



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

**CON-ARTIST CHARGED FOR DEFRAUDING COURT SYSTEM
AND STEALING COUNTY MONEY**

The Office of the Inspector General (OIG) and the Miami-Dade State Attorney's Office (SAO) announced today the filing of fraud, theft, and practicing law without a license charges against Veronika Smith-Riley (Smith-Riley), age 31, of Miami-Dade County, following joint investigations into two diversified schemes by Smith-Riley to defraud the Miami-Dade County court system and the Miami-Dade County Child Care Assistance Program of thousands of dollars.

On June 10, 2004, Judge Jon Gordon of the Eleventh Judicial Circuit contacted the SAO regarding his belief that a possible fraud was being perpetrated against the court through the filing of forged motions, which caused the Clerk of the Court to inappropriately release thousands of dollars to Smith-Riley. The OIG along with the SAO immediately began its investigation, which resulted today in the filing of fraud-related charges against Smith-Riley. Smith-Riley was already a principal target of a separate OIG/SAO investigation focusing on the theft of funds from a County assistance program at the time Judge Gordon contacted the SAO. Smith-Riley, who is on felony probation for three cases involving fraud, was arrested on June 22, 2004, at the Court Clerk's office for violating probation.

DADE COURT SYSTEM INVESTIGATION

The Miami-Dade Court system investigation revealed that Smith-Riley, through her property management company, S. & R. Financial and Property Services, Inc., 9730 E. Hibiscus Street, Miami, Florida had been filing fraudulent and sometimes forged motions for the disbursement of surplus proceeds resulting from residential foreclosure sales. By way of background, in foreclosure proceedings the Clerk of the Court sells a specific property to satisfy the holder of a mortgage and/or other lien holders or creditors. Often, when the property is sold, the sale proceeds exceed the debt on the property and this excess or surplus money is supposed to be disbursed to the property owner.

In her scheme, Smith-Riley targeted disadvantaged individuals who were unaware that surplus funds existed after the foreclosure of their homes. Smith-Riley sought to have the surplus funds generated from the sale of their properties disbursed to her by filing fraudulent and forged motions with the court. Smith-Riley falsely claimed that she was acting on behalf of the unsuspecting property owners and, in some cases, represented that

she had the power of attorney of the property owners. The property owners not only had not given authority to Smith-Riley to act on their behalf, but were, in some cases, unaware of the existence of the surplus funds or of their entitlement to the money. In one case, a 63-year-old nurse's aide struggling to make ends meet could no longer afford her mortgage and lost her home to foreclosure. She was unaware of any surplus funds until OIG special agents showed her documents purporting to bear her signature that had been filed in court. Smith-Riley personally picked up from the Clerk's office a check for over \$21,000 representing the surplus funds belonging to the nurse's aide. In another case, a 70-year-old woman was entitled to approximately \$44,000 in surplus funds as proceeds from the foreclosure sale of her home. The OIG investigation revealed that papers filed in court by Smith-Riley were forged. Smith-Riley's attempt to collect the \$44,000 was foiled by Judge Gordon.

Smith-Riley attempted to fraudulently obtain over \$96,000 in surplus funds. Suspicious of the scam that was eventually discovered, Judge Gordon prevented the disbursement of approximately \$58,000. Further investigation confirmed Judge Gordon's suspicions and revealed that Smith-Riley had obtained over \$38,000 by submitting false documents in other cases to other judges.

COUNTY CHILD ASSISTANCE PROGRAM INVESTIGATION

In another unrelated case, Smith-Riley was also charged with one count of Organized Scheme to Defraud and 3 counts of Grand Theft in connection with an investigation begun by the OIG and the SAO prior to notification of the surplus funds scheme.

The OIG and SAO began its investigation into Smith-Riley based on information that Smith-Riley was operating an unlicensed day care center and cheating the County of funds allocated to help low-income families with the costs of day care. The Miami-Dade County Department of Human Services administers a Child Care Assistance Program which provides financial assistance to eligible low-income families for child care. The program pays full or partial tuition to day care facilities for the children of eligible families. The County pays the day care facility directly. Smith-Riley operated the Faith Kingdom Kiddie Care Center from the store front office where S& R Financial Property and Services, Inc., and Trinity Empire Mortgage Corp., another Smith-Riley company, are located. The day care center was never licensed.

Smith-Riley, using the name of Veronika Graham and providing false documentation, received approximately \$4,800 from the County as reimbursement for the day care cost of her own children at her own center despite the fact that, among other things, she was not eligible to receive any subsidy. Additionally, the investigation revealed that Smith-Riley provided others with false employment documents to allow them to qualify for the County subsidy. These documents allowed Faith Kingdom Kiddie Care to illegally receive an additional \$6,300 in tuition payments for a four month period during 2003.

Inspector General Christopher Mazzella, in commenting on the charges brought against Smith-Riley, described her as an indiscriminating lawbreaker who employed refined scams to perpetrate frauds throughout government. Mr. Mazzella was particularly stunned by her brazenness in manipulating the court system to carry out her schemes to victimize helpless and disadvantaged property owners at the time they were most vulnerable. Mr. Mazzella noted that both investigations are continuing and that additional arrests are expected. In particular, the OIG and SAO are broadening their investigation to determine whether Smith-Riley or others used similar schemes to deprive other citizens of their surplus funds.

As noted earlier, Smith-Riley is currently incarcerated for violating the terms of her probation in connection with a 2003 unrelated mortgage fraud conviction. She perpetrated her fraudulent activities on the court while being wanted for probation violation.

Media Opportunity – Inspector General Mazzella will be available for a media opportunity today, July 1, 2004 between 1:30 p.m. and 4:00 p.m. at the OIG office.