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FEMA Director Under Clinton Profits From Experience

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Correction Appended

WASHINGTON, Oct. 9 - Not long before Hurricane Katrina made landfall, James Lee Witt, the former director of the Federal Emergency Management Agency, and his colleagues called officials on the Gulf Coast to offer their help.

Soon after the storm hit, the State of Louisiana signed up with Witt Associates, a disaster consulting firm. Within days, Mr. Witt had become a fixture at the state's emergency operations center in Baton Rouge, advising the governor and sleeping in a trailer. He even figured out a way for FEMA to reimburse the state for his firm's fees, which the company estimates at \$4 million to \$6 million over the next year.

In Mississippi, Witt Associates swung into action to assist employees of Pinnacle Entertainment, whose Casino Magic Biloxi had been blown off its moorings and into a parking lot. Days later in New York, Mr. Witt appeared at a news conference with another client, the Allstate Corporation, to promote creation of a catastrophe fund to ease the financial burden on insurers.

In rushing into trouble when others were running away, Mr. Witt displayed the energy that won him wide praise for his service as the nation's top emergency official - and the nickname Master of Disaster. The much-criticized performance of FEMA after Hurricane Katrina hit has only enhanced his reputation. But as he applies his skills as a consultant, Mr. Witt is having to step deftly to avoid being perceived as a disaster profiteer.

"I just don't want anyone to say that we used this as a way to profit or to try to get new business," he said. "I just don't want that."

In Louisiana, he cut his usual hourly fee to \$275 from \$500 for the no-bid state contract and declined to take on any other business there, despite what his partners say are numerous requests. Just one day after his news conference with Allstate, he

backed away from his lobbying work for the insurer to avoid conflicts with his advisory role to the state.

Mr. Witt is hardly the first insider to trade on his government experience. Administration officials generally are barred from lobbying their former agency for one year after leaving. Still, some critics find Mr. Witt's business troubling.

"James Lee Witt is giving his seal of approval to some companies, and I question whether that is appropriate as you leave government," said Danielle Brian, executive director of the Project on Government Oversight, which studies government contracts. "He is lending his credibility as a public official to help companies advance in Washington."

Thanks to his résumé and his Rolodex, Mr. Witt - his friends call him James Lee - has taken a once-obscure area of expertise and turned it into a multimillion-dollar business. He has turned his old job on its head, now advising others on how to deal with the agency he once led.

"It's all been built on relationships." Mr. Witt, 61, said in an interview. "People know who you are and they trust you."

Former President Bill Clinton helped enlist as partners former Transportation Secretary Rodney Slater and Gen. Wesley Clark, the former NATO supreme commander and Democratic presidential candidate. Former Treasury Secretary Robert E. Rubin reviewed the business plan. Former Senator John B. Breaux, Democrat of Louisiana, said he put in a good word for Mr. Witt with Louisiana officials. And former FEMA officials, with their own networks of contacts, are on his payroll.

Started in 2001 with a \$300,000 loan and a borrowed office, Mr. Witt's business has grown to include 25 employees and had revenues of about \$7 million last year. Nextel, the telecommunications giant, hired him to market its products to safety officials, while the Whelen Engineering Company, which makes sirens, paid him to push for FEMA regulations that would benefit the company. His client list includes universities and cities seeking help on disaster plans.

The World Bank and the State Department have hired him as a consultant at \$1,000 a day. He is also paid \$300,000 as the chief executive of the International Code Council, a nonprofit organization that promotes stronger building codes.

"James Lee Witt brings to the table a track record of success," said Donald Kettl, a natural disaster expert at the University of Pennsylvania. "He's got the franchise. He's got star power."

Some jobs undertaken by the onetime FEMA chief, though, could raise questions about his new role. After 9/11, his firm was paid more than \$970,000 by the State of New York and concluded that evacuation plans at the Indian Point nuclear plant, plans FEMA had approved under Mr. Witt's watch, were inadequate. Last year, his company helped Louisiana officials respond to a FEMA audit, saying they had mishandled federal disaster money.

And when FEMA contracted last year to conduct a disaster-response exercise called Hurricane Pam for New Orleans, Witt Associates was identified as a subcontractor but ultimately was not asked to do any work because its fees were too high.

Mr. Witt's experience with disaster started when he was young. The son of an Arkansas sharecropper, he grew up in Wildcat Hollow, which is near Dardenelle, in east-central Arkansas, in a house without indoor plumbing. His childhood home was once knocked down by a tornado; it later burned to the ground.

Tall and trim with striking blue eyes, Mr. Witt speaks with an a twang that reveals his country roots. He never went to college but ran a small construction business and became a county judge, a position that does not require a law degree. He met Mr. Clinton, who installed Mr. Witt as Arkansas's disaster chief and later named him FEMA head.

"He had a very strong personal relationship with the president," said Gov. Bill Richardson of New Mexico, who served in the Clinton cabinet alongside Mr. Witt. "He never missed an opportunity to talk about disasters and needs of his agency with the president. The guy was relentless."

His years at FEMA contrast sharply with stumbles by the Bush Administration, which replaced its chief disaster official just days after Hurricane Katrina hit. Mr. Witt won wide praise from both Republicans and Democrats for FEMA's response to disasters like the Oklahoma City bombing and the devastating earthquake in the Northridge section of Los Angeles, as well as the 1993 Midwest floods. After years of slogging through mud and debris, Mr. Witt's reputation among local disaster officials is unparalleled.

He rode a Greyhound bus through the night, sitting next to the bathroom, to get to the Midwest floods when no plane was available; another time, he stopped long enough to marry two evacuees from Hurricane Marilyn. Even President Bush singled Mr. Witt out for praise in the 2000 presidential debates.

"A lot of people in our own office of emergency preparedness started mentioning his name," Gov. Kathleen Babineaux Blanco of Louisiana said in an interview. "People would say, 'If you can get James Lee Witt, get him.' "

Mr. Witt became the governor's primary consultant for dealing with FEMA, advising Ms. Blanco on what programs and opportunities were available and how the state should respond.

Last Tuesday, Mr. Witt accompanied Mr. Clinton on a visit to Louisiana. The former president had played matchmaker in helping bring together the big-name partners in the firm, who are all from his native Arkansas. General Clark recalls answering his cellphone in a Washington parking garage one night to hear Mr. Clinton advising him to join Mr. Witt. Mr. Slater said he received a similar call. Today, General Clark, Mr. Slater and Mr. Clinton appear in the company's marketing brochures.

The firm's first client was Nextel Communications, now Sprint Nextel, which enlisted Mr. Witt to help sell its communications systems to public safety officials. Nextel sponsored workshops around the country for local officials, featuring Mr. Witt, and later his partners.

The result? "Most safety officials have a Nextel on their belt," Mr. Witt said.

His company sees helping to sell disaster-related products as one of its core missions. "We would like to be like Consumer Reports for this stuff, to have the Witt seal of approval," said Mark Merritt, a partner in the firm.

For Whelen Engineering, based in Chester, Conn., Mr. Witt helped draft FEMA regulations requiring municipalities to alert residents with a voice siren, a Whelen product, which does not just sound but tells people where to go. Though the regulations have yet to be adopted, John Olson, the company's president, is pleased.

"We're up here in the boonies, and we approached him to get meetings in Washington," Mr. Olson said. "He's introduced us to all the main players in the process."

Mr. Witt's on-again-off-again work with one client, Allstate, demonstrates the potential conflicts he faces. Mr. Witt represented the insurance company in its efforts to set up a national catastrophe fund, which would allow insurers to set aside money that would grow tax-free in a special fund to cover future insurance losses in disasters.

Critics say such tax breaks for the industry will deprive the government of needed revenues. Mr. Witt has since recused himself from the Allstate assignment, saying his work in Louisiana could consume his time and put him in conflict with private insurers. Both he and Allstate officials say they will continue their work later.

Mr. Witt's colleagues, meanwhile, are deployed around the hurricane-battered region, serving current clients and signing new ones.

"We are making some money here," said Mr. Merritt, the Witt partner. "But our reputation has been cemented."

Matthew L. Wald contributed reporting for this article.

Correction: Oct. 11, 2005, Tuesday:

Because of an editing error, a front-page article yesterday about lucrative consulting contracts landed by James Lee Witt, former head of the Federal Emergency Management Agency, in the wake of Hurricane Katrina misstated the location of Dardanelle, Ark., which is close to where he grew up. It is in the west-central part of the state, not east-central.