

October 5, 2005

Senator John Edwards
United States Senate
225 Dirksen Office Bldg.
Washington, DC 20510

Re: DHS IG Intimidation;
Stalled US Attorney Investigation;
Request for DOJ Intervention

Dear Senator Edwards:

We are writing to ask your assistance in requesting a DOJ investigation into FEMA, the National Flood Insurance Program (NFIP), related entities and parties.

We have firsthand knowledge of what we believe to be fraud on a massive scale within a multibillion dollar program; a cooperative venture between many of the largest insurance companies in the country and the federal government. The program is funded solely by insurance premiums paid by millions of policyholders. An overview of the problems can be found at http://www.femainfo.us/kanstoroom_report_update.shtml.

In April, U.S. Senator Barbara Mikulski called for the Department of Homeland Security Inspector General to investigate alleged wrongdoing within the NFIP.

In May, the Baltimore County Executive, a former Circuit Court Judge, called for the U.S. Attorney to investigate whether the private contractor responsible for handling the day-to-day operations of the NFIP was thwarting victims' efforts to receive fair settlements.

In June, President Bush signed into law the reauthorization of the NFIP, including a directive the GAO report if the adequacy of the scope of coverage provided under flood insurance policies is "meeting the intended goal of Congress that flood victims be restored to their pre-flood conditions."

Recently we witnessed a speakerphone conversation, recorded by a TV news crew that has continued to trouble us deeply. On August 25th, we listened to a call that flood victims' advocate Steve Kanstoroom received from the Eric Banks, Counsel to the Department of Homeland Security Inspector General Clark Kent Irvin.

It was abundantly clear the goal of Mr. Banks and his paralegal was to persuade Mr. Kanstoroom to turn over documents previously sent to him by government whistleblowers and others familiar with wrongdoing. We listened as Mr. Banks stated it was unlawful for Mr. Kanstoroom to be in possession of documents implicating OIG agents in wrongdoing, documents emailed or otherwise dropped off to him from persons

unknown. Mr. Banks instructed Mr. Kanstoroom to send all such materials to the IG and then destroy copies of any such materials in his possession.

Within the call we also learned in February DHS Special Agents had attempted to dissuade Mr. Kanstoroom from cooperating with the U.S. Senate Banking Committee. Nevertheless, Mr. Kanstoroom continued to cooperate with the Committee, and largely based upon documents provided by Mr. Kanstoroom, the Senate directed FEMA to reevaluate more than 24,000 flood claims, the largest such event in FEMA's history.

We also heard Mr. Kanstoroom state in the conversation the U.S. Attorney's Office for all intents and purposes shut down its active investigation as soon as DHS Agents stepped into the picture and the DHS investigation was unofficial, something confirmed by a Bush appointee and aid to DHS Under Secretary Michael Brown. All of this seemed to be the tip of the iceberg.

We understand the following morning Mr. Kanstoroom received a call from DHS Assistant Inspector General Lisa Redman. According to Mr. Kanstoroom, Ms. Redman echoed Mr. Banks' position and she had no interest in investigating any allegations of wrongdoing – she had no record of her agents doing anything inappropriate.

We are writing now because of a recent event. Last week a mass email was sent to the press and private citizens. The email was sent by a law enforcement officer and contained statements allegedly made by Assistant U.S. Attorney for Maryland Barbara Sale. Most disturbing were what seemed to be inappropriate disclosures whereby Ms. Sale was disclosing information regarding Mr. Kanstoroom's cooperation with the FBI. In addition, Ms. Sale seemed to indicate she was unfamiliar with fraud as it related to a material misstatement of fact leading to the detriment of the recipient of the misrepresentation. Yet, White House documents indicate the U.S. Attorney for Maryland began his career in a firm specializing in insurance defense.

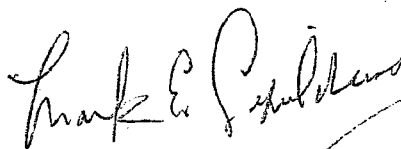
At this time literally hundreds of thousands of storm victims are relying on insurance yet receiving far less than what they bargained for. We believe the causes for these problems are now easily at hand in the form of videotapes and Congressional records. With your help, officials can hopefully work as hard at solving the problems as many have been at covering them up.

Thank you for considering our request.

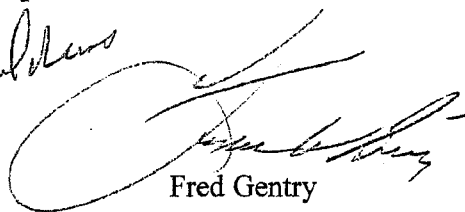
Sincerely,



Beth Midgett



Mark Childress



Fred Gentry

Attachment: DHS OIG / Steve Kanstoroom Transcript Excerpt