



Memorandum

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To: Mr. George Burgess, County Manager
From: Christopher Mazzella, Inspector General
Date: May 5, 2006
Subject: OIG Final Report of All Pest Control Services, Inc., Ref. IG05-100

Attached please find the Office of Inspector General's (OIG) Final Report of All Pest Control Services, Inc., a Miami-Dade County vendor. Our report found that that this vendor submitted five fraudulent separate Certificates of Liability Insurance to the Department of Procurement Management (DPM) in conjunction with its bids and contract awards on two different county contracts: Pigeon Control Services and Pest Control Services. As required by the County Code, a draft version of this report was issued to the subject contractor and a courtesy copy was provided to DPM. We have not received any responses, and thus, no changes were made to the report, other than to add a final recommendation found on the last page of the report. As our sole recommendation is to initiate debarment proceedings, the OIG is available to assist DPM in this action. Nonetheless, we would appreciate receiving a follow-up report in 60 days, on or before July 7, 2006, as to the status of our recommendation.

Additionally, as stated in our recommendation, the OIG, under separate cover, will be forwarding this case to the Miami-Dade State Attorney's Office for criminal prosecution. However, our prosecutive referral should not delay the filing of the debarment action.

CC: Ms. Alina Hudak, Assistant County Manager
Ms. Miriam Singer, Director, Department of Procurement Management
Mr. Gilberto Alonso, President, All Pest Control Services, Inc.
Clerk of the Board (copy filed)

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SYNOPSIS

In April 2005, information regarding All Pest Control Service, Inc. (APCS) was provided to the Office of the Inspector General (OIG) by the Miami-Dade County Department of Procurement Management (DPM). DPM requested our assistance in investigating a possible fraudulent Certificate of Liability Insurance (Insurance Certificate) that was provided by APCS to DPM.

An initial review of the Insurance Certificate, dated April 11, 2005, for contract year 2005-2006, was conducted by the OIG. The Insurance Certificate indicated in the Auto Policy section that APCS had a \$1,000,000 combined single limit (CSL) policy from First Commercial Insurance Co., including coverage for "scheduled autos," "hired autos" and "non-owned autos" as required under the Miami-Dade County (County) contract. After reviewing the documentation provided by the APCS Insurance Agent, Rene Monteagudo from High-Tech Assurance Agency, Inc., the OIG confirmed that APCS carried an auto insurance policy with only a \$100,000 CSL which covered only scheduled autos. In April 2005, the OIG determined that there was clear and concise evidence of fraud and requested that the vendor, APCS, be suspended from conducting any additional business with the County until an investigation was completed.

After conducting a thorough investigation into the APCS contract and Insurance Certificates submitted to DPM, it was determined that APCS had previously submitted four (4) additional fraudulent Insurance Certificates for years 2003-2004 and 2004-2005 while under contract with the County. In each case the \$100,000 CSL auto policy was altered to indicate \$1,000,000 in CSL coverage and was altered to include the required coverage of hired autos and non-owned autos.

On February 16, 2006, Special Agents Jennifer Chirolis and Ralph Nelson interviewed the APCS Office Manager, Sonia Alonso (Mrs. Alonso). Mrs. Alonso was shown copies of all of the Insurance Certificates that she submitted to the County as proof of insurance for the contracts, ITB-4856-2/07 (Pigeon Control Services), ITB-1182-2/01-2 and 1182-0/08 (Pest Control Services) from 2003-2006. Mrs. Alonso reviewed each of the questioned documents and acknowledged to the OIG Special Agents that she, had in, fact personally altered each of these documents by providing false insurance coverage information and other false information. Mrs. Alonso voluntarily provided a written statement acknowledging her wrongdoing to the OIG Special Agents.

BACKGROUND

APCS is a family owned and operated pest control business. According to corporate documents obtained from the Florida Department of State, Division of Corporations, APCS was incorporated in 1996 under the name of All Pest Control Service, Inc. Ana Masso was

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the President/Director and Registered Agent. In 1999, Anna Masso resigned and Gilberto Alonso became the President and Registered Agent of APCS.

Mr. Gilberto Alonso manages the actual pest eradication part of the business and his wife, Sonia Condo Alonso, administers the business. Mrs. Alonso's duties include obtaining the appropriate insurance coverages and correspondence with the County. Furthermore, Mrs. Alonso signed all of the County contracts awarded to APCS.

Since 1996, APCS has been awarded two (2) County contracts through Invitations to Bid (ITB) 4856-1 (Pigeon Control Services) and 1182-2/01 (Pest Control Services). For purposes of this investigation, APCS was conducting County business under the following renewals of these same contracts.

- Contract ITB- 4856-2/07 (Pigeon Control Services); renewal period 7/01/03 through 06/30/05.
- Contract ITB-1182-2/01-2 (Pest Control Services); renewal period 01/01/01 through 12/01/03 and 01/01/04 through 12/31/08.

The contract for pigeon control, ITB- 4856-2/07 was up for renewal in July 2005. In April 2005, during the renewal process, a current Insurance Certificate was requested from APCS by the County. It was at this time that the fraudulent Insurance Certificate was submitted to the County by Mrs. Alonso and consequently discovered.

INVESTIGATION

After determining that the Insurance Certificate dated April 11, 2005, contained fraudulent auto insurance coverage, the Inspector General wrote a letter dated April 29, 2005, to the Director of DPM, Miriam Singer, requesting that APCS be suspended from conducting any additional business for the County until a full investigation was completed. The County responded on or about April 25, 2005, by sending a Notice of Cancellation of the aforementioned contracts to APCS. Thereafter, the OIG began investigating prior Insurance Certificates submitted by APCS. In the course of this investigation, the OIG interviewed representatives from several of the insurance agencies and companies that had previously provided auto coverage to APCS. It was further determined that APCS had previously submitted four (4) fraudulent Insurance Certificates in addition to the April 11, 2005 Insurance Certificate. These Insurance Certificates were dated, February 10, 2005, February 10, 2004, January 5, 2004, and February 13, 2003, and were submitted by Mrs. Alonso on behalf of APCS to the County during the aforementioned contract periods. In addition to the alterations relating to policy limits and liability, it was discovered that false information was provided to the County involving the name of the insurance agency and/or insurance company, address of the insurance agency, policy number, policy term and signature of the insurance agent. Each of the five (5) fraudulent documents are fully

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described below, in descending chronological order, and are attached hereto as Exhibits 1-5 respectively: **(Exhibits 1-5)**

INSURER	POL. TERM / POL. NO.	POLICY LIMITS	FRAUDULENT TERM	FRAUDULENT INFO
Agent: Hi-Tech Insurance Agency, Inc. (formerly Assurance Alternatives) Insurer: First Commercial Insurance Co.	June 10, 2005-June 10, 2006 Policy No. CA-10450-1	\$100,000 CSL Scheduled Autos	CERTIFICATE DATED: April 11, 2005 POLICY TERM Feb. 10, 2005-Feb 10, 2006	POL. NO.: CA-10450-0 LIMIT: \$1,000,000 CSL LIABILITY: Scheduled Autos, Hired Autos, Non-Owned Autos POLICY TERM: Fraudulent AGENT SIGNATURE: Fraudulent
Agent: Hi-Tech Insurance Agency, Inc. (formerly Assurance Alternatives) Insurer: First Commercial Insurance Co.	June 10, 2005-June 10, 2006 Policy No. CA-10450-1	\$100,000 CSL Scheduled Autos	CERTIFICATE DATED: Feb 10, 2005 POLICY TERM Feb.10, 2005- Feb.10,2006	POL. NO.: CA-10450-0 LIMIT: \$1,000,000 CSL LIABILITY: Scheduled Autos, Hired Autos, Non-Owned Autos POLICY TERM: Fraudulent AGENT SIGNATURE: Fraudulent
Agent: Assurance Alternatives Insurer: National (Phoenix Insurance Underwriters)	June 10, 2004-June 10 2005 POLICY NO. CAP-0004512-0/000	\$100,000 CSL Scheduled Autos	CERTIFICATES DATED: Feb 10, 2004 POLICY TERM Feb 10, 2003 -Feb. 10,2004	ADDRESS OF AGENT: fraudulent LIMIT: \$1,000,000 CSL LIABILITY: Scheduled Autos, Hired Autos, Non-Owned Autos POLICY TERM: Fraudulent AGENT SIGNATURE: Fraudulent
Agent: Assurance Alternatives Insurer: National (Phoenix Insurance Underwriters)	July 10, 2003-July 10 2004 (Cancelled for non-payment 2/14/04) POLICY NO. CAP-0004512-0/000	\$100,000 CSL Scheduled Autos	CERTIFICATES DATED: Jan 5, 2004 POLICY TERM Feb 10, 2003 -Feb. 10,2004	ADDRESS OF AGENT: fraudulent LIMIT: \$1,000,000 CSL LIABILITY: Scheduled Autos, Hired Autos, Non-Owned Autos POLICY TERM: Fraudulent AGENT SIGNATURE: Fraudulent
Agent: Assurance Alternatives Insurer: National (Phoenix Insurance Underwriters)	July 10, 2003-July 10 2004 (Cancelled for non-payment 2/14/04) POLICY NO. CAP-0004512-0/000	\$100,000 CSL Scheduled Autos	CERTIFICATES DATED: Feb 13, 2003 POLICY TERM Feb 10, 2003-Feb. 10, 2004	AGENT: Fraudulent (Legal) ADDRESS OF AGENT: fraudulent LIMIT: \$1,000,000 CSL LIABILITY: Scheduled Autos, Hired Autos, Non-Owned Autos POLICY TERM/No.: Fraudulent AGENT SIGNATURE: Fraudulent

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On September 29, 2005, OIG Special Agent Chirolis met with Mr. Rene Monteagudo of High-Tech Insurance Agency, Inc. (High-Tech). Mr. Monteagudo stated that he had handled insurance matters for APCS for the last 4-5 years. He acknowledged that High-Tech was formerly known as Assurance Alternatives. He stated that he has never had a relationship with Legra General Insurance Agency, Inc. (Legra). He further stated that throughout his relationship with APCS, he provided \$100,000 in auto coverage and insured only scheduled autos. After reviewing the questioned Insurance Certificates, he confirmed that the certificates had not been issued by himself or his company and that the information on the Insurance Certificates was false. Furthermore, the signature of Morton Weiner on the questioned documents was fraudulent. (Referencing Exhibits 1-5)

On October 4, 2005, OIG Special Agent Chirolis interviewed Mr. Joseph Sarduy of Legra. He was shown a copy of the Insurance Certificate, dated February 13, 2003, which alleged that Legra had submitted the Insurance Certificate with true and appropriate insurance coverage. Mr. Sarduy did not recognize the form or the signature of the agent on the document. He stated that he had APCS as a customer for one year from 2000-2001. He also acknowledged that he was never associated with High-Tech and that the address for Legra on the Insurance Certificate was not the address of Legra.¹ (Referencing Exhibit 5)

On October 14, 2005, OIG Special Agent Chirolis met with Mr. Larry Lehman, Sr. Vice President and Mr. Henry Godwin Jr., Executive Vice President of Morton D. Weiner/AMPAC, Inc., Insurance (MDW/AMPAC). According to Mr. Lehman and Mr. Godwin, APCS has not been a client of theirs since 2000. They stated that anything with Morton Weiner's signature that was presented after the year 2000 would definitely not be valid. (Referencing Exhibits 1, 3 and 4)

On February 16, 2006, Special Agents Jennifer Chirolis and Ralph Nelson interviewed Mrs. Alonso. Mrs. Alonso was shown copies of all the Insurance Certificates that she submitted to the County as proof of insurance for ITB- 4856-2 and ITB-1182 from 2003-2006. Mrs. Alonso reviewed each of the questioned documents and acknowledged to the OIG Special Agents that she had, in fact, personally altered each of these documents by providing false insurance coverage information and other false information as stated above. Mrs. Alonso voluntarily provided a written statement acknowledging her wrongdoing to the OIG Special Agents. (**Exhibit 6**)

¹ It should be noted, that the business address for Legra and Assurance Alternatives provided on the Insurance Certificates dated February 10, 2004, January 5, 2004 and February 13, 2003, was the business address of APCS. By providing this fraudulent information, all requests from the County to APCS for Insurance Certificates were sent directly to APCS instead of the insurance agent.

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Special Agent Chirolis also obtained a printout of all payments made to APCS by the County from February 2003 through the termination of the APCS County contract. APCS received \$75,195.97 from the County during this period. In so doing, APCS and Mrs. Alonso obtained these funds from the County after providing the County with fraudulent documents in order to comply with the County's requirement for auto insurance coverage.

GOVERNING AUTHORITIES

Both of the County contracts held by APCS included the Miami-Dade Aviation Department (MDAD); therefore, the insurance requirements for that department are increased.² The vendor is required to maintain coverage as stated in Section 2-11 (C) "Indemnification and Insurance - (15) - Maintenance and Repair Services at Aviation," which specifically states that the vendor must furnish Certificates of Insurance indicating that the appropriate insurance coverage has been obtained as follows:

Automobile Liability Insurance covering all owned, non-owned and hired vehicles used in connection with the work, in an amount not less than **\$1,000,000** combined single limit per occurrence for bodily injury and property damage.

Both ITB's 4856 and 1182 and the resulting contracts include Section 1.25 **Fraud and Misrepresentation** which states:

Pursuant to Section 2-8.1.4 of the Miami-Dade County Code, any individual, corporation and or other entity that attempts to meet its contractual obligations with the County through fraud, misrepresentation or material misstatement, may be debarred for up to five (5) years. The County as a further sanction may terminate or cancel any other contracts with such individual, corporation entity. Such individual or entity shall be responsible for all direct or indirect costs associated with termination or cancellation, including attorney's fees.

Furthermore, both ITB's 4856 and 1182 and the resulting contracts include Section 1.24 **Termination for Default**, which states:

² The County contract states that Automobile Liability Insurance requirements under section 2.11 (C.) "Indemnification and Insurance - (1) - General Services and Maintenance Contract" are \$500,000 CSL.

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[t]he County reserves the right to terminate the contract, in part or in whole, or place the vendor on probation in the event the successful Bidder fails to perform in accordance with the terms and conditions stated herein. The vendor will be notified by letter of the County's intent to terminate. The County reserves the right to suspend or debar the bidder in accordance with the appropriate County ordinances, resolutions and /or administrative orders. In the event of termination or default all procurement costs shall be borne by the bidder.

CRIMINAL ACTS

Based on the above information it has been determined that violations of the following Florida Statutes have been committed by Sonia Alonso, on behalf of APCS and/or by APCS:

- Florida Statutes Section 831.01 - Forgery (5 Counts)
- Florida Statutes Section 831.02 - Uttering a Forged Instrument (5 Counts)
- Florida Statutes Section 812.014 - Grand Theft

RECOMMENDATION

It is recommended that DPM formalize a Request for Debarment against APCS on the basis of these findings, admissions and the above-mentioned governing authorities. Additionally, please be advised that the OIG, under separate cover, will be forwarding this case to the Miami-Dade State Attorney's Office for criminal prosecution.