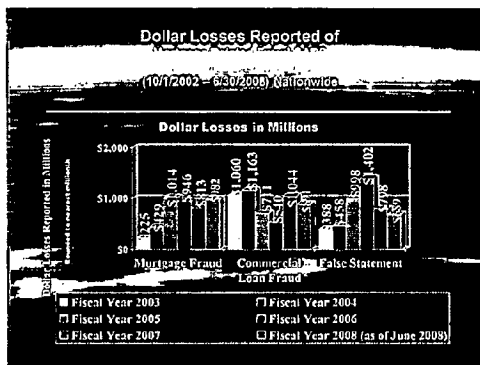
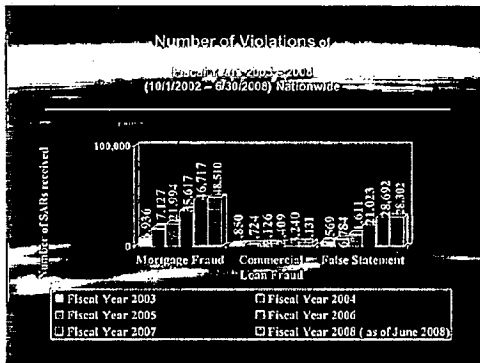
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Mortgage fraud is committed

- To obtain a property
- To gain a profit

3/24/2011

▪ Backward Application
▪ Intent to occupy
▪ Straw buyers
▪ Inflated Income
▪ False Assets

MORTGAGE FRAUD IS INVESTIGATED BY FBI

U.S. DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION

Mortgage Fraud is Investigated by the Federal Bureau of Investigation and is defined as the use of a loan to obtain money or property, which is not lawfully obtained, or the use of a loan to obtain money or property, which is not lawfully obtained, or the use of a loan to obtain money or property, which is not lawfully obtained.

Types of Mortgage Fraud

1. Reverse Mortgage Fraud
2. Cash-Out Refinance Fraud
3. Pay-Off Fraud
4. Loan Modification Fraud
5. ARM Fraud
6. Interest Rate Buydown Fraud
7. Prepayment Penalty Fraud
8. Title Insurance Fraud
9. Escrow Account Fraud
10. Home Inspection Fraud
11. Appraisal Fraud
12. Real Estate Commission Fraud
13. Real Estate Brokerage Fraud
14. Real Estate Salesperson Fraud
15. Real Estate Agent Fraud
16. Real Estate Broker Fraud
17. Real Estate Salesperson Fraud
18. Real Estate Agent Fraud
19. Real Estate Broker Fraud
20. Real Estate Salesperson Fraud
21. Real Estate Agent Fraud
22. Real Estate Broker Fraud
23. Real Estate Salesperson Fraud
24. Real Estate Agent Fraud
25. Real Estate Broker Fraud

FRAUD FOR PROFIT

▪ Big Business
– MBA estimated that loan originations would reach \$2.28 trillion during 2007

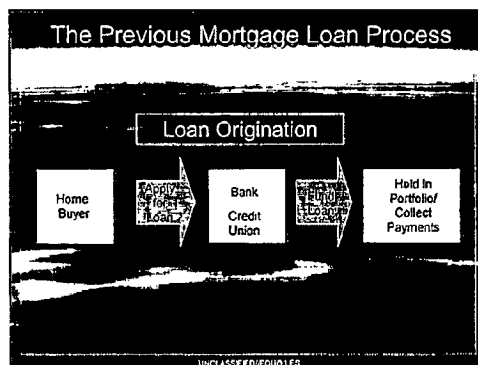
▪ Booming market causes increased workload, procedures not followed.

▪ Insider involvement.

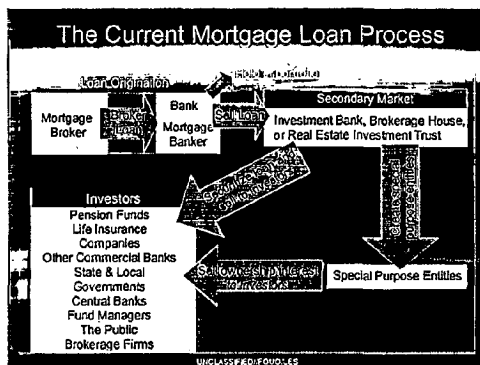
▪ Insufficient internal and external controls

▪ Increase in activity by organized criminals

▪ Subprime lending and inflated real estate prices

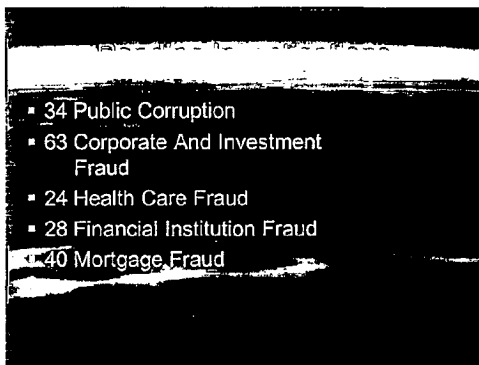


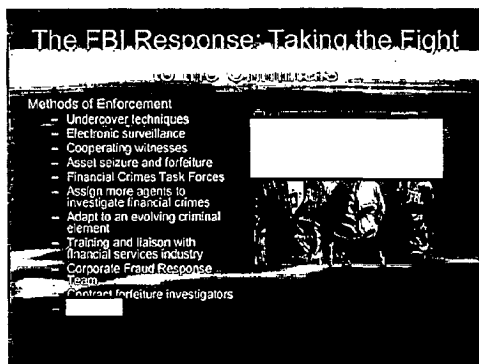
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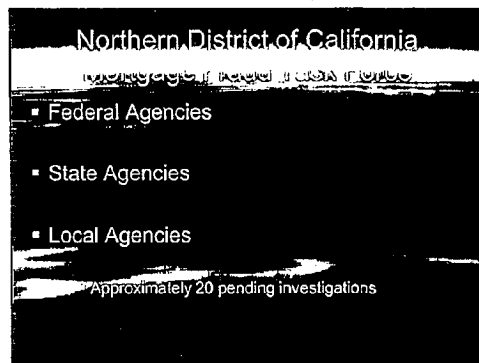
- The San Francisco Division Has 50 Special Agents Assigned To Five WCC Squads
 - 2 Squads In San Francisco
 - 1 Squad In Oakland
 - 1 Squad In San Jose
 - 1 Squad In Concord
 - Agents assigned in North Bay and Monterey areas.

3/24/2011

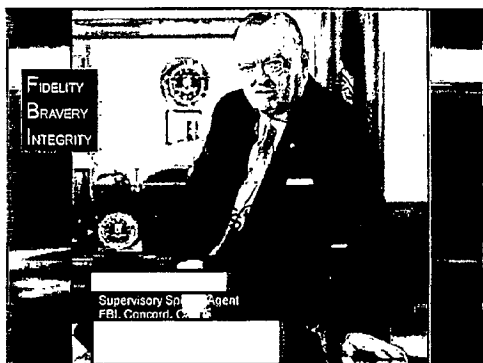




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