

Biscayne Building
19 West Flagler St., Suite 220
Miami, FL 33130
Phone: (305) 375-1946
Fax: (305) 579-2656
www.miamidadeig.org

**Office of the Inspector General
Miami-Dade County**

Memorandum

To: The Hon. Alex Penelas, Mayor

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

From:  Christopher Mazzella
Inspector General

Date: November 15, 2004

Re: Arrest of Addie C. Stewart, Former Executive Director of Rainbow Beginning Ministries & Herval E. West, an unlicensed mortgage broker

Attached is a news release relating to the arrests of the former executive director of the Rainbow Beginning Ministries (Rainbow) and a mortgage broker on fraud related charges concerning the misappropriation of County funds awarded to Rainbow through the Homeless Trust and the Office of Community and Economic Development (OCED).

Rainbow was founded in 1995 by its former executive director, Addie C. Stewart, to provide assistance to the homeless. In 1999, the County awarded Rainbow \$54,000 to purchase a piece of property owned by Stewart that would, thereafter, be used as a homeless shelter. After the purchase, Stewart, with the assistance of Herval E. West (West), an unlicensed mortgage broker, quitclaimed the property back to herself (Stewart) and, thereafter, obtained two loans, one for \$65,000 which thereby encumbered the property that Rainbow had purchased for a homeless shelter with County funds. She used this money to pay off personal debts. She later secured a second loan for \$115,000 on another piece of property, using false information in her loan application about the Rainbow property.

Both Stewart and West were charged with multiple counts of grand theft. West was also charged with multiple counts relating to mortgage fraud.

Around July 2003, the County terminated its funding support to Rainbow. The Homeless Trust brought this matter to the attention of the OIG and, as did OCED, cooperated fully throughout the course of the investigation.

cc: Mr. George Burgess, County Manager
Mr. Tony Crapp, Assistant County Manager
Mr. David Raymond, Director, Homeless Trust
Mr. Bryan Finnie, Director, Office of Community and Economic Development
Ms. Cathy Jackson, Director, Audit & Management Services

Clerk of the Board (Copy Filed)



OFFICE OF THE INSPECTOR GENERAL
MIAMI-DADE COUNTY

Homeless Trust Defrauded of Thousands of Dollars Homeless Ministry Founder Arrested

The former director of Rainbow Beginning Ministries (Rainbow), an organization chartered to help the homeless, and a mortgage broker were both charged with swindling Miami-Dade County's (the County) Homeless Trust out of thousands of dollars through an elaborate real estate mortgage scheme.

Addie C. Stewart (Stewart), age 54, of Pembroke Pines, Florida, the former executive director of Rainbow, surrendered today for defrauding the County in connection with grants awarded to Rainbow through the County's Homeless Trust and the Office of Community and Economic Development. Havel West, a.k.a. Val West (West), age 65, was also arrested last week (Wednesday night) at his home in Miami, Florida, on related charges.

The Miami-Dade Office of the Inspector General (OIG) and the Miami-Dade State Attorney's Office (SAO) started their investigation of Stewart's and West's alleged misappropriation of Homeless Trust funds in July 2003. Their elaborate fraud scheme is outlined in an affidavit prepared by a Special Agent of the OIG. According to the affidavit, Rainbow Beginning Ministries was founded in 1995 by Stewart as a not-for-profit corporation to provide assistance to the homeless. As its executive director, Stewart, on behalf of Rainbow, sought County funds to help rehabilitate a building owned by Stewart. The building is located at 3290 N.W. 47th Street, Miami, Florida. Stewart wanted Rainbow to purchase this property from her, which then could be used by the organization as a homeless shelter. County and Federal regulations, however, required Stewart to resign her position as executive director to eliminate a conflict of interest, since she controlled Rainbow and owned the property sought to be purchased by Rainbow.

According to the Affidavit, Stewart did resign but never relinquished actual control of Rainbow. After her resignation in January 1999, Rainbow purchased the property in question from Stewart using County and Federal funds of \$54,000. However, later in 1999, with the assistance of West, who at the time was an unlicensed mortgage broker, Stewart used a quitclaim deed to transfer the title/ownership of the property back to her. She then obtained a \$65,000 loan by mortgaging the quitclaimed Rainbow homeless shelter property. In essence, she encumbered the very property that Rainbow had purchased from her with County funds. She used the proceeds of this loan to pay off her personal debts. Later in 2000, with the assistance of West, Stewart obtained another home mortgage loan on a different piece of property in the amount of \$115,000. In connection with the \$115,000 mortgage, Stewart falsely represented that she receives \$2,000 monthly in rental income from the homeless shelter property. West, who had represented himself as a licensed mortgage broker to various lenders, received over \$12,000 in broker fees from the two

loan transactions. In the course of the transactions, he submitted false documents, including tax returns, to lenders to obtain the loans for Stewart.

Stewart and West each have been charged with two counts of Grand Theft. West has also been charged with two counts of Mortgage Fraud, two counts of False Statements in Mortgage Transactions, and two counts of Unlicensed Mortgage Brokering.

In commenting on the arrests, Inspector General Christopher Mazzella expressed his dismay at the callousness of the scheme hatched by Stewart and West. Mr. Mazzella said that their greed ultimately victimized those people in our community that need the most help – the homeless. Mr. Mazzella indicated that his office will pursue recovering monetary losses suffered by the County and redressing any harm caused as a result of these alleged transgressions.

Copies of the arrest affidavit are available at the Office of the Inspector General, 19 West Flagler Street, Suite 220, Miami, Florida, telephone number 305-375-1946, or at the State Attorney's Office, C/O Ed Griffith, 1350 NW 12 Avenue, Miami, Florida, telephone number 305-547-0535. Inspector General Mazzella will be available at the OIG for a media opportunity from 2:00 p.m. to 3:00 p.m.