

Financial Crisis Alert: FBI Probes Role of 26 Firms in Financial Crisis

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Law enforcement officials have said that Fannie Mae, Freddie Mac, Lehman Brothers and American International Group (AIG) are 4 of 26 companies subject to corporate fraud investigation by the FBI. The investigations come in the wake of the demise or near-demise of these major institutions and will consider whether the companies misstated their assets. Top management at the firms are also under investigation and, in the coming months, may prove to be the focus of the investigations. In the midst of the crisis that has threatened the financial system, the FBI's criminal probe and related civil enforcement efforts by the Securities and Exchange Commission appear aimed at holding top executives accountable. FBI Director Robert Mueller said the cases would be pursued "as far up the corporate chain as necessary to ensure those responsible receive the justice they deserve." The Wall Street Journal reports the FBI has said the corporate probes are part of a general effort to pursue allegations of higher-level fraud than the retail-level infractions that have been at the center of most cases brought so far.

Bloomberg and MSNBC, citing sources familiar with the investigations, reported that other companies under FBI investigation include IndyMac Bancorp, Inc. and Countrywide Financial Corp., recently purchased by Bank of America Corp.

The complicated securities at the foundation of the crisis are likely to make prosecutions difficult, lengthy, and expensive. FBI officials report that investigations into mortgage fraud have produced 3,500 cases and more than 700 convictions since 2005. CNN reports that in June alone, the FBI's Mortgage Fraud Task Force has arrested more than 400 mortgage brokers, lenders, appraisers, and other industry insiders allegedly responsible for more than \$1 billion in losses. These numbers are likely to increase dramatically given the FBI's revelation regarding these investigations and continuing developments in the financial markets.

Mintz Levin will continue to monitor these criminal investigations closely. For the latest developments, visit [Financial Crisis Central](#) at [Mintz.com](#).

For assistance in this area, please contact one of the attorneys listed below or any member of your Mintz Levin client service team.

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