

**Congress of the United States**  
**Washington, DC 20515**

March 17, 2014

The Honorable Eric Holder  
Attorney General  
U.S. Department of Justice  
950 Pennsylvania Avenue, NW  
Washington, DC 20530

Dear Mr. Attorney General:

We write today to express our deep concern with the findings reported by the Department of Justice Inspector General indicating that in many instances, the investigation of mortgage fraud is not a priority for the Department, and that the Department has publicly and repeatedly reported inaccurate statistics regarding its efforts to prosecute mortgage fraud cases. We request a meeting to review the Inspector General's findings and to understand the steps that will be taken to ensure that the Department's efforts to identify and prosecute those responsible for fraudulent mortgage practices are equal to the harms such crimes have caused our constituents.

In an audit entitled "Audit of the Department of Justice's Efforts to Address Mortgage Fraud," the Inspector General evaluated the Department's "approach and enforcement efforts in addressing mortgage fraud generally between fiscal years (FY) 2009 and 2011." The report found that, although the Department has implemented several new initiatives intended to combat financial fraud, including mortgage fraud, that priority was not reflected in the operations of the Federal Bureau of Investigation (FBI). Nearly \$200 million in funding was appropriated to the FBI between fiscal years 2009 and 2011 to investigate mortgage fraud, but the Inspector General found:

[T]he FBI Criminal Investigative Division ranked Complex Financial Crimes as the lowest of the six ranked criminal threats within its area of responsibility, and ranked mortgage fraud as the lowest subcategory threat within the Complex Financial Crimes category.

Similarly, the Inspector General "found mortgage fraud to be a low priority, or not listed as a priority, for the FBI Field Offices in the locations we visited, including Baltimore, Los Angeles, Miami, and New York."

The Inspector General also reported that the data collected regarding the Department's mortgage fraud prosecutions were not reliable. The Department collects case management data in its Legal Information Office Network System (LIONS). Despite the fact that all Assistant U.S. Attorneys "are required to certify the accuracy of their LIONS case information biannually," every Assistant U.S. Attorney contacted by the Inspector General "informed us that the information provided in LIONS should not be considered a complete or reliable indicator of the work their offices had done to address mortgage fraud."

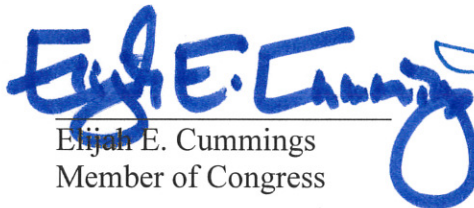
The Inspector General also reported that the Department has publicly reported inaccurate and inflated data to the public. The Department announced at an October 9, 2012, press conference that the Distressed Homeowner Initiative had resulted in “530 criminal defendants being charged, including 172 executives, in 285 criminal indictments or information filed in federal courts.” However, the Department could not provide evidence supporting that claim, and the FBI concluded after the press conference that “several of the statistics announced during the October 2012 press conference were substantially overstated.” In fact, “the number of criminal defendants charged as part of the initiative was 107, not 530 as originally reported,” and the total estimated losses associated with these cases were actually “\$95 million, 91 percent less than the \$1 billion reported at the October 2012 press conference.” Even after identifying the possibility that the data reported at the press conference were in error, the Department continued to cite them in public press releases.

For most Americans, a home purchase is the single largest investment they will ever make and the single largest source of intergenerational wealth transfer. According to CoreLogic, 4.9 million Americans have now lost their homes to foreclosure since the beginning of the financial crisis.<sup>1</sup> The number of Americans who have been the victims of mortgage fraud is unknown and the Inspector General’s report indicates that the Department’s own data are unreliable indicators of the extent of the Department’s efforts to identify and prosecute those responsible for illegal lending schemes. This report calls into question the Department’s commitment to investigate and prosecute crimes such as predatory lending, loan modification scams, and abusive mortgage servicing practices. For that reason, we would appreciate the opportunity to meet with you to review the Inspector General’s findings and discuss the steps the Department is taking to protect consumers from fraudulent mortgage lending practices.

Sincerely,



Elizabeth Warren  
Senator



Elijah E. Cummings  
Member of Congress



Maxine Waters  
Member of Congress

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<sup>1</sup> CoreLogic, *National Foreclosure Report* (January 2014) (online at [www.corelogic.com/research/foreclosure-report/national-foreclosure-report-january-2014.pdf](http://www.corelogic.com/research/foreclosure-report/national-foreclosure-report-january-2014.pdf)).