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Office of the Inspector General
Miami-Dade County

Memorandum

To: The Honorable Alex Penelas, Mayor

The Honorable Chairperson Barbara Carey-Shuler, Ed. D.
and Members, Board of County Commissioners

From: Christopher Mazzella,
Inspector General

Date: September 3, 2003

Re: Additional Arrests Made in Building Inspection Fraud Investigation

For your information, I am attaching a news release issued by my office today announcing the arrests of two more individuals in connection with a building code inspection fraud. Last week, we made the first arrest in this matter. As I mentioned to you, the OIG investigation is focusing on a widespread scheme by former and current County employees, contractors, and others to obtain false certificates of completion and/or occupancy. We anticipate that some dozen arrests will be made in the next several months. The Planning & Zoning and Building Departments are assisting the OIG in this matter.

cc: Mr. George M. Burgess, County Manager
Mr. Charles Danger, P.E., Director, Building Department
Ms. Diane O'Quinn-Williams, Director, Planning & Zoning Department
Mr. Herminio Gonzalez, P.E., Director, Building Code Compliance

Clerk of the Board (copy filed)



News Release

More Building Code Arrests

The Office of the Inspector General (OIG) announced today that two additional individuals will be arrested as a result of its expanding investigation of a scheme by former and current County employees, building contractors, and others to corruptly violate those sections of the South Florida Building Code requiring inspections of newly constructed and/or renovated building structures. Last week, the Inspector General announced it had determined that offenders fraudulently manipulated County systems to obtain Certificates of Completion and/or Occupancy for possibly hundreds of residences and businesses without obtaining proper permits or conducting mandated inspections as required by the Building Code. The Inspector General indicated that he expects at least a dozen arrests will be made in this case. Thus far, three arrests have been made.

Those to be arrested today are both Miami-Dade County residents. They are Gilberto Roberto Cerda, Jr., age 38, and Jose Losa, Sr., age 59. Cerda is the President of FMG, Inc., located at 14169 S.W. 130th Court, Miami, Florida and is in the business of project management for residential and commercial construction. He is charged with Grand Theft and Official Misconduct. Losa is the President of JAL Consultants, which is located at 10876 S.W. 24th Terrace, Miami, Florida. He is also a Commissioned Notary Public. Losa, Sr. is also charged with Official Misconduct, as well as Notary Fraud.

According to affidavits filed by Special Agents of the OIG, John and Barbara Fogg (the Fogs) are the owners of property located in Southwest Miami-Dade County. In 1994, the Fogs constructed an airplane hanger on their property. In late 1998, the Fogs decided to further develop the hanger by attaching a single-family residential addition and hired Cerda to be their construction manager and developer. In May 1999, Cerda initially hired Jimmy L. Frailey as the Certified General Contractor to do the construction on the addition. However, after several months Frailey was terminated,

and Cerda hired JAL Consultants, Inc., and Jose Losa, Jr. as the General Contractor. Losa, Jr. is the licensed contractor for JAL Consultants.

Cerda's primary duties included obtaining building permits and scheduling inspections. The Foggs paid Cerda over \$130,000 for his services, including a final payment of \$18,000 in September 2002, after they were issued a Certificate of Completion for their residence. According to the arrest affidavit, Cerda fraudulently obtained the Certificate of Completion from the Building Department with the assistance of a County employee who facilitated the fraud. As it turned out, required inspections under the electrical, plumbing, mechanical and building permits had not been performed and the Certificate of Completion should not have been issued.

The affidavit also alleges that Cerda attempted to cover up his fraudulent misdeeds after the Planning and Zoning Department, at the request of the OIG, issued notices to the owners of suspected structures requiring them to provide proof of proper inspections at the time of construction. The cover-up involved the June 2, 2003 filing of an application for a building permit by JAL - Jose Losa, Jr., which contained the notarized signature of John Fogg, the owner of the property. The Notary Public on that document is listed as Jose A. Losa, Sr. The OIG investigation established that John Fogg did not sign this application.

The affidavit also states that there are more than a dozen other residential properties in Miami-Dade County where it appears Cerda and/or Losa, Jr. and/or Losa, Sr. obtained fraudulent Certificates of Completion from a corrupt Planning and Zoning Department employee.

Inspector General Christopher Mazzella continued to express his appreciation for the cooperation and assistance provided to his office by the Planning and Zoning Department and the Building Department.

Copies of the arrest warrant and arrest affidavits are available at the Inspector General's Office, 19 West Flagler Street, Suite 220, telephone number (305) 375-1946 and at the State Attorney's Office, c/o Ed Griffith, 1350 N.W. 12th Avenue, telephone number (305) 547-0532.

Jose Losa, Sr. surrendered to the State Attorney's Office at 11:00 a.m. today and was booked into the Dade County Jail by State Attorney Investigators. Cerda is expected to surrender to the Inspector General at 1:00 p.m.