

IMPACT AID THEFT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Colorado (Mr. SCHAFFER) is recognized for 5 minutes.

Mr. SCHAFFER. Madam Speaker, something pretty positive happened in Hyattsville, Maryland that I want to discuss; it happened particularly at a Chevrolet dealership, at the Lustine Chevrolet dealership. It was there that a sales agent happened upon a scandal that affects the United States Department of Education, a theft of about \$2 million that this sales agent stumbled upon and called the FBI, and it resulted in a hearing that was conducted earlier today in the Committee on Education and the Workforce; specifically, the Subcommittee on Oversight and Investigations.

The Justice Department, back in July of 2000, filed a claim in Federal court that Impact Aid funds, these are the funds that are sent to assist districts responsible for educating children connected with Federal facilities; military installations usually, sometimes Indian reservations, that these Impact Aid funds intended for two school districts in South Dakota were stolen on March 31 of this year. These alleged facts were presented in the Justice Department's complaint for forfeiture, which it filed in order to recover the stolen money and property and try to get these dollars back to the children in South Dakota.

Here is how it worked. There was a falsified, direct deposit sign-up form for the Bennett County, South Dakota school district that was submitted to the Department of Education on March 20 of this year, and on the form, the deposit bank account was changed from the correct bank account number, which was used by the school district, to a number under the name of Dany Enterprises. The Department of Education employee entered these forms and this false information into the agency's electronic accounting system. Consequently, the Impact Aid forms were wired on March 31 to the Dany Enterprises bank account, to the thief's bank account.

Now, this fraud was discovered thereafter on April 4 when a salesperson at the Chevrolet dealership in Hyattsville, Maryland, when he contacted the FBI to report this suspicious transaction involving two men trying to buy a Chevy vehicle with a \$48,000 cashier's check, drawing on the stolen funds from the U.S. Department of Education that were deposited in the thief's account, Dany Enterprises account. The salesman was alerted by what appeared to be false credit information.

Now, although this Chevrolet salesman refused to sell the two men the car, they were each successful in purchasing a car from other dealers in the Washington, D.C. area. Now, one of them purchased a 2000 Cadillac Escalade from a Cadillac dealer using a \$46,900 cashier's check, and the other person purchased a Lincoln Navigator

from a Lincoln Mercury dealer, using a \$50,000 cashier's check. These checks were used to buy both of these cars and they drew on the stolen funds from the Department of Education which were intended to go to the school in South Dakota.

Madam Speaker, I mention all of this because the Subcommittee on Oversight and Investigation has been working very hard to try to divert dollars away from the waste, fraud and abuse that is rampant over in the Department and move these dollars back to our classrooms where they benefit children.

The story did not end there, because following these revelations, the FBI found another example of where another cash transaction, this time almost \$1 million which was intended for another South Dakota school district was again stolen out of these Impact Aid funds and wired to an account called Children's Cottage, Incorporated, due to another fraudulently submitted direct deposit form. This was used to buy a house as it turns out somewhere here in the Maryland area.

Now, this committee hearing that we had today was one of an ongoing series of committee hearings that we have initiated to uncover and explore the theft, fraud and abuse and waste in the Department of Education. We have also been learning about a computer theft ring where Department of Education employees have come up with this elaborate system where they have stolen television sets, electronic equipment, and so on and so forth.

Madam Speaker, we are spending as a Congress about \$40 million a year for various investigators, financial auditors, other investigators that are working over in the Department of Education to try to help us stop this waste, fraud and abuse within the Department of Education and to help us get these dollars to our children and classrooms where these dollars matter most. But in this case, we are thankful for the car agent who did what the high-priced auditors were unable to do, and in this case, it has a very positive ending. He has reunited these almost \$2 million with the children of South Dakota who need them. I wanted to bring that to the attention of my colleagues.

PIPELINE SAFETY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New Jersey (Mr. PASCRELL) is recognized for 5 minutes.

Mr. PASCRELL. Madam Speaker, I rise this evening to command the attention of my colleagues to a potentially deadly and amazingly overlooked aspect of public safety, the construction of oil and natural gas pipelines in America.

Unbeknownst to millions of Americans, their homes, their schools and communities are sitting atop hundreds of miles of pipelines that may explode at any moment if not properly constructed or if not properly maintained.

We all received a rude awakening to the likelihood of tragedy this past August. A pipeline exploded one August morning on a camping ground in Carlsbad, New Mexico, taking the lives of 11 men, women and children. Our Speaker pro tempore knows firsthand of this tragedy. Forty-eight hours later, on the other side of the country, a bulldozer ruptured a gas pipeline on a construction site in North Carolina. Luckily, no serious injuries were reported there. Of the 226 people that died between 1989 and 1998, according to a report issued by the General Accounting Office, these were some of 1030 who were injured, \$700 million in property was damaged. This is unbelievable. It is unacceptable.

Madam Speaker, it is time for Congress to demand that the office of pipeline safety within the Department of Transportation do their job. Periodic pipeline inspections, rigorously report pipeline spills.

Let me give my colleagues an idea about the status of pipeline safety, Madam Speaker, in the United States right now. All of the Nation's natural gas, in about 65 percent of crude and refined oil, travel through a network of nearly 2.2 million miles of pipes. These pipelines need constant attention and repair to remain safe. Over 6.3 million gallons of oil and other hazardous liquids are reportedly released from pipelines on the average each year.

□ 1915

Yet the incidence of spills and explosions is getting worse. The amount of oil and other hazardous liquids released per incident has been increasing since 1993. The average amount released from a pipeline spill in 1998 was over 45,000 gallons.

Oil pipeline leaks can and do contaminate drinking water, crops, residential land. They generate greenhouse gases, kill fish, cause deaths and injuries from explosions and fires.

For one, there is little or no enforcement of existing regulations. The General Accounting Office found that the Office of Pipeline Safety had not enforced 22 of the 49 safety regulations that are already on the book. And right now there are pipelines, natural gas pipelines, starting all over America. Some of these pipelines are going through college dormitories in my own State of New Jersey; going through people's residential areas in Pennsylvania and Ohio. And I say there is something wrong. This was a wilderness area. These people were fishing in New Mexico. This was not a densely populated area when 11 Americans were killed.

The Office of Pipeline Safety has not acted on many National Transportation Safety Board recommendations for more stringent pipeline standards. This sort of inattention is mysterious. Why would the agency, whose sole purpose it is to regulate and monitor these pipelines, keep them safe, be so uninterested in their duties? It is enough to

make me wonder if there is collusion of some kind going on behind the scenes. Why else would this Federal agency be so lax in enforcing its own regulations?

Madam Speaker, this inaction of the Office of Pipeline Safety will not be excused by this Congress. We cannot forgive the lack of pipeline safety and enforcement. As an original cosponsor of H.R. 4792 with the gentleman from Washington (Mr. INSLEE), who we will hear from later, I beg of the Speaker to use her influence to get some real safety regulations. They are not being adhered to. People's lives are in jeopardy.

Madam Speaker, I submit for the RECORD a newspaper article regarding a pipeline rupture in Paterson, New Jersey.

[From the Herald News]

GAS LINE RUPTURE FORCES EVACUATION IN PATERSON

(By Robert Ratish and Eileen Markey)

PATERSON.—Workers digging up a roadway on Governor and Straight streets hit a natural gas line Monday morning, releasing fumes and forcing the evacuation of 82 residents in 15 to 20 buildings.

Police cordoned off four blocks surrounding the break for about three hours while crews from Public Service Electric & Gas Co. worked to shut off the gas. Meanwhile, those who live in the neighborhood waited outside until emergency crews deemed the area safe. "You could hear a roaring sound. It sounded like a train," Councilwoman Vera Ames said. She said a thick smell of gas filled the area surrounding the break.

There were no injuries, and no buildings were damaged.

The break occurred as workers with the Passaic Valley Water Commission were using a backhoe to break through the street. The crew had been shutting off a water line leading into a building, said Chief Engineer Jim Duprey.

Duprey said the accident occurred because PSE&G failed to mark the road properly for underground lines. "When Public Service went to mark out, they indicated there was no piping in the area that was excavated," he said.

Before digging, the commission called a hotline maintained by the state Board of Public Utilities as required by the 1995 "One Call" law, Duprey said. The hotline allows agencies to make one call and have all of the appropriate utilities mark underground lines.

A spokesman for PSE&G said the utility was investigating whether the gas line was properly marked.

After hitting the line, a PVWC worker flagged down a passing officer at about 10:35 a.m., police said. Police were advised to turn off the lights on patrol cars and not leave any engines running for fear of sparking the gas fumes.

"It was very dangerous. The pressure was just phenomenal," Mayor Martin G. Barnes said.

Roger Soto, a service technician at PSE&G, stopped at each building on Harrison Street telling workers to stay outside their buildings.

"We want to make sure that no one is operating any equipment or any kind of engine," he said. "We're just securing the area, making sure everybody is safe."

The chief of emergency management, James Sparano, said even police and fire equipment posed a danger. "You'll notice even our emergency vehicles are staying way back—anything can spark it," he said.

As firefighters and emergency medical technicians stood by, 22 young children attending Bethel Christian Childcare on Auburn Street were evacuated to School 6, where they stayed until it was safe to return.
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WASTE, FRAUD AND ABUSE IN THE DEPARTMENT OF EDUCATION

The SPEAKER pro tempore (Mrs. WILSON). Under a previous order of the House, the gentleman from Michigan (Mr. HOEKSTRA) is recognized for 5 minutes.

Mr. HOEKSTRA. Madam Speaker, as my colleague earlier this evening talked about, today we had a hearing in the Subcommittee on Oversight and Investigations of the Committee on Education and the Workforce doing oversight hearings on the Department of Education. Let me just put this in context for my colleagues.

In 1998 and 1999, the Department of Education failed its financial audit. That means that the independent auditors who came in and took a look at the financial records of the Department of Education indicated that the way the numbers were presented and the background, the records that the Department of Education has, the procedures that it has in place and the interim controls that it has in place, gave the auditors some reason of doubt that the way the numbers were actually presented in the financial statements perhaps did not accurately reflect the expenditures and the flow of revenue throughout the Department.

Coming from the private sector, I know that when the financial auditors come in and put some disclaimers in or do not give an organization a clean bill of health, it sets off a number of alarm bells. Because, basically, what the auditors are saying is that in this environment, without the proper financial controls in place, an environment is created that is ripe for waste, fraud, and abuse. Over the last 18 months, as we have been taking a look at this problem within the Department of Education, we have come across a number of cases where the predictions from the auditors have actually been borne out, and it is very, very disappointing.

Today, we talked about basically what some would characterize as an embezzlement scheme of roughly \$1.9 million out of the Impact Aid funds that were diverted into individuals' or small companies' checking accounts. And, again, this was not caught by the internal controls within the Department of Education, this was caught by a car salesman who grew suspicious with somebody coming in and buying or attempting to buy a very expensive automobile.

We know about the theft ring. Three people have pled guilty, another three have pleadings before the court, and there are a number of employees within the Department of Education that are suspended without pay. This is a \$300,000 theft ring. The material prod-

ucts they brought in were anything from a 61-inch television to computers to VCRs to a whole series of other electronic equipment. It also includes up to \$600,000 of false billable overtime, time that was billed, time that was paid, but time that was never worked.

We also know of at least one other major theft ring within the Department of Education that we are not at liberty to talk about because there are not public documents that have been released at this point in time. We also know that within the Department of Education the Inspector General has estimated that improper Pell Grant payments amounted to \$177 million in one recent year.

We know that real decisions have real impact on real people. The \$1.9 million embezzlement from the Impact Aid funds impacted directly two school districts in South Dakota. Another example. Thirty-nine students were recently awarded Jacob Javits scholarships. These are scholarships that are given to students who have excelled at the undergraduate level. The Education Department at the Federal level comes back and says that they have done such a good job, that the Federal Government is now going to fund 4 years of graduate school. That is great news for those young people; that is great news for their parents; and that is great news for the undergraduate university that has fostered an environment that has allowed these kids to excel.

Just one problem: The Department of Education notified the wrong 39 students. Two days later they had to call back these young people and tell them, sorry, they were not the students that won.

We know that the Department of Education has made \$150 million in duplicate payments in this current fiscal year alone. A duplicate payment is a vendor supplying an invoice for products and services that they have provided the Department of Education. A duplicate payment means they get paid once and they get paid again.

We have some serious problems at the Department of Education. At the same time that we have been looking at these kinds of problems within the Department of Education, we have also had the opportunity to travel around America and see what is working in education. We have been in roughly 21 different States, and what we have seen is some great education, reform and educational results happening at the local level.

What the Federal Government needs to learn in this issue is where we are only providing 7 percent of the money, but in some States we estimate that we are providing 50 percent of the paperwork, it is time for the Federal Government to step back and let the people who know our children's names decide what is best for our schools and for our kids. It is time to step back and to make sure that we get 95 cents of