

MUKASEY'S WHACK-A-MOLE MORTGAGE FRAUD APPROACH

For some reason, Michael Mukasey doesn't want to investigate and prosecute mortgage fraud using a comprehensive, centralized approach.

Attorney General Michael B. Mukasey rejected on Thursday the idea of creating a national task force to combat the country's mortgage fraud crisis, calling the problem a localized one akin to "white-collar street crimes."

Mr. Mukasey made clear that he saw the mortgage fraud problem at the root of the nation's housing crisis as a serious one. But he said he was confident that the Justice Department's current approach – using local prosecutors' offices around the country to oversee separate F.B.I. investigations – was adequate.

Since he took over as attorney general last November, Mr. Mukasey has grappled with how best to deal with the law enforcement side of the growing housing crisis. He said in March, for instance, that the Justice Department was still struggling to determine whether there was a "larger criminal story" behind the housing crisis.

He gave his most definitive answer on Thursday in a briefing for reporters, saying that he did not think that the kind of national task force created at the Justice Department in 2002 to investigate the collapse of Enron was "the proper response" to the current crisis.

[snip]

The Federal Bureau of Investigation is investigating 19 major corporate fraud cases related to the mortgage crisis. The targets of most of those investigations have not been disclosed. In addition, the F.B.I. has 1,380 small mortgage fraud investigations now open in field offices around the country, a sharp increase over previous years, officials said.

Now perhaps there's a very good reason to keep these investigations localized. But the cynic in me thinks that a centralized approach might just demonstrate the need for increased federal regulation on the lending industry.