

# United States Senate

WASHINGTON, DC 20510

October 3, 2018

Mr. John Kelly  
Acting Inspector General  
Office of Inspector General  
Department of Homeland Security  
245 Murray Lane, Southwest  
Washington, D.C. 20528

Dear Acting Inspector General Kelly,

Last month marked one year since Hurricanes Maria and Irma made landfall on the island of Puerto Rico. In past letters to you, we highlighted a number of alarming stories about inappropriately awarded contracts during the disaster relief response in Puerto Rico. Since then, there have been additional troubling reports, and we are concerned about whether the federal government is taking steps to prevent future incidents of this sort. *McClatchy Washington Bureau* recently released a report that identified at least ten Federal Emergency Management Agency (FEMA) contract winners with little to no experience in conducting the kind of work that they were assigned.<sup>1</sup> In light of these findings, we once again write to request a swift and thorough investigation into FEMA's contracting process for goods and services for the relief and recovery efforts following natural disasters, especially those in Puerto Rico.

In the aftermath of Hurricane Katrina, FEMA sought to provide a more transparent and robust system of awarding contracts to bidders – utilizing experienced contractors with a history of providing results. It is deeply concerning that this system is once again broken as inexperienced bidders continue to win FEMA contracts. The American public is well aware of scandalously awarded government contracts in Puerto Rico after contracts with Whitefish Energy<sup>2</sup>, Bronze Star LLC<sup>3</sup>, and Tribute Contracting LLC<sup>4</sup>, respectively, all made national headlines. Still, these improvident contracts continue to be awarded to unseasoned bidders.

In January 2018, FEMA awarded a \$27.4 million contract to La Casa del Camionero, a small truck parts supplier on the island, to store and supply fuel across Puerto Rico. This was the first FEMA contract awarded to the company in its 29 years of existence and records show that

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<sup>1</sup> Kevin Hall, Ben Wieder, and Caitlin Ostroff, *Why did FEMA give big Hurricane Maria contracts to such inexperienced bidders?*, THE MIAMI HERALD, September 2018, <https://www.miamiherald.com/news/nation-world/national/article217959195.html>

<sup>2</sup> Frances Robles, *The Lineman Got \$63 an Hour. The Utility Was Billed \$319 an Hour*, THE NEW YORK TIMES, November 12, 2017, <https://www.nytimes.com/2017/11/12/us/whitefish-energy-holdings-prepa-hurricane-recovery-corruption-hurricane-recovery-in-puerto-rico.html?mtrref=undefined>.

<sup>3</sup> Tami Abdollah, *Big contracts, no storm tarps for Puerto Rico*, THE ASSOCIATED PRESS, November 28, 2017, <https://www.apnews.com/cbeff1a939324610b7a02b88f30eafbb>.

<sup>4</sup> Patricia Mazzei and Agustin Armendariz, *FEMA Contract Called for 30 Million Meals for Puerto Ricans. 50,000 Were Delivered.*, THE NEW YORK TIMES, February 6, 2018, <https://www.nytimes.com/2018/02/06/us/fema-contract-puerto-rico.html>.

the company lacked the mechanics and professional personnel to handle this work prior to being awarded the contract. Since then, La Casa was awarded an additional \$23.1 million in contracts with FEMA, the most recent occurring on September 13, 2018. We strongly support efforts to award government contracts to local companies – helping to provide much needed stimulation of the local economy on the island. And we have no reason to believe that Las Casa del Camionero has failed to meet its contractual obligations. But as McClatchy reported, “the size of the contract with La Casa del Camionero and its inexperience stand out, especially in light of the earlier high-profile missteps in FEMA contracting and the agency’s reluctance to provide details about the award.” The issue here is that FEMA continues to award contracts to companies who have little to no experience, and in doing so, at the very least raises questions about its process for vetting its suppliers.

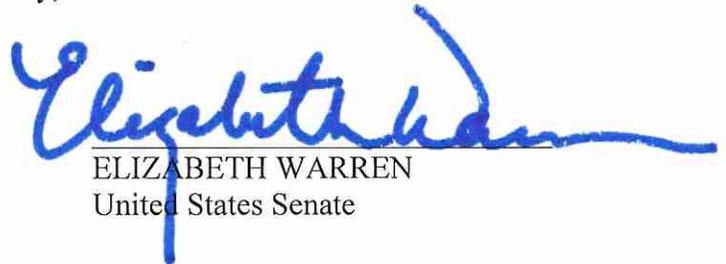
We request that you conduct a thorough investigation into FEMA’s contracting process, or expand any ongoing investigation to include all contracts awarded to date to companies that have limited track records for the type of work required for the contracts. This investigation will benefit not only those who continue to suffer in Puerto Rico, but all those affected by natural disasters. Last month, Hurricane Florence wreaked havoc on the Carolina Coast and throughout the Southeast, creating billions of dollars in new needs and making it even more important that Congress and the Administration act to make certain that FEMA does not improperly contract with unworthy bidders.

It is imperative that you work closely with the General Services Administration, and if necessary the Department of Justice, to address the glaring hole in the government contracting process related to disaster relief efforts at FEMA. We appreciate your attention to this matter.

Sincerely,



RICHARD BLUMENTHAL  
United States Senate



ELIZABETH WARREN  
United States Senate

Cc:

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