

HELP TO TAKE ON WALL ST.? FBI IS TOLD NO - MANY MORE AGENTS NEEDED, OFFICIAL SAYS

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The Bush administration is rejecting FBI pleas for more agents to investigate crimes that helped trigger the global financial meltdown, bureau sources said this week.

"They are bogged down big-time or there would be some indictments by now," said a recently retired bureau official who played a pivotal role in setting FBI policy after 9/ 11.

The FBI's response to the meltdown stands in sharp contrast to past financial crises, he said. "There are three comparable things ... the S&L crisis, corporate fraud like Enron and health care fraud. There was a clear, well-delineated effort there. I don't see it here."

The administration - in reinventing the FBI after the 2001 terrorist attacks - shifted about 2,400 agents from traditional crime-fighting squads to counterterrorism units, according to a Seattle P-I analysis of FBI data. At least 1,700 of those agents haven't been replaced, and the latest Bush budget continues that trend.

The P-I has chronicled the result for the past 18 months, finding a dramatic drop in the number of crimes investigated by the FBI nationwide.

An FBI official in a position to know said Thursday that efforts to keep the problem before the administration and Congress are continuing.

"People are making sure that Congress and the administration are aware of the issues we are facing," said the official, who spoke on the condition of anonymity.

He said that it is unclear how many more agents are needed to address the mortgage meltdown and related corporate fraud, because the full scope of the problem has yet to be uncovered. However, just on the basis of the current cases, the bureau needs at least 300 to 400 more agents investigating the financial crisis, the official said.

Bush's proposed budget calls for increasing FBI funding in 2009 by \$451 million, to \$7.1 billion. That includes funding 280 additional agents for national security programs, but adding none for criminal programs.

Nationwide, only about 180 agents are investigating mortgage fraud in what has been called the most serious financial crisis since the Great Depression. About 100 additional agents are investigating corporate fraud, including the subprime loan debacle.

The crisis emerged as a cooling housing market led to a surge in home foreclosures, followed by bank bailouts and failures - including the collapse of Seattle-based Washington Mutual in September.

"These are the core areas. If the bureau gets out of them, who is going to do it?"

The agent shortage presents the FBI's remaining white-collar crime investigators with an impossible challenge: confront a mushrooming number of complex corporate investigations, each of which requires agents that the bureau doesn't have to give to it.

"They are bogged down because they are even more under-resourced than when I was there," said the retired FBI official. "They are a year and a half into this, and I don't get the sense that any significant indictments are imminent. I just don't think there's a lot of traction."

Tony Adamski, the FBI's former head of financial crime investigations, said Thursday that he had more than 1,000 agents dedicated to financial crimes during the savings and loan scandal of the 1980s and early 1990s - a crisis that pales in comparison with today's financial meltdown.

When told Thursday how many agents the bureau now has working the problem, Adamski, now retired, broke into a gale of rueful laughter.

"They must be absolutely overwhelmed," he said. "It's clear to me that they don't have enough resources for the magnitude of the problem. Someplace very high up in the (Bush) administration, the decision has been made that this isn't a sufficient priority to dedicate the money necessary to increase the agent staff."

Adamski estimated that an additional 1,000 agents would be needed to handle the current inventory of cases stemming from the financial meltdown.

"During the '80s, I had something like 3,000 agents working bank fraud, embezzlement and white-collar crimes," he said.

But since 9 /11, even partially restoring the FBI's crime-fighting capabilities has not been an administration priority, White House Deputy Budget Director Steve McMillin told the P-I in May. "The assumption that how it was pre-9/ 11 is how it ought to be for all time is not the correct premise."

Anthony Bladen, the FBI's assistant director for resource planning, said in May that it's hoped that by spending more for counterterrorism agents, there will be less pressure to tap remaining criminal agents for those duties.

In July, Democratic presidential candidate Barack Obama called for 1,000 new agents to restore crippled FBI crime squads, a move John McCain's campaign criticized as political posturing. Obama's running mate, Sen. Joe Biden, introduced a bill last year also calling for 1,000 new agents.

The McCain campaign has said the FBI will receive the needed resources to fight crime, but has refused requests to specify what the Arizona senator would do to bolster FBI crime squads if he's elected.

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FBI AGENT SHORTAGE

After the 2001 terrorist attacks, 2,400 agents were shifted from traditional crime-fighting squads to counterterrorism units.

At least 1,700 of those agents haven't been replaced.

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