

**MIAMI-DADE COUNTY**  
**OFFICE OF THE INSPECTOR GENERAL**



**FINAL REPORT**

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**G.L. Heffner Security Consultants Inc.'s Permit  
with the Miami-Dade Aviation Department to  
Provide Security Services**

**IG 07-63**

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February 6, 2008



# Memorandum

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To: The Honorable Carlos Alvarez, Mayor, Miami-Dade County  
The Honorable Chairman Bruno A. Barreiro and  
Members, Board of County Commissioners, Miami-Dade County

From:  Christopher Mazzella, Inspector General

Date: February 6, 2008

Subject: Executive Summary and Transmittal of the OIG's Final Report on  
G.L. Heffner Security Consultants Inc.'s Permit with the Miami-Dade  
Aviation Department for the Provision of Security Services, Ref. IG07-63

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## *Introduction*

Attached please find the Office of the Inspector General's (OIG) Final Report on the above-captioned subject. Responses from G.L. Heffner Security Consultants Inc. (GLH) and the Miami-Dade Aviation Department (MDAD) are attached to the final report as Appendix A and B, respectively.

In 2006, the OIG initiated a review of security companies holding permits to conduct business at Miami International Airport (MIA). The purpose of the OIG's review was to determine if revenues generated by security company permittees were being accurately reported. Private vendors—in this case, security companies—providing services to MIA tenants at MIA or related to MIA operations are required to pay a 7% fee based upon the total gross revenues generated. Permittees report their gross revenues and pay the associated 7% to the Miami-Dade County Aviation Department (MDAD) on a monthly basis.

## *Synopsis*

The OIG's review of GLH's reporting of its revenues to MDAD showed that the security services company under-reported its gross revenues by \$731,026. Our examination showed that GLH grossed \$1,710,371, but only reported \$979,345 (or 57%) of its gross revenues to MDAD. For the period reviewed, January 2005 through August 2007, GLH failed to pay MDAD an additional \$51,172 in fees that were owed.

In its response to the OIG's draft report, GLH acknowledges under-reporting \$518,582 of its gross revenues. GLH acknowledges that it owes MDAD additional fees of \$36,300.74. GLH, however, disputes that revenues derived from off-site security services (in this case, kitchen revenues) are subject to the permit. MDAD disagrees because these services, which

are provided to tenant companies, are generated by the tenants' MIA operations and, thus, it is MIA that drives the need for these services. As such, permittees are required to report the revenues regardless of the location of where the services were performed.

This report makes recommendations with respect to recouping all additional fees owed by GLH and, for MDAD to put procedures in place to identify and monitor permittees that provide off-site security services related to MIA operations to ensure that these permittees accurately report their gross revenues from these activities.

***The OIG requests that MDAD provide us with a follow-up report in 90 days regarding the status of our recommendations. The OIG would appreciate receiving this report on or before May 7, 2008.***

cc: George Burgess, County Manager  
Ysela Llort, Assistant County Manager  
Jose Abreu, Director, Miami-Dade Aviation Department  
Denis Morales, Chief of Staff, Office of the Mayor  
Cathy Jackson, Director, Audit and Management Services Department  
Charles Anderson, Commission Auditor

Clerk of the Board (copy filed)

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***G.L. Heffner Security Consultants Inc.'s Permit with the Miami-Dade Aviation Department***

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**SYNOPSIS**

In 2006, the Office of the Inspector General (OIG) initiated a review of security companies holding permits to conduct business at Miami International Airport (MIA). The purpose of the OIG's review was to determine if revenues generated by security company permittees were being accurately reported. Private vendors—in this case, security companies—providing services to MIA tenants at MIA or related to MIA operations are required to pay a 7% fee based upon the total gross revenues generated. Permittees report their gross revenues and pay the associated 7% to the Miami-Dade County Aviation Department (MDAD) on a monthly basis.

The OIG's initial review of records obtained from MDAD and obtained from the tenants revealed that those tenants contracting with G.L. Heffner Security Consultants Inc. (GLH) for security services showed a discrepancy between the actual gross revenues generated by GLH and the revenues reported to MDAD. Thereafter, an investigation was conducted and our findings disclosed that GLH under-reported gross revenues earned pursuant to its permit during the period of January 2005 through August 2007. The OIG reviewed the monthly revenue reports submitted by GLH to MDAD and compared these reported figures to GLH's actual invoices, which we obtained from GLH's customers, and the actual amounts paid to GLH by its customers. We concluded that for the period reviewed, GLH failed to report \$731,026 of its total gross revenues. Our examination showed that GLH grossed \$1,710,371, but only reported \$979,345 (or 57%) of its gross revenues to MDAD. For the period reviewed, GLH failed to pay MDAD an additional \$51,172 in fees that were owed.

**TABLE 1: Synopsis of Investigative Findings<sup>1</sup>**

<b>Year</b>	<b>Actual Revenue</b>	<b>Reported Revenue</b>	<b>Unreported Revenue</b>	<b>Fees Owed</b>
2005	\$594,963	\$346,481	\$248,482	\$17,394
2006	\$678,959	\$361,427	\$317,532	\$22,227
2007	\$436,449	\$271,437	\$165,012	\$11,551
<b>TOTAL</b>	<b>\$1,710,371</b>	<b>\$979,345</b>	<b>\$731,026</b>	<b>\$51,172</b>

As part of this investigation, GLH's president and its bookkeeper were interviewed. Both admitted that revenues were under-reported to MDAD.

*Attached to this final report are the responses submitted by G.L. Heffner Security (Appendix A) and MDAD (Appendix B). No changes were made to this report based upon the responses received.*

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<sup>1</sup> Rounding of numbers was used in each table and throughout this report.

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**FINAL REPORT**

***G.L. Heffner Security Consultants Inc.'s Permit with the Miami-Dade Aviation Department***

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**BACKGROUND**

G.L. Heffner Security Consultants, Inc. (GLH) is a business incorporated in the State of Florida whose sole principal owner is Gary L. Heffner. GLH was issued security service permit number PX-689 by MDAD effective November 19, 1999. This permit was issued pursuant to Miami-Dade Administrative Order No. 8-5 and allowed GLH to provide security services to MDAD tenants. The permit was subsequently renewed on November 1, 2005 under number PC-002785 and again on April 1, 2007 under number PC-003252. These are the only three permits under which GLH has operated at MIA.

In consideration for being issued a permit, GLH is required to pay a seven percent (7%) fee on all of its gross revenues generated from MDAD tenants. Remittance of this fee is made on a monthly basis to MDAD and is submitted with a monthly revenue report prepared by GLH. The monthly report lists all gross revenues received from each airport tenant and is signed and attested to by a corporate officer. For the period relevant to this investigation, the monthly reports were signed by Ms. Connie Meras as the company's Secretary/Treasurer. Ms. Meras did hold that position in the past, however, since January 2006 she has not been listed as a corporate officer even though she continued to prepare and sign the monthly revenue reports. As illustrated in each of the monthly reports, the computation of monthly gross revenue is based on the GLH's invoiced amounts to each of its MDAD clients for that month.

**INVESTIGATION**

Related to an on-going effort, the OIG had previously requested a host of MDAD tenants (airlines, etc.) to provide us with information as to which companies they were using for security services and the amounts that they have paid for these services. Through these efforts, we were able to identify those tenants utilizing the security services of GLH.

The OIG requested that MDAD furnish copies of all monthly revenue reports filed by GLH since January 2005. Our investigation covered 32 months, through August 2007. GLH's monthly reports for the period reviewed identified its clients as Mexicana Airlines, Commercial Jet, Inc., and Lufthansa Airlines. This matched the tenants previously identified by the OIG as GLH clients. We then attempted to match the amounts reported by GLH to MDAD against the amounts the airlines reported to us.

Regarding GLH's client Lufthansa Airlines, we found minimal discrepancies amounting to only a few hundred dollars for the period reviewed. As such, we determined that the variance amount was insignificant to warrant additional investigation.

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Regarding the other two clients, Commercial Jet and Mexicana Airlines, the discrepancies between the total amounts reported by GLH and the total amounts we arrived at (based on materials submitted by the airlines) were significant enough to warrant additional investigation.

We examined the GLH invoices received by the Commercial Jet and Mexicana Airlines, as well as their payments to GLH. For Commercial Jet, GLH only reported 55% of its total gross revenues. For Mexicana Airlines, GLH only reported 42% of its total gross revenues.

**TABLE 2: GLH's Actual vs. Reported Amounts for Commercial Jet**

<b>COMMERCIAL JET</b>	<b>ACTUAL</b>	<b>REPORTED</b>	<b>UNREPORTED</b>
2005	\$247,683	\$163,679	\$84,004
2006	\$307,436	\$150,420	\$157,016
2007	\$204,067	\$101,894	\$102,173
<b>TOTAL</b>	<b>\$759,186</b>	<b>\$415,993</b>	<b>\$343,193</b>

**TABLE 3: GLH's Actual vs. Reported Amounts for Mexicana Airlines**

<b>MEXICANA AIRLINES</b>	<b>ACTUAL</b>	<b>REPORTED</b>	<b>UNREPORTED</b>
2005	\$237,373	\$72,896	\$164,477
2006	\$266,842	\$106,326	\$160,516
2007	\$160,479	\$97,640	\$62,839
<b>TOTAL</b>	<b>\$664,694</b>	<b>\$276,862</b>	<b>\$387,832</b>

***OIG Interview of Mr. Gary Heffner***

Mr. Gary Heffner was interviewed on two occasions by the OIG. Mr. Heffner stated that discrepancies pertaining to revenue reported for Mexicana Airlines were likely related to airline catering security functions performed by GLH off MIA property. Mr. Heffner further explained that GLH routinely bills Mexicana Airlines separately for this work, which is designated and invoiced as "kitchen" and which is not included in the monthly revenue report to MDAD. Mr. Heffner stated that he was unaware of the requirement to include income generated from services performed off MIA property. He further contended that this requirement places his company in an inequitable position as compared to non-permittee security companies providing the same services

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***G.L. Heffner Security Consultants Inc.'s Permit with the Miami-Dade Aviation Department***

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off airport property. Regarding revenues from Commercial Jet, Mr. Heffner further acknowledged that GLH's bookkeeper might not have reported all of the revenue generated from this client.

***OIG Interview of Ms. Connie Meras***

Ms. Connie Meras was interviewed by the OIG in the presence of GLH's attorney. She stated that she performed both the functions of accounts receivable and accounts payable for GLH for seventeen years. She also served as Secretary/Treasurer of GLH until January 2006. Ms. Meras acknowledged preparing the monthly revenue reports and identified her signature on the reports. Ms. Meras stated she calculates the company monthly revenue by adding the pre-tax amounts invoiced for each month. Revenue reports are prepared from the invoices for the exact month billed (i.e., invoices for the 1<sup>st</sup> through the 15<sup>th</sup> and invoices from the 16<sup>th</sup> through the end of the month are on one revenue report). Ms. Meras stated she received no instructions pertaining to which work was performed on airport property and which was performed off-site. Ms. Meras stated she has never spoken with any representative of MDAD regarding the subject of reportable revenue.

**Commercial Jet Revenue**

Ms. Meras, with the concurrence of GLH's attorney, admitted errors were made concerning the reporting of revenue generated from the services performed for Commercial Jet. She explained that Commercial Jet occupied the same physical facilities formerly occupied by Fine Air, which is located at a warehouse adjacent to, but off, MIA property. GLH had previously performed some work for Fine Air, which was not reportable revenue under the terms of the permit. Ms. Meras stated she did not include a portion of revenue paid by Commercial Jet because she assumed it was performed at the old Fine Air warehouse. Ms. Meras stated that Commercial Jet invoices designated with "SP" were not reported due to this error. Ms. Meras stated that she did not communicate with Mr. Heffner to ascertain if the work was reportable revenue. The OIG review of the Commercial Jet invoices determined that the unreported revenue was, in fact, derived from the invoices with the "SP" designation.

**Mexicana Airlines Revenue**

Ms. Meras stated she was unaware that duties performed for the "baggage room" were on MIA property and did not include this amount as reportable revenue until February 2007. Additionally, she admitted that she did not report revenue generated from security provided to the catering service, which was separately invoiced to Mexicana Airlines under the category of "kitchen." Ms. Meras stated she was explicitly instructed by Mr. Heffner to

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*G.L. Heffner Security Consultants Inc.'s Permit with the Miami-Dade Aviation Department*

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exclude this amount from reportable revenue. GLH's attorney explained that they dispute the validity of reporting revenue generated from services performed off MIA or other County property.

**TABLE 4: Combined Unreported Gross Revenues**

YEAR	COMMERCIAL JET, INC.	MEXICANA AIRLINES	UNREPORTED GROSS REVENUES	ADDITIONAL PERMIT FEES OWED TO MDAD
2005	\$84,004	\$164,477	\$248,481	\$17,394
2006	\$157,016	\$160,516	\$317,532	\$22,227
2007	\$102,173	\$62,839	\$165,012	\$11,551
<b>TOTAL</b>	<b>\$343,193</b>	<b>\$387,833</b>	<b>\$731,026</b>	<b>\$51,172</b>

The OIG's review of invoices provided by Mexicana Airlines and Commercial Jet, Inc. disclosed that GLH charged the same hourly rate for security services regardless of the location. A downward variance in rates (i.e., a less expensive rate) is usually customary when airport clients bill for services that are not subject to permit fees or the living wage. However, GLH provided no such rate variation despite Mr. Heffner's contention that the revenue generated from catering-related security was not subject to the permit fee and, thus, not required to be reported. The OIG's examination of GLH's Mexicana Airlines invoices disclosed that only those designated as "security" were included in GLH's monthly revenue reports until February 2007. In other words, the amounts of those invoices coded as "kitchen" and "baggage" were not reported. However, in February 2007, GLH started to include the invoiced amounts for security services related to "baggage." Security services related to "baggage" do not take place off MIA premises, and thus the distinction between off-site versus on-site has no bearing. Gross revenues derived from "kitchen" security services continued to remain unreported.

**CONCLUSION**

We conclude that GLH substantially under-reported its actual gross revenues generated from MIA-related security activities regulated by permit. The investigation revealed that GLH failed to accurately report revenue from two of MDAD's tenant airlines by 43%. The under-reported revenue totaled \$731,026, thereby resulting in GLH's failure to pay MDAD an additional \$51,172 in fees owed. *It is strongly recommended that MDAD initiate collection efforts for the additional fees owed, including interest.*

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***G.L. Heffner Security Consultants Inc.'s Permit with the Miami-Dade Aviation Department***

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While GLH continues to dispute the validity of the requirement to report catering-related security services performed at locations off MIA property, MDAD has consistently maintained that all permittees generating revenue related to MIA operations are required to report such revenue regardless of location. The basis for this requirement is that the affiliation with MIA generated the need for such services.

***It is apparent that there is a need for MDAD to develop a system to identify which permittees provide catering-related security services, as well as other types of security services that take place off MIA premises.*** In light of these findings and through a similar OIG investigation of another security services permittee, we suspect that other companies are not including these gross revenue amounts in their monthly reports; and, perhaps, there may be some companies that are providing this type of service without a permit at all.

Finally, permits are required to be renewed on an annual basis. GLH had only obtained three permits over the course of eight years. ***MDAD needs to ensure that the proper procedures for the issuance and timely renewal of permits are followed.***

**RECOMMENDATIONS**

1. The OIG recommends that MDAD take all necessary action to recoup the additional fees owed by GLH (\$51,172), including assessing interest.
2. The OIG recommends that MDAD put in place a system to identify and monitor permittees that provide catering-related security services, as well as other types of security services that take place off MIA premises, to ensure that permittees are accurately reporting their gross revenues from these activities.
3. The OIG recommends that MDAD enforce the issuance and timely renewal of permits.

***The OIG requests that MDAD provide us with a follow-up report in 90 days regarding the status of our recommendations. The OIG would appreciate receiving this report on or before May 7, 2008.***

**MIAMI-DADE COUNTY**  
**OFFICE OF THE INSPECTOR GENERAL**



**OIG APPENDICES**

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**Final Report**

**G.L. Heffner Security Consultants Inc.'s Permit with the  
Miami-Dade Aviation Department to Provide Security Services**

**IG 07-63**

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February 6, 2008

LAW OFFICES

**FEILER & LEACH, P.L.**

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January 21, 2008

Hon. Christopher R. Mazzella  
Inspector General  
Miami-Dade County  
19 W. Flagler St. #220  
Miami, FL 33130  
via mail and fax (305) 579-2656

RE: *G.L. Heffner Security*  
*OIG Draft Report IG07-63*

Dear General Mazzella:

I represent G.L. Heffner Security Consultants, Inc. ("GLH") in connection with this matter. I have received the Draft Report prepared by your investigators, both of whom I have met with and spoken with during the course of this investigation, and this letter shall serve as GLH's response to same. I am respectfully requesting that you include this response in your final report to the Miami-Dade Aviation Department ("MDAD").

**BACKGROUND**

At the outset it is important to note that GLH has been fully cooperative throughout this matter. GLH values its relationship with MDAD, and when GLH became aware that it had inadvertently under reported revenues, steps were promptly taken to calculate the shortfall and to correct the errors that led to the problem. GLH is happy to pay the amounts due that were inadvertently miscalculated, with the exception of kitchen revenues as discussed below.

When GLH was first apprized of the investigation, it immediately conducted a comprehensive self audit, and when we first met with your agents, we gave them more information than they requested and pointed out revenue shortfalls that we discovered that were not a part of the inquiry.

**REVENUE SOURCES**

The investigators' report claims \$731,026.00 in unreported revenue. The revenues at issue here were derived from two GLH clients – Mexicana Airlines and Commercial Jet, Inc. Commercial Jet occupies space previously occupied by the now defunct Fine Air. Mexicana has a bag room on airport premises, and a kitchen that is off of the airport property. GLH believes that revenues from the kitchen are not subject to the seven percent fee, based on the express language of the permit, as

APPENDIX A

Christopher Mazzella  
RE: GLH Security  
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discussed below. Those revenues constitute a significant percentage of the revenues at issue in this matter. The reasons for the shortfall will be discussed individually.

**Commercial Jet:**

Revenues from Commercial Jet As stated above, Commercial Jet occupied space directly adjacent to space formerly held by Fine Air (which GLH also serviced). The Fine Air property was off MIA premises and not subject to the permit. GLH's bookkeeper, Connie Meras, inadvertently categorized Commercial revenues in the same category as Fine Air. Revenues for 2005-7 totaled \$343,193. This error was rectified and GLH acknowledges liability for the seven percent fee due to the MDAD.

**Mexicana Bag Room:**

Mexicana Airlines has two facilities where GLH provides services. There is a baggage handling room on MIA premises, and a kitchen that is completely off of MIA premises. GLH has never considered kitchen revenue to be subject to the permit, as discussed below, and it is my understanding that multiple vendors take this position. Ms. Meras had lumped the bag room revenues in with the kitchen revenues; in February 2007, Mr. Heffner discovered this, and instructed Ms. Meras to report the bag room revenues pursuant to the permit. This discovery was made, and the instructions given, well before GLH was aware of any investigation.

Unreported bag room revenues totaled \$156,063.21. GLH acknowledges responsibility for the seven percent fee due to MDAD on this amount.

**Kitchen Revenue:**

As noted above, Mexicana's kitchen is off airport property. GLH has never reported those revenues and takes the position that they are not subject to the terms of the permit. Unreported kitchen revenues to date total \$212,444.48.

The Security Services Permit has unequivocal language that it applies to "Security Services for airlines and tenants *at Miami International Airport.*" (c.s.) The permit, at page 6, calls for payment by the Permittee of a fee of seven percent "of all gross revenues arising from the operation of its business *at Miami International Airport.*" (c.s.) There is no language whatsoever that extends the term of the permit to operations off airport property. Indeed, it is known to GLH that several vendors utilize personnel at off-premise locations without paying them the living wage that MDAD requires (although GLH does not do so). The investigators comment regarding the lack of rate variance is misguided - because GLH does in fact pay living wage to its employees, even off-site, it cannot reduce the rate.

We respectfully continue to dispute the applicability of permit fees to off-site work and we welcome

Christopher Mazzella  
RE: GLH Security  
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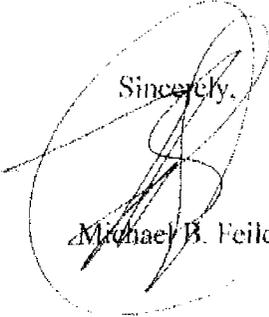
a dialogue in that regard.

**CONCLUSION**

GLH acknowledges liability for permit fees on \$518,582.00 of revenue, or a total fee of \$36,300.74. I welcome edification on payment mechanisms as to this liability. We do contest the kitchen revenues and are willing to discuss how that issue can be resolved.

The under reported revenues herein were as a result of oversight and inadvertence and GLH accepts full responsibility for them. GLH has been forthright and proactive in this matter, and is willing to work with MDAID to the fullest extent possible to ensure that future problems are avoided. GLH greatly values its relationship with MDAID and looks forward to a continued successful partnership.

Sincerely,



Michael B. Feiler

MBF/acv

# Memorandum



**Date:** January 31, 2008  
**To:** Christopher Mazzella, Inspector General  
**From:** José Abreu, Aviation Director  
**Subject:** **G.L. Heffner Security Consultants, Inc. Permit with the Miami-Dade Aviation Department - OIG Draft Report - IG07-63**

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The Miami-Dade Aviation Department (MDAD) concurs with the findings of the Office of the Inspector General (OIG), which concluded that G.L. Heffner Security Consultants, Inc. underreported revenue totaling \$731,026 during the period January 2005, through August 2007, and therefore failed to pay MDAD \$51,172 in fees pursuant to its permit.

Upon receiving the final report of the OIG, MDAD shall pursue the collection of the outstanding fees and the related interest.

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APPENDIX B