



Memorandum

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To: The Honorable Carlos Alvarez, Mayor, Miami-Dade County
The Honorable Chairperson Dennis C. Moss
and Members, Board of County Commissioners, Miami-Dade County
The Honorable Pedro J. Garcia, Property Appraiser, Miami-Dade County

From: Christopher Mazzella, Inspector General

Date: May 28, 2009

Re: OIG Investigation of Property Tax Exemption Fraud, IG08-02

An investigation by the Office of the Inspector General (OIG) and the Miami-Dade State Attorney's Office has uncovered individualized schemes to defraud the County of property taxes. As a result of the investigation, the first arrest occurred on Friday, May 1, 2009 with the arrest of Maria de los Angeles Grande (Grande) of Hialeah, Florida. Two more individuals, Telenia Piedra (Piedra) and Dane Taylor (Taylor) were arrested today. A third individual, Philip Espinosa (Espinosa) was also charged and is expected to surrender. In all, four individuals have, thus far, been charged. Attached is a copy of the news release.

Under Florida law, property owners who are disabled may be entitled to a complete exemption of property taxes if they fall into one of two categories. The OIG investigation found that for several years Grande, Espinosa, Piedra, and Taylor took advantage of the exemption granted to disabled family members and failed to notify the Property Appraiser's Office that their relatives had passed away.

A Total and Permanent Exemption (T&P Exemption) is given to homeowners who are quadriplegics (category one). Other permanently disabled homeowners who meet certain financial thresholds (category two) may also receive the T&P Exemption. Homeowners who receive a T&P Exemption do not have to pay property taxes. The privilege of the exemption ceases upon the death of the disabled homeowner.

The OIG investigation uncovered that Espinosa and Piedra, whose family members received category two exemptions, submitted false financial statements to the Property Appraiser's Office in order to receive the exemption. Grande and Taylor, whose family members received category one exemptions, resided at the property and received the benefit of the exemption without notifying the Property Appraiser that their family

members had passed away. The County would have received a total of \$102,907 from the four properties involved in this case.

The OIG continues to investigate similar schemes to cheat the County of property taxes. Additional arrests are anticipated. In addition to the criminal acts uncovered, the OIG investigation resulted in the issuance of a report, issued in October 2008, which identified numerous properties, whose cumulative assessed value exceeded \$6 million, where the T&P Exemption was erroneously continued. That report proposed remedial measures to prevent future tax losses to the County, which have been embraced by the Property Appraiser's Office.

Attachment

cc: Mr. George Burgess, County Manager
Mr. Denis Morales, Chief of Staff, Office of the Mayor
Ms. Cynthia Curry, Senior Advisor to the County Manager
Ms. Cathy Jackson, Director, Audit & Management Services
Mr. Charles Anderson, Commission Auditor
Clerk of the Board (Copy Filed)



OIG UNCOVERS PROPERTY TAX EXEMPTION FRAUD

An investigation by the Miami-Dade County Office of the Inspector General (OIG) and the Miami-Dade State Attorney's Office has uncovered several homeowners defrauding the County of property taxes. The investigation, which began in January 2008 from an anonymous complaint, has resulted in today's arrest of two individuals in addition to the arrest of another homeowner that took place earlier this month. Telenia Piedra (Piedra), 59, of Miami and Dane Taylor (Taylor), 60, of Miami, were arrested today. Philip Espinosa (Espinosa), 50, of Miami, was also charged and is expected to surrender. In all, four individuals have, thus far, been charged. Espinosa and Piedra were each charged with Forgery, Uttering Forged Instruments, Organized Scheme to Defraud and Grand Theft. Taylor was charged with Grand Theft. Maria de los Angeles Grande (Grande), 58, who was arrested on Friday, May 1, 2009, was charged with Organized Scheme to Defraud and Grand Theft. The OIG investigation found that these individuals took advantage of an exemption that had been granted to their relatives because of their disability.

Under Florida law, property owners who are disabled may be entitled to a complete exemption of property taxes if they fall into one of two categories. A Total and Permanent Exemption (T&P Exemption) is given to homeowners who are quadriplegics (category one). Other permanently disabled homeowners who meet certain financial thresholds (category two) may also receive the T&P Exemption. Unlike other homestead exemptions, homeowners who receive the T&P Exemption do not pay any property tax. The privilege of the exemption ceases upon the death of the disabled homeowner.

The investigation revealed that Espinosa's mother received a T&P Exemption due to her disability. Espinosa's mother passed away in 1999. Espinosa lived at the residence with his mother and continued to reside there after her death. The investigation revealed that Espinosa submitted fraudulent financial statements to the Property Appraiser's Office in 2000, 2001, 2004, 2006 and 2007 to continue the T&P Exemption afforded to his mother, thereby cheating the County of property taxes that should have been collected. Espinosa's fraud cost the County a total of \$9,256 in property taxes that the County would have collected for the Espinosa property from 2000 through 2007.

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Piedra's case was similar in that she, too, submitted fraudulent financial statements from 2004 – 2008 in order to continue the T&P Exemption granted to her husband who passed away in 2003. Due to the on-going OIG investigation, the 2008 exemption was not renewed; however, the false submissions from 2004-2007 cost the County \$13,431 in uncollected property taxes.

The OIG investigation of the Taylor property revealed that Taylor's wife was granted the T&P Exemption. Mrs. Taylor passed away in 2005. Taylor failed to notify the Property Appraiser's Office of his wife's death and received the exemption until 2007, resulting in a \$40,447 loss to the County.

Grande, arrested earlier this month, resided in her deceased father's residence for the past 18 years. Her father, who was granted the T&P Exemption, passed away in 1990 and property taxes for the residence have not been paid since his death. Until the OIG investigation, Ms. Grande resided in the property and received the benefit of the T&P Exemption, resulting in a \$39,772 loss to the County.

"No one gets up in the morning wanting to pay taxes, but this is what we do to keep our communities safe and functioning", commented State Attorney Katherine Fernandez Rundle. "When you cheat the county out of property taxes by claiming exemptions you are not entitled to, or when you falsify the signatures of dead relatives in order to avoid paying your share of property taxes, you are cheating your neighbors, your friends, and every hard-working individual who abides by the law. You are cheating everyone."

Cumulatively, the loss to the county from these four cases exceeds \$100,000. The OIG continues to investigate similar schemes to defraud the public of monies owed to the County in the form of tax proceeds. Additional arrests are anticipated. In addition to the criminal cases, the OIG also issued an extensive report in October 2008 relative to its overall investigation of the T&P Exemption Program. That report identified numerous properties, whose cumulative assessed value exceeded \$6 million, where the T&P Exemption was erroneously continued. The report can be viewed at <http://www.miamidadeig.org/reports/TPE exemptionsFinal.pdf>. The report recommended, and the County has agreed to implement, remedial measures to prevent future tax losses to the County.

Copies of the arrest affidavit are available at the Office of the Inspector General, 19 West Flagler Street, Suite 220, Miami, Florida, telephone number (305) 375-1946, or at the State Attorney's Office, c/o Ed Griffith, 1350 N.W. 12 Avenue, Miami, Florida, telephone number (305) 547-0535.