

THE CONSPIRACY AND SCHEME

12. On or about _____ of 2001, Plaintiff caused to be published and circulated a Request for Qualifications ("RFQ") requesting that interested bidders submit written proposals to provide program management, design and construction administration services for a sanitary sewer repair,

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COMPLAINT

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1 replacement and rehabilitation project in the City (hereinafter the "Sewer Rehabilitation Project").
2 PSOMAS was an interested bidder for the RFQ because it provided the type of services and had the
3 expertise described in the RFQ.

4 13. PSOMAS submitted an original written proposal in response to the RFQ in mid-
5 November of 2001. Thereafter, in or around the first week of December of 2001, Robles met on
6 several occasions with Espinoza and Kevin Hunt, who was the Principal-in-Charge for PSOMAS.

7 At that time, Robles directed PSOMAS to add two (2) options to the proposed scope of work for the
8 Sewer Rehabilitation Project in its proposal. The first added option related to services for
9 procurement of federal and state grants and loans for the Sewer Rehabilitation Project and the
10 second option related to adding a community outreach program for the Sewer Rehabilitation Project.

11 14. In the meetings that took place in or around the first two weeks of December of 2001,
12 Robles further told Kevin Hunt that in order for PSOMAS to obtain a contract for the Sewer
13 Rehabilitation Project, PSOMAS had to (i) hire Espinoza, through his company EM Ventures, as a
14 "consultant" for federal and state grant and loan procurement option of the Sewer Rehabilitation
15 Project, and (ii) retain a company called Pyramid Press to provide services for the community
16 outreach option under the Sewer Rehabilitation Project. (Pyramid Press was owned and operated by
17 Angel Gomez, a business partner and political supporter of Robles and his allies on the City
18 Council.)

19 15. In the meetings described herein, Robles further warned Kevin Hunt of PSOMAS that
20 if PSOMAS did not agree to add two (2) options to PSOMAS' proposal for the Sewer Rehabilitation
21 Project, retain Espinoza as a consultant for the grants and loan procurement option and hire Angel
22 Gomez' business for the community outreach option of the Sewer Rehabilitation Project, PSOMAS
23 would not be selected as the program manager that would oversee the design and manage
24 construction of the Sewer Rehabilitation Project for Plaintiff and the City.

25 16. In or around early to mid December of 2001, Robles further informed Espinoza that
26 one-half (1/2) of the monies that Espinoza received from "consultant" services on the Sewer
27 Rehabilitation Project belonged to Robles. Espinoza agreed to pay Robles one-half (1/2) of the
28 monies that he received from PSOMAS as a "consultant".

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COMPLAINT

1 17. As part of the conspiracy and scheme alleged herein, PSOMAS consented to Robles'
2 directions and added the two options to its proposal in response to the RFQ, PSOMAS agreed to
3 retain Espinoza as a "consultant" for the grants and loan procurement option of the Sewer
4 Rehabilitation Project and PSOMAS additionally agreed to enter into a subcontract agreement with
5 Zoom Media for community relations option of the Sewer Rehabilitation Project. (Zoom Media was
6 a business entity that Angel Gomez organized and created to disguise his involvement in the Sewer
7 Rehabilitation Project.) As an additional part of the conspiracy and scheme alleged herein, Espinoza
8 agreed to pay Robles one-half (1/2) of the monies that he received from PSOMAS as a "consultant"
9 on the Sewer Rehabilitation Project.

10 18. On or about December 15, 2001, PSOMAS submitted a revised proposal in response
11 to the RFQ, which proposal included the grant and loan procurement and community outreach
12 options. Thereafter, on December 17, 2001, PSOMAS made a formal presentation at a Special
13 Meeting of the City of South Gate Utility Authority (the "Special Meeting"). Sometime prior to the
14 commencement of the Special Meeting, Robles instructed PSOMAS to refrain from disclosing to
15 Plaintiff that Espinoza would be a "consultant" on the grants and loan procurement option for the
16 Sewer Rehabilitation Project and that Angel Gomez' company, Zoom Media, would be providing
17 community outreach services for the aforementioned project. PSOMAS abided by Robles'
18 instructions and did not disclose to Plaintiff at the Special Meeting that PSOMAS would use
19 Espinoza as a consultant on the grants and loan procurement option for the and Angel Gomez'
20 company, Zoom Media, for the community outreach services option for the Sewer Rehabilitation
21 Project.

22 19. Plaintiff, after PSOMAS made its presentation at the Special Meeting on December
23 17, 2001, took the following actions, 1) approved the selection of PSOMAS as program manager for
24 engineering design and construction management services for the Sewer Rehabilitation Project, 2)
25 approved the grants and loan procurement option, 3) approved the community outreach services
26 option, and 4) authorized Plaintiff's Acting Executive Director to execute an agreement with
27 PSOMAS to be program manager and provide engineering design and construction management
28 services for the Sewer Rehabilitation Project.

13 and Zoom Media to sign PSOMAS' proposed subcontracts. Robles told Kevin Hunt of PSOMAS to
14 sign the subcontracts prepared by Espinoza and Zoom Media, which PSOMAS did in violation of its
15 own internal corporate policy.

16 22. Robles' hand-picked "consultant", Espinoza, entered into a subcontract with
17 PSOMAS through EM Ventures in accordance with Robles' directions. As instructed by Robles and
18 under the terms of EM Ventures' subcontract, PSOMAS agreed with Robles and Espinoza to keep
19 the terms of Espinoza's consulting subcontract confidential. PSOMAS also signed a subcontract
20 with Zoom Media as instructed by Robles, for the community outreach services option.

21 23. The total compensation to be paid by Plaintiff to PSOMAS under the Agreement was
22 not to exceed \$2,325,690, plus five percent (5%) of any grants secured by Espinoza. Plaintiff
23 actually paid PSOMAS the total sum of \$ _____ under the Agreement, as modified by subsequent
24 written amendments. Espinoza received approximately \$235,000 from PSOMAS, for his purported
25 services as a "consultant" for PSOMAS. Zoom Media received approximately \$260,000 from
26 PSOMAS for its purported community outreach services. All the sums mentioned herein were paid
27 by Plaintiff and the City to PSOMAS, with PSOMAS passing through payments to Espinoza and
28 Zoom Media.