

## Miami-Dade Commission on Ethics & Public Trust

### Report of Investigation

**Investigator:** Sylvia Batista

<b>Case No.:</b> <b>K14-078</b>	<b>Case Name:</b> Jose Diaz (Vargas working on campaign)	<b>Date Opened:</b>	<b>CASE CLOSED</b>
<b>Complainant(s):</b> Commissioner Isolina Maroño and Commissioner Catalino Rodriguez	<b>Subject(s):</b> Mayor Jose M. Diaz.	07/31/14	<b>Date:</b> <u>10/28/14</u>

#### Allegation(s):

On or about 07/31/14, information was provided to the COE by City of Sweetwater Commissioners Isolina Maroño (Maroño) and Catalino Rodriguez (Rodriguez) involving the hiring of City Finance Department employee Liliana Vargas (Vargas). Vargas, who was hired by Mayor Jose Diaz (Diaz) as an Accounts Payable Clerk in October 2013, was promoted to the Director of Finance position in June of 2014 with no previous supervisory experience. It was alleged that Vargas was unqualified to hold the director's position, and was promoted by the Mayor so that she could work on his campaign.

#### Relevant Law:

Conflict of Interest and Code of Ethics Ordinance, Section 2-11.1

*“(g) Prohibition on exploitation of official position.* No person included in the terms defined in subsections (b)(1) through (6) and (b)(13) shall use or attempt to use his or her official position to secure privileges or exemptions for himself or herself or others...”

Investigation:

*Document Review and Research -*

**09/11/14 – 09/12/14 - Review of related documentation:**

- Proposed Budget for FY 2014-2015 revealed that Vargas was the highest paid employee in the Finance Department making an annual salary of \$55,000.
- Review of Vargas' Employment Application reflects that prior to being promoted to Finance Director, Vargas was an Accounts Payable Clerk for the City and had been hired in October of 2013.
- Vargas' employment application reveals that she does not have any finance experience save for the eight (8) months that she worked as an Accounts Payable Clerk in the City's Finance Department.
- Vargas employment history as outlined on her employment application discloses that she worked on a temporary assignment by providing marketing and customer support initiating on-line campaign and e-mail blasts.
- Vargas also listed her former employment on Governor Rick Scott's campaign as a campaign coordinator where she assisted in managing and supervising a staff of 35 campaign workers from August to November of 2010.
- There is a gap in Vargas' employment history from 2005 to 2010 where Vargas did not list any employment.
- Prior to campaigning for Governor Rick Scott in 2010, Vargas was employed for two months as a Data Entry Specialist for FEMA.
- According to Vargas' employment application, Vargas has a BS degree majoring in economics and public administration.

**09/24/14 - Review of the 09/19/14 Adopted Budget for FY 2014-2015 –**

- The adopted budget reflects that Vargas no longer works in the Finance Department, and is now a Building Clerk in the City's Building and Zoning Department. Vargas' salary was reduced to an annual salary of \$28,382.
- The new Finance Director, Ricardo J. Mendez, was hired at an annual salary of \$90,000.
- Marcos Villanueva is no longer the Mayor's Chief of Staff at an annual salary of \$85,000. Villanueva has returned to the City's Police Department at an annual salary of \$60,000.
- Alexis Martinez is no longer listed as a member of Mayor Diaz's office staff. Martinez is listed as a member of the City's Police Department receiving a \$35,000 annual salary.

*Interviews and e-mails:*

**09/09/14 – Commissioner Isolina Maroño –**

Commissioner Maroño was contacted in connection with Vargas' employment with the City. Maroño advised that the Mayor hired Vargas and later promoted her to a supervisory position in the Finance Department. Vargas was soon found to be unqualified and was transferred to the permit section of the Building and Zoning Department. Maroño explained that Vargas may be related to Ana Fromeda (Fromeda), who is the volunteer coordinator at the Senior Center. The volunteers at the Senior Center distribute food baskets to the City's needy senior citizens.

**10/17/14 – Liliana Vargas, Building & Zoning Department Permitting Section –**

Vargas was asked about her employment with the City. She said that she was hired in October of 2013 as an accounts payable clerk. Vargas did not dispute that she has little finance experience, but maintained that she has two bachelor degrees from FIU, one in economics and another in public administration, and certificates in public policy, leadership and labor studies.

Vargas explained that, in the past, she applied for the passport position which she saw on the City's website, and later applied for the accounts payable clerk position, and was hired. Vargas explained that the Mayor promoted her to the position of finance director after an employee in the department, Carolina Majorca, turned down the offer.

Vargas said that she was finance director for 1-1/2 months. Her duties as a finance director were to oversee the entire department, including account payables and receivables. Vargas said she had no other duties. Vargas said that while finance director she sat in the desk of the former finance director, Annie Chez.

Vargas said that she has never done any campaign work during her employment with the City. She has not been asked to do it, and she would never be open to a proposition to do campaign work on the job.

Vargas said that she was transferred from the finance department because she was not ratified by the commission. In Sweetwater, the Commission has to vote to approve any individual hired or promoted as a director within the City. Vargas said that she was not told why she was not ratified. Vargas said that she was told by then Chief of Staff Villanueva, that she was appointed to the permitting section, which is where she is now.

Vargas said that she knows Fromeda, who has been a volunteer in Sweetwater for many years, but she is not related to her.

**10/22/14 – Guillermo Cuadra, Chief of Staff, Mayor's Office -**

Guillermo Cuadra (Cuadra) was contacted in connection with Vargas' employment with the City. Cuadra explained that he began employment as the Mayor's Chief of Staff in January of 2014. There were many challenges in his employment, thus in mid-May he resigned. There

were people who wanted to be involved and he felt it was his time to go. He had done what he could for the City. Cuadra said that after much coaxing, he returned to the same position one month ago to try to turn things around.

Cuadra said that he is aware of the issues with Vargas' employment. Now that he is back, he has heard by anecdote that they tried to hire her as finance director, at which she failed and was transferred to the Building & Zoning Department. Cuadra said that last week he asked for a report of all employees that are still on probation from all departments. Cuadra explained that he wanted to see who is on the list, who is doing well, who needs additional mentoring and so forth. The report showed that Vargas had been transferred to the Building & Zoning Department. The report also was specific as to another employee, Maritza Barreras, who was in the same situation. Cuadra said that he was looking at both of them because in one system (Human Resources) the transfer is not shown. Cuadra advised that he came across an e-mail telling the Mayor's office that Vargas was going to Permitting. Cuadra said that he made sure that a memo went to HR asking them to note Vargas' transfer.

Cuadra explained that some of this developed while Annie Chez (Chez) was Finance Director. Chez was a good worker and lovely person, but somewhat weak in the field of finance. Chez would say that if the Mayor wants to bring someone to be finance director, she would be happy to be demoted. The weak link here was Vargas. She has college degrees and certificates, which she used to sell herself, but no experience. Cuadra said Vargas approached him to get promoted, and he suggested that she become part of a team. She did a great job of selling herself to others, but his recommendation was that she improve her interpersonal skills.

Cuadra advised that he never saw Vargas campaigning. He saw someone who could do a lot more, but needed to grow. He was shocked when he heard that she was considered for the Finance Director position because he had made his point clear. Vargas doesn't know the work, but did a good job at selling herself to other folks. Cuadra said that he would not have made the recommendation for the post. Vargas was given the opportunity to do the work, but he understands that it was an incredible situation.

Cuadra advised that Vargas was the third name on the list of employees on probation. Cuadra said that he called her supervisor, Carlos Lanza, and asked how Vargas was doing. Lanza advised that he had not conducted Vargas' review. Cuadra said that he wants to be fair to her and to the City thus he extended the probationary period by three months because most people have come to improve. The argument can be made that a new probationary period started when she was transferred from finance, but his issue is that finance was told to change Vargas' payroll status and this information did not get to HR, so he is reaching the end of her probationary period with these pending issues. Cuadra explained that because Vargas was transferred on August 19th, her records should reflect this and her probationary period should be extended by three months.

Cuadra advised that during the time that he has been there, he has not observed Vargas performing campaign activity. City personnel have so many eyes upon them that such activities would not go unnoticed.

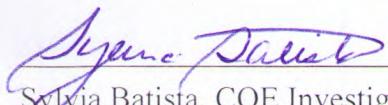
**10/22/14 - Carolina Majorca, Assistant Finance Director –**

Carolina Majorca (Majorca) was contacted in connection with Vargas' employment with the City. Majorca has been the Assistant Finance Director for 7 years. Majorca explained that the finance director position was offered to her, but she did not take it. Majorca explained that she did not want the added responsibility because it involves a lot of things. Majorca advised that the position is subject to action by the commission. Also, if a new administration takes over, he or she may decide to remove department directors so she decided to stay in her position. Majorca said that while Vargas was in the finance department she never saw her perform any campaign activities. When Vargas was in the director's post, they sat next to each other in one large office which would have enabled her to notice if Vargas was campaigning.

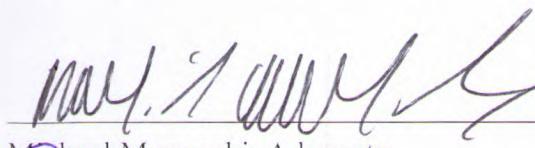
Majorca said that she saw Sasha Tirador and acting Chief of Staff Villanueva ask Vargas for reports, but did not hear them giving her instructions. Majorca said that they would ask for reports from Vargas—not budget reports, but for bank account and expense account reports.

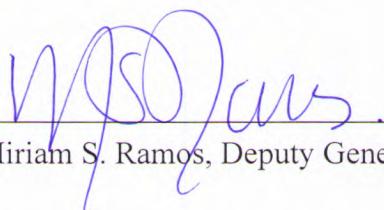
**Conclusion(s):**

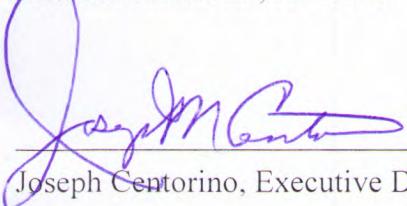
In light of the information obtained in this investigation, there is no evidence that Ms. Vargas was hired, or promoted, for the hidden purpose of working on Mayor Diaz' campaign. There's no evidence that she ever did any campaign work for the mayor. Accordingly, this matter should be closed with no further action.

  
Sylvia Batista, COE Investigator

Approved by:

  
Michael Murawski, Advocate

  
Miriam S. Ramos, Deputy General Counsel

  
Joseph Centorino, Executive Director

Date: 10/29/14