



# OFFICE OF THE INSPECTOR GENERAL

## U.S. Department of Justice

(202) 514-3435 | [oig.justice.gov](http://oig.justice.gov)

FOR IMMEDIATE RELEASE  
August 17, 2017

### DOJ OIG Releases Report on DOJ's Administration of the September 11th Victim Compensation Fund

Department of Justice (DOJ) Inspector General Michael E. Horowitz announced today the release of a report examining the DOJ's Administration of the September 11th Victim Compensation Fund (VCF). Title II of the James Zadroga 9/11 Health and Compensation Act of 2010 (Zadroga Act) reopened the VCF and extended claimant eligibility to individuals who removed debris from or were present at the sites of the September 11th attacks. Under the Zadroga Act, the Attorney General designates a VCF Special Master with the final authority to assess all eligibility claims and compensate victims. The VCF provides claimants with a no-fault alternative to torts litigation. The VCF is authorized to accept claims through December 2020 and has a total of \$7.375 billion available for compensation.

The DOJ Office of the Inspector General (OIG) conducted an audit to evaluate the Special Master's administration of the VCF, and the DOJ Civil Division and Justice Management Division's (JMD) support of VCF operations, from 2011 through February 2016. The OIG identified several concerns regarding these areas, and noted that the VCF faced a number of unique challenges in establishing a claims management process.

The specific findings in today's report include:

- **The VCF did not consistently keep supporting documentation for certain eligibility and compensation decisions in its CMS.** For example, the OIG could not locate some documents, such as proof establishing presence at a September 11th attack site or of a September 11th-related physical condition. In addition, some claim files included the status of ongoing claimant litigation, which the Zadroga Act required to be resolved before a claimant could receive an award.
- **Expedited compensation decisions for deceased claimants and their dependents were inconsistent.** Specifically, some expedited claims did not appear to include full compensation for the deceased claimant's pain and suffering, leaving the deceased claimant's dependents — some of whom reported experiencing financial hardship — to file an amendment or an appeal to obtain additional funds to which they were entitled.
- **The Civil Division's award process for and administrative oversight of 18 non-competitive contracts, valued at over \$3.6 million dollars, was problematic.** The OIG found that

between August 2011 and June 2016, the Civil Division issued 18 non-competitive service contracts to the private law firms of the VCF's Deputy Special Master without sufficiently documenting the justification and rationale for awarding the contracts without competition. Three of those contracts also lacked details such as the specific expertise and qualifications of the contractors, as required by federal regulations. The OIG further found that the Civil Division's non-competitive contracts lacked sufficient administrative oversight.

- **Neither the Civil Division nor JMD addressed a potential conflict of interest regarding the Deputy Special Master's role in non-competitive contracts.** Specifically, the Deputy Special Master dictated the contract requirements and signed the contracts on behalf of her law firm. Although both the Civil Division and the Deputy Special Master consulted with the JMD Ethics Office, the OIG found that the question about this potential conflict was never appropriately addressed or resolved by the Civil Division or JMD.
- **The CMS did not meet all of the VCF's requirements.** The VCF contracted with IBM to develop its CMS and as of July 2016 had spent \$19.4 million on it. Although the current version is functional, the CMS originally did not allow for the high levels of customization needed by the VCF. As a result, the VCF had to develop a number of systemic workarounds and tools to review and process claims.
- **VCF employees transmitted claimants' personally identifiable information (PII) by unencrypted email.** The OIG found that VCF employees sent the PII from DOJ servers to private email servers operated by the law firms of the VCF Special Master and Deputy Special Master. The PII included claimants' social security numbers, dates of birth, and medical information. The OIG promptly notified the DOJ about this issue, and the DOJ informed the OIG that it has since worked with the private law firms to safeguard and destroy claimant PII.

Today's report makes a total of seven recommendations, three to the VCF to improve its claims management process and four to the Civil Division to improve its administration of future VCF contracts. The Civil Division and VCF agreed with all of the recommendations. Throughout the audit, the VCF has proactively sought to address the OIG's concerns and, prior to the issuance of the report, the VCF provided to the OIG evidence demonstrating that it has established specific procedures that sufficiently address its recommendations.

**Report:** Today's report can be found on the OIG's website under "Recent Reports" at the following link: <https://oig.justice.gov/reports/2017/a1732.pdf>.

**Podcast:** To accompany today's report, the OIG has released an 8-minute podcast featuring members of the review team discussing the report's findings. The podcast and a downloadable transcript are available at the following link: <https://oig.justice.gov/multimedia/podcast-08-17-17.htm>.