

OFFICE OF THE INDEPENDENT ADVOCATE  
MIAMI-DADE COUNTY COMMISSION ON ETHICS & PUBLIC TRUST  
REPORT OF INVESTIGATION

K #:09-071

Date Opened: 06/19/2009

Date Closed:

Name of investigator: Arthur D. Skinner, Breno Penichet, Tina Seymour(Auditor)

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**Allegation:**

This matter was predicated upon the receipt of information from Mr. Tom Schwab of 3101 S. Ocean Dr., Apt. 1701, Hollywood, FL 33019 that company called the BG Group overbilled the city of Miami for almost \$200,000 for disposal fees generated on private projects. Schwab stated that he has brought this to the attention of Mr. Cedric Mar, Director of Unsafe Structures, who allegedly did not take any action and is still doing business with The BG Group.

Section 2-11.1 of the Code of Miami-Dade County, the County's Conflict of Interest and Code of Ethics Ordinance. (g) *Exploitation of official position prohibited.* No person included in the terms defined in Subsections (b)(1) through (6) shall use or attempt to use his official position to secure special privileges or exemptions for himself or others except as may be specifically permitted by other ordinances and resolutions previously ordained or adopted or hereafter to be ordained or adopted by the Board of County Commissioners.

**Investigation:**

On June 24, 2009, Investigators met with Mr. Schwab at his residence in Hollywood Florida. Mr. Schwab stated that until October of 2008 he was a partner with The BG Group until he discovered that company owners are to be involved in a scheme to overbill the City of Miami for demolition services. Schwab said that he had reviewed a bill for the demolition of a building located at 46 W. Flagler St., Miami, FL. He had

managed a job and had received trash tickets for three truckloads of trash hauled from the site which required nighttime pickups. The City was billed for 26 loads of trash for daytime pickups. The contract for a 46 W. Flagler St. job required that The BG Group only pick up trash at night. He also showed us a job on NW. 7th St. which contained bills from jobs done in Lee County Florida. Despite the discrepancies in the billing the City of Miami continued to pay The BG Group for these jobs. Schwab gave the investigators a list of jobs that the BG Group had done under the term contract. Another job for 20 NW. 40 St. Miami Florida, was sub-contracted to Paul Reyes(ABC Land Cleaning) . Schwab talked with Reyes who said he was never asked to submit any bills for the project. Schlarb stated that he had given copies of the invoices he obtained from the city of Miami to a reporter from the Miami Herald. The reporter had told him that the information he had given him was not newsworthy, because the city would take no action against The BG Group to recover the overbilled money. Schwab stated he would contact the Miami Herald reporter to recover copies of the invoices he had requested from the city of Miami.

On July 2, 2009, COE Investigators(and Auditor) interviewed Mr. Schwab at his residence in Hollywood Florida. Schwab gave us copies of some of the invoices he recovered from the Miami Herald reporter. He also stated that we should contact the two sub-contractors Paul Reyes (305-218-3203) (the sub-contractor for the 420 NW 40<sup>th</sup> Street job, and Richard Vespa 9954-709-2933) the sub-contractor that Schwab normally used to haul away trash for the City of Miami Term Contract.

On July 6, 2009, COE investigators interviewed Paul Reyes of ABC LAND CLEARING & DEMOLITION, LLC (305) 218-3203, [preyes@atlanticbb.net](mailto:preyes@atlanticbb.net) . Reyes said he did two demolition jobs for BG Group 420 NW 40<sup>th</sup> St. and 1343 NW 1<sup>st</sup> St. Reyes examined the documents submitted to the City of Miami by BG Group and stated that he never used Waste Management Dump site in Broward County. Reyes used a local site and used his own equipment to haul the debris..

**CONCLUSION:**

Summary of investigation should NOT include investigators opinion about whether probable cause exists or whether respondent/target is guilty or not.