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INTRODUCTION

Chairman Hinojosa, distinguished members of the Commission, thank you for allowing me the opportunity to testify. It is a pleasure to appear here and speak to you regarding the issues faced by the American Red Cross concerning disaster related fraud. I would like to express my appreciation on behalf of the Red Cross for the Commission's efforts to recognize the significant impact that fraudulent activity can have on the organization. I have some other members from the Red Cross with me today. I may need to call upon them to answer a specific question that you may have.

Fraud involving disasters can create an impression with the public that may have serious and long-lasting effects on the Red Cross and its ability to achieve its mission. The mission of the Red Cross is to provide relief to victims of disasters and help people prevent, prepare for, and respond to emergencies. When the funds donated by a generous public are siphoned off by criminals instead of reaching the individuals devastated by a disaster that mission is threatened. The functions of the Red Cross make fraud in the disaster relief context different from other offenses addressed in USSG § 2B1.1 for a number of reasons. First, the direct consequence of fraud during disaster relief is that less money is available for victims if it is diverted by those who are not entitled to it. Second, there exist finite resources available to help those in need during a disaster. In addition, those resources may not