

NO NEW MONEY FOR FBI'S CRIME SQUADS - BUDGET WOULD FUND NEW AGENTS ONLY FOR NATIONAL SECURITY

Seattle Post-Intelligencer (WA) - May 19, 2008

- Author/Byline: PAUL SHUKOVSKY AND DANIEL LATHROP P-I reporters
- Edition: Final
- Section: News
- Page: A1

Despite a powerful surge in bank robbery, mortgage fraud and white-collar crimes, the Bush administration's 2009 budget leaves an already handicapped FBI criminal program without the agents it needs to respond - a shortcoming acknowledged by top FBI officials.

It's the latest chapter in the administration's terrorism trade-off - a continuing trend of cannibalizing agents and resources from traditional crime squads to fight terrorism instead of spending enough money to do both.

President Bush's proposed budget doesn't add a dime to reinforce agents in the FBI's crime-fighting squads, which remain at least 1,700 agents below pre-9/11 levels, according to a Seattle P-I analysis.

But even partially restoring the FBI's crime-fighting capabilities isn't a priority, White House Deputy Budget Director Steve McMillin said Friday.

"The assumption that how it was pre-9/11 is how it ought to be for all time is not the correct premise," he said.

After the terrorist attacks, about 2,400 agents were reassigned to counterterrorism duties, a P-I investigation found last year. They haven't been replaced, leaving crime squads depleted and causing a dramatic plunge in investigations and case referrals.

Across the country, FBI cases brought to federal prosecutors dropped 34 percent from 2000 to 2005. White-collar and civil rights referrals plunged about 66 percent over the same period.

"All these people who run around and say 'smaller government, smaller government, smaller government' are getting what they want - and that means not enough FBI agents to prosecute crime," said Sen. Patty Murray, D-Wash., a leading critic of the ongoing depletion of traditional law enforcement units.

Prompted by the P-I's reports on the issue, Murray successfully pushed through legislation ordering the FBI to disclose to Congress how all of its roughly 12,000 agents are being used.

Murray was seeking hard numbers to pinpoint the personnel problems and justify giving the FBI money to hire more agents. But the bureau is three months late, and an FBI spokesman said last week that, when they finally deliver the report, it won't contain "actual head counts or other numbers."

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, said Tony Bladen, the FBI's deputy assistant director of resource management.

Bladen said it's hoped that by spending more for counterterrorism agents, there will be less pressure to tap remaining criminal agents for those duties.

The budget proposal is now before Congress, which will make changes as it drafts its own spending blueprint.

FBI Director Robert Mueller has wrangled unsuccessfully with the White House Office of Management and Budget and the Justice Department, seeking more money for the FBI's criminal program. That has left him in the awkward position of having to appear before Congress to defend administration spending plans that he knew failed to address the demand for traditional law enforcement.

"This is a law enforcement agent; he knows what he needs," Murray said of Mueller. "But he is handcuffed by this administration."

Democrats in Congress also feel shackled.

If they pass a budget exceeding the administration's budget proposal, they are faced with a possible Bush veto. And with a substantial number of congressional Republicans supporting the president, Murray said Democrats don't appear to have enough votes to overcome a veto.

Complex crimes on rise

As the budget to fight crimes traditionally investigated by the FBI languishes, those crimes are rising sharply, particularly complex financial frauds.

"Suspicious activity" reports - filed by financial insiders when they suspect mortgage fraud - have risen dramatically, forcing agents to juggle dozens of cases. The result: They can investigate only the biggest cash losses, bypassing some of the most egregious cases.

The number of suspicious activity reports rose in 2007 about 30 percent, to more than 46,000 nationwide, and is on track for an additional 50 percent increase this year, FBI spokesman Stephen Kodak said.

The FBI - in order to leverage its limited resources - has set up 37 interagency mortgage-fraud task forces, including one in Seattle. But nationwide, only 150 agents are investigating mortgage fraud. An additional 100 are investigating the subprime debacle, as well as other, unrelated corporate frauds.

For 250 agents, sifting through 46,000 potential cases - "even if you throw three-quarters of them out - is a hell of a burden," said Tony Adamski, the FBI's former head of financial crime investigations.

Adamski, now retired, oversaw investigations into the savings-and-loan scandal of the 1980s and early '90s. That scandal pales in comparison with today's mortgage meltdown, but spawned criminal investigations involving more than 1,000 FBI agents, he said.

The FBI's Bladen acknowledged that 250 agents aren't enough - but that's all the bureau has to fight mortgage and corporate frauds.

"We are just seeing more and more of it every day, and we don't have our arms around it - how big it is going to be. It's more than 250, but I don't have any idea what it is going to be."

But suspicious mortgages are not the only financial crime problem the FBI faces - white-collar crime is a growth industry.

For example, there was a 20 percent increase in complex insurance fraud schemes in 2007, according to the National Insurance Crime Bureau, an industry investigative group. NICB spokesman Frank Scafidi says he doesn't expect the situation to improve this year.

The most recent data available on all violent crime show small increases or decreases, compared with new data showing a spike in bank robbery and continued sharp increases in white-collar crime.

Internet crime is also on the rise. Cybercrime increased 20 percent in 2007, according to the federal Internet Crime Complaint Center. In 2007, complaints of Internet crime rose 17 percent in Washington state and financial losses rose 19 percent, making the state No. 3 in per-capita victims, according to complaint center figures.

Although Bush's budget calls for 70 new cyberdivision agents, they work not only on criminal cases but also on intelligence and counterterrorism matters, too. FBI cybersquads have grown during the post-9/11 era, although not nearly as fast as cybercrime itself.

Bank robberies handed off

Since the days of John Dillinger, "Pretty Boy" Floyd and "Machine Gun" Kelly, the FBI has led the fight against bank holdups.

But that legacy is in danger of crumbling.

Security executives for major U.S. banks say that since December, there has been a double-digit increase in bank robberies.

"Generally, there has been a 20-year downward trend on violent crimes," said Chris Swecker, a former FBI executive assistant director who is Bank of America's security chief.

"What we are seeing is a very dramatic reversal of that downward trend."

Swecker said robberies are up 19 percent for Bank of America, which has 6,100 branches. "It just kind of reversed overnight," he said. "Right around Christmas time, we saw our bank robberies really spike up. And it has been a consistent trend since then."

John Shriner, security director for 3,296-branch Wells Fargo, said the bank has been hit with rising robberies this year - up 27 percent over the same period a year ago.

Swecker and Shriner note another disturbing trend: an increase in "takeover" holdups in which armed robbers assert control over everyone in the bank.

The FBI's early 2008 statistics don't reflect the rise in bank robberies widely reported by the industry, but that's because the bureau is increasingly handing off investigations to local police.

When asked recently if the FBI receives reports on all bank robberies, Ron Koziol, the FBI's assistant section chief for violent crimes,

said: "No, we don't think we do, because of our reduced resources and our measured response plan."

After 9/11, one of the ways the bureau cut back on its commitment to crime fighting in favor of counterterrorism was through that "response plan."

Measured response is another way of saying that the FBI is now sending agents only to the most violent armed cases and those in which the robbers cross jurisdictional lines. The rest - more than half of all bank robberies - are left for local authorities to handle.

Koziol said measured response recognizes "that our resources have changed, moved over to counterterrorism and counterintelligence."

Local police do a good job on most bank robberies, he said, and the FBI still steps in where its expertise or broader jurisdiction is needed.

Even so, it's impossible for state and local agencies to fill the gap left by the bureau, said Lana Weinmann, chief prosecutor in the Washington Attorney General's Office.

"Certainly there is a need. The numbers speak for themselves in terms of the rise in criminal activity," she said.

State and local authorities are doing their best, Weinmann said, "but that doesn't mean we're solving the problem. It means we're doing what we can."

P-I reporter Paul Shukovsky

can be reached at 206-448-8072

or paulshukovsky@seattlepi.com.

- Caption: Color Photo & Chart(1) GETTY IMAGES: FBI Director Robert Mueller has tried, unsuccessfully, to get the administration to direct more money to the FBI's criminal program. (2) RISING SUSPICIONS
- Memo: THE TERRORISM TRADE-OFF

• *Index terms: CRIME US BUDGET TERRORISM POLICE*

• *Record: 0805190250*

• *Copyright: (c) Copyright 2008 Seattle Post-Intelligencer (<http://seattlep-i.com>). All rights reserved. Reproduced with permission of the Seattle Post-Intelligencer.*