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INDEPENDENT

February 28, 2006

The Honorable Jeb Bush
Governor of Florida
The Capitol
400 South Monroe Street
Tallahassee, Fl. 32399

Dear Governor Bush:

I am writing to request information about your role in the award of a $236 million federal contract to Carnival Cruise Lines in the aftermath of Hurricane Katrina. This boondoggle contract, which comes to an end this week, has cost federal taxpayers an enormous amount to provide temporary six-month housing aboard Carnival's ships.

On September 2, 2005, Military Sealift Command awarded Carnival Cruise Lines three contracts worth a combined $236 million to provide temporary housing for Hurricane Katrina evacuees. On October 20, I wrote to Secretary Chertoff expressing concerns about the cost of the Carnival Cruise Line contracts. Based on the occupancy of the ships at that time, I estimated that it would cost more than $214,000 to house a family of five for the full six months. Although occupancy levels rose slightly after I wrote to Secretary Chertoff, they fell again at the end of 2005. It now appears that the contracts will cost federal taxpayers almost $240,000 to provide temporary shelter for a family of five.[1] At this price, the federal government could have built permanent homes for the families.

Emails recently provided to Congress by Michael Brown, the former FEMA Director, indicate that you intervened at a key moment to support the efforts of Carnival to win this lucrative federal contract. These emails reveal that you forwarded to Mr. Brown on August 31 an email from Ric Cooper about the Carnival proposal. Mr. Cooper is an advertising executive who represents Carnival. He is also a major political donor to the Florida and national Republican parties. According to the Florida Division of Elections, Mr. Cooper donated $65,000 to the Republican Party of Florida in advance of the 2002 gubernatorial election in which you were running for

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[1] This estimate is calculated by taking an average of the occupancy reported in 18 FEMA Weekly Reports submitted to Congress. The average occupancy of the three ships between the first report submitted on October 20, 2005, and the most recent report submitted on February 21, 2006, is 4,934 passengers.

reelection.[2] In addition, Mr. Cooper contributed $50,000 to the Republican National Committee in advance of the 2004 presidential elections in which your brother was running for reelection.[3]

Apparently, Mr. Cooper sent you an email proposing that Carnival ships be used to provide housing to hurricane evacuees. At 6:18 p.m. on August 31, two days after Hurricane Katrina made landfall on the Gulf Coast, you responded: "thank you Ric. I will pass on to Mike Brown. I can't believe they haven't asked as of yet but Mike will respond quickly. Jeb." You copied Mr. Brown on this email.

I do not have the original email from Mr. Cooper that triggered your August 31 email. But I do have some of the email exchanges that followed. They indicate that your intervention facilitated the award of the contract to Carnival. Less than three hours after your email, Mr. Brown wrote Mr. Cooper the following email:

> Ric, thanks for the note that Jeb sent. I personally think this is a great idea. One of my HQ folks working the housing issue is going to contact you directly. If you haven't heard from them by close of business tomorrow, please call me on my cell phone … . Thanks. MDB

Subsequent emails indicate that Mr. Cooper was provided direct personal access to the senior FEMA official in charge of housing. On the afternoon of September 1, Mr. Cooper emailed Michael Brown and FEMA's Housing Area Command Director Brad Gair:

> Brad, Carnival just brought me up to date on situation and their "drop dead" timing for redeploying ships to accommodate schedules for this weekend. They are standing by to cancel 8,000 plus cruises beginning at 6 tonight so they can get ships to you as requested. However, they cannot do that without "letter of authorization" or whatever form of commitment letter they requested. Is there anything I can do to help out or facilitate in any way, including if they have something in their requirements that is causing delay, I will get straight and/or simplified. Call if I can help … Ric Cooper.

Mr. Gair responded 40 minutes later, "I am well aware of this issue. I have done all that I can on this end and it is now in the hands of FEMA contracting."

The Military Sealift Command took over the issuance of the contracts on September 1 and insisted that the contracts be competitively bid. FEMA, however, specified the contract requirements, which included that each ship have enough berths to house 1,000 or more passengers and be available for delivery by September 10. These requirements effectively excluded all bidders except Carnival Cruise Lines and the operators of the Scotia Prince, a ferry ship docked in North Carolina. Out of 13 proposals submitted to the Military Sealift Command, only two met the

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[2] Florida Department of State, Division of Elections, *Campaign Finance Database*.

[3] Center for Responsive Politics, *OpenSecrets.Org Database* (Searched Feb. 22, 2006).

requirements: the Carnival proposal involving three Carnival ships and the Scotia Prince proposal. Both proposals were accepted.

The Carnival Cruise Lines contract has turned out to be enormously expensive. Much of the expense is due to the design of the contract itself. Under this contract, the taxpayers are not reimbursing Carnival for the services it actually provides, but are compensating Carnival for both the revenues the company would have earned under normal operations and any additional expenses that the company incurs under the contract. This means that the taxpayer is responsible for paying for revenues the company would have received from its casino operations, liquor and drink sales, and on-shore excursions, even though these costs have nothing to do with the primary relief mission.[4]

The emails from Mr. Brown provide the first confirmation of your involvement in the award of this contract and the first details of your contacts with Carnival and FEMA.[5] In order to understand the full extent of your role in the award of these lucrative contracts with Carnival, I request the following information:

- A timeline of your contacts with Carnival Cruise Lines or their representatives regarding contracting with the federal government to provide cruise ships for hurricane housing;
- A timeline of your contacts with Michael Brown and any other federal officials regarding Carnival's offer;
- The original email Ric Cooper sent to you suggesting that the federal government contract for cruise ships; and
- Any other documents in your possession that relate to the Carnival proposal.

I look forward to hearing from you by March 10, 2006.

Sincerely,

Henry A. Waxman
Ranking Minority Member

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[4] Letter from Rep. Henry A. Waxman to Secretary Michael Chertoff (Oct. 20, 2005).

[5] In September 2005, Michael Brown testified that he had facilitated the award of this contract through direct contact with the President of Carnival Cruise Lines. At the time, he suggested, but did not state definitively, that you may also have been involved. *See* Testimony of Michael D. Brown, House Select Bipartisan Committee to Investigate the Preparation for and Response to Hurricane Katrina, *Hurricane Katrina: The Role of the Federal Emergency Management Agency*, 109th Cong. (Sept. 27, 2005).