



Memorandum



Miami-Dade County Office of the Inspector General
A State of Florida Commission on Law Enforcement Accredited Agency
19 West Flagler Street ♦ Suite 220 ♦ Miami, Florida 33130
Phone: (305) 375-1946 ♦ Fax: (305) 579-2656
Visit our website at: www.miamidadeig.org

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

From: Mary Cagle, Inspector General 

Date: September 18, 2014

Subject: Former Miami-Dade Vendor Arrested for Workers' Compensation Fraud Scheme,
Ref. IG11-50

Attached is a press release detailing today's arrest of Pedro M. Diaz (Diaz), whose company, Best Janitorial & Supplies, Inc. (Best Janitorial) was, until last year, a Miami-Dade County vendor. Diaz was arrested following a joint investigation by the Miami-Dade County Office of the Inspector General (OIG) and the Miami-Dade State Attorney's Office.

Diaz, the President of Best Janitorial, was arrested on multiple felony charges stemming from a scheme to cheat on workers' compensation premiums. Best Janitorial underreported employee salaries to its contracted payroll company, SouthEast Personnel Leasing, Inc. (SouthEast), in order to reduce the amount of its workers' compensation premiums. Diaz not only avoided paying over \$34,000 in premiums over three years, but deprived SouthEast of over \$19,000 in administrative fees. The OIG investigation also uncovered that as part of Diaz' scheme to bypass SouthEast, he paid his workers with Best Janitorial checks or with checks of another company he owned. Those checks, however, were frequently rejected for non-sufficient funds. Best Janitorial employees were often left waiting for days or weeks for their salaries.

Since 2004, Best Janitorial has had multiple contracts with the County to provide cleaning supplies and cleaning services. The OIG investigation focused on some of the cleaning service contracts, which included services to police stations, courthouses, the Juvenile Justice Center, and the Miami-Dade Transit Department. The OIG reviewed a three-year period (2009, 2010, and 2011) during which time Best Janitorial was paid over \$3 million from the County. Best Janitorial's contracts expired in 2013, and it no longer has any contracts with Miami-Dade County.

The OIG would like to thank the Small Business Development Section of the County's Internal Services Department for their cooperation throughout the course of the investigation.

Attachment

cc: Alex Ferro, Mayor's Chief of Staff
Edward Marquez, Deputy Mayor
Lester Sola, Director, Internal Services Department
Alice Hidalgo-Gato, Chief, Small Business Development Section, ISD
Cathy Jackson, Director, Audit & Management Services
Charles Anderson, Commission Auditor

September 18, 2014

Media Contact:
Marie Perikles – Assistant Legal Counsel
(305) 375-1946**FORMER MIAMI-DADE VENDOR ARRESTED
FOR WORKERS' COMPENSATION FRAUD SCHEME**

(Miami, Florida) –

Pedro M. Diaz (Diaz), the owner and President, of Best Janitorial & Supplies, Inc. (Best Janitorial), a former Miami-Dade County vendor, was arrested today as a result of a joint investigation by the Miami-Dade County Office of the Inspector General (OIG) and the Miami-Dade State Attorney's Office. Diaz was charged with (1) one count of Workers' Compensation Fraud Over \$20,000, a second degree felony, in violation of §440.105(4)(b)6, Florida Statutes, and (1) one count of Grand Theft, a third degree felony, in violation of §812.014(2)(c)3, Florida Statutes. The joint investigation revealed a scheme to conceal employee payroll in order to avoid or diminish the amount of workers' compensation premiums paid by Best Janitorial. Diaz's payroll misrepresentations also defrauded Best Janitorial's contracted payroll company, SouthEast Personnel Leasing, Inc. (SouthEast), from the full amount of administrative fees due to the company.

Best Janitorial provided cleaning services to County facilities from 2004 until 2013. Some of the facilities serviced by Best Janitorial included Miami-Dade police stations, courthouses, and the Juvenile Justice Center. SouthEast, through an employee leasing agreement, provided Best Janitorial with workers' compensation insurance, payroll, and payroll tax compliance. Best Janitorial paid SouthEast an administrative fee based on the amount of wages and workers' compensation premiums processed. The investigation uncovered that Diaz underreported the salaries to SouthEast. Diaz paid the balance of the employee wages through Best Janitorial checks or with checks issued by another company he owns, Hugo Cleaning Services of South Florida (Hugo Cleaning). The OIG investigation found that Best Janitorial employees often were unable to cash the Best Janitorial and Hugo Cleaning paychecks due to non-sufficient funds. For the three years that were the focus of the OIG investigation (2009, 2010, and 2011) Diaz's scheme allowed him to underpay workers' compensation premiums by a total of over \$34,000 and to divert over \$19,000 in administrative fees owed to SouthEast.

"Workers' compensation fraud would have left low-wage workers on their own if they had been seriously hurt on the job. Pedro Diaz would have benefitted while the workers and Miami-Dade County would have lost—big time", commented State Attorney Katherine Fernandez Rundle. "It is only through the work of dedicated Investigators and Prosecutors that schemes such as this are detected and eliminated."

"Employers seeking to cheat the system and gain a financial advantage, place the County and their employees at risk. The OIG is steadfast in its commitment to ensure that all who contract with or provide services to the County comply with the law," said Mary Cagle, Inspector General of Miami-Dade County.