



Written by [Joe Wolverton, II, J.D.](#) on August 31, 2009

Stimulus Money: An Offer the Mob Can't Refuse

Law enforcement officials believe that the Mafia (and other similar organized crime groups) is attempting to garner billions of federal "stimulus" dollars through contracts with state and local governments with bags of grant money to distribute. The money, of course, comes from the American Recovery and Reinvestment Act of 2009 (ARRA or "the stimulus package").



Because of the nature of federalism (government divided among local, state, and national entities) and the instructions Congress has given to the states and municipalities for the disbursement of funds, criminal elements are finding a cornucopia of opportunities to siphon money into their coffers. Many of these criminal organizations are old hands at manipulating loopholes and giving overseers the slip when it comes to winning contracts with government agencies. Many of these groups have grown sophisticated in their methods of defrauding the government and those tasked with policing the awarding of contracts are outwitted and scramble to keep up with the underworld's effective ways and means of enriching themselves through legitimate fronts.

For its part, the FBI has begun instructing some of the 28 inspectors general who oversee the local agencies handing out the stimulus money to remind applicants that lying to a federal officer is a crime. Basically, the federal government has decided that an effective way of preventing the mob from stealing is to remind it that fraud is a crime. Well, that revelatory bit of news is sure to dissuade potential criminals from trying to steal money from the government!

So far, local and state authorities are finding the policing of the recipients of grant money to be a nearly impossible responsibility. With about a hundred years of experience in raiding government treasuries, organized crime is remarkably adept at taking advantage of the gaps in oversight and in the corresponding ineptness of local government supervisors required to hand out money faster in and in larger quantities than they have ever seen in the past. The truth is that not even the federal government is capable of keeping up with the mob's sophisticated and well-oiled criminal machinery.

Nowhere is the machine more productive than in New York City. There the mob is notorious for gaining control of contracts for the development and improvement of infrastructure and public works.



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According to the *New York Times*, the mafia has experienced an enormous influx of cash from work performed by its front organizations on the two new baseball stadiums in New York, the city's new water treatment plant, and the clean up of "Ground Zero" after 9-11. It isn't hard to conceive, then, how a group so familiar with the paths to winning government contracts has found the stimulus plan to be a boon to the growth and enrichment of a segment of the criminal community considered by many to be a relic of the past.

The fact is that there is so much money and so little time for oversight that those criminal cells with their sights on federal outlays are finding the pickings very easy. Shouldering their way into line at the overflowing federal trough is old hat to these experienced criminals. The FBI and other law enforcement branches are suffering from limited resources that are already stretched too thin by other high priority concerns (terrorism and white collar crime). These considerations married to the Obama administration's insistence that the the stimulus money be disbursed quickly has created a climate perfect for the swirling of the perfect storm of confusion, giving the mob just enough cover to slip through the cracks and steal from the stimulus. A law-enforcement officer speaking anonymously to the *New York Times* summed up the trouble thus: "It's [stimulus money] out without the internal controls in place. It's like putting a bank robber in a toll booth."

Finally, In typical government fashion, Congress has decided to address the issue by spending \$220 million to make sure no more contracts are awarded to companies or individuals with ties to organized crime. Instead of slowing the pace of the procedures already in place, the government has decided to try and cut back on the mistakes by spending more money. This is like cutting off your head so your arm won't bleed as much. Regardless of the inanity of congressional remedies, as it stands today, there is inadequate supervision at every tier of oversight and the predictable and lamentable result is that billions of dollars taken from taxpayers in an era of historic economic recession with the promise of reviving the economy is instead reviving the wealth and power of a once-waning criminal organization.



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