



U.S. SENATE COMMITTEE ON

Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

<http://finance.senate.gov>

MEMORANDUM

To: Reporters and Editors
Re: Allegations from Red Cross volunteers
Da: Friday, March 24, 2006

Today's news reports described allegations raised by Red Cross volunteers of problems managing resources and volunteers after Hurricane Katrina, even including some possible criminal misconduct. Sen. Chuck Grassley, chairman of the Committee on Finance, with jurisdiction over tax-exempt organizations, is receiving such allegations as chairman and continues to review the Red Cross' activities as part of his broad review of whether non-profit groups appropriately serve their charitable purpose. He made the following comment on today's developments.

"The allegations from Red Cross volunteers are wide-ranging and include possible criminal misconduct. I'm worried that it appears the Red Cross didn't take these concerns seriously until I drew attention to them. The Red Cross needs to change its mindset so it addresses volunteers' concerns swiftly and appropriately, regardless of whether a Senate committee chairman is asking questions. Whistleblowers are invaluable. They can help an organization improve its performance. But for that to happen, the organization has to listen to them. It's also important for the Red Cross not to alienate volunteers. These people are the Red Cross' bread and butter. If volunteers feel cast aside, they'll go help somewhere else.

"It's clear now that the Red Cross had problems tracking resources, supplies, and volunteers after Hurricane Katrina. That's troubling for a lot of reasons. Donors can't be fully confident that their money is spent wisely. It's unfair that generosity isn't necessarily met with good stewardship. It raises questions about the level of service the Red Cross offers as the country's first responder to wide-scale disaster. Hurricane season begins in May. It's predicted to be busy. The Northeast is supposed to get a major hurricane within the next five years. It's important to be ready.

"The Red Cross is a big operation, and problems will occur in any big organization. But if you overlook the problems, they won't go away. They'll multiply. I'm glad the Red Cross is investigating the latest series of whistleblower concerns. I hope this marks a cultural change there. Instead of being treated like skunks at the picnic, whistleblowers should get a seat at the table. The release today of whistleblower reports shows there's a real need for serious reform, not just superficial changes to governorship. The Red Cross is America's charity in times of crisis. The president calls on Americans to donate to the Red Cross. The public and Congress have a right to expect the Red Cross to do the best job possible. The organization must conduct a top-to-bottom review that looks at governorship, chapter oversight, and improved openness and transparency. When I meet with the chairman of the Red Cross next week, I hope to understand better what the timeline is for a complete review and reforms."

