

## NEWS RELEASE

### CONTRACTOR CHARGED WITH FRAUD

A complex, proactive investigation conducted by the Miami-Dade County Office of the Inspector General (OIG) and the Miami-Dade State Attorney's Office led to the arrest today of the principals of a company doing business with Miami-Dade County and the City of Miami. They were charged with a variety of fraud related charges. The company, which is in the business of repairing and servicing thousands of fire extinguishers for the County and the City, was also charged with fraud.

According to affidavits filed by a Special Agent of the OIG, Dallas Raymond Chrans, age 82, a Miami-Dade County resident, is the owner, President and Registered Agent of Biscayne-Havana Fire and Safety Equipment Company, Inc., a Florida corporation, located at 975 Hialeah Drive, Hialeah, Florida. Scott Alan Knight, age 38, a resident of Broward County, is that company's dealer equipment license qualifier. The affidavit alleges the following:

- In October 2000, Scott Knight was fraudulently issued two fire equipment dealer licenses from the State of Florida after providing the State with false information about his criminal history. He renewed these two licenses in January 2002 and again supplied false information about his criminal history.
- Between March and May 2001, Dallas Chrans, Scott Knight and Biscayne-Havana Fire and Safety Equipment Company used Scott Knight's fraudulently obtained dealer licenses to qualify the company to obtain a lucrative City of Miami contract valued at over \$70,000. In 2002, Miami-Dade County also began using the City of Miami's contract with Biscayne-Havana to service its own fire extinguishers because it had to cancel its own contract with another fire extinguisher repair company after the OIG detected this company had fraudulently billed the County. The County has paid Biscayne-Havana over \$700,000 since accessing the City contract.
- Between May 25, 2001 and May 19, 2003, the company, Dallas Chrans, and Scott Knight consistently used fraudulent billing practices to further defraud the City and the County. As part of its inquiry, with the assistance of the Miami-Dade County Fire Rescue and Water and Sewer Departments, the OIG conducted a "proactive" investigation in which it secretly marked various parts of thirty-two (32) fire extinguishers with invisible ink. The fire extinguishers purportedly coming from the Miami-Dade County Fire Rescue and Water and Sewer Departments were then delivered to Biscayne-Havana for routine maintenance servicing. A post-servicing inspection of the thirty-two (32) fire extinguishers revealed that Biscayne-Havana submitted fraudulent invoices for a substantial number of these fire extinguishers. The OIG investigation also sampled a number of randomly selected invoices submitted by Biscayne-Havana and found a substantial portion of these invoices to be fraudulent.
- In August 2002, Dallas Chrans submitted a bid proposal to the County in an effort to obtain a contract to provide the County with fire extinguisher services valued at \$110,700. Chrans submitted the fraudulently obtained licenses obtained by Scott Knight

to qualify Biscayne-Havana for this contract. Biscayne-Havana would have been awarded this contract on May 3, 2003, had the OIG not alerted the County and the Board of County Commissioners about its investigation.

Biscayne-Havana, Dallas Chrans and Scott Knight were each charged with one count of Organized Scheme to Defraud over \$50,000, one count of Grand Theft of over \$100,000, and with one count of Aggravated White Collar Crime, all first degree felonies. In commenting on the investigation, Inspector General Christopher Mazzella expressed his appreciation for the assistance of the County's Fire Rescue and the Water and Sewer Departments in carrying out the "proactive" phase of the inquiry. Mr. Mazzella emphasized that business corruption must be rooted out because it is a major drain on County revenues. He indicated that, as a consequence, his office will not only continue to prosecute individual wrongdoers but that it will also begin to actively seek the prosecution of business enterprises that defraud governmental institutions.

Miami-Dade State Attorney Katherine Fernandez Rundle requested that any other governmental entity that may have had or currently has a contract with Biscayne-Havana contact Ms. Carol Jordan, Special Assistant State Attorney at (305) 547-0664.

Copies of the arrest warrant and supporting affidavits are available at the Inspector General's Office, Suite 220, 19 West Flagler Street, telephone number (305) 375-1946 or at the State Attorney's Office, c/o Ed Griffith, 1350 N.W. 12<sup>th</sup> Avenue, Miami, Florida, telephone (305) 547-0535.

Media Availability: The Inspector General Chris Mazzella will be available for a media opportunity on Thursday, June 5, 2003 between 1:30 p.m. and 3:00 p.m. For additional information, please contact the Inspector General's Office at (305) 375-1946.