

Department of Justice

U.S. Attorney's Office

Southern District of Florida

FOR IMMEDIATE RELEASE

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President and Vice President of South Florida Construction Company Convicted at Trial of Defrauding Low-Income Housing Development Program

Following a six-day jury trial, the president and vice president of a South Florida construction company were convicted of defrauding a low-income housing development program.

Ariana Fajardo Orshan, U.S. Attorney for the Southern District of Florida, Rafiq Ahmad, Special Agent in Charge, United States Department of Labor, Office of Inspector General (DOL-OIG), Nadine Gurley, Special Agent in Charge, United States Department of Housing and Urban Development, Office of Inspector General (HUD-OIG), and Mary T. Cagle, Inspector General, Miami Dade County Office of the Inspector General, made the announcement.

Javier Estepa, 48, of Davie, Florida and Diego Alejandro Estepa Vasquez, 37, of Boca Raton, Florida, were convicted yesterday of one count of conspiracy to commit wire fraud, in violation of Title 18, United States Code, Section 1349, and three counts of Wire Fraud, in violation of Title 18, United States Code, Section 1343 (Case No. 18-CR-20530). In addition, Javier Estepa was convicted of three counts of making a false statement to a federal agency and Diego Alejandro Estepa Vasquez was convicted of one count of making a false statement to a federal agency, in violation of Title 18, United States Code, Section 1001. The defendants face a statutory maximum penalty of 20 years in prison as to each count of wire fraud and a statutory maximum penalty of 5 years in prison for each count of making a false statement. Sentencing is scheduled for May 10, 2019, at 2 p.m. before U.S. District Court Judge Ursula Ungaro.

The evidence at trial established that, between June 2014 and December 2016, Javier Estepa and Diego Alejandro Estepa Vasquez engaged in a scheme to unlawfully enrich themselves by securing Miami-Dade Public Housing and Community Development (PHCD) bid awards and causing payments on those contracts by making materially false and fraudulent representations, and by the concealment of material facts concerning, among other things, the utilization of subcontractors, the number of workers employed on the construction projects, the hours worked, and the status of those workers as employees of Aaron Construction Group, Inc.

Javier Estepa and Diego Alejandro Estepa Vasquez, the president and vice president, respectively, of Aaron Construction Group, submitted bids to PHCD, on behalf of Aaron Construction, for specific renovation and repair of low-income housing in various locations throughout Miami-Dade County. In the bids, Javier Estepa and Diego Alejandro Estepa Vasquez falsely and fraudulently represented that no subcontractors would be utilized in connection with the contract, that each worker would be paid for each hour worked, including for overtime, according to the Davis Bacon prevailing wage rates, and that Aaron Construction would obtain workers' compensation insurance, in accordance with state laws. However, immediately after being awarded the contracts, Aaron Construction entered into agreements with subcontractors which set a fixed payment at very low amounts for their work, regardless of the number of hours worked. In addition, Aaron Construction required subcontractors to provide the information of two or three subcontractor employees so that they could be placed on Aaron Construction's certified payroll to appear as if they were Aaron

Construction employees. The evidence at trial established that Aaron Construction failed to accurately report the hour employees worked on the job sites or the specific categories of work performed.

In order to obtain payment from PHCD, Javier Estepa and Diego Alejandro Estepa Vasquez submitted Periodic or Final Estimate for Payment packets to PHCD containing false and fraudulent certified payroll records that listed fewer workers than were actually employed on the project and falsified the number of hours worked. In addition, the evidence at trial established that the workers were not paid the appropriate wages under the Davis Bacon Act, nor were the workers paid overtime. Javier Estepa and Diego Alejandro Estepa Vasquez falsely and fraudulently stated that they had no subcontractors working on the project, falsely characterizing the workers as employees of Aaron Construction, when in fact they were subcontractors and subcontractor employees. In addition, Javier Estepa and Diego Alejandro Estepa Vasquez submitted with the Periodic or Final Estimate for Payment packets sworn statements of compliance that falsely and fraudulently certified that the information submitted was true and correct. As a result of these false and fraudulent submissions, PHCD transferred over \$3.9 million dollars in funds to bank accounts controlled by Javier Estepa and Diego Alejandro Estepa Vasquez.

U.S. Attorney Fajardo Orshan commended the investigative efforts of the DOL-OIG, HUD-OIG and the Miami Dade County Office of the Inspector General. She thanked the Miami-Dade Police Department for their assistance. The case was prosecuted by Assistant U.S. Attorneys Joshua S. Rothstein and John Gonsoulin.

Related court documents and information may be found on the website of the District Court for the Southern District of Florida at www.flsd.uscourts.gov or at <http://pacer.flsd.uscourts.gov>.