

October 7, 2004

The Honorable Barbara A. Mikulski  
Suite 709  
Hart Senate Office Building  
Washington, D.C. 20510

Via Email

Re: Request for DOJ Investigation

Dear Senator Mikulski:

I am writing as Betty Deacon instructed on Monday evening regarding the US Attorney's office and the DOJ. I have several concerns. As I mentioned to Betty, some are included in the attached letter hand delivered by the authors to several of your colleagues and their staff on Tuesday.

As you and I discussed, I first provided detailed information to the Assistant US Attorney for the District of Maryland beginning in early February. The information regarded material misstatement of facts by persons and entities associated with the National Flood Insurance Program. The misstatements lead to the detriment of victims by tens to hundreds of thousands of dollars each. Very detailed notes were taken and distributed contemporaneously documenting all related contacts.

As you aware, I have spent more than 3,000 hours investigating and documenting these matters. The findings are based upon videotapes and documents that many believe clearly show a pattern and practice of wrongdoing on a massive scale. For example, Maryland victims remain homeless after being told their coverage does not include costs associated with fuel oil contamination. Yet only days ago, Presidential Appointee David Maurstad sent a letter regarding another victim making clear such losses were covered.

The wrongful denial of claims has and continues to have an absolutely devastating impact on flood victims. Their relationships and finances are in ruins. The ancillary problems flowing from the broken system are hellish. Recently a child still trapped in a FEMA camper a year after storm was called "trailer trash" by children at school. An elderly woman called me yesterday concerned her camper pipes would freeze again this winter. She is worried she will once again be without indoor plumbing and a functional toilet.

Last week, only hours after I released an update on these matters to the Baltimore County Executive, the Assistant US Attorney allegedly made inappropriate disclosures ultimately emailed to a large number of press and others. Included were remarks minimizing the claims related problems and defending these practices as "just insurance industry tactics to save themselves money." I tried to contact the A. USA, however, I did not receive a response.

Numerous attorneys explain such documented claims practices constitute "textbook fraud." Government documents reveal one of FEMA's appointed Directors stated, "We

know we have a problem with fraud occasionally, brokers, agents and adjusters are investigated for wrongdoing.” The Director continued, “We also have seen fraudulent cash management practices. These are just some of our cases.”

The email disclosure last week makes it appears the US Attorney’s office is unaware of what constitutes insurance fraud. Yet White House documents indicate US Attorney DiBiagio started his career in a law firm I understand is known for its insurance defense work. Mr. DiBiagio also has not returned my phone calls about the matter.

Federal whistleblowers and others which have provided a steady stream of what appears to be incriminating information to me for months are increasingly concerned about reprisals. As we have discussed, substantive dollars appear to be missing from FEMA as well as appear to have been wrongly moved.

As I mentioned to you several weeks ago, the US Attorney’s investigation has been long gone. For all intents and purposes, the investigation ceased when it was requested I meet with DHS agents as described in the March 1<sup>st</sup> letter to Senator Sarbanes. Victims have been and continue to be subjected to unthinkable hardship as a result of the US Attorney’s failure to act and look the other way. All the while the private insurance companies are having their way with the victims – many of which are small children and the elderly.

As for the IG investigation, it should be abundantly clear from the attached documents a conflict of interest exists. To date, no interviews of key witnesses, no document requests. Instead, an assurance from the Assistant IG they “have a very small staff and no interest in investigating any wrongdoing.”

For all of these reasons, as well as those in the attached letter addressed to Senator Dole with copies to several of your colleagues, I am asking you to request the DOJ initiate an investigation into the NFIP related abuses we have discussed and which are now documented. A draft letter to the Attorney General suggested by a DOJ attorney early yesterday evening is also attached.

I am hopeful the appropriate action from you will move the Attorney General to action.

Thank you.



Steven J. Kanstoroom  
Victims Advocate

Attachments: Letter dated 10/05/04 re: DHS IG Intimidation;  
Stalled US Attorney Investigation; Request for  
DOJ Investigation

Draft letter to Attorney General Ashcroft

Cc: Senator Paul Sarbanes  
Senator Elizabeth Dole  
Senator John Edwards  
Congressman Dutch Ruppersberger  
Congresswoman Jo Ann Davis  
Congressman Walter B. Jones