

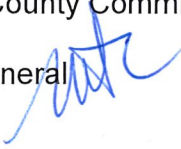


Memorandum



Miami-Dade County Office of the Inspector General
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To: The Honorable Carlos A. Gimenez, Mayor, Miami-Dade County
The Honorable Audrey M. Edmonson, Chairwoman
and Members, Board of County Commissioners, Miami-Dade County

From: Mary T. Cagle, Inspector General 

Date: March 4, 2019

Subject: Miami-Dade County Vendor Found Guilty For Wire Fraud, Conspiracy to Commit Wire Fraud, and False Statements – Ref. IG17-0004-I

The president and vice-president of County vendor Aaron Construction Group (Aaron Construction) were convicted last week of defrauding a low-income housing development program. The prosecution, by the United States Attorney's Office for the Southern District of Florida (USAO), followed a joint investigation conducted by the Miami-Dade County Office of the Inspector General, the Miami-Dade Police Department, the U.S. Department of Labor Office of the Inspector General, and U.S. Department of Housing and Urban Development Office of the Inspector General. Javier Estepa and Diego Estepa Vazquez of Aaron Construction, were both found guilty of committing Wire Fraud, Conspiracy to Commit Wire Fraud, and False Statements. Aaron Construction has been a County vendor since April 2009.

The jury found that during the period of June 2014 through December 2016, the officers of Aaron Construction engaged in a scheme to unlawfully enrich themselves by making materially false and fraudulent representations and concealing material facts on contracts they had secured with the Miami-Dade County Public Housing and Community Development (PHCD). Aaron Construction reported to the County that it had no subcontractors, yet the company knowingly contracted with various subcontractors, listing them as its employees on certified payrolls without their permission. In furtherance of the scheme, Aaron Construction also falsified the subcontractors' hours worked and submitted these payrolls to the County for payment.

Estepa and Estepa Vazquez will be sentenced May 10, 2019. Attached is a USAO press release with additional details about the verdict. The OIG appreciates the assistance of PHCD staff during this investigation.

Attachment

cc: Michael Liu, Director, Public Housing and Community Development Department
Alex Ferro, Chief of Staff, Office of the Mayor
Juan J. Perez, Director, Miami-Dade Police Department
Cathy Jackson, Director, Audit and Management Services Department
Yinka Majekodunmi, Commission Auditor



THE UNITED STATES ATTORNEY'S OFFICE
SOUTHERN DISTRICT *of* FLORIDA

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Department of Justice

U.S. Attorney's Office

Southern District of Florida

FOR IMMEDIATE RELEASE

Thursday, February 28, 2019

President and Vice President of South Florida Construction Company Convicted at Trial of Defrauding Low-Income Housing Development Program

Following a six-day jury trial, the president and vice president of a South Florida construction company were convicted of defrauding a low-income housing development program.

Ariana Fajardo Orshan, U.S. Attorney for the Southern District of Florida, Rafiq Ahmad, Special Agent in Charge, United States Department of Labor, Office of Inspector General (DOL-OIG), Nadine Gurley, Special Agent in Charge, United States Department of Housing and Urban Development, Office of Inspector General (HUD-OIG), and Mary T. Cagle, Inspector General, Miami Dade County Office of the Inspector General, made the announcement.

Javier Estepa, 48, of Davie, Florida and Diego Alejandro Estepa Vasquez, 37, of Boca Raton, Florida, were convicted yesterday of one count of conspiracy to commit wire fraud, in violation of Title 18, United States Code, Section 1349, and three counts of Wire Fraud, in violation of Title 18, United States Code, Section 1343 (Case No. 18-CR-20530). In addition, Javier Estepa was convicted of three counts of making a false statement to a federal agency and Diego Alejandro Estepa Vasquez was convicted of one count of making a false statement to a federal agency, in violation of Title 18, United States Code, Section 1001. The defendants face a statutory maximum penalty of 20 years in prison as to each count of wire fraud and a statutory maximum penalty of 5 years in prison for each count of making a false statement. Sentencing is scheduled for May 10, 2019, at 2 p.m. before U.S. District Court Judge Ursula Ungaro.

The evidence at trial established that, between June 2014 and December 2016, Javier Estepa and Diego Alejandro Estepa Vasquez engaged in a scheme to unlawfully enrich themselves by securing Miami-Dade Public Housing and Community Development (PHCD) bid awards and causing payments on those contracts by making materially false and fraudulent representations, and by the concealment of material facts concerning, among other things, the utilization of subcontractors, the number of workers employed on the construction projects, the hours worked, and the status of those workers as employees of Aaron Construction Group, Inc.

Javier Estepa and Diego Alejandro Estepa Vasquez, the president and vice president, respectively, of Aaron Construction Group, submitted bids to PHCD, on behalf of Aaron Construction, for specific renovation and repair of low-income housing in various locations throughout Miami-Dade County. In the bids, Javier Estepa

and Diego Alejandro Estepa Vasquez falsely and fraudulently represented that no subcontractors would be utilized in connection with the contract, that each worker would be paid for each hour worked, including for overtime, according to the Davis Bacon prevailing wage rates, and that Aaron Construction would obtain workers' compensation insurance, in accordance with state laws. However, immediately after being awarded the contracts, Aaron Construction entered into agreements with subcontractors which set a fixed payment at very low amounts for their work, regardless of the number of hours worked. In addition, Aaron Construction required subcontractors to provide the information of two or three subcontractor employees so that they could be placed on Aaron Construction's certified payroll to appear as if they were Aaron Construction employees. The evidence at trial established that Aaron Construction failed to accurately report the hour employees worked on the job sites or the specific categories of work performed.

In order to obtain payment from PHCD, Javier Estepa and Diego Alejandro Estepa Vasquez submitted Periodic or Final Estimate for Payment packets to PHCD containing false and fraudulent certified payroll records that listed fewer workers than were actually employed on the project and falsified the number of hours worked. In addition, the evidence at trial established that the workers were not paid the appropriate wages under the Davis Bacon Act, nor were the workers paid overtime. Javier Estepa and Diego Alejandro Estepa Vasquez falsely and fraudulently stated that they had no subcontractors working on the project, falsely characterizing the workers as employees of Aaron Construction, when in fact they were subcontractors and subcontractor employees. In addition, Javier Estepa and Diego Alejandro Estepa Vasquez submitted with the Periodic or Final Estimate for Payment packets sworn statements of compliance that falsely and fraudulently certified that the information submitted was true and correct. As a result of these false and fraudulent submissions, PHCD transferred over \$3.9 million dollars in funds to bank accounts controlled by Javier Estepa and Diego Alejandro Estepa Vasquez.

U.S. Attorney Fajardo Orshan commended the investigative efforts of the DOL-OIG, HUD-OIG and the Miami Dade County Office of the Inspector General. She thanked the Miami-Dade Police Department for their assistance. The case was prosecuted by Assistant U.S. Attorneys Joshua S. Rothstein and John Gonsoulin.

Related court documents and information may be found on the website of the District Court for the Southern District of Florida at www.flsd.uscourts.gov or at <http://pacer.flsd.uscourts.gov>.

Component(s):

USAO - Florida, Southern

Updated February 28, 2019