



REPORT OF INVESTIGATION

K #: 11-090 Homestead City Councilman Jimmie Williams

Date Opened: June 23, 2011

Date Closed: July 23, 2012

Name of investigator: Karl Ross

BACKGROUND:

The purpose of this investigation was to examine the voting record and official conduct of Homestead City Councilman Jimmie Williams (Williams) in order to ensure he has not engaged in conflictive and/or exploitative behavior relating to his business partnership with Wayne Rosen (Rosen), a real estate developer with extensive land holdings and other economic interests in the Homestead area. This inquiry further attempted to verify whether Williams properly reported his financial situation with respect to Rosen and their now defunct venture, Snappers Fast Food LLC (Snapper's).

INVESTIGATION:

The investigation revealed that on or about February 20, 2011, Rosen issued a promissory note in the amount of \$250,000 to finance the opening of Snapper's Fish & Chicken restaurant at 850 Ives Dairy Road in northwest Miami-Dade County. The restaurant opened in June of that year and was managed by Williams and members of his family until it went out of business at year's end.

The promissory note – a copy of which was obtained from Williams pursuant to a subpoena – identifies Rosen personally as the “payee” and further identifies Wayne Rosen, Inc. and Snapper’s as the “makers.”

The former is a corporation in which Rosen is listed as both the registered agent and sole officer. The latter appears to be a shortened reference to Snapper’s, a corporation founded March 22, 2011, in which Williams and his wife are listed as the sole officers. (Note: There is no “Snappers Fast Food LLC” on file with the Florida Department of State.) The promissory note calls for the makers to pay Rosen back at an interest rate of 5 percent. The repayment of the principal was supposed to begin in December 2011, assuming the venture was profitable. The company’s books showed operating losses for 2011 that were roughly equal to the amount of funds invested by Rosen (about \$212,000).

A general partnership agreement prepared on or about March 2011, and obtained from Williams for Snapper’s revealed Rosen and Williams each held a 37.5 percent interest in the venture. A third partner, Snapper’s co-founder Rashid Keblawe (Keblawe) held the remaining interest of 25 percent. This investigator spoke to Keblawe on November 29, 2011. He advised as follows:

Keblawe said he met Williams early that year at his Snapper’s in Naranja on US 1 and SW 272nd Street. He said Williams expressed interest in opening a Snapper’s franchise, and Keblawe said they eventually found him a location on Ives Dairy Road. He said the franchise fee was \$50,000 and that Williams’ partner “paid for everything.” He identified the partner as Rosen. He said the Ives Dairy location opened four or five months ago and is struggling as a result of the economy. He estimated that another \$30,000 to \$40,000 would have been required as start-up costs to buy fryers and other equipment. He said the restaurant came equipped with walk-in coolers and hoods and other costly items. He said, typically, it costs \$100,000 to \$200,000 to furnish a restaurant. He said Williams was not very active in the day-to-day management of the restaurant and that he has a brother who serves as manager. “He (Williams) was all pumped up at first ... but I don’t know what happened,” Keblawe said. He said that, as far as he can tell, Williams spends most of his time in Homestead tending to official city business and noted that it is a long drive to the Ives Dairy location.

Information subsequently received from Williams shows that he entered into a trademark and licensing agreement with Keblawe, the trademark owner, for the use of the Snapper's Fish & Chicken design mark and "a design of a fish embedded in said mark" on or about March 15, 2011. The cost of those rights was \$40,000, which presumably accounts for the balance of the \$250,000 loan.

A review of the company's accounting ledger for 2011 shows Rosen paid a total of \$212,000 into the company's business account and was the sole investor. The records did not reflect any payments or draws in favor of Williams. The records further show that the company recorded losses of \$212,300.04 on the year.

As part of its research, COE spoke to past and present Homestead city officials and administrators in order to determine whether Williams incurred in a voting conflict or other misconduct relating to his erstwhile business partner, Rosen. A chronology was prepared (see file) dating back to Williams' election to the Homestead council in November 2009 as part of a slate led by Mayor Steve Bateman and which was heavily backed by Rosen and other local businessmen. City officials interviewed stated that Williams did not vote for any projects, resolutions, exemptions or zoning applications directly linked to Rosen or any of his numerous corporations, including those of his main business partner, Michael Latterner.

A former Community Redevelopment Agency official did state Williams, who is also a CRA board member, asked him about the status of a proposal by Rosen to lease city land (the "shotgun property") for \$1 a year to be used for the construction of a charter school in the city's Southwest neighborhood. However, the official said Williams did not ask him to support the proposal or do anything on its behalf. The proposed lease was approved by the CRA last December 14 by unanimous vote – with Williams absent. As of late March, the lease had not been executed.

COE further contacted the Homestead City Clerk's office and requested copies of any Form 8B voting conflict disclosure memos filed by Williams. Such forms are required of elected

officials by the state Ethics Commission whenever a measure comes before them “inuring to the special gain or loss” of one’s self, a family member, business partner or employer.” One such form was filed by Williams and dated December 13, 2011, as it related to Rosen and concerned the short-term extension of a “fill agreement” with Shores Development, one of Rosen’s firms, for the removal of construction materials from a city property. Instructions on the form indicate that prior to the vote being held, the elected official must publicly state the nature of the interest in the measure on which he or she is abstaining from voting and to file the attendant form within 15 days.

Research showed Williams, other times, simply absented himself from the dais and did not vote on a number of other measures involving Rosen and his interests – both prior to and, on at least one occasion, after forming the restaurant venture. This includes a vote on July 26, 2011, for the approval of a site plan for a charter school at the city’s Park of Commerce submitted by Shores Development. No corresponding conflict of interest form could be found on file with the clerk’s office. However, it should be noted that enforcement of this requirement is handled by the State of Florida Commission on Ethics in Tallahassee, not this agency.

On April 10, 2012, Rosen was interviewed by COE over the telephone. The notes from said interview are as follows:

During a phone interview arranged by his attorney, Rosen advised he decided to invest in Snapper’s because he thought it would be profitable and “I wanted to invest in something very different from the real estate business.” He said he did not feel that Williams diverted any money from the business and was not aware of any profits or payments taken by the councilman. He stated that he was unhappy, however, with their other partner, Keblawe, whom he called “a bad guy.” He said Keblawe told him he owned 17 Snapper’s in Miami-Dade County and showed him several that he said were making money, including one in Liberty City that grossed \$200,000 in monthly revenues. He said the Ives Dairy Road location, by contrast, only grossed about \$65,000 a month. He said that he felt Keblawe misled him and that he was considering taking legal action against him. He said he felt “Jimmie was over his head,” with respect to Williams, but did not feel Williams was responsible for the failure of the venture. (The restaurant closed in early 2012, he said.) Rosen said that he was under the impression Keblawe was going to manage the restaurant and was the one with the “expertise.” He said Keblawe and Williams “got into a fight” and that Keblawe abandoned the venture.

With respect to any conflicts, Rosen advised that Williams was careful not to vote on any measures involving his business interests. He said that before they decided to launch the

Snapper's venture, he and Williams met with City Attorney Richard Weiss and told him they were going into business together. He said Weiss advised Williams as to how to avoid voting and other conflicts. Rosen was also asked about any indebtedness Williams might have with respect to the failed venture, and Rosen answered that "I don't think that legally he owes me anything. It was an investment and it failed." He added that if the February 20, 2011, Promissory Note was not signed, then in his opinion it was not legally enforceable. He said he would review the Note and partnership agreement and get back to COE.

On May 8, 2012, COE re-interviewed Keblawe, who advised as follows:

Keblawe was asked to elaborate on his involvement in the Snapper's restaurant venture between himself, Williams and Rosen. Keblawe advised he was working at his Naranja location one day when Williams – who "I didn't know a day in my life" – stopped by and asked for him. He said Williams was nicely dressed, wearing a suit and bow tie, and told him: "It has always been my dream to own a Snapper's." He said William told him he had a location in mind in Florida City, but Keblawe said the site was not suitable because it was not a stand-alone building and did not have a drive-through. He said he told Williams he didn't think Florida City was a good location and suggested he look at a spot on Ives Dairy Road that used to be a Boston Market. He said they went up there and that Williams liked it, and that they returned with Rosen, whom Williams identified as his partner. He said he didn't realize Rosen was financing everything at first, because Williams paid for everything using company checks. He said that Williams wanted to feel like a "big shot" and that he had discussed plans to open multiple restaurants. It was only later that Williams told him that Rosen was paying for everything. Keblawe said he was supposed to have a 25 percent interest in the business, but that he never got anything in writing and didn't sign any formal partnership agreement.

Keblawe said he was supposed to play an active role in the business and helped with the build-out of the restaurant, which took two months, free of charge. He said that when the restaurant opened, business was initially good and that he was there every day. He said that he had two of his managers from other restaurants work there in order to train Williams and his staff. He said that Williams wanted to employee family members – a brother, a sister, the sister's boyfriend and their friends – and that after a while they stopped listening to his managers. "Jimmy, he wanted to have his family working there and they overrode the people with experience. The family ran the place. ... I didn't want to go broke and owe Rosen money." He said he decided at that time to remove himself from the venture in order to allow Williams to assume control. He said there wasn't "a fight" as such, and that Williams "seemed like a really nice guy in the beginning." He added: "But after it opened everything changed." He said he didn't know if Williams paid himself anything out of the start-up money provided by Rosen because he didn't handle the restaurant's accounts and was not privy to such information.

On May 11, 2012, COE interviewed Williams, who advised as follows:

Williams met with this investigator and Ethics Advocate Mike Murawski to discuss his arrangement with Rosen as it relates to the Snapper's on Ives Dairy Road. He called the restaurant a "joint kind of idea," but allowed that he first contacted "the franchise guy" –

Keblawe – and that after talking to Keblawe, he approached Rosen and asked if he wanted to go into business. He stated that, effective January 1, 2012; the restaurant went out of business. He said he signed and personally guaranteed the operating lease with RK & Associates, and that the lease was accelerated by the landlord, Renan Katz, and that he now personally owes RK & Associates about \$300,000. He said attorneys for RK have filed a lawsuit against him and that, as a consequence, he is going to declare bankruptcy. Williams stated that he expected to file a petition for Chapter 11 bankruptcy in U.S. Bankruptcy Court in the near future and that he would contact COE and provide a case number. He said he had not asked Rosen or anybody else for financial assistance. He said he did not have any major assets, i.e. a house. With regard to the promissory note, Williams advised that in his opinion, the Note was valid and that, under the terms of the agreement, he owed Rosen 37.5 percent of the company's share of the loan – or 37.5 percent of half of that amount (\$125,000), which comes out to \$46,875.

Williams stated that Rosen contacted his brother, who was manager at the restaurant, and asked him for the key on or about New Year's Eve and that, without prior permission, Rosen had all the equipment removed – included deep fryers, refrigerators, stoves, steam tables, soda machines. "He took everything," Williams said. Williams did not say whether this would cancel out his debt, but he indicated that he felt that the amount spent on these items would have exceeded whatever amount he owes Rosen as a result of the Note. He said the amount spent on these items could be determined by a review of the account ledgers. Williams said he has not spoken to Rosen since the restaurant closed, but indicated he thought his relationship with Rosen was affected by the failure of the venture. He acknowledged that his half brother (Letauric Williams) was the manager and that his half sister (Jimeka) also worked there. He said that he did not make or receive any money, and that it had been agreed among the partners that no earnings would be distributed until after the Note was paid off. He said operating revenues would have covered the business's payroll costs, and that most, if not all, of the funds invested by Rosen would have been spent during the start up phase for equipment and supplies. Regarding the third partner, Keblawe, he stated that Keblawe failed to provide the training, and "so we were left with something we knew nothing about." He said the business was profitable at first but revenues diminished and the business ran out of cash by year's end. Regarding the \$250,000 promissory note and any debt owed to Rosen, Williams said he differed with Rosen regarding its validity. "I think it's enforceable," he said. "My opinion is totally different from his."

Regarding how to handle any potential voting or other conflicts arising from the Snapper's partnership, Williams confirmed he met with Weiss to discuss the venture and to seek guidance. Asked about his role in the Redland case settlement, Williams stated that he was appointed as the city's unofficial liaison (during executive session) and that he sat in on some of the negotiations, but he said his main role was "to get the parties to the table." He said that it was his opinion that the city should settle in order to avoid the payment of legal fees. He said that he never discussed the matter with Rosen. Williams said he was not aware of any personal or business dealings between Rosen and Charles Munz of the Redland Company. He said Rosen never discussed other items with him that related to his business interests. He said that he was opposed to the deal approving a \$1 a year lease to Charter Schools USA to build a charter school at Keys Gate. He said he did not stay around to vote against it because "I had bible study that night so I had to leave." He said he does not know if Rosen was financially involved in that

project and was not the applicant. He stated that he did not vote on any measures directly involving Rosen and that he supported the agricultural use exemptions legislation because many local property owners were hurt by the economic recession. He said that he did not discuss these or any other issues with Rosen that related to Rosen's personal business interests.

Williams was advised that he may have failed to follow state guidelines for disclosing voting conflicts on at least two occasions – first on July 26, 2011, regarding the approval of a site plan for a charter school at the city's Park of Commerce (Shores Development was the applicant); and second, for the approval of a proposed \$1 annual lease between the CRA and Rosen for the construction of a charter school on the Shotgun properties in Southwest Homestead. Williams stated that he believed he did file the requisite Form 8B for the latter item, and the minutes showed that he did publicly announce having a conflict at the meeting. He said he would supply a copy of the form to COE, along with any other relevant information. He was advised that the City Clerk's Office did not supply a copy of the 8B form on either occasion.

On May 25, COE spoke to Homestead City Clerk Elizabeth Sewell (Sewell), who advised:

Sewell advised that with respect to the December 14, 2011, CRA meeting at which the lease agreement with Rosen for the Shotgun properties was approved by the CRA board, Williams submitted the 8B form the previous day, on December 13, 2011, and that she personally remembered him doing so. With respect to the meeting on July 26, 2011 at which a site plan was approved for the Somerset Charter School, she advised Williams did not publicly recuse himself from that meeting. She said he did leave the dais on at least two occasions – first at 7:56 p.m., just prior to the charter school site plan. The applicant was Rosen's firm, Shores Development. She said that Williams missed that item and at least one other item before returning at 8:32 p.m. She said he left the dais again at 8:41 p.m. for about 10 to 15 minutes before returning to make his report at the end of the meeting, which adjourned at 9:10 p.m. "He must have had something going on personally because he was gone a long time," she said. Williams did not submit an 8B form for the charter school item, she said.

On July 13, 2012, COE re-interviewed Williams, who advised:

Williams advised that he would amend his Form 1 to reflect the liability incurred under the promissory note issued by Rosen on behalf of the Snapper's restaurant venture. He was advised that because he is a 37.5 percent owner of said corporation that he should disclose that entity's debt obligations – in this case payable to Rosen, who personally issued the promissory note. Williams' share of the debt is 37.5 percent of half of the \$250,000 face value of the note – or \$46,875. He agreed to make the revision.

With respect to his residence, Williams advised that he has moved to 504 NW 5th Avenue in Homestead. He said that, while he was reassigned to a church in Miami Gardens, he says that he is not living in the parsonage there because of his obligation to maintain a residence in Homestead. He said he did have to vacate his prior residence in Homestead in order to allow his replacement (Rev. Samuel Sullivan) to move-in. He said that Sullivan's previous home was in foreclosure and that he had to vacate before he had a chance to establish a new residence. He said he would put his new residence on the Form 1 as well.

CONCLUSION:

After consultation with the Ethics Advocate, it was determined that the \$250,000 promissory note issued by Rosen to “Wayne Rosen Inc.” and Snappers did not constitute a “gift” to Williams since it could be argued that “adequate consideration” was given to Rosen in the form of a 37.5 percent ownership interest in the enterprise. It was, nonetheless, determined that Williams should report his portion of the debt (\$46,875) in his most recent Form 1 financial disclosure form, which he did in an amended Form 1 submitted to the Homestead City Clerk on July 18, 2012. With respect to the same venture, now defunct, Williams did similarly disclose his debt to California Club Mall Shopping Center LTD, (through RK Associates). Williams also amended his original 2011 Form 1 to reflect his current home address, 504 NW 3rd Avenue. COE was able to verify through the Office of the U.S. Postal Inspector that this is Councilman Williams’ current address and that he does not have any other address outside the city.

While surely it may seem inappropriate for Williams to ask a prominent and politically active local businessman to finance a joint venture at a time when the same businessman has pending matters that could foreseeably come before the City Council and CRA Board, it could not be shown that Williams in any way sought to exploit his official position on behalf of his benefactor, Rosen. Upon review, COE did not find any evidence of voting conflicts or exploitation relating to items coming before the City Council or CRA relating to any of Rosen’s business interests. The record showed Williams absented himself from all items pertaining to Rosen or his companies dating back to the time Williams took office, though he did not formally become partners with Rosen in the Snappers venture until roughly February 2011. It was found that on all items coming before the City Council or CRA board since that time, Williams abstained from voting or from otherwise participating in the deliberations – with the exception of the July 26, 2011, site approval plan for Somerset Charter School. In that instance, Williams did not disclose his conflict prior to exiting the dais and did not file the corresponding Form 8B

(conflict memo) with the City Clerk's Office. It has been noted previously that COE lacks jurisdiction to enforce this provision of the state ethics law [Section 112.3143(3)]. Accordingly, it has been determined that, absent new information, the investigation should be closed at this time.

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