

IN THE CIRCUIT COURT OF THE ELEVENTH JUDICIAL CIRCUIT
IN AND FOR MIAMI-DADE COUNTY, FLORIDA

**AFFIDAVIT IN SUPPORT OF ARREST WARRANT
FOR REYNALDO DIAZ**

Your affiants, Cedric Johnson and John Kennedy, agents with the Miami-Dade County Office of the Inspector General (OIG), who first being duly sworn, depose and state as follows:

1. Your affiant, Cedric Johnson, is a Supervisory Special Agent with the OIG. I have been an agent with the OIG since August 2000. Your affiant, John Kennedy, is a Special Agent with the OIG. I have been an agent with the OIG since March 2001.
2. Your affiants, along with the Miami-Dade County Office of the State Attorney, have been conducting an investigation into alleged criminal activity involving the operations of the Miami-Dade Housing Agency (hereinafter MDHA). More specifically, this warrant will focus on the investigation of Reynaldo Diaz who obtained public funds to construct housing for low to moderate income families, and completed only two homes.
3. Your affiants have obtained and reviewed records, conducted interviews of numerous witnesses and worked closely with OIG Investigative Analysts to examine these records. Based upon the forgoing, your affiants have probable cause to believe that Reynaldo Diaz has committed the offense of an First Degree Organized Fraud in violation of Florida Statute 817.034(4)(a).

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4. In December 1997, the Miami-Dade County Board of County Commissioners' resolution # R-1453-97 authorized the County to apply for a \$5,000,000 Fannie Mae Line of Credit (LOC) for the MDHA Infill Housing Initiative. The resolution also allowed MDHA to execute contracts and to expend all monies received for first mortgage loans to the working poor for construction of homes on County owned land. The LOC was awarded to the County in December 1997.
5. The Infill Housing Initiative which was adopted as Sections 17-121 through 127 of the Code of Miami-Dade County encouraged the sale or transfer of vacant lots to qualified developers who would be required to build affordable homes on County owned or privately owned property for sale to low and moderate income persons, and provided that any such homes remain as affordable housing for at least 10 years.
6. Applicants for the LOC funds were required per MDHA policy and Fannie Mae criteria to submit a "Source and Use" statement for such funds, evidence of "Site Control" and a commitment for private funding. These requirements specified that applicants could receive a maximum of 40 % in LOC funds toward the total cost for their proposed projects, and that the remaining 60 % must come from private funding. MDHA through the New Markets Division and the Development and Loan Administration Division was involved in the review of application packages for the LOC funds.
7. Between August 27, 2002 and October 3, 2002, Reynaldo Diaz submitted an application package to MDHA for the LOC funds on behalf of his corporation, Infill Development Group (IDG). State of Florida Division of Corporations records show that Diaz formed IDG in June 2002 with himself as sole corporate officer.
8. A cover letter signed by Diaz, dated August 27, 2002, and included in his package stated that Diaz proposed to build approximately 28 single family homes for sale to low income families. This cover letter further stated that the contract for acquisition

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of the properties had been executed, that financing had been secured and that Diaz was ready to proceed. Also included in Diaz's application package was a Sources and Uses statement indicating a total project cost of \$2,350,000, with funding sources to include \$940,000 in LOC funds, a \$150,000 commitment of private funds and another \$1,260,000 applied for in additional private funds.

9. Diaz' application package included real estate sales contracts. One of these real estate sales contracts, dated August 28, 2002, and signed by Diaz falsely showed IDG as the buyer of six Miami-Dade County properties from Mario Mayorga as the seller. This fraudulent document showed that IDG was paying \$73,590 for the properties and that a \$1,000 deposit had been made. It was part of the "site control" section of Diaz' package which was required by MDHA and Fannie Mae before Diaz could receive the funds.
10. Records from the Miami-Dade County Property Appraiser's Office and Recorder's Office were reviewed concerning the six properties named in the real estate sales contract between IDG and Mario Mayorga. These records show that neither IDG nor Mayorga ever owned these properties.
11. Mario Mayorga provided a sworn statement to an Assistant State Attorney and stated that he never owned the six properties named in the real estate sales contract and was not even familiar with them. Mayorga is an employee of one of Diaz' companies and stated that he signed the fraudulent sales contract pursuant to the direction of his employer, Reynaldo Diaz.
12. On or about November 14, 2002, Reynaldo Diaz, on behalf of his corporation the Infill Development Group (IDG), signed a contract with Miami-Dade County wherein Miami-Dade County would provide \$940,000 in public funds to Diaz/IDG in order for Diaz/IDG to construct and sell 28 single-family houses for/to low to moderate

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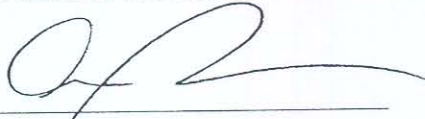
Handwritten initials of the affiant and judge. The affiant's initials are 'RD' and the judge's initials are 'JEB'.

income families. The contract required that construction was to be completed by October 3, 2003. On or about December 18, 2002, Diaz signed a promissory note for the \$940,000 LOC.

13. On or about December 27, 2002, a MDHA check for \$940,000 payable to IDG was issued and picked up by Diaz personally. Diaz signed and provided identification in order to obtain the check. On or about January 6, 2003, the \$940,000 in LOC proceeds from this check were deposited in IDG bank accounts controlled by Diaz.

14. Your affiants have reviewed records from various bank accounts held by Diaz' companies and his personal account and determined that the monies from the LOC have been disbursed for other than the construction of the outstanding 26 homes due under the County contract.

Based upon the forgoing, your affiants have probable cause to believe that Reynaldo Diaz has committed the offense of First Degree Organized Fraud in violation of Florida statute 817.034 (4)(a).

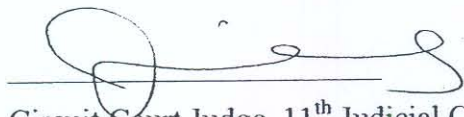


Affiant Cedric Johnson



Affiant John Kennedy

Sworn to and subscribed before me this 26th day of March, 2007.



Circuit Court Judge, 11th Judicial Circuit

Julio E. Jimenez

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Judge's Initials

