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Office of the Inspector General
Miami-Dade County

Final Report

To: The Hon. Alex Penelas, Mayor
Miami-Dade County

Received by Date

The Hon. Gwen Margolis, Chair
and Honorable Members, Board of County Commissioners
Miami Dade County

Mr. Steve Shiver, County Manager

From: Christopher Mazzella
Inspector General

Date: 1/14/02

Re: OIG investigation of alleged altered document submitted by Jasco Construction Company in furtherance of contract award, C01-DERM-EEC, Project Number 62009.

I. INTRODUCTION

At the request of the Miami Dade County Office of the County Manager, Capital Improvements Construction Coordination (CICC) section, the Office of Inspector General (OIG) investigated whether an altered document was submitted to Miami-Dade County (the County) suggesting that there is a corporate involvement between Jasco Construction Company (Jasco) and Mastec North America (Mastec).

Our investigation revealed that the document in question was, in fact, altered, and there is a corporate involvement, between Jasco and Mastec.

II. BACKGROUND

On October 30, 2001, Jasco submitted documents to the Vendor Information Center as part of the prequalification process for bidding on County Contract C01-DERM-EEC. Included in those documents was a Xerox copy of a Certificate of Insurance from Marsh USA Inc., Certificate Number 0098010-07835. The named insured on the Certificate of Insurance is "Jasco Construction Company, 13317 SW 124 Street, Miami, FL 33186." The Certificate Holder is listed as "Miami-Dade County, Florida, Capital Improvement Construction Coordinator, 111 NW 1st Street, #1715, Miami, FL, 33128-1909." A copy of this Certificate of Insurance is attached as exhibit 1). On November 9, 2001, the Office of the County Manager, CICC section, notified Jasco by memorandum that they had been awarded Miami Dade County contract C01-DERM-EEC, Multiple Award Indefinite Quantity Contract for Countywide Drainage and Paving, Project Number 629006, in the amount of \$5,000,000. The memorandum stated that Jasco was required to submit all forms, affidavits, certificates and notices as specified in the Contract Document within ten calendar days of the date of the memorandum (see exhibit 2). Included in the list of required documents are Certificates of Insurance.

On November 16, 2001, Marsh sent an original of the Certificate of Insurance to the Capital Improvement Construction Coordinator. This original Certificate of Insurance was different from the copy of the Certificate of Insurance that was submitted by Jasco to the County on October 30, 2001, in that the named insured was "**Mastec North America, Inc.**, Jasco Construction Company, 13317 SW 124 Street, Miami, FL 33186" (emphasis added) (see exhibit 3).

CICC personnel noticed the discrepancy and wrote a memorandum dated December 3, 2001, noting that "during the review of the documents submitted by Jasco Construction Company, Inc. (Jasco) for the C01-DERM-EEC Contract, it appears that the company modified their certificate of insurance so as not to disclose a relationship with Mastec North America (Mastec)." The memorandum also stated that "by copy of this memorandum, the above information is being submitted to the Office of Inspector General (OIG) for review. Until an opinion is rendered, it is requested that the Executive Expedite Committee suspend the award of Contract No. 629006 made to Jasco Construction Company, Inc." (See exhibit 4).

III. INVESTIGATION

The Office of the County Manager submitted a copy of the information to the OIG on December 4, 2001.

A. Review of Corporate Documents for Jasco

The OIG reviewed the corporate documents for Jasco Construction Company. Jasco was incorporated on April 6, 1999. The articles of incorporation list the only member of the Board of Directors as Jorge Mas at 3155 NW 77th Avenue. The officers of the company are Jose Ramon Mas, President; Juan Carlos Mas, Vice President, and Carmen Sabater, Vice President/Treasurer and Finance; all officers are listed at 3155 NW 77th Avenue. The customer for the domestic filing is listed as Nancy J. Damon, Corporate Specialist, Mastec, Inc., 3155 NW 77th Avenue.

On May 10, 2000, Jasco filed a document deleting Jose R. Mas as President and adding Joel-Tonas Citron as President, and adding Nancy J. Damon as Secretary (see exhibit 5).

On November 17, 2000, Jasco filed Amended Articles of Incorporation listing the one director as Esteban Suarez at 1200 Brickell Avenue, Suite 1480, Miami, Florida, 33131. The Amended Articles of Incorporation list Esteban Suarez as President/Treasurer, and Joseph Portuondo as Secretary.

On September 21, 2001, Jasco Construction Company was administratively dissolved for lack of filing an annual report.

On October 11, 2001, Jasco Construction was reinstated. Esteban Suarez is listed as Director, President and Treasurer; Joseph Portuondo is listed as Secretary.

B. Review of Corporate Documents for Mastec North America, Inc.

The OIG reviewed the corporate documents for Mastec North America, Inc. Joel Citron is listed as President, Jorge Mas as Director, Carmen Sabater as Vice President/CFO, and Nancy Damon as Secretary.

As noted in Section III (A) above, the corporate documents for Jasco filed on May 10, 2000 list Joel Citron as President, Jorge Mas as Director, Carmen Sabater as Vice President/Treasurer, and Nancy Damon as Secretary. Thus the Directors and Officers of Jasco were virtually identical to the Directors and Officers of Mastec until approximately a year ago.

C. Review of Jasco's Work Experience

The County required bidders on the C01-DERM-EEC contracts to submit satisfactory proof of their qualifications to begin construction promptly, to perform in a satisfactory manner and to complete all of the work covered by the Contract Documents within the time specified in the Contract Documents. Jasco submitted information indicating previous experience in several Miami Dade County Public School projects. In addition, Jasco listed various key personnel and the work experience that those personnel had, much of which was work performed for the Miami Dade County Public School system.

OIG Special Agents reviewed Miami Dade County Public School records for contracts awarded to, and projects performed by, Jasco. Of particular interest is a letter dated August 19, 1999, written by Juan Carlos Mas of Mastec, Inc. to Dr. Paul Phillips, Chief Facilities Officer, Facilities Planning and Construction, Miami-Dade County Public Schools. In this letter, Juan Carlos Mas states in part "...Church & Tower created a wholly owned subsidiary whose purpose will be to perform all building construction and public works projects. The new name of the subsidiary is JASCO Construction Company. The officers and staff of JASCO will remain the same as Church & Tower's and JASCO, as is Church & Tower, will be a wholly owned subsidiary of Mastec, Inc." (emphasis added) (see exhibit 6). Mr. Juan Carlos Mas also attaches various documents to the letter including "...4. Certificate of Corporate Secretary stating JASCO is wholly owned by MASTEC, Inc." (emphasis added) (see exhibit 7). OIG Special Agents did not find any documents in the Miami Dade County School Board files rescinding this letter, or in any way stating that Jasco was no longer a wholly owned subsidiary of Mastec.

In addition, while reviewing the Miami Dade County Public School records for Jasco, OIG Special Agents found numerous other documents that indicated corporate involvement between Jasco, Church & Tower, and Mastec such as:

- Certificates of Insurance listing the insured as "Mastec North America, Inc., Jasco Construction Company, 13317 SW 124 Street."
- Church & Tower Payment Requisitions from Church & Tower, Inc., 13317 SW 124 Street, Miami, Florida 33186, phone 305-234-6449 dated as late as September 28, 2001 and submitted by Esteban Suarez, CM principal. Please note that the above address and phone number is also the current address and phone number for Jasco, and that Esteban Suarez is the sole director and president of Jasco.
- A Guaranteed Maximum Price Contract (Project #A0526B-CM) between Church & Tower and the Miami Dade County School Board for roof repair/replacement at South Miami Senior High School in the amount of

\$1,629,630. This contract is signed by Esteban Suarez for Church & Tower, Inc. and is signed on May 21, 2001.

- A Design Build Form of Proposal for Furnishing Labor and Materials for the Safety to Life Projects, Biscayne Gardens Elementary, Miami Lakes Elementary, Mae M. Walters Elementary from Jasco dated November 8, 2000, for \$1,850,000. On page 2 of 2 of the proposal is a question that states “The full names and residences of persons and firms interested in the foregoing bid, as principals are as follows:” Jasco’s written response to this question is “Mastec, Inc.”

D. Review of Jasco’s Certificate of Insurance and Marsh’s Certificate of Insurance

As noted in the beginning of this report, on October 30, 2001, Jasco submitted a Xerox copy of a Certificate of Insurance from Marsh USA Inc., Certificate Number 0098010-07835. The named insured on the Certificate of Insurance was “Jasco Construction Company, 13317 SW 124 Street, Miami, FL 33186.” The Certificate Holder was listed as “Miami-Dade County, Florida, Capital Improvement Construction Coordinator, 111 NW 1st Street, #1715, Miami, FL 33128-1909.” (See exhibit 2).

On November 16, 2001, Marsh sent an original of the Certificate of Insurance to the Miami Dade County Capital Improvement Construction Coordinator. This original Certificate of Insurance was different from the copy of the Certificate of Insurance that was submitted by Jasco to the County on October 30, 2001, in that the named insured was “**Mastec North America, Inc.**, Jasco Construction Company, 13317 SW 124 Street, Miami, FL 33186” (emphasis added) (see exhibit 3).

The difference between the Xerox copy of the Certificate of Insurance submitted by Jasco and the original sent by Marsh is that the copy submitted by Jasco is missing the words “Mastec North America, Inc” in the “insured” block, right above the words “Jasco Construction Company.” In the Xerox copy submitted by Jasco, there is a blank space right above the words “Jasco Construction Company”; in the original submitted by Marsh, this same blank space is where the words “Mastec North America, Inc.” are printed.

Thus, the OIG agrees with the memorandum from the Office of the County Manager, CICC section, regarding the documents submitted by Jasco where the CICC states that “...it appears that the company [Jasco] modified their certificate of insurance so as not to disclose a relationship with Mastec North America...”

E. Meeting with Jasco Officials

On December 11, 2001, OIG Special Agents met with Mr. Esteban Suarez, President of Jasco, and Mr. Alfredo Brizuela, qualifier for Jasco. In the initial discussions, the Jasco officials advised that Jasco Construction Company was no longer affiliated with Mastec. Mr. Suarez stated that he had purchased the company from Mastec in November of last year.

The OIG Special Agents reviewed Jasco's files related to the C01-DERM-EEC proposal but could not find any copies of the Marsh Certificate of Insurance (see exhibit 2) that Jasco had submitted with the contract proposal. Jasco officials advised that they had very little time to prepare and submit the proposal and that they may have missed making copies of all of the documents they submitted to the County.

Mr. Suarez and Mr. Brizuela were asked why the copy of the Marsh Certificate of Insurance that they had submitted to the County (see exhibit 2) was different than the original Certificate of Insurance that Marsh sent the County (see exhibit 3)? They could not explain why the documents were different but said that their employee who put the proposal package together might know.

The OIG Special Agents talked to the Jasco employee that put the proposal package together. The Jasco employee admitted to altering the copy of the Marsh Certificate of Insurance by scanning the document into a computer and removing the reference to "Mastec" and removing facsimile lines from it; the altered document was then included in the documents submitted by Jasco to the County. The Jasco employee advised that she noticed that the Certificate of Insurance had facsimile lines on it and also had the name "Mastec" on it. She decided to "clean up" the copy and deleted the facsimile lines from the scanned image. She also decided to remove the "Mastec" name from the document because she was worried that it might create problems for the company since Mastec had previously had problems with the County. The Jasco employee was asked to put this information in writing in a sworn statement but Mr. Brizuela objected and stated that he wanted to discuss this request with their attorney. OIG Special Agents ended the meeting at this point.

On December 12, 2001, the OIG received a faxed statement from the Jasco employee regarding the alteration of the Marsh Certificate of Insurance (see exhibit 8).

F. Review of Documents Submitted by Jasco in Support of Their Proposal for County Contract CO1-DERM-EEC.

OIG Special Agents reviewed all of the documents submitted by Jasco to the County in support of their proposal for County contract CO1-DERM-EEC and found **no references** to Mastec in any of Jasco's documents.

However, as noted in Section III(C) above, OIG Special Agents found numerous references to Mastec in documents that Jasco submitted to the Miami Dade County Public Schools in relation to work that Jasco was, and is, performing for the School system.

IV. CONCLUSION

The OIG is in receipt of Jasco's response to the Draft Report and is included in the appendix of this Final Report. Upon review of Jasco's response and the accompanying exhibits, and absent sufficient documentary proof establishing the purchase and sale of said company (its goodwill, accounts receivable, equipment, and other assets) the OIG maintains its original conclusions.

Based upon its investigation, the OIG concludes the following:

1. That an employee of Jasco intentionally altered an Insurance Certificate submitted to the County to conceal Jasco's relationship with Mastec.
2. That Jasco Construction Company is corporately involved with Mastec and is a wholly owned subsidiary of Mastec. Documentation on file with the Dade County School Board demonstrates that, even after November 2000, Jasco, Church & Tower, and Mastec are all intertwined. Moreover, no documentation was submitted to the Dade County School Board that would have notified it of a change in Jasco's ownership and control of the company.
3. That Jasco did not disclose its relationship to Mastec in documents it submitted to the County with respect to the aforementioned contract award.

V. Recommendations

It was requested that the EEC suspend Jasco's contract award pending the OIG's further review of this matter. had previously suspended Jasco's conditional contract award pending the OIG's further review of this matter. Even according to Jasco's response, Jasco admitted to intentionally altering a document submitted to the County in furtherance of its conditional contract award. The EEC must now weigh these findings and admissions and make a determination of the company's responsibility. The EEC may also want to require Jasco to submit further documentation to the EEC's satisfaction prior to making an assessment of the company's responsibility. In keeping with the stated policy of adhering to an open and transparent process, the EEC should openly deliberate on this matter and make its findings on the permanent record.

Cc: Mr. Pedro Hernandez, Chairperson, Economic Expedite Committee (EEC)
Assistant County Manager

Ms. Barbara Jordan, EEC Member, Assistant County Manager

Ms. Alicia Schreiber, EEC Member, Assistant County Manager

Mr. Roger Hernstadt, Coordinator
Office of Capital Improvement Construction Coordination

Clerk of the Board (copy filed)

APPENDIX

1. Advance notification letter addressed to Mr. Esteban L. Suarez
President/CEO, Jasco Construction Company, Inc.
2. Extension letter to Mr. Suarez
- 3. Jasco's response.**
4. Advance notification letter addressed to Mr. Roger Hernstadt
Capital Improvements Construction Coordinator (CICC).
5. Extension e-mail notification to Mr. Hernstadt.