

Disaster-Relief Fraud: A Dark Side of Disasters

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This past year of 2017 was marked with the occurrence of diverse and global disasters. During the year, usually controlled disease such as diphtheria rapidly spread among refugees and those affected by on-going war in both Bangladesh and Yemen. Other infectious disease outbreaks that included plague, yellow fever, and dengue struck across the globe. Earthquakes of high magnitude struck Iran and Iraq, as well as Mexico on the opposite side of the globe. Hurricanes. Floods and tropical storms uniformly struck across all regions of the world. Even high-income and usually prepared communities such as the western United States were stunned by losses from wild fires that went uncontrolled for days, then weeks. In this modern era, disaster events are a common occurrence with a frequency that challenges the ability of communities to sustain and recover.

Disasters bring out altruistic and humanistic action by many. Concern and compassion for disaster victims compels many to contribute financial resources or time to respond to the needs of those affected. The humanitarian actions of responders and donors is provided with little expectation of personal gain with a motivation to benefit victims who are in immediate need for relief. In recent years, humanitarian groups have defined ethics and behaviors that enhance the effect of their activities during disaster response. Regardless of culture or ideology, it is natural for most to have empathy and concern for disaster victims.

There is a well-recognized dark side of human behavior that presents in the form of disaster-relief fraud that arises in the aftermath of disaster.¹ Disaster-relief fraud schemes are numerous, with the following being some examples:

1. Fraudulent charitable contribution solicitations generated by individuals who have no intent for passing contributions to victims of disaster.
2. Price gouging during times of crisis by businesses intent on taking advantage of the emergency to maximize profit at the expense of the community.
3. Repair fraud that happens when an individual takes money to perform a home or building repair with no intention of completing the damage repair work.
4. Insurance fraud occurring from submission of inflated or false insurance claims.
5. Forgery and identity theft in the form of forged signatures on checks stolen from mailboxes and forged building permits submitted in insurance fraud claims.
6. Diversion of disaster-relief materials and money by elected officials, government employees, shippers, and postal workers.
7. Diversion of donations by some relief organizations toward inflated administrative and overhead costs.
8. Political misrepresentation of relief efforts and criticism of relief efforts for political gain.

Unfortunately, victims of disasters are vulnerable to fraud. Because of emotional distress and the need for emergency relief, victims most often trust that others will have a humanistic approach to their plight. Adding to vulnerability is that communication systems are disrupted after disaster with lack of access to information that would alert one to potential fraud. Further, those donating money to disaster-relief causes may not be aware of the potential for fraud. From the criminal perspective, a disaster event is a situation that is ideal for taking advantage of both victims and donors.

While it would seem that disaster fraud is a law enforcement issue that is not directly related to health, one needs to consider the impact that limiting access to, or the diversion of, emergency and medical supplies has on a disaster-stricken community. Lack of adequate dressings, antiseptics, water purification, food, and medicines used for chronic disease can have immediate and serious health impacts. Diversion of emergency supplies is particularly problematic as those government agencies and organizations donating or sending relief supplies may assume that there has been an adequate response when, in fact, the victims continue to suffer.

Earlier this year, the Wall Street Journal (New York, USA) reported that in the United States areas affected by 2017 hurricanes, there have been widespread complaints of fraud.² Particularly hard hit this year was the island of Puerto Rico where prolonged outages of power and water supplies occurred. Occasional reports from relief workers deployed to Puerto Rico have been discouraging, including observed extortion for higher pay by dock and transportation workers for offloading and distributing emergency supplies. In addition, there are reports of hospitals hoarding relief supplies and then charging victims for use of those donated supplies. These types of fraudulent activity result in limiting access to emergency supplies.

Disaster-relief fraud directly affects the health and well-being of an affected population and is of concern for humanitarian health relief. Limiting access to emergency supplies can have a direct impact on the health outcome of a population by increasing infection rates, worsening acute and chronic disease states, and importantly producing stress within a community that has direct impact on the well-being of all individuals. Equally important is that disaster-relief fraud prolongs recovery of infrastructure, resulting in poor sanitation, contamination of water supplies, inadequate housing, and environmental exposure. This infrastructure loss leads to risk of health for a community, including increase for childhood diarrhea diseases, exposure to insect-borne diseases, increased infection rates, and injury from debris and an unsafe environment.

References

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