

Kenneth Mejia
Los Angeles City Controller
200 N. Main Street, Suite 300
Los Angeles, CA 90012
Controller.mejia@lacity.org

July 19, 2023

Re: **Request for Investigation and Audit To Determine Whether Any
Illegal Payments Were Made By the City Pursuant to Contract No.47457**

Dear Controller Mejia:

My name is Paul Paradis. I am a cooperating witness in a federal criminal investigation into wrongdoing involving the Los Angeles City Attorney's Office under the former Feuer Administration and the Los Angeles Department of Water and Power ("LADWP") that is being conducted by the Los Angeles Field Office of the Federal Bureau of Investigation ("FBI") and the United States Attorney's Office for the Central District of California ("USAO"). I am also a cooperating witness in numerous attorney misconduct investigations being conducted by the Office of Chief Trial Counsel ("OCTC") of the State Bar of California.

This letter will serve as my formal request for your Office to initiate and conduct an investigation and financial audit concerning Los Angeles City Contract Number 47457 and all contract amendments thereto, awarded to Browne George Ross LLP (which law firm was also known as Browne George Ross O'Brien & Annaguey LLP, Browne George Ross O'Brien Annaguey & Ellis LLP and Ellis George Cipollone O'Brien Annaguey LLP during various times relevant hereto)(collectively hereinafter the "EGC Firm").

As reflected in Exhibit A hereto, on or about July 24, 2017, the City contracted with Browne George Ross, LLP "to assist the City Attorney with legal representation in class action litigation and related matters at the [LADWP]. . . ." ***According to the Fifth Amendment to Contract Number 47457-8, as of May 10, 2022, the City had appropriated \$19,597,188 for such legal services. Id.*** (Emphasis added).

As a related matter, I also respectfully request that your Office initiate and conduct an investigation and financial audit concerning any and all public funds paid to the law firm of Annaguey McCann LLP, which LLP was formed in May 2023 and formally associated as co-counsel to the City in *Jones v. City* Action on May 17, 2023. See Exhibit B hereto.

While the expenditure of the public funds pursuant to Contract Number 47457 purportedly relates to legal services rendered by attorneys Maribeth Annaguey (“Annaguey”), Eric George (“George”), Guy C. Nicholson (“Nicholson”), Kathryn McCann (“McCann”), Jason Kelly (“Kelly”) and other attorneys acting at their direction in the *Jones v. City* class action litigation and related matters concerning the City Attorney’s Office and LADWP, I have personal knowledge that such public funds were, and are continuing to be, used to perpetrate a cover-up of a wide variety of illegal, fraudulent and unethical acts that were directed and undertaken by the former Feuer Administration and continue to be undertaken by outside counsel to the City under the Feldstein Soto administration due to an apparent failure of the Feldstein Soto Administration to supervise outside counsel as required by the California Court of Appeal in *County of Santa Clara v. Atlantic Richfield Co.*, 40 Cal. Rptr.3d 313, 137 Cal.App. 4th 292 (2006) and Rule 5.1 of the California Rules of Professional Conduct.

Annexed as Exhibit C hereto is the Third Supplemental Attorney Misconduct Complaint that was recently filed against attorney Annaguey. The documentary evidence annexed to the Third Supplemental Attorney Misconduct Complaint clearly establishes that, ***on August 1, 2015, Chief Deputy City Attorney James Clark informed attorney Annaguey that the City of Los Angeles was corruptly buying the collusive settlement in the Jones v. City Action on terms and conditions that had secretly been dictated by the City by paying off plaintiffs’ Class Counsel with \$19 million in attorneys’ fees.***

I also believe that the following facts may be relevant to the investigation and financial audit that I am respectfully requesting be conducted by your Office:

- from July 2017 through July 2021, attorney Annaguey was designated at the lead outside defense counsel to the City and LADWP in the *Jones v. City* class action under Contract Number 47457;
- on July 13, 2021, Special Master and former Assistant United States Attorney Edward Robbins publicly filed the 595 page report entitled, “*Special Master’s Final Report Of Investigation*” (the “*Special Master Report*”) in the *Jones v. City* Action;
- after conducting a nearly two-year long investigation Special Master Robbins found that, during the discharge of her duties as outside defense counsel to the City, attorney Annaguey violated:
 - Section 6068(b) of the State Bar Act (**Duty of Respect**);
 - Section 6068(d) of the State Bar Act (**Duty of Candor**);
 - Section 6106 of the State Bar Act (**Moral Turpitude**);
 - Section 6128 of the State Bar Act (**Deceit and Collusion**);

- Rule 1-120 of the California Rules of Professional Conduct (**Assisting Violations of Law**);
- Rule 3-110 of the California Rules of Professional Conduct (**Incompetence**);
- Rule 3-210 of the California Rules of Professional Conduct (**Advising Illegality**);
- Rule 3-500 of the California Rules of Professional Conduct (**Failing To Inform Client**);
- Rule 3-700 of the California Rules of Professional Conduct (**Termination**); and
- Rule 5-200 of the California Rules of Professional Conduct (**Candor With Court**).

See Exhibit D at p. 105.

- approximately six weeks prior to the July 13, 2021 public filing of the Special Master Report, the City, by and through its outside counsel (Browne George Ross O'Brien Annaguey & Ellis LLP), received a pre-publication copy of the Special Master Report so that the City's counsel could perform a "privilege review" to ensure that no information protected by any legal privilege would be publicly released when the Special Master Report was publicly filed;
- on or about July 9, 2021, after Browne George Ross O'Brien Annaguey & Ellis LLP attorneys had conducted the "privilege review" for the City, but four days before the Special Master Report was publicly filed, that law firm made the decision to quietly remove attorney Annaguey as the lead attorney for the City in **all** cases Annaguey was working on for the City in light of Special Master Robbins' highly incriminating findings involving attorney Annaguey. Exhibit E hereto;
- simultaneous with Annaguey's July 9, 2021 removal as lead outside counsel to the City, Browne George Ross O'Brien Annaguey & Ellis LLP partner Guy C. Nicholson was substituted in as counsel in Annaguey's stead. *Id.*;

- on December 13, 2021, the LADWP Board of Commissioners held a Special Board Meeting that was conducted entirely in “Closed Session” to discuss “certain findings contained in the Special Master’s Report” and determined that, in light of those findings, it was “imperative that the LADWP be independently represented in all matters associated with the ongoing federal investigation” See Exhibit F hereto;
- also on December 13, 2021, LADWP Commission President McClain-Hill wrote to then City Attorney Feuer and referenced the California Rules of Professional Conduct that “prohibit a lawyer from representing a client if there is a significant risk the lawyer’s representation of the client will be materially limited . . . by the lawyer’s own interests” and requested that Feuer agree to permit the LADWP Board to hire its own independent counsel in place of the Browne George Ross O’Brien Annaguey & Ellis LLP firm. *Id.*;
- on January 18, 2022 an attorney misconduct complaint was filed with the Office of Chief Trial Counsel of the State Bar of California naming ECG partner Maribeth Annaguey as a respondent;
- on January 21, 2022, after reviewing the attorney misconduct complaint naming attorney Annaguey as a respondent, the OCTC opened an investigation into attorney Annaguey’s alleged wrongful conduct and assigned that investigation Case Number 22-O-00988. This investigation remains active and ongoing;
- after receiving City Attorney Feuer’s approval, on or about May 12, 2022, the LADWP Board of Commissioners approved Contract Number 47725A in the amount of \$750,000, pursuant to which the LADWP Board retained the law firm of Paul Hastings LLP to provide legal services pertaining to the *Jones v. City* class action and related matters. See Exhibit G hereto;
- on August 22, 2022 an attorney misconduct complaint was filed with the Office of Chief Trial Counsel of the State Bar of California naming LADWP Commission President Cynthia McClain-Hill as a respondent. Among other things, the attorney misconduct complaint alleges that Commission President McClain-Hill engaged in illegal bid rigging activities in April 2019 involving cyber security contracts relating to the LADWP and that Ms. McClain-Hill’s illegal activities were, unbeknownst to her, audio recorded at the direction of the FBI;

- on August 29, 2022, after reviewing the attorney misconduct complaint naming attorney McClain-Hill as a respondent, the OCTC opened an investigation into attorney McClain-Hill's alleged wrongful conduct and assigned that investigation Case Number 22-O-11302. This investigation remains active and ongoing;
- on October 26, 2022 an attorney misconduct complaint was filed with the Office of Chief Trial Counsel of the State Bar of California naming ECG partner Guy C. Nicholson as a respondent;
- on November 26, 2022, after reviewing the attorney misconduct complaint naming attorney Nicholson as a respondent, the OCTC opened an investigation into attorney Nicholson's alleged wrongful conduct and assigned that investigation Case Number 22-O-14869. This investigation remains active and ongoing.
- on January 13, 2023, the LADWP Board of Commissioners voted to approve an increase in the amount of Contract Number 47725A with Paul Hastings LLP from \$750,000 to \$2,250,000. *See* Exhibit H hereto;
- on May 8, 2023, a 101 page Supplemental Attorney Misconduct Complaint was filed with the OCTC of the State Bar naming ECG partner Maribeth Annaguey as a respondent. This Supplemental Attorney Misconduct Complaint was filed in connection with the open and ongoing OCTC investigation into alleged misconduct by attorney Annaguey that was begun on January 21, 2022 and assigned Case Number 22-O-00988;
- in early May 2023, attorneys Annaguey and McCann formally separated from employment as partners of the ECG firm and formed a new law firm known as Annaguey McCann LLP;
- on May 17, 2023, the ECG Firm associated Annaguey McCann LLP as co-counsel of record on behalf of the Defendant, City of Los Angeles in the *Jones. v. City* Action, Case No. BC 577267. *See* Exhibit B;
- on July 12, 2023 a Second Supplemental Attorney Misconduct Complaint was filed with the Office of Chief Trial Counsel of the State Bar of California naming Annaguey McCann partner Maribeth Annaguey as a respondent. This Second Supplemental Attorney Misconduct Complaint was also filed in connection with the open and ongoing OCTC investigation in to alleged misconduct by attorney Annaguey that was begun on January 21, 2022 and assigned Case Number 22-O-00988; and

- on July 19 2023 a Third Supplemental Attorney Misconduct Complaint was filed with the Office of Chief Trial Counsel of the State Bar of California naming Annaguey McCann LLP partner Maribeth Annaguey as a respondent. This Third Supplemental Attorney Misconduct Complaint was also filed in connection with the open and ongoing OCTC investigation in to alleged misconduct by attorney Annaguey that was begun on January 21, 2022 and assigned Case Number 22-O-00988. See Exhibit C.

Simply stated, the City's May 17, 2023 decision to re-associate attorney Annaguey and her new law firm, Annaguey McCann LLP, as co-counsel to the City (along with the EGC Firm) in the *Jones v. City* Action, and to pay them for legal services using public dollars given ***Special Master Robbins' highly incriminating findings – including that attorney Annaguey “violated the ethical rules against dishonesty, deceit and collusion” and her “ethical duties to the Court in violation of Rules of Professional Conduct”*** during the discharge of Annaguey's duties as counsel to the City is, inexplicable. See Special Master Report at 11.

Based on Special Master Robbins' findings concerning attorney Annaguey and the information contained in the Third Supplemental Attorney Misconduct Complaint filed against attorney Annaguey (annexed as Exhibit C hereto), payments made to the EGC Firm and Annaguey McCann LLP in relation to the *Jones v. City* class action, *City v. PwC* action and other related matters warrant immediate further investigation and an audit by your Office to determine whether, among other things, public funds paid to these two law firms were expended illegally in order to aid the Feuer Administration in covering up any form of illegal, corrupt or unethical activity, because any such payments would clearly not be considered lawful payments by the City under the Los Angeles City Charter.

Pursuant to City Charter Sections 261 and 262, your Office holds the authority to manage all accounts and demands or claims against the city (Section 262(a)) and to conduct performance audits of all departments and city programs and operations (Section 261(k)).

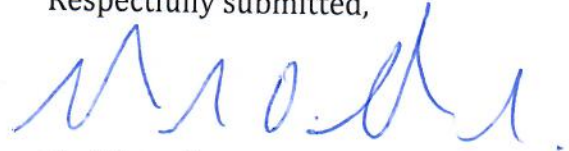
Given the gravity of the allegations involved here and to prevent further waste and dissipation of public funds, I am respectfully requesting that your Office immediately suspend all payments to both of these law firms pending the outcome of the proposed investigation and audit.

The potential misuse of public funds to perpetrate an ongoing fraudulent cover-up of alleged illegal activities by the City demands urgent action. Immediate action by the City Controller's Office is required to safeguard and protect public funds because the current Feldstein Soto Administration appears to have abdicated its responsibility for supervising outside counsel who the Feuer Administration

initially hired, but who the Feldstein Soto Administration continues to employ and is using public funds to pay.

My counsel and I are available to meet with you and provide further information as necessary. Thank you for your immediate attention to this critical issue.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "P. Paradis", written in a cursive style.

Paul Paradis