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Office of the Inspector General
Miami-Dade County

Memorandum

To: The Hon. Mayor Alex Penelas, Miami-Dade County

The Hon. Dr. Barbara Carey-Shuler, Chair
and Members of the Board of County Commissioners

From: Christopher Mazzella,
Inspector General

Date: November 21, 2002

Re: 2002 Tax Certificate Sale

As you were made aware by my memorandum of November 15, 2002, the Office of the Inspector General (OIG) and the Florida Department of Law Enforcement (FDLE) initiated a joint criminal investigation into allegations of misconduct at the Miami-Dade County Tax Collector's Office. The allegations centered on the 2002 Tax Certificate Sale of unpaid delinquent 2001 real estate taxes.

During the course of the investigation, it was determined that for certain tax certificate buyers it was a common practice to give gifts, tips and gratuities to employees of the Tax Collector's Office and the Clerk of the Court's Tax Deed Section. These gifts, tips and gratuities consisted mostly of cash, checks and gift certificates and were given at Thanksgiving and Christmas. Special Agents of the OIG and FDLE conducted an exhaustive investigation into these allegations and other improprieties, which included interviewing several of the tax certificate buyers and all of the identified employees.

As a result of the inquiry, twenty-three County employees were suspended and/or tendered their resignations. The purpose of this memorandum is to further advise you that today two supervisors assigned to the Tax Collector's Office were arrested. One employee was charged with Perjury and the other with fifteen counts of Official Misconduct and one count of Aggravated White Collar Crime in connection with the fraudulent alteration of tax certificate sales cards.

For your reference, I am attaching copies of a news release issued by my office related to the arrest and affidavits executed in support of the arrests.

cc: The Hon. Harvey Ruvlin, Clerk of the Courts
Mr. Steve Shiver, County Manager
Mr. Robert A. Ginsburg, County Manager
Ms. Rachel Baum, Director, Finance Department
Mr. Charles Towsley, Director, Seaport Department

Clerk of the Board (Copy Filed)

NEWS RELEASE

Arrests in Probe of Tax Collector's Office

Two Miami-Dade County Tax Collector supervisors were arrested today as a result of a continuing investigation by the Office of the Inspector General (OIG), the Florida Department of Law Enforcement (FDLE), and the Dade County State Attorney's Office into the illegal sale of real estate tax certificates. Miguel Llorente, age 47, a tax record supervisor and tax certificate auctioneer, was charged with 15 counts of Official Misconduct and Aggravated White Collar Crime. Marvin Katz, age 60, who is also a tax record supervisor, was charged with Perjury in an Official Proceeding.

According to affidavits submitted by OIG and FDLE investigators, Miguel Llorente fraudulently altered tax certificate sales cards during the 2002 Real Estate Tax Sale for 2001 delinquent real estate taxes. According to one affidavit, on at least fifteen occasions between June 2002 and July 2002, Llorente altered certificates that were awarded to Howard Shidlowky, a tax certificate buyer registered under his own corporation, Tramer Parking Concessions, Inc., a Florida Corporation.

It is alleged that after Llorente auctioned off the fifteen tax certificates to Shidlowky at a low interest rate, Llorente fraudulently increased the interest rate on each of the tax certificates at the request of Shidlowky. The impact of increasing the interest rate would be an increased profit for Shidlowky when the taxpayer eventually paid the taxes and an increased expense to the delinquent tax payer/property owner forced to pay a fraudulently inflated interest rate on the tax debt. It is estimated that Llorente increased the interest rate on each of the fifteen certificates by at least ten percent (10%). Had this scheme gone undetected, Shidlowky would have obtained a fraudulent net gain of over \$75,000 from the fifteen altered tax certificates.

The fifteen altered tax certificates involve the following properties all located in Miami-Dade County:

EEG Properties, Inc., 7400 N.W. 37th Ave. (interest altered from 6.5% to 18%);

EEG Properties, Inc., 4450 N.W. 128 St. (altered from 6.5% to 18%);

Squits Enterprise, Inc., 1480 N.E. 131 St. (altered from 6.5% to 16.5%);

Joel Galpern, 1035 N.E. 125 St. (altered from 6.5% to 16.5%);

Pagehouse LLC, 9999 Collins Ave. (altered from 6% to 16%);

Fabian Basabe, 10201 E. Broadview Dr. (altered from 6.25% to 16.25%);

JRF Properties, Inc., 5371 N.W. 161 St. (altered from 5.5% to 15.5%);

5255 Holdings, Inc., 5255 N.W. 165 St. (altered from 6% to 16 %);
National Fisheries, Inc., 5151 N.W. 165 St. (altered from 6% to 16%);
Direct Mail Expertise, Inc., 4915 N.W. 159 St. (altered from 6 to 16%);
AHC At Patty's Place, Inc., 2450 S.W. 137 Ave (altered from 6.25% to 16.25%);
Olga Donestevez, 22401 S.W. 252 St. (altered from 6% to 16%);
David N. Schaecter, 5979 N.W. 151 St. (altered from 6% to 16%);
Michael Spetko Trustee, 5951 N.W. 151 St. (altered from 6% to 16%); and
Stephen J. Garza, 6150 N.W. 153 St. (altered from 6% to 16%).

As part of its inquiry into fraudulent tax certificate sales, the OIG and FDLE also investigated the widespread practice of tax certificate buyers making primarily cash gifts to County employees assigned to the Tax Collector's Office and to the Tax Deed Division of the Clerk of the Court. Twenty-three employees have, thus far, been suspended. Marvin Katz, who is also an auctioneer, was questioned under oath by the State Attorney's Office about receiving gifts from three buyers. These buyers were Howard Shidlowky, Jonathan Politano, owner of Gulf Holdings, Inc., and Barry Katz (no relation). The investigation revealed that Marvin Katz received numerous cash gifts since 1995. However, in his sworn testimony, he denied receiving gifts, other than a \$15 gift certificate for Publix. As a result of his false testimony, Katz is being charged with Perjury.

In commenting on the investigation, Christopher Mazzella, the Inspector General, expressed his alarm about the pervasiveness of County employees accepting gifts from people doing business with the county, even after the county and the Ethics Commission initiated extensive ethics training for county employees. He noted that although it is distressing to see so many employees suspended, he hopes the message to others in county government will be clear. Unethical behavior will not be tolerated. Mr. Mazzella also stated that once the criminal investigation is concluded, his office will be issuing a full report about the deficiencies in the Tax Collector's Office and that he will be making recommendations to correct these shortcomings. Mr. Mazzella further indicated that his office is also considering initiating debarment proceedings against buyers who gave gifts to County employees. Mr. Mazzella expressed his gratitude to the County's Finance Department and to the Office of the Clerk of the Court for their exceptional cooperation throughout this investigation.

The criminal charges thus far filed will be prosecuted by the Dade County State Attorneys Office. Miguel Llorente faces up to 30 years imprisonment, if convicted, and Marvin Katz up to 5 years imprisonment. The recommended bond for Llorente is \$85,000 and the bond for Katz is \$5,000.