



# Department of Justice

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ADDRESS  
OF  
THE HONORABLE GRIFFIN B. BELL  
ATTORNEY GENERAL OF THE UNITED STATES  
BEFORE  
THE METROPOLITAN ATLANTA CRIME COMMISSION

FRIDAY, OCTOBER 20, 1978  
NOON  
PEACHTREE PLAZA HOTEL  
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There is no part of my mission as Attorney General that I regard more seriously than that of helping protect our citizens from the ravages of crime.

Soon after I became Attorney General, the President charged me with the responsibility for developing a more effective approach to crime control.

We have undertaken this assignment in a sober and careful manner.

The Department has been working earnestly and energetically to evaluate and improve the federal government's approach to crime as well as the relationship of mutual assistance among federal, state, and local governments, for we must fight crime as a team.

#### CRIMINAL JUSTICE PRIORITIES

President Carter and I have designated four areas of criminal activity for top federal priority: white-collar crime, public corruption, narcotics trafficking, and organized crime.

Criminal activity in these areas does incalculable damage on a national scale. These are crimes that local law enforcement agencies often do not have the resources to combat. They require the multi-district jurisdiction and inter-agency coordination that is more accessible to federal authorities.

I have centralized authority for overseeing all of the Department's criminal justice activities in the second-ranking official of the Department, Deputy Attorney General Benjamin Civiletti.

The Deputy works closely with Director Webster, the head of the Federal Bureau of Investigation, and Peter Bensinger who runs the Drug Enforcement Administration. In addition, he works with the heads of federal agencies outside the Justice Department to ensure the quality, efficiency, and integrity of our coordinated investigative efforts.

At present more than a hundred different federal agencies are involved in law enforcement to one degree or another. To concentrate these resources, I have asked Ben Civiletti to work with the President's Reorganization Project to ensure that the resources represented in all those agencies are used effectively, without waste, without overlap, and without conflict.

The common denominator of our four priority areas is that they make a lot of money for the criminals involved. If you don't get caught, crime pays, and pays well. Crime as a commercial enterprise reaches into many parts of our lives, and it costs each of us money. It also damages our nation -- by weakening our economy, by threatening the integrity of our public officials, and by threatening the effectiveness of our institutions.

And it stimulates the kind of crime that is most visible and disturbing to our citizens -- violent street crime.

To meet the challenge of the new breed of criminal entrepreneurs, the government must expand the ranks of those who are highly trained to investigate sophisticated financial transactions. The FBI now has 800 accountant investigators. We are working to recruit more and to retrain other investigators in this area.

However, merely increasing the number of investigators and auditors will not be sufficient. The Department of Defense, for example, has over 4,000 investigators and 6,000 auditors; yet it is still a prime victim of serious fraud and abuse. Of far more importance is the investigators' skill and expertise. Experience has demonstrated that to handle sophisticated economic crimes, investigators have to possess the ability to penetrate complex schemes, reconstruct intricate financial transactions and follow logical audit trails.

One of our most effective tools has been to utilize and expand the strike force concept to set up teams of agents and

experts from several different agencies, each with special investigative skill in areas such as tax, securities dealings, fraud schemes, labor racketeering.

We are using such teams to carry on a number of important investigations, such as the current investigation into the General Services Administration, and also our investigation into frauds in the health, education and welfare area, particularly in the area of Medicaid and Medicare fraud.

Let me give you some idea of what we're up against, and what we're doing about it, in the four priority areas I mentioned.

#### WHITE-COLLAR CRIME

Included under the umbrella of "white-collar crime" are consumer fraud, credit card fraud, payoffs and kickbacks, securities and insurance fraud, embezzlement, and similar swindles.

What is needed to attack such crime, and what the Department of Justice is seeking to develop and implement, is a national enforcement strategy focusing on five key elements: prevention, detection, investigation, prosecution, and punishment.

Prevention involves public awareness of the "badges" of fraud: unusual and guaranteed high returns, fancy company titles with only mail drops for offices, the bargain no one else can match. All such signs of fraud should be repeatedly publicized, so that citizens can report on suspected violations.

But I would like to dwell today on the other elements of our enforcement strategy.

To combat white-collar crime we are establishing or expanding economic crime units in twenty-nine cities nationwide. These units will be placed in the largest United States Attorney's offices and will be staffed by experienced senior attorneys from the Justice Department and Assistant United States Attorneys. The units will be charged with handling "priority cases," communicating with all involved state, local, and federal agencies, and coordinating enforcement policies on a regional basis among United States Attorneys' offices.

The terminology of "white-collar crime" sometimes obscures one major aspect of the problem which is of primary importance to me -- what we in South Georgia call stealing from the government.

I never cease to be amazed at the ingenious and misguided schemes that are concocted to defraud government programs. For example, when a Department of Transportation clerk was arrested for embezzling some \$875,000 in federal funds not long ago, he had relatively little cash because the money which was intended for the noble purpose of constructing the Atlanta subway system was actually used to buy ten automobiles,

a houseboat, and an interest in a topless go-go bar. The arrest and confiscation in this case left the government in the awkward position, until a recent auction, of operating a topless go-go bar across the street from the FBI building. After the government sold the bar, the Washington Star quoted one of the dancers as saying she didn't know if she could work for another owner.

The total dollar cost of white-collar crime is impossible to measure, but we are learning more all the time about its dimensions. For example, federally insured banks lose three times as much money from white-collar crime as from armed robbery.

The victims of white-collar crime are found in every segment of our society, but especially among disadvantaged and vulnerable groups. A recent land fraud case in Florida, for instance, involved 550 elderly investors, all of whom lost their life savings. Consider also the cases of federal inspectors who are bribed to ignore hazardous mining conditions, or doctors who prescribe unnecessary medical tests for their medicaid patients.

Fraud against welfare and benefit programs is a particularly reprehensible form of stealing from the poor. In response, we are developing specialized and innovative techniques for detecting signs of possible fraud and abuse of government

programs. We are training agency auditors and investigators to spot potential fraud cases by providing "mini-courses" on investigative techniques. We are working with program agencies in a series of pilot projects using computer screens to pinpoint problem areas.

One such effort, called Project Integrity, is designed to identify health care providers who may be abusing the Medicaid and Medicare programs based on a computer assessment of their claims submissions. Another effort involves computer matching of the federal payroll records with welfare rolls. A third project involve computer matches of federally funded unemployment insurance rolls to determine if employed individuals are receiving benefits illegally. The same technique is being applied to detect possible fraud and abuse in the food stamp program. In all of these efforts, we are trying to safeguard the privacy rights of the majority of honest citizens participating in these programs.

Since the administration began to focus upon economic crime in a systematic way, the FBI, the Labor Department, and other federal agencies have devoted more investigative manpower to this priority area. The recent legislation creating Inspectors General in major federal agencies will ensure centralized direction of investigative and audit functions within agencies and coordination among them. The Inspectors General will provide a first-line of defense against fraud and abuse in government programs and procurement.

With respect to illegal corporate activities, we are emphasizing the investigation and prosecution of corporate bribery and serious antitrust offenses, and we will make every effort to obtain the imposition of appropriately severe penalties -- including jail sentences -- for the most serious offenders. To combat corporate illegality beyond our borders, I have created a special unit to prosecute multi-national fraud under the Foreign Corrupt Practices Act. Only in this way will executive suite crime be deterred and ordinary citizens convinced that justice is being dispensed in an even-handed manner.

As I alluded earlier, there is one final victim of white-collar crime: the respect that we Americans should have for our system of justice and laws. Each time that such a crime is successfully perpetrated, the criminals will have less regard for that system. But, even worse, the public will begin to doubt the very integrity of our criminal justice apparatus. If such doubt is allowed to grow, we shall all suffer in the decline of our nation's moral and ethical values, which must surely follow.

#### PUBLIC CORRUPTION

The second priority area is official corruption. In discussing the challenge facing us in this area, the Washington Post recently reminded me of the Old Tammany Hall leader who described his theory of "honest graft" involving

insider deals available to government officials: "I seen my opportunities and I took'em," he said.

I believe that, in the wake of Watergate, this administration has no task more important than restoring trust in our public offices. I have expanded the Public Integrity Section of the Department's Criminal Division and made it clear that they will receive my full support in pursuing corruption cases wherever they may lead -- no matter how highly placed or influential the perpetrators may be. On long and difficult cases where extra help is needed by a United States Attorney, a prosecutor from the Public Integrity Section is sent to the field to provide multi-district coordination or to lend expertise. We are also working to increase the efforts of United States Attorneys, many of which have special corruption units in their offices. We also help train investigators and guide their efforts to ferret out public corruption.

#### ORGANIZED CRIME

The next priority area is organized crime.

When I talk about organized crime, I am referring to two or more individuals associated in common enterprises to commit crime for profit with the intent and the ability to perpetuate the enterprise despite the loss of one or more of its members. I have directed federal authorities to focus on eliminating organized crime enterprises rather than simply prosecuting individuals on a case-by-case basis.

Within this field the Department continues to press its efforts against the offenses long associated with organized crime -- loansharking, numbers rackets, gambling, protection, and extortion. I have, however, assigned a high priority to the development of an effective approach to investigating and prosecuting three aspects of organized criminal activity with tentacles that reach far across the life of our society: the infiltration and abuse of legitimate business, labor-management racketeering, and mob-related political influence.

We have revitalized and expanded the inter-agency Organized Crime Strike Force program, and we are encouraging and assisting United States Attorneys to develop organized crime cases in areas where a full Strike Force is unnecessary.

We have also enlisted greater assistance from government agencies outside the Criminal Division. A new Department of Labor unit of 90 investigators will be devoted to assisting the Strike Forces with labor-management racketeering problems. In addition, the FBI is seeking 353 new positions in the Fiscal Year 1979 budget to investigate organized crime cases.

Both the Strike Forces and United States Attorneys have found innovative ways of using the RICO statute as a tool in our priority areas. The statute permits us in appropriate cases to seek the forfeiture of assets acquired through racketeering or used in racketeering schemes as well

as permitting the use of additional civil remedies such as enjoining illegal activity.

NARCOTICS TRAFFICKING

Our final priority is to increase the effectiveness of federal efforts against major narcotics trafficking. The entire Drug Enforcement Administration has been reorganized in the past year to meet changing patterns in drug trafficking and to liberate more than 100 "desk-bound" special agents to return to criminal investigative work. The reorganization will reduce jurisdictional competition and duplicative administrative expenses, and improve the mechanisms for interchange of intelligence and enforcement services with state and local agencies.

In the past year we have worked to establish joint FBI-DEA teams to attack drug trafficking by organized crime in New York, Los Angeles, and Chicago. The concept is also being employed informally in other locations.

Another move in this area was the strengthening of Major Drug Trafficker Prosecution Units in United States Attorney offices, to ensure that there are prosecutors with the expertise and time to devote to the biggest narcotics cases.

Before moving on to a discussion of federal assistance to local law enforcement, I want to take a minute to clear up what is perhaps a misunderstanding about the FBI role in investigating bank robberies.

In having the FBI concentrate its resources on our four priority areas, we are attempting to reduce intelligently the FBI investigative work hours on bank robberies, but only where the reduction can be filled by state and local prosecutive efforts.

The FBI is intensifying a continuing program to train bank officers and employees in security measures and state and local law enforcement personnel in investigation and prosecution of these crimes.

U. S. Attorneys' offices in 27 districts have established joint federal-state-local law enforcement committees to discuss coordinated and investigative prosecutive efforts in bank robberies.

I have also instructed U. S. Attorneys to institute meetings with banking officials throughout the country to discuss the most effective allocation of federal investigative resources.

#### FEDERAL ASSISTANCE TO LOCAL LAW ENFORCEMENT

The Law Enforcement Assistance Administration within the Department is a vehicle for the federal government to marshal its resources to assist state and local criminal justice activities. Founded 10 years ago, LEAA can be a catalyst for improving state and local law enforcement activities. But despite the expenditure of about \$6 billion, it has not met its potential.

Too much LEAA money has gone into administration of the program and compliance with federal rules, regulations and red-tape. Too little has gone into actual programs to help state and local law enforcement officials in fulfilling their responsibilities. Since assuming office, I have done my utmost to reverse this distortion of priorities.

During the past year and a half I have worked closely with LEAA officials to simplify the grant process, eliminate waste in the program and target funds to areas of greatest need. The Justice Systems Improvement Act -- legislation to authorize and reorganize LEAA -- was introduced in the Congress earlier this year by the Carter Administration with bipartisan Congressional support, including Senator Kennedy's invaluable help.

These reforms will have important consequences. LEAA state plans -- formerly averaging 1,000 pages -- will be cut by 80%. Cities now required to submit 40 applications annually for LEAA funds will need to submit only one. Federal planning funds will be reserved for planning that is truly necessary and useful. Moving money away from overhead and toward action programs will help law enforcement professionals in their efforts to reduce crime and make this country a safer place to live.

I feel confident that we will see significant improvements in LEAA with the changes that we have undertaken administratively and proposed legislatively.

The primary responsibility for combatting the overwhelming volume of crime problems and improving the administration of justice rests with state and local governments. However, the federal government should be a more understanding, responsive and effective partner in these activities. Programs such as "sting" operations, where LEAA funds have aided in the recovery of millions of dollars of stolen property and the arrests of several thousand individuals, and the career criminal units, where LEAA funds have been earmarked for the apprehension and prosecution of hard-core criminals, should no longer be the noteworthy exceptions. If we work together, they can be typical of LEAA funding decisions.

Law enforcement assistance, of course, must be a two-way street. We must continue to exchange information and intelligence, share technical expertise, and coordinate our work on crimes like bank robbery which involve jurisdictional overlap.

Still closer coordination can be secured through the federal-state-local coordination committees which we have urged United States Attorneys around the country to form. Direct contacts are also important, particularly those between the police departments and the FBI field offices in our major cities. Director Webster and I have emphasized the importance of such close coordination and have encouraged joint operations.

I believe that at the Justice Department we are making significant progress with the programs I have outlined to you.

We look to working with local law enforcement to continue to explore means of improving our relationship of cooperation and mutual assistance. As you well know, the job of combatting crime will require that all levels of law enforcement do more and do it better.

Thank you very much.

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