



John A. Carey
Inspector General

OFFICE OF INSPECTOR GENERAL
PALM BEACH COUNTY



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“Enhancing Public Trust in Government”

Redacted per §119.071(5)(b), F.S.

Investigative Report

2021-0009

H and G Ventures of the Palm Beaches, LLC - False Statements on CARES Act Grant Applications

December 6, 2021



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OFFICE OF INSPECTOR GENERAL PALM BEACH COUNTY

INVESTIGATIVE REPORT 2021-0009

DATE ISSUED: December 6, 2021



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SUMMARY

WHAT WE DID

On February 9, 2021, the Palm Beach County (County) Department of Housing and Economic Development (DHED) contacted the Palm Beach County Office of Inspector General (OIG) concerning H and G Ventures of the Palm Beaches, LLC d/b/a Title Boxing Club's (H and G Ventures) applications to the County Coronavirus Aid, Relief and Economic Security (CARES) Act Restart Business Grant (Restart Grant) program. H and G Ventures operated a gym/fitness studio in Palm Beach County. DHED advised the OIG that after receiving a \$25,000 grant, H and G Ventures submitted a second application that failed to disclose its prior receipt of Restart Grant funding, resulting in the County approving and issuing a second grant payment.

Matthew Goodrich filed a Restart Grant application on behalf of H and G Ventures in June 2020, and Yamila Garcia-Diaz filed a second Restart Grant application on behalf of H and G Ventures in September 2020. If H and G Ventures had disclosed its initial County grant on its second application, as required, its second application would not have been accepted, and it would not have received an additional \$25,000.

In addition, the OIG's initial review revealed that prior to H and G Ventures applying for either of its Restart Grants, the U.S. Small Business Administration (SBA) approved H and G Ventures for a Paycheck Protection Program (PPP) forgivable loan. If H and G Ventures had disclosed on its initial County application that it had previously received PPP funding, the County would have reduced its grant funding by \$7,982, the amount of the PPP loan.

Based on our review of financial records and disclosures in the applications, the OIG initiated an investigation of the following allegation:

Allegation: H and G Ventures submitted two Restart Business Grant applications containing false statements and obtained improper grant funding from a County program funded by the CARES Act.

Our office reviewed H and G Ventures' Restart Grant applications to the County; its SBA PPP loan records; the funding agencies' program eligibility guidelines; and H and G Ventures' financial records. We also interviewed DHED personnel and attempted to interview Matthew Goodrich and Yamila Garcia-Diaz.

WHAT WE FOUND

We found sufficient evidence to **support** the allegation.

On May 1, 2020, H and G Ventures was approved for a \$7,982 PPP loan through Wells Fargo Bank. Thereafter, Matthew Goodrich filed a Restart Grant application on behalf of H and G Ventures in June 2020. H and G Ventures did not report the PPP funding on its Restart Grant, as it was required to do.

On September 30, 2020, Yamila Garcia-Diaz submitted a second Restart Grant application for H and G Ventures. She did not disclose the PPP loan or H and G Ventures' prior Restart Grant, as required.

H and G Ventures' receipt of Restart Grants in excess of the amount for which it was eligible **resulted in Identified Costs¹ of \$32,982**. H and G Ventures should reimburse this amount to the County.

We found sufficient information to warrant referring our finding that Mr. Goodrich and Ms. Garcia-Diaz made false statements on H and G Ventures' Restart Grant applications to the State Attorney's Office for a determination of whether the facts arise to criminal acts under section 817.03, Florida Statutes.

We also found sufficient information to warrant referral of our finding to the United States Attorney's Office for a determination of whether the H and G Ventures' applications constitute violations of Title 18, Chapter 47, and section 1001, United States Criminal Code.

WHAT WE RECOMMEND

We make three recommendations that will assist the County in ensuring effective and efficient operation of grant programs.

¹ Identified costs are costs that have been identified as dollars that have the potential of being returned to the entity to offset the taxpayers' burden.

BACKGROUND

The CARES Act

On March 1, 2020, Florida Governor Ron DeSantis directed the State Health Officer to issue a public health emergency in the State of Florida due to the COVID-19 pandemic. On March 13, 2020, Palm Beach County Mayor Dave Kerner declared a state of emergency in the County due to COVID-19.

On March 27, 2020, the President signed the CARES Act² into law. The CARES Act allocated \$2.2 trillion in economic relief to individuals, businesses, and governments affected by COVID-19. State governments were allocated a total of \$139 billion based on their populations (as measured by the U.S. Census Bureau in 2019), with no state receiving less than \$1.25 billion. Florida received a total of \$8.328 billion, with \$261,174,832 of that total provided to Palm Beach County.



On May 15, 2020, the Palm Beach County Board of County Commissioners approved the Restart Business Grant Program. The County dedicated \$50 million of the approximately \$261 million allocated to it for businesses with 25 or fewer employees and dedicated \$10 million to businesses with more than 25 employees. Businesses located in the County that met certain criteria, to include the following, were eligible to apply:

- Operating since October 1, 2019 and still operating on February 29, 2020;
- Not a publicly traded company;
- Not a non-profit organization; and
- Had not received any COVID-19 relief funds in the form of a grant or forgivable loan exceeding \$25,000.

Eligible businesses included:

- Agriculture;
- Child Care Centers;
- Gyms and Fitness Studios;
- Hair Salons, Nail Salons, Barber Shops;
- Health Care Services and Medical Offices;
- Retail - Physical Brick/Mortar Stores; and
- Restaurants, Caterers, Bakeries

² The legislation is the largest economic stimulus package in U.S. history, amounting to 10% of total U.S. gross domestic Product.

Eligible uses of Restart Business Grant Program funds included:

- Salaries/Payroll;
- Inventories;
- Commercial lease, mortgage, or rent payments; and
- Utilities.

Restart Business Grant Applications

The County accepted online applications for the Restart Business Grant program during the following periods:

- May 22, 2020 - June 12, 2020
- September 25, 2020 - October 9, 2020
- October 26, 2020- November 6, 2020

The maximum grant was \$25,000 for the first two of the three application periods. The maximum grant was \$15,000 for the third period. Before accessing, completing, and submitting the grant application, users were required to register with the Restart Grant portal by creating a user name and password and answering a ten-question eligibility questionnaire. The application asked for information including the business' name, address, type, and number of employees. The application also asked for the name, title, and percentage of ownership for each person with an ownership interest in the business.

The application listed 11 certifications, affirmations, and acknowledgements. Applicants were required to affirm these statements by digitally checking a box next to each one.

Included among those certifications was the following:

I certify that the information provided in this application and the information provided in all supporting documents and forms is true and accurate. I understand that knowingly making a false statement in this application may subject me to criminal prosecution and penalties in accordance with applicable law, including, but not limited to, Chapter 817, Florida Statutes, and Chapter 47, United States Code, which may include up to five years' imprisonment and/or up to a \$250,000 fine. I further understand that, if it is determined that any of the requirements of the federal CARES Act are found to not be satisfied in connection with my application and/or grant award, Palm Beach County retains the right to seek reimbursement of any disbursed funds. [Emphasis added]

The final page of the application required the applicant's digitally typed signature.

DHED assigned submitted applications to a contracted first reviewer, who ensured that applicants entered all required information and included all supporting records. If an application lacked a required record, the first reviewer called the primary contact listed on

the application. The first reviewer then returned the application via the portal, and a system-generated email was sent to the applicant that provided instructions on logging in and resubmitting the application with the additional information. Returning an application removed the checks in the boxes next to the certifications, affirmations, and acknowledgements, and removed the name from the signature line. The applicant had to re-check each certification, affirmation, and acknowledgement, and re-type the name on the signature line before re-submitting it with all required information.

First reviewers also calculated the grant amount for eligible applicants. The amount of revenue listed in the corporate tax return provided with applications was the primary factor in determining the need for the requested grant amount.

A second reviewer who worked for either DHED or the Office of Equal Business Opportunity then confirmed that the application was completed properly. Once the grant applications were reviewed by DHED twice, the applications went to the County Purchasing Department, who has access to the Internal Revenue Service database, to ensure the TIN on the grant application was legitimate and the information provided matched information in the IRS database. The TIN match was the last step before grant funds were disbursed by the PBC Clerk and Comptroller's Office. In order for the grant funds to be disbursed, the TIN on the grant application and the IRS database have to match. If the TIN matched, the Purchasing Department would notify DHED so that DHED could complete its approval process. If the application was approved, DHED emailed a request for payment to the County Finance Department of the Clerk and Comptroller's Office. The Clerk and Comptroller's Office issued checks payable to the business and mailed them to the business at the address provided in the application.

Question 17 of the County Restart Business Grant Application

There were 18 questions in the General Information section of the online application. Question 17 asked the following:

Has your business received any COVID-19 relief in the form of a grant or forgivable loan from any federal, state, or local program?*

Yes No

For example a Payroll Protection Program (PPP) forgivable loan or a grant from federal, state and/or local government where your business is located

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Save

→ Save & Continue

If the answer was “Yes,” an “Enter Amount” box opened and additional text appeared, stating the following:

- If “YES”, please provide documentation (such as executed Promissory Notes, Grant Agreements etc.) to verify how much relief your business received.
- If “YES”, **any amounts your business received will be deducted** from any potential award your business may receive from the Restart Business Grant Program. [Emphasis added]

Has your business received any COVID-19 relief in the form of a grant or forgivable loan from any federal, state, or local program?*

Yes No

For example a Payroll Protection Program (PPP) forgivable loan or a grant from federal, state and/or local government where your business is located

Enter Amount:*

\$

- If “YES”, please provide documentation (such as executed Promissory Notes, Grant Agreements etc.) to verify how much relief your business received
- If “YES”, any amounts your business received will be deducted from any potential award your business may receive from the Restart Business Grant Program

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SBA PPP Forgivable Loans

The SBA PPP is a \$953 billion business loan program established by the United States federal government in 2020 through the CARES Act to help certain businesses, self-employed workers, sole proprietors, certain nonprofit organizations, and tribal businesses continue to pay their workers.



The PPP provides forgivable emergency loans so that businesses can keep and rehire employees. As a result, if the recipient of the PPP loan timely applies for forgiveness and spends the PPP loan proceeds on payroll, rent, mortgage interest, or utilities, the United States government will forgive the loan.

H and G Ventures of the Palm Beaches LLC

H and G Ventures of the Palm Beaches, LLC’s Articles of Organization were filed with the Florida Secretary of State Division of Corporations on August 30, 2016, with Matthew Goodrich listed as its registered agent and authorized managing member. On December

12, 2019, H and G Ventures amended its corporate filings with the Division of Corporations to name Mr. Goodrich’s wife, Yamila Garcia-Diaz, as the registered agent. H and G Ventures filed Articles of Dissolution on August 18, 2021, stating that the company closed and that Mr. Goodrich was appointed to wind up the company’s activities and affairs.

ALLEGATION AND FINDINGS

Allegation (1):

H and G Ventures submitted two Restart Business Grant applications containing false statements and obtained improper grant funding from a County program funded by the CARES Act.

Governing Directives:

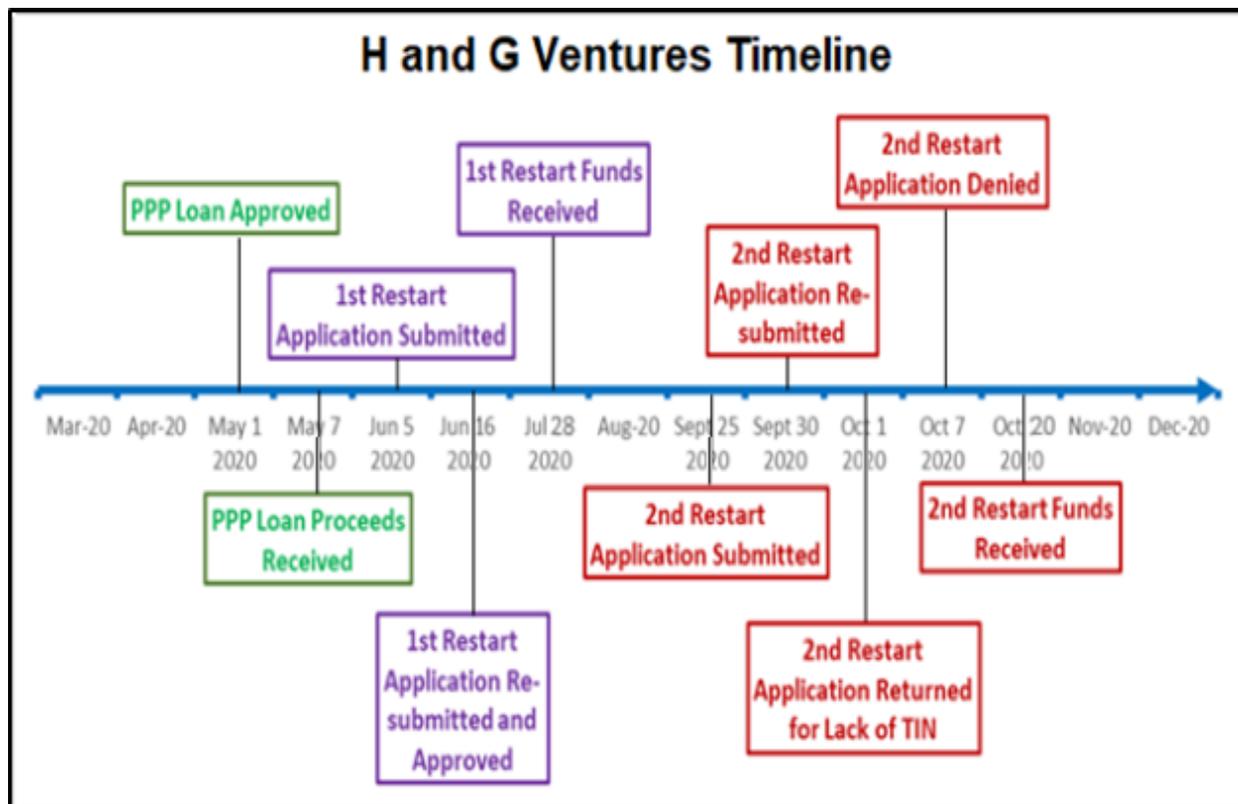
Palm Beach County CARES for Business Restart Business Grant application guidelines.

Finding:

The information obtained **supports** the allegation.

The OIG reviewed H and G Ventures’ Restart Business Grant applications, supporting documents, and financial records.

The OIG’s review of the relevant facts showed:



H and G Ventures PPP Forgivable Loan

The OIG examined open source records to determine if H and G Ventures had applied for and received PPP loan funding. Those records showed that on May 1, 2020, the SBA approved a \$7,982.00 PPP loan to H and G Ventures.

The OIG's review of H and G Ventures' financial records showed that on May 7, 2020, the PPP loan proceeds were deposited into H and G Ventures' business checking account.

H and G Ventures' First Restart Business Grant Application

On June 5, 2020, Mr. Goodrich submitted a Restart Grant application on behalf of H and G Ventures and listed himself as 100 percent owner of the business. Mr. Goodrich responded "No" to Question 17 on the application, "Has your business received any COVID-19 relief in the form of a grant or forgivable loan from any federal, state, or local program? For example a Payroll Protection Program (PPP) forgivable loan..."

 
PALM BEACH COUNTY CARES FOR BUSINESS
17. Has your business received any COVID-19 relief in the form of a grant or forgivable loan from any federal, state, or local program? For example a Payroll Protection Program (PPP) forgivable loan or a grant from federal, state and/or local government where your business is located
<input type="text" value="No"/>

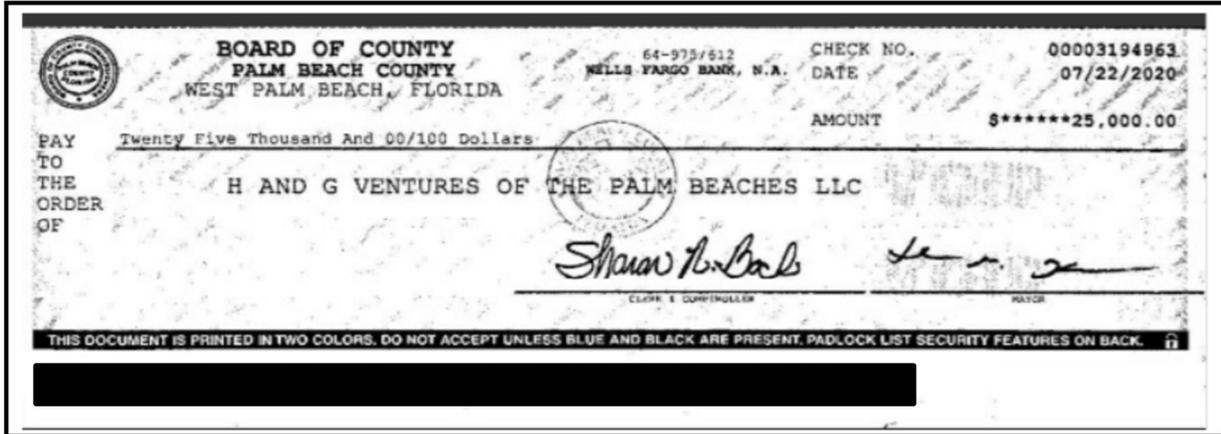
Mr. Goodrich acknowledged and electronically signed the Restart Business Grant application, number 4242.

On June 15, 2020, DHED's first reviewer returned the application to Mr. Goodrich, noting that he had submitted an outdated version of the W-9 form and needed to resubmit the application with the current version.

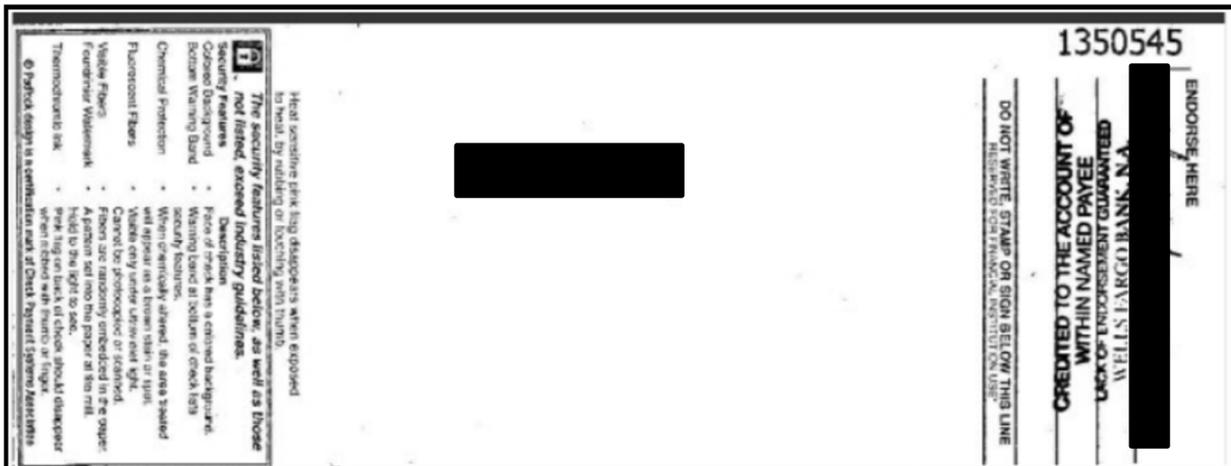
On June 16, 2020, Mr. Goodrich resubmitted the application with his electronic acknowledgments and signature. His answer to Question 17 remained "No." DHED issued the final approval for H and G Ventures' Restart Grant application on June 16, 2020.

First Restart Business Grant Payment to H and G Ventures

On July 22, 2020, the County issued check #00003194963 for \$25,000 to H and G Ventures.



On July 28, 2020, this check was deposited into H and G Ventures' business checking account.



H and G Ventures' Second Restart Business Grant Application

On September 25, 2020, H and G Ventures submitted a second Restart Grant application, which Yamila Garcia-Diaz electronically signed and listed herself as 100 percent owner.³ Ms. Garcia-Diaz responded "No" to Question 10 of the Eligibility Questionnaire section of the application, "Has the business received any COVID-19 relief funds in the form of a grant or forgivable loan from any federal, state, and/or local government exceeding \$25,000?" However, by that time, H and G Ventures had already received a \$7,982 PPP loan and \$25,000 in Restart Grant funds, a total of \$32,982 in grants and forgivable loans.

³ At the time of this submission, Sunbiz filings listed Ms. Diaz-Garcia as H and G Ventures' Registered Agent.

10. Has the business received any COVID-19 relief funds in the form of a grant or forgivable loan from federal, state and/or any local government exceeding \$25,000?

Yes No ✓

Ms. Garcia-Diaz also responded "No" to Question 11 of the Eligibility Questionnaire section of the application, "Did this business receive a PBC Cares for Business Restart Business Grant?"



PALM BEACH COUNTY CARES FOR BUSINESS

11. Did this business receive a PBC Cares for Business Restart Business Grant?

Yes No ✓

Ms. Garcia-Diaz also answered "No" to the application's Question 17, "Has your business received any COVID-19 relief in the form of a grant or forgivable loan from any federal, state, or local program? For example a Payroll Protection Program (PPP) forgivable loan..."



PALM BEACH COUNTY CARES FOR BUSINESS

17. Has your business received any COVID-19 relief in the form of a grant or forgivable loan from any federal, state, or local program?
For example a [Payroll Protection Program](#) (PPP) forgivable loan or a grant from federal, state and/or local government where your business is located

No

On September 29, 2020, DHED's first reviewer returned the application to Ms. Garcia-Diaz, noting that additional documentation was required. On September 30, 2020, Ms. Garcia-Diaz resubmitted the application with her electronic acknowledgments and signature. Her answer to Question 17 remained "No." The application was subsequently approved by two DHED reviewers and forwarded to the County Purchasing Department.

On October 1, 2020, the County Purchasing Department returned the application to DHED. The internal application review log reflected the following:

TIN (Taxpayer Identification Number) Unmatched – Returned by Purchasing. W9 Form has a different TAX ID# from the Portal Application.

The application was again approved by DHED on October 2, 2020. Later that day, the Purchasing Department again returned the application to DHED. The internal application review log reflected the following:

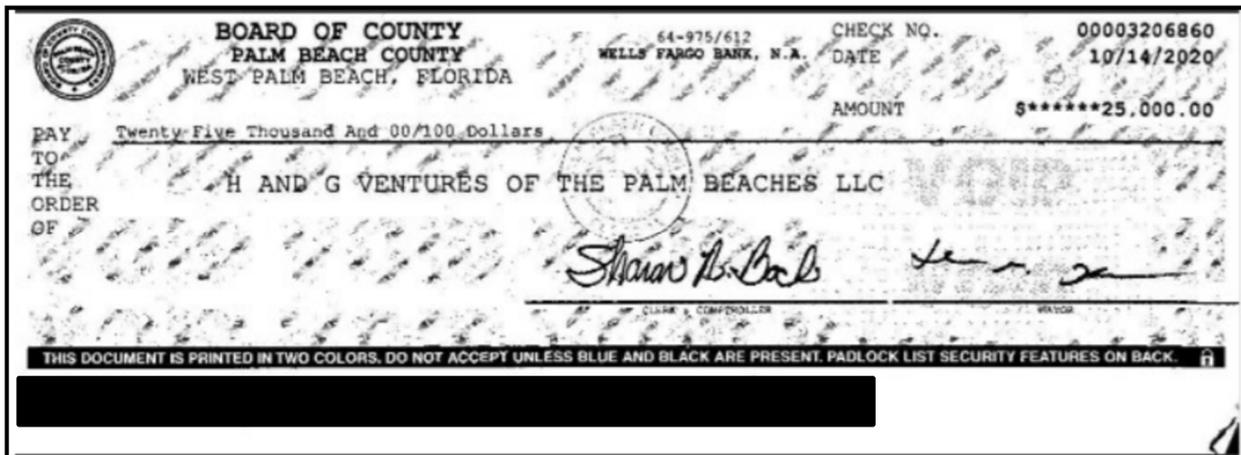
TIN Unmatched – Returned by Purchasing. DBA Name, Title Boxing Club is on application but not on W-9 Form.

After the Purchasing Department returned the application on October 2, DHED again approved the application, with the log noting statuses of "TIN Match" and "Adv. Vendor Verified". DHED sent a request for payment to the County Finance Department of the Clerk and Comptroller's Office.

Then, on October 7, 2020, the DHED system account denied the H and G Ventures application. The review log reflected that the application denial was due to a duplicate of an application previously received during Phase 1 of the Restart Grant program.

Second Restart Business Grant Payment to H and G Ventures

The October 7, 2020 DHED denial was not communicated to the County Clerk and Comptroller's Office. Therefore, despite the denial, on October 14, 2020, County check #00003206860 for \$25,000 was issued to H and G Ventures.



On October 20, 2020, this check was deposited into the H and G Ventures' business checking account.



Summary of CARES Act Funds Received by H and G Ventures

Date Deposited to H and G Account	Amount	Source
05/07/2020	\$7,982	Paycheck Protection Program (PPP) Loan- Wells Fargo, N.A.
07/28/2020	\$25,000	Board of County Commissioners, Palm Beach County
10/20/2020	\$25,000	Board of County Commissioners, Palm Beach County

OIG Interview of DHED Deputy Director Sherry Howard

Ms. Howard told the OIG that H and G Ventures' second application (#5197) was initially submitted with a Social Security Number (SSN) placed on the grant application as the TIN. However, because the business was a limited liability company, a TIN was required to be placed in the application, not a SSN. Ms. Howard explained that if the applicant had placed the required TIN on the grant questionnaire and applications, the system would not have allowed the application to proceed, because that TIN had been used on a prior application.

However, because the SSN did not match the TIN on H and G Ventures' first application (#4242), the second application was initially able to proceed through the automated system. Thereafter, a DHED reviewer checked the SSN in an IRS database, and saw that it was not the required TIN for H and G Ventures. The reviewer, unaware that the TIN for H and G was a duplicate, replaced the SSN on the application with H and G Ventures' TIN. When this was done, the automated system did not match the TIN added to the second application to H and G Ventures' prior application.

Once DHED corrected the application to include the correct TIN number, the reviewer approved the application. At that point, DHED's system did not have a mechanism to detect whether that TIN matched the TIN from H and G Ventures' first application. Ms. Howard stated that the \$25,000 Restart Grant disbursement from application #5197 should not have been paid.

Once an application has gone through the system, Ms. Howard said she signs the payment package and the DHED Business Fiscal Section sends the signed payment package to the Palm Beach County Clerk and Comptroller's Office to begin the disbursement of the grant funds.

Ms. Howard explained that DHED discovered H and G Ventures' multiple application submissions after DHED's payment approval had been sent to the Palm Beach County Clerk and Comptroller's Office, but before the Clerk's Office issued payment. However, DHED failed to communicate DHED's denial based on the multiple applications to the Clerk and Comptroller's Office.

Application #5197 was denied on October 7, 2020; however, funds were disbursed to H and G Ventures by the Palm Beach County Clerk and Comptroller's Office on October 14, 2020.

Ms. Howard told the OIG that DHED sent a letter to H and G Ventures to recoup the second application's \$25,000 Restart Grant disbursement, but H and G Ventures has not returned the funds. Ms. Howard said DHED will continue its efforts to recoup the funds.

OIG Interview of Matthew Goodrich

In August and September, 2021, the OIG made multiple attempts to contact and schedule interviews with both Mr. Goodrich and Ms. Garcia-Diaz. During those attempts the OIG spoke telephonically with Mr. Goodrich on two occasions.

During those conversations Mr. Goodrich stated that Ms. Garcia-Diaz is his wife. He also stated H and G Ventures had been closed for several weeks due to COVID-19, and that the CARES Act Restart Grant funds H and G Ventures received from the County were helpful because the business did not receive any PPP money.

Mr. Goodrich scheduled interviews for himself and Ms. Garcia-Diaz with the OIG, but neither appeared for those interviews. Florida Division of Corporation records show that **H and G Ventures filed Articles of Dissolution on August 18, 2021, the day after the OIG's first attempt to schedule interviews with Mr. Goodrich and Ms. Garcia-Diaz.**

OIG Conclusion

H and G Ventures was approved for \$7,982.00 in federal PPP forgivable loan proceeds on May 1, 2020. On May 7, 2020, the PPP loan was deposited into H and G Ventures' checking account.

H and G Ventures received this \$7,982.00 PPP loan approximately 30 days before Mr. Goodrich first completed the County Restart Business Grant application. Mr. Goodrich answered “No” to Question 17 on that application, both when he made his original Restart Business Grant submission on June 5, 2020, and when he made his final, corrected submission on June 16, 2020. Question 17 specifically asked if his applicant business had received any COVID-19 relief in the form of a grant or forgivable loan from any federal, state, or local program, and specifically listed “Payroll Protection Program (PPP) forgivable loan” as an example of relief that needed to be disclosed. Mr. Goodrich’s answer to that question was untrue and inaccurate. If he had answered that question truthfully, H and G Ventures’ Restart Business Grant would have been reduced by the \$7,982.00 it had already received in PPP funds. The untrue and inaccurate statement made by Mr. Goodrich on this application resulted in identified costs of **\$7,982.00**.

After receiving both the PPP funds and the initial \$25,000 in Restart Grant funds, Ms. Garcia-Diaz submitted a second Restart Grant application and answered “No” to Question 17. Her answer to that question was untrue and inaccurate.

She also answered “No” to Question 10 of the eligibility questionnaire, which asked whether the business had received any COVID-19 relief funds in the form of a grant or forgivable loan from any federal, state, and/or local government exceeding \$25,000. Her answer to that question was untrue and inaccurate.

Ms. Garcia-Diaz answered “No” to Question 11 of the eligibility questionnaire, which specifically asked whether the business had received a Restart Business Grant. Ms. Garcia-Diaz’s answer to that question was also untrue and inaccurate. If Ms. Garcia-Diaz had answered these questions truthfully, H and G Ventures would not have received any Restart Business Grant funds based on her application. The untrue and inaccurate statements made by Ms. Garcia-Diaz on this application resulted in additional identified costs of **\$25,000**.

Although our review shows the County did not properly process the second application in that a check was issued after the application was denied, the application would not have been submitted to a reviewer for approval in the first place had H and G Ventures provided truthful responses regarding its receipt of PPP funds and Restart Grant funds.

Information provided by Mr. Goodrich and Ms. Garcia-Diaz on H and G Ventures’ Restart Business Grant applications was not true and accurate as they certified, and as required per the applications. **As a result, H and G Ventures inappropriately received \$32,982.00.** The allegation is **supported**.

IDENTIFIED COSTS

Identified Costs: \$32,982.00

Finding	Description	Identified Costs
1	False representation regarding prior PPP loan	\$7,982.00
2	False representation regarding prior Restart Grant	\$25,000.00
Total Identified Costs		\$32,982.00

ACKNOWLEDGEMENT

The Office of Inspector General's Investigations Division would like to thank the County Department of Housing and Economic Development staff for their cooperation throughout this investigation.

RECOMMENDED CORRECTIVE ACTIONS

The OIG recommends that the County:

1. Consider pursuing legal remedies to address inappropriate funding granted to H and G Ventures based on false declarations in their Restart Business Grant applications.
2. Institute a system to ensure that the cancellation of funding for rejected grant applications is immediately communicated to the County Clerk's Office.
3. Institute a system that detects and prompts additional review of multiple grant applications with matching names and/or applicants, when appropriate.

RESPONSE FROM MANAGEMENT

Pursuant to Article XII, Section 2-427 of the Palm Beach County Code, DHED was provided the opportunity to submit a written explanation or rebuttal to the finding and recommendations as stated in this Investigative Report within ten (10) calendar days. Their response is as follows:

The County concurs with the IG recommendations included in OIG Investigation 2021-0009, and the County will continue to pursue action to recoup the \$32,982 in Restart Business funding granted to H & G Ventures of the Palm Beaches, LLC based on inaccurate and untrue declarations included in the application.

RESPONSE FROM H and G VENTURES

Pursuant to Article XII, Section 2-427 of the Palm Beach County Code, H and G Ventures was provided the opportunity to submit a written explanation or rebuttal to the finding as stated in this Investigative Report within ten (10) calendar days. H and G Ventures did not provide a response.