



# Annual Report 2009

*detecting, investigating, and preventing fraud, mismanagement, waste, and the abuse of power in County programs, projects, and contracts*

**Miami-Dade Office of the Inspector General**

## The Upcoming Year by the Inspector General



The turbulent, economic downturn experienced throughout the United States, and especially in Miami-Dade County, has had a profound impact on the government's ability to render essential services at acceptable levels. Reductions in revenues caused by a shrinking tax base means budget cuts, layoffs, and service cut backs. So now, more than ever, we must insure that our governmental institutions run efficiently and effectively. This goal can only be achieved if we hold government accountable for its decisions. Through its oversight mandate, my Office will continue to monitor County programs and projects so as to detect and prevent unreasonable and wasteful spending. We will do our part to insure that our government operates ethically, honestly, and transparently.

To this end, we will be closely monitoring the construction of the new baseball stadium where I have assigned an engineer to follow the construction process. We will also continue to review the activities of the Public Health Trust. Our prior reports on poor revenue collection practices should not go unheeded. Of all institutions, Jackson Memorial Hospital must be successful. We will also continue to focus our attention on revenue collections at the airport and seaport and, as you will see in this report, on fraudulent activities, such as homestead tax exemption fraud, that cost the County millions in lost revenues.

Finally, I want to thank our public officials and, most importantly, the citizens of Miami-Dade County, for their support of the Inspector General's Office.

Sincerely,

A handwritten signature in cursive script that reads "Christopher R. Mazzella".

Christopher R. Mazzella  
Inspector General

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## **History of the Office of the Inspector General**

Twelve years ago the Miami-Dade County Board of County Commissioners (BCC) responded to the public's demand for clean government by creating the Office of the Inspector General (OIG). The Office was created in December 1997 through the enactment of Section 2-1076 of the Code of Miami-Dade County, our enabling authority. It empowered the OIG to investigate and review allegations of waste, fraud, abuse and mismanagement in County government. The BCC determined that the oversight of such a large and diverse government required the OIG to be independent and autonomous. To effectively uphold this mandate, the Commissioners vested the OIG with independent status so that it could carry out its goals without political interference.

The Miami-Dade County Inspector General is one of the few inspectors general in the country that has jurisdiction to investigate officials at any level, including elected officials. Offices of Inspectors General (OIG) are commonly known as "watchdog" agencies and are found in all levels of local, state, and federal government. The Miami-Dade County Inspector General's Office has served as a proposed model in several communities in response to growing public demand for additional local governmental oversight.

Today the Miami-Dade OIG has oversight of a County budget of over \$7 billion spread over 60 County departments that include Aviation, the Seaport, Transit, Housing, Community and Economic Development, Water and Sewer, Public Works, Planning and Zoning, Solid Waste Management, Human Services, Cultural Affairs, the Libraries, and the Miami-Dade Public Health Trust/Jackson Memorial Hospital.

The Miami-Dade Board of County Commissioners voted unanimously in March of 2005 to approve a new measure to give the OIG greater autonomy and independence by revamping the selection process of the Inspector General (IG) and by specifically codifying the jurisdiction, powers, and responsibilities of the OIG.

Under its oversight responsibilities, the Miami-Dade Inspector General specifically has authority to conduct investigations of County affairs and to review past, present, and proposed County programs, accounts, records, contracts, and transactions. The OIG investigates allegations of fraud, waste, abuse, and misconduct involving public officials and County employees, as well as contractors and vendors doing business with the County. It also has the power to report and recommend to County government whether particular programs, contracts, or transactions are financially sound, reasonable, necessary, or operationally deficient. The OIG may conduct random audits and inspections. The OIG may also provide general oversight on departmental programs and large-scale construction projects regarding any matter within its jurisdiction.



The Office also offers guidance and assistance, and conducts numerous screenings of employees and contractors working in sensitive security areas. In performing its mission, the OIG is empowered to require the production of documents and records by using its power to issue subpoenas, when proper and necessary. The OIG can also require reports regarding any matter within its jurisdiction from any County official, County agency, or instrumentality.

Additionally, the Board of County Commissioners unanimously approved an Interlocal Agreement in December 2007 with the School Board of Miami-Dade County. Under the agreement, the Miami-Dade County Office of the Inspector General, under a separate contractual relationship, would take on the additional role of Inspector General for the nation's fourth largest school district. The Interlocal Agreement grants to the OIG the authority to investigate any aspect of the school system. Independent oversight is essential to a school district managing \$5.5 billion in public funds. The first annual report of the M-DCPS IG was published in July 2009, and can be viewed at [www.miamidadeig.org/whatsnewMDCPS.html](http://www.miamidadeig.org/whatsnewMDCPS.html).

### **Serving Miami-Dade County's Citizens**



The ultimate goal of the Office is to prevent misconduct and abuse and to seek appropriate remedies to recover public monies. Above all, our principal objective is to promote honesty, efficiency, and ethics in government, and to maintain and promote the public's trust in government. We must continue to stay vigilant to ensure that, in the final analysis, our taxpayers get a fair and honest accounting of their money. These goals form the foundation of the OIG Mission Statement. The Office of the Inspector General serves the 2.38 million citizens of Miami-Dade County by detecting, investigating, and preventing fraud, mismanagement, waste, and the abuse of power in County projects, programs, and contracts.

The Office continues to strive to increase the public's awareness of the OIG's findings by providing easy access to reports and information distributed by the OIG via the internet. Please visit our website, at [www.miamidadeig.org](http://www.miamidadeig.org), to read our Mission Statement and to read the full versions of all of our investigative and audit reports.



### **Operational Structure of the Office**

The Office is led by the Inspector General, who is assisted by the Deputy Inspector General and the Assistant Inspector General. The Assistant IG also serves as the OIG's Legal Counsel. The Office is fully committed to recruiting a diverse team of qualified employees that reflect the makeup of Miami-Dade County. Our team consists of highly skilled professionals from various disciplines and backgrounds that include attorneys, certified public accountants, certified internal auditors, certified fraud examiners, former law enforcement officials, financial analysts, engineers, and forensic accountants. Additionally, some of our staff members have specialities in the fields of construction, information technology, investigative databases, and government procurement.

The OIG office structure consists of four operational units that work together to fulfill its primary mission of County oversight. The four operational units are: Investigations, Audit, Legal, and Administration.

## The Investigations Unit

A diverse staff of special agents comprise the Investigations Unit. The Unit is represented by various investigative backgrounds and disciplines with experience ranging from traditional law enforcement to state regulatory backgrounds. The Unit is supported by investigative analysts who maintain compliance in the usage of specialized investigative databases that are instrumental in furthering the objectives and function of the Unit.



## The Audit Unit



The Audit Unit consists of an audit manager and five auditors that are certified public accountants, certified internal auditors, and certified fraud examiners. Additionally, the Unit is supplemented with two contract oversight specialists who have professional expertise in governmental budgets, finance, and engineering. The Audit Unit recognizes that it is different in size, resources, and mission from other County audit departments, and thus concentrates its resources on distinct aspects of County contracts and projects. The Unit serves the OIG's mission by randomly providing procurement oversight and by participating in reviews, studies and evaluations, in addition to conducting specialized audits on County contracts and projects. The Unit also assists the Investigations Unit with cases that require investigative accounting.

## The Legal Unit

Legal counsel is provided to the Inspector General by the Legal Unit. OIG attorneys work closely with the Investigations and Audit Units to assess the strengths and weaknesses of any investigation or audit with potential civil, administrative, or criminal implications. The Unit also reviews County contracts to assess contractual rights and liabilities, as well as the efficiency and cost effectiveness of these contracts. From time to time, OIG attorneys also assist with the Office's procurement and contracting oversight responsibilities.

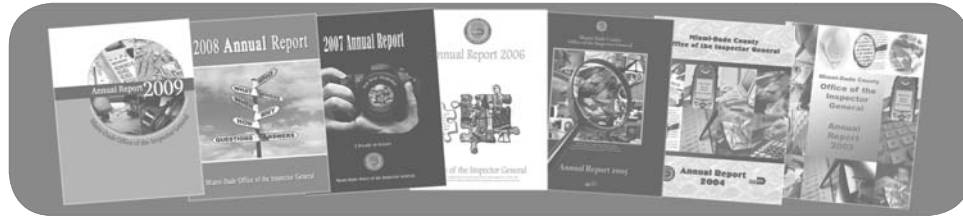


The Unit reviews proposed ordinances and resolutions to provide the Inspector General with independent legal assessments of the potential or possible impact of legislative items.

The Legal Unit reviews all subpoenas to be issued by the Inspector General. OIG attorneys are charged with making sure that the Office complies with its "advance notice" responsibilities in the areas of subpoena issuance and final report distribution. All public reports issued by the OIG are reviewed by the Legal Unit to ensure legal sufficiency and work product integrity. OIG attorneys also respond to public records requests and handle any litigation involving the Office.

## The Administrative Unit

Unit members handle the day-to-day administrative functions required of any office, as well as support the OIG's oversight mission. This is accomplished through the preparation and dissemination of our public reports; maintenance and updating of information on our independent website; the tracking and referral of all incoming complaints; and the design and distribution of OIG posters, flyers, and the annual report. Such dissemination of information to the public has recently been



enhanced by the use of Twitter for instantaneous announcements. Please visit our website to sign-up to follow us on Twitter at: [www.miamidadeig.org/Twitter.html](http://www.miamidadeig.org/Twitter.html).



## **Professional Development of Staff**

The most experienced and highly skilled professionals in their fields are recruited for the OIG team, thus the Office has made a commitment to invest resources for specialized training and certifications. Continuing education, advanced training, and technology are prerequisites for successful operations.

This year OIG staff attended a wide variety of seminars and classes. These included a week long Inspectors General training for the Public Corruption Investigator, seminars by the Governor's Council on Integrity and Efficiency, Ethics Training workshops, Miami-Dade County Whistle-Blower workshops, Federal Whistle-Blower workshops, training on the Red Flags of Collusion, Certified Government Accounting Professional Exam Review courses, and the Association of Inspectors General Certified IG Auditor training. Staff also attended Miami-Dade County Diversity Matters training, Miami-Dade Financial Management System training, Certified Inspector General training and certification, Property and Evidence Management in Law Enforcement training, Accreditation Manager training, Criminal Justice Information Systems courses, Ethics Instructor Certification seminars, Behavioral Recognition training, Preventing and Detecting Bid Rigging-Price Fixing & Market Allocation Schemes, American Recovery and Reinvestment Act training, Certified Fraud Examiner courses, and training covering basic Federal law practices and basic criminal law. Staff attended training held by the Financial Institutions Security Association, Inc. (FISA), and by the Florida Department of Law Enforcement's Division of Criminal Justice Information Services (CJIS) Annual Training Symposium. Staff attended an inter-jurisdictional session with the Federal Bureau of Investigation on the American Recovery and Re-Investment Act (ARRA), and also went through the Intelligence Training Program (Sustaining the Intelligence Capacity and Law Enforcement Intelligence Toolbox), which was certified through the Federal Emergency Management Agency (FEMA) and the Department of Homeland Security. OIG staff was also represented at the Criminal Justice and the Association of Inspectors General conferences.





## **Our Executive Team**

### **Christopher R. Mazzella**

Christopher Mazzella became the first Inspector General for Miami-Dade County in September 1998. He accepted the position upon retiring from a distinguished thirty-four year career with the FBI. Since the Office became operational in the fall of 1998, the OIG has investigated officials involved in bribery, official misconduct, election law violations, and fraud. In addition, Mr. Mazzella earned the designation of Certified Inspector General by the Association of Inspectors General (AIG).

Mr. Mazzella has participated on a number of task forces aimed at restoring integrity and ethics in County government. For instance, his participation on the Debarment Task Force played an important role in the adoption of legislation that strengthened the County's debarment policy to exclude dishonest contractors. He also participated on committees studying procurement and lobbying reforms, and often lectures to various professional organizations regarding the types of fraud cases investigated by his office.

During his career with the FBI, Mr. Mazzella investigated and supervised complex organized crime and public corruption cases. In a famous organized crime investigation code-named "Operation Gangplank," the leadership of the Philadelphia organized crime family was dismantled. Mr. Mazzella was also responsible for a number of prominent public corruption prosecutions in South Florida.

Mr. Mazzella also held a number of executive level positions at the FBI. He was Legal Counsel for two field offices. While assigned to the Office of Legal Counsel in Washington, D.C., Mr. Mazzella conducted liaison activities with Congress and was instrumental in drafting legislation expanding the jurisdiction of the FBI. He served as the Organized Crime Drug Enforcement Task Force Coordinator for the Florida Caribbean Region. In that capacity, he coordinated the FBI's drug programs and investigations in the Florida Caribbean region, involving over 200 federal, state and local law enforcement personnel, and helped secure millions of dollars in federal funding for local law enforcement initiatives and personnel.

As the public's demand for ethical government continues to grow, Mr. Mazzella has been called upon to showcase the Miami-Dade IG Office, which has served as a successful model for other local governments.

Mr. Mazzella holds a Juris Doctor and Master of Arts degree and is a member of the Florida, New Jersey, and Missouri Bar Associations.

### **Alan Solowitz**

The Deputy Inspector General has been with the Office since its inception in 1998, and is primarily charged with heading the Investigations Unit.

Prior to joining the OIG, Mr. Solowitz was a Law Enforcement Investigator with the Florida Division of Insurance Fraud, a Senior Investigator with the State of Florida Medicaid Fraud Control Unit, and was a police officer with the City of Miami Beach Police Department for 28 years. There he held the positions of Assistant Chief of Police, Chief of Investigations, and SWAT Commander.

His extensive investigative background includes organized insurance fraud, health care fraud,

corporate fraud, organized crime, money laundering, narcotics, and violent criminal and racketeering investigations. Mr. Solowitz is a graduate of the FBI National Academy and the Institute on Organized Crime.

Mr. Solowitz is a Certified Fraud Examiner, and has received the designation of Certified Inspector General by the Association of Inspectors General. He has also recently served on the Board of Directors of the Association of Inspectors General.

### **Patra Liu**

As Assistant Inspector General and Legal Counsel for the Office, Ms. Liu manages and supervises the legal, audit, and administrative units. As the chief legal advisor to the Inspector General, Ms. Liu provides independent legal advice on both procedural and substantive matters. She also monitors proposed legislation, advising the Inspector General of any potential implications for the Office. Ms. Liu is responsible for the filing of administrative debarment actions, ethics complaints, enforcing subpoenas, and defending the OIG in civil actions. She reviews all subpoenas and reports issued by the Office, coordinates the contract and project oversight assignments of the Audit Unit, and supervises administrative operations of the Office, including the Office's finances and its annual budget.

Ms. Liu joined the Miami-Dade OIG in March 2000, and she took on the additional responsibilities of Assistant Inspector General in February 2002.

Ms. Liu was previously with the Miami-Dade State Attorney's Office in the Economic Crimes Unit. She prosecuted numerous criminal cases involving health care fraud, insurance fraud, embezzlement, money laundering, and various schemes to defraud. Directly before joining the OIG, she was a Florida Assistant Attorney General in the State's Medicaid Fraud Control Unit serving as the Miami Bureau's in-house legal advisor. There she coordinated legal action with federal prosecutors; prepared and negotiated civil settlements; and handled civil cases involving the False Claims Act, the State's civil theft statute, applications for other injunctive relief involving the proceeds of Medicaid fraud, and forfeiture actions.

Ms. Liu has earned the designations of Certified Inspector General and Certified Inspector General Auditor by the National Association of Inspectors General (AIG). Ms. Liu also currently sits on the AIG's Executive Committee and is a member of the AIG's Ethics and Training committees.

## **Training, Lectures, and Speaking Engagements**

In a series of workshops that were conducted in January 2009 and the Spring of 2009, the OIG provided Ethics Training for Miami-Dade County Aviation procurement professionals and vendors. The Inspector General and the Assistant Inspector General participated by making presentations that focused on the role of the IG Office and ethical County government.



Inspector General Christopher Mazzella and Assistant Inspector General Patra Liu also made similar presentations to the procurement staff at the Public Health Trust during their annual Procurement Ethics Training workshops. During a workshop held for the Board of the Public Health Trust, Ms. Liu made a presentation on the IG Office's role and how it relates to ethical County government.

On occasion, OIG Special Agents are requested to lend their professional expertise to the community. OIG Special Agents participated in a seminar on Medicaid Program Integrity, lecturing upon the techniques of interviewing. OIG Special Agents also taught a course at the Association of Inspectors General/Certified Inspectors General Institute. The focus of the course on Multi-Jurisdictional Investigations highlighted aspects of an OIG investigation that required international extradition, from Hungary back to Miami, of a County public official.

Upon receiving Ethics Instructor certification from the Federal Law Enforcement Training Center, OIG staff began actively conducting training in the law enforcement community. "Ethics Training for Law Enforcement" was presented by OIG staff to officers at Miami-Dade Schools Police Department and the Surfside Police Department, and these training sessions will continue in the upcoming fiscal year.

OIG staff members actively engaged many of the future leaders of tomorrow in learning all about the OIG's mission during Career Day presentations held at various schools across the community.



## **Partnership and Affiliation with Other Agencies**

In May 2009, the Office participated in the Association of Inspectors General Spring conference and was represented in a panel presentation on "IGs Exposures to Lawsuits."



In June 2009, the Inspector General made a presentation and answered questions for a Palm Beach County group that included County administrators, a County Commissioner, and the County Attorney. The group was weighing its grand jury's endorsement to create an office for an independent watchdog for Palm Beach County.

The Palm Beach County Grand Jury report detailed its investigation of Palm Beach County governance and public corruption issues. Among its recommendations was that Palm Beach County adopt an inspector general's office that follows the Miami-Dade County model and other proactive, anti-corruption programs in Miami-Dade County. Consequently, the Palm Beach Board of County Commissioners adopted creation of an OIG modeled after the Miami-Dade IG's Office.

In December 2009, the Inspector General addressed a visiting delegation of senior Chinese

government and business leaders sponsored by Miami Dade College. His presentation focused on OIG investigations involving payroll and employee frauds, as this group was comprised of a dozen of China's top human resources administrators, including China's Deputy Administrator of the State Administration of Civil Service, Ministry of Human Resources and Social Security.

On page 19 we have listed other organizations that the OIG has worked with this past year.

### **Miami-Dade County Office of the Inspector General Seeking Accreditation**

The Miami-Dade County Office of the Inspector General will be undergoing the process of accreditation through the Commission for Florida Law Enforcement Accreditation (CFA).

An accreditation program has long been recognized as a means of maintaining and verifying the highest standards. Accreditation is the certification by an independent reviewing authority that an entity has met specific requirements and prescribed standards. In 1993, the Commission for Florida Law Enforcement Accreditation was formed. Initially the accreditation process was just for law enforcement and correctional agencies. In 2009, the Commission for Florida Law Enforcement Accreditation expanded its program to include Offices of the Inspector General.

The CFA worked closely with Florida's IGs to develop professional standards for Florida inspector general investigative functions. The CFA Board is comprised of four sheriffs, four police chiefs, and one representative each from the Association of Counties, the League of Cities, the State Law Enforcement Chiefs' Association, and the judiciary. In 2009, an Inspector General was added.

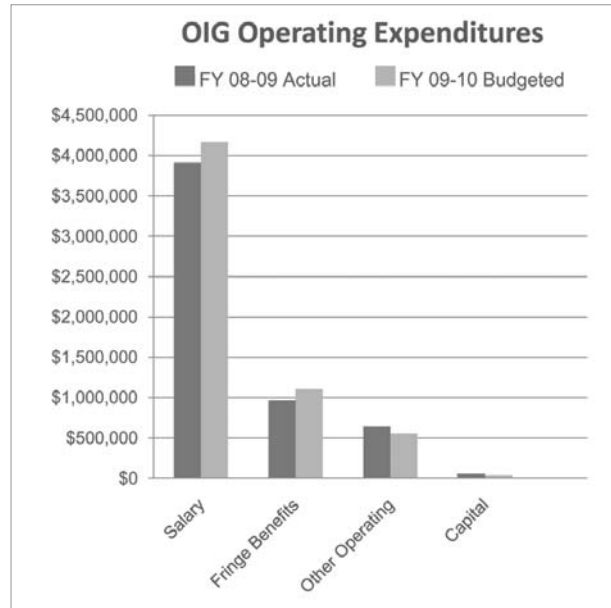
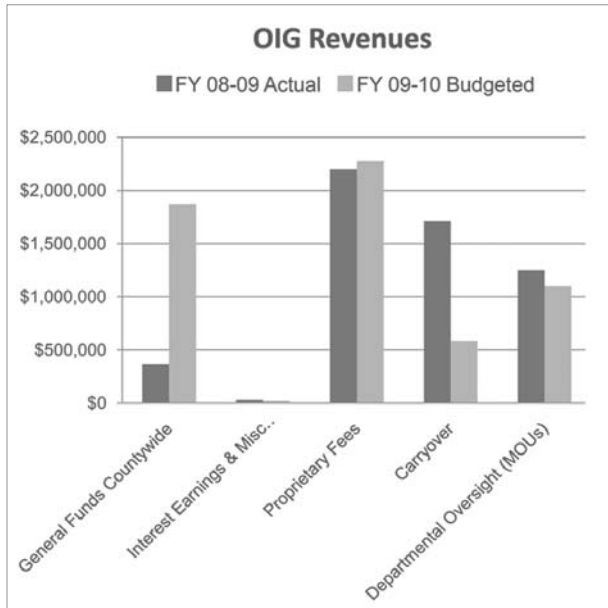
In May 2010, an assessment team from the CFA will arrive to examine all aspects of the Miami-Dade County Office of the Inspector General's policies and procedures, management, and operations. The Miami-Dade County Office of the Inspector General has to comply with approximately 40 standards in order to receive accredited status.

The CFA's assessment team includes law enforcement professionals. The assessors will review written materials, interview individuals, and visit offices and other places where compliance can be witnessed.

Once the CFA's assessors complete their review of the agency, they report back to the full Commission Board, which will then decide if the agency is to receive accredited status. Miami-Dade County Office of the Inspector General's accreditation would be for three years. Verification by the team that the Miami-Dade County Office of the Inspector General meets the Commission's standards is part of a voluntary process to gain or maintain accreditation — a prized recognition that the Office's performance and investigative work meets the highest standards of excellence.



## Our Financial Report



The OIG's budget is funded by three distinct sources. These include the IG proprietary contract fees assessed on County contracts, direct payments collected through memorandums of understanding contracted with various County departments, and general funds allocated through the County's budget process. A fourth category is OIG carryover (higher than expected returns on IG contract fees and unspent accumulated savings), which greatly offsets the OIG's need for general fund dollars.

### Questionable Costs, Savings, and Restitutions



Since the inception of the Office in 1998, OIG investigations, audits, and reviews have identified over \$133 million dollars in questionable costs, identified losses and damages, and lost revenues.

For the fiscal year of this annual report, over \$9.1 million has been identified in questionable costs and losses for the County and almost \$1.9 million in averted losses, savings, and financial recoveries have been achieved for the County. This is an accumulated sum of \$133 million in identified questionable costs and losses, and \$70 million in averted losses/savings/recoveries since the inception of the Office.

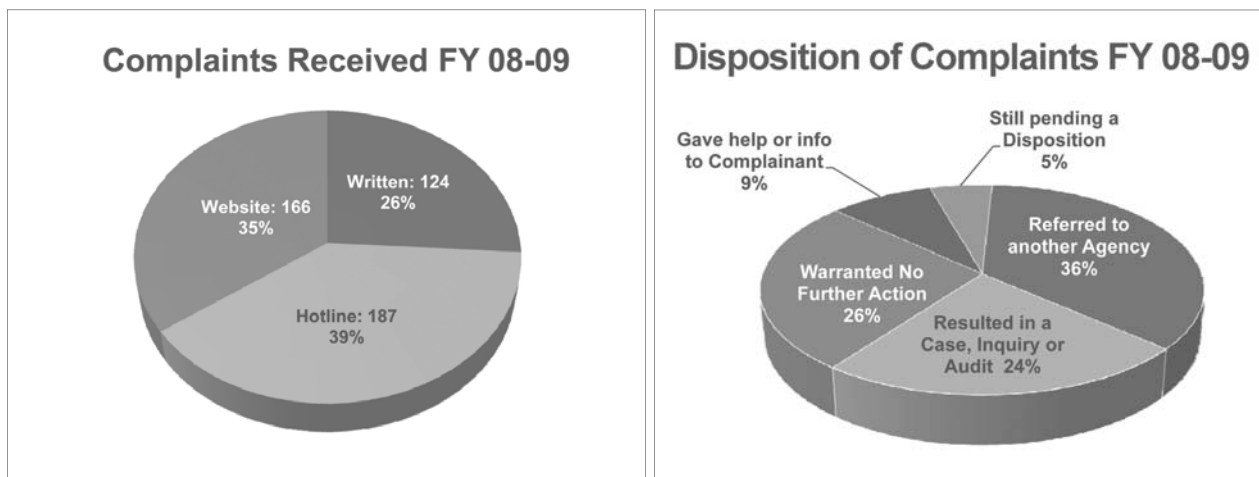
With the new fiscal year, OIG oversight of the Marlins Baseball Project has already yielded a \$1 million savings in the reversal of a project line item expense that will be paid solely from team funds.

## Fraud Complaint Summary

In conjunction with our mission to promote ethics, honesty, and efficiency in government and to restore and promote the public's trust in government, the OIG continues to provide the public with access to register their concerns via the OIG Fraud Complaint Program. This successful program is critical in our efforts to combat fraud, as it provides the ability to generate fraud leads from citizens, vendors, contractors, subcontractors, and employees throughout the County. These invaluable leads from the public aid in the continued development and productivity of the Office.

Investigations are initiated upon the receipt of credible information alleging an act of fraud, waste, financial mismanagement, or corruption that falls within the OIG's jurisdiction. We encourage any person to contact us to report suspected instances of fraud or corruption involving the County. Fraud complaints can be registered in a variety of convenient manners. Written reports can be faxed to us at (305) 579-2656 or mailed to us at 19 West Flagler Street, Suite 220, Miami, Florida 33130. Calls can be made to our dedicated Fraud Hotline at (305) 579-2593. The public may also visit our website to report fraud anonymously on-line at [www.miamidadeig.org](http://www.miamidadeig.org).

While you may remain anonymous if you wish, we do encourage you to identify yourself in case we need additional information that might be helpful in our review of the matter. If you believe that making a report to the OIG will place you at risk of retaliation, you should inform the OIG of this concern. There are certain provisions under the Code of Miami-Dade County and Florida law that protect employees, or independent vendors or contractors under contract with the County or school district, from retaliation under certain circumstances.



The Office received 477 complaints through the fraud program this fiscal year, which include 166 complaints received on-line; 124 that were mailed, faxed, or received in person; and 187 that came through our dedicated fraud hotline. The majority of the complaints (36%) were referred to the appropriate County department or other governmental agency that could directly address the concerns of the complainants. It was determined that 26% did not warrant further action. However, 24% of the complaints received did lead to the initiation of a case, audit, or inquiry, or related to an on-going investigation. Information was provided to 9% of the complainants to assist in resolving their concerns, and only 5% are still pending a disposition. (The number of complaints is less than what was reported the previous year, as we now exclude all complaints relating to Miami-Dade County Public Schools. Activities for the M-DCPS OIG are reported separately and can be found in the first publication of its annual report. Look for it on our website at [www.miamidadeig.org](http://www.miamidadeig.org).)

## Arrest Statistics Summary

Since the formation of the Miami-Dade OIG in 1998, there have been 192 arrests and 11 companies indicted as a result of OIG investigations for crimes and frauds in connection with County affairs. A total of 8 arrests were made this year. The arrest charges included grand theft, organized scheme to defraud, notary fraud, uttering of forged instruments, and communications fraud. So far, six of these eight arrests were resolved through successful prosecution; all six defendants were ordered to pay restitution to the County and repay the costs associated with the investigations.



## Criminal Investigations – Arrests, Convictions, and Guilty Verdicts

OIG investigations resulted in a number of significant fraud-related arrests and convictions in 2009. A central theme, which underscored the fraudulent misconduct uncovered by the OIG, was the making of false statements by wrongdoers on documents and forms that are required to be filed with various Miami-Dade County, State of Florida, and federal governmental departments and agencies.

Far from being mere trappings of “red tape” bureaucracy, such filings are intended to provide essential information for government officials who evaluate, authorize, and monitor expenditures of taxpayer dollars. They are also important tools for the successful detection of fraud in criminal investigations, a lesson a number of defendants learned the hard way last year. Those defendants included:

- The former managing member of BCJ Development LLC, a Miami-Metro Action Plan (MMAP) grant recipient, who was sentenced in June 2009 to six months of imprisonment, followed by 29 1/2 years of probation, after pleading guilty to Organized Scheme to Defraud, a first degree felony. A joint investigation conducted by the OIG



and the State Attorney's Office uncovered that the defendant used over \$132,000 of \$175,000 in MMAP grant funds for personal purposes. As part of his scheme to defraud, the defendant submitted falsified financial reports that misrepresented to public officials that he was a Subway franchise owner, and that the Subway national franchise had an agreement with BCJ Development to build a Subway franchise in Overtown.

- The accomplice of a former Water and Sewer Department mailroom supervisor who embezzled a million dollars and transferred it to a fictitious company, which he falsely represented to be a County vendor. The accomplice pleaded guilty after admitting that he assisted the mailroom supervisor in embezzling and laundering the money and was sentenced in June 2009 to three years of imprisonment, followed by ten years of probation, and was ordered to pay over \$40,000 to the County and over \$600,000 to the insurance company that paid out the loss to the County. The mailroom supervisor is currently serving an eight year sentence.



- A former Miami-Dade Transit Department (MDT) employee who embezzled over \$100,000 of funds deducted from participating County employees' payroll for the Hispanic Transit Society, Inc. (HTS), a social organization of MDT employees of Hispanic heritage and others. A joint investigation conducted by the OIG and the State Attorney's Office discovered that the defendant, who was formerly the HTS president, had used the funds for unauthorized personal purposes. In July 2009, after pleading guilty to first degree felony charges of Grand Theft and Organized Scheme to Defraud, the defendant was sentenced to two years of house arrest, followed by three years of probation, and was ordered to make restitution to HTS.

Some of the filings not only contained false statements, but were also outright forgeries. For example:

- A joint investigation conducted by the OIG and the State Attorney's Office determined that the president of Rezkitna Corporation, which owns the M&M Supermarket in Homestead, forged required certificates of insurance to obtain a community redevelopment grant from the County's Office of Community and Economic Development. The president was arrested in July 2009 in Lee County, Florida, and charged with numerous felony counts including Organized Scheme to Defraud, Grand Theft, Notary Fraud, and Uttering a Forged Instrument. As a result of his scheme, the defendant and his company caused the County to pay almost \$50,000 to various companies for improvements made to the M&M Supermarket.



- In April 2009, another joint investigation conducted by the OIG and the State Attorney's Office concluded with the guilty plea and sentencing of the president of After Hours Cleaning Services (AHCS) for Forgery. The investigation discovered that AHCS, a janitorial service with County contracts dating back to 1999, forged required insurance certificates to obtain contracts with several County departments. The defendant was sentenced to probation and debarred from contracting or doing business with the County for a period of five years.



- The OIG found that a former MDT employee, who falsely claimed that she had been summoned for jury duty, was paid for a week's absence after she submitted a forged document as proof of her purported jury service. In September 2009, the employee was charged with one count each of Forgery, Uttering a Forged Instrument, Grand Theft, and Official Misconduct, all third degree felonies, and was terminated from her employment with the County.





## Featured Investigation:

### Homestead Property Tax Fraud



Throughout 2009, the OIG continued to review the administration of various homestead property tax exemptions by the Miami-Dade County Property Appraiser's Office. We discovered that in 2007 collectible tax revenues on properties with a cumulative assessed value of over \$6 million were not identified. Based on those findings, we made a series of recommendations to the Property Appraiser to help it improve its management of the homestead tax exemption program.

The OIG is pleased to report that the Property Appraiser has implemented remedial measures to prevent future tax losses to the County. In addition, the Property Appraiser has also invited our close cooperation in detecting ongoing attempts by County homeowners to fraudulently profit from homestead tax exemptions.

As a result of our investigations, four individuals were arrested and charged by the State Attorney's Office with violations such as Organized Scheme to Defraud, Grand Theft, and Forgery. The OIG investigations revealed that each of the individuals cheated the County out of property taxes by falsely claiming that a deceased relative, who formerly qualified for a total tax exemption, was still living and resided at the property. Those cases have now been resolved, and all of the defendants were ordered to pay the County back property taxes totaling almost \$80,000.

In addition to the criminal cases, OIG investigations resulted in the imposition by the Property Appraiser of tax liens totaling over \$325,000 on County homesteaded properties. Our efforts resulted not only in significant tax savings, but put wrongdoers on notice that homestead tax fraud will not be tolerated in Miami-Dade County. It is no surprise that with the economic climate today, particularly in the real estate sector, Miami-Dade County has experienced a significant spike in complaint activity involving property tax frauds. In order to address this need, the OIG website now has a special link to report Homestead Exemption fraud.



## **Audits, Reviews, and Contract Oversight**

The purpose of the OIG's audit function is to support the mission of the OIG by detecting and preventing fraud, waste, mismanagement, and abuse of power in County projects, programs, and contracts, and, where possible, to recover public monies. OIG auditors perform audits, reviews, inspections, and other audit-related activities. Most OIG audits involve one or more of the following reviews:



Type I      Procurement and contracting evaluations where we look at process transparency and integrity surrounding individual activities throughout the procurement cycle or at the complete cycle itself, beginning with planning stages, and going through solicitation and award, administration, goods/services delivery, payment, and, lastly, close-out.

Type II      Expenditure analyses where we test spent monies for propriety, reasonableness, and necessity.

Type III     Revenue verifications where we substantiate that County permittees are accurately, completely, and promptly reporting their revenues earned under County permits and remitting to the County its portion thereof.

Type IV     Procedural reviews where we evaluate government's processes and practices looking for weaknesses or deviations from the norm, a failure to meet standards, or noncompliances with authorizing legislation or other regulatory guidance.

In addition, OIG auditors have been increasingly identifying their concerns that certain activities, processes, conditions, etc., observed during audits pose a reputational risk to the audited entity, specifically, and to the County overall. Common risks that contribute to an entity's reputational risk that the OIG auditors have encountered in the past include unacceptable accounting, excessive costs, unachieved objectives and goals, undocumented deviations from standard practices, erroneous management decisions, and loss of assets.

- The OIG audit at Jackson Health System's (JHS) of Miami-Dade County's Equitable Distribution Program (EDP) was a multi-purpose review of procurement and contract processing (Type I), expenditure analysis (Type II), and procedural and regulatory compliance (Type IV). We observed that JHS project managers did not completely document their project procurement and administrative activities in accordance with County-issued program guidance and good business practices. In one instance, JHS project managers "rescoped" a relatively small project with design fees totaling



\$12,500 into a much larger project with design fees totaling almost \$125,000 and, without a competitive process, “awarded” the revised \$125,000 work scope to the same firm that had received the original award. These are examples of where the identified risk factors could pose a reputational risk to JHS. Specifically, we remarked in our report that the observed practices lend credence to complaints received by the OIG alleging favoritism and contract steering in JHS construction procurements.

- For their review of the James E. Scott Community Association (JESCA), OIG auditors focused on expenditure analysis (Type II) and procedural compliance (Type IV). OIG auditors verified that JESCA management did not comply with governmental guidance and contractual requirements when it failed to make over \$141,000 in contributions to an employee retirement plan. In addition, its precarious financial position led management to “borrow” over \$250,000 from some of its more solvent social service programs to pay costs associated with some of its less solvent programs. This practice is noncompliant with governmental regulations at all levels. Our analysis of JESCA operating expenditures documented a loosely controlled accounts payable process where poorly supported expenses were often paid.



- Miami-Dade County’s Water and Sewer Department’s (WASD) New Business Division was the subject of an OIG procedures and compliance review (Type IV) focusing on how this unit went about processing “donation” projects. Our review was in response to complaints received by the OIG over this WASD activity. Donation projects are utility infrastructure constructed by private developers that are conveyed to WASD after WASD has accepted their construction. Our report contained recommendations suggesting, among other things, that WASD should improve its document controls; review current project files, as well as older ones to ensure that required documentation was present and WASD ownership established; establish procedural standards for setting temporary and permanent meters; and develop unique project identifying designators to facilitate project tracking.



- Our review of the South Miami-Dade Cultural Arts Center looked at the Department of Cultural Affairs’ handling of this project, as it is the County’s designated manager of the construction of the Center, and will be operating the facilities upon construction completion. This was a combined Types I and II review to monitor the Center’s overall construction activity to assure that the project was being properly managed, that the contract’s Community Small Business Enterprise goals were being attained, and that the required wages and benefits were being paid. This project’s construction, at one time, was 1,000 days delayed, work had come to a virtual standstill, and a notable amount of work that had been completed was found to be defective. We described major

issues affecting the contractor's construction schedule, and that the contractor's retainage account was being charged with liquidated damages. This last condition, we believe, may ultimately affect the contractor's ability to pay its subcontractors at work completion.



- A 2009 acceptance of settlement with a former permittee working at Miami International Airport gained \$408,735 in previously unpaid permit fees (for the years 2002 – 2007) for the County. This resulted from an OIG revenue verification review (Type III) that identified underreported permittee gross revenues. In 2005 alone, the OIG identified underreported permittee revenues totaling almost \$3 million, at a cost to the County of \$209,000 in lost permit fees.



## Intergovernmental Partnerships

Association of Inspectors General  
Association of Certified Fraud Examiners (ACFE)  
Bank Atlantic Corporate Security  
Broward County Clerk of Courts – Civil Records  
Broward County Property Appraiser  
Broward County State Attorney’s Office  
City of Miami Police Department  
City of Miami Beach Building Department  
City of Miami Beach Police Department  
City of North Miami Beach  
Commission for FL Law Enforcement Accreditation (CFA)  
Federal Bureau of Investigation  
Financial Institutions Security Association  
FL Attorney General’s Office, OIG  
FL Comptroller’s Ofc., Criminal Investigations Div.  
FL Dept. of Agriculture and Consumer Services  
FL Dept. of Business & Professional Regulation  
FL Department of Children & Families, OIG  
FL Council of State Agency IGs  
FL Department of Elder Affairs, OIG  
FL Department of Environmental Protection, OIG  
FL Department of Financial Services  
FL Department of Health, Office of Vital Statistics  
FL Department of Health, OIG  
FL Division of Insurance Fraud  
FL Department of Law Enforcement  
FL Department of Revenue  
FL Department of State – Division of Corporations  
FL Department of State – Licensing Division  
FL Department of State – Notary Section  
FL Department of Transportation, OIG  
FL Medicaid Fraud Control Unit  
FL Office of the Chief Inspector General  
FL Office of Statewide Prosecution  
FL Police Accreditation Coalition (FLA-PAC)  
Florida Bar Association  
Florida International University

Internal Revenue Service  
Interpol  
Institute of Internal Auditors  
Los Angeles Unified School District, OIG  
Louisiana State Office of the Inspector General  
Miami Dade College  
Miami-Dade County Commission on Ethics and Public Trust  
Miami-Dade Police Department  
Miami-Dade Property Appraiser’s Office  
Miami-Dade State Attorney’s Office  
Miami Gardens Police Department  
Miami Lakes Rotary Club  
Miramar Police Department  
Monroe County State Attorney’s Office  
NASA Office of the Inspector General  
National Institute of Ethics  
NY Metropolitan Transportation Authority, OIG  
Ohio State Office of the Inspector General  
Palm Beach County  
Palm Beach County Clerk of Courts  
Palm Beach County Grand Jury  
Palm Beach State Attorney’s Office  
Pinellas County Clerk of the Circuit Court, OIG  
Social Security Administration, OIG  
South Florida IG Council  
SunTrust Bank Corporate Security  
Total Bank Corporate Security  
U.S. Attorney’s Office, Southern District of Florida  
U.S. Department of Homeland Security  
U.S. Dept. of Housing & Urban Development, OIG  
U.S. Department of Labor  
U.S. Department of State  
U.S. Department of Transportation, OIG  
U.S. Department of Justice  
U.S. Postal Services Inspector General  
U.S. Probation and Pretrial Services  
Wells Fargo Corporate Security

## **APPENDIX A**

### **Sec. 2-1076 Office of the Inspector General**

(a) Created and established. There is hereby created and established the Office of Miami-Dade County Inspector General. The Inspector General shall head the Office. The organization and administration of the Office of the Inspector General shall be sufficiently independent to assure that no interference or influence external to the Office adversely affects the independence and objectivity of the Inspector General.

(b) Minimum Qualifications, Appointment and Term of Office.

(1) Minimum qualifications. The Inspector General shall be a person who:

(a) Has at least ten (10) years of experience in any one, or combination of, the following fields:

(i) as a Federal, State or local Law Enforcement Officer;

(ii) as a Federal or State court judge;

(iii) as a Federal, State or local government attorney;

(iv) progressive supervisory experience in an investigative public agency similar to an inspector general's office;

(b) Has managed and completed complex investigations involving allegations of fraud, theft, deception and conspiracy;

(c) Has demonstrated the ability to work with local, state and federal law enforcement agencies and the judiciary; and

(d) Has a four-year degree from an accredited institution of higher learning.

(2) Appointment. The Inspector General shall be appointed by the Ad Hoc Inspector General Selection Committee ("Selection Committee"), except that before any appointment shall become effective, the appointment must be approved by a majority of the whole number of members of the Board of County Commissioners at the next regularly scheduled County Commission meeting after the appointment. In the event that the appointment is disapproved by the County Commission, the appointment shall become null and void, and the Selection Committee shall make a new appointment, which shall likewise be submitted for approval by the County Commission. The Selection Committee shall be composed of five members selected as follows:

(a) The State Attorney of the Eleventh Judicial Circuit for Miami-Dade County;

(b) The Public Defender of the Eleventh Judicial Circuit for Miami-Dade County;

(c) The Chairperson of the Miami-Dade Commission on Ethics and Public Trust;

(d) The President of the Miami-Dade Police Chief's Association; and

(e) The Special Agent in charge of the Miami Field Office of the Florida Department of Law Enforcement.

The members of the Selection Committee shall elect a chairperson who shall serve as chairperson until the Inspector General is appointed. The Selection Committee shall select the Inspector General from a list of qualified candidates submitted by the Miami-Dade County Employee Relations Department.

(3) Term. The Inspector General shall be appointed for a term of four (4) years. In case of a vacancy in the position of Inspector General, the Chairperson of the Board of County Commissioners may appoint the deputy inspector general, assistant inspector general, or other Inspector General's office management personnel as interim Inspector General until such time as a successor Inspector General is appointed in the same manner as described in subsection (b)(2) above. The Commission may by majority vote of members present disapprove of the interim appointment made by the Chairperson at the next regularly scheduled County Commission meeting after the appointment. In the event such appointment shall be disapproved by the County Commission, the appointment shall become null and void and, prior to the next regularly scheduled Commission meeting, the Chairperson shall make a new appointment which shall likewise be subject to disapproval as provided in this subsection (3). Any successor appointment made by the Selection Committee as provided in subsection (b)(2) shall be for the full four-year term.

Upon expiration of the term, the Board of County Commissioners may by majority vote of members present reappoint the Inspector General to another term. In lieu of reappointment, the Board of County Commissioners may reconvene the Selection Committee to appoint the new Inspector General in the same manner as described in subsection (b)(2). The incumbent Inspector General may submit his or her name as a candidate to be considered for selection and appointment.

(4) Staffing of Selection Committee. The Miami-Dade County Employee Relations Department shall provide staffing to the Selection Committee and as necessary will advertise the acceptance of resumes for the position of Inspector General and shall provide the Selection Committee with a list of qualified candidates. The County Employee Relations Department shall also be responsible for ensuring that background checks are conducted on the slate of candidates selected for interview by the Selection Committee. The County Employee Relations Department may refer the background checks to another agency or department. The results of the background checks shall be provided to the Selection Committee prior to the interview of candidates.

(c) Contract. The Director of the Employee Relations Department shall, in consultation with the County Attorney, negotiate a contract of employment with the Inspector General, except that before any contract shall become effective, the contract must be approved by a majority of Commissioners present at a regularly scheduled Commission meeting.

(d) Functions, authority and powers.

(1) The Office shall have the authority to make investigations of county affairs and the power to review past, present and proposed County and Public Health Trust programs, accounts, records, contracts and transactions.

(2) The Office shall have the power to require reports from the Mayor, County Commissioners, Manager, County agencies and instrumentalities, County officers and employees and the Public Health Trust and its officers and employees regarding any matter within the jurisdiction of the Inspector General.

(3) The Office shall have the power to subpoena witnesses, administer oaths and require the production of records. In the case of a refusal to obey a subpoena issued to any person, the Inspector General may make application to any circuit court of this State which shall have jurisdiction to order the witness to appear before the Inspector General and to produce evidence if so ordered, or to give testimony touching on the matter in question. Prior to issuing a subpoena, the Inspector

General shall notify the State Attorney and the U.S. Attorney for the Southern District of Florida. The Inspector General shall not interfere with any ongoing criminal investigation of the State Attorney or the U.S. Attorney for the Southern District of Florida where the State Attorney or the U.S. Attorney for the Southern District of Florida has explicitly notified the Inspector General in writing that the Inspector General's investigation is interfering with an ongoing criminal investigation.

(4) The Office shall have the power to report and/or recommend to the Board of County Commissioners whether a particular project, program, contract or transaction is or was necessary and, if deemed necessary, whether the method used for implementing the project or program is or was efficient both financially and operationally. Any review of a proposed project or program shall be performed in such a manner as to assist the Board of County Commissioners in determining whether the project or program is the most feasible solution to a particular need or problem. Monitoring of an existing project or program may include reporting whether the project is on time, within budget and in conformity with plans, specifications and applicable law.

(5) The Office shall have the power to analyze the need for, and the reasonableness of, proposed change orders. The Inspector General shall also be authorized to conduct any reviews, audits, inspections, investigations or analyses relating to departments, offices, boards, activities, programs and agencies of the County and the Public Health Trust.

(6) The Inspector General may, on a random basis, perform audits, inspections and reviews of all County contracts. The cost of random audits, inspections and reviews shall, except as provided in (a)-(n) in this subsection (6), be incorporated into the contract price of all contracts and shall be one quarter (1/4) of one (1) percent of the contract price (hereinafter "IG contract fee"). The IG contract fee shall not apply to the following contracts:

- (a) IPSIG contracts;
- (b) Contracts for legal services;
- (c) Contracts for financial advisory services;
- (d) Auditing contracts;
- (e) Facility rentals and lease agreements;
- (f) Concessions and other rental agreements;
- (g) Insurance contracts;
- (h) Revenue-generating contracts;
- (i) Contracts where an IPSIG is assigned at the time the contract is approved by the Commission;
- (j) Professional service agreements under one thousand dollars (\$1,000);
- (k) Management agreements;
- (l) Small purchase orders as defined in Administrative Order 3-2;
- (m) Federal, state and local government-funded grants; and
- (n) Interlocal agreements.
- (o) Grant Agreements granting not-for-profit organizations Building Better Communities General Obligation Bond Program funds.

Notwithstanding the foregoing, the Commission may by resolution specifically authorize the inclusion



of the IG contract fee in any contract. Nothing contained in this Subsection (c)(6) shall in any way limit the powers of the Inspector General provided for in this Section to perform audits, inspections, reviews and investigations on all county contracts including, but not limited to, those contracts specifically exempted from the IG contract fee.

(7) Where the Inspector General detects corruption or fraud, he or she shall notify the appropriate law enforcement agencies. Subsequent to notifying the appropriate law enforcement agency, the Inspector General may assist the law enforcement agency in concluding the investigation. When the Inspector General detects a violation of one (1) of the ordinances within the jurisdiction of the Ethics Commission, he or she may file a complaint with the Ethics Commission or refer the matter to the Advocate.

(8) The Inspector General shall have the power to audit, investigate, monitor, oversee, inspect and review the operations, activities and performance and procurement process including, but not limited to, project design, establishment of bid specifications, bid submittals, activities of the contractor, its officers, agents and employees, lobbyists, County staff and elected officials in order to ensure compliance with contract specifications and detect corruption and fraud.

(9) The Inspector General shall have the power to review and investigate any citizen's complaints regarding County or Public Health Trust projects, programs, contracts or transactions.

(10) The Inspector General may exercise any of the powers contained in Section 2-1076 upon his or her own initiative.

(11) The Inspector General shall be notified in writing prior to any meeting of a selection or negotiation committee where any matter relating to the procurement of goods or services by the County is to be discussed. The notice required by this subsection (11) shall be given to the Inspector General as soon as possible after a meeting has been scheduled, but in no event later than twenty-four (24) hours prior to the scheduled meeting. The Inspector General may, at his or her discretion, attend all duly noticed County meetings relating to the procurement of goods or services as provided herein, and, in addition to the exercise of all powers conferred by Section 2-1076, may pose questions and raise concerns consistent with the functions, authority and powers of the Inspector General. An audio tape recorder shall be utilized to record all selection and negotiation committee meetings.

(12) The Inspector General shall have the authority to retain and coordinate the services of Independent Private Sector Inspectors General (IPSIG) or other professional services, as required, when in the Inspector General's discretion he or she concludes that such services are needed to perform the duties and functions enumerated in subsection (d) herein.

(e) Physical facilities and staff.

(1) The County shall provide the Office of the Inspector General with appropriately located office space and sufficient physical facilities together with necessary office supplies, equipment and furnishings to enable the Office to perform its functions.

(2) The Inspector General shall have, subject to budgetary allocation by the Board of County Commissioners, the power to appoint, employ, and remove such assistants, employees and personnel and establish personnel procedures as deemed necessary for the efficient and effective administration of the activities of the Office.

(f) Procedure for finalization of reports and recommendations which make findings as to the person or entity being reviewed or inspected. Notwithstanding any other provisions of this Code, whenever the Inspector General concludes a report or recommendation which contains findings as to the person

or entity being reported on or who is the subject of the recommendation, the Inspector General shall provide the affected person or entity a copy of the report or recommendation and such person or entity shall have 10 working days to submit a written explanation or rebuttal of the findings before the report or recommendation is finalized, and such timely submitted written explanation or rebuttal shall be attached to the finalized report or recommendation. The requirements of this subsection (f) shall not apply when the Inspector General, in conjunction with the State Attorney, determines that supplying the affected person or entity with such report will jeopardize a pending criminal investigation.

(g) Reporting. The Inspector General shall annually prepare and submit to the Mayor and Board of County Commissioners a written report concerning the work and activities of the Office including, but not limited to, statistical information regarding the disposition of closed investigations, audits and other reviews.

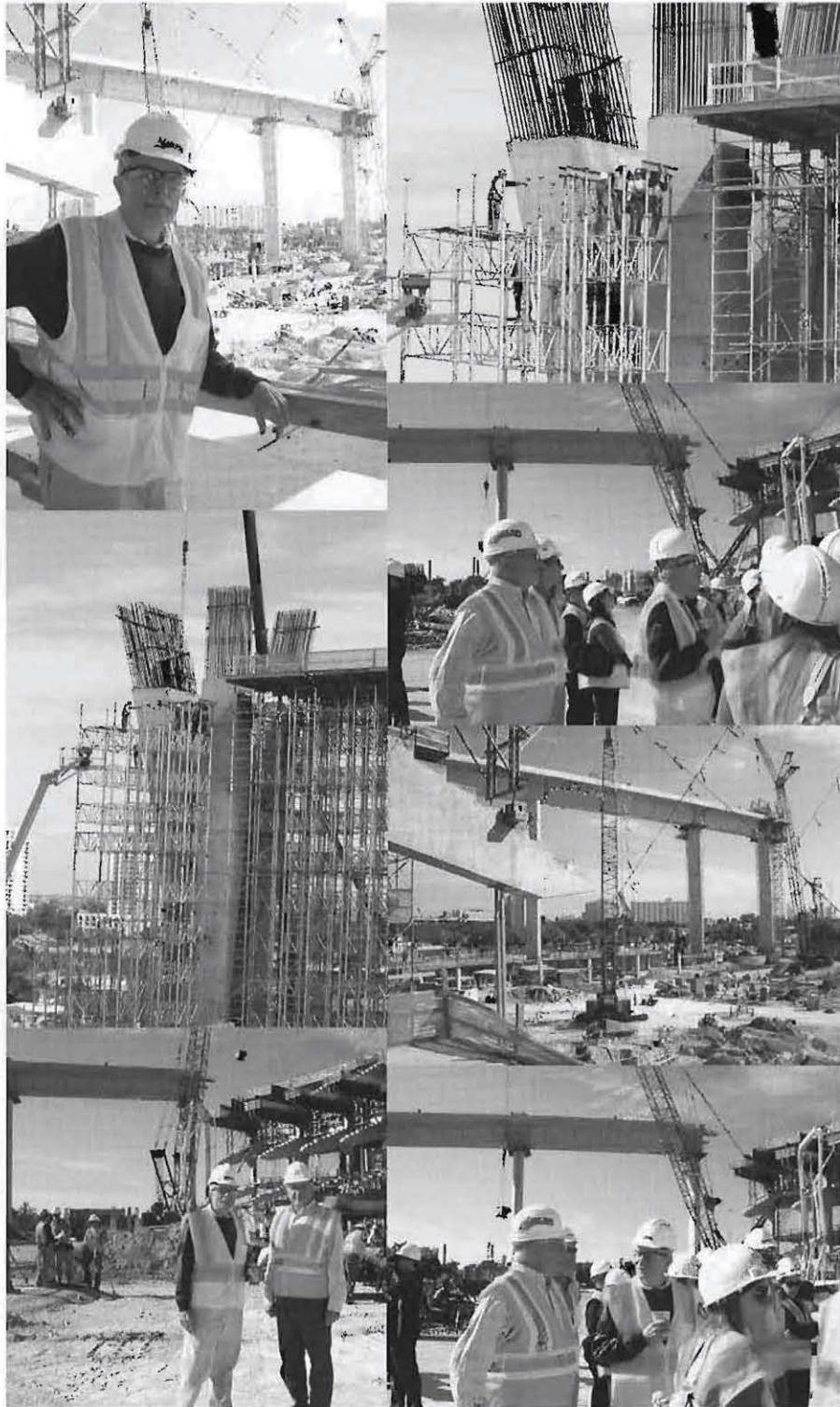
(h) Removal. The Inspector General may be removed from the Office upon the affirmative vote of two-thirds (2/3) of the whole number of members of the Board of County Commissioners.

(i) Abolition of the Office. The Office of the Inspector General shall only be abolished upon the affirmative vote of two-thirds (2/3) of the whole number of members of the Board of County Commissioners.

(j) Retention of current Inspector General. Notwithstanding any provision to the contrary, the incumbent Inspector General, Christopher R. Mazzella, shall serve a four year term of office commencing on December 20, 2009, as provided in the Memorandum of Understanding approved by Resolution No. R-1394-05, and shall not be subject to the appointment process provided for in Section 2-1076(b)(2).

(Ord. No. 97-215, § 1, 12-16-97; Ord. No. 99-63, § 1, 6-8-99; Ord. No. 99-149, § 1, 10-19-99; Ord. No. 00-105, § 1, 7-25-00; Ord. No. 01-114, § 1, 7-10-01; Ord. No. 05-51, § 1, 3-1-05; Ord. No. 06-88, § 2, 6-6-06, Ord. No. 07-165; § 1, 11-6-07)

## Construction Contract Oversight of the Marlins Baseball Stadium



Top Left Photo: Inspector General Chris Mazzella

Bottom Left Photo, *from left to right*: Inspector General Chris Mazzella and Contract Oversight Specialist John Canepari

Bottom Right Photo, *from left to right*: Contract Oversight Specialist John Canepari and Inspector General Chris Mazzella



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