



Memorandum



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To: The Honorable Carlos A. Gimenez, Mayor, Miami-Dade County
The Honorable Audrey Edmonson, Chairwoman
and Members, Board of County Commissioners, Miami-Dade County

From: Mary T. Cagle, Inspector General

Date: July 7, 2020

Subject: Former MDAD Service Provider, First Transit, Inc. d/b/a Shuttle Services of Miami, Inc., Settles Criminal Investigation—Ref. IG17-0027-I

The OIG criminal investigation of First Transit, Inc., (FT) d/b/a Shuttle Services of Miami, Inc. (Shuttle Services),¹ ended last week with a settlement agreement entered into by FT, Shuttle Services, and the Miami-Dade State Attorney's Office (SAO). FT/Shuttle Services provided remote parking lot shuttle services for employees and public patrons at Miami International Airport pursuant to a management agreement with the County. The OIG/SAO joint investigation stemmed from an anonymous complaint detailing serious allegations of wrongdoing by FT's local General Manager, local Maintenance Manager, and other local FT employees. The complaint alleged fraudulent billing practices, deficient renovations of a Miami-Dade Aviation Department (MDAD) building by an unlicensed contractor, and a lack of inventory controls resulting in possible loss to the County. Some allegations were corroborated by historical audits conducted by the County's Audit Management Services and an outside auditor contracted by MDAD.

Since at least 1997, MDAD has retained an outside company to run its employee shuttle service. The contract, which is a management agreement, compensates the provider with a monthly management fee; all operating expenses, including payroll, office space, and equipment are borne by MDAD.² The employee shuttle service transports MIA employees to and from the terminal and employee parking lots—24-hours a day, 7 days a week. From approximately 2003 through February 2019, FT held the

¹ First Transit, Inc. is an Ohio corporation, authorized to do business in the State of Florida. Shuttle Services of Miami, Inc., is a Florida for-profit corporation. Shuttle Services was originally awarded the management agreement; Shuttle Services was later acquired by First Transit.

² During the course of the investigation and while inspecting the MDAD computers assigned to FT/Shuttle Services, the OIG found evidence of a fraud committed by FT/Shuttle Services clerical employee Joanna Sanchez. Ms. Sanchez was separately arrested for defrauding the Early Learning Coalition of Miami-Dade and Monroe Counties for identity theft and falsifying documents that were submitted to the Early Learning Coalition in order to qualify for childcare at a reduced rate that she did not qualify for. Ms. Sanchez pled guilty in 2018 and was sentenced to community control and probation. She was required to pay approximately \$22,000 in restitution to the Early Learning Coalition.

MDAD management agreement for the *Employee and Public Remote Parking Lot Shuttle Bus Service* (the agreement).³ Pursuant to the agreement, MDAD paid FT a monthly management fee to keep the buses running. MDAD authorized FT to pay operating expenses from a special bank account, funded by MDAD. FT submitted reimbursement packages to MDAD documenting expenses paid from the account, which MDAD then replenished. Some expenses required pre-approval by MDAD. In such cases, FT was required to obtain three informal quotes or bids for submission to MDAD via replenishment packages. MDAD usually approved the lowest bid or quote.

The OIG obtained and reviewed the FT reimbursement packages and discovered numerous falsified informal quotes or bids for renovation work on the MDAD building, located at 4300 NW 14th Street, Miami, Florida 33126. By falsifying the bids, local FT employees were able to ensure their favored contractor was chosen as the lowest bidder. FT obtained approximately \$25,000 pursuant to the fraudulent bids to pay the favored contractor, who was also not licensed to perform the renovation work. The unlicensed contractor failed to obtain permits for the renovations, which totaled over \$70,000. Unsurprisingly, witnesses describe the renovations as shoddy and sub-par. The local FT General Manager admitted in an immunized sworn statement to the SAO that she forged a letter in the unlicensed contractor's name, to falsely explain to MDAD why no permit was required. She testified it was falsified so that the problem would go away.

The criminal investigation was unable to determine beyond a reasonable doubt, which specific FT local employee committed the crimes. Therefore, on today's date, FT and Shuttle Services of Miami entered into a Settlement Agreement with the State of Florida. Without admitting any guilt to proposed charges of Organized Scheme to Defraud and Identity Theft, Shuttle Services of Miami agreed to voluntarily dissolve and forever cease to exist or do business in the State of Florida. FT paid \$120,000 in restitution and costs of investigation. In lieu of a fine, FT made a \$25,000 donation to a local charitable organization, which primarily serves Miami-Dade County crime victims. FT also agreed to institute a state-wide training program for FT administrative staff located in Florida, with a focus on best practices and ethics. Lastly, FT agreed not to contract with Miami-Dade County—as either contractor or subcontractor—from June 1, 2020 through March 31, 2022.

The OIG would like to thank MDAD staff and the County's Audit Management Services Department for their assistance with the investigation.

cc: Alex Ferro, Chief of Staff, Office of the Mayor
Lester Sola, Director, MDAD
Cathy Jackson, Director, Audit and Management Services Department
Yinka Majekodunmi, Commission Auditor

³ In March 2019, SP+ Transportation was awarded the successor Employee and Public Remote Parking Lot Shuttle Bus Service Agreement.