

WEDNESDAY, DECEMBER 6, 2006

# **HEARING REVEALS FEMA POTENTIALLY LOST ADDITIONAL “TENS OF MILLIONS OF DOLLARS”**

Report identifies potentially improper, duplicate, and fraudulent payments to ineligible non-US residents, rental assistance to individuals living in free housing

Chairman Susan Collins (R-ME) and Ranking Member Joseph Lieberman (D-CT) today held the 23rd hearing of the Senate Homeland Security and Governmental Affairs Committee to examine the federal government's preparation for and response to Hurricane Katrina, which includes examining waste, fraud, and abuse in the aftermath of the hurricane. During today's hearing, the Senators released the findings of a Government Accountability Office (GAO) investigation titled, "Hurricanes Katrina and Rita Disaster Relief: Continued Findings of Fraud, Waste, and Abuse." The investigation found that, in addition to waste, fraud, and abuse identified in previous GAO reports, FEMA also potentially lost tens of millions of dollars through other improper and fraudulent payments through various disaster relief programs. In addition, the findings indicate that of the \$1 billion of estimated potentially fraudulent and improper payments, only pennies on the dollar –\$7 million thus far– have been recovered.

“No flaw has been more persistent and more damaging – to effective relief for disaster victims and to public confidence in their government – than the rampant fraud, waste, and abuse that have plagued federal relief and recovery

programs,” said Senator Collins. “To be sure, the majority of the billions in assistance provided to more than 2.6 million applicants in the wake of hurricanes Katrina and Rita was necessary and warranted. But FEMA has yet to strike a proper balance between expedited assistance and good stewardship of taxpayer funds. Current practices invite and enable fraud, harming the very people the program is designed to help.”

“Apparently, FEMA doled out millions of dollars to people who did not deserve it and then denied assistance to many people with potentially legitimate needs without using proper procedures,” said Senator Lieberman. “The record is clear and disconcerting that, going forward, FEMA has much work to do before we can be confident that it is providing assistance to those who are eligible and who need it, while denying it to those who do not. Our reforms should make a difference – and Senator Collins and I are committed to being especially vigilant to make certain that they are implemented.”

The GAO investigation found:

Nearly \$17 million in potentially improper and/or fraudulent rental assistance payments to individuals while they were living in trailers were also paid for by FEMA.

FEMA provided potentially improper and/or fraudulent rental assistance payments to individuals living in FEMA-funded apartments.

Nearly \$20 million in potentially improper and/or fraudulent payments went to individuals who registered for both hurricanes Katrina and Rita assistance using the same damaged address.

Millions of dollars of improper and potentially fraudulent payments were paid to nonqualified aliens, including foreign students and temporary workers.

FEMA has recovered only \$7 million of the estimated \$1 billion that has been lost to fraudulent and improper payments.

FEMA cannot locate numerous items it bought for hurricanes Katrina and Rita relief efforts using government purchase cards.

Senators Collins and Lieberman authored legislation to strengthen FEMA, which was recently signed into law. The legislation makes FEMA a distinct entity within DHS and reunites the agency’s preparedness and response capabilities to meet the challenges of all aspects of national emergency management. The legislation also instructs FEMA to take steps to reduce the potential for fraud, waste, and abuse in future disasters.

