



Memorandum

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To: The Honorable Carlos Alvarez, Mayor
The Honorable Chairperson Bruno A. Barreiro
Members, Board of County Commissioners

From: Christopher Mazzella
Inspector General

Date: March 2, 2007

Re: OIG Investigation into Housing Scandal results in arrest of Raul Masvidal

Raul Masvidal (Masvidal), a developer working with the Miami-Dade Housing Agency (MDHA) to build new offices for the MDHA, has been arrested as a result of a joint investigation by the Miami-Dade Office of the Inspector General (OIG) and the State Attorney's Office. The investigation uncovered a scheme by Masvidal to purchase art for his personal benefit with County funds earmarked for the development of affordable housing. As part of a comprehensive review by the OIG into the many problems plaguing the housing department, investigators found a scheme whereby Masvidal diverted funds slated for the building of the MDHA's new administrative offices to purchase two sculptures which he later used as collateral for personal loans. Masvidal has been charged with Organized Scheme to Defraud and First Degree Grand Theft.

In July 2003, MDHA entered into a lease agreement with Masvidal's company, Hometown Station, Ltd. (Hometown), for the construction of a new administrative headquarters for MDHA in South Miami. MDHA was to provide, as a supplement to construction loan funds, an Equity Contribution of \$5 million in County funds from the Documentary Surtax funds slated for affordable housing projects. The Lease stipulated that the County Equity Contribution was to be used by Hometown only for the office building construction. As part of the project, Masvidal advised the County's Art in Public Places Trust that he would purchase art for the project at his own expense.

The OIG investigation revealed Masvidal entered into an agreement to purchase two sculptures by local artist Julio Larraz entitled *Space Station* and *Mars* for \$150,000 each. The purchase was arranged through an art broker, Mr. Ron Hall (Hall) of Hall Galleries. Masvidal requested and received a transfer of over \$287,000 in funds from the County's Equity Contribution Account into his Hometown bank account. Those funds were then wired to Hall of Hall Galleries after the *Space Station* and *Mars* sculptures arrived at the Port of Miami from Italy. The County was unaware of the expenditure for the artwork until an audit by the Audit and Management Department questioned an expenditure to Hall Galleries. In response to the auditors inquiries Masvidal provided County auditors an invoice from Hall Galleries. The expenditure was disallowed by County auditors. Upon further investigation by the OIG, it was determined that the invoice was fraudulently created by Hall at the request of Masvidal. The invoice details the purchase of only *one* sculpture, *Space Station*, for a total of \$287,493.

Further investigation revealed that in October of 2006, Masvidal used both sculptures as collateral for personal loans totaling \$250,000. In loan documents, Masvidal lists the *Space Station* sculpture as the property of Hometown and Masvidal, and the *Mars* sculpture as his personal property. As of this date, the MDHA office building has not been constructed and neither sculpture has been delivered to the County; they remain in crates at Delant Construction located at 7380 NW 77 Court, Miami, Florida. The OIG investigation into MDHA's use of Surtax monies is continuing and additional arrests are expected.

As a final note, I would like to commend the Department of Audit & Management Services for the exceptional quality and thoroughness of its audit of the aforementioned Equity Contribution disbursements and for its continuing commitment to help unravel the Housing Department's scandals.

cc: Mr. George Burgess, County Manager
Ms. Cynthia Curry, Senior Advisor to the County Manager
Ms. Kris Warren, Director Housing Agency
Ms. Cathy Jackson, Director, Audit & Management Services
Mr. Charles Anderson, C.P.A., Commission Auditor

Clerk of the Board (Copy Filed)