



## After the Storms: The South Florida *Sun-Sentinel* Investigates FEMA

The early fall of 2004 was a hurricane season unlike any in Florida's history. In a span of six weeks, four hurricanes rocked the state, causing millions of dollars worth of damage and killing dozens. The South Florida *Sun-Sentinel*, the largest newspaper serving Broward and Palm Beach Counties, closely tracked the storms' approach, arrival, and aftermath. No sooner had the first storms cleared than an investigative reporter was assigned to look into their impact. It was not long before an intriguing story began to emerge.

The first break on the hurricanes story came in mid-September from a map on the website of the Federal Emergency Management Agency (FEMA)—the federal agency charged with aiding disaster victims in the United States. Examining the map, which illustrated the density of disaster aid applications throughout Florida, Database Editor John Maines noticed with surprise that Miami-Dade County, which had largely escaped the storms' impact, nonetheless claimed a disproportionate share of applications. Armed with this small observation, the *Sun-Sentinel* set out to answer one question: why?

*Sun-Sentinel* Managing Editor Sharon Rosenhouse had long placed a high priority on investigative work. She was willing to invest significant resources in what was often time-consuming and painstaking research. As the story Maines had stumbled across grew, Rosenhouse assigned additional staff to cover it. The team quickly expanded to three reporters plus, when he arrived in early October, newly hired veteran investigative reporter and editor Joe Demma, who was to lead the paper's investigative projects.

The reporters had come to suspect that large sums of FEMA disaster relief money had gone to undeserving recipients. But confirming that suspicion proved arduous. FEMA repeatedly denied Freedom of Information Act (FOIA) requests—and even those it honored took months to yield any useful data. So the four-person team decided to look elsewhere for answers. They canvassed apartment complexes, analyzed databases, and scoured public records. Their reporting took them into poor and often dangerous Miami-Dade neighborhoods. They spent hundreds of hours poring over charts and superimposing maps tracking diverse events.

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Their research paid off, and what had been a small discrepancy grew into a significant regional story: a series of articles which chronicled fraud by FEMA aid recipients, and complicit FEMA inspectors with criminal backgrounds. In spring 2005, Congress took notice, and launched hearings into FEMA's disaster management record in Florida. By July 2005, the FEMA story had snowballed beyond what the *Sun-Sentinel* had ever imagined.

But now it threatened to grow beyond their control. Several months after starting its investigation, the team had uncovered evidence—based on their reporting and tips from readers of their earlier articles—that the kind of fraud it had exposed in Florida was in fact a nationwide phenomenon. Confirming those tips was the logical next step for the investigative team. But a national story would be an expensive undertaking. To be credible, it required legwork in several cities. That meant airfares, hotels, and other expenses for up to four people.

The *Sun-Sentinel*, like papers around the country, was shifting its focus to more local reporting. Was a national story something it should pursue? Was that a responsible discharge of its mandate to serve the citizens of southern Florida? Moreover, in other cities the reporters would not have the kind of tested and reliable sources they enjoyed in their local area. They were also well aware that some of their best tips came from disaffected FEMA employees. Was that enough to take on a major investigation of national dimensions? No matter what, the effort would be time-consuming and labor intensive. Might not the community be better off if the team focused on matters closer to home? Managing Editor Rosenhouse, along with Demma and his team, had a tough call to make.

### **Investigative Reporting at the *Sun-Sentinel***

The *Sun-Sentinel*, a Tribune Company paper, had a distinguished history of investigative reporting—detailed, meticulous analyses of individuals or institutions with the primary objective of exposing wrongdoing. *Sun-Sentinel* investigations had yet to win a Pulitzer, but the paper had been a finalist several times—including in 1996 for a series revealing waste and abuse in Florida's Medicaid system, and again in 1999 for a series about the dangers of cosmetic surgery. In contrast to writers assigned a daily beat, investigative reporters often spent months or years immersed in a single topic, publishing less frequent but longer dispatches. Summarizes *Sun-Sentinel* investigative reporter Megan O'Matz:

A lot of reporters don't have the luxury to look under every rock... [What] distinguishes investigative reporting is the depth of the information we get, [and] the amount of records that we look at.<sup>1</sup>

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<sup>1</sup> Author's interview with Megan O'Matz, on February 5, 2008, in Fort Lauderdale, Florida. All further quotes from O'Matz, unless otherwise attributed, are from this interview.

In 2001, Sharon Rosenhouse became the *Sun-Sentinel's* managing editor. One of her priorities was to strengthen the paper's investigative department. Despite its good record, *Sun-Sentinel* investigative reporters had mostly worked independently of one another. Rosenhouse wanted reporters to work together on investigations. Her vision was a team "who could work across the newsroom, who could take younger reporters and show them how to do these kind of stories."<sup>2</sup> Further, she thought that devoting resources to an investigative team would demonstrate the high value she placed on public service journalism. "We take the watchdog's function and responsibility very, very seriously," she explains. "You... define yourself by the things you say are important to you in terms of your journalism values."

In mid-2004, Rosenhouse hired Joe Demma as investigations editor to lead special projects. Demma had spent most of his career at New York *Newsday*, where he had eventually risen to lead that paper's investigative unit. In more than three decades of investigative reporting, he had participated in three Pulitzer Prize-winning investigations. When Rosenhouse hired him, he was managing editor of the *Modesto Bee* in Modesto, California. He was due to arrive in Florida in early October 2004.

The *Sun-Sentinel* in late 2004 had only one reporter assigned full-time to investigative work: Sally Kestin, who had been a reporter for nearly 10 years when she joined the paper's social services beat in 1998. She enjoyed investigative journalism, and social services was a "great beat for that," she recalls.

The premise of the state taking kids from parents because they're neglected or abused, and then the state putting them in abusive situations, just makes great fodder for those kinds of stories.<sup>3</sup>

In 2002, for example, she and Megan O'Matz, then also a social services reporter, investigated Florida's child welfare division, the Department of Children and Families (DCF). Specifically, they wanted to know why DCF could not locate more than 500 children nominally in its care; Kestin suggested that the reporters simply try to find the children themselves. In a span of four weeks, they found nine of 24 cases they had selected, two in under three hours. Among those children were two long-missing sisters living with their mother, whose number was in the telephone directory.<sup>4</sup>

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<sup>2</sup> Author's interview with Sharon Rosenhouse, on February 28, 2008, in Fort Lauderdale, Florida. All further quotes from Rosenhouse, unless otherwise attributed, are from this interview.

<sup>3</sup> Author's interview with Sally Kestin, on February 25, 2008, in Fort Lauderdale, Florida. All further quotes from Kestin, unless otherwise attributed, are from this interview.

<sup>4</sup> Sally Kestin, Diana Marrero and Megan O'Matz, "Lost kids easily found: Sun-Sentinel turns up nine of DCF's missing children," *South Florida Sun-Sentinel*, August 11, 2002. Available: <http://www.sun-sentinel.com/news/local/southflorida/sfl-amissing11aug11.0.1043204.story>

*Databases.* John Maines was also often involved in investigative projects. Maines worked with departments across the newsroom as the *Sun-Sentinel's* database editor, a position he had held since 1998. His job was to obtain and synthesize large amounts of data in pursuit of patterns and newsworthy numbers. He explains:

If [a reporter] comes to me and says, we want to check foreclosures, how it's changed over the years, we want to do crime in the neighborhoods, crime in the malls, AIDS cases... that's where I get involved.<sup>5</sup>

Maines had been a police reporter early in his career, but after nearly 20 years as a database reporter, he had come to see beat reporting as “a young person's job.” He elaborates: “After a while, you've seen one car wreck, you've seen them all.” He found the pace and uncertainty of beat reporting frustrating—the unreturned phone calls, the refused FOIA requests. “When you're doing [database reporting] there seems to be a level of clarity about it... You've got the data... You're looking for something that you don't know if you'll find, but if you do, it might be great.”

## Storms Galore

In the late summer and early fall of 2004, Florida was hit by a record four hurricanes in six weeks. Hurricane Charley, the first, made landfall in Southwest Florida on August 13; Hurricane Frances struck the other side of the state a few weeks later, on September 5. Hurricanes Ivan and Jeanne followed on September 16 and 26, the former striking Alabama before moving through Florida's Gulf Coast and the latter making landfall in almost exactly the same place as Hurricane Frances.

In early September, as Frances spun away and Florida braced for more hurricanes, Investigative Reporter Kestin considered options for long-term enterprise stories tied to the storms. In her investigative work, she often explored a particular facet of a breaking news event. “If it's a bridge collapse,” she explains, “you look at the construction records, you look at the other bridges, the safety records, the maintenance records—are they really being inspected?” In general, she sought to expand on consequential stories already unfolding.

She discarded what she thought of as the “obvious” story of contractors overcharging for repairs which, she says, “you always have after hurricanes and disasters.” She spent several days calling roofing associations and insurance companies, asking what patterns were emerging. She also considered examining property damage in light of new building regulations instituted after

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<sup>5</sup> Author's interview with John Maines, on February 26, 2008, in Fort Lauderdale, Florida. All further quotes from Maines, unless otherwise attributed, are from this interview.

Hurricane Andrew caused billions of dollars worth of damage in Florida in 1992.<sup>6</sup> How, she wondered, did buildings constructed according to the stricter codes weather the storms compared to older buildings? Were the new rules really effective?

Database Editor Maines, too, was hunting for ideas, and stumbled upon a promising one while preparing for a hurricane coverage meeting on Wednesday, September 15. He had seen a map of Florida in the *New York Times* that illustrated where residents had been displaced into shelters by the hurricanes, and he noticed that the source of the data was FEMA. Maines began exploring FEMA's website to see what other kinds of data were available there.

A map titled "Individual Assistance Applicants Density per 1 Sq. Mile Area" captured his interest. It showed in colored dots the location and density of applicants for federal aid claiming damage from Hurricanes Charley and Frances. The profusion of applicants in Miami-Dade County seemed suspicious to him. For one thing, Hurricane Frances had made landfall some 100 miles to the north. During that hurricane, he says, "There was nothing [in Miami-Dade]. There were no heavy winds. We get worse thunderstorms." What's more, the FEMA map showed that Miami-Dade residents had also applied, albeit in far smaller numbers, for assistance for damages from Hurricane Charley. Maines' own recollection was that Hurricane Charley, which had struck well north of Miami on the opposite side of the state and traveled northwards diagonally across Florida, "could barely tip over plastic lawn chairs" in Miami-Dade County.

The map was unusual, but not necessarily newsworthy. It showed only aid applications, rather than actual disbursements, and Maines thought it unlikely that FEMA had dispensed hurricane aid in areas he knew to be relatively unaffected by the storms. On the other hand, if FEMA had sent money where there was no damage, the story could be significant. Maines discussed the map with Kestin. "We knew that was a slam dunk if it panned out," she recalls. But, she continues:

I always try to reserve judgment... There are always possible explanations that will just make the story go away in a second. And the one that jumped out on that was, these are just applications, it doesn't necessarily mean FEMA approved them.

*Confirming payouts.* Hurricane Frances had generated most of the claims on the map; furthermore the hurricane, which had passed only two weeks earlier, was still a major story in southeast Florida, where most of the *Sun-Sentinel's* readership resided. So when Kestin called FEMA's public affairs office on Wednesday afternoon, shortly after her conversation with Maines, she asked for information about damage claims from Frances in Southeast Florida. To avoid drawing attention to her suspicions about Miami-Dade, she inquired how much aid FEMA had

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<sup>6</sup> Ed Rappaport, "Preliminary Report: Hurricane Andrew. 16-28 August, 1992," National Hurricane Center, updated December 10, 1993.  
Available: <http://www.nhc.noaa.gov/1992andrew.html>

approved for several different counties. When the spokesman got to Miami-Dade, he reported that the agency had so far approved \$21.5 million worth of aid for 9,801 Miami-Dade applicants, with thousands more applications pending.<sup>7</sup> Kestin recalls thinking: “There’s our first obvious story.”

## The Federal Emergency Management Agency

The agency in which the *Sun-Sentinel* was starting to take an interest was the Federal Emergency Management Agency. Founded by executive order of President Jimmy Carter in 1979, the new agency consolidated disaster relief responsibilities previously spread—sometimes redundantly—across more than 100 national, state, and local authorities.<sup>8</sup> FEMA’s mandate was to respond to disasters both natural and man-made, including hurricanes and earthquakes as well as biological, chemical, and nuclear attacks. The agency would supplement local and state emergency response agencies, to distribute aid and assist recovery efforts.

FEMA had a rough start, including a refugee crisis and an accident at Pennsylvania’s Three Mile Island nuclear power plant. Matters had not much improved by 1989, when Hurricane Hugo struck Florida and South Carolina, and an earthquake shook San Francisco. But Hurricane Andrew, which struck South Florida in 1992, so strained the agency that several public officials called for its dismantlement. Andrew caused a record \$30 billion worth of damage and left roughly 160,000 people homeless.<sup>9</sup> In July 1993, the Government Accountability Office (GAO), Congress’ oversight arm, expressed “doubts about whether FEMA is capable of responding to catastrophic disasters.”<sup>10</sup>

It was not all FEMA’s fault. By law, the agency could act only after a governor judged that state agencies were overwhelmed, and appealed for the president to declare a disaster.<sup>11</sup> But some reforms were clearly called for, and FEMA Director James Lee Witt lost no time in implementing the most urgent. He reduced the agency’s internal red tape, and redistributed its resources away from the Cold War-era priority of preparing for a nuclear attack toward dealing with other disasters. By the time floods engulfed parts of the Midwest in August 1993, a mere month after the GAO issued its report, the agency had become more nimble. Its response to the 1995 bombing of a government building in Oklahoma City was similarly adroit; the FEMA director himself arrived in

<sup>7</sup> Sally Kestin and Megan O’Matz, “Amount of hurricane disaster aid to Miami-Dade County, Fla., raises questions,” *South Florida Sun-Sentinel*, October 10, 2004.

<sup>8</sup> Federal Emergency Management Agency, “FEMA History,” Updated April 1, 2008. Available: <http://www.fema.gov/about/history.shtm>

<sup>9</sup> Mimi Hall, “Report faults FEMA on aid,” *USA Today*, May 18, 2005.

<sup>10</sup> “Disaster Management: Improving the Nation’s Response to Catastrophic Disaster.s,” Government Accountability Office, Report to Congressional Requesters, July 1993. Available: <http://archive.gao.gov/t2pbat5/149631.pdf>

<sup>11</sup> Ibid.

Oklahoma City the evening of the incident for a briefing, and FEMA search and rescue crews arrived to reinforce the local fire department by the following morning.<sup>12</sup>

Nonetheless, the agency struggled to balance disaster victims' immediate need for aid with vigilance in distributing taxpayer dollars. In addition to providing supplies such as water and tarpaulins, FEMA dispensed "individual assistance"—money for uninsured, disaster-related damage to a victim's property and possessions. These grants could reach more than \$25,000, and a disaster victim could apply for funds over the phone. A FEMA inspector would then visit the property to verify the damage, and an applicant could receive a check in a matter of days.<sup>13</sup>

FEMA was well aware that the potential for fraud was ever-present. The agency tried to guard against it through careful screening and approval processes. Nonetheless, fraudulent claims sometimes slipped through. By May of 2002, for example, 39 people had been arrested in connection with FEMA fraud in the aftermath of the September 11, 2001 attacks on the World Trade Center and the Pentagon. One woman had secured \$25,000 by claiming that her husband had been killed in the attack, when in fact he was alive and residing in another state.<sup>14</sup>

In 2003, FEMA was folded into the newly formed Department of Homeland Security (DHS), created in response to the September 11 attacks. The merger of 22 agencies with national security functions was the largest reorganization of the federal government since 1947, and was intended to improve the nation's preparation for and response to other potential attacks. There were concerns at the time that FEMA's absorption into DHS would only complicate its mission, leading it to concentrate on terrorism at the expense of natural disasters. Former FEMA director Witt had called it a "mistake" to incorporate FEMA into the new department, and several members of Congress had also voiced misgivings.<sup>15</sup>

By 2004, however, FEMA had seemed to prove the doubters wrong. There had been no major problems with its disaster responses—although there had also been no catastrophic events.

## Raising Questions

By Friday, September 17, 2004, Kestin had learned a few interesting things—but she was unsure what they added up to. She had confirmed that FEMA had approved recovery funds for damages from Hurricane Frances in a county the storm had barely touched. She had also

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<sup>12</sup> Daniel Franklin, "The FEMA Phoenix," *Washington Monthly*, July/August 1995. Available: <http://www.washingtonmonthly.com/features/2005/0509.franklin.html>

<sup>13</sup> Sally Kestin and Megan O'Matz, "Amount of hurricane disaster aid to Miami-Dade County, Fla., raises questions," *South Florida Sun-Sentinel*, October 10, 2004.

<sup>14</sup> Kathy Kiely, "Feds target bogus 9/11 disaster relief claims," *USA Today*, May 12, 2002. Available: <http://www.usatoday.com/news/nation/2002/05/12/disaster.htm>

<sup>15</sup> Walter Pincus, "FEMA's influence may be cut under new department," *Washington Post*, July 24, 2002.

discovered that Miami-Dade County had received more FEMA money than some Florida counties much closer to the storm's landfall, which had endured more rain and stronger winds. But she had no idea why FEMA had approved the payments. The deputy managing editor, realizing that the story's scope was growing, on Monday, September 20 assigned social services reporter O'Matz to help Kestin.

The next step, the two reporters reasoned, was to find residents of Miami-Dade who had received FEMA funds, and find out what kind of storm damage they had sustained. That was not so easy. Kestin knew there were nearly 10,000 claimants, but the county had a population of over 2 million.<sup>16</sup> The reporters couldn't concentrate on storm damage zones, because there weren't any. So to get names, Kestin on Monday emailed FEMA a Freedom of Information Act (FOIA) request.

*FOIA.* The 1966 federal Freedom of Information Act established the public's right to access records from federal agencies. Materials subject to FOIA included agency records, "such as print documents, photographs, videos, maps, e-mail and electronic records—that were created or obtained by a Federal agency and are, at the time the request is filed, in that agency's possession and control."<sup>17</sup> The law provided nine exemptions to FOIA requests—for example, if the requested information treated national security or proprietary business matters.

As a federal agency, FEMA's records fell under FOIA's jurisdiction. But an agency lawyer denied Kestin's request, claiming the information she sought was exempt. Kestin, who had met with such refusals before, fired off an immediate reply demanding that he cite the specific law exempting the names and addresses. She explains:

At least 50 percent of the time when you're turned down on a FOIA request, in my experience if you challenge them on their basis for it, it's flawed. You can often get what you're looking for even without getting lawyers involved if you just [ask]... 'What is it that you're not going to give us and why?'

In this instance, however, her persistence did not pay off. FEMA's lawyer wrote back to invoke the "personal privacy" exemption, which states that a government agency is not bound to release "personnel and medical files and similar files the disclosure of which would constitute a clearly unwarranted invasion of personal privacy."<sup>18</sup> This stance was at least legally plausible. The

<sup>16</sup> United States Census, Miami-Dade County QuickFacts, 2000.  
Available: <http://quickfacts.census.gov/qfd/states/12/12086.html>

<sup>17</sup> National Security Archive, "FOIA Basics," 2008.  
Available: <http://www.gwu.edu/~nsarchiv/nsa/foia/guide.html#foia>

<sup>18</sup> Freedom of Information Act, 5 USC § 552, as amended in 2002.  
Available: <http://www.usdoj.gov/oip/foiastat.htm>  
For a Justice Department brief on the history and application of FOIA's personal privacy exemption (Exemption 6), see: [http://www.usdoj.gov/oip/foia\\_guide07/exemption6.pdf](http://www.usdoj.gov/oip/foia_guide07/exemption6.pdf)



*Sun-Sentinel's* lawyers could sue for the information, but a court case could take years and still not get the paper what it wanted.

*ZIP codes.* The reporters were back to square one. A frustrated Kestin asked herself: "If we can't get the names and addresses, what can we get?" FEMA's public affairs office, it turned out, was willing to provide a list of total aid by ZIP postal code. That would at least allow the reporters to identify which areas of Miami-Dade had received the most money; presumably, that was where they would find aid recipients. It was not an ideal solution, however—ZIP codes often encompassed several square miles.<sup>19</sup> But it was better than nothing, so Kestin filed a second FOIA request for the agency's aid data by ZIP code.

While Kestin and O'Matz waited for FEMA's data, they discussed how to assemble a broad story pointing out the discrepancy between the aid Miami-Dade County had received and the area's actual damage. They worried that another newspaper or television station might get the story first if they did not publish something soon. But until the ZIP code data arrived, FEMA would give them no information more specific than the amount of aid it had approved for each Florida county. Kestin argued that, for the first story at least, they could rely on sources closer to home. They needed to prove that Hurricane Frances had caused minimal damage in Miami-Dade County, and they would have to be thorough—one overlooked area of serious damage in the county could undermine the whole story.

They decided to interview government and emergency management officials in all of Miami-Dade's 34 municipalities. So they divided up the list and spent the last two weeks in September finding contacts and making calls. Slowly, Kestin and O'Matz grew more confident in their story as, one by one, county officials reacted with disbelief to the news that FEMA had paid large assistance sums to Miami-Dade residents. None had received reports of significant damage in their areas.

By early October, the reporters' survey had turned up only two apartment buildings with roof damage from the hurricane, and a few houses on which trees had fallen. They also learned that official damage assessments and insurance claims were not in line with the countywide aid disbursement figures that FEMA had given to Kestin on September 15. With this confirmation of their suspicions, O'Matz and Kestin decided to venture into the most storm-vulnerable parts of the county. Mobile home communities generally fared poorly in hurricanes. If they could find no damage from Hurricane Frances at area trailer parks, they reasoned, they would have exhausted all legitimate explanations for the high amount of disaster relief in Miami-Dade County. Sure

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<sup>19</sup> United States Census, "331 3-Digit ZCTA -- 5-digit ZIP Code Tabulation Area," Geographic Comparison Table, 2000.  
Available: [http://factfinder.census.gov/servlet/GCTTable?\\_bm=y&-context=gct&-ds\\_name=DEC\\_2000\\_SF1\\_U&-CONTEXT=gct&-mt\\_name=DEC\\_2000\\_SF1\\_U\\_GCTPH1\\_ZI1&-tree\\_id=4001&-redoLog=true&-geo\\_id=85000US331&-format=ZI-1&-\\_lang=en](http://factfinder.census.gov/servlet/GCTTable?_bm=y&-context=gct&-ds_name=DEC_2000_SF1_U&-CONTEXT=gct&-mt_name=DEC_2000_SF1_U_GCTPH1_ZI1&-tree_id=4001&-redoLog=true&-geo_id=85000US331&-format=ZI-1&-_lang=en)

enough, when O'Matz contacted a mobile home community in northwest Miami-Dade on Friday, October 1, she was told there was no damage.

NOAA. Over the same period, Database Editor Maines was concentrating on the weather, analyzing data from the National Oceanic and Atmospheric Administration (NOAA), a government agency that provided meteorological information. Examining windspeed and rainfall figures for Hurricane Frances, he confirmed that the storm in Miami-Dade did not even meet the definition of a hurricane. Frances had reached a windspeed of 145 miles per hour elsewhere. But its "maximum sustained winds"—highest average windspeed over a minute, a standard storm-force measurement—were only 53 mph, well below the hurricane-force threshold of 74 mph.<sup>20</sup> The National Weather Service also tracked weather data. When Maines called the organization's Miami bureau for confirmation of his analysis, a meteorologist concurred that, "In general, there wasn't anything we would consider strong wind or rain."<sup>21</sup>

## Going to Print

By the time Demma arrived for his first day of work on Monday, October 4, the *Sun-Sentinel* team was deeply immersed in its FEMA investigation. Kestin had kept him informed of their progress by email, but as she updated him in person, he realized the team had gathered more than enough material to publish. He encouraged the reporters to pull the story together for the Sunday, October 10 edition of the paper.

Kestin and O'Matz wrote feverishly the week of October 4. They double-checked facts and asked themselves what they might have overlooked. Though the story focused on possible fraud in local disaster relief, the involvement of a federal agency gave the story a national component as well. As O'Matz and Kestin put the finishing touches on the piece for their Friday deadline, O'Matz contacted FEMA's national office to ask why the agency had approved so much money for Miami-Dade County. FEMA spokesman Jesse Seigal assured her that approved claims were legitimate, but was unprepared for her detailed questions and could not reconcile the amount of approved aid to the county with the evidence she presented about windspeeds, rainfall, and damage. "We just pay the claims that come in and are eligible," he insisted. "I don't know that we track where this is going." He continued:

If [the claims have] been paid, they're legitimate... There's a lot of different factors involved—cost of the property, maybe more of the folks

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<sup>20</sup> John L. Bevin II, "Tropical Cyclone Report: Hurricane Frances," National Hurricane Center, December 17, 2004. Available: <http://www.nhc.noaa.gov/2004frances.shtml>

<sup>21</sup> Sally Kestin and Megan O'Matz, "Amount of hurricane disaster aid to Miami-Dade County, Fla., raises questions," *South Florida Sun-Sentinel*, October 10, 2004.

are getting the maximum allowable than some of these others, but there is no way to tell just looking at these figures.<sup>22</sup>

On Sunday, October 10, 2004, the reporting Kestin, O'Matz, and Maines had done hit the front page in a story titled "Amount of hurricane disaster aid to Miami-Dade County, Fla., raises questions." It was three weeks since Maines had first noticed the anomaly in the FEMA map, and only six days since Demma had joined the *Sun-Sentinel*. Kestin and O'Matz wrote the story straight. They contrasted FEMA's approval of millions of dollars' worth of disaster aid to Miami-Dade with the evidence they had collected that Hurricane Frances had bypassed the county. Database Editor Maines remarks: "All [the story] really did was say 'all this money went to Miami-Dade and what happened?' We couldn't answer the question."

### Waiting for Records

Kestin and O'Matz did not know when FEMA's ZIP code data would arrive, but they knew that federal agencies routinely took weeks or even months to process FOIA requests. However, their story had momentum now. In the absence of new information from FEMA, what could they cover? Should they simply select Miami-Dade neighborhoods at random and try to find aid recipients by knocking on doors? Did it make more sense to wait for FEMA's data and concentrate on another angle of the story, and if so, what angle?

On Monday, October 11, the team met to discuss their options. They decided that Kestin and O'Matz should write a follow-up article tracking reactions to their first story from both Florida legislators and FEMA officials. The two spent the day conducting phone interviews. A spokeswoman for FEMA's southeast region suggested that Miami-Dade households could have sustained unobservable damage—that perhaps power surges had destroyed appliances, or residents had damaged their vehicles while attempting to flee the storm. She also claimed the high amount of aid to Miami-Dade County could simply reflect a high concentration of uninsured homeowners there. FEMA covered only uninsured losses. It was possible that more homeowners in counties nearer the storm's landfall had insurance, resulting in fewer claims to FEMA even though storm damage in such counties may have been more costly. Several congressmen meanwhile told the reporters that they were concerned enough by the questions the paper had raised that they would seek federal investigations into FEMA. Representative Clay Shaw (R-Fort Lauderdale) told the reporters that immediately after he had read about the Miami-Dade claims in the *Sun-Sentinel*, he had written to FEMA Director Michael Brown to say that he was "disgusted" with the agency, and had enclosed the October 10 article with his letter.

As Monday wore on, the reporters realized they were close to having enough material for a follow-up story. Kestin and O'Matz had interviewed FEMA representatives who defended the

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<sup>22</sup> Ibid.

agency. However, as Representative Shaw had specifically mentioned FEMA head Brown, O'Matz felt obliged to give him an opportunity to comment in advance of publication. It was Columbus Day, a federal holiday; he was not at FEMA headquarters. So she tracked him down at home. "It is a little tricky to find a phone number in the Washington DC area for a Michael Brown," O'Matz noted later.<sup>23</sup> She enlisted the help of a *Sun-Sentinel* library researcher, who managed to find his phone number in a specialized database that provided personal and professional details that confirmed his identity. "He was quite upset with me," O'Matz said later of her brief conversation with Brown. "He did not answer any questions in that call... He hung up."<sup>24</sup>

*Second story.* The *Sun-Sentinel* published its second story on Tuesday, October 12, two days after the first. It detailed lawmakers' reaction to the suspicious Miami-Dade damage claims, as well as FEMA representatives' explanations for what might have happened. The same day, NBC Nightly News Correspondent Kerry Sanders interviewed O'Matz and Kestin on national television. He built on their reporting to draw attention to the likelihood that Miami-Dade residents were defrauding the federal government on a massive scale.<sup>25</sup>

Though they had published only two stories, O'Matz, Kestin, and Maines had been working long hours for weeks to scrutinize the available data and to get as comprehensive a picture as possible of Frances' effects on Miami-Dade. Demma, too, had thrown himself into the investigation, guiding the reporters, suggesting sources, and pushing them to publish. The NBC story was a satisfying recognition of their work. "It was crazy," recalls Kestin. "We were working at least 10 hours a day. But it was so much fun. We had this huge adrenaline rush going... We were on national TV already."

The national exposure brought immediate rewards. Within 24 hours, several area residents had contacted the paper with information about the Miami-Dade claims. As the reporters considered in which direction to pursue the story next, one phone call yielded a tip that could prove critical—if the reporters could prove it. A Miami-Dade resident called to suggest that they scrutinize the county's low-income public housing. The anonymous tipster, Kestin recalls, said: "Everybody in the projects is getting FEMA money."

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<sup>23</sup> Tom M. Jennings (producer/writer) and Sakae Ishikawa (editor), "Crisis Mismanagement," *Exposé: America's Investigative Reports* [television documentary], September 1, 2006, PBS Thirteen/WNET New York in association with the Center for Investigative Reporting. Available: <http://www.pbs.org/wnet/expose/2006/09/crisis-mismanagement.html>

<sup>24</sup> Ibid.

<sup>25</sup> Kerry Sanders, "Florida Ripe for FEMA Fraud," *NBC Nightly News*, October 12, 2004. Available: <http://www.msnbc.msn.com/id/6234999/>

## Into the Neighborhoods

During the next few days, O'Matz and Kestin secured a list of public housing projects from the Miami-Dade Housing Administration and selected several of the largest ones to visit. Investigations Editor Demma was uneasy about sending two white female reporters into high-crime, predominantly black neighborhoods to report. He recalls:

As somebody who's gone into some dangerous situations, it always gives you pause that you're going to send a reporter into a dangerous situation... You go into some of these areas [where] every morning there's been a drive-by shooting... and they're walking in there with a pen and a notebook saying, 'Did you cheat FEMA?'<sup>26</sup>

On the other hand, Demma felt that it was only through such reporting that Kestin and O'Matz could prove that Miami-Dade residents had committed fraud. All three knew that the reporting duo could gather the most information in the shortest amount of time by splitting up, rather than the safer option of working together. And since Kestin and O'Matz had both surveyed poor, unsafe neighborhoods as social services reporters, they were experienced, if slightly uncomfortable, reporting in those neighborhoods alone. Kestin explains her strategy:

I would usually pull my reporter's notebook out of my purse as soon as I got there and walk around with that very visible so that no one would think I was there... to buy drugs or I was a cop. And I'm always just very brazen about it. Whoever is standing outside, and there are always a lot of people outside, [I would] just walk up to them.

But time was running out if they wanted another Page One story for Sunday's paper. It would be impossible to conduct a comprehensive survey of all 99 housing projects in Miami-Dade County in time. They would have to choose a handful to visit and hope to find individuals who had not only committed fraud, but were willing to tell reporters about it. They had a few hints from their source about which specific projects to examine and, says Kestin: "That was really the only concrete thing we had about where to start looking."

The team agreed that the more projects the reporters could canvass, the stronger their story would be. The investigation had become a priority at the *Sun-Sentinel*, and Demma had no difficulty recruiting other reporters from the city desk to join the investigation temporarily. He selected Luis Perez and Madeline Baro Diaz, two Spanish-speaking reporters who could explore Miami's Hispanic neighborhoods, and another reporter, Gregory Lewis. That week, the five of them fanned out to various parts of the county.

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<sup>26</sup> Author's interview with Joe Demma, on February 25, 2008, in Fort Lauderdale, Florida. All further quotes from Demma, unless otherwise attributed, are from this interview.

Although the reporters attracted attention as they walked courtyards and knocked on doors, residents were surprisingly cooperative answering questions about FEMA fraud. “It really wasn’t hard,” Kestin remarks. Residents appeared knowledgeable about how to collect aid money; many had done it in previous disasters, and they recounted trading tips with neighbors about how to file a successful claim. FEMA, the reporters learned, had aggressively advertised its availability in the storm’s aftermath, posting flyers in the projects and broadcasting its phone number on the local newscast, encouraging residents to call whether or not they thought they were eligible for aid.

Several people explained in detail how they had obtained FEMA money—by turning hoses or hammers on their own property to fool inspectors. But these sources balked at giving their names. Those who were willing to identify themselves tried to prove that the storm *had* damaged their homes and that they were entitled to aid. They showed the reporters stained walls and dilapidated furniture as evidence. But it consistently seemed more likely to the reporters that the poor housing conditions they were being shown predated the storm. One 19-year-old Opa-Locka resident told Kestin she received a \$2,300 FEMA check for damages to clothing and furniture she claimed resulted from a leak through the ceiling of her first-floor apartment. While she and Kestin toured her apartment, the woman remarked that she had had a “good inspector” and that “everybody that had that inspector got FEMA money.”<sup>27</sup>

### A Morning Meeting

While Perez, Baro Diaz, and Lewis continued to survey the projects, O’Matz and Kestin were in the office Thursday morning for an unusual meeting. To the team’s astonishment, FEMA Director Brown had decided to visit the paper’s editorial board. Though he had refused to talk to O’Matz on Monday, he now traveled to Florida from Washington, DC, specifically to dispute what had become a national story. It was a tense, frustrating meeting. Brown offered only vague answers to detailed questions about who was receiving FEMA’s money and why. Kestin later recalled with irritation: “Michael Brown’s position was: ‘There is no problem.’”<sup>28</sup> The time O’Matz, Kestin, and the other reporters had spent in the projects told a different story. But Brown pointed out that the federal government had declared every county in Florida a disaster area in the wake of Hurricane Frances, at the request of Florida Governor Jeb Bush, and insisted that it was

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<sup>27</sup> Megan O’Matz, Sally Kestin, and Luis F. Perez, “Miami-Dade FEMA claims high in poor areas,” *South Florida Sun-Sentinel*, October 17, 2004.

<sup>28</sup> Tom M. Jennings (producer/writer) and Sakae Ishikawa (editor), “Crisis Mismanagement,” *Exposé: America’s Investigative Reports* [television documentary], aired September 1, 2006, PBS Thirteen/WNET New York in association with the Center for Investigative Reporting.  
Available: <http://www.pbs.org/wnet/expose/2006/09/crisis-mismanagement.html>

appropriate for FEMA to send aid money to Miami-Dade County. Further, he said, “We don’t give anybody a dime without inspecting to see whether or not they have incurred damage.”<sup>29</sup>

The reporters were perplexed. How could inspectors have verified so many applications when there was no damage? The scale of the discrepancy excluded the possibility that a few inspectors had simply made mistakes. Brown had inadvertently alerted the team to what might be a systemic flaw in his agency.

“The next legitimate question,” O’Matz notes, “is who are these people that have signed off on damage when we know that there wasn’t great damage in Miami-Dade?” But though the reporters pressed him for an answer, Brown refused to comment; the meeting adjourned with all parties dissatisfied. Still, the team had a new angle to explore, and were determined to do so with or without FEMA’s cooperation. “Never tell an investigative reporter ‘no,’” says Demma, “because they’ll go find out.”

### The next story

On Friday morning, October 15, Kestin again ventured into Miami-Dade’s public housing to gather a few more details to bolster the story. She then hurried back to the office to join O’Matz, who had begun to write an article for Sunday’s paper. They worked late into the evening shaping details into a strong narrative. They discussed which examples best illustrated the emerging pattern of fraud. It was difficult to decide which of dozens of details and sources to leave out. Due to space constraints, they could not tell all they knew. Each had notebooks full of interviews, in addition to all the other data and documents they had gathered in nearly a month of reporting. “One of the hardest things,” Kestin says, “is maintaining a focus.” She continues:

You’ve got this massive amount of information... How are you going to take that and get the biggest bang for your buck [and] write a clear, high-impact story that boils [it] down?

*Sources.* The strongest stories had come from the people who had admitted to committing fraud themselves, but all of them had refused to give their names. That posed a problem for the team. All agreed that it was best not to quote anonymous sources directly; doing so, they thought, undermined the newspaper’s credibility. Still, Kestin felt comfortable using anonymous sources to make authoritative statements about general patterns of aid distribution in the projects, so long as their stories were sufficiently consistent. She was stunned at some of the creative uses of disaster relief funds—people had used them to purchase new cars and jewelry. One woman even admitted to Perez, without identifying herself, that she had paid for her wedding with FEMA money.

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<sup>29</sup> Megan O’Matz, Sally Kestin, and Luis F. Perez, “Miami-Dade FEMA claims high in poor areas,” *South Florida Sun-Sentinel*, October 17, 2004.

Kestin and O'Matz had several attributable quotes, but these were mostly from sources who had insisted that Frances had damaged their homes and had shown the reporters their rundown apartments as proof. So the two reporters contrasted residents' descriptions of the storm's impact with their own observations of the slight damage visible. They supported their impressions with accounts from building owners and managers, who consistently denied knowledge of damage at properties where many tenants had received FEMA money. The juxtaposition created a tone of skepticism about whether those who had received aid in Miami-Dade were legitimate disaster victims.

When he reviewed the story late that evening, Demma was amazed at the amount of information his new team had uncovered. "They went into some of the worst projects—crime-riddled, drug-riddled, dangerous areas, and came out with quotes about how FEMA worked in those projects," he recalls. "I've been doing this going on 43 years and I'm always amazed [that]... people will talk to us, and what they'll tell us." From that standpoint, the story seemed solid.

*Risking criticism.* But there was a problem. The team worried that reporting widespread fraud in poor, heavily black communities could open the *Sun-Sentinel* to accusations of insensitivity or racism. They knew that this was an especially sensitive point for Managing Editor Rosenhouse, who prided herself on a diverse newsroom staff; the paper even had a team of reporters devoted specifically to covering racial issues. "It was on our minds from the beginning," Kestin says. But because FEMA offered assistance only for uninsured losses, she continues, "you just don't see the money coming into [affluent] neighborhoods, and when it does, the amounts are tiny compared to what was going to the poorer neighborhoods." O'Matz summarizes: "We have a great deal of sympathy for people that are really struggling... [But] fraud is fraud, and so that's what we were pointing out."

They agreed that it was unnecessary to identify in writing the race of their sources. "It would be very easy to turn this into a race issue," Demma reflects. "And the truth of the matter was, it was a system issue." They hoped readers would see it that way too, but they braced themselves for criticism. By the time the article ran on Sunday October 17, one week after the first, FEMA had dispensed \$23.6 million to 10,568 residents of Miami-Dade County.<sup>30</sup>

## Inspectors

In the space of a week, the reporters had drawn a disturbing picture of what had occurred in FEMA's disaster recovery efforts in Miami-Dade County. But they still did not know how or why it had happened. Kestin reflects:

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<sup>30</sup> Megan O'Matz, Sally Kestin, and Luis F. Perez, "Miami-Dade FEMA claims high in poor areas," *South Florida Sun-Sentinel*, October 17, 2004.



The first thing we know is they're handing out money to people that don't deserve it. Why is that? What about this FEMA system is flawed that allows these claims to be approved, and what are the safeguards that FEMA has to make sure that a claim is valid?... We started educating ourselves.

On Monday, October 18, the reporters began another week of their FEMA investigation. They knew now, both from their reporting in the projects and from comments FEMA director Brown himself had made, that FEMA's inspectors had approved fraudulent damage claims. But they needed more proof before they felt comfortable printing that. Though they held out little hope that FEMA's public affairs office would provide much more information than Brown had, it seemed the logical place to start.

As they had expected, FEMA's media office refused to discuss the agency's inspectors, beyond saying that they worked for privately contracted inspection companies whose names FEMA would not disclose. But the reporters were undeterred, and with the help of the paper's librarians, they soon pinpointed the companies' names, addresses, and phone numbers. There were two of them—Alltech Inc., a subsidiary of Parsons Brinckerhoff, and Partnership for Response and Recovery, both based in Virginia. The reporters even found some inspectors' names, photos, and profiles on Parsons Brinckerhoff's website. When Kestin called the companies, however, they refused to comment on their activities, saying that as private corporations they were not subject to FOIA.

But Demma encouraged Kestin and O'Matz to try to work around official silence using publicly available documents. So the reporters turned to Google and the news database LexisNexis, entering the search terms "FEMA inspectors" and scouring the results for any clues that would lead them to sources. Over two weeks of searching, they compiled a list of names from news reports and inspectors' weblogs. In the meantime, phone calls had continued to pour into the newspaper as readers contacted the reporters to express outrage at FEMA, to congratulate them on their work, or to suggest new angles to pursue. It was from one such phone call that Kestin and O'Matz learned about the young inspector who would become central to the next phase in their investigation.

*Training.* Late in October, the reporters were contacted by a woman who had been following the team's FEMA coverage. She had noticed that in a few stories FEMA claimed that inspectors verified all damage before the agency approved grant money but, based on the experience of one young inspector she knew, she doubted that the inspector system was an effective safeguard against fraud. She suggested the reporters contact Johanna Hadik, 22, a FEMA inspector who lived near Fort Lauderdale and had received only perfunctory training from the

agency. Hadik told them when reached that she had been sent out to verify damage claims with only eight hours of training. “I didn’t know if I could do it,” she admitted.<sup>31</sup>

The reporters found other inspectors through their Internet searches. Many confirmed that they too had received hurried and cursory training from FEMA as the agency struggled to recruit hundreds of additional inspectors to handle the onslaught of claims in the aftermath of the four hurricanes. They described FEMA’s policy of relying on applicants’ own testimony to their property damage, even when such damage was not physically apparent. “We’re told the occupants know their dwelling the best and we should take as much from them as possible,” one said.<sup>32</sup> Many said that they had received no instruction on how to distinguish between disaster-related damage and the long-term effects of poor maintenance. O’Matz and Kestin also learned that inspectors were paid by the inspection, which encouraged them to complete a large number in a short period of time.

By Thursday, October 28, Kestin and O’Matz had gathered enough evidence to begin crafting another story about how FEMA inspectors were trained; they completed it in time for that Sunday’s paper. They had come a long way, but each story raised as many questions as it answered. Since beginning the investigation in September, the reporters had exposed doubts about the legitimacy of individual assistance claims in Miami-Dade County, as well as about the inspectors on whom FEMA relied to verify them. Their reporting had generated responses from knowledgeable readers who had suggested other avenues to explore. By interviewing dozens of sources, they had identified suspicious patterns in aid distribution.

But much of the evidence so far was anecdotal. They had found instances of fraud. But to their amazement, FEMA officials, including Director Brown, continued to insist that the *Sun-Sentinel*’s reporting did not reflect problems with FEMA’s own procedures. On the contrary, Brown claimed that Miami-Dade residents had sustained damage from the storm, and that they needed and deserved the aid they had received. With FEMA’s encouragement, the reporters continued to seek stronger evidence that systematic fraud had occurred.

### The data arrives

In November, FEMA’s electronic ZIP code data arrived, a full two months after Kestin had first requested it. Database Editor Maines immediately got to work. “It’s like Christmas when data arrives like this for somebody like me,” Maines later recalled.<sup>33</sup> It would be Maines’ job to analyze

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<sup>31</sup> Sally Kestin, Megan O’Matz, and Luis F. Perez, “Training for FEMA inspectors often brief,” *South Florida Sun-Sentinel*, October 31, 2004.

<sup>32</sup> Ibid.

<sup>33</sup> Tom M. Jennings (producer/writer) and Sakae Ishikawa (editor), “Crisis Mismanagement,” *Exposé: America’s Investigative Reports* [television documentary], aired September 1, 2006, PBS Thirteen/WNET New York in association with the Center for Investigative Reporting.

the data so that the team could report to its readers what FEMA's money—by then \$28 million—was buying for the residents of Miami-Dade County.

But Maines found that the data was arranged in a way that would make it difficult to interpret. Maines recalls: "It was actually not one table of how much money goes to the ZIP code... It's 12 tables total... and a little bit complicated determining what it was that FEMA paid for." Maines was confident, however, that within a few days he could determine how to use the spreadsheets.

When he did, he found to his gratification that the data were quite detailed, showing how much money FEMA had dispatched to each claimant—identified only by claim number—and for which specific damaged items, such as furniture or appliances. By far the most frequently occurring item on the list was televisions—FEMA had paid for 5,260. Maines also added up 1,440 air conditioners, 865 refrigerators, and a host of other items including toys, clothing, furniture, and washers and dryers.<sup>34</sup>

The figures also showed that FEMA had paid for a funeral. Since the reporters had had a difficult time locating any storm-damaged property, Kestin and O'Matz doubted the storm had caused any deaths, and verified this easily with a phone call to the Miami-Dade County medical examiner's office. Maines found that FEMA had dispensed \$7.9 million worth of rental assistance, in some cases to individuals whose only listed damage was a broken television or radio. According to the reports, inspectors had even blamed damage on tornado winds, ice and snow—laughable claims in Miami-Dade County after Hurricane Frances.<sup>35</sup>

The data allowed Maines to produce a color-coded map of aid distribution by ZIP code in Miami-Dade County as a guide for the other two reporters on the team. Kestin and O'Matz had previously provided isolated examples of generous FEMA aid in poor areas of Miami-Dade, but FEMA's data offered proof that the agency had dispensed disaster relief money primarily in low-income ZIP codes. Maines showed that seven low-income ZIP codes had received more money than the other 67 Miami-Dade ZIP codes combined.<sup>36</sup>

Kestin and O'Matz again ventured into Miami-Dade neighborhoods to interview residents, this time with a clearer idea where they would most likely find aid recipients. The manager at a check-cashing liquor store, who was also a landlord, recounted cashing hundreds of thousands of dollars worth of FEMA checks, including one for over \$4,000 for damage at one of his properties. "I own the place and I know there wasn't... damage," he told O'Matz.<sup>37</sup>

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Available: <http://www.pbs.org/wnet/expose/2006/09/crisis-mismanagement.html>

<sup>34</sup> John Maines, "Hurricane Frances relief," *South Florida Sun-Sentinel*, November 21, 2004.

<sup>35</sup> Sally Kestin, Megan O'Matz, and Luis F. Perez, "Miami-Dade cleans up on FEMA aid," *South Florida Sun-Sentinel*, November 21, 2004.

<sup>36</sup> Ibid.

<sup>37</sup> Ibid.

The data also showed the standard amount FEMA paid for given household items—\$347.34 for a television, for example, and \$181.75 for a microwave. O'Matz and Kestin thought it would make an interesting story to report what one could buy with FEMA's standard grants. Visiting local retailers, they showed that in many cases FEMA's standard payout was several times the cost of the original damaged item. They found that one could purchase nine phones for what FEMA gave to replace one.<sup>38</sup>

On Sunday, November 21, 2004, the *Sun-Sentinel* published a three-story package about FEMA. Part One gave the results of O'Matz's and Kestin's continued reporting in the poor ZIP codes that had received the most money. Part Two was a list of the number and types of items FEMA had paid to replace in Miami-Dade. And Part Three detailed the disparity between predetermined FEMA aid money for several items and the amount that such items typically cost at local retailers.

## Results and sources

The stories were the *Sun-Sentinel's* most detailed look yet at FEMA aid in Miami-Dade, and the latest in a steady stream of increasingly damning articles the team had published. Within days, the reporters' work brought about concrete results at the very top of the Department of Homeland Security, as its inspector general vowed to launch an audit into FEMA's performance in Florida. By December, Deputy Inspector General Richard Skinner had dispatched seven investigators to work with Florida law enforcement to find perpetrators of fraud; he told Kestin and O'Matz that he expected the investigation to result in arrests by the end of the month, but said it was "too soon to tell" the extent of the fraud.<sup>39</sup> Although O'Matz, Kestin, and Maines had gathered considerable data from people in their community and sources FEMA chose to make available, Demma was anxious to get access to the new information the audit would uncover, as it could only enhance the *Sun-Sentinel's* reporting. "It's amazing what you can do with a subpoena," Demma says.

*December 5 story.* The team chronicled the high-level action their story was generating, all the while actively looking for ways to advance the investigation. Kestin thought she could get an additional story from earlier reporting she had done. She had been calling FEMA's public affairs office for updated aid disbursement figures several times a week, and had included these numbers in each successive story to illustrate the level of ongoing FEMA payments in Miami-Dade.

It amazed her that, even though the *Sun-Sentinel* had proved repeatedly that Hurricane Frances had bypassed the county, and even as high-level government officials had begun

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<sup>38</sup> Sally Kestin and Megan O'Matz, "Smart shoppers come out fine with FEMA's rather generous reimbursements," *South Florida Sun-Sentinel*, November 21, 2004.

<sup>39</sup> Sally Kestin and Megan O'Matz, "Officials expect arrests in Miami-Dade FEMA claims," *South Florida Sun-Sentinel*, December 4, 2004.

demanding investigations into FEMA, the agency nevertheless continued to approve hurricane aid payments to Miami-Dade residents. Another 3,000 applicants, she learned, had received another \$8 million in the eight weeks since the *Sun-Sentinel's* first story. Total hurricane aid to the unscathed county was now a staggering \$28.6 million, and the payouts showed no signs of slowing down. Demma felt that would make a high-impact addition to the series, so for Sunday, December 5, Kestin wrote an article pointing out that “no one [had] shut off the pipeline” to Miami-Dade.<sup>40</sup> The investigation was far from over.

One morning Kestin arrived at her desk and began listening to voicemail messages she had accumulated since leaving work the night before. One was from a man who said he was familiar with FEMA’s contractor operations. He left a phone number and asked Kestin to call him; he had information for her.

*Tip-off.* Kestin was intrigued. She called and began quizzing him about the contractors’ practices and about what experience he may have had. Though she and O’Matz had learned some details about inspectors’ training, they did not feel they had a solid grasp on that angle of the story. Now was Kestin’s chance to find out more. She expected the source to give her details on lax training and oversight. If she were lucky, he might identify a handful of inspectors she could contact. But what the source revealed in an offhand comment went far beyond her expectations. He mentioned that several of the inspectors had criminal records.

This detail captured Kestin’s attention. “Who has a criminal record?” Kestin recalls asking. The source offered several names, and further claimed it was well known that FEMA fraud occurred in disaster relief operations all over the country. “[Some inspectors] were treating [disaster relief] like a welfare program,” Database Editor Maines says. “There were other inspectors who were angry about that.” One had called Kestin to expose it.

Kestin hung up and went straight to Demma’s office. The information was explosive, but what should they do with it? How could they confirm it and make sure that this was not simply a case of a disaffected employee taking grievances to the media? Another factor they had to consider was the national scope of the allegations. FEMA inspectors in several states apparently had criminal records—the source’s claims did not pertain specifically to Florida. Nor, they had now been told, was Florida the only site of fraudulent disaster relief applications.

The source had quite unexpectedly elevated the *Sun-Sentinel's* mostly local investigation to a national one. Two potentially big stories could grow out of their information, but verifying the tips would require time-consuming research. One story was the apparently routine nature of fraud in disaster recovery across the country. Another was the presence of criminals among the ranks of FEMA’s inspectors. They agreed to try first to report the story on inspectors with criminal

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<sup>40</sup> Sally Kestin, “Suspicious don’t slow Miami-Dade storm relief,” *South Florida Sun-Sentinel*, December 5, 2004.

backgrounds. The could at least start that project, using the telephone and Internet, from their desks in Fort Lauderdale; the other was more logistically challenging.

## **Criminals**

Kestin and O'Matz had already learned that neither FEMA nor the contractors would release identifying information about their inspectors. So they turned to the painstaking detective work of researching and checking allegations case by case. From Kestin's anonymous source and other inspectors they had located through Internet research, the two had compiled a list of names and phone numbers of inspectors who allegedly had criminal records. They began making initial calls on Monday, December 13. Each name had to be checked with law enforcement authorities in the inspectors' counties of residence. That meant calling courthouses and sheriffs' offices all over the country. Kestin notes: "We don't have access to FBI national criminal databases, so there is no one-stop-shopping to do for someone's comprehensive criminal background."

Before committing to a full-scale investigation, however, they decided to test a small sample—a handful of the names on the list. If they got positive confirmations, that would indicate they were on to something potentially big. Within a few days, Kestin and O'Matz had reached police or courts in several counties where the inspectors in the sample lived, as well as the inspectors themselves, some of whom admitted to their own criminal pasts. They were eventually able to confirm that at least three or four inspectors were on the books for a variety of offenses. Demma and the reporters felt that these findings were not sufficient to publish, but did justify a search for more evidence.

So Kestin and O'Matz divided up the list of inspectors their source had claimed were criminals; each reporter was responsible for locating close to 50 people. First, they needed an address for each. To get that, Kestin and O'Matz used Accurint, a searchable database of dossiers on millions of people, which listed their current and previous addresses, names and phone numbers of neighbors and business associates, and other information.

The next step, locating and securing records, was considerably more difficult and time-consuming. Inspectors had often lived in several different places and traveled to disaster sites. This meant that locating records on one person could require searching in more than one location. Compounding this difficulty was the fact that public records laws varied from state to state. Some states were not required by law to release arrest records; some required reporters to retrieve such documents in person. Frequently, courthouse officials did not return reporters' phone calls promptly, or at all. The two kept careful notes recording whom they had called about which inspector and when, so that they could remember to follow up with another phone call—or several.

When they were fortunate enough to locate records, they had to submit requests in writing and file expense reports for postal and processing fees. “It would... be like that all day long working down the list,” Kestin recalls. “Just to get a record on a case for one inspector can take 20 phone calls, two or three letters, maybe more.” It was tedious work that yielded results only infrequently, and the reporters could spend days on the phone and turn up nothing new.

Day after day for several months, from late December onwards, the reporters plodded through their lists of inspectors. They were grateful when new developments in the case allowed them to take a break from their hunt for records and cover breaking news. In early March 2005, for instance, federal prosecutors indicted 14 Miami-Dade County residents on fraud charges. One had moved out of her Miami-Dade County home before Hurricane Frances but claimed \$12,359 in damages at the address—which had been condemned by the city weeks prior to the hurricane.<sup>41</sup>

By mid-April 2005, O’Matz and Kestin had located all the criminal records they thought possible. They had confirmed criminal histories for only 30 out of the 133 inspectors they had examined, but the number seemed high enough to them and to Demma to justify a long Sunday article on April 10—especially since among the inspectors’ offenses were robbery, drug possession, embezzlement, and rape. “Some of the records were pretty astounding,” remarks Kestin. “And then you’ve got to wonder, why’s FEMA letting these guys go into your house?”

Meanwhile, Maines had been working on the underpinnings for the corollary story on nationwide fraud against FEMA.

### **Putting the pieces together**

Kestin first filed another FOIA request with FEMA, this time for material it had been willing to supply earlier—ZIP code data on individual assistance grants. She asked for all the ZIP code information on disaster relief nationwide. While waiting for the second batch of ZIP code data, Maines went back to where he had started the previous September—FEMA’s website. There, he learned that the federal government had declared over 300 disasters since FEMA had begun keeping records of aid distribution in 1999. With Demma, Kestin, and O’Matz, Maines selected 20 of these to investigate, all of them cities in which their sources had told them fraud had occurred. They agreed that, as with the inspectors story, they would try to verify a handful of instances before deciding whether and how to dig deeper.

The FEMA data arrived in March, and Maines set about combing through it for evidence of fraud. As he had done for Miami-Dade County, Maines wanted to compare the aid data to

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<sup>41</sup> Sally Kestin, Megan O’Matz, and John Maines, “Records detail how FEMA was cheated on hurricane claims,” *South Florida Sun-Sentinel*, March 4, 2005. Also in March, the *Sun-Sentinel* sued FEMA for violating the Freedom of Information Act in refusing to provide reporters with the names and addresses of disaster aid recipients.

meteorological reports from the National Weather Service. If he found no reports of severe weather or damage in areas that received a great deal of FEMA disaster relief, that could indicate fraud. He constructed maps demonstrating concentrations of aid, which he overlaid with other maps based on NOAA data showing locations of disasters. He then measured distances between where disasters occurred and where FEMA was distributing money. For example, he found that a great deal of aid for the California wildfires of 2003 was concentrated in poor Los Angeles neighborhoods up to 30 miles from the fires.

Another source of information was local newspapers. One disaster which sources had identified as a site of massive fraud was a severe storm in Detroit in 2000, for which FEMA had paid \$168.5 million in individual assistance claims. But Maines found scant coverage of the event in articles published at the time, which seemed unusual for any disaster that could cause over a hundred million dollars worth of damage.

But for every breakthrough, there was a dead end. Because of the amount of time it took to gather and analyze weather data, and compare it to FEMA's grant figures, Maines could research a disaster for days before realizing that fraud was either unlikely or would be difficult to prove. He says:

You look at the storm data and the money data, you call public officials or disaster relief [coordinators] to make sure there's no damage, but then you also have to look a few days before and after the storm, and sometimes you'll find that... these poor areas did get hit with [severe weather]... Basically it's probable that there's a lot of fraud going on here but there are blemishes; you can't [prove fraud] nice and cleanly.

An example was Hurricane Lili, which hit southern Louisiana in October 2002. Like Miami-Dade during Hurricane Frances, New Orleans had dodged the worst of the storm but had generated a suspicious-looking number of disaster relief claims. It seemed more than plausible to Maines that fraud had occurred there. But when he researched declared disasters in New Orleans before and after Lili, he found that Tropical Storm Isidore, which had hit the city a week or so before the hurricane, had caused extensive flooding and damage in the same poor areas he had suspected of fraud. "So we had a reasonable explanation for all the FEMA assistance," Maines recalls. "FEMA assistance from the two declared disasters was overlapping. Bad bookkeeping, maybe, but not necessarily fraud."<sup>42</sup> Several disasters Maines examined had similar characteristics; in these cases, he had to accept the days he had wasted and move on to the next disaster on his list. Maines contrasts reporting this story to his early days as a police reporter. In the latter case, he says, "It might be a long day sometimes, but the day ends and you're done. Here the day ends and you've just got another day to keep on going."

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<sup>42</sup> John Maines' email to author, July 10, 2008.



*Government.* The *Sun-Sentinel* team persevered, however, not least because government investigations were validating the paper's reports. On May 18, 2005, the Senate Homeland Security and Governmental Affairs Committee held a hearing on FEMA's performance in Florida, which coincided with the release of the Department of Homeland Security's audit of the agency, begun in November. The hearing was titled "FEMA's Response to the 2004 Florida Hurricanes: A Disaster for Taxpayers?"

FEMA Director Brown continued to defend distributing aid in Miami-Dade County and stated that property in the area had been damaged by the storms, and further that mistakes were inevitable in a relief operation on the scale of that required for Florida's 2004 hurricane season. Committee Chair Senator Susan Collins (R-Maine) told Brown: "I don't think there is a tradeoff between responsive, swift assistance to those who are truly victims and protecting taxpayers against waste, fraud, and abuse."<sup>43</sup> Kestin and O'Matz wrote of the hearing:

The committee confirmed the [*Sun-Sentinel's*] findings and uncovered more problems, such as criminals hired as inspectors before completion of background checks and inspectors submitting claims without visiting applicants' homes.<sup>44</sup>

## Nationwide?

By the summer of 2005, the investigative team felt it had reached a crossroads. The reporters had been working on the FEMA story for almost a year. Their investigation had led to fraud arrests and Senate hearings. The next logical story to pursue was the one Maines had been patiently documenting: a nationwide pattern of fraud against the agency during disaster relief operations. But to give the story credibility and personality would require a new level of commitment from both the reporters and their editors. To document with specifics what Maines had discovered in general would require—as they had done in Florida—interviewing local officials, especially emergency management coordinators. It would mean in-person interviews with alleged victims to match claims against reality. It would mean shoe leather—and that was expensive.

If the *Sun-Sentinel* reporters traveled to those cities where Maines' reporting suggested FEMA money had been misspent, they might well uncover a great story about waste and abuse. But they might not. The team began to consider the pros and cons of pursuing the story. Given the number of reporters on the team and the cost involved in sending them to other cities, the gamble would be expensive, and could take several months. If the reporters did decide to pursue the story, how would they determine which cities to examine of the 20 Maines had analyzed? "The

<sup>43</sup> Sally Kestin and Megan O'Matz, "Senate panel pledges FEMA reform after finding widespread fraud," *South Florida Sun-Sentinel*, May 19, 2005.

<sup>44</sup> Ibid.

difficulty,” Maines explains, “is which direction do we go and where do I think that there will be a story versus not?” Would FEMA fraud continue to interest Florida readers over a year after Hurricane Frances? Should the paper make a considerable investment of money and manpower in a story outside the paper’s traditional purview? How many instances of widespread fraud would be sufficient to indicate systemic problems in FEMA’s recovery operations—five? Ten? Fifty?

On the plus side, the timing was auspicious. If the reporters did decide to undertake this new investigation, they would likely finish it just as another hurricane season approached and FEMA again became a subject of keen interest to the *Sun-Sentinel’s* South Florida readers. For Demma, the decision came down to proof. He says: “The most important part is, can we prove it? Because if we can’t prove it, then forget about it, there’s no sense in doing it.”

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