



TRANSCRIPT: Katrina Waste and Fraud Anderson Cooper 360 Degrees, March 22, 2006

ANDERSON COOPER: When you're here in New Orleans, and you see how great the needs are, a new government report about wasted relief money is really hard to swallow. Millions of dollars we're talking about. Millions of dollars, and nobody knows how much.

Millions of dollars have been lost. And we're talking about mismanagement, waste, or even worse. Get this, more than 200 people in at least 13 states have already been charged with Katrina-related fraud or corruption.

CNN's Joe Johns tonight is keeping them honest. (BEGIN VIDEOTAPE)

UNIDENTIFIED MALE: The desperation that these people are going through...

JOE JOHNS, CNN CORRESPONDENT (voice over): Right after Katrina, survivors need the basics and fast -- beds, ice, a place to stay. And how did the government respond? Not well, according to a new report by the Government Accountability Office, which found that poor planning and miscommunication led to millions of taxpayer dollars being wasted.

The report says FEMA awarded contracts for supplies that weren't needed and failed to use supplies already on hand. FEMA's new boss, David Paulison, is putting the best face on it.

DAVID PAULISON, FEMA DIRECTOR: But these are positive things for us to use as a tool to make this a better organization.

JOHNS: According to the five-page report, FEMA paid one company \$10 million to fix up and furnish 240 rooms in a military barracks in Alabama. And only six people moved in before FEMA closed the facility.

Three million dollars were spent on 4,000 portable camp beds, never used. And there was the ice. Many tons were bought and paid for, but because of poor communication between FEMA and the Army Corps of Engineers, at times the ice wound up stranded, lost or wasted. Watchdog groups aren't surprised.

BETH DALEY, PROJECT ON GOVERNMENT OVERSIGHT: We don't have enough people who are responsible for making sure that what needs to get done gets done. The government is basically an open money bag for big companies doing business with the government.

JOHNS (on camera): The worst may be yet to come. The GAO says it's continuing its investigation, as are inspectors general of the other government agencies involved. FEMA says it's tightening up the way it issues contracts, but frankly, this is nothing new.

PAULISON: Well, I went through Hurricane Andrew in '92, and I did see a lot of those things. Even our own local government organization. All I can tell you is what I'm going to do with FEMA, and we are going to put a lot of these things in place. We've already done some of those.

JOHNS (voice over): The next hurricane season begins in 10 weeks. Joe Johns, CNN, Washington. (END VIDEOTAPE)