



March 3, 2006

MEMORANDUM FOR: EMILY STOVER DEROCCO  
Assistant Secretary for Employment  
and Training

*Elliot P. Lewis*

FROM: ELLIOT P. LEWIS  
Assistant Inspector General  
for Audit

SUBJECT: One Individual in Possession of Multiple  
Hurricane Katrina Disaster Unemployment  
Assistance Claims in Louisiana  
Management Letter No. 06-06-005-03-315

## SUMMARY

We have identified eight potentially fraudulent Hurricane Katrina-related Disaster Unemployment Assistance (DUA) claims in Louisiana. An individual had in his possession eight debit cards totaling over \$15,000 that were issued by the State under various names and Montana addresses. We notified the State of these claims on February 6, 2006, and, based on our notification, the State informed us that it had stopped payments.

We also referred these claims to the OIG's Dallas Office of Labor Racketeering and Fraud Investigations (OLRFI).

## INTRODUCTION

Normally, a Management Letter is provided to be read in conjunction with an accompanying audit report. However, due to the proactive nature of our current work related to Hurricane Katrina, we will be issuing Management Letters to inform the Department, in this case, the Employment and Training Administration (ETA), of issues/problems we believe should be disclosed to help the Department's programs operate efficiently and effectively while reducing the possibility of fraud, waste, and abuse.

## **BACKGROUND**

On August 29, 2005, Hurricane Katrina hit the Louisiana, Mississippi, and Alabama coasts resulting in a national disaster. The State of Louisiana was inundated with DUA claims, for which it issued payments primarily through a bank via debit cards.

On Friday, February 3, 2006, The Dallas Regional Audit Office (RAO) received a call from the Sacramento, California, police department indicating that they had arrested an individual who had in his possession eight State of Louisiana JPMChase debit cards, all with different names and Montana addresses. On Monday, February 6, 2006, the Sacramento police department provided the Dallas RAO with the names on the debit cards and the debit card numbers.

This Management Letter is an interim reporting mechanism and should be read with the understanding that only after the information in this Management Letter is evaluated/investigated by the OIG's OLRFI can a determination be made as to the legitimacy of these unemployment claims.

## **OBJECTIVE, SCOPE, AND METHODOLOGY**

Our objective is to assist the states to ensure that only legitimate DUA claims are paid and that fraudulent claims are terminated as soon as possible to reduce the drain on the Federal Emergency Management Agency funds used to pay DUA.

Using the information provided by the Sacramento police department, we followed up with JPMChase Bank to obtain debit card status, analyzed Louisiana DUA data file information we had in our possession, and obtained up-to-date benefits information from the Louisiana Department of Labor. We determined total payments on these eight debit cards, notified the State of the potentially fraudulent nature of these claims, and turned over our information to the OIG's OLRFI.

This work was conducted in conjunction with the President's Council on Integrity and Efficiency (PCIE) as part of the examination of relief efforts provided by the Federal Government in the aftermath of Hurricanes Katrina and Rita. Upon issuance in final, a copy of this Management Letter will be provided to the PCIE Homeland Security Working Group, which is coordinating Inspectors General reviews of this important subject.

## **RESULTS**

One individual had in his possession eight DUA debit cards issued under different names and Montana addresses that totaled over \$15,000 for the weeks ending September 10, 2005, through January 21, 2006. The State paid benefits for the entire period for all but one of the claims. It stopped payment on that

claim after the week ending December 10, 2005, because the claimant failed to provide requested information.

The following is a summary of the eight DUA claims:

<b>LOUISIANA DUA PAYMENTS IN POSSESSION OF ONE INDIVIDUAL</b>				
<b>Claim Number</b>	<b>First Week Ending Date Paid</b>	<b>Last Week Ending Date Paid</b>	<b>Number of Weeks Paid</b>	<b>Total Paid</b>
1	9-10-05	1-21-06	20	\$1,960
2	9-10-05	1-21-06	20	\$1,960
3	9-10-05	1-21-06	20	\$1,960
4	9-10-05	1-21-06	20	\$1,960
5	9-10-05	1-21-06	20	\$1,960
6	9-10-05	12-10-05	14	\$1,372
7	9-10-05	1-21-06	20	\$1,960
8	9-10-05	1-21-06	20	\$1,960
<b>TOTAL</b>				<b>\$15,092</b>

We provided the State the names and Social Security Numbers of the potentially fraudulent claims, and the State has notified the Dallas RAO that it has stopped the claims.

We also provided the claims information to the OIG's OLRFI.

**RECOMMENDATION**

We recommend the Assistant Secretary for Employment and Training follow up with the State to ensure these claims have been stopped and overpayments established.

**AGENCY RESPONSE**

In response to the draft Management Letter, the Assistant Secretary for Employment and Training stated that the Louisiana Department of Labor advised ETA's Dallas Regional Office that it has determined the payments made on these claims to be improper, and has established overpayments. The Assistant Secretary's response is included in its entirety as an Attachment.

**OIG CONCLUSION**

Based on the Assistant Secretary's response, we consider the recommendation resolved. It will be closed upon receipt of documentation to support the State's actions to establish the overpayments, as described in the response.

This final Management Letter is submitted for appropriate action. We request a response within 60 days describing actions taken in response to the recommendation.

If you have any questions concerning this Management Letter, please contact John Riggs, Regional Inspector General for Audit, in Dallas at (972) 850-4003.

Attachment

cc: Steven Law  
Deputy Secretary

Phyllis Newby  
ETA Audit Liaison

U.S. Department of Labor

Assistant Secretary for  
Employment and Training  
Washington, D.C. 20210



FEB 27 2006

MEMORANDUM FOR: ELLIOT P. LEWIS  
Assistant Inspector General for Audit

FROM: EMILY STOVER DeROCCO *Emily Stover DeRocco*

SUBJECT: Multiple Hurricane Katrina Disaster Unemployment  
Assistance Claims in Louisiana in Possession of One  
Individual - Draft Management Letter No. 06-06-005-03-315

This responds to your request for the Employment and Training Administration (ETA) to follow-up with the State of Louisiana regarding the status of eight potentially fraudulent Disaster Unemployment Assistance claims identified by your office.

ETA's Dallas Regional Office was advised by the Louisiana Department of Labor that the payments made on these claims have been determined to be improper and overpayments have been established.

We appreciate the work of your office to assist the State of Louisiana in detecting and investigating cases of potential fraud related to unemployment claims filed as a result of Hurricane Katrina.