

Mismanagement of Funds and Volunteers

Along with the failures in communication between FEMA and the ARC, there have been numerous accusations relating to improper management of donated funds and volunteers following Hurricanes Katrina and Rita. A *New York Times* article notes, "The accusations include the improper diversion of relief supplies, failure to follow Red Cross procedures in tracking and distributing supplies, and use of felons as volunteers in the disaster area in violation of Red Cross rules."

Numerous Katrina volunteers reported the disappearance of rented cars, electricity generators, and even some 3,000 air mattresses. During the relief efforts, the ARC had more than 235,000 volunteers working in the hurricane disaster areas, more than five times the previous peak of 40,000 volunteers for other relief efforts. It was reported that several of these volunteers had arrest warrants or other felony charges in their backgrounds. The ARC has a screening process that normally would detect potential volunteers with criminal backgrounds, but during Katrina, the organization was so overwhelmed with people seeking to volunteer that it dropped its usual standards.

Other volunteers complained of unauthorized possession and use of Red Cross computer equipment by staff and volunteers. This equipment contained software to add donated money to debit cards for immediate use by hurricane victims and could easily be misused by unscrupulous volunteers. Other incidents included an ARC call center employee writing money orders in the names of various relief victims and fraudulently cashing them herself.

The ARC launched an investigation into claims that, as an organization, it had virtually no cost controls, little oversight of inventory, and no mechanism for basic background checks on volunteers who were given substantial responsibilities. These examples of mismanagement of charitable funds and volunteers pose questions about the ARC's ability to prevent fraud and protect resources amid the chaos of major national disasters.

ISSUES WITH MONETARY DONATIONS

Corporate Partnerships

ARC's acceptance and choice of corporate partnerships also became controversial. During the Hurricane Katrina relief efforts, many corporations were eager to help. In a national emergency, these corporate partnerships help to provide access to resources that otherwise may not be available. Examples of corporate partnerships during the Katrina disaster relief efforts included Coca-Cola donating water, Anheuser Busch canning and delivering water, MasterCard and JP Morgan issuing ATM cards with access to ARC-donated funds for relief victims, and the Southwest Drycleaners Association's (SDA) monetary donations.

Corporate donations are an essential part of the American Red Cross' overall disaster relief strategy. However, because the ARC is a nonprofit organization and the lead agency in charge of the disaster relief, some critics believe that the ARC has a duty to scrutinize its corporate donations. Large corporate donations could make the Red Cross appear to be biased toward

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