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Department of Justice

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ADDRESS

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THE HONORABLE GRIFFIN B. BELL ACQUISITIONS
ATTORNEY GENERAL OF THE UNITED STATES

BEFORE

THE INTERNATIONAL DOWNTOWN EXECUTIVES ASSOCIATION

TUESDAY, SEPTEMBER 20, 1977
8:55 P.M., EDT

OMNI INTERNATIONAL HOTEL
ATLANTA, GEORGIA

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It is obvious to all of us that crime in our cities is one of the most serious problems confronting our country.

I would like to discuss this evening what the Department of Justice is doing to combat some forms of crime in the cities that are our principal concerns -- organized crime, narcotics, public corruption, and white-collar crime.

The much-publicized and sometimes sensationalized crimes of robbery, mugging, burglary, assault, and murder are, of course, a major problem to the country. But such crime is and should be the focus of local authorities. In one simple sentence, Thomas Jefferson warned: "Were we directed from Washington when to sow and when to reap, we should want for bread."

Such issues as the need for more and better police, additional foot patrols, better lighted streets, full-time and nonpartisan local prosecutors, speedy justice, and appropriate prison terms must be dealt with locally to combat "crime in the streets" -- even though there should be a role for federal advice and assistance.

And I do not mean to minimize this federal role. The federal government can and must exercise leadership in helping states and local governments to find better ways to meet their street crime problems.

- That is why we are working on restructuring the Law Enforcement Assistance Administration which can operate more productively and less bureaucratically to aid states.

- That is why we are modernizing and reforming our federal criminal code that may serve as a model for states.

- That is why we are working under a new juvenile delinquency prevention and control act to assist states in dealing with young offenders in ways that will prevent them from becoming hardened offenders.

- That is why the Administration is working on gun control legislation that will help states to enforce their own regulations.

- And that is why a newly-created Office for Improvements in the Administration of Justice within the Department of Justice is formulating and implementing criminal justice centers and a citizens dispute resolution center to keep minor crimes out of state court systems so they can better deal with major ones.

There are specific areas, however, in the fight against crime in which the federal government must play a leading role. One such area is organized crime.

Let me briefly define what I mean by organized crime. I am referring to two or more individuals associated in common enterprises to commit crime for profit with the intent of the enterprise to perpetuate itself despite the loss of one or more of its members. It is my view that one of the

most serious problems confronting law enforcement authorities comes from these enterprises.

The Department of Justice continues to mount and press its efforts to combat the traditional organized crime fields of loansharking, numbers, gambling, protection, and extortion.

I have, however, assigned a high priority to the development of a comprehensive approach to investigating and prosecuting organized crime involvement in various forms of labor racketeering, public corruption, and infiltration of legitimate businesses.

This approach will include concentration on the flow of illegal funds from organized criminal activities, tracing them from the initial crime that produces the revenue to the end use -- legal or illegal -- of the profit. I also want federal authorities to focus on eliminating the enterprises of organized crime rather than simply prosecuting individuals on a case-by-case basis.

In terms of specific steps, we are revitalizing the Department's Strike Forces on Organized Crime in 13 major cities and the respective U.S. Attorney offices which have organized crime units. We have established three field offices under parent Strike Forces in Phoenix, Las Vegas, and Honolulu.

I have directed top officials in the Department's Criminal Division to explore new ways to attack organized

crime groups. We may need to direct new attention to the South and Southwest parts of the United States.

I have also instructed the Criminal Division's Organized Crime and Racketeering Section to concentrate on involvement of organized crime in illicit drug traffic, which is a major -- if not the major -- criminal problem in this country. I expect the Strike Forces to give strong support to a drug enforcement program we announced in Washington last Tuesday.

Under this program, the Federal Bureau of Investigation and the Drug Enforcement Administration will form joint teams to attack drug trafficking by organized crime in the country's three largest cities -- New York, Chicago and Los Angeles.

The FBI and DEA teams will be assisted by two prosecutors in each city, one designated by the U.S. Attorney in the city and one by the Criminal Division of the Justice Department.

My view is that the Department will be able to combine the expertise of the FBI in general criminal, organized crime, and conspiracy areas with the investigative skills of DEA in narcotics matters.

Eighty to 100 FBI and DEA agents have been specially trained at the FBI Academy in Quantico, Virginia, and the teams are now in the field.

These combined FBI-DEA teams should be only a first step in improving the capability of the federal law enforcement

establishment. Today the efficiency and responsiveness of our agencies are frustrated by irrational jurisdictional divisions and, in some cases, an apparent absence of management and the esprit required for a first-class crime-fighting unit. The President's Reorganization Project currently is studying all federal agencies with an eye toward eliminating some of these roadblocks to effective law enforcement. The project has yet to yield even preliminary proposals, but one possibility is the consideration of combining in some manner the focus of some agencies -- for instance, the Alcohol, Tobacco and Firearms unit of the Treasury Department, the Drug Enforcement Administration, and the Federal Bureau of Investigation. Our goal is to acquire greater capability.

The President recently announced the selection of Federal District Judge Frank M. Johnson, Jr., to be the FBI's new Director. Judge Johnson is a man of uncommon skill and conscience and will serve with distinction. He will replace Director Clarence Kelley, who asked to retire in January, 1978. Director Kelley has done an outstanding job as Director in a difficult period of transition. Under his leadership, there have been significant improvements within the Bureau in its management capabilities and the "quality" approach to its investigations. Judge Johnson will of course be making his own judgment and implementing his own

management decisions, but I have been impressed in the past eight months with the capacity and capability of the Bureau and its personnel.

I would now like to discuss the area of white-collar crime. Estimates put direct loss from white-collar crime at staggering dollar amounts annually -- not even including antitrust violations, industrial espionage, or the cost of combatting white-collar crime.

Included are crimes such as consumer fraud, credit card fraud, payoffs and kickbacks, securities and insurance fraud, embezzlement, and similar swindles.

These crimes hurt us all -- business and the public alike. To combat white-collar crime, we need to improve prevention, detection, prosecution, and punishment.

Executive branch officials within the Department of Justice need the help of the Congress if we are to do a better job of preventing what Washington calls "program fraud." I have called this form of white-collar crime stealing from the government.

We have discovered that when a social welfare program, for example, is conceived, far too little thought is given to minimizing the potential for fraud and too much emphasis is placed on the out-flow of federal dollars. The Justice Department is considering suggesting to the Congress that it prepare Law Enforcement Impact Statements before adopting new programs.

Such a statement would enable both Congress and the Executive Branch to consider, before programs are adopted, law enforcement issues that are confronted now only when a crisis arises within the program.

The Department is also working with other federal agencies to make them more alert to the possibilities of fraud in their programs. One example is our combined effort with the Department of Health, Education and Welfare to ferret out fraud in the Medicare and Medicaid programs.

We are taking steps to equip federal investigators with the same sophisticated tools and techniques used by white-collar criminals. The Federal Bureau of Investigation has been devoting more of its resources to this area. As I indicated earlier, the FBI is upgrading its training and recruiting of financial experts and accountants to be better able to follow the often twisted and labyrinthian "paper trails" designed to obfuscate illegal acts.

The Department of Justice is also taking internal structural measures to prosecute white-collar crime more effectively. The Fraud Section of the Department's Criminal Division has been expanded, and last year the Public Integrity Section was created in the Division to supervise investigations and prosecutions of public corruption cases.

Experimental joint FBI-U.S. Attorney white-collar crime units have been set up in some federal court districts -- including one in Atlanta -- to focus on this problem. More

than 25 of our 94 U.S. Attorneys' offices have set up specialized white-collar crime units -- again including Atlanta.

Our cooperative effort extends to state and local prosecutors. We are working with the states to expand their white-collar crime enforcement capabilities and to provide better federal-state coordination.

One of the most difficult problems in this area is sentencing. Many of those who commit white-collar crimes are frequently middle or upper class, educated, family persons, and churchgoers. They can afford good lawyers and usually can expect numerous character witnesses to testify. Since no violence is involved, sentences are often lenient.

If someone robs a liquor store of several hundred dollars and goes to prison, should someone who embezzles several thousand dollars from a liquor distributor be treated more leniently? We must strive to make sure sentences for white-collar crimes are certain and appropriate.

In this regard, the proposed revision of the federal criminal code now before Congress provides a guidelines sentencing system. Under it, far greater certainty, uniformity, and effectiveness in sentencing will be possible for white-collar offenders.

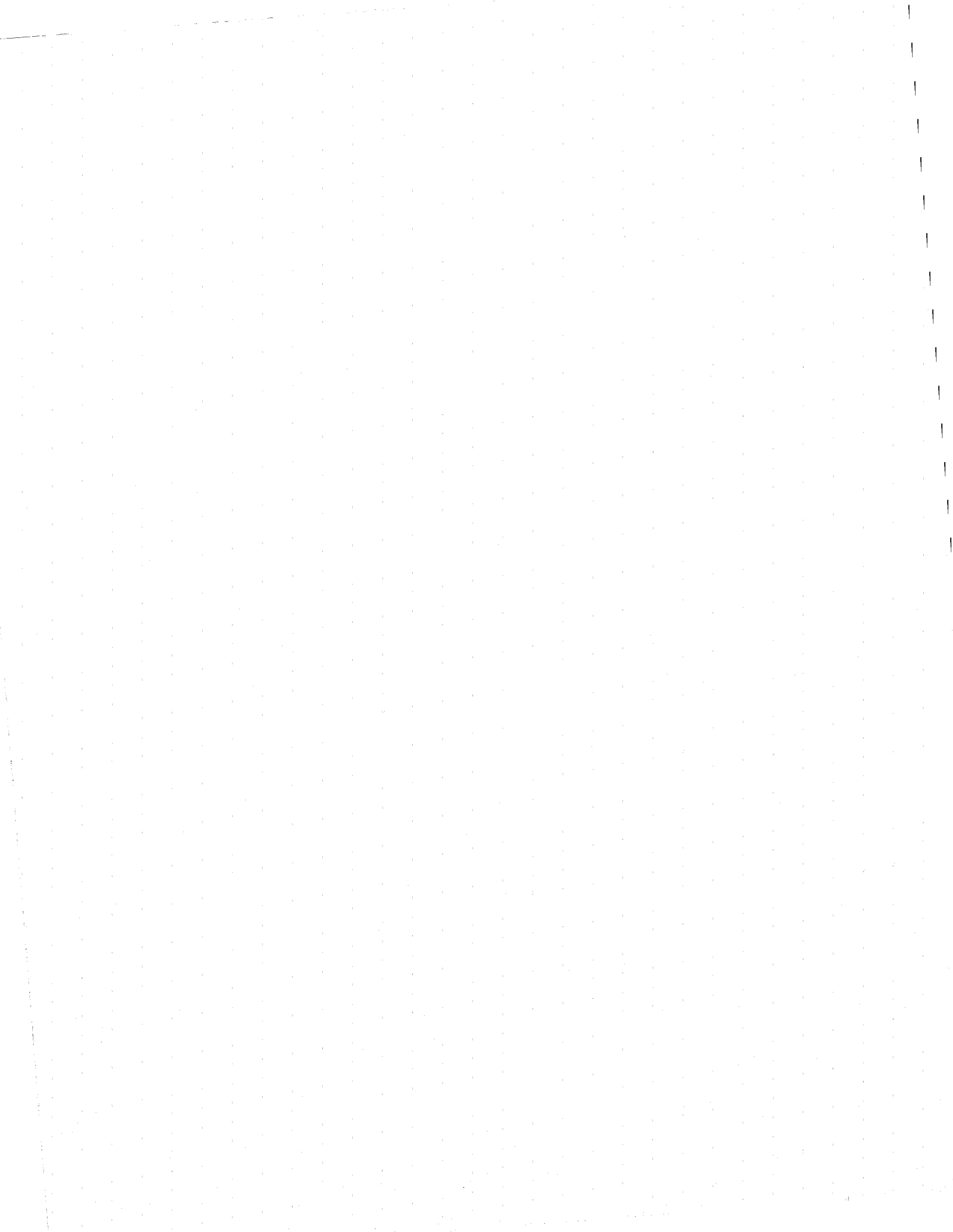
It was not my intention tonight to itemize in detail the programs we have to attack these crimes. But I did want to outline some of the ideas we have developed and the emphasis we are placing in these areas.

President Kennedy was fond of asking audiences a question apropos for this Administration to ask itself and we in turn to ask the public: "I ask you to decide, as Goethe put it, whether you will be an anvil or a hammer."

We believe the American public demands the choice we have made. We want your ideas. We need your help and support.

I appreciate this opportunity to begin this dialogue with you.

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