

**Miami-Dade Commission on Ethics & Public Trust**  
**Investigative Report**

**Investigator: Larry Lebowitz w/Karl Ross**

<b>Case: K13-028</b>	<b>Case Name: Boria</b>	<b><u>Date Open:</u></b>	<b><u>Date Closed:</u></b>
<b><u>Complainant(s):</u> Anonymous letters; Commission on Ethics</b>	<b><u>Subject(s):</u> Luigi Boria</b>	<b>03/15/2013</b>	<b>09/04/2013</b>

**Allegation(s):**

- 1) Conflict of interest between elected mayor of Doral and his two adult children who, at one time, held a 50-percent stake in a large-scale development requiring extensive planning, zoning and development considerations by the Doral City Council and city staff.
- 2) Conflict of interest between elected mayor of Doral and a client of his privately held computer distributorship who held anywhere from a 50-to-100-percent stake in the same large-scale development. Code prohibits elected officials from participating or voting when they are involved in a creditor-debtor relationship with person(s) appearing before the public board.

**Applicable Law:**

**Miami Dade County Code Sec. 2-11.1 (l): *Prohibited investments.*** No elected official shall have personal investments in any enterprise, either himself, herself or through a member of his or her immediate family, which will create a substantial conflict between his or her private interests and the public interest.

**Miami Dade County Code Sec. 2-11.1 (n): *Actions prohibited when financial interests involved.*** No elected official shall participate in any official action directly or indirectly affecting a business in which he or any member of his immediate family has a financial interest.

**Miami Dade County Code Sec. 2-11.1 (d) *Prohibition on transacting business.*** Any elected official who has a debtor-creditor relationship with a person or entity that might be directly or indirectly affected by council action shall leave the meeting and shall not vote or participate in any way in the matter.

**Investigation:**

***Interviews***

Please see attached memoranda for details

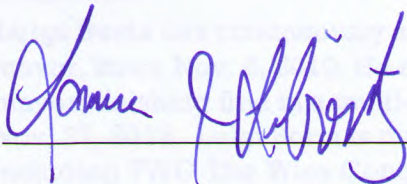
***Document/Audio/Video Review:***

Please see attached memoranda for details

**Conclusion(s):**

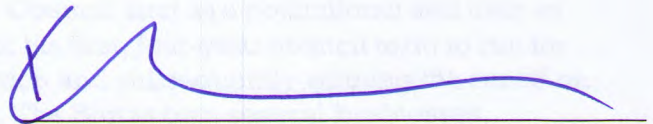
Luigi Boria has repeatedly recused himself from all public discussions and votes on this specific project, so there is no apparent violation of the Miami-Dade ethics code. The mayor, through his attorney, has asked the Commission to issue an opinion advising how he should comport himself in the future.

(Signature)



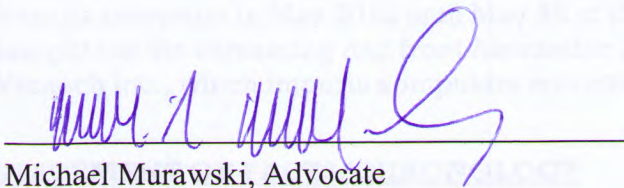
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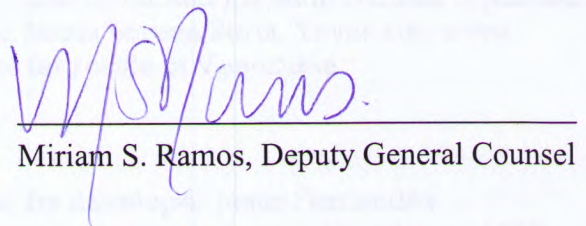


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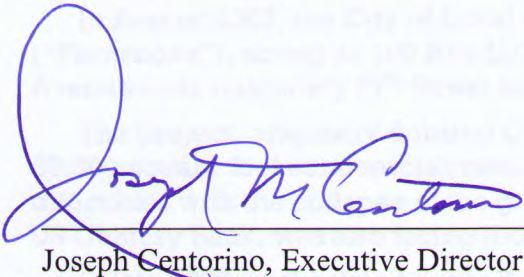
Approved by:



Michael Murawski, Advocate



Miriam S. Ramos, Deputy General Counsel



Joseph Centorino, Executive Director

9/11/13

formally fired Alexander Boria, Imari Pozo and Bortöv Investment Realty retroactive to May 28. In the email, Tovar made clear that any presale commissions would be paid to the mayor's son and his wife, but all subsequent leads were to be turned over to the new IVI Doral sales staff.

The Doral City Council has deferred final action on this application several times. In early June, the council deadlocked 2-2 on a motion to approve the plan on second reading. The council deferred action in July and August. The mayor has recused himself from all public discussions of this project.

## **ANALYSIS/FINDINGS**

### ***Conflict of Interest with Alexander Boria & Maria Lorena Boria***

Under the Miami-Dade County ethics code, elected officials are prohibited from participating in or voting on any matter when their children might be directly or indirectly affected by an action of the council.

While Luigi Boria can legally claim that he holds zero ownership in any of the companies proposing to develop the Grand Floridian at Doral LLC properties, the mayor's money was inextricably entangled in the original capitalization of the company.

Were it not for the mayor's legal multi-million dollar gifts, the children acknowledge that they did not have enough cash on hand to cover their respective share of the funds needed to secure the original 12-acre tract.

In that sense, a conflict of interest existed from May 18, 2012, when funds started passing from the mayor, through his children, to US Century Bank to purchase their half-interest in vacant land. The conflict continued to exist:

- through the summer and into the fall of 2012, when Luigi Boria resigned his Doral City Council seat to run for mayor;
- in October 2012, when representatives of Grand Floridian at Doral LLC filed the initial request with the Doral planning department to amend the 2007 PUD originally granted to 102 Ave LLC;
- in October 2012, when Alexander Boria's wife created Bortöv Investment Realty Inc. to act as the exclusive sales agent for the Grand Floridian at Doral LLC development;
- in December 2012, when Grand Floridian at Doral LLC submitted an amended request seeking to rezone the adjacent 5-acre vacant tract owned by Valerie D. and Elaine C. Chang, and incorporating the Chang property into an expanded PUD with 61 single-family homes;
- in February 2013, when the rezoning of the Chang tract and the related PUD amendments were in front of the Doral City Council for first reading;
- in early April 2013, when Alexander Boria received a license to act as a real estate sales associate for Bortöv Investment Realty Inc. and collect pre-sale commissions;
- on April 26, 2013, when Luigi Boria bestowed a second round of gifts, cumulatively worth more than \$1,906,369.24, to his children;
- on May 1, 2013, when the children passed their \$1.9 million share toward the final closing costs on the \$4 million Chang parcel.

While both Boria children provided some operating cash into the company to cover soft-cost expenses during the year that they were officially working with Tovar, and Alexander Boria provided substantial sweat equity, the vast majority of their respective stakes were provided via the gifts from their father, the mayor.

Assuming Tovar makes good on the note by the time it comes due in May 2016, the Boria

children are poised to cumulatively earn more than \$8 million, a 41.25-percent return on the \$4.7 million cumulatively gifted to the children by the mayor. Alexander Boria and Imari Pozo also earned some commission income from early pre-sales.

### ***Conflict of Interest w/Juan Carlos Tovar***

Even with the mayor's children out of the project, Luigi Boria may need to continue recusing himself from discussing or acting on any matters involving the IVI Doral project or Grand Floridian at Doral LLC.

Under the Miami-Dade County ethics code, elected officials are prohibited from participating in or voting on any matter when the elected official is in a creditor-debtor relationship with a person or entity that might be directly or indirectly affected by an action of the council.

A Tovar company, Ventech Inc., has been purchasing HP printing cartridges and other components from the Boria family distributorship, TWC, since July 2008. In what appears to be a fairly typical arrangement for this industry, Ventech maintains a \$500,000 line of credit with TWC. Ventech orders product from TWC and the sales are recorded against the credit line. Ventech resells the components at retail outlets in Venezuela and repays the outstanding debt, usually within 60 to 90 days.

Records voluntarily provided by TWC and independently confirmed by Tovar indicate that the mayor's company has provided a continuous, revolving line of credit to Tovar's company since July 2008.

Luigi Boria and his wife, Graciela, are the sole owners of TWC. Maria Lorena Boria and her husband, Ernesto Carlos Bernal, are currently running TWC as salaried executives. Until recently, Alexander Boria was a salaried executive at TWC for most of the last decade; Ventech was one of his biggest accounts, which is how he first became acquainted with Tovar.

TWC financial records show Ventech has placed at least 15 orders, cumulatively worth \$976,335.73, since late May 2012, when Tovar originally went into business with the mayor's children on the Grand Floridian at Doral LLC project. All of the debt has been repaid without incident. The most recent Ventech order, for \$101,354.78, was placed April 26, 2013; that debt was settled with a \$50,000 payment on July 17, 2013, and a \$50,876.78 payment on August 2, 2013.

### ***Expanding the Bortöv brand: Other potential conflicts***

Alexander Boria's development aspirations with Tovar extended beyond IVI Doral. And those aspirations have the potential to create additional, extensive and ongoing conflicts of interest for Luigi Boria as long as he remains in office. Those conflicts do not exist outside the Doral city limits.

In separate interviews, Alexander Boria and Tovar acknowledged that they were looking to purchase additional development tracts in Doral while the Grand Floridian at Doral LLC project was pending.

In March 2013, Alexander Boria, identifying himself as the CEO of Bortöv, contacted a lawyer in North Carolina representing Aran Properties, the owners of 25 vacant acres on the north side of Northwest 41<sup>st</sup> Street, between 109<sup>th</sup> and 114<sup>th</sup> avenues.

Tovar, who was focusing on the development of a Sofitel Hotel in Caracas, left the day-to-day details to Alexander Boria. Tovar had the financial wherewithal to support extensive additional investment in other projects. Alexander Boria was building his base of local expertise and contacts, but did not have the financial resources to make significant additional investments.

After some brief back-and-forth, Alexander Boria submitted a Letter of Intent to purchase the 25-acre Aran tract for approximately \$20 million in April 2013. Other unnamed bidders were

apparently approaching Aran Properties at the same time. The Bortöv group dropped out of the bidding at the \$23-million threshold.

Alexander Boria acknowledges that he didn't have anywhere near enough cash to buy a substantial share of a \$20-million-plus development tract. He was, however, already seeking to identify other investors with whom to syndicate this prospective project in Doral under the Bortöv banner and managerial control.

[It should be noted that Luigi Boria couldn't provide much more in the way of cash gifts to Alexander Boria and Maria Lorena Boria without subjecting the mayor to extensive federal estate-tax exposure. Under the revised federal tax code, the first \$5.2 million in gifts are tax-free. Between the 2012 and 2013 gifts, the mayor had already given his children \$4,706,369.24].

Alexander Boria said he stopped pursuing the Aran tract when he severed ties with Tovar in late May 2013.

#### **OTHER NOTES:**

This preliminary inquiry focused largely on the Boria family finances as they flowed into and out of the Grand Floridian at Doral LLC project, whether the mayor held a hidden interest in the project or the family financial entanglements triggered a potential conflict of interest violation. It also examined whether the mayor's private business interests with Tovar triggered a potential conflict.

This report is based largely on Doral public records relating to the project, videos of public council meetings, Miami-Dade recorded land and mortgage deeds, Miami-Dade court records relating to the 102 Ave LLC foreclosure, and state public records regarding the various businesses, fictitious names, trademarks and real-estate licenses.

Interviews were conducted with Luigi Boria; Alexander Boria; Maria Lorena Boria; Juan Carlos Tovar; Boria family accountant Eduardo Garcia; attorneys Kendall Coffey and Dexter Lehtinen representing Luigi Boria; attorneys Jesus Suarez and Felix Lasarte, representing Tovar; TWC-The Wise Computer Inc. finance director Yrma Hervas, and others.

A preliminary file was opened by Investigator Karl Ross in March 2013 after the Commission on Ethics received an anonymous complaint about the project. In mid-April, attorney Kendall Coffey, representing Luigi Boria, approached COE Executive Director Joseph Centorino and Senior Staff Attorney Victoria Frigo hoping the commission would generate an informational opinion on the matter. Coffey formally requested the opinion on May 3. Centorino and Frigo asked the mayor and Coffey to provide additional corroborating information. Several months passed with no response.

In response to a call from this investigator in late July, Coffey said he no longer represented the mayor due to a lengthy trial that was consuming his time but would advise the mayor to hire new counsel and respond to the COE request for additional information. (It should be noted that after initially seeking the COE opinion in mid-April, the mayor sold his Miami Beach condominium and gave his children the additional \$1.9 million in gifts toward the Chang property before they sold their interests to Tovar).

In early August, the mayor's new counsel, Dexter Lehtinen, arranged for the mayor and his accountant to provide voluntary statements and corroborating documentation. Later that same week, Lehtinen arranged for Alexander Boria and Maria Lorena Boria to provide voluntary statements, and additional corroborating documentation. Alexander Boria was contacted on several occasions for follow-up interviews, and to provide additional documentation.

Tovar, and one of his attorneys, Jesus Suarez, provided an extensive interview, plus access to relevant personal and business records, bank statements, Grand Floridian payment ledgers, emails, wire-transfer confirmations and closing statements.

Due largely to time constraints, the inquiry was limited in scope to answer the questions of the

**Investigator: Larry Lebowitz**

**Case Number: K13-028 Boria**

**EXHIBITS/ATTACHMENTS**

- 1) Locator map showing original 12-acre Grand Floridian Estates PUD and the additional 5-acre Chang property.
- 2) Excerpted relevant documents from Miami-Dade Circuit Court case 10-53931-CA-01, foreclosure action, US Century Bank vs. 102 Ave LLC et al.
- 3) Assignment of mortgage from US Century Bank to Grand Floridian at Doral LLC and Certificates of Title
- 4) Grand Floridian at Doral LLC and related entity Grand Floridian GP LLC incorporation filings from inception in May 2012 through change in control in May 2013.
- 5) Wire transactions May 2012 from TWC/Luigi Boria accounts to Pay the Rent LLC
- 6) Pay the Rent LLC company annual report
- 7) IRS Form 709 filings for 2012 for Luigi and Graciela Boria
- 8) Luigi Boria 2012 Financial Disclosure Forms 1 and 6
- 9) Luigi Boria 2011 Financial Disclosure Forms 1 and 6
- 10) Promissory Note between Alexander Boria (borrower) and Luigi & Graciela Boria (lenders)
- 11) Promissory Note between Maria Lorena Boria & Ernesto Carlos Bernal (borrowers) and Luigi Boria & Graciela Boria (lenders)
- 12) Excerpted mortgage and satisfied mortgage between Alexander Boria & Imari Pozo (borrowers) and Luigi Boria (lender) for purchase, and flip, of 1140 San Pedro Ave, Coral Gables
- 13) Data Disc containing public file of Grand Floridian at Doral LLC Planned Unit Development requests.
- 14) Bortöv Investment Realty Inc. incorporation filings
- 15) Bortöv fictitious name and trademark filings
- 16) Real estate sales licenses for Alexander Boria and Imari Pozo
- 17) Anonymous complaint letter received 2/26/13
- 18) Email and Letter from Kendall Coffey to Joseph Centorino and Victoria Frigo
- 19) Warranty Deed: Luigi Boria and Graciela Boria (sellers) to PDV Caribbean LLC (buyers), dated April 25, 2013, at Official Record Book 28600, Pages 1285-1287 (3737 Collins Ave, Unit S1602, Miami Beach, for \$3.6 million).
- 20) April 2013 Bank Statement: Luigi and Graciela Boria (incoming wire \$3.459 million for condo sale on April 25; two outbound wires, \$953,184.62 each, to ABoria and MLBoria on April 26).
- 21) Preliminary HUD closing statement for purchase of 5-acre Chang tract by Grand Floridian at Doral LLC (\$4 million gross sale price, less \$200,000 previously deposited).
- 22) Pre-sales materials: IVI Doral online videos:
  - a. YouTube Teaser (0:58): <http://www.youtube.com/watch?v=8I6EqH8119I>
  - b. YouTube Teaser Full-length (4:02): <http://www.youtube.com/watch?v=yffaDMoF-dc>
  - c. Vimeo Full-length (1:16): <http://vimeo.com/63741867> "IVI Doral is about luxury living for a privileged few. This is a community designed by Bortov Developments, a specialized developer for the elite."
- 23) Pre-sales materials: Prezi slideshow presentation for iPads and other tablets

a. <http://prezi.com/ocanlaiyerym/ivi-doral/>

- 24) Pre-sales materials: Samples of print ads for Venezuelan market (Avior magazine, April 2013), Miami-area luxury real estate websites, etc.
- 25) Pre-sales materials: Bus bench advertisements
- 26) Excerpted closing documents from sale of Boria interests in Grand Floridian LLC to Tovar
- 27) Warranty Deed: TWC Properties LLC (seller) to Ventech Properties LLC (buyer), dated 25 July 2008, at Official Record Book 26501, Pages 3468-3471 (\$2.5 million warehouse sale)
- 28) Photocopies of checks from Tovar to Alexander Boria and Maria Lorena Boria at closing and deposit slips at Bank of America (ABoria) and Chase (ML Boria).
- 29) Sales/Brokerage termination email from Tovar to ABoria and Pozo
- 30) TWC-The Wise Computer Inc. documentation of credit-line history with Ventech Inc.
- 31) Aran Properties locator map
- 32) Emails from Alexander Boria to Eric Levy, representative of Aran Properties, indicating Bortöv's interest in acquiring either the 17-acre parcel between Northwest 109<sup>th</sup> and 112<sup>th</sup> Avenues, or the 25-acre tract that includes the additional parcel fronting Northwest 41<sup>st</sup> Street between 112<sup>th</sup> and 114<sup>th</sup> avenues.
- 33) March 14, 2012 Doral City Council minutes and agenda backup documentation for consent agenda item approving traffic signal on Northwest 107<sup>th</sup> Avenue near the property that would soon be acquired by Grand Floridian at Doral LLC
- 34) Letter and data disc dated Sept. 4, 2013, from attorney Jesus Suarez on behalf of Juan Carlos Tovar seeking to supplement record with excerpted videos of Doral City Council meetings on June 5, June 25 and Aug. 21.
- 35) Excerpted relevant documents from Grand Floridian at Doral LLC general ledger