

Congress of the United States

Washington, DC 20510

October 5, 2010

Via Electronic Transmission

The Honorable John G. Levi
Chairman
Board of Directors
Legal Services Corporation
3333 K Street, NW
Washington, DC 20007

Victor M. Fortuno
President and General Counsel
Legal Services Corporation
3333 K Street, NW
Washington, DC 20007

Dear Chairman Levi and President Fortuno:

Over the past few years we have written several letters to the Legal Services Corporation (LSC/Corporation) expressing concern and seeking clarification on several issues relating to the manner in which LSC conducts its business utilizing U.S. taxpayer funding. As Ranking Member of the United States Senate Committee on Finance and of the Committee and Ranking Member of the Committee on Oversight and Government Reform it is our duty to ensure that our taxpayer dollars are spent in such a way as to avoid any appearances of fraud, waste, abuse and mismanagement, especially during these lean economic times.

On July 29, 2010, Congressman Issa and I wrote you seeking information regarding, among other things, LSC's status on implementing recommendations provided by the Government Accountability Office, and corrective actions initiated by LSC as the result of recent findings reported in various Office of Inspector General (OIG) Reports. We write you today seeking additional clarification of information contained in LSC's September 9, 2010, response.

INDEPENDENT TASK FORCE TO REVIEW LSC FISCAL OVERSIGHT

Your response states that on July 21, 2010 the LSC Board approved the creation of an independent task force to review and make recommendations regarding LSC's fiscal oversight responsibilities, how LSC conducts fiscal oversight of its grantees and how that oversight might be improved. Vigorous oversight of LSC grantees is imperative. The recent fraud at the Maryland Legal Aid Bureau, a LSC grant recipient, demonstrates that the task force is badly needed. It appears however that the task force is limited to "fiscal" oversight as opposed to other types of oversight. Will LSC also examine programmatic matters and ensure that the grantees are operating in full compliance with all applicable law as was done in the past?

In addition we would appreciate copies of the resumes of the individuals selected to serve on this task force so that we can, among other things, see how many oversight professionals make up the task force.

POTENTIAL CONFLICTS OF INTEREST REGARDING LSC HIRED CONSULTANTS

A recent OIG review of LSC's hiring of consultants for the oversight of LSC programs concluded that LSC "needs to strengthen internal controls over consultant contract actions" by, "documenting contracting decisions, evaluating contract alternatives, and establishing procedures to monitor contractor compliance with contract provisions."

In response to the OIG's recommendation, "the Corporation revised and amended all relevant contracting policies and...completed staff training on the new policies in September 2009." Neither of us has received any specific details regarding what was revised and amended by the Corporation to satisfy the OIG. We would appreciate receiving that information and would like to know what policies were revised and amended by LSC with respect to how they presently award consultant contracts.

One glaring issue revealed by the information you provided to us, is LSC's identification, monitoring and management of consultant conflicts of interest. Specifically we want to know how LSC ensures that these hired consultants are not collecting both a salary from their underlying grantee and from the Corporation. Let us elaborate. Set forth below is just a sampling of individuals who are employed by a grantee and who were selected to participate on an on-site review. This sampling is based on the information provided to us.

Consulting - Office Program Performance 2010

Consultant Name & Program Affiliation (current/prior)	Name of Program Visited
Britos: (Pine Tree Legal Asst /Pine Tree Legal Asst)	LS of Eastern Michigan
Britos: (Pine Tree Legal Asst/Pine Tree Legal Asst)	LS of Eastern Michigan
Glickman: (None Listed/Blue Ridge LS; Indiana Legal Services)	LA of E Tennessee
Glickman: (None Listed/Blue Ridge LS; Indiana Legal Services)	LS of Eastern Michigan
Glickman: (None Listed/Blue Ridge LS; Indiana Legal Services)	LSC of Delaware Inc.
Santini: (Puerto Rico Legal Services/None Listed)	Central Jersey LS, Inc
Santini: (Puerto Rico Legal Services/None Listed)	South Jersey LS
Worrell: (None Listed/Nevada Legal Services)	Blue Ridge LS
Worrell: (None Listed/Nevada Legal Services)	Central Jersey LS, Inc

The legal services community is tightly knit. Indeed, it is rare for one program to ever accuse another of wrongdoing. Additionally, grantee employees often move from one program to another; sometimes for their entire careers. This type of environment is a breeding ground for potential conflicts of interest, which in turn naturally raises concerns with regard to both the integrity of visits and report findings.

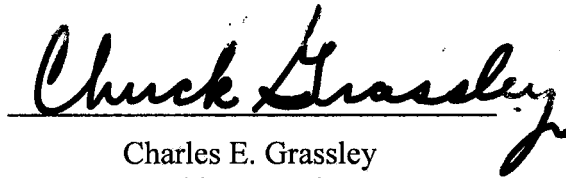
So, in an effort to penetrate this issue, and to ensure us that LSC undertakes appropriate steps to keep the potential for conflicts at bay, for each individual identified on the list below, please provide to us a copy of the supporting documentation demonstrating that each individual did not have a conflict of interest, as well as, the Corporation's fiscal review demonstrating that they did not receive compensation from the employee grantee while working for the Corporation as a consultant.

We understand further that there is again interest on the part of the LSC Board of Directors (Board) in engaging in fund-raising activities, as a 501(c) (3) entity. In particular we understand that the Board established a Development Committee on or about July 31, 2010, with a mandate to explore fundraising. Please inform us whether this is in fact the intent of the LSC Board and whether a Development Committee has been established. If this is the case, please advise us of who will/does comprise this Committee. In addition we would appreciate copies of any and all meeting minutes. In the event there are no meeting minutes available, please explain why not.

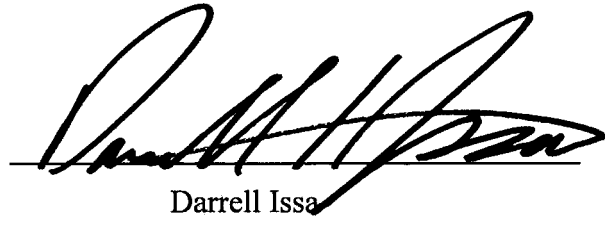
Finally, in the past, certain LSC meetings have not been conducted in public view. In light of these earlier concerns, please advise us whether the LSC Board plans to demonstrate its commitment to Sunshine by making its meetings subject to Sunshine provisions.

In closing, thank you for your immediate attention to this important matter. We look forward to receiving your response by no later than October 19, 2010. Should you have any questions regarding this letter, please contact Brian Downey at (202) 224-4515 or Ashok Pinto at (202) 225-5074. All formal correspondence should be sent electronically in PDF format to Brian_Downey@finance-rep.senate.gov or via facsimile to (202) 228-2131.

Sincerely,



Charles E. Grassley
Ranking Member
U.S. Senate Committee on Finance



Darrell Issa
Ranking Member
Committee on Oversight and Government Reform
United States House of Representatives