



Memorandum



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To: The Honorable Carlos A. Gimenez, Mayor, Miami-Dade County
The Honorable Rebeca Sosa, Chairwoman
Members, Board of County Commissioners, Miami-Dade County

From:  Christopher Mazzella, Inspector General

Date: April 17, 2013

Subject: Former CEO of the Miami Beach Community Health Center, Inc. Cooperates
with State and Federal Prosecutors, Ref. IG12-33

Kathryn Abbate (Abbate), the former CEO of the Miami Beach Community Health Center, Inc. (MBCHC), entered into a cooperation agreement with State prosecutors today. Abbate was criminally charged in February of this year with one count each of Organized Scheme to Defraud and Grand Theft 1st degree resulting from an investigation by the Office of the Inspector General (OIG) and the State Attorney's Office. In addition to the State charges, Abbate was also charged by the U.S. Attorney's Office for the Southern District of Florida with a count of Theft Concerning Programs Receiving Federal Funds.

The OIG investigation, which began in August 2012, focuses on the embezzlement and unauthorized compensation of over \$7 million from MBCHC by Abbate and others. MBCHC is a not-for-profit, consumer-directed healthcare corporation servicing the medically underserved population in South Florida. MBCHC, through the Ryan White Program—as administered by Miami-Dade County—receives significant funding for HIV/AIDS treatment, prevention and educational programs. MBCHC also receives public funds through the Children's Trust, the Healthy Start Coalition of Miami-Dade, Inc., and the Public Health Trust. Additionally, MBCHC receives a substantial rental subsidy from Miami-Dade County—rent of \$1 per year—for one of its main facilities following an \$8 million allocation of general obligation bonds to purchase and renovate the facility for MBCHC's continued occupation and use.

At the request of the U.S. Attorney's Office, the State defers the prosecution and sentencing of Abbate to the Federal authorities, and entered a conditional *nolle pros* in its case. Abbate's sentence in U.S. District Court is pending. As noted above, the State has negotiated an agreement securing Abbate's cooperation with the OIG's continuing

investigation of any improper use or diversion of county funds and/or county-administered funds. The State also retains the right to re-file the charges against Abbate if she does not cooperate or if she violates the terms of the agreement.

Thus far, the OIG investigation has prompted the Miami-Dade County Office of Management and Budget and the Children's Trust to implement heightened monitoring and oversight of MBCHC funding and activities. The OIG and the State Attorney's Office will continue their joint investigation involving the embezzlement of public funds granted to MBCHC.

cc: Honorable Katherine Fernandez-Rundle, State Attorney
Honorable Wifredo A. Ferrer, U.S. Attorney
Maria Alonso, Chair, The Children's Trust
Charles M. Auslander, Interim President/CEO, The Children's Trust
Edward Marquez, Deputy Mayor, Miami-Dade County
Jennifer Moon, Director, Office of Management and Budget, Miami-Dade County
Charles Anderson, Commission Auditor, Miami-Dade County
Jane Gross, Chairperson, Miami Beach Community Health Center, Inc.