



**CASE
CLOSED**

Miami-Dade Commission on Ethics & Public Trust

4-19-19

Investigative Report

Investigator: Karl Ross

Case: K19-07	Case Name: Valeria Navarrete	<u>Date Open:</u>	<u>Date Closed:</u>
Complainant(s): David J. Adams	Subject(s): Valeria Navarrete, chairwoman Miami Beach Committee on the Homeless	Jan. 29, 2019	

Allegation(s):

In an email dated Jan. 15, 2019, COE received information suggesting the subject, Ms. Navarrete, may have improperly used her position as chairwoman of Miami Beach's Committee on the Homeless to promote her not-for-profit organization. "Navarrete also goes to the extent of passing out her charity's business cards at her committee meetings, soliciting donations always with the implication that the City doesn't know what it's doing."

The email from Mr. Adams further claimed that: "In direct conflict with her entrusted City role Navarrete also runs a homeless charity called 'Favela Miami' ... The charity solicits funds to supposedly help the homeless although documentation on exactly how much money [is] raised and where it goes is unclear based on required tax filings."

Relevant Ordinances:

The Miami-Dade County ethics code states in applicable part, Subsection (g), titled *Exploitation of official position prohibited*, that: "No person ... shall use or attempt to use his or her official position to secure special privileges or exemptions for himself or herself or others except as may be specifically permitted by other ordinances or resolutions ..."

The Miami-Dade County ethics code further states in Subsection (e)(2)(g), titled *Gifts*, that solicitation for nonprofits qualifying as 501(c)(3)'s under the U.S. Internal Revenue Code are not considered gifts so long as "neither the [committee member] nor his or her staff receives any compensation as a result of this solicitation."

Investigation:

Interviews

On Feb. 22, COE requested public records about the Miami Beach Committee on the Homeless from the City Clerk's office for calendar year 2018. On Feb. 26, COE received a response from the Clerk's office consisting of minutes or meeting summaries from 10 meetings along with attendance sheets for the Committee's board members.

The minutes and other records were reviewed and added to the file.

A search of the City of Miami Beach's website found a description of the Committee on the Homeless under the heading of "Boards and Current Committee Members," and notes the committee was created pursuant to Sec. 2-161 of the Miami Beach Municipal Code, and as such is composed of nine (9) members to be appointed by the mayor and commissioners.

Of relevance to this inquiry, the code dictates that Committee members should be selected among individuals working for Services Providers such as the Salvation Army or the County's Homeless Trust or from 501(c)(3) nonprofits serving the homeless, or from members of the general public "with personal or professional experience with homeless issues."

Based on the above, it would appear that Ms. Navarrete's affiliation with a nonprofit serving the homeless would not disqualify her from serving on the Committee.

David J. Adams
901 Pennsylvania Ave., Suite 3-35
Miami Beach, FL 33139
Phone: (786) 395-8015
March 3, 2019

On March 3, an email was sent to Mr. Adams requesting a meeting/ interview. A follow up call was made on March 6 and COE spoke briefly with Mr. Adams about scheduling an interview. He asked to have the email re-sent and said he would reply accordingly.

Mr. Adams was contacted on March 14 by email and a second request was made for an interview. He indicated he was out of town until the following week. A tentative date for an interview was set for March 21 at a time and place to be determined.

Mr. Adams was contacted by email on March 21 and COE again offered to meet with him and requested additional information to assist with the investigation. He replied by email that he was "very busy" and didn't have time to meet in person. He said he would be available for a telephone interview. COE attempted to contact him by phone and email on March 22.

As of the date these findings were submitted to the Ethics Advocate for review on March 25, Mr. Adams has not returned calls or emails requesting additional information.

Valeria "Valerie" Navarrete, chairwoman
Miami Beach Committee of the Homeless
March 6, 2019

Ms. Navarrete was contacted by COE and advised as to the nature of the inquiry. She stated that she did not believe any conflict existed between her role as a member of the Miami Beach advisory committee and her non-profit, both of which serve the homeless.

She said she keeps their affairs separate and noted that she is a real estate agent by profession and does not have any financial involvement in her non-profit. She said that she became well-known in her community because of her advocacy on behalf of the homeless on social media. "People started to give me money, and I didn't know what to do with it," she said. She added that, with the help of a friend who is a certified public accountant, she set up her non-profit, Favela Miami.

Navarrete responded to the allegations raised in the Jan. 15, 2019, e-mail regarding her alleged conflictive behavior. She stated that she became a homeless advocate prior to serving on the City's Committee on the Homeless, and that she learned about the committee from a number of homeless people she was assisting. She said she attended three consecutive monthly meetings and that the committee failed to achieve quorum in each instance.

Navarrete said one of the board members suggested that she serve on the committee and that she was appointed soon thereafter by former Commissioner Deede Weithorn. She said she never planned on starting a not-for-profit, but that "it just happened." She stated that, in her opinion, she is not very successful at fundraising and mostly raises funds through Facebook. She said she has also received funding through the organization "Give Miami Dade." She stated she is in conversations with a professional fundraiser to increase funding.

Navarette denied that she ever used her position with the Committee on the Homeless to solicit funds for her non-profit. She said that sometimes people approach her after meetings and ask for information about her non-profit and that she has passed out business cards to those individuals. She said she has never solicited funds during a meeting. "That's absolutely false," she said of the allegation that she solicits on behalf of her non-profit at committee meetings. "Soliciting donations ... That's a big lie. I never, ever did that."

Navarette stated that she tries to separate her advocacy for the homeless cause from her position with the Committee on the Homeless. She said that she is frequently quoted in media reports about homeless issues and that she always takes pains to ask reporters not to identify her as the chairwoman of the committee, but instead as a private citizen. She said she has discussed this matter with Miami Beach City Attorney Raul Aguila for guidance. She said that because she is so outspoken she said she has made some enemies – especially among crime watch groups that frequently blame the homeless for crime in Miami Beach.

Navarette confirmed that a Profit & Loss statement obtained online was prepared by her accountant, and she said that none of the budgeted administrative or fundraising expenses represent income or salary paid to her. (The combined amount for those line items is \$200.) A copy of the statement was added to the investigative file. She described that may typically spend

money to help a homeless individual buy clothes for a job interview, or to purchase socks or other basic hygiene items. In some instances, if she paid for the items out of her own pocket, she would later reimburse herself. She offered to provide financial information.

She said the next committee meeting is March 12, 4:30 p.m. at 555 17th Street.

Subsequently, Navarrete provided financial records by e-mail, consisting of three bank statements for Favela Miami Corp., including one from November 2016 and the two more recent statements from December 2018 and February 2019. She said she was providing them in the interests of transparency and they were reviewed and added to the file.

The bank statements showed Favela Miami's bank account had an ending balance of \$56.82 on Nov. 30, 2016; an ending balance of \$1,558.34 on Dec. 31, 2018; and an ending balance of \$1,592.13 on Feb. 28, 2019. Navarrete also provided a copy of an Excel spreadsheet she prepared detailing the non-profit's expenses in 2018. This report reflected total expenditures of \$1,457.99 and was added to the file.

Nothing in the financial records showed expenditures inconsistent with the intended purpose of the organization or any improper use of funds. Expenses included the purchase of work uniforms, gasoline purchases, the purchase of personal hygiene items, Airbnbs/ lodging for a client, medications, expenses related to the maintenance of the organization's Website.

There was one instance in December 2018 in which Navarrete reimbursed herself \$154.58 for expenditures on behalf of a homeless individual, according to the records. She was asked about this expenditure, and she provided an explanation that she was assisting a homeless individual in Kendall after his family in Poland contacted her requesting assistance. She said the expenses were for gas for trips to Kendall and for purchasing a wheelchair and other items for the man. She provided receipts that accounted for most of the expenditure as support.

Agenda Summary for March 12, 2019, Committee of the Homeless

Navarrete provided a copy of an agenda summary for the above meeting and noted that during item No. X1 on the agenda, she asked members of the committee if she had ever asked them for donations for her non-profit. The record reflected that the members stated "no."

Document/Audio/Video Review:

A search of the Subiz.org website found that on or about Sept. 20, 2016, Navarette filed to incorporate Favela Miami as a Florida Not for Profit Corporation with the Department of State's Division of Corporations. Navarette was listed as the sole officer. The specific purpose of the corporation was described as "charitable – relief of the poor, the distressed, or the underprivileged," according to the Articles of Incorporation.

The Website for Favela Miami was visited at www.favelamiami.org, and Navarette describes the mission of the non-profit as seeking to "humanize the homeless" by providing them basic

services and an alternative to the area's homeless shelters.

A Website providing information about non-profits – Non-profit Central – identified Navarette as the President/ CEO of Favela Miami along with one other officer, Secretary Edgar Alba. It listed the annual operating budget as \$7,241 and provided a link to annual IRS filing.

It also provided a copy of the non-profit's 2018 Profit & Loss statement reflecting total donations of \$8,540, and a copy of the P&L was added to the file. In general, it showed most of the proceeds from these donations were spent on direct services to the homeless, with only \$95 in office/ general administrative expenses and \$105 in fundraising expenses.

The Website GuideStar (www.guidestar.org) has a page devoted to Favela Miami, and describes its mission as: "Assist the Homeless to transition out of homelessness by covering their basic needs and giving them a reason to look forward to achieving the ultimate goal: permanent housing." The Website identifies Navarette, Edgar Alba and Susie Panoch as the three officers/ board members as of Jan. 14, 2018. A complete copy of the GuideStar profile on Favela Miami can be retrieved from <https://www.guidestar.org/profile/81-3969517>.

Research on www.irs.gov indicates that small non-profits such as Favela Miami – those with gross receipts of less than \$50,000 – are not required to file a 990 disclosure form, but are instead required to file the 990-N form, which does not require as much information about expenditures and any potentially conflictive transactions with officers/ board members.

An article titled "Miami Beach Police Chief Helps Kill Proposal for Outdoor Space Where Homeless Could Sleep" published Sept. 13, 2018, was retrieved from the following link on the Miami New Times website: <https://www.miaminewtimes.com/news/miami-beach-homelessness-committee-no-safe-place-for-homeless-to-sleep-10725075> ...

An article titled "Homeless people stuck in Miami Beach by trespassing arrests and fines now have a way out" published June 21, 2018, was retrieved from the website of the Miami Herald at the following link: <https://www.miamiherald.com/news/local/community/miami-dade/miami-beach/article213437954.html> ...

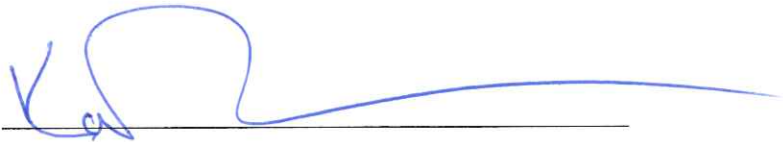
The articles cited above were added to the file. Other articles quoting Navarette as a homeless advocate were reviewed. Some of the articles noted her role as a member of the Miami Beach Committee on the Homeless. These were not added to the file. The media coverage establishes Navarette as a prominent homeless advocate, as well as a critic of homeless services on Miami Beach.

On March 6, COE conducted a license search on the Florida Department of Business and Professional Regulation (DBPR) Website and located Navarrete's real estate license, SA 677927. She was initially licensed as a real estate sales associate on July 14, 1999, and is presently employed through a brokerage, Miami Beach Realty LLC. There were no complaints against her on file with the DBPR, according to the available records.

Conclusion(s):

Based on the above-noted findings, it does not appear that there is any basis for the complaint against Navarrete alleging exploitative or conflictive behavior with respect to her service as chairwoman of the Miami Beach Committee of the Homeless and her advocacy on behalf of the homeless for Favela Miami. What's more, the City of Miami Beach legislation creating the committee requires that members be active in the provision of services to the homeless through a variety of agencies – including registered non-profits and charitable organizations. Because of the amount of revenues raised by Favela Miami (less than \$50,000), a detailed financial disclosure is not required under I.R.S. rules; however, Navarrete did voluntarily provide bank account statements and other internal financial information to COE.

After discussion with the Ethics Advocate it was decided that this matter would be closed with no further action.

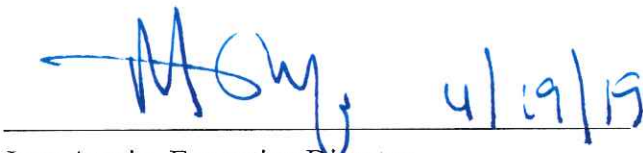


Karl Ross, COE Investigator

Approved by:



Michael Murawski, Advocate



Jose Arrojo, Executive Director