

# Congress of the United States

Washington, DC 20515

February 25, 2003

The Honorable Richard Skinner  
Acting Inspector General  
Federal Emergency Management Agency  
500 C Street, SW  
Washington, D.C. 20472

Dear Acting Inspector General Skinner:

We are writing about recent press reports alleging that the Individual and Family Grant (IFG) program is "rife with fraud and misuse" (Sara Kugler, *The Associated Press*, 2/19/03). FEMA officials are quoted as stating that people have "manipulated" and taken advantage of the system, suggesting that as many as 90% of the more than 219,000 applications for reimbursement were filed by people not suffering from the effects of contaminated air due to the September 11, 2001, terrorist attacks on the World Trade Center (Sara Kugler, *The Associated Press*, 2/19/03). In light of these reports, we request that your office immediately investigate the degree to which the mismanagement of this program contributed to the fraud and misuse reported. If these reports are at all accurate it is our belief that the only explanation for such a high level of waste and abuse must be the management of the program by the State of New York's Department of Labor.

In the weeks before the program expired, we, along with other Members of Congress, expressed our concerns about the management of the IFG program. As copies of our enclosed letters state, we asserted that the NYS Department of Labor (DOL), which ran the program, failed to offer clear eligibility criteria for those affected by the terrorist attacks. Specifically, we noted in these prior letters to Director Allbaugh and to New York Governor Pataki the following concerns:

**- FEMA should immediately take over management of the IFG program.**

The ambiguous and misleading IFG program criteria established by New York State should be reconsidered.

**- FEMA should reform and publicly clarify the guidelines for the program to ensure that people still in need understood what is available to them.**

Misleading and potentially fraudulent information circulated throughout the city.

**- FEMA should extend the registration period for the IFG program, with the reformed and clarified rules, so that New Yorkers affected by 9/11 could obtain that they are eligible to receive.**

Confusion about eligibility requirements resulted in a lack of information being provided to those

who needed help.

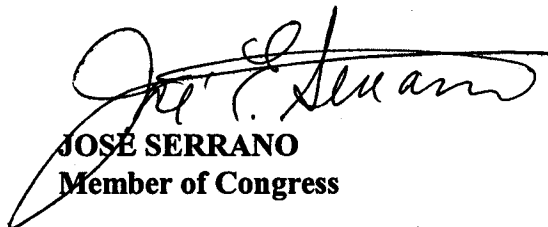
We ask you to investigate this matter and to determine how a program administered by the New York State Department of Labor and supervised by FEMA could be so mismanaged as to result in a 90% instance of fraudulent, wasteful or misused applications. Specifically, we would like you to address the following questions:

- 1) Who was responsible for developing the eligibility criteria used by the state for the administration of the IFG program?
- 2) Were the eligibility criteria deemed consistent with Stafford Act requirements? Who at FEMA reviewed the criteria? Did that official express concerns about the criteria and eligibility requirements at that time?
- 3) When did FEMA and/or the NYS DOL realize that this fraud and misuse was occurring? What did they do to correct the application process to prevent this waste?
- 4) If outright fraud was committed, what steps are being taken to prosecute those individuals who were responsible?
- 5) How did they address the problem initially?
- 6) With clearer eligibility criteria and standards, could this reported fraud and waste have been prevented?
- 7) To what extent did New Yorkers eligible for assistance under this program suffer because of management lapses of the program?

Thank you for your attention to this matter. We look forward to your investigation. If you have any questions, please feel free to contact us or Benjamin Chevat in Representative Maloney's office at 202-225-7944.

Sincerely,

  
CAROLYN B. MALONEY  
Member of Congress

  
JOSE SERRANO  
Member of Congress