

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

2

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).**

5

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. \_\_\_\_\_, which is hereby declared to be a part of this resolution as if set forth  
23 fully herein.