

**COMMISSION ON ETHICS
ADVISORY OPINION
RQO-98-08**

BACKGROUND : [redacted] a chief policy aide for Commissioner Jimmy Morales is seeking an opinion regarding her husband's application for Community Development Block Grant (CDBG) funds for a corporation in which both parties have a financial interest.

NARRATIVE: [redacted]'s husband, [redacted], develops affordable housing through his company, Royal Castle Development (RCD). Stockel-Stone owns 49% of the stock in RCD. RCD is a 100% shareholder of Castle 3 Castle Corp. Villas Del Lago, Ltd.(VDL) is a partnership between Elliot Stone, Miami Affordable Housing and Castle 3 Castle Corp. Stone owns 99% of the stock in VDL and Stockel-Stone owns 49% of the stock.

VDL is seeking CDBG Funds as well as state funding for a housing development. If VDL receives the state funds, Stone will sell his interest in VDL to Boston Capital Corp.

ARGUMENT: The Conflict of Interest and Code of Ethics ordinance prohibits Stone's application for CDBG funds. Villas Del Lago may not properly apply for CDBG funds as long as [redacted] or a member of her immediate family has a controlling financial interest in the company. Section 2-11.1(d) of the Dade County Code provides that "(n)o person included in the terms defined in subsections b(1) through b(6) and in subsection(b)(9) shall enter into any contract or transact any business through a firm, corporation, partnership or business entity in which he or any member of his immediate family has a controlling financial interest, direct or indirect, with Dade County or any person or agency acting for Dade County and any such contract, agreement or business engagement entered in violation of this subsection shall render the transaction voidable. The Code defines controlling financial interest as ownership, directly or indirectly of ten or more of the outstanding capital stock in any corporation. Stone's ninety-nine percent interest in VDL precludes him from applying for and receiving funds through an agreement with the County. Accordingly, any contract or agreement for CDBG funds by VDL would be voidable under the provisions of 2-11.1(d).

CONCLUSION: [redacted] and her husband are prohibited from applying for and receiving CDBG funds through their corporation, Villas Del Lago, Ltd by the Conflict of Interest ordinance.