

Swing State



Floridians love Clinton and McCain, but can Obama earn their affections with rock-star rallies?

Bagging a Blowhard



A tenacious Aventura resident's crusade leads to the arrest of a serial con man who duped dozens of condominium owners out of \$53,000 for hurricane shutters that he never installed.

Proof of Residency



The drama continues after a robbery and a traffic citation suggests that Bal Harbour Councilman Joel Jacobi lied about living in the village when he was elected to public office.

NEWS

Miami passes an ordinance illegalizing panhandling in parts of downtown Miami

Miami Beach Police arrested 570 people in Miami Beach during Memorial Day weekend

COLUMNS

Make Me The President
Lee Molloy broadcasts live from an Obama rally in Sunrise.

The 411
Justin Timberlake and Jessica Biel have been getting cozy in some Magic City hot spots. Could there be a proposal in the works?

Film
Have great sex and cosmos with Carrie,

Feature

March 27, 08

Short Changed?

Corrupt building officials almost certainly have cost the city some money, but could it be millions rather than thousands?

By Ben Torter



This project at 1434 Collins Ave. was one of several for which Michael Stern had to pay a bribe to get city approvals. Photo by Richard M. Brooks

The arrest of one former and two current Miami Beach building inspectors last week has city staff scrambling to assess how widely the cancerous effects of corruption have metastasized throughout City Hall.

Meanwhile, some close city observers feel that the scandal highlights major flaws in the city's 8-year-old concurrency management ordinance. If they're right, the city could be losing lots of money it should be collecting from developers.

Officials say they are poring over permits and systems and debating how the building permit processes can be safeguarded against the nefarious acts of crooked employees. Ideas will be discussed at the April 16 commission meeting.

"The first thing on the agenda is a discussion of what happened and what are we going to do," Mayor Matti Herrera Bower said. "It's too early for me to tell you whether this is the fix, or that is the fix."

Bower told the *SunPost* that while she doesn't feel corruption is rampant, she is committed to rooting it out wherever it grows.

"I think it's important that I take the lead as mayor to find out what the damage is that these people have done and how to eliminate it," Bower said.

Andres Villarreal, Mohammad R. Partovi and Henry Johnson were arrested March 19 on charges ranging from racketeering to bribery and money laundering. They were caught in the web of "Operation Renovation," in which developer Michael Stern — best known for his failed fight to tear down the historic Coral Rock House at Ninth Street and Collins Avenue — received immunity in exchange for cooperating with police. He showed them how he used bribery to move building projects through the permitting process.

Police got Stern's name from former city electrical inspector Thomas Ratner, who was arrested in 2006 for taking a \$1,000 bribe. Ratner is serving a 366-day sentence in state prison.

Ironically, it is Johnson, who had no involvement with the headline-grabbing Coral Rock House and on paper appears in the least amount of trouble, who may have cost the city the most money. Johnson's job was to set

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And: Film Capsules

Music

Matthew Caws finds his muse and earns his paycheck on *Nada Surf's* new CD, *Lucky*.

Brazilian Film Fest

Here's a sneak peek at some of the films that will be featured during the Brazilian Film Festival May 30 to June 7.

Bites

Neighborhood restaurants can help redefine a community. See what Le Café and Red Light are doing for the Upper Eastside.

Miami Film Race

So, you think you're a filmmaker? Find out how good you really are in this 24-hour film challenge.

Bound

Donald E. Westlake collects debts in *Somebody Owes Me Money*.

Music

Dream Theater changes things up while staying true to its roots

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concurrency fees that developers pay to the city, and as his arrest shows, he was not beyond cheating the city to line his own pockets.

Johnson's arrest warrant alleges he cost the city at least \$10,000 in fees. Some think it could be much more. Johnson, 49, was charged with one count of racketeering and two counts of bribery, and paid a \$7,500 bond after a night in jail.

"We are doing a review of Henry Johnson's work to see if there are any undercharges," Assistant City Manager Hilda Fernandez said.

Concurrency fees are paid to the city by developers to help mitigate traffic, parking and other impacts building projects have on the surrounding neighborhood. An example is that for each required parking space not provided, the developer must pay the city \$35,000.

"It's a classic situation where it's easy for kickbacks to be given," activist Frank Del Vecchio said. "There may be tens of thousands, or even millions of dollars in fees never paid to the city."

Johnson's arrest report alleges that he began shaking down Stern in 2005, when the pair met to discuss concurrency mitigation for a project Stern was building at 1434 Collins Ave.

"The regular price is \$20,000," Johnson allegedly told Stern. "I'm going to charge you \$10,000. Make a check to the city for \$6,000 and give me \$4,000 in cash for me." Stern gave Johnson the payoff at City Hall, he told investigators from the Miami Beach Police Department and the Florida Department of Law Enforcement.

Stern also testified to giving Johnson between \$4,000 and \$8,000 more for his handling of the plans for one of the retail stores going into the building at 1434 Collins Ave. Later he found out that Johnson allegedly charged the owner of the store a cash payment of \$1,500 more for concurrency mitigation review.

On May 1, 2007, Stern wore an audiovisual wire to a meeting in Johnson's office at City Hall. The two men discussed Stern's desire to add 40 more seats to his restaurant space at 1434 Collins Ave. According to Stern, Johnson told him the cost would be \$15,000 for the city and \$4,000 cash for Johnson.

The payoff was completed at City Hall two days later, with Stern again wearing a wire and handing over cash supplied by an FDLE agent. Stern supposedly wrote two checks to the city, and then, according to Johnson's arrest warrant, Johnson handed him a magazine and said, "Just leave [the bribe] in there."

On Aug. 10, 2007, Stern, again wired, went to Johnson's office. The warrant alleges he was upset that Johnson hadn't approved the 1434 Collins Ave. plan despite having been paid off in May. He testified Johnson obliged him by making retroactive changes to the city's computer system. They then discussed a possible upcoming Stern project at Sixth Street and Collins Avenue.

"Stern told [Johnson] that he would need [Johnson's] approval for this job site, and [Johnson] agreed, stating, 'This job will cost more than the \$4,000 that was spent on the last job site,'" according to Johnson's arrest warrant.

South Pointe activist Del Vecchio sees in the scandal evidence of a much bigger problem for the city. While fighting aspects of the proposed Bijou Hotel, 315-320 Ocean Drive, he discovered what he saw as major flaws in the concurrency process.

Johnson did work on Bijou Hotel planning, though it wasn't on his arrest warrant. Del Vecchio believes that because he put the Bijou under a microscope, its concurrency mitigation was in the end calculated correctly.

One problem Del Vecchio alleges was that city staff were taking the word of developers as to the impact of their projects, and that there weren't enough checks and balances to prevent corruption.

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"For eight years the city has been rubber-stamping whatever figures are submitted by a developer for traffic concurrency without even looking at them," Del Vecchio said.

He appealed the city's concurrency review process in relation to the Bijou last fall. He was the first person to appeal the process since the concurrency management ordinance was enacted in 2000. "I did so because my review of the application for the Bijou Hotel project documented that it patently and improperly understated the project's accessory use traffic and parking impacts, representing tens of thousands of dollars in understated concurrency impact fees and several hundred thousand dollars in payments required in lieu of providing the parking spaces required," Del Vecchio said. He won that appeal on Oct. 31, 2007.

Planning Director Jorge Gomez opined that the appeal was not the huge victory Del Vecchio claimed. He explained that at the start of any building permit application, a computerized, preliminary concurrency calculation is automatically printed.

"That little piece of paper wasn't in the file," Gomez said. The attorney for Bijou, Carter McDowell, acknowledged that it wasn't in the file. "It was a very technical thing, literally a piece of paper missing. [McDowell] conceded the point, and that is why Frank [Del Vecchio] won."

Johnson was removed in the middle of the Bijou case. Planning and Zoning Manager Richard Lorber took over. Gomez insisted it wasn't because Johnson was suspected of wrongdoing, but because the process was so highly politicized.

"Frank [Del Vecchio] was making a federal case over Bijou," Gomez said, which is why Lorber, a supervisor, ended up handling it.

Still, Del Vecchio is requesting an internal audit of the traffic concurrency fee system, control, calculations and payments due the city. He thinks it should be carried out by an independent agency.

"We are in the middle of doing a detailed review of the property mentioned in [Johnson's] arrest warrant," Gomez said. "And we have done some spot checks that have yielded nothing irregular. We will be doing a more detailed review of any licensing he may have signed with concurrency. Ultimately the manager [Jorge Gonzalez] will make up his mind as to whether we do external audits."

City officials are also double-checking if permits touched by the three inspectors on all seven developments mentioned in their arrest warrants were properly inspected, and have pledged to make repairs where needed. The properties include: 600 Collins Ave., the Coral Rock House at 900 Collins Ave., 1434 Collins Ave., Fairway Village at 1944 Michigan Ave., the Carriage House at 5401 Collins Ave., 7241 Wayne Ave., and the Beach Place Hotel at 8601 Harding Ave.

The crimes of Villarreal and Partovi appear to affect the city slightly differently than those of Johnson, in that they were bribes to expedite permits, rather than lower concurrency fees owed to the city.

Villarreal, 49, landed the most charges with one count of racketeering, five counts of bribery and seven of money laundering. He left a position as the city's chief building code compliance officer in August to pursue a private sector job under a cloud of suspicion that he had sexually harassed fellow employees. He spent five nights in jail before posting an \$85,000 bond Monday.

Partovi, 50, was suspended without pay from his position as chief structural plans examiner, after being charged with one count of racketeering and four of bribery. He spent a night in jail before paying a \$40,000 bond.

Commissioner Ed Tobin agrees with Del Vecchio and others who say the planning and development processes are broken and are likely costing the city millions of dollars in missed revenues, as well as making them ripe for corruption.

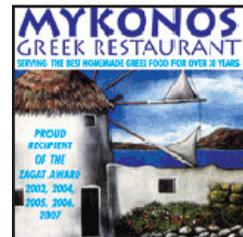
"I think we should have a precise external audit," Tobin said, and that it should be repeated every three years. "We should take time to decide what



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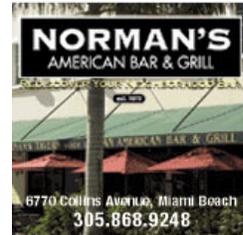
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that audit would look for. I think the commission should have a significant impact in the scope of the audit, and the external auditors should answer to the commissioners.”

Comments? E-mail ben@miamisunpost.com

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