

AUG 16 2013

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9 Central Basin Municipal Water District  
10 ex rel. Leticia Vasquez Qui. Tam Plaintiff

11 SUPERIOR COURT OF THE STATE OF CALIFORNIA  
12 FOR THE COUNTY OF LOS ANGELES - CENTRAL DISTRICT

13 CASE NO. BC518653

14 COMPLAINT FOR DAMAGES AND  
15 DEMAND FOR JURY TRIAL:

16 Central Basin Municipal Water District, a  
17 Public Entity, ex rel. Leticia Vasquez Qui  
18 Tam Plaintiff

19 Plaintiffs

20 vs.

21 Sedgwick, Detert, Moran & Arnold, LLP;  
22 Buchalter Nemer, a Prof. Law Corp.; Douglas  
23 E. Wance; Curtis Farvin; Art Aguilar & Does  
24 1 to 50

25 Defendants.

- 26
- 27
- 28
- 1) VIOLATIONS OF THE CALIFORNIA FALSE CLAIMS ACT (Govt. Code §12650 et seq.)
  - 2) CONSPIRACY TO VIOLATE THE CALIFORNIA FALSE CLAIMS ACT (Govt. Code §12651 (a)(3))

## SUMMARY OF ACTION

1  
2 A. This action is brought by Qui Tam Plaintiff Leticia Vasquez (hereinafter referred  
3 to as "Vasquez" and/or "Board Member Vasquez") in the name of the Central Basin  
4 Municipal Water District (hereinafter referred to as "Central Basin"), a California  
5 local Public Entity, pursuant to the California False Claims Act (California  
6 Government Code Section 12650 et seq.) and, more particularly, California  
7 Government Code Section 12652(c)(1). The main office for the Central Basin is  
8 located in Los Angeles County at 6252 Telegraph Rd. Commerce, California. Central  
9 Basin Municipal Water District is a governmental agency authorized under Section  
10 71000 of the California Water Code for the purpose of providing an adequate supply  
11 of water within its service area.

12 B. On or about June 5, 2012, Vasquez ran for and was elected as a Member of the  
13 Governing Board of the Central Basin representing Division 4. On or about January  
14 6, 2013, Vasquez was duly sworn in as a Board Member of the Central Basin by  
15 United States Congresswoman Grace Napolitano.

16 C. Within days after her swearing-in ceremony Board Member Vasquez learned from  
17 non-media and non-public sources that some millions of dollars of Central Basin  
18 funds were allegedly secretly, improperly, illegally and without authority transferred  
19 from one or more Central Basin bank accounts to one or more bank accounts  
20 exclusively owned, controlled and managed by Defendants Sedgwick, Detert, Moran  
21 & Arnold, LLP (hereinafter referred to as "Sedgwick") and Buchalter Nemer  
22 (hereinafter referred to as "Buchalter Nemer"), a Professional Law Corporation. As a  
23 result of Vasquez making various formal and informal inquiries she came to learn that  
24 no less than \$2,750,000 in Central Basin funds had been transferred to said law firms  
25 without any legal authority and without any benefit to the Central Basin. The  
26 \$2,750,000 has been referred to by Central Basin Board Member Art Chacon as the  
27 "Slush Fund". Hereinafter Plaintiff shall from time to time refer to these funds as the  
28 "Slush Fund". Recovery of the funds sought by this action exclusively belong to the

1 Central Basin, a political subdivision of the State of California.

2 **D.** Board Member Vasquez learned and alleges herein that monies to establish the  
3 Slush Fund were transferred from the Central Basin and the Slush Fund was created  
4 1) in blatant disregard of and in violation of the Brown Act; and 2) in blatant  
5 disregard of and in violation of the California False Claims Act (Government Code  
6 Section 12650 et seq.). The Slush Fund was created and kept secret by Defendants  
7 Douglas Eugene Wance and Curtis Parvin, attorneys who served as the General  
8 Counsel and principal legal advisors for the Central Basin, Art Aguilar, Central Basin  
9 former General Manager and one or more present or former Central Basin high  
10 ranking administrative staff who are designated herein as Doe Defendants 1 through  
11 30 by various methods and means of false claims, fraud, use of false records and false  
12 statements, ruse, trickery, omissions, deceit, cunning, deception, theft, willful and  
13 deliberate ignorance of the truth, willful disregard of the truth, conspiracy and other  
14 presently unknown devices and artifices.

15 **E.** Wance and Parvin, acting as an agents, employees and/or representatives of  
16 Sedgwick and Buchalter law firms with the assistance of Aguilar and Defendant Does  
17 1 through 30 Sedgwick and Buchalter conspired and agreed to conceal the theft and  
18 transfer of these funds from the public and from law enforcement authorities by,  
19 among others, the following methods: 1) multiple violations of the Brown Act by  
20 failing and refusing to properly disclose said transfers and transactions on the Central  
21 Basin's public disclosures of its expenditures; 2) multiple violations of the Brown Act  
22 by failing and refusing to request or secure the vote of the Central Basin Governing  
23 Board for said transfers and transactions; 3) multiple violations of the Brown Act by  
24 failing to disclose said transfers and transactions in any public meeting or forum of  
25 the Central Basin; 4) failing and refusing to have said transfers and transaction  
26 properly recorded in the meeting minutes of the Central Basin; 5) failing and refusing  
27 to secure Central Basin Governing Board resolutions or other authorizing documents  
28 approving or permitting said transfers and transactions; 6) failing and refusing to

1 prepare and/or secure any written agreement or other written document authorizing  
2 said transfers and transactions or otherwise describing the purpose and use of said  
3 transfers and transactions; 7) using secret wire transfers to effect the transfer the funds  
4 and failing and refusing to disclose the transfers on the public warrant runs normally  
5 used for the transfer of Central Basin funds; 8) failing and refusing to cooperate with  
6 members of the public and other Central Basin Board Members when reasonable  
7 inquiries were made about the existence of the Slush Fund; 9) initiating a sham  
8 investigation of the Slush Fund in it an attempt to cover up and otherwise conceal and  
9 prevent public disclosure of the Slush Fund; 10) failing and refusing to secure Central  
10 Basin Governing Board resolutions or other authorizing documents approving or  
11 permitting contracts on behalf of the Central Basin when the law required such  
12 approval; 11) waiving the Central Basin's legal rights to challenge conflicts of interest  
13 and to demand loyalty from its attorneys and 12) threatening, harassing and otherwise  
14 attempting to intimidate Board Member Vasquez when she made inquiries and sought  
15 information about the origin, nature, control and use of the Slush Fund. Board  
16 Member Vasquez is uncertain of exactly how the Slush Fund was expended, but is  
17 informed and believes, and thereon alleges, that said funds were used to unjustly  
18 enrich the Defendants Wance, Parvin, Segwick, Buchalter Nemer and Does 1 through  
19 30 and said Defendants friends, relatives, affiliates, associates, and/or political allies  
20 or for other unlawful and unauthorized purposes.

21 F. Board Member Vasquez is an original source of the information about the illegal  
22 and unauthorized transfer of the \$2,750,000 in Central Basin funds to the two law  
23 firms as that term is used in Government Code §12652(d)(3)(B) and (C). Board  
24 Member Vasquez has, in good faith, exhausted the existing internal procedures at the  
25 Central Basin for reporting and seeking recovery of the illegal and unauthorized  
26 transfer of the \$2,750,000 to the two law firms. The Central Basin has failed and  
27 refused to take any action to recover the funds within a reasonable period of time. By  
28 this action Board Member Vasquez seeks to recover 1) the Slush Fund on behalf of

1 the Central Basin pursuant to the California False Claims Act; 2) three times the  
2 amount of damages as authorized by Government Code §12651(a); 3) civil penalties;  
3 4) reasonable costs and expenses; 5) attorney's fees, and 6) such other sums as  
4 authorized by law, including any appropriate percentage recoveries for her as a Qui  
5 Tam Plaintiff.

6  
7 **FIRST CAUSE OF ACTION AGAINST SEDGWICK, DETERT, MORAN &**  
8 **ARNOLD LLP, DOUGLAS EUGENE WANCE, CURTIS PARVIN AND DOES 1**

9 **TO 20**

10 **VIOLATIONS OF THE CALIFORNIA FALSE CLAIMS ACT**

11 **(Govt. Code §12651 (a))**

12  
13 1. Plaintiff hereby realleges and incorporates herein by this reference each and every  
14 allegation contained in paragraphs A through F of the Summary of Action of this  
15 Complaint.

16 2. Plaintiff is informed and believes and thereon alleges that defendant Sedgwick is a  
17 professional law partnership conducting the practice of law in, among other places, the  
18 City and County of Los Angeles, California and has offices located at 801 S. Figueroa  
19 Street 19th Floor Los Angeles, CA.

20 3. At all pertinent times alleged herein plaintiff is informed and believes, and thereon  
21 alleges, that defendant Wance was a licensed California attorney at law working as a  
22 partner, employee, agent and/or authorized representative for defendant Sedgwick. At  
23 all pertinent times alleged herein plaintiff is informed and believes, and thereon alleges,  
24 that defendant Parvin was a licensed California attorney at law working as a partner,  
25 employee, agent and/or authorized representative for defendant Sedgwick. At all  
26 pertinent times alleged herein defendants Wance and Parvin were acting within the  
27 course and scope of their partnership, employment, agency or representation for and on  
28 behalf of defendant Sedgwick and with Sedgwick's full prior knowledge and consent.

1 4. Sometime prior to June 2010 the Central Basin Governing Board retained  
2 Sedgwick to provide legal services to the Central Basin. As part of that retention of  
3 services, Wance was designated by Sedgwick and the Central Basin as the principal  
4 attorney and primary contact person and General Counsel from Sedgwick for the  
5 Central Basin. Parvin, in conjunction with Wance was also designated by Sedgwick to  
6 provide legal services and advice to Central Basin.

7 5. While serving as General Counsel from Sedgwick Wance and Parvin, among other  
8 things, regularly prepared and assisted in the preparation of the public meeting agendas  
9 and closed session entries for the public meeting agendas for the Central Basin,  
10 attended Central Basin public meetings, gave general and specific legal advice to the  
11 Central Basin Governing Board, gave general and specific legal advice to the Central  
12 Basin employees and staff especially with respect to the preparation of the Central  
13 Basin agenda, minutes of the Central Basin meetings and resolutions for the Governing  
14 Board of the Central Basin, represented the Central Basin in various litigation matters,  
15 attended Central Basin closed session meetings with the Governing Board and gave  
16 legal advice during said closed sessions, prepared documentation on behalf of the  
17 Central Basin and generally functioned as the Central Basin's principal attorneys and  
18 General Counsel and principal legal advisors. The Central Basin staff and Governing  
19 Board reasonably in good faith relied on and trusted Wance's and Parvin's legal advice  
20 and guidance with respect to the preparation and contents of its agendas, minutes of  
21 meetings and resolutions of actions taken by the Governing Board.

22 6. Plaintiff is unaware of the true names and capacities of Defendant Does 1 to 30  
23 and therefore sues said Doe Defendants using their fictitious identities. When plaintiff  
24 ascertains the true names and capacities of said Doe Defendants plaintiff will so inform  
25 the court and will seek leave to amend the complaint to state said true names and  
26 capacities. Plaintiff is informed and believes that said Doe Defendants 1 to 30, and  
27 each of them, are agents, employees, or otherwise representatives of defendant  
28 Sedgwick, Buchalter Nemer and/or the Central Basin. Plaintiff is informed and

1 believes that said Doe Defendants 1 to 30, and each of them, are in some manner  
2 responsible for the wrongful conduct and damages alleged by plaintiff herein.

3 7. Sometime shortly before June 28, 2010 Defendant Wance, while acting as the  
4 Central Basin General Counsel, and/or Parvin also while serving as an attorney for the  
5 Central Basin Aguilar and Defendant Does 1 to 5 and each of them knowingly  
6 prepared, or under their direct supervision and instruction knowingly caused to be  
7 prepared a *false and erroneous closed session agenda item* for the Central Basin public  
8 meeting of June 28, 2010. The false and erroneous closed session item stated "54956.9  
9 (c) Conference with Legal Counsel Anticipated Litigation - 1 Item". Pursuant to the  
10 direction and instruction of Wance, Parvin, Aguilar and Does 1 to 5, the agenda  
11 containing said false and erroneous closed session entry was published and otherwise  
12 disseminated to the public as the official notice of said meeting pursuant to the Brown  
13 Act. At the time of the preparation and dissemination of said agenda defendants  
14 Wance, Parvin, Aguilar and Does 1 to 5 were aware of the false and erroneous closed  
15 session entry and knowingly caused it to be published to the public. Specifically,  
16 Wance, Parvin, Aguilar and Does 1 to 5 knew that the real intention and purpose of the  
17 closed session anticipated litigation entry was to discuss ways and means to secretly  
18 transfer \$1 million to the Sedgwick law firm for unauthorized and undisclosed non-  
19 litigation purposes. Wance, Parvin, Aguilar and Does 1 to 5 used the anticipated  
20 litigation exception to the Brown Act as a pretext and ruse so they would not have to  
21 publicly disclose their true intentions and purposes.

22 8. Wance, Parvin, Aguilar and Does 1 to 5, and each of them, used said false and  
23 erroneous June 28, 2010 closed session agenda entry as a basis to discuss ground water  
24 storage that would otherwise have to be publicly disclosed on the agenda. Wance,  
25 Parvin, Aguilar and Does 1 to 5 were aware that there was public opposition (that could  
26 defeat the \$1,000,000 payment) to the Central Basin using its resources for ground water  
27 storage and therefore decided to conceal this intention by using the litigation exception  
28 in the Brown Act to avoid disclosure. Wance, Parvin, Aguilar and Does 1 to 5

1 *knowingly used the false closed session entry* as a legal pretext and ruse to secretly  
2 transfer \$1 million from the Central Basin to a Sedgwick bank account without  
3 authorization from the Central Basin Governing Board and without disclosure of the \$1  
4 million transfer to the public as required by law. The creation and use of said false  
5 closed session agenda entry was a "...false record or statement material to a false or  
6 fraudulent claim..." as those terms are as used in Government Code §12651(a)(2). The  
7 creation and use of said false closed session agenda entries formed the basis for said  
8 Defendants presentation of a false or fraudulent claim for payment or approval as those  
9 terms are used in Government Code §12651(a)(1).

10 9. On June 28, 2010 after the Central Basin Governing Board closed session  
11 Defendant Wance, Parvin, Aguilar and Does 1 to 5 *falsely and erroneously* reported to  
12 the public that during the closed session the Governing Board approved an action to  
13 provide resources for "ongoing litigation" pursuant to and consistent with the false  
14 closed session entry listed on the agenda. As specified in more detail below, the  
15 plaintiff is informed and believes that Wance, Parvin, Aguilar and Does 1 to 5 used this  
16 false closed session report as a pretext, ruse and justification to unlawfully transfer \$1  
17 million of Central Basin monies as prepaid legal expenses to a Sedgwick bank account  
18 without authority or approval of the Central Basin Governing Board. The false and  
19 erroneous report from closed session regarding the "ongoing litigation" was a "...false  
20 record or statement material to a false or fraudulent claim..." as those terms are as used  
21 in Government Code §12651(a)(2). The creation and use of said false and erroneous  
22 agenda entry and report from closed session formed the justification to give to Central  
23 Basin employees who were tasked with actually transferring \$1,000,000 of Central  
24 Basin funds to a Sedgwick Bank account.

25 10. Shortly after the June 28, 2010 Central Basin meeting Defendant Wance and  
26 Parvin while acting as the Central Basin attorney, Aguilar and Defendant Does 1 to 5  
27 and each of them knowingly prepared, or under their direct supervision and instruction  
28 knowingly caused to be prepared *false and erroneous minutes* for the Central Basin



1 Agenda public meeting of June 28, 2010. Those minutes falsely stated that the  
2 Governing Board had instructed its General Manager to make resources available to  
3 Sedgwick for "ongoing litigation". The Governing Board members have denied that  
4 there was a vote to provide resources for ongoing litigation. The false and erroneous  
5 minutes of the June 28, 2010 meeting was a "...false record or statement material to a  
6 false or fraudulent claim..." as those terms are as used in Government Code  
7 §12651(a)(2). The creation and use of said *false and erroneous minutes* formed the  
8 basis for said Defendants presentation of a false or fraudulent claim for payment or  
9 approval as those terms are used in Government Code §12651(a)(1).

10 11. On or about June 29, 2010 Wance, Parvin, while acting as attorneys for the  
11 Central Basin and employees, agents and representatives of Sedgwick and with  
12 Sedgwick's full knowledge and consent, Aguilar and Does 1 to 5 caused \$1 million of  
13 Central Basin funds to be secretly paid without public disclosure by wire transfer to a  
14 Sedgwick law firm bank account in direct violation of the law and without approval or  
15 authority of the Central Basin Governing Board. Plaintiff is informed and believes that  
16 Wance, Parvin, Aguilar and Does 1 to 5 *knowingly created false documents and*  
17 *unauthorized contracts and records or other false written authorities* and presented the  
18 same to the Central Basin bank and *knowingly falsely represented to the Central Basin*  
19 *bank* that the transfer of the \$1 million to Sedgwick was authorized by the Central  
20 Basin Governing Board. Plaintiff is informed and believes that Wance, Parvin, Aguilar  
21 and Does 1 to 5 falsely claimed that the Board voted in closed session on June 28, 2010  
22 to authorize the transfer of the \$1 million to Sedgwick for ongoing litigation. Wance,  
23 Parvin, Aguilar and Does 1 to 5 intentionally used a secret wire transfer of the funds  
24 instead of the normal Central Basin procedure of publicly disclosing the expenditure of  
25 the money on the public warrant run pursuant to the Brown Act. The creation and use of  
26 said *false documents and unauthorized contracts and records or other false written*  
27 *authorities* to effect the secret transfer of the \$1 million was a "...false record or  
28 statement material to a false or fraudulent claim..." as those terms are as used in

1 Government Code §12651(a)(2). The creation and use of said *false documents and*  
2 *records or other false written authorities* formed the basis for said Defendants  
3 presentation of a false or fraudulent claim for payment or approval as those terms are  
4 used in Government Code §12651(a)(1).

5 12. At the time that Wance, Parvin, Aguilar and Does 1 to 5 were taking the actions  
6 hereinabove described to secretly and without authority transfer \$1 million of Central  
7 Basin funds to the Sedgwick bank account, Sedgwick was fully aware of his actions  
8 and/or acted in deliberate ignorance of the truth or with reckless disregard for the truth.

9 13. After the secret transfer of the \$1 million from the Central Basin bank account to  
10 the Sedgwick bank account on June 29, 2010, the \$1 million remained unspent accruing  
11 interest in the Sedgwick bank account for four months. During this four month period  
12 the \$1 million was not used in any way for the benefit of the Central Basin. Plaintiff is  
13 informed and believes, and thereon alleges that the four months was a "no snitching" or  
14 "lookout" or "cooling off" period for Defendant Wance, Parvin, Aguilar and Does 1 to 5  
15 to ascertain whether or not their secret, illegal and unauthorized transfer of \$1 million in  
16 Central Basin funds to Sedgwick and the creation of said Slush Fund would be detected  
17 or otherwise disclosed to the public or law enforcement officials.

18 14. Plaintiff is informed and believes, and thereon alleges, that after the expiration of  
19 the "no snitching" period on or about October 2010 and continuing for the next several  
20 months thereafter, Defendants Wance, Parvin, Aguilar, Sedgwick and Does 1 to 5  
21 started spending the \$1 million in Central Basin funds that had been secretly transferred  
22 to the Sedgwick bank account. Plaintiff is informed and believes that the \$1 million  
23 dollars was improperly and illegally paid without disclosure to or authorization from  
24 the Central Basin Governing Board to associates, friends, political allies and other  
25 persons related to or otherwise associated with Defendants Wance, Parvin, Aguilar,  
26 Sedgwick and/or Does 1 to 5. Said funds were not used for ongoing litigation nor were  
27 said funds used for any lawful purpose properly authorized and disclosed by the  
28 Governing Board of the Central Basin.

1 15. The defendants' actions as alleged herein with respect to illegally and without  
2 proper Central Basin Governing Board authorization and disclosure secretly  
3 transferring \$1 million of public funds for their own use and benefit and the creation of  
4 said Slush Fund violate the California False Claims Act. Specifically, the defendants  
5 actions violate the following provisions of the California Government Code:

6 a) §12651 (a)(1) Knowingly presents or causes to be presented a false or  
7 fraudulent claim for payment or approval;

8 b) §12651 (a)((2) Knowingly makes, uses, or causes to be made or used a false record  
9 or statement material to a false or fraudulent claim;

10 c) §12651 (a)(3) Conspires to commit a violation of this subdivision;

11 d) §12651 (a)(7) Knowingly makes, uses, or causes to be made or used a false  
12 record or statement material to an obligation to pay or transmit money or property to the  
13 state or to any political subdivision, or knowingly conceals or knowingly and  
14 improperly avoids, or decreases an obligation to pay or transmit money or property to  
15 the state or to any political subdivision; and

16 e) §12651 (a)(8) Is a beneficiary of an inadvertent submission of a false claim,  
17 subsequently discovers the falsity of the claim, and fails to disclose the false claim  
18 to the state or the political subdivision within a reasonable time after discovery of  
19 the false claim.

20 16. In committing the actions and omissions alleged herein Defendants Wance,  
21 Parvin, Aguilar, Sedgwick and Does 1 to 5 and each of them conspired between and  
22 among themselves to and did in fact violate the California False Claims Act and are  
23 thereby jointly and severally liable for all damages alleged pursuant to Government  
24 Code §12651(c).

25 17. Plaintiff is informed and believes and thereon alleges that Defendant does 6 to 20,  
26 and each of them are, pursuant to California Government Code §12651(a)(8),  
27 beneficiaries of an inadvertent submission of a false claim, who subsequently  
28 discovered the falsity of the claim, and failed to disclose the false claim to the Central

1 Nemer is a professional Corporation conducting the practice of law in the City and  
2 County of Los Angeles, California and has offices located at 1000 Wilshire Boulevard  
3 Suite 1500 Los Angeles, California.

4 23. At all pertinent times alleged herein plaintiff is informed and believes, and thereon  
5 alleges, that defendant Wance was a licensed California attorney at law working as a  
6 partner, employee, agent and authorized representative for defendant Buchalter Nemer.  
7 At all pertinent times alleged herein defendant Wance was acting within the course and  
8 scope of his partnership, employment, agency or representation for and on behalf of  
9 defendant Buchalter Nemer.

10 24. Sometime on or about February 2012 the Central Basin Governing Board retained  
11 Buchalter Nemer to provide legal services to the Central Basin. As part of that  
12 retention of services, Wance was designated by Buchalter Nemer and the Central Basin  
13 as the principal attorney and primary contact person and General Counsel from  
14 Buchalter Nemer for the Central Basin. Before the retention of Buchalter Nemer,  
15 Wance served as General Counsel for the Central Basin while working for another law  
16 firm, co-defendant Sedgwick. For reasons that are currently unknown to plaintiff and at  
17 a time that is currently unknown to plaintiff Wance left the Sedgwick firm and joined  
18 the Buchalter Nemer firm.

19 25. While serving as General Counsel from Buchalter Nemer, Wance, among other  
20 things, regularly prepared and assisted in the preparation of the public meeting agendas  
21 and closed session entries for the public meeting agendas for the Central Basin,  
22 attended Central Basin public meetings, gave general and specific legal advice to the  
23 Central Basin Governing Board, gave general and specific legal advice to the Central  
24 Basin employees and staff especially with respect to the preparation of the Central  
25 Basin agenda, minutes of the Central Basin meetings and resolutions for the Governing  
26 Board of the Central Basin, represented the Central Basin in various litigation matters,  
27 attended Central Basin closed session meetings with the Governing Board and gave  
28 legal advice during said closed sessions, prepared documentation on behalf of the

1 Central Basin and generally functioned as the Central Basin's principal attorney and  
2 General Counsel and principal legal advisor. The Central Basin staff and Governing  
3 Board reasonably in good faith relied on and trusted Wance's legal advice and guidance  
4 with respect to the preparation and contents of its agendas, minutes of meetings and  
5 resolutions of actions taken by the Governing Board.

6 26. Plaintiff is unaware of the true names and capacities of Defendant Does 21 to 40  
7 and therefore sues said Doe Defendants using their fictitious identities. When plaintiff  
8 ascertains the true names and capacities of said Doe Defendants plaintiff will so inform  
9 the court and will seek leave to amend the complaint to state said true names and  
10 capacities. Plaintiff is informed and believes that said Doe Defendants 21 to 40, and  
11 each of them, are agents, employees, or otherwise representatives of defendant  
12 Buchalter Nemer and/or the Central Basin. Plaintiff is informed and believes that said  
13 Doe Defendants 21 to 40, and each of them, are in some manner responsible for the  
14 damages alleged by plaintiff herein.

15 27. Sometime shortly before June 28, 2010 Defendant Wance, while acting as the  
16 Central Basin General Counsel, and/or Parvin also while serving as an attorney for the  
17 Central Basin Aguilar and Defendant Does 1 to 5 and each of them knowingly  
18 prepared, or under their direct supervision and instruction knowingly caused to be  
19 prepared a *false and erroneous closed session agenda item* for the Central Basin public  
20 meeting of June 28, 2010. The false and erroneous closed session item stated "54956.9  
21 (c) Conference with Legal Counsel Anticipated Litigation - 1 Item". Pursuant to the  
22 direction and instruction of Wance, Parvin, Aguilar and Does 1 to 5, the agenda  
23 containing said false and erroneous closed session entry was published and otherwise  
24 disseminated to the public as the official notice of said meeting pursuant to the Brown  
25 Act. At the time of the preparation and dissemination of said agenda defendants  
26 Wance, Parvin, Aguilar and Does 1 to 5 were aware of the false and erroneous closed  
27 session entry and knowingly caused it to be published to the public. Specifically,  
28 Wance, Parvin, Aguilar and Does 1 to 5 knew that the real intention and purpose of the

1 closed session anticipated litigation entry was to discuss ways and means to secretly  
2 transfer \$1 million to the Sedgwick law firm for unauthorized and undisclosed non-  
3 litigation purposes. Wance, Parvin, Aguilar and Does 1 to 5 used the anticipated  
4 litigation exception to the Brown Act as a pretext and ruse so they would not have to  
5 publicly disclose their true intentions and purposes.

6 28. Wance, Parvin, Aguilar and Does 1 to 5, and each of them, used said false and  
7 erroneous June 28, 2010 closed session agenda entry as a basis to discuss ground water  
8 storage that would otherwise have to be publicly disclosed on the agenda. Wance,  
9 Parvin, Aguilar and Does 1 to 5 were aware that there was public opposition (that could  
10 defeat the \$1,000,000 payment) to the Central Basin using its resources for ground water  
11 storage and therefore decided to conceal this intention by using the litigation exception  
12 in the Brown Act to avoid disclosure. As specified in more detail below, the plaintiff is  
13 informed and believes that Wance, Aguilar and Does 31 to 35 used this false closed  
14 session report as a pretext, ruse and justification to unlawfully transfer \$1.75 million of  
15 Central Basin monies as prepaid legal expenses to a Buchalter Nemer bank account  
16 without authority or approval of the Central Basin Governing Board. The false and  
17 erroneous report from closed session regarding the "ongoing litigation" was a "...false  
18 record or statement material to a false or fraudulent claim..." as those terms are as used  
19 in Government Code §12651(a)(2). The creation and use of said false and erroneous  
20 agenda entry and report from closed session formed the justification to give to Central  
21 Basin employees who were tasked with actually transferring \$1.75 million of Central  
22 Basin funds to a Buchalter Nemer Bank account.

23 29. Wance and Does 31 to 35 *knowingly used the false closed session entry* as a legal  
24 pretext and ruse to secretly transfer \$1.75 million from the Central Basin for Buchalter  
25 Nemer ' and Wance's personal use and benefit without proper authorization from the  
26 Central Basin Governing Board and without disclosure to the public as required by law.  
27 Subsequently in the year 2012, after Wance left Sedgwick firm and joined the Buchalter  
28 Nemer firm, Wance and Does 31 to 35 *knowingly used the same false closed session*

1 *entry* as a pretext and ruse to obtain \$1.75 million from the Central Basin for Buchalter  
2 Nemer's and Wance's personal use and benefit without proper authorization from the  
3 Central Basin Governing Board and without disclosure to the public as required by law.  
4 The creation and use of *the same false closed session entry* to effect the secret transfer  
5 of the \$1.75 million was a "...false record or statement material to a false or fraudulent  
6 claim..." as those terms are as used in Government Code §12651(a)(2). The creation  
7 and use of *the same false closed session entry* formed the basis for said Defendants  
8 presentation of a false or fraudulent claim for payment or approval as those terms are  
9 used in Government Code §12651(a)(1) .

10 30. On June 28, 2010 after the Central Basin Governing Board closed session  
11 Defendant Wance and Does 1 to 5 *falsely and erroneously* reported to the public that  
12 during the closed session the Governing Board voted to authorize the transfer of  
13 millions of dollars of Central Basin funds to their lawyers. As specified in more detail  
14 below, the plaintiff is informed and believes that Wance and Does 31 to 35 used this  
15 false closed session report as a pretext and ruse to unlawfully transfer \$1.75 million of  
16 Central Basin monies to a Buchalter Nemer bank account without proper authority or  
17 approval of the Central Basin Governing Board. The false and erroneous report from  
18 closed session regarding the "ongoing litigation" was a "...false record or statement  
19 material to a false or fraudulent claim..." as those terms are as used in Government  
20 Code §12651(a)(2). The creation and use of said false and erroneous report from closed  
21 session formed the basis for said Defendants presentation of a false or fraudulent claim  
22 for payment or approval as those terms are used in Government Code §12651(a)(1).

23 31. Shortly after the June 28, 2010 Central Basin meeting Defendants Wance and  
24 Parvin while acting as the Central Basin General Counsel, Aguilar and Defendant Does  
25 1 to 5 and each of them knowingly prepared, or under their direct supervision and  
26 instruction knowingly caused to be prepared *false and erroneous minutes* for the  
27 Central Basin Agenda public meeting of June 28, 2010. Those minutes falsely stated  
28 that the Governing Board had instructed its General Manager to make resources

1 available for "ongoing litigation". The false and erroneous minutes of the June 28,  
2 2010 meeting was a "...false record or statement material to a false or fraudulent  
3 claim..." as those terms are as used in Government Code §12651(a)(2). The creation  
4 and use of said *false and erroneous minutes* formed the basis for said Defendants  
5 presentation of a false or fraudulent claim for payment or approval as those terms are  
6 used in Government Code §12651(a)(1).

7 32. On or about February 9, 2012 Wance, while acting as an employee, agent and  
8 representative of Buchalter Nemer and with Buchalter Nemer 's full knowledge and  
9 consent, Aguilar and Does 31 to 35 caused \$1 million of Central Basin funds to be  
10 secretly paid without public disclosure by wire transfer to a Buchalter Nemer law firm  
11 bank account in direct violation of the law and without approval or proper authority of  
12 or disclosure to the Central Basin Governing Board. On or about March 26, 2012  
13 Wance, while acting as an employee, agent and representative of Buchalter Nemer and  
14 with Buchalter Nemer 's full knowledge and consent, Aguilar and Does 31 to 35 caused  
15 \$750,000 of Central Basin funds to be secretly paid without public disclosure of the  
16 recipient by wire transfer to a Buchalter Nemer law firm bank account in direct  
17 violation of the law and without approval or proper authority of or disclosure of the  
18 recipient to the Central Basin Governing Board. Plaintiff is informed and believes that  
19 Wance and Does 31 to 35 *knowingly created false documents, contracts and records or*  
20 *other false written authorities* and presented the same to the Central Basin bank and  
21 *knowingly falsely represented to the Central Basin bank* that the transfer of the \$1  
22 million on or about February 9, 2012 and the \$750,000 on or about March 26, 2012 to  
23 Buchalter Nemer was authorized by the Central Basin Governing Board. Plaintiff is  
24 informed and believes that Wance and Does 31 to 35 falsely claimed that the Board  
25 voted to approve the transfer of the \$1,750,000 to Buchalter Nemer. Wance and Does  
26 31 to 35 intentionally used secret wire transfers of the funds instead of the normal  
27 Central Basin procedure of publicly disclosing the expenditure of the money on the  
28 public warrant run. The creation and use of said *false documents, contracts and records*



1 *or other false written authorities* to effect the secret transfer of the \$1,750,000 to  
2 Buchalter Nemer was a "...false record or statement material to a false or fraudulent  
3 claim..." as those terms are as used in Government Code §12651 (a)(2). The creation  
4 and use of said *false documents, contracts and records or other false written authorities*  
5 formed the basis for said Defendants presentation of a false or fraudulent claim for  
6 payment or approval as those terms are used in Government Code §12651(a)(1).

7 33. At the time that Wance was taking the actions hereinabove described to secretly  
8 and without authority transfer \$1.75 million of Central Basin funds to the Buchalter  
9 Nemer bank account, Buchalter Nemer was fully aware of his actions and or acted in  
10 deliberate ignorance of the truth or with reckless disregard for the truth.

11 34. Plaintiff is informed and believes, and thereon alleges, that commencing on or  
12 about February 2012 and continuing for the next several months thereafter, Defendants  
13 Wance, Buchalter Nemer, Aguilar and Does 31 to 35 started spending the \$1.75 million  
14 in Central Basin funds that had been secretly transferred to the Buchalter Nemer bank  
15 account. Plaintiff is informed and believes that the \$1.75 million dollars was  
16 improperly and illegally paid to associates, friends, political allies and other persons  
17 related to or otherwise associated with Defendant Wance, Buchalter Nemer and Does  
18 31 to 35 without any authority from and without any benefit to and without the  
19 knowledge of the Central Basin Governing Board. Said funds were not used for  
20 ongoing litigation nor were said funds used for any lawful purpose properly authorized  
21 by or disclosed to the Governing Board of the Central Basin.

22 35. The defendants' actions as alleged herein with respect to illegally and without  
23 proper authorization secretly transferring \$1.75 million of public funds for their own  
24 use and benefit violate the California False Claims Act. Specifically, the defendants  
25 actions violate the following provisions of the California Government Code:

26 a) §12651 (a)(1) Knowingly presents or causes to be presented a false or  
27 fraudulent claim for payment or approval

28 b) §12651 (a)((2) Knowingly makes, uses, or causes to be made or used a false

1 record or statement material to a false or fraudulent claim

2 c) §12651 (a)(3) Conspires to commit a violation of this subdivision

3 d) §12651 (a)(7) Knowingly makes, uses, or causes to be made or used a false  
4 record or statement material to an obligation to pay or transmit money or property to the  
5 state or to any political subdivision, or knowingly conceals or knowingly and  
6 improperly avoids, or decreases an obligation to pay or transmit money or property to  
7 the state or to any political subdivision and

8 e) §12651 (a)(8) Is a beneficiary of an inadvertent submission of a false claim,  
9 subsequently discovers the falsity of the claim, and fails to disclose the false claim to  
10 the state or the political subdivision within a reasonable time after discovery of the false  
11 claim.

12 36. In committing the actions and omissions alleged herein Defendants Wance,  
13 Buchalter Nemer and Does 31 to 35 and each of them conspired between and among  
14 themselves to and did in fact violate the California False Claims Act and are thereby  
15 jointly and severally liable for all damages alleged pursuant to Government Code  
16 §12651(c).

17 37. Plaintiff is informed and believes and thereon alleges that Defendant does 36 to  
18 50, and each of them are, pursuant to California Government Code §12651(a)(8),  
19 beneficiaries of an inadvertent submission of a false claim, who subsequently  
20 discovered the falsity of the claim, and failed to disclose the false claim to the Central  
21 Basin within a reasonable time after discovery of the false claim. Said Does 36 to 50  
22 received some of the \$1.75 million that was secretly transferred from the Central Basin  
23 to the Buchalter Nemer law firm. Accordingly, Defendant Does 36 to 50 have violated  
24 the California False Claims Act and are liable for the damages alleged herein.

25 38. As a direct and proximate result of the actions and omissions of the Defendants as  
26 alleged herein the Plaintiff is entitled to damages in the amount of no less than \$1.75  
27 million. Additionally, Plaintiff is entitled to treble damages pursuant to Government  
28 code §12651(a),

1 costs and expenses of this action; a civil penalty of not less than five thousand five  
2 hundred dollars (\$5,500) and not more than eleven thousand dollars (\$11,000) for  
3 each violation of the California False Claims Act.

4 39. As a direct and proximate result of the actions and omissions of the Defendants as  
5 alleged herein the Qui Tam Plaintiff Vasquez is entitled to a percentage of the damages  
6 as provided by law.

7 40. Plaintiff is also ~~entitled to reasonable and necessary attorney's fees incurred in~~  
8 initiating and prosecuting this action.

9 WHEREFORE plaintiff prays for judgment against defendants as follows:

10 ~~DEFENDANTS SEDGWICK, WANCE, AGUILAR and DOES 1 to 20:~~

- 11 1. Damages in the amount of no less than \$1 million;
- 12 2. Treble damages pursuant to Government Code §12651(a);
- 13 3. ~~Costs and expenses of this action;~~
- 14 4. A civil penalty of not less than five thousand five hundred dollars (\$5,500) and  
15 not more than eleven thousand dollars (\$11,000) for each violation of the California  
16 False Claims Act;
- 17 5. Percentage damages for Qui Tam Plaintiff Vasquez as provided by law  
18 (Government Code §12652 (g) (2), (3) and (4));
- 19 6. ~~Reasonable and necessary attorney's fees incurred in initiating and prosecuting~~  
20 this action; and
- 21 7. Such other and further relief as the court deems appropriate.

22 ~~DEFENDANTS BUCHALTER NEMER, WANCE, AGUILAR AND DOES 31 TO~~  
23 ~~50:~~

- 24 1. Damages in the amount of no less than \$1.75 million;
- 25 2. Treble damages pursuant to Government Code §12651(a);
- 26 3. Costs and expenses of this action;
- 27 4. A civil penalty of not less than five thousand five hundred dollars (\$5,500) and  
28 not more than eleven thousand dollars (\$11,000) for each violation of the California

1 False Claims Act;

2 5. Percentage damages for Qui Tam Plaintiff Vasquez as provided by law  
3 (Government Code §12652 (g) (2), (3) and (4);

4 6. Reasonable and necessary attorney's fees incurred in initiating and prosecuting  
5 this action; and

6 7. Such other and further relief as the court deems appropriate.

7 **DEMAND FOR JURY TRIAL**

8 **PLAINTIFF HEREBY DEMANDS THAT THIS MATTER BE TRIED BY A**  
9 **JURY.**

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11  
12 Date: August 15, 2013

Venskus & Associates,

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14  
15 By  \_\_\_\_\_

16 Sabrina Venskus

17 Attorney for Plaintiff  
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