

**Management Alert — FEMA
Must Take Steps to Stop
Those Attempting to Profit
from Disaster Survivors
Seeking Assistance in
Puerto Rico**





DHS OIG HIGHLIGHTS

Management Alert – FEMA Must Take Steps to Stop Those Attempting to Profit from Disaster Survivors Seeking Assistance in Puerto Rico

December 11, 2017

Why We Did This Management Alert

This is a Department of Homeland Security, Office of Inspector General management alert to make the Federal Emergency Management Agency (FEMA) and its partners aware of active attempts — observed during our ongoing disaster oversight work in Puerto Rico — to profit from disaster survivors seeking FEMA assistance.

FEMA provides assistance to those who have necessary expenses and serious needs if they are unable to meet these needs through other means. This assistance includes expenses related to housing, medical and dental costs, and personal property, etc.

What We Recommend

This management alert contains no recommendations.

For Further Information:

Contact our Office of Public Affairs at (202) 254-4100, or email us at DHS-OIG.OfficePublicAffairs@oig.dhs.gov

What We Found

During our ongoing disaster oversight work in Puerto Rico, we observed posted notices featuring a logo similar to FEMA's, advertising paid services to complete the FEMA disaster assistance application on behalf of survivors. These services appear to be associated with FEMA, but actually are not, and demand a fee for services FEMA provides at no cost.

To complete the disaster assistance application forms, the paid service requires disaster survivors to provide their *Personally Identifiable Information* (PII) — such as their social security number, household annual income, and bank account numbers — to a third party, which exposes survivors to unnecessary risks. It could also allow unscrupulous individuals to access disaster survivors' PII and lead to benefit theft, identity theft, and other fraudulent and illegal activities. Additionally, submitting forms indirectly to FEMA by a third party (such as with these services) could delay disaster survivors from receiving assistance.

Those who are aware of attempts to profit from survivors seeking disaster assistance should immediately contact the Disaster Fraud Hotline at 866-720-5721 or disaster@leo.gov, or write to the National Center for Disaster Fraud, Baton Rouge, LA 70821-4909. Contact can be made anonymously and confidentially.

FEMA Response

This management alert does not contain any recommendations. Therefore, no action is required from FEMA for this management alert.



OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

Washington, DC 20528 / www.oig.dhs.gov

DEC 11 2017

MEMORANDUM FOR: Jeffrey Byard
Associate Administrator
Office of Response and Recovery
Federal Emergency Management Agency

FROM: John E. McCoy II
Acting Assistant Inspector General for Audits

SUBJECT: *Management Alert — FEMA Must Take Steps to Stop Those Attempting to Profit from Disaster Survivors Seeking Assistance in Puerto Rico*

For your information is our *Management Alert — FEMA Must Take Steps to Stop Those Attempting to Profit from Disaster Survivors Seeking Assistance in Puerto Rico*. This management alert was prepared under the *Inspector General Act of 1978*, as amended, Section 2.2(b), to prevent and detect fraud and abuse in programs and operations.

We are providing this management alert to make FEMA and its partners aware of these attempts — observed during our ongoing disaster oversight work in Puerto Rico — and to enable them to take actions necessary to quickly stop those who would profit from the vulnerability of disaster survivors.

This management alert does not contain any recommendations.

Consistent with our responsibility under the *Inspector General Act*, we will provide copies of our management alert to congressional committees with oversight and appropriation responsibility over the Department of Homeland Security. We will post the management alert on our website for public dissemination.

Please call me with any questions, or your staff may contact Paul Wood, Acting Deputy Assistant Inspector General for Audits, at (202) 254-4100.



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Background

Hurricanes Irma and Maria struck Puerto Rico on September 5–7 and September 17, 2017, respectively.¹ These Hurricanes — particularly Maria — ravaged the island with flooding and strong winds, destroying infrastructure and residences alike. About 95 percent of individuals lost electricity; more than 80 percent lost cell phone service; about 55 percent were without access to drinking water; and thousands of people were housed in shelters. To date, 55 people have lost their lives as a result of the disasters, and various U.S. Senators and media reports project even more because of the hurricanes.²

The President declared a Major Disaster for Hurricane Irma on September 10, 2017, and for Hurricane Maria on September 20, 2017. The President can declare a Major Disaster Declaration for any natural event that the President believes has caused damage of such severity that it is beyond the combined capabilities of state and local governments to respond. A major disaster declaration provides a wide range of Federal assistance programs for individuals and public infrastructure, including funds for both emergency and permanent work.

The Federal Emergency Management Agency (FEMA) has received more than a million registrations for individual assistance related to these disasters in Puerto Rico alone.³ FEMA provides this assistance to those who have necessary expenses and serious needs if they are unable to meet these needs through other means. This assistance includes:

- Housing Assistance — including temporary housing; repair; replacement; and semi-permanent or permanent housing construction; and
- Other Needs Assistance — including medical and dental expenses; funeral and burial costs; clothing; personal property; childcare; clean-up items; fuel; vehicle assistance; and moving/storage expenses.

In the aftermath of disasters, there is always the risk of those who try to profit from the vulnerability of disaster survivors. We have already seen attempts to do so in Puerto Rico. FEMA — through its news releases — has advised disaster assistance applicants to be alert for false rumors, scams, identity theft, and fraud.⁴ FEMA and its partners must be alert to these risks and work vigilantly to eliminate them.

¹ Puerto Rico, a commonwealth of the United States, is an island located in the Eastern Caribbean and has a population of about 3.7 million. Its currency is the U.S. Dollar and Puerto Ricans hold U.S. citizenship. Its capital city is San Juan.

² As of November 4, 2017.

³ As of November 7, 2017.

⁴ See, for example, <https://www.fema.gov/news-release/2017/09/13/fema-advises-disaster-applicants-beware-rumors-misinformation-and-fraud>.



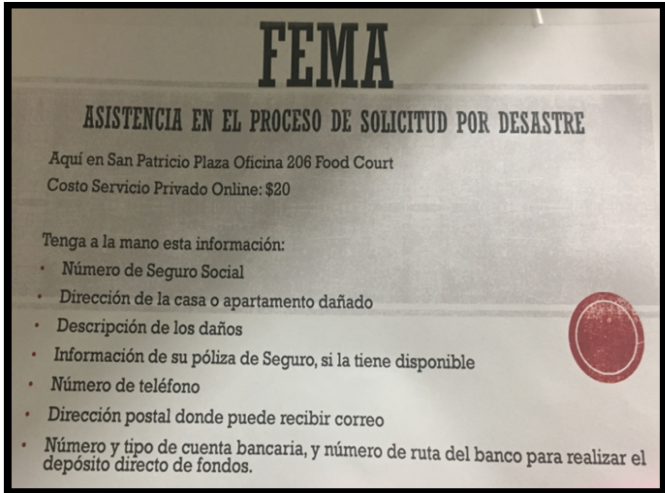
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Results


During our ongoing disaster oversight work in Puerto Rico, we observed posted notices — featuring a logo similar to FEMA’s — advertising paid services to complete FEMA disaster assistance applications on behalf of survivors (see figures 1 and 2). This appears to be associated with FEMA, but is not, and demands a fee for services FEMA provides at no cost.⁵

Figure 1

	<p>Translation:</p> <p>FEMA</p> <p>ASSISTANCE WITH THE DISASTER APPLICATION PROCESS</p> <p>[Address] Private Online Service Cost: \$20</p> <p>Have this information available:</p> <ul style="list-style-type: none">• Social Security Number• Address of damaged house or apartment• Description of the damage• Insurance policy information, if available• Telephone number• Postal address where you can receive mail• Bank account numbers, routing information, and type of account to make the direct deposit of funds
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Source: Office of Inspector General (OIG), Puerto Rico

Figure 2

	<p>Translation:</p> <p>ASSISTANCE WITH THE APPLICATION FOR FEMA CLAIMS</p> <p>\$20 PER APPLICATION</p> <p>[Address: Gas Station]</p> <p>PAY IN CASH OR WITH MOBILE PHONE</p>
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Source: OIG, Puerto Rico

To complete the disaster assistance application forms, the paid service requires disaster survivors to provide their *Personally Identifiable Information* (PII) — such as their social security number, household annual income, and bank account numbers to a third party, which exposes survivors to unnecessary

⁵ FEMA staff never charge applicants for disaster assistance or help filling out applications.



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risks.⁶ It also allows unscrupulous individuals to access disaster survivors' PII and could lead to benefit theft, identity theft, and other fraudulent and illegal activities. Additionally, submitting forms indirectly to FEMA by a third party (such as with these services) could delay disaster survivors from receiving assistance.⁷

The U.S. Government Accountability Office (GAO) has designated information security as a government-wide high-risk area since 1997. GAO warns that technological advances and the increasing sophistication of those with malicious intent — coupled with the extent to which both Federal agencies and private companies collect sensitive information about individuals — have increased the risk of PII being exposed and compromised. In fact, GAO detailed that the number of reported information security incidents involving PII has more than doubled between 2009 and 2013.⁸ Our office has likewise identified challenges with FEMA creating a culture of privacy and protecting PII in the aftermath of disasters.⁹ This current situation in Puerto Rico likewise poses a serious risk that must be addressed persistently and without delay.

We are continuing to monitor the activities of those attempting to profit from survivors seeking disaster assistance and are coordinating with both our Federal criminal investigators and local law enforcement.

Conclusion

FEMA and its partners must be diligent in identifying and preventing ways by which disaster survivors may be manipulated and exploited.¹⁰ FEMA and its partners can minimize challenges to survivors' recovery by alerting the appropriate authorities, disaster responders, and the public about these risks, on which they can take appropriate action. Individuals aware of disaster assistance fraud or misuse should immediately contact the Disaster Fraud Hotline at 866-720-5721 or disaster@leo.gov, or write to the National Center for Disaster Fraud, Baton Rouge, LA 70821-4909. Contact can be made anonymously and confidentially.¹¹

⁶ DHS defines PII as “any information that permits the identity of an individual to be directly or indirectly inferred, including other information that is linked or linkable to that individual.”

⁷ According to FEMA, those in designated areas of Puerto Rico (and the U.S. Virgin Islands) who are able to register for assistance may do so online at www.DisasterAssistance.gov, which is the quickest way to register for Federal assistance. Survivors who do not have access to the internet may register by calling 1-800-621-FEMA (3362) or 1-800-462-7585 (TTY). Those who use 711 relay or Video Relay Service (VRS) may call 800-621-3362 directly.

⁸ See, for example, GAO-14-487T and GAO-17-317.

⁹ See, for example, OIG-13-87, OIG-16-102-D, and OIG-17-121-MA.

¹⁰ If survivors discover someone is misusing their information, they should file a complaint with the Federal Trade Commission through their website www.IdentityTheft.gov.

¹¹ Furthermore, in Puerto Rico, suspicious/criminal activity may be reported to the Puerto Rico Police by calling 787-343-2020, or by calling the local FBI office at 787-754-6000.



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Objective, Scope, and Methodology

The objective of this management alert was to notify FEMA and its partners to those attempting to profit from hurricane survivors seeking disaster assistance in Puerto Rico; and remind FEMA, its partners, and others of the need to protect PII and identify steps that can be taken promptly to stop those operations.

To accomplish our objective, we observed and recorded post-disaster events in Puerto Rico; reviewed the *Privacy Act of 1974*, as amended, and various guidelines; reviewed FEMA's notifications on rumors, misinformation, and fraud; identified prior reports related to PII, privacy, and disasters; and performed other procedures we considered necessary to accomplish our objective.

This management alert was prepared under the *Inspector General Act of 1978*, as amended, Section 2.2(b), to prevent and detect fraud and abuse in programs and operations. Our review objective was not to audit FEMA or its disaster assistance recipients; therefore, the work we performed in preparing this management alert does not constitute an audit in accordance with generally accepted government auditing standards.

The Office of Audits major contributors to this management alert are: Humberto Melara, Director; Devin Polster, Audit Manager; Raeshonda Keys, Independent Reference Reviewer; and Kevin Dolloson, Communications Analyst.



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Appendix A Management Alert Distribution

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