

NEWS

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FEMA OFFICIALS ARRESTED IN NEW ORLEANS ON FEDERAL PUBLIC BRIBERY CHARGES

NEW ORLEANS, LOUISIANA - Jim Letten, United States Attorney for the Eastern District of Louisiana, James Bernazzani, Special Agent in Charge, Federal Bureau of Investigation, New Orleans Division, and Michael Brannan, Resident Agent in Charge, Louisiana Office, Office of the Inspector General, United States Department of Homeland Security, announced today that two FEMA officials working in New Orleans-Andrew Rose and Loyd Hollman-both of Colorado, were arrested by Special Agents of the Federal Bureau of Investigation and DHS Inspector General's Office this morning for soliciting bribes as public officials.

According to the complaint filed in support of the arrest warrant issued this morning in United States District Court, Rose and Hollman, both residents of Colorado, are FEMA Disaster Assistance employees, who were charged with managing the FEMA base camp located in Algiers, Louisiana (a section of New Orleans on the west bank of the Mississippi River), and are public officials in their capacity as employees of FEMA, an agency of the United States Government.

Further, according to the affidavit in support of the complaint filed by FBI Special Agents, Rose and Hollman were arrested on January 27, 2006 at the FEMA base camp in New Orleans after taking two (2) envelopes containing \$10,000 each as illegal bribe payments.

According to the complaint, the investigation began on December 22, 2005, when Rose and Hollman approached a local contractor and solicited a bribe from the contractor in exchange for inflating the headcount for a \$1 million meal service contract at the Algiers, Louisiana base camp. During this meeting, Rose and Hollman allegedly told the contractor that they could inflate the "headcount" for meals served and would require the contractor to kickback to them (Rose and Hollman) \$20,000.

During a subsequent meeting on January 19, 2006, Rose demanded \$20,000 from the contractor to be split evenly between him (Rose) and Hollman; and indicated that Hollman would continue to intentionally inflate the occupancy number at the base camp falsely.

During a following meeting on January 24, 2006, the \$20,000 bribe which had been demanded was further discussed, and during the same meeting, Rose and Hollman allegedly discussed various ways and means which the contractor could use to inflate the meal service count. During the same meeting and a subsequent one on the same day, both charged defendants allegedly continued to discuss various ways and means to inflate the invoices for meal service counts, and made a further bribery demand for \$2,500 per week for each of them.

Finally, on the morning of their arrest at the base camp, Rose and Hollman each allegedly took one envelope containing \$10,000 from the contractor after confirming that these two payments were for the inflated meal service count from December 3, 2005 through January 15, 2006. Thereafter, according to the complaint, both defendants and the contractor continued to discuss the mechanics of how to continue to fraudulently inflate the meal service count numbers. Federal agents arrested both immediately thereafter on the scene.

"Today's arrests of these two FEMA officials is powerful evidence of the absolute and unswerving commitment of the United States Department of Justice, as well as the FBI and the Department of Homeland Security, to tolerate absolutely no abuses whatsoever by citizens or public officials in the wake of the devastation of Hurricane Katrina," said U.S. Attorney Jim Letten. "Indeed, today's arrest resoundingly confirms the commitment of U. S. Attorney General Alberto Gonzales, Assistant Attorney General Alice Fisher of the Criminal Division and the entire Department of Justice, to the stated goals of the Attorney General's Katrina Fraud Task Force. No one-whether citizen or public official-will be permitted to illegally profit at the expense of the communities and citizens who so desperately need FEMA funds and assistance in the wake of this region's terrible disaster. Moreover, our personal commitment to continuing our District's well-established priorities of fighting public corruption are evidenced in today's arrest. Truly, the very viability and even survival of New Orleans and the affected region depends upon our standing guard and vigilantly ensuring that anyone who attempts to corrupt and illegally exploit the system is investigated and punished, and that other potential offenders are deterred from such reprehensible conduct. We will continue to remain vigilant in protecting our citizens and their right to rebuild their lives and their communities, free from corruption."

This matter is being investigated by Special Agents of the Federal Bureau of Investigations and Agents of the DHS Inspector General's Office. This case is being prosecuted by Assistant U. S. Attorneys James R. Mann and Salvador Perricone.

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