

Affidavit In Support of Arrest Warrant

Your affiant, Michael A. Holmes, a detective with the Public Corruption investigations Bureau (PCIB) of the Miami-Dade Police Department, who being first duly sworn, deposes and states follows:

1. Your Affiant has been assigned to conduct public corruption investigations since 1989. During these 20 years, I have personally conducted dozens of investigations and have been the lead detective in numerous cases in both State and Federal Courts. In July of 2007, PCIB detectives; Agents of the Office of the Inspector General of the U.S. Department of Housing and Urban Development; and forensic auditors assigned to PCIB and to the Office of the State Attorney commenced an investigation into alleged fraud and theft related to the proposed Poinciana Biopharmaceutical Park which was to be located in Liberty City. During the course of this investigation, I have personally interviewed over a dozen witnesses and have reviewed and analyzed thousands of documents, including contracts, pay

requisitions, invoices, work orders, financial and banking records, emails, and other correspondence. I am also aware of information and analysis produced by other PCIB detectives and forensic auditors, as well as by, prosecutors and auditors from the Office of the State Attorney. Based upon the foregoing, your affiant has probable cause to believe that defendant DENNIS STACKHOUSE has violated numerous Florida Statutes, including but not limited to, 1st Degree Organized Schemes to Defraud, in violation of 817.034 (4) (a) (1); and 1st Degree Grand Theft, in violation of 812.014 (2) (a).

2. In or about early 2003, DENNIS STACKHOUSE approached Miami-Dade County officials, including officials of the Miami-Dade Empowerment Trust (MDET), with a plan to develop the Poinciana Biopharmaceutical Park on an unimproved site located in Liberty City. This 15 acres site is located in the area of N.W. 27th Avenue and N.W. 74th Street. Since the 1980 civil disturbances in the area, several redevelopment plans have been proposed for this area, but none have been successful. STACKHOUSE'S proposed plan required that the land be leased to STACKHOUSE and that private funds, guaranteed by public bonds, would be utilized to develop the site

into a \$118 million, 2.2 million square foot multi-purpose biopharmaceutical complex. The proposed complex was to include biopharmaceutical manufacturing, training research, retail space, and residential space.

The Miami-Dade Empowerment Trust

3. In 1993, the Federal Omnibus Reconciliation Act established the Empowerment Zone and Enterprise Community (EZ/EC) Program. The EZ/EC program authorized \$3 billion in federal funding, including tax incentives and social service block grants, to support self-sustained development in distressed urban communities. Through the U.S. Department of Housing & Urban Development (U.S. HUD), a nation-wide competition began for local area designation as an Empowerment Zone to make the community eligible to receive a portion of the funding.
4. In 1999, Miami-Dade County (the County) was officially designated as a Federal Empowerment Zone, making it eligible for grants, tax incentives and other federal assistance to create economic

opportunities and sustainable community development. Further, the County was designated as the lead entity for the implementation of the Federal Empowerment Zone Strategic Plan and was vested with powers and responsibilities of the administration of the Empowerment Zone.

5. In April 1999, the Miami-Dade County Board of County Commissioners entered into a memorandum of understanding with the Miami-Dade Empowerment Trust, Inc. (the TRUST), formed in accordance with the Miami-Dade County Empowerment Zone Strategic Plan. The TRUST was a 501 (c) (3) not-for-profit Florida corporation, with delegated authority from the County to govern, direct and implement the Empowerment Zone Strategic Plan. The Trust was governed by a 19 member Board of Directors and utilizes 8 independent neighborhood assemblies comprised of representatives in target areas throughout the County to “facilitate neighborhood residential planning and leadership.”
6. The TRUST’s functions included growing new business initiatives and jobs by providing capital resources and access to tax exempt bond financing and workforce development opportunities for

Empowerment Zone residents. The Trust could buy, own, sell and/or develop real property. Further, its function expanded into economic development, providing investment capital to development projects by serving as an “equity partner” and retaining percentage interest in a given project; and to “stimulate the development” of industrial and commercial properties.

Tremont Realty Capital ,LLC

7. Tremont Realty Capital, LLC (Tremont) is a commercial real estate finance company located at 800 Boylston Street in Boston, Massachusetts. One of Tremont’s specialized lending programs offers commercial real estate developers bridge and equity funding loans for the acquisition and development of large scale commercial projects.
8. In or about December 2005, STACKHOUSE obtained a “bridge” loan from Tremont in the amount of \$4.2 million of which he “drew down” \$2.5 million between December 2005 and January 2007. The corporate entities, completely controlled by STACKHOUSE, utilized

for this loan were Poinciana Funding, LLC and Poinciana Partners, LLLP. The purpose of this loan was to begin development of the Poinciana project until additional funding could be obtained.

9. In or about August 2006, STACKHOUSE obtained a second "bridge" loan from MDET in the amount of \$3 million for the construction of a parking garage as part of the Poinciana Biopharmaceutical Park. The parking garage was to be the first phase of the Park's development and was to be purchased by Miami-Dade County for \$23 million. The "bridge" loan was intended to keep the project moving forward until permanent, private construction financing could be obtained by STACKHOUSE. The Corporate entities utilized and completely controlled by STACKHOUSE for this loan were Poinciana Partners, LLLP, Poinciana Park, LLC. and Poinciana Funding, LLC. Corporate officials at Tremont, including Douglas Lanois, the Chief Financial officer, have stated that this second "bridge" loan obtained by STACKHOUSE was not known by Tremont, and was, in fact, in violation of STACKHOUSE's loan agreement with Tremont.

10. Beginning in December 2005 (with the closing of the Tremont "bridge" loan) and continuing through both the Tremont and the

MDET "bridge" loans until May 2007, STACKHOUSE engaged in organized schemes to defraud and grand theft against both Tremont and MDET. These schemes and thefts, as discussed more fully below, included illegal payments for double billings and fraudulent invoices for services not provided.

11. More specifically, between December 2005 and January 2007, Stackhouse submitted 25 double invoices to Tremont which had previously been paid by other lenders, including MDET. These double billings totaled approximately \$149,000. For example, on January 12, 2007, STACKHOUSE submitted 12 invoices to Tremont for \$47,514.75 for engineering services by Robayna Associates, Inc. These exact same invoices had been previously submitted to and paid by, MDET on October 17, 2006. This same fraudulent double-billing pattern was utilized by STACKHOUSE against Tremont during the relevant time for a total of 25 invoices. As will be discussed more fully below, the funds generated by these fraudulent double billings were utilized by STACKHOUSE to pay personal expenses and non-Poinciana business expenses.

12. Additionally, through invoices dated December 21, 2005; March 15, 2006; June 15, 2006; and July 15, 2006, STACKHOUSE submitted 4 invoices to Tremont for \$25,000 each for security services allegedly provided by COA-DAL Security Agency, Inc. In fact, according to Patrick Coats, the CEO of COA-DAL, these security services were never provided to either STACKHOUSE or to the Poinciana Biopharmaceutical Project, and COA-DAL never received any of the money. This fraudulent obtained \$100,000 also went to the benefit of STACKHOUSE and his non-Poinciana businesses. STACKHOUSE engaged in this aspect of the scheme and grand theft against Tremont 12 times for a total of \$273,000.

13. STACKHOUSE, using his various corporate entities, also committed a identical scheme to defraud MDET. Between in or about August 2006 to in or about May 2007, STACKHOUSE submitted 45 double-billed invoices to MDET for a total of approximately \$450,000. All of these 45 double-billed invoices had been previously submitted to and paid by either Tremont or MDET itself. For example, in August 2006, STACKHOUSE submitted 45 invoices to MDET in the amount of \$235,458 from Finrock Construction, Inc. for construction costs of

the parking garage. These identical invoices had been previously submitted to and paid by Tremont between December 2005 and May 2006. These fraudulent obtained funds were also utilized by STACKHOUSE to pay personal and non-Poinciana business expenses.

14. STACKHOUSE also double-billed MDET itself in 6 separate invoices (5 from U.S. South Engineering Inc and 1 from Lintault Project Services) for a total of \$13,574.76. These all occurred in or about May 2007. In fact, the 5 U.S. South South Engineering invoices for \$5,105. had been previously paid by MDET in August and October 2006. The Lintault Project Services invoices for \$8,469.76 had been previously paid by MDET in December 2006.

15. In or about August 2006, STACKHOUSE submitted documents allegedly supporting pre-construction work by Solo Construction Company (Solo) in the amount \$27,500. An attorney representing Solo has confirmed that Solo never submitted an invoice for this work and never received the funds which STACKHOUSE received from MDET. On at least 1 other occasion, in August 2006, STACKHOUSE submitted an alleged invoice from Robayna &

Associates, Inc. to MDET for \$30,000 and kept the money for his own use.

16. The fraudulent obtained funds discussed in paragraphs 14 and 15 above were also utilized by STACKHOUSE to pay personal and non-Poinciana business expenses. STACKHOUSE had over 25 personal and business bank accounts, as well as income from other non-Poinciana sources. Auditors were able to separate and segregate these funds so as to identify funds coming exclusively from Tremont and MDET. Because STACKHOUSE co-mingled funds from several sources, because of the timing of the numerous deposits from Tremont and MDET, and because of the subsequent expenditure of these funds by STACKHOUSE for personal and non-Poinciana business expenses, it is not possible to segregate and trace each fraudulent dollar into and directly out of STACKHOUSE's accounts. Instead, the State is able to show that the various schemes and thefts utilized by STACKHOUSE generated illegal funds in his various bank accounts of approximately \$990,000. The State will also be able to show, as discussed more fully in paragraphs 17 and 18 below, that STACKHOUSE also spent approximately \$800,000 in illegal funds from

these same accounts, during the same relevant time period, for personal and non-Poinciana business expenses.

17. Furthermore, all of the fraudulently obtained funds have been traced directly to STACKHOUSE'S accounts and for STACKHOUSE'S benefit, with none of the fraudulently obtained funds ever being received by any of the vendors. Additionally, all but approximately 5 of the vendors have been contacted and interviewed. Each, except for 1 vendor, has confirmed that they were unaware of their invoices being utilized by STACKHOUSE for fraud and theft, and that they never received any of the illegally obtained funds. The remaining vendor has admitted that he was told by STACKHOUSE that his invoice was to be used to fraudulent obtain funds from Tremont.

18. Between December 2005 and May 2007, STACKHOUSE had available to him, from the aforementioned fraudulent activities, approximately \$990,000. Of this amount, approximately \$298,000 went into into the joint personal banking account of STACKHOUSE and his wife at the Bank of America and was utilized for personal expenses. An additional \$502,000 (approximate) was spent by STACKHOUSE from his various business bank accounts for business expenses not related

