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**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: July 28, 2004

Re: Arrest of Solid Waste Management Employee

Attached is a news release relating to the arrest of Marcelino Hernandez (Hernandez), a County employee of the Department of Solid Waste Management (DSWM). The continuing OIG investigation into fraud and theft at the County's Resource Recovery Facility has, thus far, led to the arrests of seven individuals.

Hernandez was the County employee in charge of selling coupons from the Department's N.W. 58th Street trailer location. The coupons, sold at face value in denominations of \$1's, \$5's, \$10's and \$20's, were for use as payment by DSWM customers at the Resource Recovery Facility. The investigation uncovered that nearly \$500,000 in stolen coupons are missing from the N.W. 58th Street location where Hernandez worked. Hernandez was selling the coupons to commercial waste tire haulers for as low as 40% below face value and pocketing the cash. Hernandez also requested that a cooperating witness lie to the Court regarding how the witness obtained the coupons.

The investigation continues and additional arrests are expected. Based upon the OIG's suggestions and recommendations the Department has made substantial changes in both personnel and administrative processes. The changes have resulted in a 46% increase in the amount of tires now legitimately being weighed on County scales, which represents an increase of over \$127,000 in revenues in just a three month period. The OIG recognizes and thanks DSWM for bringing forth the allegations, and having provided invaluable assistance throughout this matter.

cc: Mr. George Burgess, County Manager
Mr. Joseph A. Ruiz, Assistant County Manager
Mr. Robert Ginsburg, County Attorney
Mr. Charles Anderson, Commission Auditor
Mr. Vicente Castro, Assistant Director, Technical Division, DSWM

Clerk of the Board (copy filed)



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

News Release

COUNTY EMPLOYEE ARRESTED IN SOLID WASTE SCAM

The Office of the Inspector General (OIG) and the Miami-Dade County State Attorney's Office (SAO) announced today the arrest of a County employee, in connection with their continuing long-term investigation of fraud and theft at the County's Resource Recovery Facility.

Acting on information provided by the Assistant Director of the Technical Division of the Miami-Dade County Department of Solid Waste Management (DSWM), the OIG and the SAO began an investigation into a scheme by waste tire haulers to cheat the County's waste facility scales to avoid paying disposal fees.

Marcelino Hernandez (Hernandez), age 29, who resides in Miami and is a Miami-Dade County employee of the Department of Solid Waste Management, was charged with one count each of:

- Organized Scheme to Defraud
- Unlawful Compensation
- Grand Theft , and
- Solicitation of Perjury in an Official Proceeding

According to an affidavit filed by a Special Agent of the OIG, Hernandez was employed by the Department of Solid Waste as a cashier assigned to sell coupons used to pay disposal fees. Commercial trash haulers and the public must pay fees for the disposal of waste at County facilities. The fees can be paid using coupons, checks or money orders; no cash is accepted. The Department of Solid Waste sells coupons at face value in denominations of 1's, 5's, 10's and 20's for use at their facilities. The coupons are sold in two locations, one in South Dade and the other at N.W. 58 Street in Miami-Dade County. Coupons can be purchased with checks or money orders but not with cash. A review of the individually numbered coupons sold between June 1, 2002 and April 30, 2004 revealed a total of \$484,250 in coupons missing from the County's inventory. Hernandez was the only employee assigned to sell coupons at the 58th Street location where the missing coupons were delivered for sale.

The affidavit alleges that Hernandez sold the coupons for 20% to 40% below face value to commercial waste tire haulers and pocketed the cash. One of these tire haulers, Mario Mendoza of Mayra's Tire Collection in Miami, cooperated with investigators and admitted

to purchasing coupons with a face value of over \$55,000. Mendoza purchased the coupons from Hernandez well below their face value. The coupons were then used by Mendoza at the County's Resource Recovery Facility to pay his company's waste tire disposal fees. Further, Hernandez urged Mendoza to lie to the Court if questioned about how he obtained the coupons. This conversation between Mendoza and Hernandez was surreptitiously recorded at the direction of the State Attorney's Office.

The State Attorney and OIG investigation also identified other truckers who purchased stolen coupons from Hernandez. To date, the investigation has uncovered that Hernandez has received as much as \$52,000 in illegal proceeds from the sale of stolen coupons from Mendoza and others. The investigation tracing the nearly \$500,000 in stolen coupons is continuing.

State Attorney Katherine Fernandez Rundle and Inspector General Christopher Mazzella emphasized that their offices are committed to investigating and rooting out corruption at all levels of County government. To date, the investigation has uncovered several County employees receiving cash from businesses to circumvent disposal fees by by-passing scales using County trucks. The investigation also revealed that several commercial waste tire haulers fraudulently inflated their truck's "empty weight" in order to hide the actual weight of tires they were disposing of to avoid paying disposal fees. Thus far, with the arrest of Hernandez, seven individuals have been arrested and are facing charges.

As a result of the investigation, significant reforms have been implemented by the Department of Solid Waste relative to the operation of its Resource Recovery Facility. According to the Department of Solid Waste, the amount of tires now legitimately being weighed on County scales has increased 46%, which represents an increase of over \$127,000 in revenues in just a three month period. This increase is directly attributable to the reforms instituted by the Department as a result of this investigation.

The Inspector General noted that corruption hurts all citizens who rely and depend on the County to provide efficient and needed services. The investigation continues and additional arrests are expected.

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

Media Opportunity – Inspector General Mazzella will be available for a media opportunity today, between 1:30 p.m. and 4:00 p.m., at the OIG office.