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# Cutting Back Veterans' Financial Assistance Fraud

Submitted by Steven Meyerowitz on Wed, 07/18/2012 - 1:14pm

The PenFed Foundation is a nonprofit organization working to meet the needs of military personnel and their families through supporting wounded soldiers, providing financial management assistance and home ownership aid. The foundation is also the primary sponsor of the new \$11 million Defenders Lodge supported by donated land from the government and financed entirely through private donations. The Pentagon Federal Credit Union covers all labor expenses for the foundation so every dollar donated goes directly to supporting its programs.

We recently spoke with Kate Kohler (pictured), chief operating officer of the PenFed Foundation and a former Army captain, about a troublesome financial fraud problem: veterans' financial assistance fraud.

Financial Fraud Law Blog: How would you describe the problem of veterans' financial assistance fraud?

Kate Kohler: Veterans financial assistance fraud is an abuse of charities' generosity and support. Service members and veterans with financial hardship often struggle with large amounts of debt that quickly grows out of control. Not knowing how to pay all their debts, some veterans may seek assistance from the many veterans' service organizations that exist to provide emergency financial assistance. The goal of our emergency financial assistance grant, the Military Heroes Fund® is to help veterans overcome short term financial crises and get them back on their feet while providing them with financial education. The PenFed Foundation does not providing reoccurring or ongoing support – we provide short term assistance only for emergencies and vital resources like home, transportation or utilities. As another measure, we provide assistance for one or two months, but not longer.

Financial Fraud Law Blog: How large (in dollar terms, number of cases, etc.) is the problem?

Kate Kohler: Very often, charity abuse is not noticed by one charity, as organizations don't often have a way to communicate about their grantees to each other. The organizations provide the financial assistance requested by the veteran, and the organizations are none the wiser that the individual received the same help the previous month from another charity. This may happen ongoing – the veteran may receive help the next month from a third charity. Only by communicating with other charities could the abuse be uncovered.

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Financial Fraud Law Blog: How are veterans affected by the fraud?

Kate Kohler: Abuse of a few affects the veteran nonprofit community because they take away from the funds available to help those with critical needs – like those who have no electricity in winter, a broken water heater, or their home is about to get foreclosed upon. Budgets of all charities are limited. In the past recession, it has been a difficult time to raise money, so charities cannot afford to waste charitable dollars on those who don't truly need it.

Financial Fraud Law Blog: What steps are government officials taking to deal with the problem?

Kate Kohler: The government has done nothing to prevent the abuse. Public officials scold those that abuse the generosity of others, but nothing has been done to create change or curb abuse.

Financial Fraud Law Blog: Are there laws or regulations that could help?

Kate Kohler: Any helpful regulations would require veterans service organizations to report all financial assistance donations to a central database that all charities can access and cross reference before making an approval on a veteran's application for help. As a result, we could catch abuse before we provide emergency financial assistance, and potential abusers would be dissuaded from attempting to abuse our donors in the first place.

Financial Fraud Law Blog: What is the PenFed Foundation doing to deal with this?

Kate Kohler: The PenFed Foundation is helping fight financial assistance abuse by joining the Yellow Ribbon Registry Network created by VeteransPlus. The Yellow Ribbon Registry Network is a central database of veterans who applied for and received financial assistance from charities across the country. As a member, the PenFed Foundation can check all applicants against records in the Yellow Ribbon Registry Network to determine if another charity previously helped them. All members of the network keep notes on veterans' application to better open the lines of communication across veteran service organizations to stop abuse and ensure donations are going to the most deserving.

Financial Fraud Law Blog: Thank you, Ms. Kohler.

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