

# KING & SPALDING

HOME | CLIENT EXTRANET | CONTACT US | SITE MAP

[ABOUT US](#)

[PRACTICES](#)

[LAWYERS/PROFESSIONALS](#)

[NEWS & EVENTS](#)

[PUBLICATIONS](#)

[CAREERS](#)

Home > News & Events :: Press Release

## NEWS & EVENTS

[News Search](#)

[Press Release](#)

[Event Search](#)

[e-Learn Overview](#)

### King & Spalding, Chaffe McCall Help Katrina Victims Overcome Regulatory Barrier to Food Stamp Assistance 01 Mar 2007

ATLANTA, March 1, 2007—King & Spalding obtained a significant victory today on behalf of low-income Hurricane Katrina victims in Louisiana whose Federal Emergency Management Agency benefits were improperly counted as a basis for denying federal food stamp assistance.

In November 2006, King & Spalding agreed to represent Paul Lala, a disabled resident of Chalmette, Louisiana, whose home and personal property were destroyed by Hurricane Katrina. In 2005, Lala received disaster assistance payments from FEMA to rebuild his home and replace personal property. Like many other Louisiana residents, Lala has not yet spent his disaster assistance funds to repair his home due to contractor shortages and uncertainty surrounding the rebuilding effort in the Gulf Coast region. Therefore, he deposited the funds into his personal checking account.

Because of his desperate situation, in June 2006 Lala applied to the Louisiana Department of Social Services for federal food stamps assistance. Even though Lala's only income consists of monthly SSI/SSDI payments and he otherwise met all the other eligibility requirements for food stamps, LDSS denied his food stamps application on the grounds that the FEMA funds were still sitting in his checking account. Federal law prohibited Lala from spending those very same funds—which were intended solely for home repairs—on food.

LDSS based its denial on an obscure federal regulation under the Food Stamps Act that prohibits "commingling" disaster payments with other funds in a personal checking account for more than six months. In a ruling that LDSS itself characterized as "harsh," LDSS told Lala that he would have to

"spend down" his disaster funds before he could reapply for food stamps.

"The state's interpretation of the commingling regulation placed Lala in a Catch-22," said Shelby S. Guilbert, Jr., a King & Spalding lawyer who represented Lala. "He could use the money he received from FEMA to rebuild his home, buy new kitchen appliances, or purchase new pots and pans, but under the Stafford Act, he couldn't use that same money to buy food. And because of the slow pace of the rebuilding effort and the state's interpretation of the commingling regulation, the FEMA money that was supposed to be helping him get back on his feet was preventing him from receiving food stamps. This result is not what Congress intended when it passed the Stafford Act."

King & Spalding had reason to believe that the commingling regulation was affecting other Louisiana residents. In November 2006, Lala filed a complaint on behalf of himself and other similarly situated individuals in Louisiana against the U.S. Department of Agriculture, LDSS and named government officials in the U.S. District Court for the Eastern District of Louisiana ([Lala v. Williamson](#), et al. Case No. 06-10513). The complaint alleged that the commingling regulation was contrary to the clear intent of Congress as expressed in both the Stafford Act and the Food Stamp Act, and was therefore invalid. The complaint sought a declaratory judgment that the commingling regulation was invalid, and an injunction restoring benefits that were wrongfully withheld.

Several weeks after the complaint was filed, USDA, the federal agency that oversees the food stamps program, agreed to waive application of the commingling regulation as it applies to FEMA aid recipients through March 2008 for the entire state of Louisiana. Shortly thereafter the parties reached a settlement agreement that provides, among other things, that Louisiana will:

- apply the USDA waiver of the commingling regulation to Lala and all other similarly situated Louisiana residents;
- provide Lala with retroactive food stamp benefits that were wrongfully withheld;
- notify food stamp applicants who were denied based on disaster assistance funds of the waiver and restore retroactive benefits to those eligible to receive them; and
- pay a portion of Lala's attorney's fees.

Lala's counsel has announced that it will donate the attorney's fee award to New Orleans Legal Assistance, who had assisted Lala with his food stamps appeal in LDSS. The Atlanta-based King & Spalding legal team that successfully represented Lala and the class in this case included partners William E. Hoffmann, Jr., and Stephen B. Devereaux, and associates Gilbert, Tomesha L. Faxio and Regina Lennox. Lala was also represented by K. Eric Gislason and Peter J. Roto, III, of Chaffe McCall.

**About King & Spalding**

King & Spalding is an international law firm with more than 800 lawyers in Atlanta, Dubai, Houston, London, New York and Washington, D.C. The firm represents half of the *Fortune* 100, and in a *Corporate Counsel* survey in August 2006 was ranked one of the top ten firms representing *Fortune* 250 companies overall. For additional information, visit [www.kslaw.com](http://www.kslaw.com).

© 2007 King & Spalding Terms & Conditions Disclaimer

Unless otherwise indicated, lawyers listed in this Web site are not certified by the Texas Board of Legal Specialization.