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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: June 26, 2003

Re: Arrest of Guillermo Joaquin Freixas

The purpose of this memorandum is to inform you about the arrest of a well-known lobbyist and consultant, Guillermo Joaquin Freixas, aka, Billy Freixas. As you may recall, several months ago Freixas was charged with defrauding the American Express Credit Card Company of over \$140,000. Today's arrest is the result of an investigation by the OIG and the Miami-Dade County State Attorney's Office that determined that Freixas pocketed hundreds of thousands of dollars given to him as a lobbyist from companies seeking business in Miami-Dade County. Freixas represented to his clients that this money would be used to buy expensive gifts and lavish dinners for public officials. The OIG investigation revealed that, for the most part, Freixas pocketed this money for himself. Indeed, public officials did not receive any gifts as this lobbyist used the money for himself. Freixas funneled the money paid to him through several corporate bank accounts he controlled.

Above all, I must, unfortunately stress that this case highlights the discouraging persistence of the perception that public officials must somehow be rewarded as a quid pro quo for doing business in Miami-Dade County. This perception is evident because prominent companies that hired Freixas as their lobbyist willingly gave him exorbitant amounts of money to buy expensive gifts for public officials and to wine and dine them at upscale restaurants in New York City, Miami-Dade County and Spain, even though such conduct would have been clearly inappropriate and illegal.

So what should be done to reinvigorate the public's confidence in its government? The numerous measures promulgated by the Commission and County management that focus on procurement related reform are extremely important. And certainly exposing the misdeeds of lobbyists like Billy Freixas will help. But I am concerned that we may have other self-proclaimed influence peddlers and lobbyists out there who are also victimizing and sullyng the reputations of County officials without their knowledge, thus further solidifying the adverse perceptions about County government.

To help remedy this situation, I respectfully recommend that the Board revisit enacting legislation requiring County lobbyists to disclose their lobbying fees, including success, contingency, and retainer fees, and lobbying expenses regardless of who ends up ultimately paying for the expense. This legislation should also require all County contractors and vendors to disclose any expenses incurred in acquiring County contracts or work. Expenses in this regard include (1) payments to lobbyists and/or consultants, (2) any arrangements with any unrelated individuals or entities pertaining to the sharing of any profits, fees or compensation, i.e., success or contingency fees, received from or in relation to the engagement, and (3) any other payments or expenditures made to or for any County official or employee, i.e., gifts, travel, and meals, irrespective of the purpose or reason for the payment or expenditure. These expense-reporting requirements must stay in effect for the duration of the contract.

Allow me to make one more comment before concluding. Transparency in the conduct of public business is absolutely necessary to level the playing field and diminish any adverse perceptions that one must influence public officials to get a County contract. The best way to achieve this transparency is to require contractors and vendors who seek County business to fully report their expenses, including fees, payments, and gifts. Arguments against disclosure based upon the premise that such enactments would intrude upon "private business affairs" do not hold weight against the irreparable harm that can and is being caused by these ill-conceived perceptions.

For your additional information, the OIG investigation into this matter is continuing. We have also referred other aspects of this matter to appropriate Federal authorities.

cc: Ethics Commissioners
Hon. Katherine Fernandez Rundle, Miami-Dade County State Attorney
Mr. George Burgess, County Manager
Ms Angela Gittens, Director, Aviation Department
Mr. Robert Meyers, Executive Director, Ethics Commission
Mr. Bill Johnson, Assistant County Manager
Mr. Pete Hernandez, Assistant County Manager
Mr. Eric McAndrew, Chief Legislative Analyst, Board of County Commissioners

Clerk of the Board (Copy Filed)