

Biscayne Building  
19 West Flagler St., Suite 220  
Miami, FL 33130  
Phone: (305) 375-1946  
Fax: (305) 579-2656  
www.miamidadeig.org

**Office of the Inspector General  
Miami-Dade County**

# Memorandum

To: The Honorable Carlos Alvarez, Mayor

The Honorable Chairperson Joe Martinez  
and Members, Board of County Commissioners

From: Christopher Mazzella  
Inspector General

Date: December 22, 2004

Re: Federal indictment of MIA consultant/lobbyist Guillermo Joaquin Freixas

For your information, Guillermo "Billy" Joaquin Freixas (Freixas), a principal of the firm Paramedia U.S.A., Inc., (Paramedia), which formerly held the contract to operate the Miami-Dade County Aviation Department's (MDAD) Trade and Business Development Office in Madrid, Spain, was charged Tuesday, December 21, 2004, with federal income tax evasion totaling \$472,790. The illegalities were first brought to the attention of federal law enforcement by investigators of the Office of the Inspector General (OIG). As you may recall, Freixas was criminally charged in 2003 by local authorities, also as a result of the OIG probe.

Beginning in May of 2001, the OIG questioned the County's extensions of a multi-million dollar consulting contract between MDAD and Paramedia. An audit conducted by the OIG highlighted numerous instances of contractual non-compliance by Paramedia under the consulting agreement. OIG auditors found instances of failure to provide MDAD with detailed invoices, failure to document personnel time, failure to supply detailed annual marketing plans and budget proposals as required, and failure to maintain adequate financial and accounting records. The OIG also noted that MDAD was invoiced and paid for non-contractual expenses and that payments were made without supporting documentation being provided to MDAD. The OIG's concerns were compounded by the fact that a large amount of the payments were made to the principals of Paramedia and their related companies.

The serious financial discrepancies highlighted by the OIG audit led MDAD to terminate the contract with Paramedia. The OIG scrutiny also revealed criminal activity by one of Paramedia's principals, Freixas. When it became apparent that Freixas was involved in illegal activity, the OIG alerted the State Attorney's Office and together they continued to probe the extent of the fraud perpetrated by Freixas.

In March of 2003, Freixas was arrested and charged by the State Attorney's Office with seventy-five counts of illegal credit card factoring totaling over \$527,000 in false credit card charges to the American Express Credit Card Company. Freixas was again arrested in June 2003 as the investigation uncovered that Freixas, in his role as a lobbyist, pocketed hundreds of thousands of dollars given to him by companies seeking business in Miami-Dade County. The investigation revealed that Freixas represented to his clients that money given to him would be used to buy expensive gifts and lavish dinners for public officials. While it was clear from the OIG investigation that Freixas pocketed the money and that public officials did not receive any gifts, the perception that Miami-Dade County officials would engage in such illegal and improper conduct was tremendously damaging. The OIG also provided the IRS with information to pursue the federal charges of tax evasion which were filed on Tuesday.

The OIG's unique role in examining County contracts allows for it to audit irregularities and to pursue discovered illegalities through cooperative efforts with law enforcement. These recent federal charges filed by the U.S. Attorney's Office for tax evasion appropriately complement the fraud investigation begun by the OIG.

Similarly, the OIG investigation and subsequent state prosecution of Istvan Fazekas, a former County engineer responsible for approving fire sprinkler plans, was also supplemented by federal tax evasion charges. Fazekas, who was recently convicted in state court and sentenced to three years in prison, has also recently pled guilty to federal tax evasion charges and is presently awaiting federal sentencing.

The cooperative efforts between the OIG, federal, state and local law enforcement have resulted in successful prosecutions. The OIG will continue to notify and work with federal, state and local law enforcement in the course of our investigations.

cc: Mr. George Burgess, County Manager  
Dr. Carlos F. Bonzon, Acting Director, Miami-Dade Aviation Department  
Ms. Cathy Jackson, Director, Audit & Management Services

Clerk of the Board (Copy Filed)