

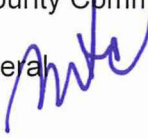


Memorandum



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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: July 17, 2014

Subject: South-Dade Grant Recipient Defrauds County, Homestead CRA and the State of Florida, Ref. IG12-35

Attached is a press release detailing today's arrest of Hilda Hall-Denis (Hall-Denis), a recipient of Community Block Development Grant (CBDG) funds administered through Miami-Dade County's Department of Public Housing and Community Development (PHCD). Hall-Denis was arrested following a joint investigation by the Miami-Dade Office of the Inspector General (OIG) and the Miami-Dade State Attorney's Office, which was initiated at the request of PHCD.

Hall-Denis, the President and Executive Director of the Business Technology Development Corporation (BTDC), was arrested on multiple felony charges. The charges stem from her fraudulent representations and misuse of grant funds from PHCD, the Homestead Community Redevelopment Agency (Homestead CRA) and the State of Florida, Division of Blind Services.

Hall-Denis, who intentionally misrepresented BTDC's status as a not-for-profit tax-exempt corporation, was not entitled to receive over \$380,000 in CBDG grant funding administered by the County's PHCD department and over \$80,000 in grants from the Homestead CRA. Hall-Denis also defrauded various employees, including a visually impaired employee, vendors, and clients of BTDC. In order to facilitate her fraudulent scheme, Hall-Denis used the personal identity of others, submitted phony documentation, and lied by claiming the County had delayed or failed to pay grant funds. The OIG investigation uncovered that the illegally gotten gains were deposited into bank accounts controlled exclusively by Hall-Denis.

The OIG appreciates the cooperation of Miami-Dade County's Public Housing and Community Development Department.

Attachment

cc: Russell Benford, Deputy Mayor/ Interim Director, PHCD
Alex Ferro, Mayor's Chief of Staff
Cathy Jackson, Director, Audit & Management Services
Charles Anderson, Commission Auditor



South-Dade Grant Recipient Defrauds the County, the Homestead CRA, and the State of Florida

Hilda Hall-Denis (Hall-Denis), President and Executive Director of the Business Technology Development Corporation (BTDC), was arrested today following a joint investigation by the Miami-Dade Office of the Inspector General (OIG) and the State Attorney's Office. The OIG initially received the complaint from the Miami-Dade County Department of Public Housing and Community Development. The investigation uncovered that Hall-Denis fraudulently obtained and misused public funds received from Miami-Dade County, the Homestead Community Redevelopment Agency (Homestead CRA), and the State of Florida, Division of Blind Services. Hall-Denis was arrested on 1 count of Organized Scheme to Defraud, a first degree felony; 4 counts of Grand Theft, first degree felonies; 3 counts of Grand Theft, second degree felonies; and 3 counts of Criminal Use of Personal Identification Information, third degree felonies.

Hall-Denis operated BTDC from 2006 until September 2012, as a business incubator. BTDC provided business development classes, technical assistance, mentoring, and reduced-rent office space to new small businesses. BTDC's primary source of income was through government funding and grants. In addition, BTDC received subsidized rent from the City of Homestead CRA at a rate of \$1.00 per year. Through investigation, the OIG determined that BTDC received federal Community Development Block Grant (CDBG) funds administered by the Miami-Dade County Department of Public Housing and Community Development (PHCD). BTDC also received City of Homestead CRA grants, and State of Florida, Division of Blind Services funds. The OIG investigation uncovered a scheme of false representations by Hall-Denis that included the submission of fraudulent, phony, and forged documents to obtain funds from PHCD and the Homestead CRA. The OIG determined that Hall-Denis fraudulently used the personal information of several individuals, including business owners being mentored by BTDC, in order to submit the false back-up documentation for grant funds. Hall-Denis fraudulently billed for employee salaries while paying the employees only a percentage of that salary. She also failed to pay vendors, and submitted phony receipts and invoices in order to obtain or justify the grant funds. As part of her false representations, Hall-Denis blamed the County for delays in reimbursements and non-payment. The OIG uncovered that the fraudulent funds obtained through her scheme were deposited into numerous bank accounts controlled exclusively by Hall-Denis.

In addition to the fraudulent representations, the OIG also found that Hall-Denis utilized a double-billing scheme to obtain funds from the County and a State of Florida, Division of Blind Services job training program. Hall-Denis agreed to hire a visually impaired person to work as a receptionist at BTDC. Under the program, Hall-Denis received funds from the State's Division of Blind Services to train the employee. The investigation uncovered that Hall-Denis submitted reimbursement requests to the County for the same services paid for by the State. Most egregiously, Hall-Denis failed to pay the visually impaired employee the full amount of her salary.

At the heart of the scheme were Hall-Denis's repeated false representations to both the County's PHCD department and the Homestead CRA that BTDC was a tax-exempt, not-for-profit corporation. The tax-exempt classification was an essential requirement for both the CDBG funds administered by the County and the Homestead CRA funds. The OIG investigation found that the IRS revoked BTDC's tax-exempt classification in 2010. While knowing that her tax-exempt status had been revoked, Hall-Denis applied for and received over \$380,000 in CDBG grant funding from the County's PCHD and over \$80,000 from the Homestead CRA. The OIG determined that in 2013, Hall-Denis attempted to obtain an additional grant of over \$500,000 from the County; her efforts were thwarted due to the OIG investigation.

"As so many not-for-profits struggle to provide services with limited government funding, we cannot allow someone to enrich herself at the expense of the community she was entrusted to assist," stated Inspector General Mary Cagle. "The Office of the Inspector General will continue to be the watchdog over the public's money."

"Obtaining government funds intended for legitimate non-profit groups and putting that cash in one's pocket is a terrible crime. Like stealing from a donation jar, it deprives those truly working to aid our community of the chance to help Dade's neediest residents," stated Miami-Dade State Attorney Katherine Fernandez Rundle. "Stealing from one's own employees and the handicapped only adds another level to this crime."