



Miami-Dade Commission on Ethics & Public Trust

Investigative Report

Investigator: Karl Ross

Case K16-013	Case Name: NRPA Expo, Las Vegas Trip	<u>Date Open:</u>	<u>Date Closed:</u>
Complainant(s):	Subject(s): Mayor Carlos Hernandez, Chief of Staff Arnaldo Alonso, police Det. Felix Delgado	Feb. 19, 2016 CASE CLOSED	

Date: 8/31/17

Allegation(s):

Information was provided to COE alleging that Hialeah Mayor Carlos Hernandez and the above-named city officials may have improperly utilized grant funds to take a trip to Las Vegas as reflected by a May 22, 2015, memo by the Acting Director of the City's Parks Department. A second allegation was that Mayor Hernandez may have deliberately used the Vegas trip as "cover" to be out of town for unknown, personal reasons.

The memo, prepared by Acting Director Joseph Dziedzic, shows that Mayor Hernandez, his chief of staff Arnaldo Alonso, and police Det. Felix Delgado were provided airfare to travel to Las Vegas from Sept. 13 to Sept. 19 on JetBlue Airlines at a cost of \$324.20 each. The May 22 memo indicates that four other Hialeah parks employees including Dziedzic were traveling to Las Vegas to attend the National Recreation and Parks Association's ("NRPA") annual Congress and Exposition, held from Sept. 15 to Sept. 17 of 2015.

The event was held at the Mandalay Bay Resort and Casino, though rooms were booked at the nearby MGM Grand Hotel, located about two blocks away, at a cost of \$219.52 per night. The airfare and lodging was paid from a grant provided to the city by the NRPA.

Relevant Ordinances:

Miami-Dade County Code, Sec. 2-11.1(g), Exploitation of official position prohibited, stating in applicable part that no person ... "shall use or attempt to use his official position to secure special privileges or exemptions for himself or others ..."

Investigation:

Interviews

On Feb. 25, 2016, due to the possibility that the allegations could involve a criminal charge, the State Attorney's Office (SAO) agreed to conduct a joint investigation with the COE. A COE investigator met with Det. Frank Castillo, a specially designated investigator to the SAO's Public Corruption Task Force and Trent Reichling, an Assistant State Attorney in the Public Corruption Prosecution Unit, to discuss the case.

It was also decided SAO would contact the hotel for information about who stayed in the four rooms paid for by the City and whether the Mayor and his travel companions used City rooms or paid for their own rooms at the same hotel.

It was further decided COE would contact the NRPA and request a copy of the event itinerary, verify the registration and attendance of City officials, and request information about the grant to the City of Hialeah used to pay for the travel expenses of the seven City employees.

COE contacted the NRPA on Feb. 25 and Feb. 26 and left messages for the group's CFO, Ann Amselle, at 1 (800) 626-6772. Ms. Amselle was reportedly out of the office Friday.

Anna Amselle, CFO

National Recreation and Park Association

March 1, 2016

Ms. Amselle called COE to see if the email had been received with requested information. She advised that the Mayor was registered for the event and that his chief of staff, Mr. Alfonso, was a registered speaker and may have been participating on a panel. She said one of the members of her staff did recall seeing Det. Delgado, but that "nobody on the internal staff that worked with that group actually saw the Mayor – but that doesn't mean he wasn't there."

Ms. Amselle said she would check to see if there was any additional documentation that might help to determine whether Hialeah officials participated in conference events. She said that in all likelihood neither the Mayor nor Alonso would need CLE certificates. She said the conference events were concluded by Thursday, and that no official events would have been held Friday or Saturday and could not account for the extended stay of City officials.

With respect to the use of NRPA grant proceeds, Ms. Amselle said Hialeah's grant for feeding children at City parks and that payment of funds for officials to attend the annual conference would not have been consistent with the purpose of the grant. "This is not consistent with the expenses allowable under the grant," Amselle, stated with respect to the use of grant monies to pay for travel expenditures to Las Vegas. "It is also inconsistent with what they reported to us the funds were spent on. We would have never agreed that this is an allowable use of these funds."

She said the grant was a "corporate grant" funded by NRPA industry partners. However, she said the NRPA just awarded another grant to Hialeah that was funded by public sources, as well.

She was advised that the matter was subject to a joint investigation of the Ethics Commission and Miami-Dade State Attorney's Office and she agreed to keep the matter confidential.

Annette Quintana, Director
Department of Grants and Human Services
City of Hialeah, FL
Phone: (305) 883-8040
April 26, 2016

Ms. Quintana advised that the account numbers referenced in the budget memo are the actual bank account numbers with SunTrust. She provided a list showing all grants – approximately ten received by the parks department and their corresponding account numbers.

Ms. Quintana stated she worked as a police detective while she attended law school, having served in Internal Affairs and on the FDLE Money Laundering Task Force among other postings. She said that after obtaining her law degree she worked as a legal affairs advisor to the police department, and was later assigned to Grants and Human Services during an internal investigation. She also spent eight or nine months as a liaison to the Mayor's office. She said she has served in her present capacity for a year and a half, overseeing more than \$6 million in state, local and federal grants. She said she passed the Florida Bar in 2006.

Ms. Quintana advised that the City's grants are not very well organized, with multiple accounts at times for the same grant, such as the one with proceeds from the NRPA. She said the system is "a huge mess," and that she did her best to piece together information responsive to the SAO documents subpoena she recently received. She cited a lack of standard operating procedures, or SOPs, for the management of City grants. She said that sometimes grants are managed by the user agencies – in this case, Parks and Recreation – and that she is not always consulted. She mentioned she was given a heads-up call by her predecessor, Fred Marinelli, about a phone call he received from an investigator with respect to the Las Vegas trip.

Ms. Quintana stated that at the time she approved the budget memo for the September 2015 trip to Las Vegas for the seven city officials, she did not have any concerns about the validity of the trip as it relates to the Mayor and his bodyguard and that, furthermore, she felt the use of the funds for travel was appropriate since the mayor was there as a show of "support" for the grant from the NRPA. She said she understood the purpose of the grant was to feed children at Hialeah's parks and to foster awareness about healthy eating. She said that, contrary to the amount stated in the budget memo, there was \$64,000 on hand in the NRPA account.

Ms. Quintana said that because it is a "small" grant (\$10,000 for FY 2015-2016), the city "leveraged" the program with other funding sources. She said that the program was "a success" and that the use of more than \$7,600 in grant proceeds for travel was acceptable because, in the past, "travel had been okayed for the grant." She referenced a 2012 grant proposal that earmarked funds for parks officials to attend the NRPA's conference that year in

Atlanta, Ga. She was advised that the funds were approved only for that year, according to the NRPA. She cited an email in the following year's support items that she claimed showed that the NRPA had approved travel to its conferences; however, a closer review of the item showed that the NRPA had invited the City to send one employee to its headquarters in Virginia to receive training for the management and oversight of its grant program. (Note: It is unclear whether the City sent anybody to attend this training.)

When she was advised that the NRPA had indicated to investigators that it did not approve of using the funds from the meals program for travel to NRPA conferences, Ms. Quintana stated that, in her view: "In grants, unless something is strictly forbidden, it is up to them to let us know." She said the NRPA's guidelines for the use of its grant proceeds were "vague."

Ms. Quintana said that she never questioned the Mayor's travel to Las Vegas, saying she thought that he may have been a speaker at the event. She said she understood that Chief of Staff Alonso was a scheduled speaker at the event and thought perhaps the Mayor was, as well. She said she did not feel it was her place to question whether it was appropriate for the Mayor to go on the trip. She said she did not discuss this with anybody until after she received the phone call from Marinelli about the inquiry from an investigator.

Ms. Quintana said she would attempt to gather additional documentation about the payments for the Las Vegas trip. She said she did not have access to the Mayor's credit card statements, but would attempt to obtain copies of the requested information from other City departments. She said the City's former Budget Director, Javier Collazo, would also be able to answer questions about the trip. She said Collazo now works for the City's Water Department.

Joseph Dziedzic, director
Department of Parks and Recreation
City of Hialeah, FL
May 11, 2016

Mr. Dziedzic met with this investigator and Miami police Det. Frank Castillo of the SAO Public Corruption Task Force at the City's Parks and Recreation Department, building #4 of the Municipal Complex located at 900 E 56th Street, Hialeah, FL. He agreed to answer questions about the September 2015 trip to Las Vegas to attend the NRPA's annual conference. He described the NRPA's as the "governing body" or primary industry group for parks and recreation professionals, and said the organization has a continuing education requirement. He said the requirements or sessions are known as CEUs.

Mr. Dziedzic said the City has been using NPRA funds to attend the event for many years, dating back to at least 2010. He said last year's trip was the first one he attended. He said Mayor Hernandez was expected to attend the conference in support of the city's parks department because the department was "up for a big award" for "innovative programs." He cited the department's program using interactive technologies to encourage children to exercise. He said the department was nominated but did not win the award.

With respect to the Mayor's anticipated attendance, Mr. Dziedzic advised that the Mayor

canceled the trip prior to leaving. He said he did not know the reason for the cancellation. He said that Alonso, the Mayor's Chief of Staff, had a personal emergency and had to leave Las Vegas early. He said Alonso was a speaker at the event, noting that Alonso was expected to speak at the upcoming conference for 2016 to be held in St. Louis, Mo.

Mr. Dziedzic said Det. Delgado, the Mayor's bodyguard, did attend the event despite the Mayor's cancellation. He said Delgado did not attend any of the conference events, and did not know what Delgado did while he was in Las Vegas, except to say he probably spent his time back at the hotel. He said he felt Delgado did provide security for Alonso and others. He noted that Delgado was not registered for the event, but "went to make sure there were no issues."

Mr. Dziedzic said he was not aware of any restrictions on the NRPA grant funds for the summer meals program that would prohibit the use of said funds to travel to attend the group's annual conference, which he said provided opportunities for networking and training. He said this had been the City's practice in previous years and no concerns had been raised by the NRPA, which oversees the grant and has a "close relationship" with the City. He was shown a copy of the Memorandum of Understanding (MOU) for the grant money, and asked to indicate where in the MOU it identified travel as a permissible use for the grant proceeds.

Mr. Dziedzic was unable to reference any such authorization for the use of the proceeds in this manner. When asked to account for the most recent year's expenditures, he said that the funds were used on kitchen equipment for the meals program and education (Short Chef). However, he was advised that the supporting documentation for the program reflected that a majority of the proceeds were used for office furniture and equipment. It was further noted that nothing in the City's Final Report referenced the travel expenses or purchase of office equipment.

"To my knowledge there's nothing in the MOU that says you can't use those funds for training," he said. "We've been very fortunate to get the funding that we have."

Glenn Rice, former political advisor to Mayor Hernandez
June 9, 2016

Mr. Rice was approached at this home by COE investigator Ross and SAO Task Force agent Michael D'Ambrosia in connection with an unrelated inquiry to the matter at hand.

Mr. Rice was asked about the Mayor's trip to Las Vegas and whether he had any knowledge of his whereabouts during that time. He advised that he drove the Mayor's bodyguard, Det. Delgado, and his chief of staff, Alonso, to the airport, but not the Mayor. He said they told him the Mayor was going, but were vague as to any of the particulars of the trip. He suggested that maybe the Mayor had an ulterior motive with respect to the trip.

Trent Reichling, Assistant State Attorney
Miami-Dade County State Attorney's Office
July 7, 2016

During a meeting at Miami-Dade SAO, it was determined that sworn law enforcement officers with the SAO Public Corruption Task Force would approach Det. Delgado and attempt to interview him regarding the Las Vegas trip and related matters such as Mayor Hernandez's whereabouts and reasons for canceling his participation in the NRPA event.

Felix Delgado, detective in the Forfeiture Unit
Hialeah Police Department
Oct. 25, 2016

Det. Delgado appeared for a sworn statement pursuant to a subpoena issued by the Miami-Dade County State Attorney's Office. He was accompanied by Attorney Teri Guttman Valdes, General Counsel for the Professional Law Enforcement Association. ASA Trent Reichling was present for the statement, along with COE Investigator Karl Ross.

By way of background, Det. Delgado stated he had been employed by the Hialeah PD for 18 years, five months, and that he had no prior law enforcement experience. He said he worked his way through the ranks, starting as a patrol officer and later serving as a community liaison for the D.A.R.E. and G.R.E.P. programs before working with the Domestic Violence Unit, and later the Forfeiture Unit. He said he has been with the Forfeiture Unit since about 2005, and that he was transferred to serve in that capacity with the City's Legal Department.

He said his office is on the fourth floor of City Hall and that he frequently interacts with Mayor Hernandez and serves as a de facto liaison between the Mayor's office and the police department. He said he also accompanies the Mayor to official functions, sometimes driving the mayor to such events. He said the Mayor usually drives to work in his city vehicle, a Ford Edge. He said the Mayor was his commanding officer for a while in the police department, and that he has a professional relationship with him but that they have never socialized. He said he does not act as bodyguard for the Mayor, noting the Mayor has martial arts training.

Det. Delgado said he has traveled out of town with the Mayor serving as his personal assistant to Tallahassee during "Dade Days" and has also accompanied him to Washington, D.C., and to the town of Santa Marta, Colombia, where the mayor attended a Sister Cities event. Delgado advised that he is a native of Baranquilla, Colombia, and is 51 years old.

With respect to the Las Vegas trip, Det. Delgado said he was advised by the Mayor that he should attend the event and that the official purpose for him going was "to babysit" members of the City's delegation to the National Recreation and Parks Association annual convention – in particular the Mayor's chief of staff, Arnaldo "Arnie" Alonso. He described the assignment as a "direct order" from the Mayor, noting that the Mayor was concerned that Alonso might have too much to drink and do something to embarrass the City. He further described his mission as being "to keep everybody out of trouble." He said he did not attend any of the NRPA events, but accompanied the five other City employees to and from the venue.

He said he also accompanied them during the evenings, again to keep an eye on them. He noted that Alonso did have "a couple of drinks, Vodka" but said that neither Alonso nor any other member of the City's delegation behaved in a manner that was unbecoming. He said that he did spend some time at the casinos, volunteering that he lost \$5. He said that the Mayor did indicate to him that he felt Alonso had a drinking problem and could not be trusted in a place like Las Vegas. He said Alonso left Las Vegas early due to a personal emergency.

Det. Delgado said he did not learn that the Mayor was not going to accompany the City's delegation to Las Vegas until he boarded the flight and asked where the Mayor was. He said Alonso told him that the Mayor would not be going to Las Vegas but did not say why. He said he did not question the Mayor's decision, and had no knowledge of why the Mayor did not attend, nor did he have any knowledge about what the Mayor did that week. He said he normally speaks to the Mayor on a daily basis at work. He said they usually communicate in person, but that the Mayor also calls him from time to time. Delgado said the Mayor did not call him during the week he was in Las Vegas and that he did not call the Mayor either. He said he may have given the Mayor a verbal update about the trip upon his return to Florida.

Det. Delgado said he paid for his own meals and other expenses himself and did not seek reimbursement from the City. He said he mostly paid in cash. He said he has a bank account with Bank of America, but advised he prefers to conduct his business in cash. He said he did not become aware he was eligible for reimbursement until sometime after the trip.

Det. Delgado said he could not recall how he got to or from the airport, but denied that the City Attorney gave him a ride to or from the airport in Ft. Lauderdale. He stated that he spent most his time in Las Vegas tagging along with City staff and keeping an eye on Alonso.

Arnaldo Alonso, chief of staff
Mayor of Hialeah, FL
Nov. 28, 2016

During an informal interview at his attorney's office, Alonso indicated that he had no knowledge of Mayor Hernandez's whereabouts during the week of the Las Vegas trip.

Alonso further indicated that the NRPA had re-instated funding for the City's summer meals program – provided that none of the funds be used to pay for the travel expenses of any City officials attending the annual conference. He further advised that the City would not be sending a delegation to the 2017 NRPA annual conference as a result.

Lisette Franco, former Administrative Assistant to Mayor Carlos Hernandez
March 30, 2017

Franco provided a voluntary tape-recorded statement at her current place of employment, Miami Beach Ocean Rescue headquarters on the 1000 block of Ocean Drive. Also present was her boss, Chief Vincent Canosa, and SAO Investigator/ police Det. David San Juan.

Franco advised that she has been in her current employment since January 2017. Prior to that, she said she worked for the City of Hialeah, starting back in 1996. She said she worked for three mayors – Raul Martinez, Julio Robaina and Carlos Hernandez. She said she worked as Hernandez’s administrative assistant and handled his scheduling until October 2016, at which time she was transferred to the City’s Public Works Department.

Franco advised she kept the Mayor’s schedule electronically on Outlook and that the Mayor, Chief of Staff Alonso and another administrative assistant named “Crystal” had access to the program through a shared server. She said the Mayor also had access through his City-issued cell phone.

Franco said she recalled the Las Vegas trip, but indicated she did not handle any of the planning or reservations. “I didn’t schedule that trip. His chief of staff, Arnie Alonso, handled scheduling. I had no part in that.” She said she normally would make reservations for his other City trips, including hotel reservations and travel arrangements.

Franco examined a copy of the Mayor’s calendar for September 2015, and advised that it was a copy of the Outlook program that she and others kept for the Mayor. Asked whether she recalled if the Mayor went on the trip to Las Vegas, as indicated on the calendar, Franco said she could not recall whether he attended the conference or not. “I don’t know ... I had nothing to do with it,” she said. “I don’t even recall ... Arnie took over this whole trip.”

Franco stated that she believed that Alonso and Det. Delgado would know the Mayor’s whereabouts for that week and whether he attended the Las Vegas trip. She said the Mayor and Alonso are extremely close and that, as his chief of staff, Alonso in particular would be privy to this information. She was asked whether she was aware of any drinking problem Alonso might have, anything that might justify sending Det. Delgado to Las Vegas to keep him in line, but she said that while she has seen Alonso drink at social events, she is not aware of any significant problems with drug or alcohol abuse that might explain this decision.

Arnaldo “Arnie” Alonso, Chief of Staff to Mayor Carlos Hernandez
City of Hialeah, FL
June 12, 2017

Pursuant to a State subpoena, Alonso appeared for a sworn statement at the Miami-Dade State Attorney’s Office. He was represented by Attorney Thomas A. Cobitz, and Alonso waived a potential conflict arising from Mr. Cobitz’s concurrent representation of Mayor Hernandez. Alonso stated he is a resident of Hialeah; his DOB is July 7, 1978.

Alonso said he has served Mayor Hernandez as chief of staff since 2011, and previously served as an aide to former Hialeah Mayor Julio Robaina. He has worked for the City since about 1997 or 1998, starting his career in the Parks and Recreation Department. He said the City has 16 parks and that he helps oversee the department on behalf of the Mayor. He said Mayor Hernandez has a staff of four employees and that they report to him.

With respect to the September 2015 trip to Las Vegas to attend an industry conference organized by the National Recreation and Parks Association (NRPA), Alonso recalled that Parks Director Joseph Dziedzic told him and Mayor Hernandez that “the City was up for an award ... a prestigious award” and suggested he and the Mayor attend the conference. He said he also received an email from the NRPA inviting him to serve as a panelist.

Alonso said that he agreed to attend, but that the Mayor was less certain about attending. “I said, ‘Yes,’ and the Mayor said, ‘Maybe.’” He said the City’s parks department made the travel arrangements and had to buy the tickets well in advance to get the most affordable airfare, but that they were non-refundable. He said Parks decided to buy the Mayor’s ticket despite the uncertainty about whether or not he intended to make the trip.

Alonso said he could not recall when it was exactly but that – sometime before the trip – the Mayor notified him that he would not be attending and that it was too late to cancel the ticket. He said he could not remember if the Mayor gave him any explanation for his decision. He stated that it was not his place “to question the Mayor” or to ask for an explanation. He said that if the Mayor did give him any explanation, he was not able to recall what it was. He was given additional time to try to recall any explanation but said he could not.

Alonso said he had no knowledge, furthermore, as to the Mayor’s whereabouts for the week in question – Sept. 14 to 18 – and could not say if he was at City Hall or elsewhere. He said that only he and the Mayor and the Mayor’s then-assistant, Lissette Franco, could access the Mayor’s calendar on the Outlook Program. He said he continued to conduct his City business on the phone and computer while he was in Las Vegas but could not recall any communication with the Mayor, nor could he account for the Mayor’s whereabouts in any way whatsoever. He stressed that he was in Las Vegas and had no direct knowledge about the Mayor.

Alonso said he normally communicates with Mayor Hernandez by text message, using his City phone to contact the Mayor about City business and that he uses his personal phone for anything campaign-related or of a personal nature.

Alonso also provided his City email address of aalonso@hialeahfl.gov, as well as a personal email for Mayor Hernandez for non-City business. Alonso said he received a ride to Ft. Lauderdale International Airport from his former girlfriend, Geileen Perez, the City’s human resources director and Glenn Rice.

He said he met Felix Delgado and the rest of the City’s delegation at the airport. He said that he had no problem with Det. Delgado’s testimony asserting that Delgado was ordered to go to Las Vegas to “babysit” him and that the Mayor did not trust him to behave in a responsible manner. He said that if that was the Mayor’s reasoning for sending Delgado, then he did not have any objections and did not feel that it was an inappropriate use of taxpayer money.

Alonso allowed that Det. Delgado frequently accompanies the Mayor on out-of-town trips and conferences relating to City business and that Delgado has traveled with him as well. He said he does not feel that he has a drug or alcohol problem, and has never been referred to therapy, treatment or counseling for alcohol or chemical dependency issues. He said he has never given Mayor Hernandez any reason to be concerned about his drinking habits. He did note that, he

does engage in social drinking, but stated it was not a problem for him professionally.

“Listen, I like to party. I’m 38, and single, a single guy,” Alonso said.

Alonso stated that, with respect to the use of the NRPA grant money for official travel to Las Vegas and other conferences, he was not aware that this was not an authorized use until after the investigation commenced and former City Grants Director Fred Marinelli contacted the City after he had been questioned by an investigator. He said that he and the Parks Director had a conference call with a female employee of the NRPA and were advised that such travel was not an acceptable use of grant funds for the summer meals program. He said that the woman – whose name he could not recall – was apologetic, and that the funding was not interrupted on the condition that it not be used for future travel.

Alonso said he thought that “education” was an acceptable use of the funding, but he was shown a copy of the Memorandum of Understanding between the NRPA and the City, and stated that he was unfamiliar with the document and had never seen it before. He could not find anything in the memo supporting the use of kids’ meal money for travel.

Document/Audio/Video Review:

A memo dated May 22, 2015, from Acting Parks Director Joseph Dziedzic to Mayor Hernandez requests a total of \$7,621.72 be charged to the NRPA grant fund to pay for four members of the City’s parks department to attend the NRPA annual conference in Las Vegas, along with Mayor Hernandez, Chief of Staff Alonso and Det. Delgado. The funds would be used to pay for airfare, lodging, and meals. The request was subsequently approved by the Mayor, Grants Director Quintana, HR Director Geileen Perez and Budget Director Ines Beecher.

Related requests for reimbursement, hotel and travel itineraries and other payment records, including American Express Card statements, were also obtained and reviewed.

On Oct. 12, 2016, additional information was supplied to American Express regarding the COE subpoena for records. A representative called later that day to advise that, contrary to the original notice, AmEx would be able to supply the items responsive to the subpoena.

A copy of Mayor Hernandez’s official calendar for September 2015 was obtained through a public records request. The calendar showed that the Mayor’s schedule was tentatively blocked off for the entire week of Sept. 14 to Sept. 18 for the “NRPA Conference, Nevada.” There were no other appointments noted on the calendar for Mayor Hernandez that week.

COE examined a copy of a Memorandum of Understanding between the NRPA and City of Hialeah regarding \$10,000 in grant funding for the City's summer meals program, known as the Out-of-Time Program. The program is sponsored by the Walmart Foundation.

The MOU covered the period of the Las Vegas trip – from March 31, 2015, through March 1, 2016. It outlined the acceptable use of funds as to promote the following:

1. Increase the number of healthy meals provided to low-income children.
2. To provide literature about healthy eating to children.
3. Promote physical activity and access to healthy foods and snacks.
4. Increase the efficiency of existing meals programs.

The City was encouraged to share success stories and submit an assessment and comply with other reporting requirements no later than Feb. 1, 2016, to document the number of children who benefited and number of "healthy meals" served to those children with grant funds. The MOU was signed by Parks Director Dziedzic, Grants Director Quintana, and Mayor Hernandez on behalf of the City.

A copy of supporting documents obtained from the City through a public records request indicate that NRPA grant funding was spent on the following items:

- Two (2) Fujitsu desktop scanners costing \$902.72.
- An L-shaped workstation for the Milander Rec Center costing \$544.99.
- Healthy eating presentations by "Short Chef" costing \$1,500.
- Two (2) corner desks and six (6) folding carts costing \$449.92.
- A corner desk costing \$142.72.
- Travel expenses and registration fees for four Hialeah parks employees in the amount of \$5,781.72 to attend the Las Vegas conference of the NRPA. (Note: This memo was dated May 15, 2015, and unlike the May 22, 2015, memo later prepared by the acting parks director, it does not include expenses to be incurred by Mayor Hernandez, Chief of Staff Alonso or Det. Delgado for their travel to Las Vegas for the event.

COE examined the City of Hialeah's "Final Report" in connection with the summer meals program, dated Jan. 14, 2016, and submitted by Recreation Supervisor William Sanchez. The report stated that the City's program served 4,012 children and served 60,175 meals in 2015.

The report stated that the grant funds were used in the following manner: "With the assistance of this funding banners, flyers, posters and PSA's were purchased. We also purchased tables, refrigerators, meal warmers, food storage cabinets, napkins, plates, cups, and any other non-food products that were needed. The funding we received allowed us to continue helping to provide the nutritional and recreational needs of the low income families and children we serve." (Note: There is no mention of any of the office furniture and equipment found in the supporting documents, nor any reference to the payment of Las Vegas travel expenses.)

Pursuant to a Public Records Request, COE obtained copies of Chief of Staff Alonso's text

messages on his City- issued cellular phone for the month of September 2015. This included the week of Sept. 13-18 – the period coinciding with the trip to Las Vegas.

Of particular relevance were several emails exchanged between Alonso and an unidentified party using the number (786) 641-8393 on the morning of Sept. 16, 2015.

The first relevant email received by Alonso at 9:57 a.m. concerns litigation over the Villa Las Palmas rental complex and the possibility of a settlement.

The sender of the messages advises Alonso that he or she would “like to speak with the Mayor before any commitments are made.” Alonso replied to the individual at 9:58, stating: “Ok will let him know” and then adding, “Remember we are both out of town.”

The latter assertion from Alonso about the Mayor being out of town seems to contradict his testimony during a June 12, 2017, sworn statement at the State Attorney’s Office. During said statement, Alonso repeatedly denies any knowledge as to the Mayor’s whereabouts.

In light of these text messages, COE asked SAO to re-evaluate the evidence and consider whether perjury charges against Alonso might be warranted, and also to consider obtaining a court order for additional information from cellular phone carriers – i.e. cellular tower information – that would serve to establish Mayor Hernandez’s whereabouts. Upon review, SAO declined further involvement in an Aug. 22, 2017, email from ASA Reichling.

The email response from ASA Reichling was added to the case file.

Conclusion(s):

The above-referenced findings suggest that City of Hialeah officials misused private grant funds intended to subsidize a summer meals program for needy Hialeah children to pay for travel to the annual conference of the funding organization, the NRPA in Las Vegas.

While the inquiry focused on the 2015 trip to Las Vegas, Nevada costing more than \$7,600, records obtained from the City indicate that thousands of dollars’ worth of prior years’ grant proceeds were used in similar fashion to pay for City officials to attend NRPA conferences in Anaheim, Calif., Houston, Texas, Charlotte, North Carolina, and Atlanta, Georgia. A review of grant records show that the NRPA only authorized travel expenses totaling \$1,239 to the 2011 NRPA conference in Atlanta. Public records show the City, without similar authorization, spent grant funds in the amount of \$1,579 (Anaheim) in 2012; in the amount of \$1,000 in 2013 (Houston); in the amount of \$7,296 in 2014 (Charlotte) and, most recently, \$7,621 in 2015 (Las Vegas) – for a total of \$17,496 in unauthorized spending.

“This is not consistent with the expenses allowable under the grant,” Anna Amselle, Chief Financial Officer for the NRPA, stated with respect to the use of grant monies to pay for travel expenditures to Las Vegas. “It is also inconsistent with what they reported to us the funds were spent on. We would have never agreed that this is an allowable use of these funds.”

Because the NRPA did permit grant proceeds – on one occasion in 2011, totaling \$1,239 – to be used by Hialeah officials for travel to annual conference in Atlanta, it is the opinion of the State Attorney's Office that no predication exists for fraud or misappropriation charges. This one-time authorization created a precedent that has been used since that time by Hialeah officials to justify additional future travel expenditures of approximately \$17,500.

That the NRPA has reportedly re-instated funding to the City for the summer meals program on the condition that it no longer use the funds for travel expenses suggests that the matter has been resolved by the NRPA and its private funding partner, the Walmart Foundation.

Another issue concerns Mayor Hernandez's whereabouts during the week of Sept. 13-18, 2015.

The Mayor's calendar provided no information that could help answer the question of where he was during the time of the Vegas trip as the entire week was blocked off tentatively for the trip to Las Vegas, and none of his closest aides or assistants were willing or able to provide investigators with any helpful insight.

His chief of staff, Arnaldo "Arnie" Alonso, was especially vague in his responses during a June 12, 2017, sworn statement – a fact made more troubling by a text message he sent from Las Vegas on Sept. 16, 2015, representing to an unidentified party that, with respect to his whereabouts and those of Mayor Hernandez: "Remember we are both out of town."

The evidence is insufficient to support the initial complaint alleging Mayor Hernandez misused NRPA grant proceeds by attending a weeklong junket to Las Vegas. The City has, at least, a plausible explanation based on past usage of these grant funds for travel. However, the resulting inquiry, as detailed above, raised legitimate questions about how he and other City officials spent funds intended to fight hunger and promote healthy eating habits among Hialeah's neediest children.

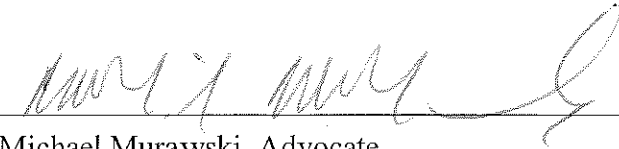
On June 1, 2017, a COE investigator met with the Mayor's private attorney, Tom Cobitz, to request an interview or any records that would account for the Mayor's whereabouts and activities during the week of the Las Vegas trip. The Mayor declined the interview request.

At the instruction of the Ethics Advocate, the COE investigation is being closed at this time. Although the Mayor's unaccounted for absence during the week of the Las Vegas trip appears suspicious, there is insufficient evidence to establish that the Mayor utilized the trip as "cover" for any nefarious purpose. In the interest of transparency, the Mayor may want to explain to his constituents why he spent grant funds earmarked for helping children on a trip to Las Vegas that he ended up not even taking. The Miami-Dade State Attorney's Office has also closed its investigation, and its closeout memo is attached.

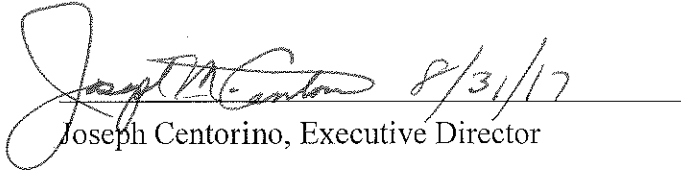
 8/31/17

Karl Ross, COE Investigator

Approved by:

A handwritten signature in dark ink, appearing to read "Michael Murawski", written over a horizontal line.

Michael Murawski, Advocate

A handwritten signature in dark ink, appearing to read "Joseph Centorino", followed by the date "8/31/17", written over a horizontal line.

Joseph Centorino, Executive Director



CLOSE-OUT MEMO
Criminal Investigation
Public Corruption Unit

A.S.A.: Trent Reichling

INVESTIGATION #: 64-17-16

SIGNATURE: [Signature]

DATE: 6/19/2017

REVIEWED BY: [Signature]

DATE: 6-22-17

Tim VanderGiesen, Division Chief, PCU

DATE: 6/26/17

JOSE J. ARROJO, Chief Assistant [Signature]

SUBJECT(S): Carlos Hernandez

EMPLOYMENT: Mayor- City of Hialeah

INVESTIGATOR: Karl Ross

INTERNAL AFFAIRS

AGENCY: Miami-Dade Ethics

INVESTIGATOR:

PHONE: 305-350-0650

AGENCY:

PHONE:

CONCLUSION

☐ CHARGES FILED

COURT CASE NUMBER:

CRIME

STATUTE

DEGREE

Grand Theft

812.014(2)(C)

F3

☒ OTHER: CLOSE-OUT NO CHARGES FILED

Facts and Background:

In February 2016, the Miami-Dade State Attorney's Public Corruption Task Force (SAPCTF), along with the Miami-Dade Commission on Ethics and Public Trust (COE), began to conduct an investigation into the use of National Recreation and Parks Association (NRPA) grant monies by City of Hialeah officials and employees. More specifically, the use of approximately \$7,621.72 in NRPA grants funds to attend an annual NRPA conference in Las Vegas, NV from

September 13-19, 2015. A City of Hialeah Parks and Recreation memo, dated May 22, 2015, outlined the details of the conference, travel and hotel details, the names of the attendees, the overall cost of attending the conference, and specified the NRPA grant account number the funds were to be requested from. The memo included the following Hialeah Parks and Recreation employees as attendees: Joseph Dziedric (Acting Director), Edward Acosta (Recreation Supervisor 1), Alexis Vazquez (Parks Supervisor 1), and Jeorga Vega (Recreation Manager). The memo also included the following non parks employees: Mayor Carlos Hernandez, Arnaldo Alonso (the Mayor's Chief of Staff), and Felix Delgado (City of Hialeah Detective who worked as the Mayor's security). The memorandum only included NRPA seminar costs for the Hialeah parks employees. The memo did not specify why Mayor Hernandez, Alonso, and Delgado were requesting to attend the annual conference. Also contained in the memo were the approval signatures of four different individuals, see below.

APPROVED / DISAPPROVED:	<i>Annette Quintana</i> 5/24/15 Annette Quintana, Director of Grants & Human Services
APPROVED / DISAPPROVED:	<i>Gelien Perez</i> 5/26/15 Gelien Perez, Acting Director of Human Resources
APPROVED / DISAPPROVED:	<i>Ines Beecher</i> 6/8/15 Ines Beecher, OMB Director
APPROVED / DISAPPROVED:	<i>Carlos Hernandez</i> Carlos Hernandez, Mayor

On March 1, 2016, COE investigator Karl Ross spoke with NRPA CFO Anna Amselle via telephone and email regarding the details of the NRPA conference and grants to the City of Hialeah. Amselle confirmed Alonso, the mayor's Chief of Staff, was a registered speaker at the conference. Amselle also confirmed the attendance of the four parks employees (including the director), via their request for continuing education credits for various sessions attended.¹ Amselle stated a member of her staff did recall seeing Delgado, but that "nobody on the internal staff that worked with that group actually saw the mayor – but that doesn't mean he wasn't there." Amselle also provided documentation and details of a \$10,000 NRPA grant awarded to Hialeah Parks and Recreation in March of 2015. These documents included a section specifying the grant was to be used to "ensure as many children as possible receive nutritious meals and healthy enrichment activity during out-of-school times," while also detailing what the funds were to be directed to, as well as other conditions. Amselle further stated the use of the \$10,000 grant funds for the payment or expenses of travel to the NRPA conference by Hialeah officials would not be consistent with the grant's purpose.

On April 26, 2016, COE investigator Ross and ASA Reichling conducted an interview and obtained a sworn statement from Annette Quintana, Director of Grants and Human Services for the City of Hialeah. It should be noted Quintana's signature of approval was contained on the memo submitted May 22, 2015. Quintana indicated that at the time she signed the memo approving the use of grant funds for the NRPA conference, she did not have any concerns regarding the attendance of Mayor Hernandez and his security personnel, Detective Delgado. Quintana stated the use of the funds for travel was appropriate since the mayor was there as a show of "support" for the grant from the NRPA. Contrary to the available balance of \$17,134 in the city's NRPA account, specified in the memo, Quintana stated the actual balance was approximately \$64,000. Further, Quintana stated that the NRPA grant account used as a funding source for the conference included NRPA funds rolled over from previous NRPA grants, as well as deposits from other sources. Ms. Quintana also provided documentation and indicated NRPA funds were used in previous years to send Hialeah parks employees to annual NRPA seminars, specifically an NRPA annual seminar in Atlanta in 2012. Ms. Quintana also explained that in grants, "unless something is strictly forbidden, it is up to them (the party providing the grant funds) to let us know," and the NRPA's guidelines for the use of its grant proceeds were "vague."

On May 11, 2016, COE investigator Ross and SAPCTF Detective Frank Castillo interviewed Joseph Dziedric, Director of Hialeah's Department of Parks and Recreation. Dziedric stated the city had been using NRPA funds as far back as 2010 to attend NRPA events. The Las Vegas conference was the first NRPA conference Dziedric had attended. Dziedric also explained Mayor Hernandez was expected to attend the NRPA conference in Las Vegas in support of the parks department and a "big award" for "innovative programs" the department was up for. The department was nominated but did not end up winning the award. Mayor Hernandez, however, did not attend the NRPA conference and cancelled the

¹ The NRPA only tracks conference attendance via requests and receipt of continuing education credits by conference attendees.

trip prior to leaving for Las Vegas, according to Dziedzic. Dziedzic was not aware of the reason for Mayor Hernandez's cancellation. Dziedzic confirmed Alonso was a speaker at the Las Vegas conference and that Delgado also traveled to Las Vegas but did not attend any of the conference's events.

On October 25, 2016, COE investigator Ross and ASA Reichling interviewed and obtained a sworn statement from Felix Delgado. Delgado described his position as liaison between the Hialeah Police Department and the mayor's office. Further, Delgado stated he often accompanies Mayor Hernandez to official functions, including trips taken out of Miami-Dade County for official city business. Delgado also confirmed Mayor Hernandez did not attend the Las Vegas trip, and was not aware of the reason why the Mayor Hernandez cancelled his plans. When questioned about why he still traveled to Las Vegas, Delgado revealed he was instructed by Mayor Hernandez to supervise and keep an eye on Alonso.

On March 30, 2017, COE investigator Ross and SAPCTF Detective David San Juan obtained a statement from Lisette Franco, Mayor Hernandez's former administrative assistant. Franco indicated she usually handled Mayor Hernandez's scheduling via the use of his personal calendar on Microsoft Outlook, as well as reservations and travel arrangements for official trips. However, Franco stated she did not handle the planning and reservations for the Las Vegas NRPA conference. According to Franco, Arnaldo Alonso handled the planning and reservations for the Las Vegas trip.

On June 12, 2017, COE investigator Ross and ASA Reichling obtained a sworn statement from Mayor Hernandez's Chief of Staff, Arnaldo Alonso. Alonso stated that around May of 2015, Dziedzic met with both Alonso and Mayor Hernandez about attending the NRPA conference in Las Vegas. Since the City of Hialeah's Parks Department had been nominated to receive an award during the NRPA conference, Dziedzic suggested Mayor Hernandez and Alonso also attend to represent the city, per Alonso. Alonso specifically recalled that Mayor Hernandez's response to Dziedzic was that he "may" attend, and did not say he would attend the conference. Alonso also received an email from the NRPA, asking that he (Alonso) participate as a panelist at the conference. Alonso did not recall the exact date, but stated that shortly before the date of the conference Mayor Hernandez informed Alonso he would not be attending. Mayor Hernandez did not provide Alonso with a reason why he could not attend the conference, according to Alonso.

In addition to conducting interviews and sworn statements of witnesses, several documents were reviewed pursuant to subpoena and public records requests. Below is a brief list and description of each document reviewed:

- JetBlue flight information confirming Hernandez did not use his airline ticket to travel to Las Vegas, NV.
- Hotel invoices from the MGM Grand Las Vegas. The invoices indicated a total of three (3) separate rooms were reserved and purchased from September 13-17, 2015 for a total of \$2,353.40.
- A copy of Mayor Carlos Hernandez's official Outlook calendar for the week of September 14-18, 2015. The calendar only included blocked off entry for the "NRPA Conference, Nevada" during this week. There were no other appointments noted.
- The Memorandum of Understanding between the NRPA and City of Hialeah regarding a \$10,000 grant for the city's summer meals program, known as the Out-of-Time Program.
- A copy of supporting documents obtain from the City of Hialeah through a public records request indicating NRPA grant funding was spent on the following items:
 - Two (2) Fujitsu desktop scanners costing \$902.72.
 - An L-shaped workstation for the Milander Rec Center costing \$544.99.
 - Healthy eating presentations by "Short Chef" costing \$1,500.
 - Two (2) corner desks and six (6) folding carts costing \$449.92.
 - A corner desk costing \$142.72.
 - Travel expenses and registration fees for four Hialeah parks employees in the amount of \$5,781.72 to attend the Las Vegas conference of the NRPA.
- Records obtained from the City of Hialeah that indicated NRPA grant funds were used in previous years to fund travel for City of Hialeah officials to attend NRPA conferences in Anaheim, Calif., Houston, Texas, Charlotte, North Carolina, and Atlanta, Georgia. A review of grant records show that the NRPA only authorized travel expenses totaling \$1,239 to the 2011 NRPA conference in Atlanta. Public records shows the city authorized spending NRPA funds in the amount of \$1,579 (Anaheim) in 2012; in the amount of \$1,000 in 2013 (Houston); in the amount of \$7,296 in 2014 (Charlotte) and, most recently, \$7,621 in 2015 (Las Vegas) – for a total of approximately \$17,500.

Conclusion:

Florida Statute § 812.014 states, "a person commits theft if he or she knowingly obtains or uses, or endeavors to obtain or to use, the property of another with intent to, either temporarily or permanently deprive the other person of a right to the property or a benefit from the property." If the value of the property is \$300 or greater but less than \$20,000, the offender commits the crime of Grand Theft in the 3rd Degree. Included in the definition of theft is conduct previously known as misappropriation. Fla. Stat. § 812.012 (2001). Therefore, in order to prove that the crime of theft or grand theft occurred, the evidence gathered through the course of the investigation must establish Mayor Hernandez knowingly intended to utilize funds contained in the NRPA grant account for an unauthorized personal benefit. More specifically, the unauthorized use of NRPA funds to attend a trip to Las Vegas, NV.

A review of statements and evidence obtained during the investigation reveal the City of Hialeah utilized NRPA grant funds for attendance costs and travel to NRPA conferences and seminars from 2011 through 2015. Additionally, the investigation revealed no documentation provided by the NRPA specifically instructed the City of Hialeah that NRPA grant funds could not be used to fund travel or attendance at NRPA conferences. An NRPA representative confirmed the city was nominated for an award at the Las Vegas conference. Alonso and Dziedzic also confirmed in their statements that Mayor Hernandez was to be in attendance at the conference to represent the City of Hialeah if the city received the NRPA award. It should also be noted that the May 22, 2015 memorandum submitted by Dziedzic seeking use of City of Hialeah NRPA grant funds to attend the Las Vegas needed the approval of four city officials. These officials not only included Mayor Carlos Hernandez, but also Annette Quintana (Director of Grants & Human Services), Gelien Perez (Acting Director of Human Resources), and Ines Beecher (OMB Director). As such, because three city administrators approved the expenditures, the funds were used in past years for similar grant related expenses, and the Mayor was going to attend in his official capacity as a representative of Hialeah, the evidence contradicts any allegation that Mayor Hernandez intended to misappropriate NRPA funds for his personal benefit. Therefore, there is no evidence of criminal conduct that would substantiate the filing of criminal charges. The matter is now closed.