

United States House of Representatives
Committee on Financial Services
Washington, D.C. 20515

February 6, 2013

The Honorable Eric H. Holder, Jr.
Attorney General
U.S. Department of Justice
950 Pennsylvania Avenue, N.W.
Washington, D.C. 20530

Dear Attorney General Holder:

I commend the Department of Justice, the Commodity Futures Trading Commission, and the banking regulators for your collective efforts in recent months to investigate and prosecute offenses related to LIBOR manipulation, money laundering, and violations of the Bank Secrecy Act. However, I remain generally concerned about whether deferred prosecution agreements, civil actions and monetary settlements alone are enough to deter the abuses we've witnessed in the financial sector.

As the Justice Department continues its ongoing efforts to investigate financial crimes in the United States, the Department should consider the scope of misconduct and identify individual actors, when appropriate, who can be criminally prosecuted and tried in a court of law. In the absence of any indictments in cases involving "egregious" misconduct, the negative incentives that encourage and reward rule breaking will remain unchecked.

A number of money laundering investigations have made headlines in the last several months reflecting a dramatic increase in enforcement activity. Despite these enhanced efforts, however, the Justice Department has been publicly criticized for entering into deferred prosecution agreements rather than proceeding with criminal prosecutions of individual actors. While some contend, as I do, that the government should pursue criminal prosecutions of individuals to deter future misconduct, we are told by DOJ officials that they sometimes lack sufficient evidence to prove in court that an individual or group of employees acted with criminal intent.

Therefore, I respectfully request your participation – or designated members of your Financial Fraud Enforcement Taskforce – in a roundtable discussion with Members of the House Financial Services Committee to discuss the Department's enforcement activities. Many of our Members are anxious to understand your collaborative efforts with foreign and U.S. banking regulators; the nature and number of suspicious activity reports (SARs) you have received from federal financial regulatory agencies; and, whether deferred prosecution agreements and monetary settlements have empirically resulted in a decrease in fraudulent or criminal conduct. We would also welcome your comments on the extent to which the Justice Department takes into account the "systemic risk" a financial institution may pose in choosing whether to enter into a settlement agreement with the institution rather than pursue prosecution, and whether those considerations occur in consultation with the institution's regulatory agencies.

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Once again, I want to commend you for your aggressive efforts to investigate and prosecute financial crimes. I strongly believe that the federal government must remain committed to accountability. We can achieve this through effective law enforcement in which we demonstrate that no one individual or institution is above the law.

Sincerely,

A handwritten signature in black ink that reads "Maxine Waters". The signature is fluid and cursive, with a long horizontal stroke at the end.

MAXINE WATERS

Ranking Member

cc: The Honorable Gary Gensler, Chairman, Commodity Futures Trading Commission
The Honorable Thomas J. Curry, Chairman, Office of the Comptroller of the Currency