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

Memorandum

To: The Honorable Carlos Alvarez, Mayor
The Honorable Chairperson Joe Martinez
Members, Board of County Commissioners

From: Christopher Mazzella
Inspector General

Date: March 8, 2006

Re: *OIG Investigation Yields Substantial Monetary Recoveries*

An investigation commenced by the Office of the Inspector General (OIG) in March 2004 has closed with the successful prosecution of seven individuals involved in various schemes to cheat the County's truck scales at the Department of Solid Waste Management (DSWM) and the recovery of hundreds of thousands of dollars. The OIG investigation, which was initiated as a result of information provided by DSWM, uncovered schemes by waste tire haulers to cheat the County's truck scales; the theft and subsequent resale of DSWM payment coupons by a County employee; and DSWM employees defrauding the County of disposal fees for their own benefit.

The schemes, as uncovered by the OIG investigation, involved cheating the truck scales used by waste tire haulers at the County's Resource Recovery Facility, located at 6990 N.W. 97 Avenue. The County operates the facility and contracts with Montenay-Dade, Ltd. to shred the tires at the facility. The County pays Montenay-Dade, Ltd. based on the recorded amount of waste tires delivered by commercial waste tire haulers. Waste tire haulers are required to weigh their trucks "empty" upon application for a waste tire hauler permit and yearly upon renewal of the permit. Thereafter, each time a load of tires is brought into the County's facility the empty weight of the truck is deducted from the loaded weight. The waste tire hauler, using pre-purchased coupons, then pays the assessed dumping fee of \$75.00 per ton.

The OIG investigation resulted in the arrests of four County employees, Marcelino Hernandez, Robert Whitehead, Joann Favors and Edward McDuffie. Whitehead, Favors and McDuffie were all DSWM employees assigned to collect residential garbage. All three pocketed cash from tire vendors to dump waste tires at the Resource Recovery Facility while using the County's garbage trucks, which are not subject to fees. Marcelino Hernandez (Hernandez), also a DSWM employee, sold the coupons purchased by waste tire haulers to be used as payment at the

Resource Recovery Facility. The OIG investigation revealed that Hernandez was stealing the coupons and selling them for less than face value to waste tire haulers, keeping the stolen proceeds for himself. Almost \$500,000 in stolen coupons was found missing from his office.

In addition to the County employees, three waste tire haulers, Jorge Cuervo, Luis Cuervo and Juan Novoa-Mergorejo were arrested for cheating the County's truck scales. Hundreds of pounds of plywood had been added to the Cuervos' truck and over 5,000 pounds of lead concealed in false gas tanks was added to Mergorejo's truck when the trucks were weighed "empty". This allowed the Cuervos and Mergorejo to underpay DSWM each time they took tires to the Resource Recovery Facility.

All seven were charged by the State Attorney's Office with various crimes as a result of the OIG investigation. A final resolution of all the cases was reached on January 9, 2006, when Hernandez was sentenced to two years community control with electronic monitoring followed by ten years probation. As special conditions of community control and probation, Hernandez was ordered to pay \$60,000 in restitution to DSWM while on probation and an additional \$33,770 in restitution as a criminal order of restitution, forfeit pension and leave time, have no government employment while on probation, and stay away from the DSWM. Favors and McDuffie entered pleas of guilty and no contests to two counts of Unlawful Compensation and one count of Grand Theft on August 26, 2004 and June 3, 2005, respectively. Favors was sentenced to three years probation with the special condition that she pay a \$500.00 fine, restitution of \$1,180 to DSWM, \$1,000 in costs of investigation to the OIG, resign from the County, and hold no public employment during the term of probation. McDuffie was sentenced to three years probation with the special conditions that he pays \$1,680 in restitution to DSWM, \$1,000 costs of investigation to the OIG, resign from the County, forfeit accumulated annual and sick time, and hold no public employment during the term of probation. Whitehead pled guilty to two counts of Grand Theft and two counts of Unlawful Compensation on November 23, 2005. He was sentenced to two years probation with special conditions that he pays \$1,464 in restitution to DSWM, \$1,000 in costs of investigation to the OIG, forfeit annual and sick time, be debarred from contracting with the County and hold no public employment while on probation.

On December 1, 2005, Mergorejo was placed in a Pre-Trial Diversion program and the Cuervos pled guilty to Organized Scheme to Defraud. The Cuervos were sentenced to five years probation with the special condition that they pay \$40,000 in restitution to DSWM, stay away from the dump, be debarred from County contracts for the term of probation and pay costs of investigation to the OIG of \$3,000 (Jorge Cuervo) and \$2,000 (Luis Cuervo). In all, the defendants were ordered to pay almost \$150,000 in restitution to the County.

In addition to the restitution to the County, the OIG investigation resulted in important changes to the procedures used by the DSWM. Commercial waste tire haulers must now be weighed upon arrival when the trucks are full of waste tires and then again before leaving when the trucks are empty to determine the true weight of the tires dumped. This procedure ensures an accurate assessment of fees due the County. In fact, the DSWM is now collecting thousands of dollars of additional fees since implementing the new procedures. In one three month period alone, revenues increased 46% or over \$127,000. In the years to come we can expect that revenues will increase by millions because of this investigation. The OIG is committed to root out corruption,

which as in these cases, impact the County's ability to collect revenues and provide all citizens with honest efficient services.

The Department of Solid Waste Management should be highly commended for its cooperation during the course of the investigation and for its efforts to deter misconduct by implementing oversight and systems changes.

cc: Mr. George Burgess, County Manager
Mr. Roger Carlton, Assistant County Manager
Mr. Murray Greenberg, County Attorney
Ms. Kathleen Woods-Richardson, Director, Department of Solid Waste Management
Mr. Vicente Castro, Asst. Director, Technical Division, Dept. of Solid Waste Management
Ms. Cathy Jackson, Director, Audit & Management Services

Clerk of the Board (copy filed)