



The Road Home

BUILDING A SAFER,
STRONGER, SMARTER LOUISIANA

Presentation to:

Auditor's Forum on Katrina Relief

October 10, 2007

*Program developed by
Governor Kathleen Babineaux Blanco*

www.road2LA.org

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Program Update

BUILDING A SAFER, STRONGER, SMARTER LOUISIANA

As of November 21, 2006:

- 79,714 applications received
- 50,537 appointments scheduled
- 7,276 benefits calculated
- \$443 million benefits calculated
- \$63,741 average award



Program Update

BUILDING A SAFER, STRONGER, SMARTER LOUISIANA

As of October 8, 2007:

- 184,623 applications received
- 155,610 appointments held
- 129,804 benefits calculated
- 60,154 closings held
- \$8,500,000,000 benefits calculated
- \$4,112,294,965 payments made to homeowners
- \$68,238 average award



Audit organizations and oversight agencies

BUILDING A SAFER, STRONGER, SMARTER LOUISIANA

- HUD Office of the Inspector General
 - Audit Division
 - Investigations Division
- HUD program staff
- Office of the Legislative Auditor
 - Performance Audit Division
 - Recovery Assistance Division
 - Financial Audit Division



Audit organizations and oversight agencies

BUILDING A SAFER, STRONGER, SMARTER LOUISIANA

- General Accounting Office
- Office of Management and Budget
- Congressional Committee Investigators
- LRA Audit Committee
- Fraud Prevention & Investigations Task Force



Fraud Prevention & Investigations Task Force

- U.S. Attorneys
- HUD OIG
- FBI
- Legislative Auditor's Office
- Louisiana State Licensing Board for Contractors
- Attorney General's Office
 - Consumer Division
 - Criminal Division
- ICF
 - Compliance Section
 - KPMG



Internal Anti-Fraud Efforts

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Weekly meeting with ICF on fraud

- Discuss data mining and analytics
- Fraud issues and source of reports
- Ways to refine the effort
- Policy changes



Internal Anti-Fraud Efforts

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Analysis of data security and integrity

- 3rd party intrusion analysis
- KPMG review of data integrity
- SAS-70 review by independent CPA



Internal Anti-Fraud Efforts

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Closely monitor and control data requests

Inclusion of KPMG Forensics in policy and implementation planning

Aggressive investigation of allegations



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UNSCRUPULOUS CONTRACTOR SCAMS

Door-to-Door Solicitations

A solicitor offers to do roofing, painting, or paying work at a reduced price. Once payment is made, little or no work is done and the project is abandoned.

High Pressure Sales

An unscrupulous contractor pushes for an immediate decision about work, which makes it impossible for the homeowner to get competitive bids, check licenses/registrations, and review references.

Scare Tactics

A deceitful contractor offers to perform a free inspection, then claims that faulty wiring, bad plumbing, or a leaky roof put the homeowner in danger. The alarmed homeowner agrees to unnecessary and overpriced work.

Demand for Cash

A contractor demands for cash payments, sometimes going so far as to drive the victim to the bank to withdraw funds. With money in hand, the unscrupulous operator takes the money and runs.

Illegally Large Down Payments

A dishonest contractor takes more money for a down payment than is reasonable, claiming to need instant cash for supplies and to pay workers.

Verbal Agreements

A contractor states that a written contract is unnecessary — promising to deliver on the verbal agreement. The shady contractor takes advantage of the situation to perform sloppy work or none at all.

HIRING A CONTRACTOR CHECKLIST FOR CONSUMERS

- Hire only licensed or registered contractors.
- Verify contractor license or registration number at **1-800-256-1392** or www.LSLBC.louisiana.gov
- Get at least three local area references and review contractor experience.
- Get at least three written bids on the work to be performed.
- Get a written contract and don't sign anything until you clearly understand the terms of your contract.
- Don't apply for a building permit on behalf of the contractor. This is illegal, and both the homeowner and contractor may be charged with a crime.
- Consider contracting to pay only 10% down, or \$1,000, whichever is less, depending on project size and reasonable starting cost requirements.
- Don't make full payment before work is completed; and don't make the final payment until you are satisfied with the job.
- Never pay cash.
- Keep a file of all papers relating to your construction project.

UNSCRUPULOUS HOMEOWNER SCAMS

Inflated Damage Claims

An appraiser, inspector, or contractor inflates the value of damage and the homeowner rebates or "kicks back" a portion of the award to the appraiser, inspector, or contractor.

Excessive Home Value

A homeowner overstates the worth or size of the home and/or outbuilding, to support an excess valuation.

Fraudulent Ownership Claims

A homeowner files a fraudulent claim or application for a non-existent property, falsely claims ownership of an existing property or falsely claims eligibility for *The Road Home* program.

Duplicate Homeowner Claims

A homeowner files duplicate claims for a single residence, resulting in multiple awards.

WARNING!

These types of activities are **ILLEGAL**. Mechanisms are in place to detect the illegal use of *The Road Home* program funds. Fraud in connection with *The Road Home* program may violate State and Federal law, and anyone caught defrauding *The Road Home* program is subject to prosecution under State and Federal law.

Please call **1-800-351-4889** to report any suspected fraudulent activity by homeowners or contractors.



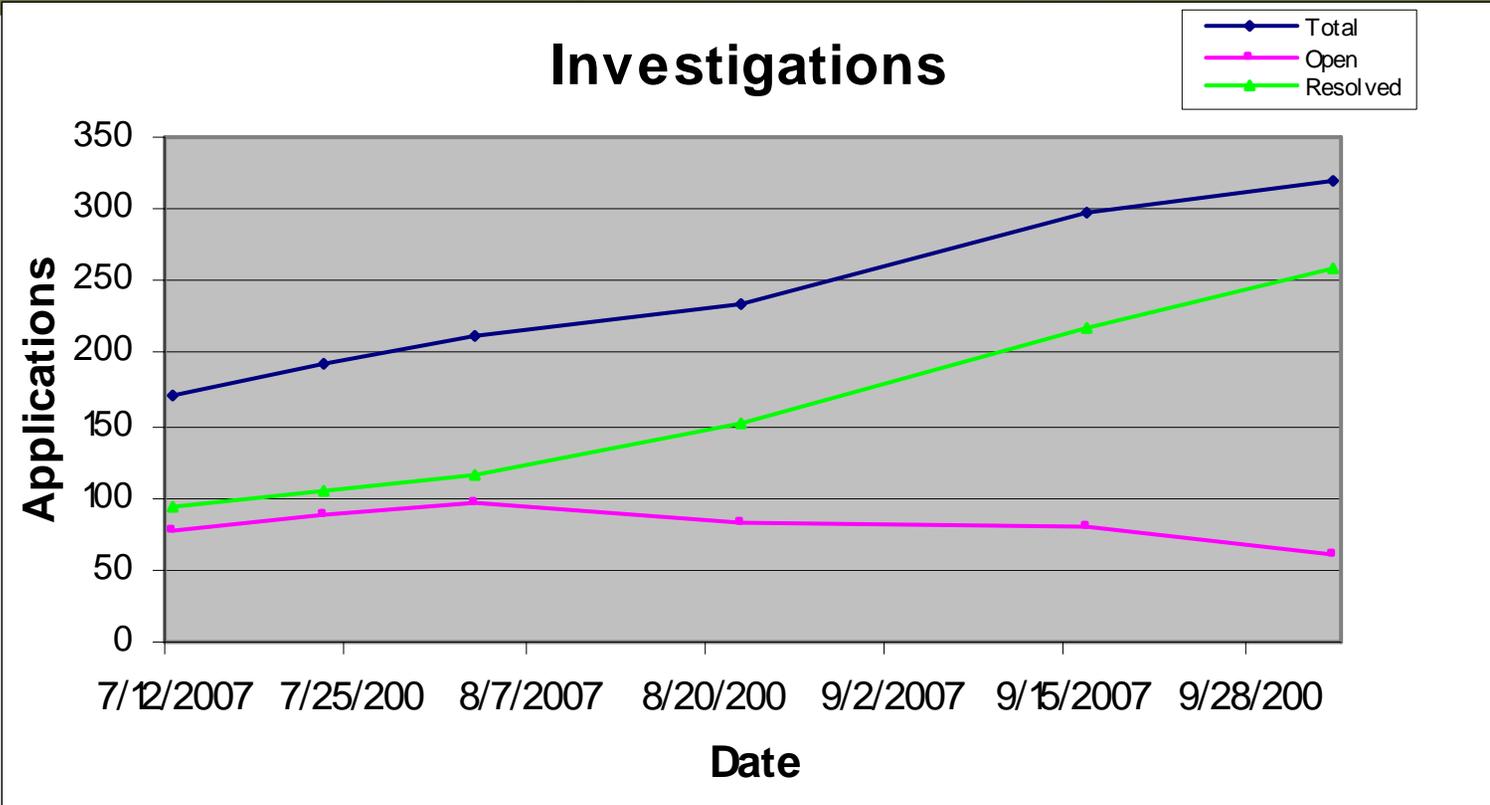
Open and Resolved AFWA Investigative Matters (as of 10/4/07)

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Classification	AFWA Issues Opened Since 9/6/07	Total # of Issues	AFWA Issues Resolved Since 9/6/07	# AFWA Resolved Issues	# AFWA Open Issues
Applicant/Application	60	319	68	259	60
Evaluator/Evaluation	0	5	0	5	0
3rd Party	0	23	7	23	0
Internal	0	13	0	13	0
Total	60	360	75	300	60

Investigations Summary (Applicant)

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Date	Total	Open	Res
7/23/2007	192	87	105
8/3/2007	212	97	115
8/22/2007	235	84	151
9/19/2007	298	79	219
10/4/2007	319	60	259

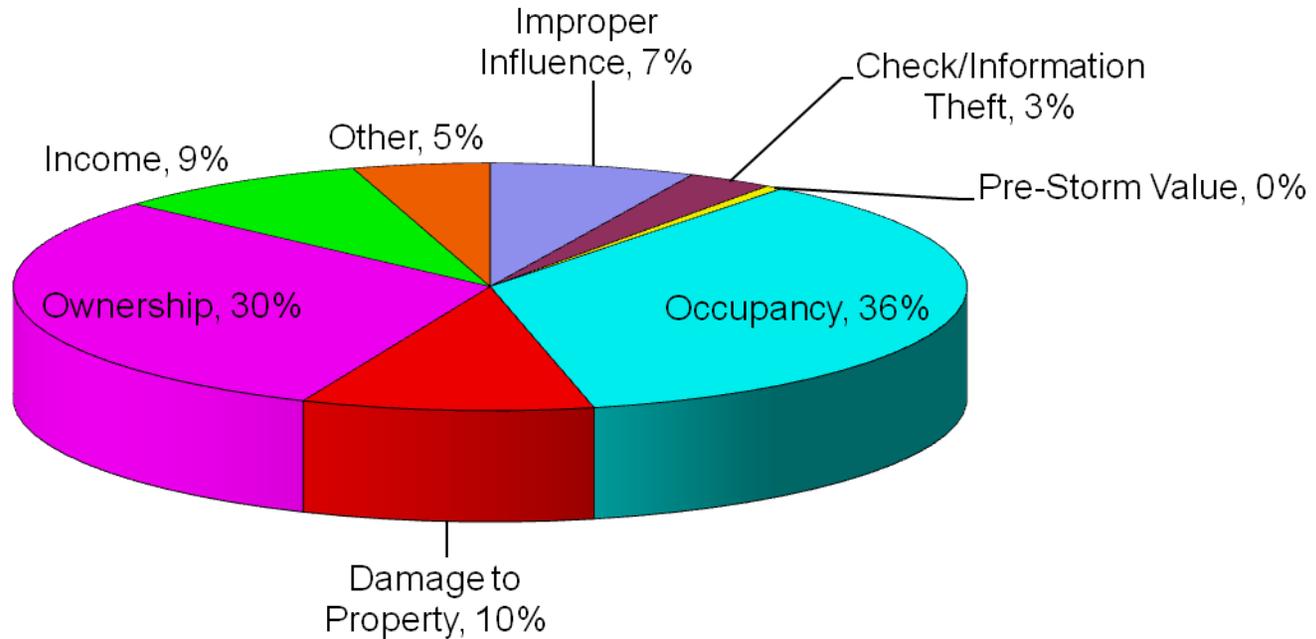


HUD OIG Hurricane Hotline

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Matters	Number
Total Matters Received from HUD OIG	55
<u>Total Matters Reviewed To Date by AFWA</u>	38
<ul style="list-style-type: none"> •Matters with funds disbursed to be referred back to HUD OIG for a full investigation 	7
<ul style="list-style-type: none"> •Matters pending disbursement to be referred back to HUD OIG for a full investigation 	10
<ul style="list-style-type: none"> •Matters resolved by AFWA with a recommendation to HUD OIG to close 	21
<ul style="list-style-type: none"> •Matters not yet reviewed by AFWA 	17

Summary of Issues Identified by Investigative Work



Summary of Source of Investigative Matters

