

1 [Contingent Fee Agreement in *Qui Tam* Case re Substandard Waterworks Parts]

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3 **Resolution approving Contingency Fee Agreement in California *ex rel.* Nora Armenta v.**
4 **James Jones Co., et al. (Los Angeles Superior Court No. BC 173487).**

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6 WHEREAS, Nora Armenta has filed the above-referenced whistleblower suit under the
7 California False Claims statute, alleging that her former employer James Jones Co., and
8 related business entities, defrauded numerous municipal waterworks by selling them parts
9 made of substandard metals; and

10 WHEREAS, The San Francisco Water Department is one of the municipal water works
11 that was allegedly defrauded by James Jones Co.; and

12 WHEREAS, Under the California False Claim Act, Nora Armenta and her attorneys,
13 Phillips & Cohen LLP ("P&C") and Irell & Manella LLP ("I&M"), are entitled to pursue their
14 false claims case on behalf of the City and County of San Francisco and the other
15 municipalities who purchased substandard parts from James Jones Co., and if successful are
16 entitled to obtain a share of the recovery paid to such municipalities, as determined by the
17 court; and

18 WHEREAS, P&C and I&M have been retained, on a contingency fee basis, to
19 represent a number of the other municipalities that are involved in the case, including the East
20 Bay Municipal Utilities District, and the cities of Pomona, Burbank, Santa Monica, and South
21 Gate; and

22 WHEREAS, Bringing the fraud case to trial in the Los Angeles County Superior Court
23 will require the expenditure of considerable time and money, and San Francisco will benefit
24 from the efficiency of having the assistance of outside counsel who are representing other
25 parties in the litigation and who have offices in Los Angeles; and,

1 WHEREAS, P&C and I&M have already devoted substantial resources to investigating
2 the fraud allegedly committed by James Jones Co. and its co-defendants, and are preparing
3 to bring the case to trial within the next several months; and

4 WHEREAS, It is in the best interests of the City and County of San Francisco to retain
5 P&C and I&M, on a contingency basis, in order to help prepare San Francisco's case for trial
6 and to establish in advance of trial the appropriate compensation in the event that
7 San Francisco prevails; and

8 WHEREAS, The City Attorney has approved the retainer of each of the above-
9 mentioned firms as special counsel to co-counsel the litigation with the City Attorney's Office
10 on a contingent fee basis, whereby the law firms will advance certain expenses and costs
11 associated with the litigation, with the sole contingency upon which the above-mentioned law
12 firms will receive compensation for their services and reimbursement of expenses being
13 recovery and collection of moneys in the litigation by way of settlement or judgment; and

14 WHEREAS, The contingent percentage set forth in the retainer agreement is the same
15 as the typical contingent fee agreed to by other municipalities that are actively involved in the
16 litigation; and

17 WHEREAS, Approval by the Board of Supervisors of the contingent fee agreement is
18 desirable; now, therefore, be it

19 RESOLVED, That the Board of Supervisors of the City and County of San Francisco
20 hereby approves the Retainer Agreement in CALIFORNIA ex rel. NORA ARMENTA v.
21 JAMES JONES CO., ET AL., on file with the Clerk of the Board of Supervisors in
22 File No. 011668, which is hereby declared to be a part of this resolution as if set forth
23 fully herein.



City and County of San Francisco

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

Tails
Resolution

File Number: 011668

Date Passed:

Resolution approving Contingency Fee Agreement in California ex rel. Nora Armenta v. James Jones Co., et al. (Los Angeles Superior Court No. BC 173487).

October 15, 2001 Board of Supervisors — ADOPTED

Ayes: 11 - Ammiano, Daly, Gonzalez, Hall, Leno, Maxwell, McGoldrick,
Newsom, Peskin, Sandoval, Yee

File No. 011668

I hereby certify that the foregoing Resolution was ADOPTED on October 15, 2001 by the Board of Supervisors of the City and County of San Francisco.

for Gloria L. Young
Clerk of the Board

OCT 26 2001

Date Approved

Mayor Willie L. Brown Jr.