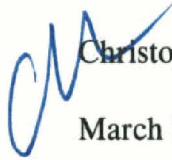




# Memorandum

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To: The Honorable Carlos Alvarez, Mayor  
  
The Honorable Chairperson Bruno A. Barreiro  
and Members, Board of County Commission

From:  Christopher Mazzella, Inspector General

Date: March 27, 2007

Subject: OIG Investigation into Housing Scandal Results in Another Arrest

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The Office of the Inspector General (OIG), in conjunction with the State Attorney's Office, announced today an additional arrest in the continuing joint investigation into improprieties and misappropriations of County funds at the Miami-Dade Housing Agency (MDHA). Reynaldo Diaz, a developer who received \$940,000 in funds slated to provide affordable housing for low to moderate income families, was charged with one count of Organized Scheme to Defraud. Diaz, who contracted with the County to build 28 homes, received the County funds and deposited them in various corporate accounts. The investigation uncovered that the funds have been disbursed from those accounts, while only two homes were finished and twenty-six homes remain to be built.

Reynaldo Diaz, through his company, Infill Development Group (IDG), applied for and obtained \$940,000 in County funds dedicated to provide homes for sale to low to moderate income families through the MDHA's Infill Housing Initiative Program (Infill Program). The Infill Program was designed to encourage developers to build affordable housing, and guaranteed that the homes would remain as affordable housing for ten years. The County received \$5 million in funds from the federal Fannie Mae program to assist with the Infill Program.

The OIG investigation uncovered that Diaz, through IDG, submitted an application for the funds specifying, as required by County and Fannie Mae criteria, that he was in possession or control of the construction site properties. Among the application paperwork submitted to the County, Diaz included real estate sales contracts for six properties where IDG was listed as the buyer and Mr. Mario Mayorga was listed as the seller. OIG investigators determined that neither Diaz nor Mayorga ever owned the

properties. In fact, Mayorga is an employee of Diaz who signed the false contracts at the instruction of his employer. Further, OIG investigators traced the deposit of Infill Program funds awarded to IDG to several corporate IDG accounts. To date two homes have been completed and construction has not begun on the remaining twenty-six homes. The County funds were deposited and disbursed for expenses other than construction on the twenty-six homes that remain outstanding under the contract.

The investigation into other misappropriations of MDHA funds allocated to help ease the community's affordable housing needs is continuing, and the OIG expects that further arrests are forthcoming.

cc: Mr. George Burgess, County Manager  
Ms. Cynthia Curry, Senior Advisor to the County Manager  
Ms. Kris Warren, Director Housing Agency  
Ms. Cathy Jackson, Director, Audit & Management Services  
Mr. Charles Anderson, C.P.A., Commission Auditor  
Clerk of the Board (copy filed)