News



In this Aug. 30, 2005, file photo, floodwaters from Hurricane Katrina fill the streets near downtown New Orleans. Two New Orleans universities, the Roman Catholic Archdiocese of New Orleans and a government contractor are defendants in a whistleblower lawsuit alleging fraud involving more than $100 million in Hurricane Katrina aid. (AP/David J. Phillip)

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Two New Orleans universities, the Roman Catholic Archdiocese of New Orleans and a government contractor are defendants in a whistleblower lawsuit alleging fraud involving more than $100 million in Hurricane Katrina aid.

The 2016 federal lawsuit was unsealed June 3 by the U.S. District Court in New Orleans. Katrina struck in 2005, causing extensive damage in Mississippi and Louisiana.

Federal court records show one defendant, Xavier University, has reached a settlement. An attorney for the university confirmed that the settlement included a payment of $12 million.

The suit alleges that false claims resulted in millions of dollars for projects at Xavier and Dillard universities, and for an archdiocese school.

The lawsuit was filed by an employee of the contractor, AECOM. The company denied wrongdoing and vowed to "vigorously defend" the work it did after the storm. The U.S. Justice Department joined the suit last week.

"It's disappointing that 15 years after Hurricane Katrina, the Federal Government wants to claw back funds from educational institutions that endured so much damage from the impact of the storm," the contractor's statement said. "AECOM deployed immediately to New Orleans after the hurricane in 2005 and worked side-by-side with its residents and institutions to help rebuild the city and get students back into school."

The archdiocese, which has filed for bankruptcy reorganization amid numerous lawsuits involving sexual abuse by priests, also denied wrongdoing and noted that the suit was filed more than a decade after the storm.

"Every dollar of FEMA funds received has gone back into the restoration of parish, school, and other properties to serve the people of the Greater New Orleans community," a statement from the archdiocese said. "We deny the allegation that the Archdiocese of New Orleans knowingly conspired to submit false information. We have cooperated with the Federal Government's investigation and will continue to work with them as we resolve this claim."

Among the lawsuit's allegations is that Xavier received $6.6 million from the Federal Emergency Management Agency "based on the misrepresentation that Katrina had severely damaged the gymnasium's concrete, floating slab foundation when, in fact, the building had no such foundation." Millions more went to other projects based on misrepresentations, the suit alleges.

Xavier's attorney, James Garner, declined to comment on specifics in the lawsuit but stressed that the federal government relied heavily on AECOM to handle applications for aid.

Garner noted the strong record of Xavier, a historically black university, in sending African American students to medical schools. "Doing that is best served by resolving this and moving ahead with educating people," he said.

The suit alleges that Dillard received millions for inflated estimates of building damage.

Dillard, also a historically black university, noted in an emailed statement that the federal government, while intervening in the suit, is not pursuing claims against Dillard. "We will refrain from commenting further until we receive additional guidance from the court and DOJ regarding the conditions of the seal," the statement said.

Katrina struck the Gulf Coast on Aug. 29, 2005. The storm has been blamed for as many as 1,800 deaths. Levee breaches in New Orleans led to catastrophic flooding, including in parts of the city that are home to Xavier and Dillard. There have been numerous disputes over government payouts for damages over the years.

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