



Memorandum



Miami-Dade County Office of the Inspector General
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To: Joe Arriola, Chairman
and Members, Public Health Trust of Miami-Dade County
Carlos Migoya, President & CEO, Jackson Health System

From: Mary T. Cagle, Inspector General 

Date: November 6, 2015

Subject: Jackson Health System HVAC Contractor Arrested, Ref. IG15-19

Ricardo Villaverde, a.k.a. Richard Villaverde (Villaverde), President of CT Mechanical Co. (CT Mechanical), and long-time Jackson Health System (JHS) HVAC contractor was arrested today after a joint investigation by the Miami-Dade Office of the Inspector General (OIG) and the Miami-Dade State Attorney's Office. Villaverde, as President of CT Mechanical, submitted a bid for the replacement of Air Handler #9 at Jackson Memorial Hospital that contained the forged signature of the president of a Community Small Business Enterprise (CSBE) firm. The JHS Invitation to Bid included CSBE program measures and interested bidders were required to submit a *Schedule of Intent Affidavit* along with their bid. The *Schedule of Intent Affidavit* identified the subcontractor that the bidder intended to utilize on the project and required the signature of a representative from the subcontractor firm.

CT Mechanical's bid package contained the necessary paperwork and it was deemed the lowest responsive bidder. CT Mechanical was awarded the contract of \$448,500 for the Air Handler Unit #9 Project (AHU #9), Bid 12-10592-KG. The contract award was later amended to \$484,817, via a change order.

In reviewing other issues surrounding CT Mechanical's performance at Jackson, the OIG was alerted by JHS to the fact that the Small Business Development Division of the County's Internal Services Department was finding irregularities in CT Mechanical's paperwork as it related to the contract's CSBE requirement. We quickly learned that SBD had issued a *Notice of Intent to Violate* to CT Mechanical and shortly thereafter, on April 3, 2015, issued a formal *Notice of Violation* to CT Mechanical for attempting to comply with the program requirements "through fraud, misrepresentation, or material misstatement and for not meeting the SBE-Construction Goal."

The OIG investigation determined that the *Schedule of Intent Affidavit* submitted by Villaverde as part of the bid was fraudulent. The OIG investigation found that Villaverde submitted the affidavit listing RC Construction & Investment Inc., (RC Construction) as his certified CSBE subcontractor to receive 11% of the total contract award. The *Schedule of Intent Affidavit* contained the purported signature of RC Construction's president. During the course of the project, Villaverde ignored repeated requests for copies of the agreement between CT Mechanical and RC Construction. Villaverde also failed to provide project-required certified

payrolls and *Monthly Utilization Reports* as requested by the SBD Contract Compliance Officer.

A request by SBD to the listed CSBE subcontractor, RC Construction, for its documentation uncovered the fraud. RC Construction had not agreed to be CT Mechanical's certified CSBE subcontractor on the air handler replacement project. Furthermore, the *Schedule of Intent Affidavit* contained the forged signature of RC Construction's president, Ricardo Cabrera.

This investigation is not the first OIG investigation into CT Mechanical's work at JHS. In 2010, the OIG released a report finding that CT Mechanical did not obtain permits for much of the HVAC work it performed at the JMH Main Campus during 2009-2010.¹ The 2010 OIG review also found that CT Mechanical was awarded work through bid waivers and emergency awards when CT Mechanical did not have a pre-existing contract with JHS. At that time, CT Mechanical received the work at the expense of two CSBE contractors. In this investigation, CT Mechanical again received work at the expense of a CSBE contractor. CT Mechanical did not have, as required, a CSBE certified subcontractor perform and receive 10% of the contract price.

The OIG appreciates that JHS has been very receptive to our on-going contract oversight efforts and that they forward their concerns to us for further scrutiny and investigation. We would like to thank both staff at JHS and SBD for their close cooperation throughout this investigation.

Attached is a press release with additional information about today's arrest.

cc: Hon. Carlos A. Gimenez, Mayor, Miami-Dade County
Hon. Jean Monestime, Chairman
and Members, Board of County Commissioners, Miami-Dade County
Isa Nunez, Vice President, Facilities Design and Construction, JHS
David Clark, Corporate Director of Facilities Construction and Design, JHS
Rosa Costanzo, Vice President & Chief Procurement Officer, JHS
Gary Hartfield, Assistant Director, Small Business Development Division, ISD
Alice Hidalgo-Gato, Section Chief, Small Business Development Division, ISD
Cathy Jackson, Director, Audit and Management Services Department
Charles Anderson, Commission Auditor

¹ OIG Final Report Re: *Review of CT Mechanical Company Obtaining Bid Waivers and Emergency Awards at Jackson Memorial Hospital* Ref. IG10-63
[http://www.miamidadeig.org/Reports2011/10.63CTbidWaiversReport.pdf#search="CT Mechanical"](http://www.miamidadeig.org/Reports2011/10.63CTbidWaiversReport.pdf#search=)



KATHERINE FERNANDEZ RUNDLE

STATE ATTORNEY

**ELEVENTH JUDICIAL CIRCUIT
IN AND FOR MIAMI-DADE COUNTY**



FOR IMMEDIATE RELEASE

Jackson Health System Contractor Arrested

Miami (November 6, 2015) As a result of a joint investigation by the Miami-Dade County Office of the Inspector General (OIG), and the Miami-Dade State Attorney's Office (SAO), Ricardo Villaverde, a.k.a. Richard Villaverde (Villaverde), President of CT Mechanical Co., an HVAC contractor on multiple Jackson Health System projects, was arrested today. Villaverde was charged with Forgery and Uttering a Forged Instrument, for submitting a fraudulent document to obtain a contract worth over \$400,000 for the replacement of an air handler unit at Jackson Memorial Hospital.

The OIG investigation began after receiving information from Jackson Health Systems (JHS). JHS found irregularities and non-compliance issues pertaining to CT Mechanical's required use of a Community Small Business Enterprise Program (CSBE) subcontractor. The Air Handler Unit # 9 Replacement Project contract awarded to CT Mechanical had a ten percent CSBE utilization requirement. CSBE requirements are placed on bidders to ensure that a minimum amount of work is awarded to small contractors located within the County and certified through the Miami-Dade Small Business Development Division (SBD). Firms bidding on this contract were required to pledge through a *Schedule of Intent Affidavit* that they would subcontract at least 10 percent of the work to the identified CSBE firm named in the Affidavit.

The OIG investigation found that Villaverde, as President of CT Mechanical, submitted a bid package containing a *Schedule of Intent Affidavit* listing RC Construction as the CSBE certified subcontractor. CT Mechanical was awarded the contract as the lowest responsive bidder. The total contract amount, as later amended, was \$484,817. Despite repeated requests from SBD, Villaverde failed to submit project compliance documents, including an agreement between CT Mechanical and its purported CSBE subcontractor. No documents could have been provided since RC Construction, although a certified CSBE, had not agreed to be CT Mechanical's subcontractor. The OIG found that the *Schedule of Intent Affidavit* submitted by Villaverde contained the forged signature of RC Construction's president. CT Mechanical did not have any other CSBE certified subcontractor perform and receive 10% of the contract price.

"The goal of the Community Small Business Enterprise Program (CSBE) is to allow our minority business community access to government contracts so often criticized as being monopolized by large conglomerates and corporations," commented State Attorney Katherine Fernandez Rundle. "By submitting false documents of compliance, Mr. Villaverde not only lied to his governmental employers, who really are the people of Miami-Dade County, but he deliberately

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closed an economic door of opportunity to a struggling small minority business. Such cheating cannot be tolerated.”

“Villaverde’s diversion of work from the CSBE program not only has a direct impact to our local CSBE certified contractors, it also undermines the laudable policies and goals of the CSBE program and the accountability and transparency that should be a part of public procurement,” stated Inspector General Mary T. Cagle.

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