



Memorandum



Miami-Dade County Office of the Inspector General
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To: The Honorable Carlos A. Gimenez, Mayor, Miami-Dade County
The Honorable Esteban L. Bovo, Jr., Chairman
and Members, Board of County Commissioners, Miami-Dade County

From: Mary T. Cagle, Inspector General

Date: June 22, 2018

Subject: Miami-Dade Public Housing Contractors Federally Indicted on Fraud Charges;
Ref. IG17-0004-I

A multi-agency investigation involving the U.S. Department of Labor Office of the Inspector General, U.S. Department of Housing and Urban Development (US HUD) Office of the Inspector General, Miami-Dade Police Department, and Miami-Dade County Office of the Inspector General, concluded today with a four-count indictment against the two principals of Aaron Construction Group (Aaron Construction). The two principals of the construction firm engaged in a scheme to unlawfully enrich themselves by securing Miami-Dade Public Housing and Community Development (PHCD) bid awards and causing payment on those contracts by making materially false and fraudulent representations and by concealing material facts. Aaron Construction has been a Miami-Dade County contractor since April 2009. It is a certified Small Business Enterprise construction firm, competing on contracts via the County's 7360 Miscellaneous Construction Contract that is set aside for federally-funded projects. The work, which is funded by US HUD, involves renovating and repairing low-income housing units throughout the County.

The investigation was initiated after a former Secretary of Labor for the State of Florida complained about Aaron Construction's construction practices. The investigation revealed that between June 2014 and December 2016, Aaron Construction employed undocumented laborers, utilized unlicensed subcontractors, and failed to carry the appropriate amount of workers' compensation coverage. As a result of these illegal practices, Aaron Construction received an unfair advantage by being able to undercut other firms' bids. In submitting invoices for the work performed, Aaron Construction made false statements relating to the workforce involved on the projects.

The two principals charged, President Javier Estepa and Vice President Diego Alejandro Estepa Vasquez, will surrender to authorities on June 25, 2018. The case is being prosecuted by the United States Attorney's Office in Southern District of Florida (USAO). Attached is the USAO press release with additional details about the case.

The OIG appreciates the assistance of PHCD staff during this investigation.

Attachment

cc: Michael Liu, Director, Public Housing and Community Development Department
Alex Ferro, Chief of Staff, Office of the Mayor
Juan J. Perez, Director, Miami-Dade Police Department
Cathy Jackson, Interim Commission Auditor
and Director, Audit and Management Services Department



THE UNITED STATES ATTORNEY'S OFFICE
SOUTHERN DISTRICT *of* FLORIDA

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Department of Justice

U.S. Attorney's Office

Southern District of Florida

FOR IMMEDIATE RELEASE

Thursday, June 21, 2018

President and Vice President of South Florida Construction Company Charged with Defrauding Low- Income Housing Development Program

President and vice president of South Florida construction company charged with defrauding low-income housing development program.

Benjamin G. Greenberg, U.S. Attorney for the Southern District of Florida, Rafiq Ahmad, Special Agent in Charge, United States Department of Labor, Office of Inspector General (DOL-OIG), Nadine Gurley, Special Agent in Charge, United States Department of Housing and Urban Development, Office of Inspector General (HUD-OIG), Juan J. Perez, Director, Miami-Dade Police Department (MDPD), and Mary T. Cagle, Inspector General, Miami Dade County Office of the Inspector General, made the announcement.

Javier Estepa, 47, of Davie, Florida and **Diego Alejandro Estepa Vazquez**, 36, of Boca Raton, Florida, were charged in a four-count indictment with conspiracy to commit wire fraud in violation of Title 18, United States Code, Section 1349, and wire fraud, in violation of Title 18, United States Code, Section 1343. The defendants are scheduled to have their initial appearance on June 25, 2018 at 1:30 p.m. before United States Magistrate Judge Patrick A. White. If convicted, the defendants face up to twenty years in prison, three years of supervised release, a \$250,000 fine, and restitution, as to each charged count.

According to the indictment, between June 2014 and December 2016, Estepa and Estepa Vazquez engaged in a scheme to unlawfully enrich themselves by securing Miami-Dade Public Housing and Community Development (PHCD) bid awards and causing payments on those contracts by making materially false and fraudulent representations and by concealing material facts.

President Estepa and Vice President Estepa Vazquez of Aaron Construction Group submitted bids to PHCD for specific renovation and repair of low-income housing in various locations

throughout Miami-Dade County. It is alleged that, in their bids, Estepa and Estepa Vazquez falsely and fraudulently represented the number of workers to be employed on the projects, claimed subcontractors would not be utilized in connection with the contract, and asserted that Aaron Construction would obtain workers compensation insurance, in accordance with state laws. By falsely and fraudulently under reporting the number of workers on the projects, Aaron Construction was able to submit lower bids for the PHCD repair work. In order to obtain payment from PHCD, Estepa and Diego Estepa Vazquez submitted Periodic or Final Estimates for Payment and supporting documents that allegedly contained false and fraudulent payroll records, falsely characterized subcontractors and subcontractor employees as employees of Aaron Construction, and included sworn statements of compliance that falsely and fraudulently certified that the information submitted was true and correct. As a result of these false and fraudulent submissions, PHCD transferred funds to bank accounts controlled by Estepa and Estepa Vazquez.

An indictment is a charging instrument containing accusations and the defendants are presumed innocent until proven guilty in a court of law.

Mr. Greenberg commended the investigative efforts of the DOL-OIG, HUD-OIG, MDPD's Public Corruption Unit and the Miami Dade County Office of the Inspector General in this matter. This case is being prosecuted by Assistant United States Attorney Joshua S. Rothstein.

Related court documents and information may be found on the website of the District Court for the Southern District of Florida at www.flsd.uscourts.gov or on <http://pacer.flsd.uscourts.gov>.

Component(s):

USAO - Florida, Southern

Updated June 21, 2018