

**IN THE CIRCUIT COURT OF THE ELEVENTH JUDICIAL CIRCUIT
OF FLORIDA IN AND FOR THE COUNTY OF MIAMI-DADE**

**FINAL REPORT
OF THE
MIAMI-DADE COUNTY GRAND JURY**

FALL TERM A.D. 2005

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**CINDY LABOY
CLERK**

**FILED
August 4, 2006**

**Presiding Circuit Judge
JUDITH L. KREEGER**

**Reviewing Circuit Judge
GISELA CARDONNE ELY**

Officers and Members of the Grand Jury

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Foreperson**

**ANTHONY OUTLER
Vice Foreperson**

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**Bailiff
NELIDO GIL, JR.**

HOUSES OF CARDS: BUILT ON MISMANAGEMENT AND CRONYISM

We all know that South Florida has experienced one of the hottest real estate markets in the country. While a “boom” to realtors and sellers of single-family homes, the rapidly escalating sales prices have been a “bust” to the neediest of our citizens who dream of becoming homeowners. There have been no shortages of articles, stories and reports on developments in the real estate market. With all the attention focused on this topic, we, the Grand Jury voted to take a look at housing issues, specifically, affordable housing. In addition to gauging the nature of the problem and the potential impact for Miami-Dade County residents, we also decided to take a detailed look at what our local government and elected officials were doing to address this problem.

We learned a great deal about the complicated nature of federal and state funding sources that are designed to assist with the development of multi-family and single-family affordable housing and the programs throughout the county that are available to provide counseling and financial assistance to residents seeking to become first time homeowners. Unfortunately, during our investigation we discovered that the largest entity in the county intended to address wide-ranging housing-related issues, the Miami-Dade Housing Agency (MDHA) is an utter and complete disaster.

Further, toward the end of our term we were informed that the Public Corruption Units of the State Attorney’s Office and Miami-Dade Police Department were investigating possible criminal conduct within that agency. Most recently, the Office of Inspector General (OIG) had also been asked to review the entire agency to determine if a lack of policies or a failure to follow already existing ones led to the fiscal scandal now before the public. Mismanagement, lack of controls and possible insider dealing so outraged us during our review of this topic that our strongest recommendation in our final report was going to be a demand for the removal of all the agency’s top administrators.

On the eve of the release of this report, The Miami Herald ran the *House of Lies* exposé, which sickened and infuriated our entire community. We lack the words to fully

express our feelings at the outrage we felt, both as a result of the inroads of our own review of this subject and upon reading the materials uncovered by keen investigative reporting. As jurors, we too were disgusted and embarrassed by the misfeasance and gross mismanagement of many of our public servants, some of whom seemed more interested in greasing their friends' palms by funding inept, non-performing entities, than being concerned with the goal of assisting our neediest citizens. Cronyism, corruption and perhaps criminal activity may, in fact, permeate the different agencies and levels of government involved in spending and oversight relating to low-income housing. We commend The Miami Herald, its reporters and its entire staff who participated in uncovering the governmental sore that has been festering for so long at the MDHA. The immediate public outcry has led to the termination of many of the Agency's top administrators. The MDHA is the sixth largest housing agency in the entire nation, operating a loan portfolio estimated at \$200 million and asset management of \$800 million.

The Miami Herald did an outstanding job of identifying the cronyism and wasteful spending of Surtax funds including monies awarded for single-family and multi-family construction. However, we have also found similar cronyism, lack of oversight and wasteful spending to exist in other programs and entities relating to Surtax funds and federal Community Development Block Grant (CDGB) money. The following are several examples.

With regard to the Office of Community and Economic Development's use of federal Community Development Block Grant (CDBG) money we found:

- During the four-year period ending December 31, 2000, twenty-one audited Community Based Organizations (CBOs) and Community Development Corporations (CDCs) received awards totaling nine million dollars to support pre-development activities associated with neighborhood housing or revitalization projects.
- Nearly forty percent (40%) of those audited CBOs and CDCs had used eighty percent (80%) of the awarded funds to pay for personnel costs and not for construction of housing.
- Continued funding of CBOs and CDCs with little or no promise or progress toward their housing development goals.

- Timelines, production quotas and other important milestones were routinely extended without appropriate scrutiny for justification.
- No adjustment or suspension of funding for CBOs and CDCs that were not meeting performance goals.

With regard to the MDHA's Second Mortgage Program:

- Twenty-five percent of audited files showed that borrowers had sold their properties without paying off the second mortgages.
- Promissory notes, liens and other documents important to protect the county's interest in properties were not in loan files.
- Senior administrators within the MDHA routinely approved mortgage loan applications for ineligible homeowners who either made too much money to qualify or were not first-time homebuyers.

With regard to MDHA's failure to protect the public interest:

- HOPE VI projects all around the country have been successfully built and exist as thriving and safe, low to moderate-income communities. Even after the expenditure of more than twenty-two (22) million dollars, our MDHA's HOPE VI Project has resulted in only five homes.
- More than \$14 million dollars of surtax money was used for non-housing related purposes, specifically to satisfy budget shortfalls within the MDHA, in a manner that appears to violate the law.
- The MDHA issued construction loans to developers and CBOs without requiring the mandated payment of 1% impact fee and without charging interest on the loans.

We too wanted our insights and the results of our Grand Jury term to have an immediate impact. However, we needed to act thoughtfully and responsibly. The manner by which funding for affordable housing is provided and managed is incredibly, and perhaps deliberately, complex. This may have been a factor in our discovery of these issues near the end of our regular term. In an effort to finish our inquiry we extended our term by the maximum ninety (90) days we were permitted by law. Unfortunately, to fulfill our responsibility to investigate, analyze and recommend changes needed to repair this broken segment of our local government, it is now clear that more time is needed. In the past, other Grand Juries have asked their incoming successors to continue reviewing

difficult subjects whose full grasp required detailed analysis and investigation. We make that same request of our successor Grand Jury.

We certainly have discovered a history of uncaring and neglectful public officials. Failure to supervise and to implement solid checks and balances with effective oversight seems to have existed at many levels. We commend the appointment of the new team of leaders who have been charged with overseeing the County's housing initiatives.

We are also hopeful that the County Manager's new team's report will cure some of the endemic diseases that plagued our systems and programs previously. If others need to be fired, it must be done quickly. If people deserve to be charged criminally, we have faith in our State Attorney and her office to do so, with the assistance of the Metro Dade Police Department. We are also confident that the Office of the Inspector General (OIG) will produce a meaningful report outlining specific policies and procedures that need to be implemented and that may also reveal additional fertile areas for criminal prosecution. We trust that our colleagues in the next Grand Jury will issue an interim report and indictments where appropriate and with all deliberate speed.

If developers, CBOs and CDCs have failed to perform, then the money given to them must be recaptured. They should be debarred from ever doing business with the public's money anywhere throughout Miami-Dade County.

Above all, accountability must be demanded at all levels from the Mayor, the Board of County Commissioners, the County Manager and all the department heads and their staff. It is shameful that every couple of years, Grand Juries find themselves chastising local government and crying out for reforms. This has happened too often in the past, from issues dealing with the paving scandal, water and sewer contracts to hurricane building codes and construction. No less than six (6) different Grand Jury inquiries into government fiscal irresponsibility have occurred since 1992. No wonder the public has lost confidence in our local government.

Through Surtax and federal HOPE VI and CDBG funding, Miami-Dade County has been entrusted with the hopes of our most needy citizens. Hope for a roof over their heads and a place to build their futures. Too often, instead of fulfillment they have been

left with empty land and equally empty promises. We, as a community must do whatever is necessary to ensure that this travesty does not continue.

AFFORDABLE HOUSING

In addition to discovering the problems within the MDHA, as we said, we addressed the broader issue of affordable housing. We have come to realize that this crisis is looming on the horizon for our community, the scarcity of affordable housing for our middle-income wage earners. Many of our teachers, police officers, nurses, young prosecutors and public defenders are being forced to leave South Florida because they cannot find affordable accommodations for their families. In fact, many of the police officers and other professionals who work in Miami-Dade County actually live in Broward County. Their daily commute, like thousands of others, occurs on grid locked freeways and interstates because they were forced to flee to locales where they could still afford to buy their homes.

While there are scores of programs in place to assist low and moderate-income families, many of our service professionals make too much money to qualify for them. Therefore, in closing, in addition to correcting the ills at the MDHA, we urge our chambers of commerce and business entities to work together to find solutions to this problem. We commend the new leaders who have taken charge of this initiative on behalf of Miami-Dade County. We applaud them for the great work they have accomplished thus far and encourage them to stay focused on this issue as they also work toward cleaning up the mess in the MDHA.

<u>NAME OF DEFENDANT</u>	<u>CHARGE</u>	<u>INDICTMENT RETURNED</u>
EDUARDO C. TORRES	Murder First Degree Child Abuse/Aggravated/Great Bodily Harm/Torture	True Bill
MARIUS FILS (A), MARTIN LIVINGSTONE (B) and BERNARD TYRONE DAILEY (C)	First Degree Murder Attempted Armed Robbery	True Bill
BLANCA PARDO and MIGUEL PEREZ	Murder First Degree	True Bill
FRANCISCO JAVIER OLVERA-RAMOS	Murder First Degree	True Bill
JEAN NORVILUS	Murder First Degree	True Bill
JONAS CLAUDE	Murder First Degree	True Bill
(A) VINCENT GEORGE TYLER, (B) TODDRICK ARDELL SUTTON, (C) TELLY JAVON HOLLOWAY, and (D) TAMYA WILLIAMS	Murder First Degree Attempted Armed Robbery	True Bill
JOHNATHAN EULLYSEE HOWARD, also known as "JAY" or "J"	Murder First Degree Murder/Premeditated/Attempt/Deadly Weapon Attempted Felony Murder With a Deadly Weapon	True Bill
BLANCA PARDO and MIGUEL PEREZ	Murder First Degree	True Bill
(A) SCHEIDER MICHEL and (B) TYRONE LAMONT SHAW	First Degree Murder	True Bill
MONEE WILLIAMS	Murder First Degree Burglary with Assault or Battery Therein While Armed Aggravated Assault with Deadly Weapon Firearm/Possession by Convicted Felon	True Bill
WALTER SAPP, also known as WALTER SAPP, JR.; WALTER SAPPS; LEON J. SAPP; LEON JEROME SAPP; MICHAEL ANTHONY SAPP; NAKITA SAPP; LARRY JOHNSON; TERRY JOHNSON; NAKITA JOHNSON; MICHAEL POWELL; MICK POWER; LARRY THOMSON; II. NAKITA WALTER	Murder First Degree Burglary with Assault or Battery Child Abuse / No Great Bodily Harm Child Abuse / No Great Bodily Harm	True Bill

<u>NAME OF DEFENDANT</u>	<u>CHARGE</u>	<u>INDICTMENT RETURNED</u>
(A) JUAN CARLOS ATANACHE, also known as COLOMBIA, (B) JORGE GOMEZ, also known as EVIL (C) LUIS GUSTAVO DEL VALLE, also known as PANAMA, and (D) LARRY ANTHONY PEREZ	First Degree Murder Robbery /Armed/Firearm or Deadly Weapon Robbery /Armed/Firearm or Deadly Weapon Robbery/Carjacking/Armed	True Bill
THOMAS LEON PENNINGTON	First Degree Murder	True Bill
RAFAEL ANDRES	First Degree Murder Burglary/With Assault or Battery Arson 1 st Degree Armed Robbery – Weapon	True Bill
BENITO A. SANTIAGO	Murder First Degree Murder First Degree	True Bill
JOSE RAMON FUENTES	Murder First Degree Murder First Degree	True Bill
MARIO DANILO NAJERA	Murder First Degree Burglary With Assault or Battery Therein While Armed Sexual Battery / Firearm / Deadly Weapon or Serious Injury Kidnapping with a Weapon Kidnapping with a Weapon Kidnapping with a Weapon Kidnapping with a Weapon Kidnapping with a Weapon	True Bill
FEDERICO RIVAS	Murder First Degree Attempted Felony Murder Leaving the Scene of Crash Involving Death	True Bill

ACKNOWLEDGMENTS

The commitment of nine months for Grand Jury duty was difficult and required that personal and professional sacrifices be made. Our Fall Term 2005 began a journey that was, at times, surprising, disturbing, enlightening, frustrating but, lastly, most rewarding. It was an experience none of us will forget.

It was an honor to have had the opportunity to serve the Miami-Dade County Grand Jury and we encourage our fellow citizens to participate in this honorable civic duty when our local government calls them to serve. We are also grateful for having the opportunity to be an influential part of the judicial process.

We would like to take this opportunity to thank the following, who have all managed innumerable duties with a cheerful and friendly attitude:

- Chief Assistant State Attorney Don Horn, for his professionalism, dedication and guidance. After the Grand Jury selected affordable housing as the topic for its investigation, we were helped immensely by Mr. Horn's knowledge and experience in this area, through his service as Chair of the Miami-Dade County Housing Finance Authority. All twenty-one of us who participated as jurors are now better citizens as a result of his sharing his broad knowledge of our judicial system.
- Honorable Judge Judith L. Kreeger, who stressed the importance of service on a grand jury.
- State Attorney Katherine Fernandez Rundle, for her advice, commitment and years of service.
- Rose Anne Dare, who took care of all administrative details for each and everyone of us.
- Nelido Gil, our Bailiff, who every day greeted us with a smile, went downstairs to get us coffee for those long afternoons and made our days as jurors run as smooth as possible.
- Our court reporter, Dania Alen, for her professionalism and commitment.

To those witnesses and experts who took time to come before us and answered all of our questions and concerns, we also thank you. It has been a privilege and honor to serve our community

Respectfully submitted,

Rosella L. Lansing, Foreperson
Miami-Dade County Grand Jury
Fall Term 2005

ATTEST:

Cindy Laboy
Clerk

Date: August 4, 2006