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9 **Attorneys for Plaintiffs, DJCBP CORPORATION DBA**
10 **TIER ONE CONSULTING, a California Corporation and**
11 **David Ju, an individual**

12 **UNITED STATES DISTRICT COURT**
13 **CENTRAL DISTRICT COURT**

14 DJCBP CORPORATION DBA TIER
15 ONE CONSULTING, a California
16 Corporation and David Ju, an
17 individual

18 Plaintiffs,

19 vs.

20 CITY OF BALDWIN PARK, a
21 municipality; ROBERT
22 NACIONALES-TAFOYA, an
23 individual; ANTHONY
24 WILLOUGHBY, II, an individual;
25 RICARDO PACHECO, an individual;
26 ISAAC GALVAN, an individual;
27 MANUEL LOZANO, an individual;
28 LOURDES MORALES, an individual
and Does 1-50

Defendants.

Case No.: 2:23-CV-00384-CAS-PVC

THIRD AMENDED COMPLAINT

1. **REQUEST FOR WRIT OF
MANDATE AND PRELIMINARY
INJUNCTION**
2. **INVERSE CONDEMNATION/
TAKING (U.S. CONST. 5TH AND
14TH AMENDS) PER 42 U.S.C. §
1983;**
3. **42 U.S.C. § 1983 Monell;**
4. **NEGLIGENCE;**
5. **FRAUD**
6. **REQUEST FOR DECLARATORY
RELIEF**
Demand for Jury Trial

Plaintiffs, DJCBP CORPORATION DBA TIER ONE CONSULTING, a
California Corporation and David Ju, an individual allege as follows:

PARTIES

1. At all times Plaintiff DJCBP CORPORATION DBA TIER ONE CONSULTING, (hereinafter “Plaintiff TIER ONE”) is and was a licensed and registered Corporation qualified to do business in the State of California.
2. At all times mentioned herein, Plaintiff DAVID JU, is and was an individual residing in the County of Los Angeles. Plaintiff JU is and was the CEO OF and 50% owner of DJCBP CORPORATION DBA TIER ONE CONSULTING.
3. Defendant CITY OF BALDWIN PARK, (hereinafter “CITY”) is and was at all times pertinent hereto, a municipal corporation and political subdivision existing under the laws of the State of California.
4. At all times mentioned herein, Defendant ROBERT NACIONALES-TAFOYA, (herein after “TAFOYA”) is and was an individual residing in the County of Los Angeles and was employed in the capacity of CITY ATTORNEY OF BALDWIN PARK during the events and circumstances giving rise to this lawsuit. Defendant is sued in his official capacity, as well as his individual capacity.
5. At all times mentioned herein, Defendant ANTHONY WILLOUGHBY, II, (herein after “WILLOUGHBY, II,”) is and was an individual residing in the County of Los Angeles and following the license he sold to Plaintiffs was employed as DEPUTY CITY ATTORNEY OF BALDWIN PARK. Defendant is sued in his official capacity, as well as his individual capacity.
6. At all times mentioned herein, Defendant RICARDO PACHECO (herein after “PACHECO”) is and was an individual residing in the County of Los Angeles. PACHECO was a member of the Baldwin Park City Council during the times alleged herein. Defendant is sued in his official capacity, as well as his individual capacity.





- 1 7. At all times mentioned herein, Defendant ISAAC GALVAN (herein after
2 “GALVAN”) is and was an individual residing in the County of Los
3 Angeles. During the times alleged herein GALVAN was the Mayor of the
4 City of Compton. Defendant is sued in his official capacity, as well as his
5 individual capacity.
- 6 8. At all times mentioned herein, Defendant LOURDES MORALES (herein
7 after “MORALES”) is and was an individual residing in the County of Los
8 Angeles and was the Deputy City Clerk during the events that give rise to
9 this lawsuit. Defendant is sued in her official capacity, as well as his
10 individual capacity.
- 11 9. At all times mentioned herein, Defendant MANUEL LOZANO (herein after
12 “LOZANO”) is and was an individual residing in the County of Los Angeles.
13 LOZANO was the Mayor of Baldwin Park during the timeframe alleged
14 herein. Defendant is sued in his official capacity, as well as his individual
15 capacity
- 16 10. Defendant CITY is liable for the nonfeasance and malfeasance of Defendants
17 TAFOYA, WILLOUGHBY II, PACHECO, LOZANO and MORALES and
18 DOES 1-30 as to Plaintiffs’ state law claims pursuant to Cal. Govt. Code §
19 815.2 (a). (“A public entity is liable for injury proximately caused by an act or
20 omission of any employee of the public entity within the scope of his
21 employment if the act or omission would, apart from this section, have given
22 rise to a cause of action against the employee or his personal representative.”
23 See also Cal. Govt. Code § 815.6.
- 24 11. Plaintiffs are ignorant of the true names and capacities of Defendants sued
25 herein as Does 1-50, inclusive, and therefore sue said Defendants by such
26 fictitious names. Plaintiff will amend its Complaint to allege their true
27 names and capacities when ascertained. Plaintiff is informed and believes,
28

1 and based thereon alleges, that each of these fictitiously named Defendants
2 participated or acted in concert with Defendants and is/are responsible in
3 some manner for the acts, occurrences and/or omissions alleged herein and
4 has thereby proximately caused damages to Plaintiff and is liable by reason
5 of the facts alleged herein.

6 12. That at all times herein mentioned, each and every defendant herein was the
7 agent, servant, employee, partner or joint venturer of the other defendants
8 herein; that at all said times, each of said defendants was acting within the
9 course and scope of said agency, service, employment, partnership and joint
10 venture.

11 **JURISDICTION AND VENUE**

12 13. This civil action is brought to redress alleged deprivations of the Plaintiffs'
13 federal constitutional rights protected by 42 U.S.C. §§ 1983 and 1988, the
14 Fifth and Fourteenth Amendments of the United States Constitution,
15 California common law, the California Constitution, and the Unruh Act.

16 14. Jurisdiction is founded on 28 U.S.C. §§ 1331, 1343, and 1367.

17 15. Venue is proper in this Court under 28 U.S.C. § 1391(b), because Defendants
18 reside in, and all incidents, events, and occurrences giving rise to this action
19 occurred in Los Angeles County, California.

20 **TORT CLAIMS COMPLIANCE**

21 16. Plaintiffs have complied with the Government Tort Claims Act as required
22 by law with respect to all causes of action brought herein pursuant to state
23 law.

24 17. On or about October 18, 2022, Plaintiffs lodged with the City Clerk by
25 personal delivery their Government Tort Claim.

26 18. A true and correct copy of the aforementioned government tort claim is
27 attached to this Complaint as Exhibit A and incorporated by reference as
28



THE LAW OFFICES OF
TORRES + SIEGRIST



1 28. During his tenure as Mayor, Defendant LOZANO, with the assistance of
2 Defendant Tafoya, orchestrated the establishment of an unlawful Cannabis
3 Monopoly in the CITY, thereby restricting the Plaintiffs' ability to transport
4 Commercial Cannabis into and out of the CITY.

5 29. Furthermore, as Mayor, Defendant LOZANO, executed a sham "Statutory
6 Development Agreement" which was unlawfully sold to Plaintiff JU by
7 Defendant WILLOUGHBY II.

8 30. LOZANO also played a role in perpetrating fraud on the public by making
9 statements on behalf of the CITY, asserting that the cannabis process in
10 Baldwin Park was being managed lawfully, appropriately, and without any
11 problems.

12 31. Nevertheless, when LOZANO made these statements, his brother, Guadalupe
13 Lozano, was overseeing an illicit grow operation within the CITY.

14 32. Despite CITY police being alerted to the unlawful cultivation, plaintiffs are
15 informed, believe, and contend that Defendant Lozano's brother exploited his
16 brother's position as Mayor to avoid having his black market grow subjected
17 to law enforcement raids and closures.

18 33. While legitimate commercial operators were burdened with exorbitant fees
19 (an exactment), the Mayor's brother evaded any financial consequences for
20 his illegal black market cultivation.

21 **SETTING UP THE CONSPIRACY**

22 34. On August 16, 2017, the CITY enacted Ordinance No. 1400, allowing
23 cannabis operations within the CITY by incorporating Chapter 127 into Title
24 XI of the CITY's Municipal Code.

25 35. The staff report prepared for this ordinance states: "The ordinance includes
26 numerous safeguards to ensure the protection of the City and its citizens,
27 ensuring that any marijuana licensees operate their businesses safely."
28



- 1 36. In August 2017, as the acceptance of applications for the Commercial
2 Cannabis Program was approaching, Defendants TAFOYA, GALVAN,
3 WILLOUGHBY II, PACHECO, LOZANO, and other unknown DOE
4 Defendants allegedly conspired to establish a "consulting company" and
5 named it "Tier One Consulting."
- 6 37. Tier One Consulting was created to attract applicants into hiring them, by
7 claiming that navigating the cannabis application process in Baldwin Park
8 required special expertise and connections within the CITY. The aim was to
9 defraud applicants of hundreds of thousands of dollars.
- 10 38. There was a flat fee proposal on behalf of "Tier One" guaranteeing a license
11 in Baldwin Park for \$500,000.00 with \$20,000.00 going to a well-known
12 Doe Cannabis Attorney and \$480,000.00 being distributed to Tier One upon
13 issuance of a Cannabis License.
- 14 39. Defendants TAFOYA, GALVAN, WILLOUGHBY II, PACHECO,
15 LOZANO attempted to utilize well-known DOE Cannabis Attorney's
16 engagement/retainer agreement in an effort to hide their illicit collusive
17 corrupt scheme.
- 18 40. Recent examination of the Metadata contained on Development Agreements
19 and City Ordinances produced by the CITY in response to California Public
20 Records Requests revealed that the author of the documents was not
21 Defendant TAFOYA, who as CITY Attorney billed for the work, but rather
22 the same individual DOE Cannabis Attorney who had included "Tier One
23 Consulting" in the aforementioned "consulting retainer."

24
25 **THE OCTOBER 2017 RETENTION OF WILLOUGHBY II BY CITY**

- 26 41. It is important to note that Defendant WILLOUGHBY II is and was the
27 managing partner of the law firm of "Willoughby & Associates."
- 28





1 42. During the fall of 2017, when cannabis applications were being accepted and
2 processed, Defendant Tafoya, the CITY Attorney, and then CITY manager
3 Shannon Yauchzee, both participants in the "negotiations" of Commercial
4 Cannabis Agreements/Authorizations, jointly authored a staff report dated
5 October 18, 2017.

6 43. The **October 18, 2017** staff report "recommended that the City Council
7 ratify the retention of "Willoughby & Associates to provide legal advice,
8 representation, **negotiations and investigations for the City of Baldwin**
9 **Park and add these firms to City's panel of approved attorneys and**
10 **consultants.**

11 44. A true and correct copy of the aforementioned staff report is attached to this
12 Complaint as Exhibit B and incorporated by reference as though fully set
13 forth herein.

14 45. The strategy was straightforward: Defendants TAFOYA, GALVAN,
15 WILLOUGHBY II, PACHECO, LOZANO, and other unknown DOE
16 Defendants allegedly used Tier One Consulting as a front to advance their
17 unlawful plan of obtaining bribes. By appointing Willoughby II as an
18 attorney for the CITY, they gained the capacity to acquire a license from the
19 CITY, engage in a purported negotiation, and then "flip that license" to an
20 unsuspecting third party, ultimately identified as Plaintiff David Ju.

21 46. By following this approach, the defendants aimed not only to disassociate
22 themselves from Tier One Consulting but also to secure a 100% substantial
23 profit.

24 47. Based on a Motion by Defendant PACHECO, the retention of Defendant
25 WILLOUGHBY II was ratified by the CITY Council with votes by
26 Defendants PACHECO and LOZANO.

1 48. Furthermore, as reflected by the Regular City Council Meeting Minutes of
2 October 18, 2017, the Defendant TAFOYA was to draft a standard retention
3 agreement and Defendant LOZANO was authorized to execute the
4 agreement.

5 49. However, less than two (2) months later on **December 6, 2017**, the CITY
6 through Defendant TAFOYA was “negotiating” a Commercial Cannabis
7 Development Agreement in closed session with “Anthony Willoughby, Tier
8 One Consulting.”

9 50. In October of 2017, this was the same individual whom the Council,
10 including Defendants Pacheco and Lozano, had sanctioned to serve as
11 contract counsel for the CITY.

12 51. Defendant WILLOUGHBY of WILLOUGHBY & ASSOCIATES was now
13 “negotiating” a commercial cannabis deal with Defendant TAFOYA, the
14 City Attorney who had just hired WILLOUGHBY II to work for the CITY as
15 legal counsel for purposes including “negotiations” less than two (2) months
16 prior.

17 52. Defendants TAFOYA, WILLOUGHBY II, PACHECO and LOZANO never
18 brought up the glaring conflict but instead remained silent in an effort to
19 further their nefarious enterprise.

20 53. Indeed, the entire scheme was an effort to shield the alleged misconduct,
21 fraud, collusion, and corruption associated with the Commercial Cannabis
22 Application Approval and Award Process by utilizing Tier One.

23
24 **THERE WERE OTHER INSTANCES OF COLLUSION THAT OCCURRED**
25 **WITH OTHER LAW FIRMS WORKING FOR THE CITY.**

26 54. Defendant TAFOYA not only “negotiated” a development agreement with
27 WILLOUGHBY II, but there were other instances, where employees of law
28





1 firms working for the CITY at the time had also set up sham consulting
2 entities.

3 55. In 2017 three (3) separate Commercial Cannabis Development Agreements
4 were “negotiated” by an individual named Cristeta Summers of Jade Effect,
5 LLC.

6 56. Cristeta Summers, at the time that the subject development agreement were
7 “negotiated” worked for the Law Offices of Albright, Yee and Schmit as a
8 “paralegal.”

9 57. In fact, the principal place of business identified for Jade Effect, LLC in its
10 Statement of Information obtained from the California Secretary of State is
11 the same address as the Law Offices of Albright, Yee and Schmit located at
12 707 Wilshire Blvd. Suite 3600, Los Angeles, CA 90017.

13 58. The three (3) Development Agreements were not the product of arm’s length
14 negotiations.

15 59. Rather, the “consultant” involved in the application process appears to have
16 colluded with Defendant TAFOYA.

17 60. Just like with Defendant WILLOUGHBY II’s firm, the Albright Firm was
18 representing the City at the time the development agreement was allegedly
19 negotiated.

20 61. In fact, Jade Effect, LLC’s was also representing the City of Baldwin Park at
21 the time three (3) commercial cannabis development agreements were
22 “negotiated” as evidenced by the federal docket in a case bearing Defendant
23 PACHECO’S name styled: www.RICARDOPACHECO.com, et al. v. City
24 of Baldwin Park bearing U.S. District Court Case No. 2:16- cv-09167-CAS-
25 GJS.

26 62. During the timeframe that Cristeta Summers was “negotiating” Development
27 Agreements with Defendant TAFOYA, the Albright Firm and TAFOYA
28

1 were appearing as co-counsel in www.RICARDOPACHECO.com on the
2 same pleading on behalf of the City of Baldwin Park.

3 63. It is important to note that the Albright firm's retainer with the CITY
4 specifically prevented the firm or any of its employees from representing
5 clients in "litigation or non-litigation against the City."

6 64. The elected Defendants as well as Defendants TAFOYA, WILLOUGHBY,
7 II and GALVAN were allegedly fully aware of the conflict. In reality, the
8 named Defendants reportedly derived financial benefits from the corrupt
9 process through kickbacks from associates they were purportedly
10 "negotiating" with. These associates were being paid significant sums—
11 hundreds of thousands of dollars—to represent unsuspecting applicants who
12 had unfortunately sought their services.

13
14 **DEFENDANT WILLOUGHBY'S DEFECTIVE APPLICATION FOR A**
15 **COMMERCIAL CANNABIS DEVELOPMENT AGREEMENT**

16 65. On **November 30, 2017**, WILLOUGHBY II, applied to the CITY for a
17 commercial cannabis license via application No. CAN 17-30 for 1)
18 Cultivation, 2) Manufacturing, 3) Testing and 4) Distribution.

19 66. A true and correct copy of the aforementioned Application is attached to this
20 Complaint as Exhibit C and incorporated by reference as though fully set
21 forth herein.

22 67. **Recall that a mere month prior Defendant WILLOUGHBY II had been**
23 **approved by the Council to perform legal services for the CITY**
24 **including "negotiations."**

25 68. In the application Defendant WILLOUGHBY II, provided that Tier One was
26 a "Corporation" with officers and staff and intentionally provided a
27 November 15, 2015 Articles of Organization for an entirely different entity
28



1 Tier 1 Consulting and Advocacy, LLC.

2 69. Further evidence of the collusion and fraud is suggested by the lack of
3 scrutiny regarding the disparities between the documents submitted in the
4 application and the actual entities involved, as no one raised concerns or
5 flagged these discrepancies.

6
7 **TIER ONE CONSULTING DEVELOPMENT AGREEMENT WAS**
8 **AWARDED TO A NON-EXISTENT ENTITY**

9 70. It is important to note that Tier One Consulting was neither duly organized
10 nor legally existing.

11 71. Nonetheless, on **July 18, 2018**, WILLOUGHBY, II as the “sole owner” of
12 Tier One Consulting was extended a Development Agreement (hereinafter
13 “DA”) ratified and approved by the Baldwin Park City Council.

14 72. This DA was identified as DA 18-20.

15 73. A true and correct copy of the aforementioned DA is attached to this
16 Complaint as Exhibit D and incorporated by reference as though fully set
17 forth herein.

18 74. The Development Agreement with this non-existent entity was codified in
19 Ordinance 1427.

20 75. A true and correct copy of the aforementioned Ordinance 1427 is attached to
21 this Complaint as Exhibit E and incorporated by reference as though fully set
22 forth herein.

23 76. The subject Development Agreement was entered into by and between the
24 City and TIER ONE CONSULTING with the premises located at 14726
25 Arrow Highway (APN: 8414-005-002).

26 77. The Development Agreement specifically provided a representation by
27 Defendant WILLOUGHBY, II that the “company or entity” was duly
28



1 organized and legally existing company or entity in good standing.

2 78. Defendants WILLOUGHBY II, TAFOYA, GALVAN, PACHECO,
3 LOZANO and DOE Defendants knew at the time the Development
4 Agreement was entered into that Tier One Consulting did not
5 formally/legally exist.

6
7 79. Due to their anticipated financial gains from the deal, all involved parties
8 conspired to collaborate and ensure the approval of the Development
9 Agreement, facilitating the acquisition of ill-gotten gains.

10
11 **DEFENDANTS SET A TRAP BY CONVINCING PLAINTIFF TO BE A**
12 **LANDLORD FOR A CANNABIS TENANT**

13 80. Defendant GALVAN on behalf of Defendants WILLOUGHBY II,
14 TAFOYA, PACHECO, LOZANO and DOE Defendants approached a long-
15 time acquaintance Plaintiff DAVID JU.

16 81. Defendant GALVAN had befriended Plaintiff JU many years earlier when
17 GALVAN had just entered politics as a young City Councilmember in the
18 City of Compton.

19 82. The two (2) had known each other for years and Plaintiff JU had come to
20 trust the politician.

21 83. In the spring of 2018, Defendant GALVAN called Plaintiff JU regarding a
22 potential cannabis investment.

23 84. Defendant GALVAN wanted to introduce Plaintiff JU to a David Lee aka
24 Chul Lee.

25 85. The three (3) men met at Shilla Korean restaurant in Gardena.

26 86. Defendant GALVAN informed Plaintiff JU that he was in the process of
27 obtaining a manufacturing/cultivation/distribution cannabis licenses for
28





1 David Lee and his partner in the CITY OF BALDWIN PARK.

2 87.Initially Defendant GALVAN proposed that Plaintiff JU acquire a property

3 so that David Lee and his partner Defendant WILLOUGHBY II, would be a

4 cannabis tenant operating the business out of the location once the license

5 was obtained sometime in summer of 2018.

6 88.In early August of 2018, David Lee reached out to Plaintiff JU directly at the

7 behest of Defendant GALVAN and defendants via text and asked to meet.

8 89.Mr. Lee said that he had a business proposal for Plaintiff in Baldwin Park.

9 90.On August 27, 2018, Lee and Plaintiff JU met at the same Korean restaurant

10 (Shilla in Gardena) with Defendant GALVAN to discuss the proposal.

11 91.Lee conveyed that he was not successful in obtaining a property to lease to

12 operate but with GALVAN's help the CITY had still approved an application

13 as of August 5, 2018.

14 92.Lee sent via text a photo of the CITY DA evidencing approval of the

15 municipal commercial cannabis authorization.

16 93. Lee, and GALVAN convinced Plaintiff JU to purchase a 10,000 to 20,000

17 square foot property in the "Green Zone" in Baldwin Park so that he and his

18 partner WILLOUGHBY II could lease it from Plaintiff JU.

19 94.Plaintiff JU inquired as to who Willoughby II was since the only individual

20 identified on the DA was Tier One Consulting and Defendant

21 WILLOUGHBY II.

22 95.Plaintiff JU inquired if there were any properties that Tier One Consulting

23 was interested in having Plaintiff purchase.

24 96. Defendant GALVAN said he would get a list of qualifying properties for

25 purchase.

26 97.Plaintiff JU agreed to see Defendant GALVAN's list which turned out to be

27 an outrageous premium.

28



1 98. Plaintiff JU told Defendant GALVAN that the numbers would not work.

2 99. In early September of 2018 a property (1516 Virginia Ave.) Plaintiff JU
3 found a potential cannabis location.

4 100. Plaintiff JU's broker spoke with the sellers' broker and found out that
5 the property had multiple offers from other cannabis operators and the
6 owners were in the process of deciding which offer to take.

7 101. Plaintiff JU immediately asked Defendant GALVAN to clear the
8 address with Defendant TAFOYA to confirm that the property met all the
9 City's requirements for address change.

10 102. Plaintiff JU was told by his broker that since the property had multiple
11 offers, he would have to overbid without any contingencies other than a
12 Phase one contamination report and close with an all-cash purchase in order
13 to sway the sellers from their current offers.

14 103. Plaintiff JU informed Defendant GALVAN that he needed absolute
15 assurance from the CITY that the property qualified for an address change on
16 the Tier One Consulting Cannabis Development Agreement before opening
17 up an escrow on an all-cash, no contingency purchase at such high price for
18 the property which would have minimal value without a cannabis tenant.

19 104. Upon verification and assurance from Defendant TAFOYA Plaintiff JU
20 told his real estate broker to increase the purchase price to 1.7M (over \$100k
21 from the highest other offer) and tie up the property with only a Phase One
22 contamination report and 21 days due diligence period (to obtain written
23 assurance from the City on property qualification).

24 105. After that Plaintiff JU would release \$30,000 to sellers and give up the
25 initial deposit of \$51,750 should he default on purchase contract.

26 106. Escrow was opened on the property.
27
28

THE BATE AND SWITCH OCCURS

107. Almost immediately thereafter, on October 2, 2018, Plaintiff JU received a call from David Lee panicking and stating that WILLOUGHBY II had refused to pay a \$50,000.00 mitigation fee due under the Development Agreement which needed to be paid within days or the CITY through Defendant TAFOYA would “cancel” the license.

108. This was all a ruse to have Plaintiff JU begin paying unconstitutional development agreement fees on WILLOUGHBY II’s behalf even before the transaction had been consummated.

109. David Lee informed Plaintiff JU that WILLOUGHBY II did not want to spend additional money on the project and wanted to be bought out of his portion for \$400,000.00.

110. Given the current escrow situation, Defendants GALVAN, TAFOYA, and WILLOUGHBY II convinced plaintiff that the only solution was to buy out WILLOUGHBY II’s 50% portion of the license.

111. Given the October 2022 unsealed pleas, it became obvious to Plaintiffs that GALVAN, WILLOUGHBY II and TAFOYA had created the dire situation in an effort to simply flip a piece of paper that did not cost much.

112. Throughout the process, the intention was reportedly to appoint WILLOUGHBY II as a deputy City Attorney shortly after the completion of the deal.

113. The following week on Monday, October 8, 2018, an initial meeting was held with WILLOUGHBY I, David Lee and Plaintiff at Willoughby & Associates located at 200 Corporate Pointe, Culver City and following were discussed and agreed upon:

114. The Purchase price ultimately was \$300,000 and the \$50k “Police fees” which were due on 10/9/2018.





1 115. Plaintiff was given corporate books for Tier One Consulting and
2 Advocacy not Tier One Consulting.

3 116. David Lee and Defendant GALVAN were to work with Defendant
4 TAFOYA to complete the sale and transfer irrespective of the fictitious
5 entity issue.

6 117. Upon taking the Corporate Books to Plaintiff's partner Joyce Cho, a
7 CPA and his company attorney, Plaintiff was informed that he was given
8 erroneous corporate documents.

9 118. Plaintiff's search of the Secretary of State's database revealed that Tier
10 One Consulting was not a legal entity.

11 119. Plaintiff informed David Lee immediately that Tier One Consulting did
12 not exist.

13 120. David Lee explained that WILLOUGHBY I had given him the wrong
14 corporate book and that the correct one would be sent to plaintiff once
15 located.

16 121. On October 9, 2018, a meeting was set up at Morton's in downtown
17 Los Angeles between Plaintiff JU, Defendant TAFOYA, David Lee and
18 Defendant GALVAN to discuss the buyout of WILLOUGHBY II.

19 122. At the meeting it was discussed that of the \$300,000.00 purchase price,
20 Defendant GALVAN would get \$200k from the sale of WILLOUGHBY's
21 share and that WILLOUGHBY would need to live with \$100,000.00.

22 123. Defendants GALVAN and TAFOYA guaranteed that the Development
23 Agreement would be transferred.

24 124. In fact, Defendant TAFOYA stated that following day that he would
25 get plaintiff the Application for ownership change.

26 125. At the Morton's meeting Plaintiff JU raised the issue of Tier One's
27 status not being legitimate and that his personal attorney had explained the
28

1 legal ramification of the current DA being null and void as a result.

2 ///

3 126. Defendants GALVAN and TAFOYA stated not to worry.

4 127. Defendant TAFOYA instructed Plaintiff Ju to register an entity
5 company, and use Tier One Consulting as a dba....he would take care of the
6 rest.

7 128. Tafoya stated that following day that he would get Plaintiffs the
8 Application for ownership change.

9 129. On October 13, 2018, Plaintiff Ju met with David Lee and Willoughby
10 I at the Downtown Ritz Carlton lobby lounge, where he received another
11 Tier One corporate book. However, it later emerged that the content inside
12 did not align with Tier One's name on the cover.

13 130. It is important to note that Plaintiff JU did review a “corporate book”
14 for Tier One Consulting and Advocacy which was a partnership between
15 Defendants WILLOUGHBY II and GALVAN for Cannabis permit
16 consultation business within various Cites within LA County using their
17 political connections.

18 131. The Purchase of Tier One Consulting continued per Defendants
19 GALVAN and TAFOYA’s instructions and guidance.

20 132. Thereafter, on **October 25, 2018**, WILLOUGHBY, II entered into a
21 purchase agreement with Plaintiff JU to “sell” his development
22 agreement/cannabis license.

23 133. A purchase sales agreement (PSA) was entered into.

24 134. At Defendant GALVAN’s insistence, consultant Rob Katherman¹ and
25

26 ¹ Plaintiff JU would come to find out that KATHERMAN had direct ties to TAFOYA, PACHECO and even
27 former Baldwin Park Police Chief TAYLOR as a result of a local waterboard which ended up being described in
28 PACHECO’s plea.





1 his wife Marilyn Greer were retained by Plaintiff JU to complete the
2 “paperwork and application” for the “sale” of Tier One Consulting which
3 was completed on December 2, 2018.

4 135. In reality, all that Katherman and Greer prepared was the very same
5 application that WILLOUGHBY II and all other applicants had completed
6 and paid a \$2,857.50 application fee.

7 136. Instead, Plaintiff JU was swindled by Defendants TAFOYA,
8 GALVAN, WILLOUGHBY II, PACHECO, LOZANO and Defendant Does
9 to pay \$900,000.00 when the sale transaction ultimately was completed.

10 137. On October of 26, 2018, Plaintiff JU met with Defendant GALVAN at
11 a Monterey Park Shopping Center and paid him \$20,000.00 as the initial part
12 of Tier One buyout.

13 138. At the time of payment, Defendant GALVAN reassured Plaintiff JU
14 that he and Defendant TAFOYA would get the transfer of the license done
15 and that it was “100 percent legitimate.”

16 139. It was not until the unsealed pleas were made public in October 2022
17 that Plaintiffs became aware of the corruption, bribery and scam that infected
18 the Baldwin Park Cannabis process from the onset.

19 140. Defendant GALVAN as further assurance indicated to Plaintiff JU
20 multiple times that he would refund the entire amount.

21 141. In early November, Defendant GALVAN told plaintiff to make
22 payment to WILLOUGHBY II of \$100,000.00 as he was demanding
23 payment immediately now that he knew that Defendant GALVAN was
24 taking \$200,000.00.

25 142. Plaintiff JU made a payment of \$100,000.00 to Willoughby II on
26 November 08, 2018.

27 143. On November 15, 2018, at a Juice bar on Long Beach Blvd in
28



1 Compton, Plaintiff JU met with Defendant GALVAN and paid him an
2 additional \$50,000.00 in cash for Tier One buyout.

3 144. Plaintiff JU told Defendant GALVAN that the remaining balance
4 would have to be paid with a company check and could not be paid with
5 cash.

6 145. On November 23, 2018, Plaintiff JU agreed to release \$30,000 to the
7 seller of the property and agreed to give up the initial deposit (\$51,750.00) in
8 the event of a default on the real property PSA.

9 146. On December 10, 2018, a meeting was held at Defendant TAFOYA's
10 downtown LA law firm office with Defendant GALVAN, Defendant
11 TAFOYA, consultant Katherman, and Plaintiff JU to discuss the outstanding
12 \$50,000.00 police fee that WILLOUGHBY II had not paid.

13 147. At the meeting Plaintiff JU was informed by Defendant TAFOYA that
14 if the police fee was not paid that same day, the CITY would cancel the
15 Development Agreement.

16 148. Plaintiff JU posed the question to Defendants GALVAN and TAFOYA
17 as to why he needed to pay the fees when the transfer of the company along
18 with address change have not been approved.

19 149. Consultant Katherman asked Defendant TAFOYA why we any
20 mitigation fees or police fees were due since no cannabis operations had been
21 started.

22 150. Katherman told Defendant TAFOYA that he had been assured by
23 Defendant GALVAN that Baldwin Park should be same as Commerce where
24 Defendant TAFOYA had applied for a license to flip where no fees were due
25 until the business opened and sales generated.

26 151. Defendant TAFOYA became defensive and upset and stated that it was
27 same for everyone and Plaintiff JU needed to pay or WILLOUGHBY II's
28



1 license would be canceled.

2 152. Defendant TAFOYA told Plaintiff JU that the terms of the
3 Development Agreements were a take it or leave it and there were plenty of
4 other takers who would step in to take the license.

5 153. Plaintiff Ju would later discover that this was the same explanation that
6 Tafoya provided to all owner operators who raised concerns about why their
7 consultants had not negotiated fair terms.

8 154. Furthermore, Katherman and Plaintiff JU were told that terms and
9 conditions of the DAs were the same for all operators and that there was
10 nothing that could be done to alter terms.

11 155. Defendants GALVAN and TAFOYA were lying.

12 156. Plaintiff Ju later discovered that the owner operator RD Baldwin
13 Park/Tropicana secured a mitigation-free pass from the CITY since 2017 due
14 to a single sentence in its Development Agreement.

15 157. In fact, RD Tropicana did not have to make any financial payments to
16 the CITY until March 21, 2021. This inequality resulted in a stark contrast of
17 over a million dollars between this operator and all others, including the
18 Plaintiffs in this case.

19 158. At the meeting, Defendant GALVAN echoed Defendant Tafoya and
20 stated that everyone had paid and Plaintiff JU needed to pay the outstanding
21 fees otherwise GALVAN's assistance was not possible.

22 159. That same afternoon, reluctantly Plaintiff JU went to the Baldwin Park
23 City hall and paid the \$50,000.00 per Defendant TAFOYA'S threats to save
24 the Development Agreement which had still not become Plaintiff JU's.

25 160. During the second week of January 2019, Defendant GALVAN
26 confirmed to David Lee and Plaintiff JU that the Planning Commission had
27 recommended approval and a First Reading from Council Members had
28



1 taken place.

2 161. It was later confirmed by Plaintiff JU's consultant Katherman, who
3 prepared the application that it was actually approved for processing in
4 February of 2019 and was actually processed as a regular application.

5 162. However, Plaintiff JU still did not have a development agreement.

6 163. Per Defendant GALVAN's request, of the \$130,000.00 remaining
7 balance owed for the Tier One buyout, on February 12, 2019 DJC
8 Management Corp check was issued to Heng Xin in the amount of
9 \$85,000.00

10 164. On February 12, 2019, Galvan asked that a payment to Anthony
11 Willoughby I in the amount of \$15,000.00 be made from the balance of
12 \$30,000.00 owed as he had some outstanding legal bills.

13 165. Per Defendant GALVAN'S instructions the balance of \$15,000.00 was
14 to be credited to David Lee for payment for the consultant that did the
15 transfer paperwork.

16 166. That completed total payments of \$200,000.00 made to Defendant
17 GALVAN for Tier One buyout.

18 167. However, WILLOUGHBY II's Development Agreement had still not
19 been transferred.

20 168. Nonetheless, on January 31, 2019, an additional \$50,000.00 mitigation
21 fees were paid by Plaintiff JU with a promise by Defendant TAFOYA that he
22 would delay further the mitigation fees several months after the change of
23 address and ownership changes was approved.

24 169. On April 3, 2019, Plaintiff JU was informed by Rob Katherman and his
25 wife that City Council had approved the application.

26 170. In reality, the process that Plaintiff JU underwent was the very same
27 application filled out by all other applicants including WILLOUGHBY II.
28



171. All other applicants including WILLOUGHBY II paid the CITY a \$2,857.50 processing fee, which Plaintiff JU did as well.
172. The only difference is that when all was said and done Plaintiff JU paid an additional \$900,000.00 for what amounted to a piece of paper.
173. Plaintiff JU did not even get a legal entity and had to register Plaintiff DJCBP CORPORATION using TIER ONE CONSULTING as a DBA.
174. In summary, the mentioned sale was facilitated by Galvan, who was the Mayor of Compton at the time and had close ties to City Attorney Tafoya, given that Mr. Tafoya's wife served as an administrative assistant to Defendant Galvan.
175. Not by coincidence, TAFOYA's house and Office were raided simultaneously by the FBI on the same day Federal Agents executed a search warrant on GALVAN'S on November 3, 2020.
176. Not by coincidence GALVAN made a statement to the media about the raids through his attorney ANTHONY WILLOUGHBY.
- ILLEGALITY OF SALE OR CHANGE OF PROPERTY ADDRESS**
177. At the time of the sale of this cannabis license by Deputy City Attorney Willoughby II to Plaintiff JU, Ordinance 1408 constituted the Baldwin Park Commercial Cannabis Ordinance. This ordinance had been ratified and approved by the City Council on April 4, 2018.
178. Section 127.08 of the Ordinance specifically prohibited the Transfer or Change in Ownership or Location of any commercial cannabis license within the City.
179. Section 127.01 subdivision (v) awkwardly defines "medical cannabis business" as "any person engaged in Commercial Cannabis Activities."
180. Furthermore, the DA that had been granted to Defendant WILLOUGHBY II, provided specifically that it could not be transferred.

1 181. Contrary to Section 127.08, on April 3, 2019, the City of Baldwin Park,
2 led by Defendant Lozano and without any ratification or input from the CITY
3 COUNCIL, purportedly entered into a deceptive "Amended" Development
4 Agreement with Plaintiffs DJCBP CORPORATION as the entity and Plaintiff
5 Ju as the signatory owner.

6 182. A true and correct copy of the aforementioned Ordinance Amended
7 Development Agreement is attached as Exhibit F and incorporated by
8 reference as though fully set forth herein.
9

10 **MORALES' PART IN THE CONSPIRACY**
11

12 183. Compounding the collusion to swindle Plaintiffs, Deputy City Clerk
13 Defendant MORALES, "notarized" the execution proclaiming that on April 3,
14 2019 "Manuel Lozano, Jean M. Ayala, Robert N. Tafoya and David Ju
15 appeared before her and signed the DA.

16 184. Plaintiff JU executed the DA for the first time in May of 2019. On the
17 date of the alleged notarization- April 3, 2019- Plaintiff JU was not even in the
18 San Gabriel Valley.

19 185. Defendant MORALES attested in her official capacity that Plaintiff
20 DAVID JU amongst others, including the City Attorney and Councilmembers,
21 appeared before her to execute a purchased **Amended Development**
22 **Agreement** on April 3, 2019.

23 186. On the very night of **April 3, 2019**, the City Council Meeting Agenda,
24 Item Number 10 included a "Second Reading of Ordinance No. 1435
25 Entitled: "An Ordinance of the City Council of the City of Baldwin Park,
26 California, Authorizing the City of Baldwin Park to Enter into a
27 Development Agreement with Tier One Consulting for the Cultivation and/or
28



1 Manufacturing of Cannabis at the Real Property Located at 1516 Virginia
2 Avenue (APN 8558-029-031) within the City of Baldwin Park.”

3 187. In fact, Defendant MORALES prepared the April 3, 2019, Agenda as
4 evidenced by her certification under penalty of perjury.

5 188. Yet, to date, there are absolutely no publicly available minutes for the April
6 3, 2019 general CITY Council meeting reflecting any action taken on the part of
7 the Council or describing whether or not a sale of a Development Agreement was
8 approved or if there simply was a transfer of location for a pre-existing
9 Development Agreement.

10 189. Moreover, the Special Council Meeting for April 3, 2023, preceding the
11 General Council Meeting failed to contain any mention of either plaintiff.

12 190. This Agenda was also sworn out by Defendant MORALES and just like
13 the General Meeting, the minutes have always been “unavailable.”

14 191. Nowhere within any City Documents, i.e. Agenda, Minutes or otherwise,
15 is there any mention of a sale by Defendant WILLOUGBY to Plaintiffs of the
16 license at issue.

17 192. These City documents, including the apparent absence of documents, all
18 are a result of Defendant MORALES, the Deputy CITY Clerk whose position
19 was to maintain and disseminate such materials.

20 193. In addition, while Defendant MORALES was privy to more than 20
21 Development Agreements being entered into by and between the CITY and other
22 owner operators, Plaintiffs’ “Amended Development Agreement” was the only
23 one ever notarized.

24 194. This was not a mistake... it was an intentional act of fraud performed at
25 the behest of TAFOYA, LOZANO, PACHECO and WILLOUGBY to conceal
26 their flipping of a license.
27
28





1 195. Plaintiffs did not learn of MORALES' fraudulent notarization until the
2 summer of 2021 when a complete Amended Development Agreement was
3 produced begrudging by the CITY in response to a California Public Records Act
4 Request which coincidentally was processed by Defendant MORALES.

5 196. Even then, both MORALES and Defendant TAFOYA intentionally
6 delayed production for months on end claiming at one point that the CITY
7 computer system had been hacked and correspondence from the CITY would
8 have to be done through U.S. Mail.

9 197. Coincidentally, when the notary fraud was brought to light by Plaintiffs'
10 Government Tort Claim, after many years employed by the CITY Defendant
11 MORALES abruptly resigned from her position.

12 198. Based on the foregoing, it is respectfully submitted that Defendant
13 MORALES was a crucial part of the conspiracy by public officials, elected and
14 others to defraud Plaintiffs.

15 **FURTHER FORCED PAYMENTS PRIOR TO THE ACTUAL**
16 **CONSUMMATION OF THE SALE.**

17
18 199. Further complicating matters, Willoughby II, in collaboration with his
19 future law partner, City Attorney Tafoya, allegedly compelled the plaintiffs to
20 make payments on the license even before the sale of the license was fully
21 completed.

22 200. Plaintiff JU who had already been locked into escrow on the property the
23 license was to be transferred to, was told by Defendant TAFOYA that if a
24 \$50,000.00 mitigation payment was not made, the license would be
25 "canceled."

26 201. In fact, when reviewing Defendant WILLOUGHBY II's actual payments
27 towards the license/DA, City records reveal that he only was out of pocket less
28

1 than \$4,000.00 at the time he sold the license to plaintiffs for hundreds of
2 thousands of dollars and in fact simultaneously pawned off his debt to plaintiffs
3 under the mitigation fee scheme.

4 202. In fact, when reviewing Defendant WILLOUGHBY II's actual payments
5 towards the license/DA, City records reveal that he only was out of pocket less
6 than \$4,000.00 at the time he sold the license to plaintiffs for hundreds of
7 thousands of dollars and in fact simultaneously pawned off his debt to plaintiffs
8 under the mitigation fee scheme.

9 203. It's noteworthy that Willoughby II seems to have served not only as
10 Galvan's personal attorney but also in his capacity as a Compton City Council
11 Member during the relevant time periods concerning the subject transaction.
12 This information is reflected in a recent Fair Political Practices Commission
13 Investigation into Galvan's political issues, resulting in a substantial fine of
14 \$245,000.00.

15 204. Furthermore, Defendant TAFOYA's connection to Defendant GALVAN
16 and the City of Compton also ran deep. TAFOYA personally donated
17 thousands of dollars to GALVAN'S political campaigns going back to 2015.

18 205. Furthering the connection to GALVAN and the City of Compton is that
19 TAFOYA's wife was employed by the City of Compton since at least 2017.

20 **THE FEDERAL GUILTY PLEAS OF POLITICIANS INVOLVED IN THE**
21 **COLLUSION AND CORRUPTION**
22

23 206. On **October 7, 2022**, a plea agreement was unsealed in USA v. Gabriel
24 Chavez, bearing U.S.D.C. Criminal Case No. 2:22-cr-00462-MWF. (See
25 Exhibit G which is incorporated into the Complaint by reference as though
26 fully set forth herein)
27
28



207. The following relevant allegations compromise the integrity of the commercial cannabis agreements which apparently were “negotiated” by TAFOYA (aka person no. 1) and consultants, such as Felon Gabriel Chavez.

208. The plea agreement’s factual basis commences on page 9.

Ricardo Pacheco (“Pacheco”) was elected to the City Council for the City of Baldwin Park (the “City”) in 1997 and held that position until in or around June 2020. He also served as the City’s Mayor Pro Tempore from in or around December 2017 to December 2018. In both roles, he was as an agent of the City.

209. On page 10, the following portion of the plea identifies Defendant TAFOYA as person no. 1:

Person 1¹ has served as the Baldwin Park City Attorney since in or around December 2013.

210. On page 11, the plea provides that TAFOYA actually provided to PACHECO “a template for a sham consulting agreement.” This portion of the plea also establishes that PACHECO accepted bribes in return for his votes for commercial cannabis development agreements.

Defendant was asked by Pacheco to act as an intermediary to funnel bribes to Pacheco, and defendant agreed. To help conceal the bribery scheme, defendant obtained a template for a sham consulting agreement from Person 1, which defendant thereafter used to facilitate and disguise the scheme. Defendant used his company, Market Share Media Agency, to funnel bribe payments to Pacheco from two companies, Marijuana Company 3 and Marijuana Company 4. Both companies hired defendant to help them obtain marijuana permits, but rather than perform legitimate consulting services, defendant primarily funneled bribe payments to Pacheco in order to ensure that Pacheco and the City Council voted in favor of both companies’ marijuana permits. Defendant used the template for the sham consulting agreement provided by Person 1 for the contracts with Marijuana Company 3 and Consulting Company 3, which represented Marijuana Company 4.



211. The collusion between GALVAN (Person No. 10) and TAFOYA (No.1) was made crystal clear on Page 13 of the plea.

13 In Fall 2017, Marijuana Company 3 appeared on a draft agenda
14 of the regular City Council meeting, but when the final agenda
15 posted, Marijuana Company 3 was no longer listed on it. Around this
16 same time, defendant learned from Marijuana Company 3's
17 representatives that Person 10, then a Compton City Councilmember,
18 had a friend who was upset that Marijuana Company 3 had not hired the
19 friend to represent Marijuana Company 3 in its pursuit of a marijuana
20 permit in Baldwin Park. Defendant knew that Person 10 and Person 1
21 had a relationship and believed Person 1 removed Marijuana Company 3
22 from the regular City Council agenda at Person 10's request. Based
23 on his belief that Person 1 served the agenda's gatekeeper, defendant
24 demanded through Pacheco to speak with Person 1. After the City
25 Council meeting, defendant met with Pacheco and Person 1 and told
26 them that Marijuana Company 3 felt extorted. Neither Pacheco nor
27 Person 1 pushed back at this accusation. Instead, Person 1 acted
28 with indifference and intimated that it came with came with the

13

212. On **October 7, 2022**, a plea agreement was also unsealed in USA v. Ricardo Pacheco, bearing U.S.D.C. Criminal Case No. 2:20-cr-00165-ODW (See Exhibit H which is incorporated into the Complaint by reference as though fully setforth herein)

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1 213. The disgraced former City Councilmember's plea further solidified the
2 collusion between TAFOYA (Person No. 1), GALVAN (Person No. 10) and
3 now convicted felon PACHECO.

4 214. On Page 11 of the factual basis, the PACHECO plea describes:

5 During the scheme, Person 1, Person 10, and defendant met on
6 approximately five occasions at downtown Los Angeles
7 restaurants, typically a month before the City Council voted on
8 Cultivation Development Agreements. During these meetings,
9 defendant and Person 10 would discuss in front of Person 1 the
10 payments Person 10 made to defendant for his vote, and Person 1
11 and defendant would update Person 10 on the status of other
12 Cultivation Development Agreement applications.

13 215. Most egregiously, the Pacheco plea establishes that both TAFOYA and
14 GALVAN were in "business together" at the time they defrauded plaintiffs.

15 As discussed above, on December 13, 2018, FBI special agents
16 executed a federal search warrant on defendant's residence and
17 vehicle. After the FBI had completed its search and left the
18 premises, defendant contacted Person 1. At the time, defendant
19 knew that Person 1 was close to Person 10 and believed that
20 Person 1 and Person 10 had an agreement with respect to
21 marijuana licensing in the City. Person 1 also told defendant
22 that he was in business with Person 10, and Person 1 and Person
23 10 were seeking a marijuana license in Commerce, California.

24 216. In fact, the Pacheco plea describes Tafoya being the architect of a
25 collusive fraudulent cannabis scheme by the use of "consultants" who would
26 deliver "development agreements" to their clients....not negotiated "arms
27 length" as has been represented numerous times by TAFOYA,
28 WILLOUGHBY II, and employees of the CITY.

29 217. To no one's surprise, within days of the aforementioned pleas being
30 made public Person No. 1 aka Defendant TAFOYA resigned as City Attorney
31 of Baldwin Park after 14 years in that position.



218. Apparently, WILLOUGHBY II resigned as Deputy CITY Attorney as well.

GALVAN IS ARRESTED BY THE FBI AND AN INDICTMENT IS UNSEALED ALLEGING \$70,000 IN BRIBES TO BALDWIN PARK CITY COUNCILMEMBER FOR MARIJUANA PERMITS

219. On September 13, 2023, an Indictment was unsealed against Defendant ISAAC GALVAN which is attached hereto as “Exhibit I” and its contents incorporated by reference as though fully set forth herein.

220. According to the indictment, GALVAN first paid PACHECO a \$10,000 bribe in August 2017 to secure Pacheco’s support for a future consulting client’s marijuana permit.

221. Then, after securing a client, Galvan facilitated \$70,000 in bribes from a co-defendant to Defendant PACHECO.

222. Defendant TAFOYA is identified in the indictment as “co-conspirator no. 1” and it is alleged that TAFOYA as CITY ATTORNEY actively laundered money for GALVAN.

12. Co-conspirator Person 1 was the City Attorney for Baldwin Park from in or around December 2013 until October 2022. In this role, Person 1 was an agent of Baldwin Park.

See Pg. 3 of Galvan’s Indictment

223. Paragraph 17 of the indictment provides in pertinent part:

“Beginning on a date unknown and continuing until in or around February 2019, in Los Angeles County, within the Central District of California, defendants ISAAC JACOB GALVAN and... co-conspirators Pacheco and Person 1 (TAFOYA), conspired with each other, and others known and unknown to the Grand Jury, to knowingly and intentionally commit offenses



1 against the United States, namely, bribery concerning programs receiving
2 federal funds, in violation of Title 18, United States Code, Section 666(a)(2),
3 and wire fraud, including through the deprivation of honest services of a
4 Baldwin Park official, in violation of Title 18, United States Code, Sections
5 1343, 1346.”

6
7 224. Overt Act No. 5 provides “On September 6, 2017, after gathering a list
8 of the names of applicants for marijuana permits from Baldwin Park staff and
9 the names of the individuals associated with those applications, Person 1
10 forwarded this internal city information to defendant GALVAN.

11 225. Defendant GALVAN paid the bribes in exchange for PACHECO’S
12 political support of and promise to deliver Baldwin Park’s approval of
13 marijuana permits.

14 226. PACHECO then delivered, voting in favor of marijuana permits and
15 later voting in favor of a specific applicant’s bid to relocate its operations.

16 227. Throughout the scheme, GALVAN took steps to cover up his illegal
17 payments to PACHECO by concealing his client’s connections to the
18 payments for PACHECO.

19 228. For example, GALVAN’s co-defendant collected checks from third
20 parties who owed him money and then – at GALVAN’S direction – gave
21 GALVAN the checks with blank payee lines.

22 229. GALVAN then gave the checks to PACHECO, who then arranged for
23 them to be cashed, either by him or third parties.

24 **THE CITY’S FAILURE TO COMPLY WITH THE MITIGATION FEE ACT**

25 230. Putting aside that the Development Agreement the CITY claims is
26 enforceable against plaintiff is unsigned, unrecorded, does not allow for third
27 party assignees, and identifies a wholly different legal entity, a fundamental
28





1 flaw with the CITY's unlawful pursuit of mitigation fees as to Plaintiff is the
2 lack of compliance by the CITY with the Mitigation Fee Act.

3 231. The Mitigation Fee Act contained in the California Government Code
4 beginning with Section 66001 et seq, requires a local agency, such as the City
5 of Baldwin Park, to identify the purpose of the mitigation fee and the use to
6 which the fee will be put. (§66001, subd. (a) (1) and (2).) The CITY must also
7 determine that both 'the fee's use ' and 'the need for the public facility ' are
8 reasonably related to the type of development project on which the fee is
9 imposed. (§66001, subd. (a) (3) and (4).) In addition, the CITY must 'determine
10 how there is a reasonable relationship between the amount of the fee and the
11 cost of the public facility or portion of the public facility attributable to the
12 development on which the fee is imposed.' (§66001, subd . (b) .)

13 232. The "reasonable relationship" standard in the Mitigation Fee Act adopts
14 U.S. Supreme Court takings jurisprudence establishing that governmental
15 exactions and fees imposed in permits must have an "essential nexus" between
16 a legitimate government end and the fee, and that the amount of any fee must
17 be "roughly proportional" to the impact created. (Ehrlich, supra at 866
18 [discussing Dolan v. City of Tigard (1994) 512 U.S. 374 and Nolan v. Cal.
19 Coastal Com. (1987) 483 U.S. 825].)

20 233. The CITY cannot legally justify the imposition of over a million dollars
21 on plaintiff or any other entity when absolutely no cannabis operations have
22 ever taken place at 15023 Ramona Blvd.

23 **THE CITY FAILED TO RETAIN THE MITIGATION FEES IN**
24 **COMPLIANCE WITH THE MITIGATION FEE ACT.**

25 234. The CITY must deposit the mitigation fees in a separate capital facilities
26 account or fund in a manner to avoid any commingling of the fees with other
27 revenues and funds. The CITY may expend the mitigation fees solely for the
28

1 purpose for which they were collected. Any interest income earned must also
2 be deposited in that account or fund and must be expended only for the purpose
3 for which the fee was originally collected. §66001(a).

4 235. To date, the mitigation fees have simply been placed in the General Fund
5 in direct contravention to Government Code §66001(e) which provides:“The
6 Legislature finds and declares that untimely or improper allocation of
7 development fees hinders economic growth and is, therefore, a matter of
8 statewide interest and concern.”

9 236. Finance Director Rose Tam was deposed on May 20, 2021.

10 237. Under oath, Ms. Tam specifically provided that the cannabis “mitigation
11 fees” collected were being deposited into the City’s “General Checking
12 Account” at the Bank of the West.

13 **MITIGATION FEES HAVE BEEN UNLAWFULLY UTILIZED BY THE**
14 **CITY IN DIRECT CONTRAVENTION TO THE GOVERNMENT CODE.**

15 238. Government Code § 66008, in pertinent part specifically states: “The fee
16 shall not be levied, collected, or imposed for **GENERAL REVENUE**
17 **PURPOSES.**” [Emphasis Added].

18 239. However, to date, the CITY has utilized the mitigation fees collected
19 from owner/operators for just that: “general revenue purposes.” Mitigation fees
20 collected have not been utilized to mitigate any specific cannabis related
21 impacts. Ms. Tam in her sworn deposition testimony confirmed that cannabis
22 mitigation fees are still being unlawfully used by the CITY for “general
23 revenue” purposes:

24 240. Furthermore, §66006 (b) expressly requires that the CITY on a yearly
25 basis generate a public report identifying:

26 (A) The identity of the account in which the mitigation fees are being
27 deposited:
28



1 (B) The amount of the mitigation fee charged;

2 (C) The beginning and ending balance of the account;

3 (D) The amount of the fees collected and the interest accrued;

4 (E) An identification of each public improvement on which fees were
5 expended and the amount of the expenditures on each improvement,
6 including the total percentage of the cost of the public improvement that
7 was funded with the mitigation fees.

8 241. No reports containing the statutorily required information for 2017,
9 2018, 2019, 2020, 2021, 2022 were ever authored, let alone published.

10 242. The CITY has never specifically identified exactly what the mitigation
11 fees are being used for.

12 **UNCONSTITUTIONAL EXACTMENTS DISGUISED IN DEFECTIVE**
13 **DEVELOPMENT AGREEMENTS.**

14 243. The Development Agreements at issue in this case were not drafted by
15 former City Attorney Robert Tafoya.

16 244. Rather, he simply reused a pre-existing form development agreement
17 previously utilized for billboards within the CITY.

18 245. Tafoya describes, the extent of his work on the Development
19 agreements as simply “dropping in information.”

20 246. Mr. Tafoya in his October 2023 Deposition provided that he has no
21 recollection of the intent behind his use of the term “mitigation fees” within
22 the Development agreements at issue and has no recollection of ever
23 reviewing any fee impact studies to verify whether the amounts contained in
24 the development agreements were reasonable or bore any nexus to any
25 negative impacts to the CITY by commercial cannabis operators.

26 **1) THE DEVELOPMENT AGREEMENT AT ISSUE.**

27 247. The development agreement at issue was never negotiated.
28





1 248. In fact, former CITY attorney Robert Tafoya in deposition would not
2 describe the development agreements as “negotiated.”

3 249. Rather, owner operators were specifically told by the CITY that the
4 terms were “non-negotiable,” this after many had spent a significant amount
5 of capital purchasing cannabis equipment as well as on
6 engineering/architectural professionals for the buildout for the proposed
7 facilities.

8 250. On December 6, 2017, former City Attorney Robert Tafoya authored a
9 “Staff Report” for purposes of review by the Mayor and City Council.

10 251. The staff report attached a “sample” Development Agreement which
11 coincidentally had “mitigation fees” which were identical to the Development
12 Agreements the CITY claims were “negotiated” or “bargained for.”

13 252. The same nonsensical formula of \$10 per square foot based on an
14 imaginary 22,000 square feet, irrespective of the size of an owner’s building,
15 is contained in every Development Agreement at paragraph 5.2.

16 253. In 5.3 for years 2 and 3 the mitigation fee is increased to \$12.50 per
17 square foot in nearly every Development Agreement.

18 254. At years four and five, a fee of \$15.00 per square foot is contained in
19 nearly every Development Agreement.

20 255. In addition to this mitigation fee schedule, 5.7, tacks on a yearly “police
21 fee” of \$50,000.00 in nearly every Development Agreement².

22 256. In every development agreement, save for one (1), the accrual of
23 mitigation fees commenced immediately.

24 257. As demonstrated by a City “Payment Summary,” produced in May of
25 2021, every owner operator, except for R.D. Tropicana and Rukli, Inc. owed
26

27 ² Plaintiffs’ Development Agreement had \$55,000.00 due every year as police fees.
28

mitigation fees, many of which were still non-operational some three years after development agreements were signed.

CAN #	Business Name	Amount Outstanding 8/30/2020	Amount Billed on 09/30/2020	Amount Billed on 01/12/2021	Amount Paid	Payment Date	Amount Outstanding
1 17-01	Jenome Research	85,000	121,500	143,000	(65,000)	10/1/20, 01/11/21	284,500
2 17-02	Baldwin Park TALE Corp.	315,000	118,750	187,750			621,500
3 17-06	RUKLI Inc.	-	-	-			-
4 17-07	428 Cloverleaf LLC	-	118,750	137,500	(118,750)	12/23/2020	137,500
5 17-09	RD Baldwin Park Tropicana LLC	-	-	-			- (1)
6 17-12	Medical Grade Farms BP	315,000	118,750	174,000			607,750
7 17-13	Kultiv8 Group	-	118,750	156,250			275,000
8 17-15	GSC Capital Group	315,000	118,750	187,750			621,500
9 17-18	Pacific Cultivation, LLC	-	118,750	137,500	(187,500)	12/3/20, 01/14/21	68,750
11 17-28	VRD Inc.	-	68,750	137,500			206,250
13 17-30	DJCBP Corporation dba/Tier One	105,000	71,250	142,500			318,750
14 17-31	Green Health Industries, LLC	-	118,750	137,500	(118,750)	10/13; 11/10/20	137,500
15 18-01	Esource LLC	335,000	55,000	99,500			489,500
16 19-03	Ala Karte	-	160,000	50,000			210,000
	Total	1,470,000	1,307,750	1,690,750	(490,000)		3,978,500

(2) Their Annual Mitigation Fee is due (6) months following the City's issuance of the first Certificate of Occupancy. COO issued on 9/21/2020, mitigation will be due on 3/21/2021.

258. However, for the few owner operators that have become operational, certificates of occupancy permits were issued even though mitigation fees remained outstanding.

259. The CITY never conducted an impact fee analysis to confirm whether the mitigation fees being charged were reasonable or had a nexus to any articulable impacts on the CITY specifically or even generally due to Cannabis Industry.

260. Moreover, in the instance of plaintiffs and other owner operators, five (5) and even six (6) years after signing development agreements, over a million dollars in mitigation fees accrued without a single drop of cannabis ever being produced or any type of operations within their buildings due to the lack of an issuance of a certificate of occupancy.

261. The CITY's own Finance Director testified in sworn deposition testimony that Cannabis Mitigation fees were being used raise general revenue.

262. Most telling is that Defense counsel SYLVA who is a defendant in another cannabis case openly admitted in court on September 11, 2023, that

1 the fees she was attempting to collect were akin to a “disguised tax.” “I guess
2 it could be deemed a disguised tax, but we call it a negotiated, arm’s length
3 transaction.”

4 263. When asked specifically by this Court if one needs to pay this tax
5 [mitigation fee] in order to get a certificate of occupancy, Ms. Sylva
6 responded: “yes, your honor.”

7 **A. MITIGATION FEES ARE NOW BASED ON ACTUAL SQUARE**
8 **FOOTAGE AND NOT DUE UNTIL A CERTIFICATE OF**
9 **OCCUPANCY IS GRANTED AND THERE ARE NO MORE**
10 **POLICE FEES.**

11 264. Just over a month ago, on September 20, 2023, CITY staff, including
12 Defendant SYLVA, published a report called "Adoption of Resolution No.
13 2023-030" that outlined the guidelines for negotiating Commercial Cannabis
14 Community Benefit Fees.

15 265. This updated ordinance now calculates fees based on real, not
16 exaggerated, square footage.

17 266. The CITY no longer includes a yearly \$50,000 police fee, and fees are
18 only begin to accrue upon receiving a Certificate of Occupancy.

19
20 **DURING THE TENURE OF THIS LAWSUIT, THE CITY, ON DECEMBER**
21 **8, 2023, THROUGH SPECIAL COUNSEL SYLVA TERMINATED**
22 **PLAINTIFFS LICENSE AND REQUESTED REVOCATION FROM THE**
23 **DEPARTMENT OF CANNABIS CONTROL.**

24 267. On December 13, 2023, by way of correspondence from the State of
25 California Department of Cannabis Control, plaintiffs received notice that
26 their Municipal Authorization had been revoked by the CITY’s Special
27 Counsel, Julia Sylva, who is defense counsel in this matter.





1 268. The correspondence although dated December 8, 2023 was not
2 received by Plaintiffs or their counsel until December 19, 2023 and contains a
3 postmark (meter mark of December 12, 2023).

4 269. In any event, the last City Council Meeting of the year was December
5 6, 2023.

6 270. The next two (2) council meetings have been canceled with the next
7 Council Meeting scheduled for January 17, 2024.

8 271. Pursuant to the City's Cannabis Ordinance No. 1408 Section 127.16,
9 plaintiffs by and through their counsel transmitted via email on December 15,
10 2023 and on December 18, 2023 by personal service their appeal of the
11 revocation of their Municipal Authority.

12 272. Demand was timely made by plaintiffs that, pursuant to the provisions
13 of Section 127.16 that the City Clerk "transmit the written statement to the
14 city council, and at its next regular meeting, the council [shall] set a time and
15 place for a hearing on the appeal."

16 273. However, the timing of the revocation, the manner in which Plaintiffs
17 received notice and the cancellation of the next two (2) CITY council
18 meetings places plaintiffs in the inequitable position of having to await more
19 than a month to have the appellate process commenced.

20 **TIER ONE WAS NOT AFFORDED THE CONTRACTUAL 30-DAY**
21 **PERIOD TO CURE EXPRESSLY CONTAINED WITHIN THE SUBJECT**
22 **DEVELOPMENT AGREEMENT.**

23 274. The subject development agreement specifically provides in Section 8.1:
24 "In the event of alleged default or breach of any
25 terms or conditions of this STATUTORY
26 AGREEMENT, the party alleging such default or
27 breach shall give the other party thirty (30) days'
28

1 notice in writing specifying the nature of the alleged
2 default and the manner in which said default may be
3 satisfactorily cured during any such thirty (30) day
4 period, the party charged shall not be considered in
5 default for purposes of termination or institution of
6 legal proceedings.” [Emphasis Added] *See Exhibit*
7 *D: Pg. 8-9.*

8 275. Respectfully, Plaintiff was never provided with the agreed upon 30-day
9 window to cure prior to Sylva’s Termination Letter and/or her contact with the
10 D.C.C. requesting revocation of Tier One’s state license: “Dear Ms. Helzer: On
11 December 8, 2023, the City of Baldwin Park served Notice to Tier One,
12 Operator, that their development agreement and all related permits for
13 commercial cannabis activity (manufacturing) in the City is automatically
14 terminated for nonpayment of commercial cannabis fees due to the City of
15 Baldwin Park. Attached is a copy of the Automatic Termination Notice to Tier
16 One. Please advise as to next steps for the State Department of Cannabis
17 Control to likewise terminate the State License to Tier One, Operator. I look
18 forward to your response.”

19
20 **THE ATTEMPTED ACTION TAKEN AGAINST TIER ONE IS EVIDENCE**
21 **OF SELECTIVE ENFORCEMENT BY THE CITY THAT IS ARBITRARY,**
22 **CAPRICIOUS AND IRRATIONAL.**

23 276. Not a single owner/operator within the CITY is current on fees under
24 existing development agreements.

25 277. There are owner operators that purportedly owe the City more money
26 than what Ms. Sylva claims Plaintiffs currently owe.

27 278. However, to date, Plaintiffs remain the only owner operator within the
28



1 City to suffer a “termination” and request to the DCC to revoke a state
2 cannabis license.

3 279. In *Del Monte Dunes v. Monterey*, 920 F.2d 1496, 1508 (9th Cir. 1990)
4 the Ninth Circuit provided: "Although selective enforcement of valid laws,
5 without more, does not make the defendants' action irrational, there is no
6 rational basis for state action that is malicious, irrational or plainly arbitrary."
7 *Squaw Valley Dev. Co. v. Goldberg*, 375 F.3d 936, 944 (9th Cir. 2004); *see*
8 *also Armendariz v. Penman*, 75 F.3d 1311, 1327 (9th Cir. 1996) ("It is well
9 established that a city may not enforce its zoning and land use regulations
10 arbitrarily.").

11 280. Further, even where a defendant is able to successfully assert a rational
12 basis, an equal protection claim still exists if the plaintiff alleges that
13 defendant's asserted rational basis is merely a "pretext" for an improper
14 motive. *See Lazy Y Ranch LTD v. Behrens*, 546 F.3d 580, 592 (9th Cir. 2008);
15 *Squaw Valley Dev.*, 375 F.3d at 945-46.

16
17 **DISPARATE TREATMENT OF OWNER OPERATORS EXISTS BETWEEN**
18 **THE OLD AND NEW CANNABIS PROGRAMS.**
19

20 281. The CITY seeks fees from plaintiff that allegedly accrued immediately
21 upon execution, are based on a non-existent 22,000 square feet and contain a
22 \$55,000.00 a year “police fee.” On September 20, 2023, the City published a
23 report called "Adoption of Resolution No. 2023-030" that outlined the
24 guidelines for negotiating Commercial Cannabis Community Benefit Fees.
25 This updated ordinance now calculates fees based on real, not exaggerated,
26 square footage. The City no longer includes a yearly \$50,000 police fee, and
27 fees begin to accrue upon receiving a Certificate of Occupancy.
28



1 282. Rather than reconcile the old system with the new, the City continues to
2 chase fees based on the previous flawed system which apparently, based on Mr.
3 Tafoya's recent deposition, is a product of a form agreement used for
4 "billboards."

5
6 **THE TERMINATION AND NOTIFICATION TO THE DCC IS**
7 **RETALIATION FOR TIER ONE AND MR. JU'S FILING OF AND**
8 **CONTINUED PROSECUTION OF A FEDERAL LAWSUIT AGAINST**
9 **THE CITY, FORMER ELECTED AND FORMER PUBLIC EMPLOYEES.**

10
11 283. Under the First Amendment to the United States Constitution, a citizen
12 has the right to be free from governmental action taken to retaliate against the
13 citizen's exercise of First Amendment rights or to deter the citizen from
14 exercising those rights in the future. *See Sloman v. Tadlock*, 21 F.3d 1462,
15 1469-70 (9th Cir. 1994).

16 284. The first amendment right to petition includes the right to file a lawsuit
17 in court and seek a remedy. *California Motor Transport Co. v. Trucking*
18 *Unlimited*, 404 U.S. 508 (1972), *Professional Real Estate Investors, Inc. v.*
19 *Columbia Pictures Industries, Inc.*, 508 U.S. 49 (1993), *Johnson's Restaurants,*
20 *Inc. v. NLRB*, 461 U.S. 731 (1983), *Sure-Tan, Inc. v. NLRB*, 467 U.S. 883, 896-
21 97 (1984), and *BE & K Construction Co. v. NLRB*, 536 U.S. 516 (2002),

22 285. In a counter-settlement demand letter dated November 2, 2023, the CITY
23 a made it clear that if plaintiffs did not drop the instant federal lawsuit the CITY
24 was going to "red tag" plaintiffs' building.

25 286. The CITY's "counter demand" letter carbon copied the Mayor, Council,
26 City Manager and City Attorney.



1 287. The aforementioned letter provided that if the plaintiffs did not dismiss
2 their lawsuit against the City and City defendants, the CITY would “red tag”
3 plaintiffs’ building and request that the States Department of Cannabis Control
4 terminate the plaintiffs’ state license. See Exhibit J.

5 288. Plaintiffs did not “drop their lawsuit.” The fact that Sylva has now
6 followed through with her threat to “red tag” (condemn) Tier One’s building
7 and request termination of the State License is proof of retaliation by the
8 CITY through its “special counsel” of plaintiffs continued exercise of the
9 First Amendment Right to Petition. See Exhibit K and L incorporated by
10 *reference as though fully set forth herein.*

11 **FIRST CAUSE OF ACTION**

12 **(Writ Of Mandate Against City and Request for Preliminary Injunction)**

13 289. Plaintiff re-alleges and incorporate by reference each and every
14 allegation as set forth in each paragraph above as though fully set forth herein.

15 290. Pursuant to Code of Civil Procedure section 1085, Plaintiffs seek a writ
16 of mandate to compel the CITY to reinstate plaintiffs’ municipal authority to
17 conduct commercial cannabis activity and to notify the state of same.

18 291. Furthermore, plaintiffs respectfully request that the CITY be compelled
19 to notify the Department of Cannabis Control (DCC) of the reinstatement and
20 that the prior request for revocation of plaintiffs’ state license be retracted by
21 the CITY.

22 292. Defendant CITY’s revocation of plaintiffs’ municipal authority and
23 request for revocation of plaintiffs state license is invalid, erroneous, capricious
24 arbitrary and an abuse of discretion.

25 293. Furthermore, said actions by the CITY are unconstitutional to the extent
26 that the actions by the CITY arise from the exercise and continued persistence
27





1 by plaintiffs of the instant lawsuit protected by the First Amendment and the
2 right to petition (right to a remedy).

3 294. Good cause exists for this Court to issue a writ of mandate.

4 295. Plaintiffs have no plain, speedy, and adequate remedy in the ordinary
5 course of law other than this writ of mandate.

6 296. The findings and determinations sought to be reviewed by a Writ of
7 Mandate as well as this Civil Complaint were the result of the CITY's arbitrary
8 and capricious action perpetrated by the CITY and its employees.

9 297. Because of the immediate harm to plaintiffs, given the CITY's recent the
10 revocation, the manner in which Plaintiffs received notice and the cancellation
11 of the next two (2) CITY council meetings places plaintiffs in the inequitable
12 position of having to await more than a month to have the appellate process
13 commenced.

14 298. It is respectfully requested that this Court issue a preliminary injunction
15 ordering the CITY to reinstate the municipal authority for Plaintiffs to condu

16 299. As a further proximate result of the CITY'S actions and omissions,
17 Plaintiffs have incurred and will incur fees and costs for attorneys and experts,
18 said fees and costs being legally compensable pursuant to Government Code
19 section 800 as well as California case law.
20

21 **SECOND CAUSE OF ACTION**

22 **(Inverse Condemnation/Fifth Amendment Takings per 42 USC Section** 23 **1983) BROUGHT AS TO ALL INDIVIDUAL DEFENDANTS EXCEPT** 24 **GALVAN**

25 300. Plaintiffs re-allege and incorporate by reference each and every
26 allegation as set forth in each paragraph above as though fully set forth
27 herein.
28



1 301. 42 U.S.C. §1983 is the primary remedial statute for asserting federal
2 civil rights claims against local public entities, officers and employees.

3 302. The predicate 42 U.S.C. Section 1983 Claim is based on a Fifth
4 Amendment Takings Violation/Inverse Condemnation which arises out of the
5 attempt by the CITY, by and through defendants, who acted under color of
6 law to: 1) Collect an exactment disguised as mitigation fees and 2) condemn
7 plaintiffs' property based on the failure to pay exactments.

8 303. At all relevant times, Plaintiffs are and have been the Property owners
9 for the subject property that the CITY has now condemned by way of its
10 revocation of plaintiffs' municipal authority to conduct commercial cannabis
11 activity.

12 304. Defendants TAFOYA and WILLOUGHBY, acted under color of law
13 as CITY Attorneys who not only sold to plaintiffs a license in violation of the
14 CITY's ordinance, but conspired with Defendant MORALES to cover up the
15 illegal/unlawful transfer which was intentionally approved by Defendants
16 LOZANO and PACHECO as elected officials.

17 305. In the context of a Fifth Amendment Takings Case, the U.S. Supreme
18 Court in *Nollan v. California Coastal Comm'n* (1987) 483 U.S. 825, 833 n.2,
19 841–842, and *Dolan v. City of Tigard* 512 U.S. 374, 391, (1994) as well as
20 the California Supreme Court in *Ehrlich v. City of Culver City* (1996) 12 Cal.
21 4th 854, 9, cert. denied, 519 U.S. 929 have extended a new standard of
22 review termed “heightened scrutiny” to certain exactions by municipalities. A
23 condition unrelated to the impact of the project is nothing more than “an out-
24 and-out plan of extortion.” *Id.*

25 306. Specifically, the Takings Clause of the Fifth Amendment to the United
26 States Constitution, made applicable to municipalities through the Fourteenth
27 Amendment, provides that private property shall not “be taken for public use
28



1 without just compensation.” U.S. Const. amends. V, XIV; Chicago, B. & Q.
2 R. Co. v. City of Chicago, 166 U.S. 226 (1897). The Takings Clause “was
3 designed to bar Government from forcing some people alone to bear public
4 burdens which, in all fairness and justice, should be borne by the public as a
5 whole.” Armstrong v. United States, 364 U.S. 40, 49 (1960). Its protections
6 extend to property owners who are forced to give up private property—either
7 money or land—as a condition of obtaining a permit to build. Nollan, 483
8 U.S. 825; Dolan, 512 U.S. 374; Ehrlich, 512 U.S. 1231 (vacating a California
9 Court of Appeal’s decision denying a takings claim against a monetary
10 exaction and remanding for consideration in light of Dolan.).

11 307. The point of this analysis is not to ensure that compensation is paid
12 post hoc as in most other circumstances where the Takings Clause is invoked.
13 Rather, the nexus and proportionality requirements serve as proscriptive
14 checks on the exercise of government's police power by forcing
15 municipalities, like the CITY, to expressly articulate the relationship between
16 the exaction and the owner's proposed use, and by insuring the owner is not
17 being required to bear more than his proportionate share of public burdens.
18 See Webb's Fabulous Pharmacies, Inc. u. Beckwith, 449 U.S. 155, 164 (1980)
19 (the Takings Clause "stands as a shield against the arbitrary use of
20 governmental power").

21 308. Ultimately Nollan and Dolan represent a "special application" of the
22 unconstitutional conditions doctrine in the land-use arena. Lingle v. Chevron
23 U.S.A, Inc., 544 U.S. 528, 547 (2005). In these situations, the Constitution
24 requires "especially strong justification by the state." Kathleen M. Sullivan,
25 Unconstitutional Conditions, 102 HARV. L. REV. 1415, 1419 (1989).
26 Although it is wrong for government to force someone to choose between
27 surrendering their rights in order to receive a government benefit, it is even
28

1 more odious to force this choice on someone who seeks to exercise a
2 fundamental civil right - in this case, the right to use their own land. Nollan,
3 482 U.S. at 833 n.2 ("the right to build on one's own property . . . cannot
4 remotely be described as a 'governmental benefit'").

5 309. In the instant case, unlawful exactions are disguised as “negotiated
6 development agreements:”

7 310. A yearly exactment of 10 dollars a square foot based on 22,000 square
8 feet irrespective of the fact that Tier One’s property is less than 5,000 square
9 feet and a \$55,000 a year police “impact fee.”

10 311. Fees due immediately instead of when a business became operational.

11 312. It is no great stretch to apply the nexus and proportionality standards to
12 all exactions, and not just those demanding land. Like land, money is
13 property, and should be subject to the same rules.

14 313. Requiring compliance with Nollan and Dolan when government seeks
15 money or other property in ex-change for discretionary permits will not
16 impose a significant burden on land planners, other than the requirement that
17 they, like other officials, follow the Constitution. If the constable must
18 understand the limitations the Constitution places on her powers, so must the
19 planner. See San Diego Gas & Elec. Co. u. City of San Diego, 450 U.S. 621,
20 661 n.26 (1981) (Brennan, J., dissenting). The U.S. Supreme Court has
21 repeatedly concluded that money is a property interest. See, e.g., Brown v.
22 Legal Found. of Washington, 538 U.S. 216, 235 (2003) (interest earned on
23 principal is property); Eastern Enterprises v. Apfel, 524 U.S. 498, 523 (1998)
24 (plurality) (assets); Phillips u. Washington Legal Found., 524 U.S. 156, 167
25 (1998) ("the principal held in ... trust accounts is the 'private property' of the
26 client"); Webb's Fabulous Pharmacies, 449 U.S. at 164 (1980) (interest earned
27 on principal is property).





1 314. The due process protections of the Fifth Amendment applies when "a
2 land-use permitting charge denominated by the government as a 'tax' becomes
3 'so arbitrary . . . that it was not the exertion of taxation but a confiscation of
4 property.'" Koontz, 570 U.S. at 617; Lingle, 544 U.S. at 548-49 (J. Kennedy,
5 concurring) ("The failure of a regulation to accomplish a stated or obvious
6 objective would be relevant to that inquiry.").

7 315. In Koontz v. St. Johns River Water Mgmt. Dist., 570 U.S. 595 (2013)
8 the U.S. Supreme Court extended the application of the Nollan/Dolan test to
9 monetary exactions, finding the government's attempt to condition a
10 development permit on requiring the landowner to fund offsite mitigation
11 measures was the "functional equivalent" of a typical land use exaction
12 governed by the Nollan/Dolan standard. 570 U.S. at 612.

13 316. In the instant matter, the City did not perform any impact studies. In
14 fact, TAFOYA himself provided that he did not negotiate these development
15 agreements.

16 317. Furthermore, knowing full well of the facts and circumstances
17 surrounding the Development Agreement sold to plaintiffs, TAFOYA and
18 WILLOUHGBY during from 2018 through 2022 through threatening letters
19 and the use of "compliance hearings" collected these exactments from
20 Plaintiffs on the threat of "canceling" their license.

21 318. This course of extortion was furthered by the CITY recently when the
22 City's Special Counsel.

23 319. The CITY's counter demand letter of November 2, 2023 in this case, for which
24 the Mayor, Council, City Manager and City Attorney were carbon copied on, provides
25 that if the plaintiffs in that case do not dismiss their lawsuit against the CITY and CITY
26 defendants, and pay \$1,045,000.00, the CITY will "red tag" their building and request
27 that the State's Department of Cannabis Control terminate the plaintiffs' state license.
28



1 320. In correspondence dated December 8, 2023 the CITY by its private Special
2 Counsel not only revoked plaintiffs municipal authorization for cannabis, but took it
3 a step further and made a revocation request to the State of California's Department
4 of Cannabis Control.

5 321. In sum, Defendants provided real-time evidence of a custom and
6 practice of extorting "mitigation fees:" i.e. "we will 'red tag' your building
7 and have your state licenses cancelled if you do not drop your lawsuit and pay
8 over a million dollars in "mitigation fees," the bulk of which accrued prior to
9 being operational.

10 322. As a proximate result of the CITY's actions and omissions which were
11 create by TAFOYA, WILLOUGHBY, MORALES, LOZANO, PACHECO
12 and GALVAN as described herein, Plaintiffs have suffered injury and
13 damages, and is continuing to suffer injury and damages, including but not
14 limited to that which has been described above, which are compensable
15 pursuant to 42 U.S.C. § 1983 and Civil Code § 52.1(b), in an amount which
16 cannot now be ascertained but which is within the jurisdiction of this Court
17 and shall be determined according to proof at trial.

18 323. As a further proximate result of the CITY's policy, practices and
19 customs of extorting exactments from cannabis owners, who are non-
20 operational, Plaintiff has incurred and will incur fees and costs for attorneys
21 and experts, said fees and costs being legally compensable pursuant to 42
22 U.S.C. § 1988(b) and (c), and California law, in the course of enforcing
23 Plaintiff's rights under 42 U.S.C. § 1983 and Civil Code § 52.1(b), and the
24 abovementioned provisions of the California and U.S. constitutions.

25 324. The aforementioned acts amount to inverse condemnation, a Fifth
26 Amendment violation pursuant to the U.S. Constitution.

27 325. In addition to the damages set forth above, Plaintiff has incurred and
28

1 will incur fees for attorneys, and experts as a result of this proceeding in
2 amounts that cannot be ascertained. Said fees are recoverable in this action
3 under the provision of the Code of Civil Procedure section 1036 and 42
4 U.S.C. Section 1988.

5 **FOURTH CAUSE OF ACTION**
6 **42 U.S.C. SECTION 1983 PER MONELL**
7 **BROUGHT AS TO THE CITY**

8 326. Plaintiffs re-alleges and incorporate by reference each and every
9 allegation as set forth in each paragraph above as though fully set forth
10 herein.

11 327. 42 U.S.C. Section 1983 liability is predicated against the CITY under
12 any one of the three theories of Monell liability identified in Clouthier v.
13 County of Contra Costa, 591 F.3d 1232 (9th Cir. 2010).

14 328. Recognized paths to Monell liability include: an (1) an unconstitutional
15 custom or policy behind the violation of rights; (2) a deliberately indifferent
16 omission, such as a failure to supervise; and (3) a final policy-maker's
17 involvement in, or ratification of, the conduct underlying the violation of
18 rights. Clouthier, 591 F.3d at 1249–50.

19 329. As provided above in Claims Number Two and Three, Plaintiff has
20 articulated a Fifth Amendment Takings violation.

21 330. Additionally, Plaintiff also alleges that Defendants' customs, policies,
22 practices, and procedures; the failures to properly and adequately, monitor,
23 supervise, evaluate, investigate, and discipline; and the unconstitutional
24 orders, approvals, ratification, and toleration of wrongful conduct of
25 Defendants "were affirmatively linked to and were a significantly influential
26 force behind the injuries of" plaintiff. See Monell v. Dept. of Soc. Servs., 436
27 U.S. 658, 694-695 (1978) (Municipal liability exists where a government's
28



1 policy or custom is the moving force of the constitutional violation at issue).

2 **i. Ratification**

3 331. The Ninth Circuit states that ratification liability may attach when a final
4 policymaker ratifies a subordinate's unconstitutional action and the basis for it.
5 Christie v. Iopa, 176 F.3d 1231, 1239 (9th Cir. 1999) (citing Praprotnik, 485
6 U.S. at 127). This occurs when the official policymaker involved has adopted
7 and expressly approved of the acts of others who caused the constitutional
8 violation. Trevino v. Gates, 99 F.3d 911, 920 (9th Cir. 1996).

9 332. In this case, Defendants TAFOYA and WILLOUGHBY as well as the
10 current Cannabis Special Council have been directed and/or hired to collect
11 overdue mitigation fees from cannabis owner operators like plaintiffs.

12 333. The CITY COUNCIL, and the CITY Manager were carboned copied on
13 correspondence sent to plaintiffs and other owner operators from which
14 exactments were attempted to be collected.

15 334. Most recently, the Mayor, CITY COUNCIL, CITY Manager, and even
16 the CITY ATTORNEY were all carbon copied on the counter demand letter of
17 November 2, 2023 in this case, for which the Mayor, Council, City Manager and City
18 Attorney were carbon copied on, provides that if the plaintiffs in that case do not
19 dismiss their lawsuit against the CITY and CITY defendants, and pay \$1,045,000.00,
20 the CITY would "red tag" their building and request that the State's Department of
21 Cannabis Control terminate the plaintiffs' state license

22 335. In correspondence dated December 8, 2023 on which the Mayor, CITY
23 COUNCIL, CITY Manager, and even the CITY ATTORNEY were cc'd the
24 CITY's private cannabis counsel, followed through with her threat.

25
26 ///

27 ///



1 **ii. Failure to Supervise**

2 336. The City “may be held liable under § 1983 for acts of ‘omission,’ when
3 such omissions amount to the local government’s own official policy.”
4 Clouthier, 591 F.3d at 1249.

5 337. One such omission is the City’s failure to supervise, where ““the need
6 for more or different training is so obvious, and the inadequacy so likely to
7 result in the violation of constitutional rights, that the policymakers of the city
8 can reasonably be said to have been deliberately indifferent to the need.” Id.
9 (quoting City of Canton v. Harris, 489 U.S. 378, 390 (1989)).

10 338. A plaintiff can prove a “failure-to-supervise” claim against a
11 municipality without showing a pattern of constitutional violations.

12 339. A municipality’s failure to institute a policy in the face of an obvious
13 need for such a policy to prevent constitutional violations—i.e., a “policy . . .
14 of inaction,” also supports Monell liability. Oviatt v. Pearce, 954 F.2d 1470,
15 1474-5, 1477 (9th Cir. 1991). “This occurs when the need for more or different
16 action is so obvious, and the inadequacy of the current procedure so likely to
17 result in the violation of constitutional rights, that the policymakers . . . can
18 reasonably be said to have been deliberately indifferent to the need.” Id. at 1475
19 (quoting City of Canton, 489 U.S. at 390).

20 340. Here, TAFOYA, WILLOUGHBY, and MORALES were never
21 supervised and there were no checks and balances in place to prevent the misuse
22 by defendants of their public employee positions.

23 341. This allowed these individual defendants to pursue fees against plaintiffs
24 even though, the fees were in actuality unlawful exactments.

25 342. In fact, the CITY Attorney had been prohibited from any further

26 343. Ultimately, the CITY took no action to restrain and/or supervise
27 defendants, who continued to pursue alleged "outstanding mitigation fees"
28



1 from the plaintiff causing the unconstitutional condemnation of plaintiffs'
2 money and real property.
3

4 **iii. Official Policy/Custom**

5 344. The CITY's implementation of its official policies and established
6 customs regarding the collection of mitigation fees inflicted the constitutional
7 injury in this case: a takings in violation of the Fifth and Fourteenth
8 Amendment. Clouthier, 591 F.3d at 1249 (quoting Monell, 436 U.S. at 708)
9 (citation omitted).

10 345. "A custom or practice can be inferred from widespread practices or
11 evidence of repeated constitutional violations for which the errant municipal
12 officers were not discharged or reprimanded." Hunter v. Cnty. of Sacramento,
13 652 F.3d 1225, 1233-34 (9th Cir. 2011).

14 346. Such liability may attach when an employee committed a constitutional
15 violation pursuant to an expressly adopted official policy. Ellins v. City of
16 Sierra Madre, 710 F.3d 1049, 1066 (9th Cir. 2013).

17 347. "Official policy" means a formal policy, such as a rule or regulation
18 adopted by the defendant, resulting from a deliberate choice to follow a course
19 of action made from among various alternatives by the official or officials
20 responsible for establishing final policy with respect to the subject matter in
21 question. Pembaur v. City of Cincinnati, 475 U.S. 469, 483 (1986); see also
22 Connick v. Thompson, 563 U.S. 51, 62 (2011).

23 348. A widespread "custom or practice" is so "persistent" that it constitutes a
24 "permanent and well settled city policy" and "constitutes the standard operating
25 procedure of the local governmental entity." Id. at 918 (quoting Monell, 436
26 U.S. at 691); Gillette v. Delmore, 979 F.2d 1342, 1346 (9th Cir. 1992)
27 (providing final quotation).
28





1 349. The Ninth Circuit has held that “a custom or practice can be supported
2 by evidence of repeated constitutional violations which went uninvestigated
3 and for which the errant municipal officers went unpunished.” Hunter v.
4 County of Sacramento, 652 F.3d 1225, 1236 (9th Cir. 2011).

5 350. In the instant case, commencing in 2017 the CITY began a practice of
6 collecting unlawful exactments from commercial cannabis operators:

- 7 • A yearly exactment of 10 dollars a square foot based on 22,000 square
8 feet irrespective of the fact that the plaintiffs’ property is less than 10,000
9 square feet.
- 10 and
- 11 • \$55,000 police “impact fee.”
- 12 • Fees immediately began to accrue upon execution of Development
13 Agreement rather than when a business became operational.

14 351. This practice is what established the foundation for Defendants TAFOYA,
15 WILLOUGHBY and currently the CITY’s private special counsel, attempt to collect
16 purported "unpaid mitigation fees" from the Plaintiffs.

17 352. This practice of collecting “mitigation” or “impact” fees as a revenue
18 generating enterprise is an unlawful “disguised tax.”

19 353. Moreover, the CITY, through direction by the CITY COUNCIL and
20 Departmental Heads such as the CITY MANAGER and DIRECTOR OF
21 COMMUNITY DEVELOPMENT continue to try and collect mitigation fees from
22 owners utilizing unlawful threats.

23 354. The most recent evidence of the extortionist tactics employed by the CITY is
24 evidenced by the counter-settlement demand letter dated November 2, 2023 in this
25 very case.

26 355. The CITY’s counter demand letter, which cc’d the Mayor, Council, City
27 Manager and City Attorney on, provided that if the plaintiffs in this case do not dismiss
28

1 their lawsuit against the CITY and CITY defendants, and pay \$1,045,000.00, the
2 CITY will “red tag” their building and request that the State’s Department of Cannabis
3 Control terminate the plaintiffs’ state license.

4 356. In sum, Defendants provided real-time evidence of a custom and
5 practice of extorting “mitigation fees:” i.e. “we will ‘red tag’ your building
6 and have your state licenses cancelled if you do not drop your lawsuit and pay
7 over a million dollars in “mitigation fees,” the bulk of which accrued prior to
8 being operational.

9 357. And in fact, in a letter dated December 8, 2023 the CITY followed
10 through with its threat.

11 358. As a proximate result of the CITY’s actions and omissions which were
12 create by TAFOYA, WILLOUGHBY, MORALES, LOZANO, PACHECO
13 and GALVAN as described herein, Plaintiffs have suffered injury and
14 damages, and is continuing to suffer injury and damages, including but not
15 limited to that which has been described above, which are compensable
16 pursuant to 42 U.S.C. § 1983 and Civil Code § 52.1(b), in an amount which
17 cannot now be ascertained but which is within the jurisdiction of this Court
18 and shall be determined according to proof at trial.

19 359. As a further proximate result of the CITY’s policy, practices and
20 customs of extorting exactments from cannabis owners, who are non-
21 operational, Plaintiff has incurred and will incur fees and costs for attorneys
22 and experts, said fees and costs being legally compensable pursuant to 42
23 U.S.C. § 1988(b) and (c), and California law, in the course of enforcing
24 Plaintiff’s rights under 42 U.S.C. § 1983 and Civil Code § 52.1(b), and the
25 abovementioned provisions of the California and U.S. constitutions.

26 360. Plaintiff seeks an award of compensatory damages as well as attorneys
27 fees against Defendant CITY.
28



FIFTH CAUSE OF ACTION

NEGLIGENCE

BROUGHT AS TO ALL DEFENDANTS

361. Plaintiff re-alleges and incorporate by reference each and every allegation as set forth in each paragraph above as though fully set forth herein.

362. Pursuant to California Government Code § 815.2(a), Defendant CITY as a public entity, is vicariously liable for any injuries or damages as alleged herein which were proximately caused by an act or omission of any employee of Defendant CITY within the course and scope of said employee's employment with Defendant CITY.

363. At all times herein the CITY was negligent in hiring and/or supervising Defendants TAFOYA, WILLOUGHBY II, and MORALES who utilized their positions as public officials/public employees to defraud plaintiffs.

364. The CITY was placed on notice of TAFOYA and WILLOUGHBY'S scandalous antics.

365. TAFOYA's house and office were raided along with Defendant GALVAN's years ago, but the CITY did nothing to investigate whether TAFOYA should remain in control of the Cannabis program.

366. The writing was on the wall:

- a. TAFOYA authors a staff report in October of 2017 recommending to CITY Council that is should hire WILLOUGHBY II's law firm to assist with legal matters including negotiations on behalf of the City and the very next month WILLOUGHBY II appears as an applicant negotiating with the very same CITY ATTORNEY who recommended his hiring.
- b. WILLOUGHBY II, a former owner-operator, who sold his license



1 becomes Deputy CITY attorney and assists Defendant TAFOYA with
2 extorting unlawful mitigation fees with cannabis owner-operators.

3 c. TAFOYA negotiates a DA with WILLOUGHBY II by and through an
4 entity that legally does not exist.

5 d. Current CITY contract counsel that is prohibited from taking on any
6 matters adverse to the CITY run consulting firms involved in
7 “negotiating cannabis deals” with the CITY.

8 367. Due to the CITY’s negligence in supervision and/or hiring of
9 Defendants TAFOYA, WILLOUGHBY II, PACHECO, LOZANO,
10 GALVAN and MORALES plaintiffs were damaged financially in a sum
11 according to proof at trial.

12
13 **SIXTH CAUSE OF ACTION**

14 **FRAUD**

15 **BROUGHT AS TO ALL DEFENDANTS**

16 368. Plaintiff re-alleges and incorporate by reference each and every
17 allegation as set forth in each paragraph above as though fully set forth
18 herein.

19 369. Pursuant to California Government Code § 815.2(a), Defendant CITY
20 as a public entity, is vicariously liable for any injuries or damages as alleged
21 herein which were proximately caused by an act or omission of any employee
22 of Defendant CITY within the course and scope of said employee's
23 employment with Defendant CITY.

24 370. Defendants TAFOYA, WILLOUGHBY II, PACHECO, LOZANO,
25 GALVAN and MORALES knowingly engaged in fraudulent acts and
26 omissions and/or otherwise made material misrepresentations with the intent
27 to deceive and defraud the Plaintiffs.



1 371. Defendants TAFOYA, WILLOUGHBY II, PACHECO, LOZANO,
2 GALVAN and MORALES were motivated by corruption and/or actual
3 malice, i.e., a conscious intent to deceive, vex, annoy, or harm plaintiffs.

4 372. The CITY continues to maintain a fraudulent position even in the midst
5 of unsealed plea deals which unequivocally established that the commercial
6 cannabis development agreements had been compromised by the corruption
7 and unlawful conduct of City Attorney TAFOYA, former councilman
8 PACHECO and soon to be identified co-conspirators.

9 373. The fraud perpetrated by defendants caused plaintiffs to suffer financial
10 damages according to proof at trial.

11 **BELATED DISCOVERY**

12 374. The scope and extent of the corruption, fraud and criminal activity
13 underlying the entire Cannabis process within the CITY was not known by
14 plaintiffs until the unsealed pleas of Defendant PACHECO and co-defendant,
15 in the criminal case, CHAVEZ were unsealed in October 2022.

16 375. Both criminal pleas lay out the scam orchestrated by the CITY
17 ATTORNEY at the time TAFOYA who was assisted by WILLOUGHBY II
18 in collecting unlawful and unconstitutional fees.

19 376. As a further illustration that information continues to trickle in on the
20 corruption and bribery, on the very date that this Second Amended Complaint
21 is being drafted, the FBI arrested Defendant GALVAN and charged him via
22 an unsealed Federal Indictment with one count of conspiracy, one count of
23 bribery and eight counts of honest services wire fraud ALL implicating his
24 personal involvement in the corruption and bribery within the CITY. See
25 Exhibit I.

26 ///

27 ///



RUKLI

377. Via Ordinance No. 1438 which was duly approved and adopted at a regular meeting of the Baldwin Park City Council on April 3, 2019 (4 months subsequent to 26051 coming into effect) the CITY entered into a Government Code Statutory Development Agreement exclusive Baldwin Park officials agreed Monday to give one company a monopoly on transporting cannabis within its borders, a move that other marijuana manufacturers and cultivators applying to set up in the city said would jeopardize their businesses.

378. The City Council voted 3-0 to award Rukli, Inc. an exclusive distribution permit and issue permits for cannabis cultivation and manufacturing to four other applicants during a special meeting.

379. Defendant LOZANO was behind the monopoly to RUKLI.

380. On the eve of awarding permits to 10 other applicants, including five businesses that had planned to self-distribute their products outside of the city, the CITY did an about face and agreed to give one company a monopoly on transporting cannabis within its borders.

381. On *January 1, 2019* Business and Professions Code Section 26051 went into effect throughout California.

382. California Business and Professions Code Section 26051 specifically places Commercial Cannabis operation into the ambit of the Cartwright Act.

383. More importantly subdivision (b) of Business and Professions Code Section 26051 provides: **“IT SHALL BE UNLAWFUL FOR ANY PERSON TO MONOPOLIZE, ATTEMPT TO MONOPOLIZE, OR COMBINE OR CONSPIRE WITH ANY PERSON OR PERSONS TO MONOPOLIZE, ANY PART OF THE TRADE OR COMMERCE RELATED TO CANNABIS.”**





1 384. Senate Bill 94 which culminated into Business and Professions Code
2 Section 26051 clearly articulated that the legislature intended in the Adult Use
3 Marijuana Act to outlaw monopolies of any type. “AUMA requires licensing
4 authorities, in determining whether to grant, deny, or renew a license to
5 engage in commercial adult-use cannabis activity, to consider factors
6 reasonably related to the determination, including whether it is reasonably
7 foreseeable that issuance, denial, or renewal of the license could allow
8 unreasonable restraints on competition by creation or maintenance of
9 unlawful monopoly power....”

10 385. In Business and Professions Code Section 26190 the legislature clearly
11 placed an emphasis against monopolies by providing that each licensing
12 authority in Cannabis shall prepare a report identifying “any statutory or
13 regulatory changes necessary to ensure that the implementation of the Adult
14 Use Marijuana act does not “Allow unreasonable restraints on competition by
15 creation or maintenance of unlawful monopoly power. “ (i) (1) (A)

16 386. Anti-monopoly is the first item on the list!

17 387. Second is concerns over perpetuating “the presence of an illegal market
18 for cannabis or cannabis products in the state or out of the state.”

19 388. Furthermore, Business and Professions Code Section 26222.3 again
20 reiterates the complete prohibition against monopolies even in Cannabis
21 Associations. “An association that is organized pursuant to this chapter shall
22 not conspire in restraint of trade, or serve as an illegal monopoly, attempt to
23 lessen competition, or to fix prices in violation of law of this state.

24 389. Lastly, Section 34019 (b) of the Revenue and Taxation Code was
25 amended to include a 10 million dollar study by a private university to study:
26 “(6) Whether additional protections are needed to prevent unlawful
27 monopolies or anti-competitive behavior from occurring in the adultuse
28

1 cannabis industry and, if so, recommendations as to the most effective
2 measures for preventing such behavior.”

3 390. In addition to the Distribution Monopoly, RUKLI was also granted by
4 the CITY a manufacturing license.

5 391. All commercial cannabis cultivators and manufactures with
6 Development Agreements within the CITY, including Plaintiff, are required
7 to utilize the exclusive services of Defendant RUKLI as the sole Distributor
8 and Transportation Company of their Cannabis Products within the CITY OF
9 BALDWIN PARK.

10 392. The following terms were contained in Plaintiff’s Development
11 Agreements: a. Transportation of Cannabis. All pickups and drop offs of
12 cannabis and cannabis products into and out of the City of Baldwin Park shall
13 be by the exclusive distributor, Rukli, Inc., or such other company should
14 Rukli, Inc. no longer hold that right. Owner shall not, on its own or through
15 any person or entity, arrange for pickups or drop offs of cannabis or cannabis
16 products into or out of the City of Baldwin Park for any purpose, except by
17 the exclusive distributor. b. Distribution of Cannabis. Owner shall distribute
18 its cannabis and cannabis products only through the City’s exclusive
19 distributor. Owner shall cooperate fully with the City’s exclusive distributor
20 regarding the accounting for product, revenue and tax collection. c. Owner
21 and the City’s exclusive distributor shall reach their own agreement regarding
22 fees for the exclusive distributor’s services.

23 393. Plaintiff, and all commercial cannabis cultivators and manufactures
24 with Development Agreements with the CITY are required to utilize the
25 exclusive services of Defendant RUKLI as the sole Distributor and
26 Transportation Company of their Cannabis Products within the CITY OF
27 BALDWIN PARK.
28



1 394. In one distribution negotiation hosted by CITY Officials, RUKLI
2 representatives that it would be charging an owner operator 5 times the
3 market rate for transportation fees “because we can and you have no other
4 option...we paid for this right!”

5 **FALSE MISREPRESENTATIONS**

6 395. Defendant LOZANO, in the midst of the collusion and corruption,
7 released a media statement on behalf of the CITY that all staff and officials
8 were doing a terrific job at monitoring and making sure that the cannabis
9 industry was following the letter of the law.

10 396. Nothing could be further from the truth.

11 397. LOZANO and PACHECO were voting on matters involving
12 WILLOUGHBY II such as his retention as an outside CITY Law firm while
13 at the same time discussing his negotiations with TAFOYA in closed session
14 for a Cannabis Permit.

15 398. LOZANO was also privy to the many instances of TAFOYA shaking
16 up CANNABIS operators with e-mails for political fundraisers for LOZANO
17 and COUNCILWOMAN GARCIA with Defendant GALVAN on these
18 emails.

19 399. Ultimately, Defendant LOZANO through media releases like this
20 helped further perpetrate the fraud on the community, industry and plaintiffs.
21
22
23
24

25 ///

26 ///

27 ///

28





THE WILLOUGHBY'S MISREPRESENTATIONS

400. In an email response to questions from The Los Angeles Times for a recent article, WILLOUGHBY II said his father had owned TIER ONE but sold it. WILLOUGHBY II told the LA Times that he was an employee with no ownership interest.

401. WILLOUGHBY II's father in response to questions from the San Gabriel Valley Tribune provided "One look at Baldwin Park's development agreement would and should have conveyed to even a blind man that there was no way to make money under this scheme."

402. Due to the fraud of Defendants TAFOYA, WILLOUGHBY II, PACHECO, LOZANO, GALVAN and MORALES plaintiffs were damaged financially in a sum according to proof at trial.

SIXTH CLAIM
DECLARATORY RELIEF

403. Plaintiffs re-allege and incorporate by reference each and every allegation as set forth in each paragraph above as though fully set forth herein.

404. An actual controversy has arisen and now exists between Plaintiffs and Defendant CITY relating to their respective rights and duties in that Defendants are attempting to impose an unlawful mitigation fee on Plaintiffs which is invalid and unenforceable as construed by Defendants and as applied by Defendants in that:

405. The Development agreement is a product of corruption and collusion orchestrated by a former CITY attorney and crooked politicians.

406. The CITY's failure to comply with the Mitigation Fee Act renders collection unenforceable:

- i. No reasonable relationship exists between the exaction/fee and the cost to the public attributable to commercial cannabis activities;
- ii. No impact studies were ever performed by the CITY justifying the exaction/fee;
- iii. Mitigation Fees collected were commingled within the CITY'S General Account;
- iv. No yearly reports required by the Government Code were ever generated by the CITY with respect to any commercial cannabis fees collected;
- v. The CITY unlawfully used commercial cannabis mitigation fees collected for "general revenue" purposes in contravention to the express provisions of the Government Code.





1 407. Defendants' actions in creating an exactment that has no nexus to any
2 lawful reason for fees prior to the granting of an occupancy described above
3 constitutes an unlawful taking per the Fifth Amendment of the U.S.
4 Constitution as well as the California Constitution.

5 408. Plaintiffs desire a declaration of its rights with respect to the application
6 or non-application of the Development Agreement as well as the application
7 or non-application of any mitigation fees due to CITY's violation of the
8 mitigation fee act.

9 409. To date, Plaintiffs have paid a total of \$340,000.00 in mitigation fees.

10 410. In the event the Court finds that the Development Agreement is
11 unenforceable and/or the Mitigation Fee Act has been violated on one or
12 more of the grounds articulated above, Plaintiff requests that this Court issue
13 a permanent injunction prohibiting Defendants from applying, enforcing
14 and/or imposing any commercial cannabis mitigation fees.

15 411. Furthermore, pursuant to Walker v. City of San Clemente (2015) 239
16 Cal.App. 4th 1350, and its progeny, Plaintiffs request a refund of ALL
17 mitigation fees paid to date from the CITY.

18 **WHEREFORE, PLAINTIFF PRAYS AS FOLLOWS:**

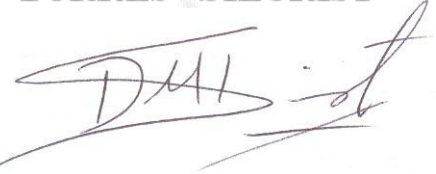
19 **AS TO ALL CAUSES OF ACTION**

- 20 1. For special damages;
21 2. For general damages;
22 3. For costs of suit herein;
23 4. For Statutory Damages;
24 5. For attorney's fees, including litigation expenses, based on all causes of
25 action affording statutory attorney's fees: 42 U.S.C. § 1983 and Civil Code
26 Section 52.1;
27 6. For punitive/exemplary damages as to the individual defendants according to
28

- 1 proof at trial;
- 2 7. For Interest allowable by law;
- 3 8. For a declaratory judgment by the Court that any CITY Commercial
- 4 Development Agreement is void and unenforceable.
- 5 9. For a declaratory judgment that Plaintiff does not owe the CITY any
- 6 commercial cannabis mitigation fees or otherwise;
- 7 and
- 8 10. For such other and further relief as the Court deems just and proper.
- 9

10 **Date: December 22, 2023**

TORRES + SIEGRIST



11
12
13 By: _____
14 **DAVID G. TORRES-SIEGRIST**
15 **Attorneys for Plaintiff**

16 **DEMAND FOR JURY TRIAL**

17 Additionally, Plaintiff respectfully demands a jury trial of the present case
18 pursuant to the U.S. Constitution, the California Constitution and applicable
19 California State and Federal Law.

TORRES + SIEGRIST

20 **Date: December 22, 2023**



21
22
23 By: _____
24 **DAVID G. TORRES-SIEGRIST**
25 **Attorneys for Plaintiff**



CERTIFICATE OF SERVICE

I hereby certify that I electronically filed the foregoing document with the
Clerk of the Court using CM/ECF and that service was perfected on all counsel
of record and interested parties through this system.

TORRES + SIEGRIST

Date: December 22, 2023

By: 
DAVID G. TORRES-SIEGRIST
Attorneys for Plaintiff/



THE LAW OFFICES OF
TORRES + SIEGRIST



EXHIBIT A



CITY OF BALDWIN PARK

CLAIM FOR DAMAGES
TO PERSON OR PROPERTY

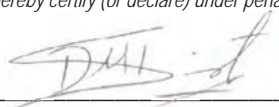
INSTRUCTIONS

1. READ CLAIM *THOROUGHLY*.
2. FILL OUT CLAIM IN ITS ENTIRETY BY COMPLETING EACH SECTION. PROVIDE FULL DETAILS.
3. THIS FORM MUST BE SIGNED.
4. DELIVER OR MAIL TO: OFFICE OF THE CITY CLERK, 14403 E. PACIFIC AVE., BALDWIN PARK, CA 91706

WARNING

- CLAIMS FOR DEATH, INJURY TO PERSON OR TO PERSONAL PROPERTY MUST BE FILED NOT LATER THAN 6 MONTHS AFTER THE OCCURRENCE. (GOVERNMENT CODE SECTION 911.2)
- ALL OTHER CLAIMS FOR DAMAGES MUST BE FILED NOT LATER THAN ONE YEAR AFTER THE OCCURRENCE. (GOVERNMENT CODE SECTION 911.2)

Clerk's Official
Filing Stamp

To: City of Baldwin Park		4. Claimant's Date of Birth (if a minor) N/A
1. Name of Claimant DJCBP Corporation dba Tier One Consulting and David Ju		5. Claimant's Occupation N/A
2. Home Address of Claimant N/A		6. Home Telephone Number N/A
3. Business Address of Claimant 4050 Sterling Way, Baldwin Park, CA 91706		7. Business Telephone Number (626) 277-5330
8. Name and address to which you desire notices or communications to be sent regarding this claim: David G. Torres-Siegrist, Esq. Law Offices of Torres+Siegrist, 225 S. Lake Ave., Suite 300, Pasadena, CA 91101		
9. When did DAMAGE or INJURY occur? Date: <u>Ongoing</u> Time: _____ If claim is for Equitable Indemnity, give date claimant served with complaint: _____	10. Names of any City employees involved in INJURY or DAMAGE: Name _____ Department _____ See Attachment	
11. Where did DAMAGE or INJURY occur? 15023 Ramona Blvd., Baldwin Park, CA (See Attachment)		
12. Describe in detail how the DAMAGE or INJURY occurred. See Attachment		
13. Were police or paramedics called? Yes <input type="checkbox"/> No <input type="checkbox"/> If yes, was a report filed? Yes <input type="checkbox"/> No <input type="checkbox"/> If yes, what is the Report No? _____ N/A	14. If physician was visited due to injury, include date of first visit and physician's name, address and phone number: N/A _____ _____	
14. Why do you claim the City of Baldwin Park is responsible? (Please be specific – Use additional sheet if necessary) See Attachment		
15. List damages incurred to date? See Attachment		
16. Total amount of claim to date: \$ <u>In excess of 25k.</u> Basis for Computation: <u>according to proof at trial</u> Limited Civil Case: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No (State the amount of your claim if the total amount is \$10,000 or less. If it is over \$10,000 no dollar amount shall be stated, but you are required to state whether the claim would be a limited civil case (total amount of claim does not exceed \$25,000).)		
17. Total amount of prospective damages: \$ <u>In excess of 25k</u> Basis for Computation: _____		
18. Witnesses to DAMAGE or INJURY: List all persons and addresses of persons known to have information: See Attachment Name _____ Address _____ Phone _____ Name _____ Address _____ Phone _____		
19. Signature of Claimant or person filing on claimant's behalf; relationship to claimant and date: <i>I hereby certify (or declare) under penalty of perjury under the laws of the state of California that the foregoing is true and correct to the best of my knowledge.</i>  Signature _____ Attorney _____ David G. Torres-Siegrist, Esq. 10-17-22 Relationship to Claimant _____ Printed Name _____ Date _____		

Note: Presentation of a false claim is a felony (Penal Code Section 72)

CC Form 1 (Rev 7/06)



THE LAW OFFICES OF
TORRES + SIEGRIST
EST. 2015



225 S. LAKE AVENUE
SUITE 300
PASADENA, CA 91101
WWW.DGTSLAW.COM

ATTACHMENT TO TORT CLAIM

A) INTRODUCTION

The following synopsis exposes a conspiracy amongst greedy and corrupt City Officials and Politicians including Isaac Galvan, Deputy City Attorney Anthony Willoughby II, Baldwin Park City Attorney Robert Tafoya, the hidden principals behind “Tier One Consulting,” and even Former Mayor Lozano. All acted in concert to orchestrate a swindle on an elderly man dying of cancer who poured his lifesavings into a venture that was destined for failure from the get-go. At one point, the City’s own deputy Clerk committed notary fraud by attesting in her official capacity that Mr. Ju amongst others, including Tafoya and Lozano, appeared before her to execute the Amended Development Agreement. Unfortunately for Ms. Morales, Mr. Ju was not even in the San Gabriel Valley on the day she claims Mr. Ju executed the agreement in her presence. Ultimately, Mr. Ju would come to find that he actually purchased nothing, but an endless cycle of debt collusively “negotiated” between a current City Attorney and a soon-to-be City Attorney which was setup for failure from the get-go.

P. Property:	14726 Arrow Highway (CAN 17-30)
Agency Negotiators:	Shannon Yauchzee, Chief Executive Officer, and Robert Tafoya, City Attorney
Negotiating Parties:	Anthony Willoughby, Tier One Consulting
Under Negotiation:	Price and terms of payment

Page 2

B) PREDICATE FACTUAL SYNOPSIS

On July 18, 2018, Deputy City Attorney Anthony Willoughby, II as the “sole owner” of Tier One Consulting was extended a Development Agreement (hereinafter “DA”) ratified and approved by the Baldwin Park City Council. This DA was identified as DA 18-20 as well as Ordinance 1427.

DA 18-20

	DEVELOPMENT AGREEMENT INFORMATION
Location	14726 Arrow Hwy. APN: 8414-005-002
Zoning of Subject Location	I-C Industrial Commercial
Principal Names	Anthony Willoughby II
Company Name	Tier One Consulting
Term of Development Agreement	Fifteen (15) years from 6/20/18
Payment Schedule	December 31 and June 30 for year #1 Quarterly for Years #2 through #15—Four equal payments.
Payment Amount	Year #1--\$235,000 Years #2 and #3--\$285,000 Year #4--\$330,000 Year #5--\$345,000—The Mitigation Fee is subject to reassessment by the City every five (5) years.
Floor Area of Buildings	Approximately 27,000 square feet
Employee Requirements	At least 20% of the Projects workforce shall consist of residents of the City.

IN WITNESS WHEREOF, the parties hereto have caused this STATUTORY AGREEMENT to be executed as of the dates written above.

CITY OF BALDWIN PARK

TIER ONE CONSULTING

By: _____
Manuel Lozano, Mayor

By: _____
Anthony Willoughby II
Vice President

ATTEST:

By: _____
City Clerk

APPROVED AS TO FORM:

APPROVED AS TO FORM:

By: _____
Legal Counsel for
Tier One Consulting

By: _____
Robert N. Tafoya,
City Attorney

Page 3

Furthermore, the City codified the Willoughby agreement by enacting Ordinance 1427.

ORDINANCE 1427

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF BALDWIN PARK, CALIFORNIA, AUTHORIZING THE CITY OF BALDWIN PARK TO ENTER INTO A DEVELOPMENT AGREEMENT WITH TIER ONE CONSULTING FOR THE CULTIVATION AND/OR MANUFACTURING OF CANNABIS AT THE REAL PROPERTY LOCATED AT 14726 ARROW HIGHWAY (APN: 8414-005-002) WITHIN THE CITY OF BALDWIN PARK

WHEREAS, a Development Agreement with the City of Baldwin Park will be required; and

WHEREAS, a duly noticed public hearing was held by the Planning Commission of the City of Baldwin Park on June 13, 2018, to receive comments and consider recommendation to City Council of the proposed Development Agreement; and

WHEREAS, the Planning Commission at such hearing, did recommend that the City Council approve the proposed Agreement; and

WHEREAS, the City Council held a duly noticed public hearing pursuant to law on the Agreement on June 20, 2018; and

WHEREAS, the City Council has reviewed the Development Agreement (attached as Exhibit "A" herewith and incorporated herein by reference) and finds and declares that compliance with all notice, hearing, and procedural requirements as set forth by law have been met, thus allowing the City Council to review and consider the approval of the attached Development Agreement; and

The subject Development Agreement was entered into by and between the City and TIER ONE CONSULTING¹ with the premises located at 14726 Arrow Highway (APN: 8414-005-002).

¹ It is unclear why or how the City entered into a Development Agreement with an informal entity not registered with the State of California as an LLC, Corp or any other type of business entity.

Page 4

On October 25, 2018, Anthony Willoughby, II entered into a purchase agreement with David Ju to "sell" his development agreement/cannabis license.

**AGREEMENT FOR THE PURCHASE AND SALE OF
SHARES OF TIER ONE CONSULTING**

This Share Purchase Agreement (hereinafter the "Agreement") is made as of **October 25, 2018**, between **Anthony Willoughby, II** (the "Seller") and DJC Management Corp., a company organized under the laws of the State of California (the "Purchaser").

WHEREAS, Seller owns certain shares (hereinafter the "Shares") in Tier One Consulting, a company organized under the laws of California (hereinafter the "Company").

The sale was brokered by Isaac Galvan, a former City Councilman out of Compton to which City Attorney Robert Tafoya had close ties: i.e. Mr. Tafoya's wife worked as an administrative assistant to Mr. Galvan.

Section 1. Purchase and Sale.

1.1 Pursuant to the terms and conditions of this Agreement, Seller hereby agrees to sell all of his Shares in the Company to Purchaser and Purchaser hereby agrees to purchase from Seller all of his shares in the Company.

✓ 1.2 The total purchase price for the Shares to be paid by the Purchaser to the Seller at the Closing, as provided in Section 1.3 hereof, shall be \$150,000.00 (\$ per share) (the "Purchase Price").

✓ 1.3 The Purchase Price shall be paid by delivery of check in the amount of \$150,000 payable to Seller. \$50,000 of which is payable to **Isaac Galvan** for repayment of a loan.

Not by coincidence, Mr. Tafoya's house and Office were raided simultaneously by the FBI on the same day Federal Agents executed a search warrant on Galvan's home as reported by the Los Angeles Times on November 3, 2020.

LOCAL NEWS

FBI raids Compton councilman's home, Baldwin Park city attorney's office in pot inquiry

by: Los Angeles Times
Posted: Nov 3, 2020 / 01:08 PM PST
Updated: Nov 3, 2020 / 01:09 PM PST

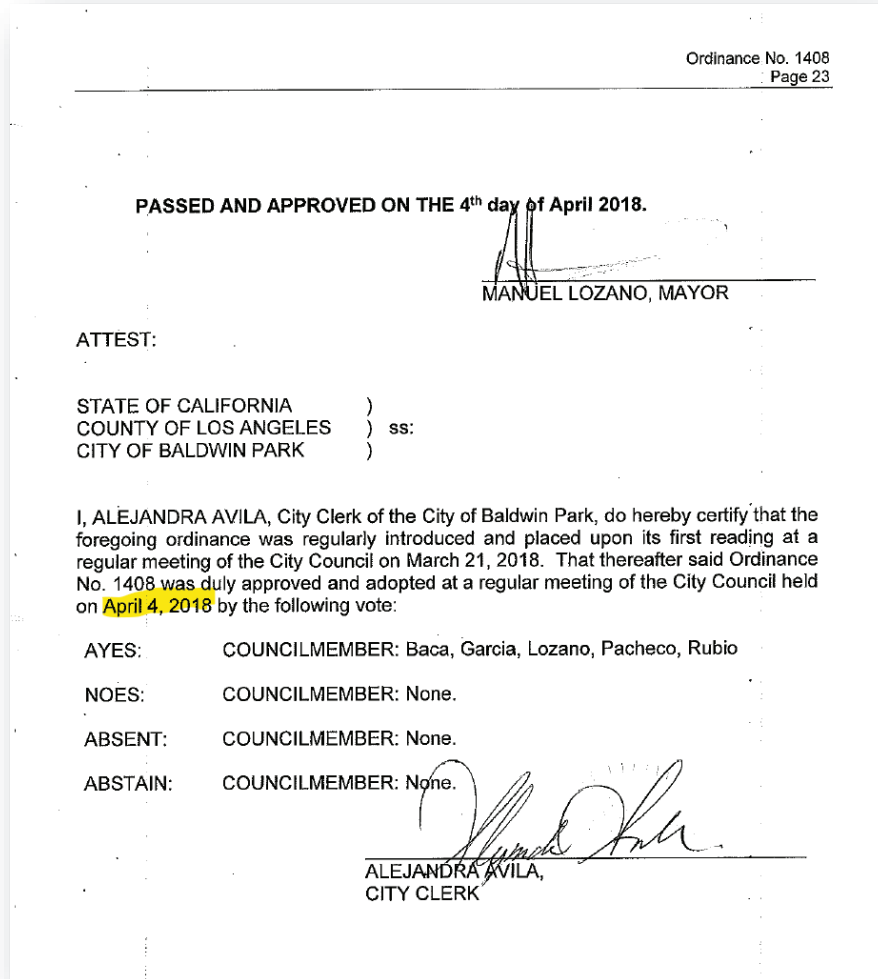


Compton Councilman Isaac Galvan, left, and Baldwin Park City Attorney Robert Tafoya appear in undated photos. (City of Compton/City of Baldwin Park)

Page 5

C) ILLEGALITY OF SALE OR CHANGE OF PROPERTY ADDRESS

At the time of the sale of this cannabis license by Deputy City Attorney Willoughby II to David Ju, Ordinance 1408 constituted the Baldwin Park Commercial Cannabis Ordinance. This ordinance had been ratified and approved by Council on April 4, 2018.



Important to the analysis is that 127.08 of the Ordinance specifically prohibited the Transfer or Change in Ownership or Location of any commercial cannabis license within the City.

127.08: No Transfer or Change in Ownership or Location.

An owner of a cannabis business who obtains a permit under this chapter may not sell, transfer, pledge, assign, grant an option, or otherwise dispose of his or her ownership interest in the medical cannabis business covered by any permit issued under this chapter.

Page 6

Section 127.01 subdivision (v) awkwardly defines “medical cannabis business” as:

V. "Medical cannabis business" means any person engaged in commercial cannabis activity.

However, in direct contravention to 127.08, purportedly on April 3, 2019, the City of Baldwin Park, by and through former Mayor Lozano, with absolutely no ratification or input from council, entered into this sham “Amended” Development Agreement.

AMENDED DEVELOPMENT AGREEMENT
BY AND BETWEEN
THE CITY OF BALDWIN PARK AND TIER ONE CONSULTING

ARTICLE 1. PARTIES AND DATE.

This Government Code Amended Statutory Development Agreement ("STATUTORY AGREEMENT") is entered April 3, 2019 for references purposes only and is Case No. 18-20 and is entered into between (i) the City of Baldwin Park ("City"), a California municipal corporation, and (ii) Tier One Consulting ("Owner"). This STATUTORY AGREEMENT shall become effective on the Effective Date defined in Section 3.1.9 below.

Previous recorded doc # 20180855570
date: 8/23/18

ARTICLE 2. RECITALS.

IN WITNESS WHEREOF, the parties hereto have caused this STATUTORY AGREEMENT to be executed as of the dates written above.

CITY OF BALDWIN PARK

TIER ONE CONSULTING

By: 
Manuel Lozano, Mayor

By: 
David Ju

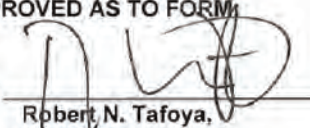
ATTEST:

By: 
City Clerk

APPROVED AS TO FORM:

APPROVED AS TO FORM:

By: X N/A
Legal Counsel for
Tier One Consulting

By: 
Robert N. Tafoya,
City Attorney

Page 7

Compounding the collusion to swindle Mr. Ju, Deputy City Clerk Lourdes Morales, “notarized” the execution proclaiming that on April 3, 2019 “Manuel Lozano, Jean M. Ayala, Robert N. Tafoya and David Ju appeared before her and signed the DA.

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.


State of California
County of Los Angeles

On April 3, 2019 before me, Lourdes Beth Morales
(Insert name and title of the Officer)
personally appeared Manuel Lozano, Jean M. Ayala, Robert N. Tafoya, and David Ju.
who proved to me on the basis of satisfactory evidence to be the person(s) whose
name(s) is/are subscribed to the within instrument and acknowledged to me that
he/she/they executed the same in his/her/their authorized capacity(ies), and that by
his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of
which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the
foregoing paragraph is true and correct.

WITNESS my hand and official seal.


Signature [Signature] (Seal)



Unfortunately for Ms. Morales, not only did Mr. Ju actually receive and execute the DA for the first time in May of 2019, on the date of the alleged notarization- April 3, 2019- Mr. Ju was not even in the San Gabriel Valley. The absence of Mr. Ju’s signature and fingerprints in Ms. Morales’ notary book are the best evidence of notarization fraud perpetrated at the behest of these creeps.

Page 8

Adding fuel to this fire is the fact that Anthony Willoughby, II in cahoots with his soon to be partner, City Attorney Robert Tafoya forced Mr. Ju to make payments on the License even before the sale of the license was ever fully consummated.

 **CITY OF BALDWIN PARK**
CITY OF BALDWIN PARK
14403 E. Pacific Avenue
Baldwin Park, CA 91706
TKBY (826) 960-4011
3:39 PM
REC# R00013920

RECEIPT
CAN 17-30 DAVID JU 50000.00
CANNABIS PD MITIGATION FEE 50000.00

DATE 12/10/2018 12/10/2018 3:39 PM
Paid By: CAN 17-30 DAVID JU \$50,000
CHECK - FINANCE 50000.00 REF: 1130

RECEIVED FROM APPLIED 50000.00
TENDERED 50000.00
CHANGE 0.00
David Ju
1514 Virginia Ave
CAN 17 - 30

CANMIT

PURPOSE PD Mitigation Impact Fee
ISSUED BY P. Garcia

THIS RECEIPT WHEN VALIDATED
BECOMES A PART OF THE RECORDS
OF THE CITY OF BALDWIN PARK

City of Baldwin Park
14403 Pacific Avenue
Baldwin Park, CA 91706
DATE : 12/10/2018 3:39 PM
OPER : Patty J
TKBY : JESUS H
TERM : 1
REC# : R00013920

1 City Hall Cashiering
CAN 17-30 DAVID JU 50000.00
CANNABIS PD MITIGATION FEE 50000.00

Paid By: CAN 17-30 DAVID JU
CHECK - FINANCE 50000.00 REF: 1130

APPLIED 50000.00
TENDERED 50000.00
CHANGE 0.00

Page 9

Mr. Ju, who had already been locked into escrow on the property the license was to be transferred to, was told by Robert Tafoya that if a \$50,000.00 mitigation payment was not made, the license would be “canceled.” In fact, when reviewing Mr. Willoughby’s actual payments towards the license/DA, City records reveal that he only was out of pocket less than \$4,000.00 at the time he sold the license for hundreds of thousands of dollars and in fact simultaneously pawned off his debt to Mr. Ju. Following are the only out-of-pocket transactions paid by Anthony Willoughby before he sold his license to Mr. Ju for hundreds of thousands of dollars.

11/30/2017	CLPKT00074	R00003507	ANTHONY WILLOUGHBY CANNABIS BACK...	-937.50
11/30/2017	CLPKT00074	R00003507	ANTHONY WILLOUGHBY CANNABIS BACK...	-2,857.50

It is important to note that Anthony Willoughby appears to have also been acting as Isaac Galvan’s personal attorney as well as in his stead as a Compton City Council Member during the relevant time periods involving the subject transaction as reflected in the Fair Political Practices Commission Investigation into Mr. Galvan which recently culminated into the levying of a \$245,000.00 fine.



STATE OF CALIFORNIA
FAIR POLITICAL PRACTICES COMMISSION
1102 Q Street • Suite 3000 • Sacramento, CA 95811

July 29, 2019

EMAIL DELIVERY (PER AGREEMENT)

Anthony Willoughby
Willoughby & Associates
o/b/o Isaac Galvan, individually and Galvan
for Compton City Council 2013, ID#1357222
200 Corporate Pointe, Suite 495,
Culver City, California 90230
anthony@firmwilloughby.us
receptionist@firmwilloughby.us

**In the Matter of ISAAC GALVAN and GALVAN FOR COMPTON CITY COUNCIL 2013,
ID #1357222; FPPC No. 16/207**

Page 10

Furthermore, Mr. Tafoya's connection to Isaac Galvan and the City of Compton also runs deep. Mr. Tafoya personally donated thousands of dollars to Mr. Galvan's political campaigns going back to 2015.

CASH ONLY IF ALL CheckLock™ SECURITY FEATURES LISTED ON BACK INDICATE NO TAMPERING OR COPYING

TAFOYA & GARCIA, LLP
316 W 2ND ST., STE. 1000
LOS ANGELES, CA 90012

SOUTHLAND CREDIT UNION
LOS ANGELES, CA 90012
16-7832/3220

6422

6/25/2015

PAY TO THE ORDER OF Galvan for Council 2017 \$ 500.00

Five Hundred and 00/100 DOLLARS

MEMO

16-7832/3220

006422 322078325

ROBERT M. N. TAFOYA

1026

12/1/16 Date

Pay to the Order of Galvan for Council 2017 \$ 2500.00

Two thousand five hundred Dollars

political

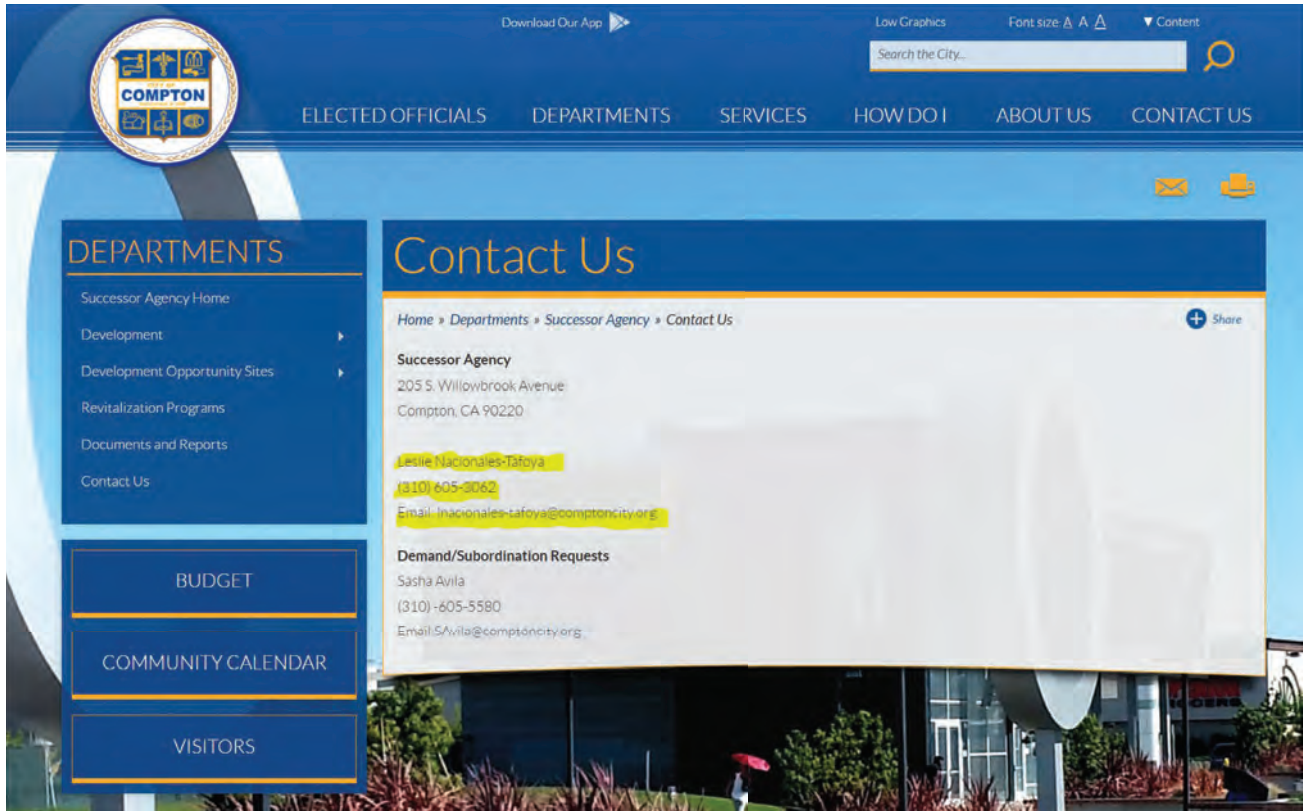
For

800.426.1917
P.O. Box 3003
Los Angeles, CA 90720-1303

322078325 1026

Page 11

Furthering the connection to Mr. Galvan and the City of Compton is that Mr. Tafoya's wife appears to have been employed by the City of Compton since at least 2017.



Name	Job title	Regular pay	Overtime pay	Other pay	Total pay	Benefits	Total pay & benefits
Leslie Nacionales-Tafoya	Administrative Analyst II Compton, 2013	\$54,143.72	\$0.00	\$12,929.25	\$67,072.97	\$36,617.80	\$103,690.77
NACIONALES TAFOYA, LESLIE	Budget/Financial Analyst Redlands, 2011	\$40,241.64	\$0.00	\$10,162.57	\$50,404.21	\$21,867.05	\$72,271.26
Leslie Nacionales-Tafoya	Administrative Analyst II Compton, 2017	\$13,499.18	\$0.00	\$937.90	\$14,437.08	\$19,759.57	\$34,196.65

« Previous

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Page 12

On **October 7, 2022**, a plea agreement was unsealed in USA v. Gabriel Chavez, bearing U.S.D.C. Criminal Case No. 2:22-cr-00462-MWF. (See Exhibit A)

The following relevant allegations compromise the integrity of the commercial cannabis agreements which apparently were “negotiated” by Robert Tafoya, (aka person no. 1) and consultants, such as Felon Gabriel Chavez.

The plea agreement’s factual basis commences on page 9.

20 Ricardo Pacheco (“Pacheco”) was elected to the City Council for
21 the City of Baldwin Park (the “City”) in 1997 and held that position
22 until in or around June 2020. He also served as the City’s Mayor Pro
23 Tempore from in or around December 2017 to December 2018. In both
24 roles, he was as an agent of the City.

On page 10, the following factual allegation provides:

1 Person 1¹ has served as the Baldwin Park City Attorney since in
2 or around December 2013.

On page 11, the following allegation provides:

3 Defendant was asked by Pacheco to act as an intermediary to
4 funnel bribes to Pacheco, and defendant agreed. To help conceal the
5 bribery scheme, defendant obtained a template for a sham consulting
6 agreement from Person 1, which defendant thereafter used to
7 facilitate and disguise the scheme. Defendant used his company,
8 Market Share Media Agency, to funnel bribe payments to Pacheco from
9 two companies, Marijuana Company 3 and Marijuana Company 4. Both
10 companies hired defendant to help them obtain marijuana permits, but
11 rather than perform legitimate consulting services, defendant
12 primarily funneled bribe payments to Pacheco in order to ensure that
13 Pacheco and the City Council voted in favor of both companies’
14 marijuana permits. Defendant used the template for the sham
15 consulting agreement provided by Person 1 for the contracts with
16 Marijuana Company 3 and Consulting Company 3, which represented
17 Marijuana Company 4.

Page 13

The collusion between Galvan (Person No. 10) and Tafoya (No.1) was made crystal clear on Pages 13 and 14:

13 In Fall 2017, Marijuana Company 3 appeared on a draft agenda
14 of the regular City Council meeting, but when the final agenda
15 posted, Marijuana Company 3 was no longer listed on it. Around this
16 same time, defendant learned from Marijuana Company 3's
17 representatives that Person 10, then a Compton City Councilmember,
18 had a friend who was upset that Marijuana Company 3 had not hired the
19 friend to represent Marijuana Company 3 in its pursuit of a marijuana
20 permit in Baldwin Park. Defendant knew that Person 10 and Person 1
21 had a relationship and believed Person 1 removed Marijuana Company 3
22 from the regular City Council agenda at Person 10's request. Based
23 on his belief that Person 1 served the agenda's gatekeeper, defendant
24 demanded through Pacheco to speak with Person 1. After the City
25 Council meeting, defendant met with Pacheco and Person 1 and told
26 them that Marijuana Company 3 felt extorted. Neither Pacheco nor
27 Person 1 pushed back at this accusation. Instead, Person 1 acted
28 with indifference and intimated that it came with came with the

13

1 territory. Defendant later learned that Person 15 had brokered a
2 deal between Marijuana Company 3, Person 10, and Person 10's friend,
3 which prompted the renegotiation of defendant's contract with
4 Marijuana Company 3 later that month.

Page 14

Most importantly, on **October 7, 2022**, a plea agreement was also unsealed in USA v. Ricardo Pacheco, bearing U.S.D.C. Criminal Case No. 2:20-cr-00165-ODW (See Exhibit B). The disgraced former City Councilmember's plea further solidified the collusion between Tafoya (Person No. 1), Galvan (Person No. 10) and now convicted former City Councilman Pacheco.

On Page 11 of the factual basis, the Pacheco plea describes:

During the scheme, Person 1, Person 10, and defendant met on approximately five occasions at downtown Los Angeles restaurants, typically a month before the City Council voted on Cultivation Development Agreements. During these meetings, defendant and Person 10 would discuss in front of Person 1 the payments Person 10 made to defendant for his vote, and Person 1 and defendant would update Person 10 on the status of other Cultivation Development Agreement applications.

Most egregiously, the Pacheco plea establishes that both Tafoya and Galvan were in "business together" at the time they defrauded claimants.

As discussed above, on December 13, 2018, FBI special agents executed a federal search warrant on defendant's residence and vehicle. After the FBI had completed its search and left the premises, defendant contacted Person 1. At the time, defendant knew that Person 1 was close to Person 10 and believed that Person 1 and Person 10 had an agreement with respect to marijuana licensing in the City. Person 1 also told defendant that he was in business with Person 10, and Person 1 and Person 10 were seeking a marijuana license in Commerce, California.

Page 15

In fact, the plea describes Tafoya being the architect of a collusive fraudulent cannabis scheme by the use of "consultants" who would deliver "development agreements" to their clients....not negotiated "arms length" as has been represented numerous times by Tafoya, Willoughby and Sylva:

More specifically, prior to August 2017, Person 1 approached defendant and told defendant that the City should agree to allow marijuana companies to operate within the City's boundaries. Person 1 explained that defendant could personally profit from

10



Case 2:20-cr-00165-ODW Document 45-1 Filed 10/07/22 Page 39 of 45 Page ID #:223

allowing such businesses to operate within the City by accepting payments from applicants through an intermediary, which defendant could then either directly accept or direct to future campaigns. Person 1 explained that defendant should find an individual he trusted who would not talk (the "intermediary"), instruct the intermediary to represent himself as a "consultant" to companies seeking Cultivation Development Agreements, and promise to deliver a development agreement to the company in exchange for \$150,000 fee. Person 1 explained that consultants had been charging \$150,000 to assist with licensing related to marijuana, which is why defendant should ask for that amount. The intermediary then would share this \$150,000 fee with defendant who would then work with Person 1 and others on the City Council to get the Cultivation Development Agreements approved for that applicant.

Page 16

To no one's surprise, within days of the aforementioned pleas being made public Person No. 1 aka Robert Tafoya resigned as City Attorney of Baldwin Park.

CONCLUSION

For the sake of brevity, my clients by way of this correspondence put the City on notice that they intend to pursue claims/causes of action against the City as well as City Officials mentioned herein, both in their individual capacity as well as their official capacity, pursuant to the Civil RICO Statutes, 42 U.S.C. Section 1983, Fraud, Negligence, Conversion, Rescission, Declaratory Relief, Unfair Business Practices, Financial Elder Abuse and any all relief available for violations of the Government Code including but not limited to the Mitigation Fee Act.

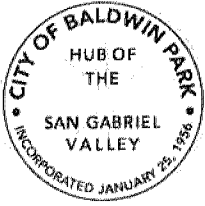
EXHIBITS INTENTIONALLY OMITTED

EXHIBIT B

ITEM NO.

3

STAFF REPORT



TO: Honorable Mayor and City Councilmembers
FROM: Shannon Yauchzee, Chief Executive Officer
Robert Tafoya, City Attorney
DATE: October 18, 2017
SUBJECT: RATIFY THE RETENTION OF ATTORNEY SERVICES

SUMMARY

It is recommended that City Council ratify the retention of Coleman Frost LLP and Willoughby & Associates, to provide legal advice, representation, negotiations and investigations for the City of Baldwin Park, and add these firms to City's panel of approved attorneys and consultants.

FISCAL IMPACT

There is no fiscal impact to add these legal firms to the City's panel, however, the municipal code requires City Council approval for any agreements that may exceed \$24,999. The cost of legal services will depend on time spent on legal matters.

RECOMMENDATION

It is recommended the City Council: 1) ratify the retention of Coleman Frost LLP and Willoughby & Associates and add them to the City's panel of approved attorneys; 2) direct the City Attorney to draft a standard retention agreement with these firms and 3) authorize the Mayor to execute such agreements.

BACKGROUND

The City maintains a list of approved attorneys/law firms under contract who specialize in certain matters such as Litigation, Labor, Land Use, and Environmental Law. From time to time it is necessary to update the list.

1) Coleman Frost LLP

The Law firm of Coleman Frost LLP specializes in labor law and negotiations for the City and has already been retained up to an amount not to exceed \$24,999 and is assisting the City with negotiations with the POA and the SEIU groups. Coleman Frost LLP specializes in Labor and a broad array of municipal matters and has represented both public and private sector clients. The hourly rates proposed by Coleman Frost LLP is: Partners \$330 per hour.

2) Willoughby & Associates

The demands of ongoing litigation labor matters require specialized and independent firms to conduct investigations from time to time. The firm of Willoughby & Associates specializes in these matters and has a wide array of experience. The hourly rates proposed are as follows: Partners \$275 per hour, Senior Associates \$200 per hour.

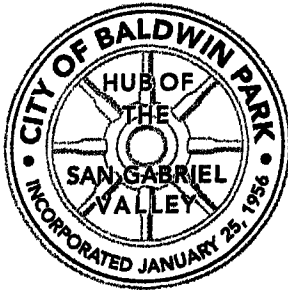
LEGAL REVIEW

This report has been reviewed and approved by the City Attorney as to legal form and content.

ALTERNATIVES

The alternative is to not add the firms and/or choose alternate firms. However, these firms have already provided successful background work for the City in these areas.

EXHIBIT C

CANNABIS PERMIT APPLICATION

This application pertains to a discretionary permit. However, unlike typical discretionary permits, this application process is a competitive process. Only 15 applicants will be selected for permit issuance. All fees paid are nonrefundable regardless of outcome.

A "non-vesting" Development Agreement will need to be agreed upon in order to receive a permit. This "non-vesting" Development Agreement is also discretionary and involves a competitive process.

Due to City staffing constraints, Applicants are directed to schedule appointments with the Planning Division to submit applications. Otherwise, there is no guarantee that a city planner will be available to take in applications. Applications may not be dropped off without review from a city planner. Further, no mailed or e-mailed applications will be accepted.

Business Name: TIER ONE Consulting

Business Contact (Individual): Anthony Willoughby II

Business Contact Title: Vice President

Business Contact Mailing Address: 200 Corporate Pointe, Culver City, CA 90230

Primary Phone No.:

Emergency Contact Name & Phone No.:

E-mail:

Permit Being Requested: Please mark all applicable boxes below to identify which cannabis operations permits you are seeking through this Cannabis Permit Application. A separate application and fee is not necessary for each category type in which you are submitting an application for consideration. One application and application fee suffices for all categories (e.g., Cultivation and Manufacturing). However, you must include in your application package all the information requested for each category you seek to operate. For example, if you are seeking to manufacture AND cultivate, you will need to include both uses in your Business Plan, Neighborhood Plan, Security Plan, etc.

☒ Cultivation: Square Footage: 1,800

☒ Manufacturing: Square Footage: 900

☒ Testing Square Footage: 300

☒ Distribution (Transportation)

**Section A: Primary Background Information
(Must be signed by all Principals)**

Under penalty of perjury, and the laws of the State of California, I hereby declare and acknowledge that I have personal knowledge of the information stated in this application and that the information contained herein is true and correct. I also understand that the information provided in this application, except the Safety and Security Plan in Section C and certain confidential information such as driver's license and social security number which can be redacted, may be public information and subject to disclosure under the California Public Records Act.

Principal Name: Anthony Willoughby II

Principal Title: Vice President

Principal Home or Cell Phone: _____

Principal Home Address: _____

Principal Signature: [Signature] Date: 11/29/17

Attachments:

- ☒ Receipt of background check and Live Scan
- ☒ Pictures (2) of applicant (two passport quality photographs 2" x 2")
- ☒ Copy of Social Security Card
- ☒ Copy of Valid Driver's License, Valid DMV issued ID Card or Valid Passport
- ☒ Proof of address (DMV-issued ID/driver's license, and/or recent utility bill under Principal's name)

Staff use only: Pass background check ☐

Add more pages as necessary to include signatures of all Cannabis Permit Principals (and Landlord, if applicable).

1. List whether the applicant(s) has/have other licenses and/or permits issued to and/or revoked from the applicant in the three years prior to the year of the permit application. This list should include such other licenses and or permits relating to similar business activities as in the permit application. If applicable, please list the type, current status, issuing/denying for each license/permit. Please attach a separate document to fully explain, if necessary.

No other licenses in the past 3 years

CANNABIS PERMIT APPLICATION

Page 3 of 7

2. List any and all partners or principals who have been found guilty of (a) a violent felony, (b) a felony or misdemeanor involving fraud, deceit, embezzlement, or moral turpitude, or (c) the illegal use, possession, transportation or distribution (or similar activities) related to controlled substances, as defined in the Federal Controlled Substance Act, with the exception of medical cannabis-related offenses for which the conviction occurred after the passage of the Compassionate Use Act of 1996. Please attach a separate document to fully explain, if necessary.

No partners or principals found guilty of a felony or misdemeanor involving fraud, deceit, embezzlement, or moral turpitude, or the illegal use, possession, transportation or distribution (or similar activities) related to controlled substances, as defined in the Federal Control Substance Act, with the exception of medical cannabis-related offenses for which the conviction occurred after the passage of the Compassionate Use Act of 1996.

Section B: Business Organizational Structure/Status

1. Describe the commercial cannabis business organizational structure/status:

The structure is a corporation with officers and staff.

2. Attach proof of status, such as articles of incorporation, by-laws, partnership agreements, and other documentation as may be appropriate or required by the City.

Section C: Commercial Cannabis Business Description and Location

1. Statement of Purpose of Commercial Cannabis Business (a separate sheet may be attached):

I would like to operate a commercial cannabis business to manufacture and cultivate cannabis.

2. Proposed Location of Business (include APN's): 14726 Arrow Hwy.

3. Name and Address of Property Owner: _____

4. Name and Address of School Closest to Proposed Location: Pleasant View Elementary School

14900 Nubia St.

CANNABIS PERMIT APPLICATION

Page 4 of 7

5. Description of neighborhood around the proposed location (i.e., surrounding uses, nearby sensitive uses such as churches, schools, parks, or libraries) and transit access to site. A separate sheet may be attached.

This is a commercial and industrial zone. No sensitive uses within 600 feet and no residential within 50

feet.

Required Plan Submittals (Plans shall be drawn to scale):

1. Site Plan for each potential location. The Site Plan must be dimensioned and show the entire parcel, including parking and additional structures.
2. Conceptual Building Elevations if new construction. If existing buildings, include any proposed exterior building alterations if applicable.
3. Floor Plans, including any proposed interior alterations.
4. Vicinity Map. It is the Applicant's responsibility to prove to the City that the cannabis operation's location is at least 600 feet from all sensitive uses and 50 feet from all residential zones. The measurement is from property airspace line to property airspace line on each lot. However, in the case of commercial condominiums, measurement is taken from the airspace property line.
5. Photos of the site and building(s) from all sides/directions.

Section D: Required Supplemental Information

This information is required for this application to be considered complete. Attach the following reports to the application.

- ☒ Neighborhood Compatibility Plan
- ☒ Safety and Security Plan
- ☒ Air Quality Plan
- ☒ Business Plan
- ☒ Background Check Authorization Form and Live-Scan Request and Receipt *

The applicant must submit to and pass a complete and thorough Live Scan and Background Check to be conducted by the Baldwin Park Police Department. All Live Scan and Background Check results must be submitted to and reviewed and cleared by the Baldwin Park Police Department.

* Both must be submitted for State Clearance:

- ☐ State Clearance by Baldwin Park Police Department

Section E: Final Location Information

Multiple sites per application can be considered. Attach proof of ownership of the site or signed statement from the owner. A signed lease document will also suffice.

Section F: Essential Supplemental Information

This information is required and you must submit this as part of meeting the requirements for a completed application. Check the box evidencing that you have submitted and attached to this Application the items described below.

- ☒ Suitability of the proposed property: Applicant must demonstrate that the proposed location(s) exceeds all buffer zones established in the Cannabis Ordinance.
- ☒ Suitability of security plan: The Applicant's security plan must include the presence of security personnel on premises or patrolling the premises twenty-four (24) hours per day. The Applicant's security plan must demonstrate a method to track and monitor inventory so as to prevent theft or diversion of cannabis. The Applicant's security plan must describe the enclosed, locked facility that will be used to secure or store cannabis when the location is open and the steps taken to ensure cannabis is not visible to the public. The Applicant's security plan must include measures to prevent the diversion of cannabis to persons under the age of twenty-one (21).
- ☒ Suitability of business plan and financial record keeping: The Applicant must describe a staffing plan that will provide and ensure safe dispensing, adequate security, theft prevention, and the maintenance of confidential information.
- ☒ Criminal history: Applicant must state that no Manager or Principal of an applicant has any violent or serious felony conviction(s) as specified in Sections 667.5 and 1192.7 of the Penal Code or any felony conviction involving fraud, deceit or embezzlement. Applicant must identify any pending criminal complaint(s). The Applicant must certify, as a condition of maintaining the permit, that it will not employ any person with any type of violent or serious felony conviction(s) as specified in Sections 667.5 and 1192.7 of the Penal Code or any felony conviction involving fraud, deceit or embezzlement. Applicants must certify as a condition of maintaining the permit that they will not employ as managers or employees any person with any controlled substance related misdemeanor conviction.
- ☒ Regulatory compliance history: Where an Applicant, its principal or managers own or operate other businesses, including medical cannabis facilities in other jurisdictions, Applicant must provide a record of any citations, sanctions, investigations, suspensions or any time in which Applicant has had their license, permit, registration or authorization revoked for any reason, including criminal, patient safety, workplace safety, wage and hour, discrimination. Applicant must identify whether it has had a permit or license revoked by any city or the State of California. Applicants must also identify any administrative penalties assessed against their business.
- ☒ Good legal standing: Applicant must certify that the Cultivation and/or Manufacturing facility, including its principals and managers acting in their own official capacities, have not violated any local, state or federal tax, environmental, consumer protection, food safety, workplace safety, discrimination, human rights, employment, labor or other laws relevant to the operation of a cannabis business in the state.
- ☒ Community engagement: Applicants should identify any involvement in the community, other non-profit association, or neighborhood association. Applicant should identify the percentage of employees it guarantees will be hired from the City of Baldwin Park, if any. Applicant should identify if it is a minority-owned business. Applicant should have a comprehensive strategy to recruit, hire, promote and train a diverse workforce, including women, people of color, veterans, people with disabilities, LGBTQ individuals and immigrants.

CANNABIS PERMIT APPLICATION

Page 6 of 7

- ☒ Environmental impact: Application should indicate if the business uses renewable energy sources.
- ☒ Labor relations: Applicant shall state whether it provides employer-paid health insurance benefits for its employees as required by state and/or federal law. Applicant must establish that it provides equipment, standards and procedures for the safe operation of its facilities and engages employees on best practices. Applicant should identify if it provides training and educational opportunities for employee development. Applicant must certify that neither it nor its Principals have any previous record of violating federal or state laws relating to workplace safety, wages and compensation, discrimination, or union activity.
- ☒ Mitigation fees: The mitigation fee the business is willing to pay to the City must be included in the Development Agreement. A separate fee shall be identified for each cannabis operation category (i.e., Cultivation, Manufacturing, Testing, and Distribution/Transportation). The fee for cultivation will be calculated based on square footage. The fee for other categories shall be proposed by each applicant.
- ☒ Are you willing to voluntarily donate \$50,000 to the City of Baldwin Park towards the salary of one Police Officer?

Section G: Fees

Please attach a cashier's check or money order made payable to the "City of Baldwin Park" for the following fees:

- ☒ LiveScan fee: \$48.00
- ☒ Background check fee: \$937.50
- ☒ Cannabis Permit Application/Development Agreement Fee: \$2,857.50

Staff use only:

Date of initial application: 11/30/17

Number assigned to application: CAN 17-30

Date fee received: 11/30/17

Date application reviewed: _____

Date Proof of ownership was verified or a signed and notarized statement from the property owner was received: _____

Planning Division

- ☐ Incomplete Application
- ☐ Complete Application

Cannabis Subcommittee

- ☐ NOT In Compliance with Cannabis Ordinance Locational Criteria

CANNABIS PERMIT APPLICATION**Page 7 of 7**

- ☐ In Compliance with Cannabis Ordinance Locational Criteria
- ☐ Not Recommended for Council Consideration
- ☐ Recommended for Council Consideration

EXHIBIT D

**DEVELOPMENT AGREEMENT
BY AND BETWEEN
THE CITY OF BALDWIN PARK AND TIER ONE CONSULTING**

ARTICLE 1. PARTIES AND DATE.

This Government Code Statutory Development Agreement ("STATUTORY AGREEMENT") is intended to replace the previous non-statutory municipal Development Agreement, and is dated July 18, 2018 for references purposes only and is entered into between (i) the City of Baldwin Park ("City"), a California municipal corporation, and (ii) Tier One Consulting ("Owner"). This STATUTORY AGREEMENT shall become effective on the Effective Date defined in Section 3.1.9 below.

ARTICLE 2. RECITALS.

2.1 WHEREAS, this Statutory Development Agreement is pursuant to Government Code and is intended to be a Statutory Development Agreement under and through Government Code Section 65864 et seq.; and

2.2 WHEREAS, the City is authorized pursuant to Government Code Section 65864 et seq. to enter into binding statutory development agreements with persons having legal or equitable interests in real property for the development of such property; and

2.3 WHEREAS, Owner commenced its efforts to obtain approvals and clearances to cultivate and manufacture medical and adult use cannabis in September 2017; and at that time the City determined that the uses authorized in this STATUTORY AGREEMENT were lawfully permitted and authorized to occur on Owner's Property, subject to Owner's acquisition of various entitlements, as discussed herein; and

2.4 WHEREAS, Owner voluntarily enters into this STATUTORY AGREEMENT and after extensive negotiations and proceedings have been taken in accordance with the rules and regulations of the City, Owner has elected to execute this STATUTORY AGREEMENT as it provides Owner with important economic and development benefits; and

2.5 WHEREAS, this STATUTORY AGREEMENT and the Project are consistent with the City's General Plan and Zoning Code and applicable provisions of the City's applicable Zoning Map and the Baldwin Park Municipal Code as of the Agreement Date; and

2.6 WHEREAS, all actions taken and approvals given by the City have been duly taken or approved in accordance with all applicable legal requirements for notice, public hearings, findings, votes, and other procedural matters; and

2.7 WHEREAS, this STATUTORY AGREEMENT will eliminate uncertainty in planning and provide for the orderly development of the Project and/or Property, ensure progressive installation of necessary improvements, and provide for public services appropriate to the development of the Project; and

2.8 WHEREAS, in implementation of the promulgated state policy to promote private participation in comprehensive planning and to strengthen the public planning process and to reduce the economic risk of development, the City deems the implementation of this STATUTORY AGREEMENT to be in the public interest and intends that the adoption of this STATUTORY AGREEMENT be considered an exercise of the City's police powers to regulate the development of the Property during the Term of this STATUTORY AGREEMENT; and

2.9 WHEREAS, this STATUTORY AGREEMENT is consistent with the public health, safety and welfare needs of the residents of the City and the surrounding region and the City has specifically considered and approved the impact and benefits of the development of the Property in accordance with this STATUTORY AGREEMENT upon the welfare of the region; and

2.10 WHEREAS, Owner intends to develop a Cannabis Manufacturing and Cultivation Facility pursuant to the Baldwin Park Municipal Code ("BPMC") Chapter 127 and all applicable state laws, rules, and regulations; and

2.11 WHEREAS, concurrently with execution of this STATUTORY AGREEMENT, City acknowledges that Owner has been authorized to cultivate and manufacture cannabis and cannabis related products at its facility or facilities up to 22,000 square feet.

2.12 WHEREAS, the City entered into a Development Agreement with Rukli, Inc. to be the exclusive distributor of cannabis and cannabis related products in the City of Baldwin Park. The City is entering into development agreements with owners for permits for cultivation and manufacturing of cannabis and cannabis related products in the City of Baldwin Park. The City prohibits the sale of cannabis and cannabis related products within the City of Baldwin Park so the cannabis and cannabis related products must be distributed to and sold in cities where it is legal to do so. Rukli, Inc. shall be the exclusive distributor for the cultivation and/or manufacturing permit holders within the City of Baldwin Park and City conditions the cultivation and/or manufacturing permits on Rukli, Inc. being the exclusive distributor for any permit issued by Baldwin Park for cultivation or manufacturing.

ARTICLE 3. GENERAL TERMS.

3.1 Definitions and Exhibits. The following terms when used in this STATUTORY AGREEMENT shall be defined as follows:

3.1.1 "Agreement" means this STATUTORY AGREEMENT pursuant to Government Code Section 65864 et seq.

3.1.2 "City" means the City of Baldwin Park, a California municipal corporation.

3.1.3 "Days" mean calendar days unless otherwise specified.

3.1.4 "Dedicate" means to offer the subject land for dedication and to post sufficient bonds or other security if necessary for the improvements to be constructed including, but not limited to: grading, the construction of infrastructure and public facilities related to the Project whether located within or outside the Property, the construction of buildings and structures, and the installation of landscaping.

3.1.5 "Development" If applicable, includes grading, construction or installation of public and private facilities and the right to maintain, repair or reconstruct any private building, structure, improvement or facility after the construction and completion thereof; provided, however, that such maintenance, repair, or reconstruction take place within the Term of this STATUTORY AGREEMENT on the Property.

3.1.6 "Development Approvals" If applicable, means all other entitlements for the Development of the Property, including any and all conditions of approval, subject to approval or issuance by the City in connection with Development of the Property. "Development Approvals" also include both the Existing Development Approvals and the Subsequent Development Approvals approved or issued by the City that are consistent with this STATUTORY AGREEMENT.

3.1.7 "Development Plan" If applicable, means the Existing Development Approvals and the Existing Land Use Regulations applicable to development of the Property for the Project, as modified and supplemented by Subsequent Development Approvals.

3.1.8 "BPMC" means the City of Baldwin Park Municipal Code.

3.1.9 "Effective Date" means the day this STATUTORY AGREEMENT is approved and adopted by the Baldwin Park City Council and signed by the Mayor of Baldwin Park or his designee.

3.1.10 "Existing Development Approvals" If applicable, means all Development Approvals approved or issued prior to or on the Effective Date. Existing Development Approvals include the approvals set forth in Section 3.1.6 and all other approvals which are a matter of public record prior to or on the Effective Date.

3.1.11 "Existing Land Use Regulations" If and where applicable, means all Land Use Regulations in effect on the Effective Date. Existing Land Use Regulations include all regulations that are a matter of public record on the Effective Date as they may be modified by the Existing Development Approvals.

3.1.12 "Land Use Regulations" If and where applicable means all ordinances, resolutions and codes adopted by the City governing the development and use of land, including the permitted use of land, the density or intensity of use, subdivision

requirements, the maximum height and size of proposed buildings, the provisions for reservation or Dedication of land for public purposes, and the design, improvement and construction and initial occupancy standards and specifications applicable to the Development of the Property.

3.1.13 "Mortgagee" If applicable, means a mortgagee of a mortgage, a beneficiary under a deed of trust or any other security-device lender and its successors-in interest.

3.1.14 "Owner" means Tier One Consulting.

3.1.15 "Processing Fees" means the normal and customary application, filing, plan check, permit fees for land use approvals, design review, tree removal permits, building permits, demolition permits, grading permits, and other similar permits and entitlements, and inspection fees, which fees are charged to reimburse the City's expenses attributable to such applications, processing, permitting, review and inspection and which are in force and effect on a general basis at such time as said approvals, permits, review, inspection or entitlements are granted or conducted by the City.

3.1.16 "Project" If applicable means the Development of the Property contemplated by the Development Plan, as such Development Plan may be further defined, enhanced or modified pursuant to the provisions of this STATUTORY AGREEMENT. The Project shall consist of this STATUTORY AGREEMENT, the Development Plans, the application, any and all entitlements, licenses, and permits related to the Project.

3.1.17 "Property" means the real property described on in Owner's application and incorporated herein by this reference. Owner may modify the location or locations or add locations to the Property subject to City approval and all applicable zoning and distance requirements.

3.1.18 "Reasonable" means using due diligence to accomplish a stated objective that the subject party is capable of performing or providing under the circumstances in a manner that is consistent with the intent and objectives of the STATUTORY AGREEMENT.

3.1.19 "Reservations of Authority" means the rights and authority excepted from the assurances and rights provided to Owner under this STATUTORY AGREEMENT and reserved to the City as described in Section 4.4.

3.1.20 "Space or Canopy Space" shall mean any space or ground, floor or other surface area (whether horizontal or vertical) which is used during the marijuana germination, seedling, vegetative, pre-flowering, flowering, curing and/or harvesting phases, including without limitation any space used for activities such as growing, planting, seeding, germinating, lighting, warming, cooling, aerating, fertilizing, watering, irrigating, topping, pinching, cropping, curing or drying marijuana or any such space used for storing any cannabis, no matter where such storage may take place or such storage space may be located.

3.1.21 "Subsequent Development Approvals" If applicable, means all future discretionary approvals and all ministerial Development Approvals required subsequent to the Effective Date in connection with development of the Property, including without limitation, subdivision improvement agreements that require the provision of bonds or other securities. Subsequent Development Approvals include, but are not limited to, all excavation, grading, building, construction, demolition, encroachment or street improvement permits, occupancy certificates, utility connection authorizations, or other permits or approvals necessary, convenient or appropriate for the grading, construction, marketing, use and occupancy of the Project within the Property at such times and in such sequences as Owner may choose consistent with the Development Plan and this STATUTORY AGREEMENT.

3.1.22 "Subsequent Land Use Regulations" If applicable means any Land Use Regulations defined in Section 3.1.12 that are adopted and effective after the Effective Date of this STATUTORY AGREEMENT.

3.2 Documents. The following documents are attached to and, by this reference, are made part of this STATUTORY AGREEMENT:

No. 1 – Legal Description of the Property.

No. 2 – Map showing Property and its location.

No. 3 – Application.

3.3 Binding Effect of STATUTORY AGREEMENT. The Property is hereby made subject to this STATUTORY AGREEMENT. Subject to Owner's receipt of all Development Approvals relative thereto, the Development of the Property is hereby authorized and shall, except as otherwise provided in this STATUTORY AGREEMENT, be carried out only in accordance with the terms of this STATUTORY AGREEMENT and the Development Plan, if any. In the event of conflict or uncertainty between this STATUTORY AGREEMENT and the Development Plan, the provisions of this STATUTORY AGREEMENT shall control.

3.4 Ownership of Property. Owner represents and covenants that it has a legal or equitable interest in the Property, which has an Assessor's Parcel Number of 8414-006-062 and is more particularly described in the application and document "No. 1" in Section 3.2 and incorporated herein.

3.5 Term. The parties agree that the Term of this STATUTORY AGREEMENT shall be fifteen (15) years commencing on the Effective Date subject to the written extension and early termination provisions described in this STATUTORY AGREEMENT. Upon termination of this STATUTORY AGREEMENT, this STATUTORY AGREEMENT shall be deemed terminated and of no further force and effect, except terms that are expressly stated in this STATUTORY AGREEMENT to survive termination without the need of further documentation from the parties hereto. The STATUTORY AGREEMENT's Fee is subject to renegotiation after the first term, and every five year term thereafter.

3.5.1 Term Extension. This STATUTORY AGREEMENT may only be extended by mutual agreement of City and Owner in writing and signed by Owner and the Mayor of Baldwin Park. If the Mayor of Baldwin Park does not sign the agreement or renegotiated agreement any such agreement is null and void.

3.6 Automatic Termination. This STATUTORY AGREEMENT shall automatically terminate upon the occurrence of any of the following events:

(i) Expiration of the Term of this STATUTORY AGREEMENT as set forth in Section 3.5;

(ii) The entry of a final judgment (or a decision on any appeal therefrom) voiding the City's General Plan or any element thereof, which judgment or decision would preclude development of the Project, but only if the City is unable to cure such defect in the General Plan or element within one hundred and eighty (180) days from the later of entry of final judgment or decision on appeal.

(iii) Failure to timely pay the Fee or Fees. Failure to timely pay the \$50,000 towards the policy salary or benefits. Failure to pay any fees due to the City under this STATUTORY AGREEMENT.

3.6.1 Effect of Termination. Termination of this STATUTORY AGREEMENT shall constitute termination of all land use entitlements and permits approved for the Owner and/or the Property. Upon the termination of this STATUTORY AGREEMENT, no party shall have any further right or obligation hereunder except with respect to any obligation to have been performed prior to such termination, or with respect to any default in the performance of the provisions of this STATUTORY AGREEMENT which has occurred prior to such termination, or with respect to any obligations which are specifically and expressly set forth as surviving this STATUTORY AGREEMENT.

3.7 Notices.

3.7.1 Notice Defined. As used in this STATUTORY AGREEMENT, notice includes, without limitation, the communication of notice, request, demand, approval, statement, report, acceptance, consent, waiver, appointment or other communication required or permitted hereunder.

3.7.2 Written Notice and Delivery. All notices shall be in writing and shall be considered given:

- (i) when delivered in person to the recipient named below; or
- (ii) three days after deposit in the United States mail, postage prepaid, addressed to the recipient named below; or
- (iii) on the date of personal delivery shown in the records of the delivery company after delivery to the recipient named below; or

(iv) on the date of delivery by facsimile transmission to the recipient named below if a hard copy of the notice is deposited in the United States mail, postage prepaid, addressed to the recipient named below. All notices shall be addressed as follows:

If to the City: Chief Executive Officer
14403 E. Pacific Avenue
Baldwin Park, CA 91706

If to Owner: Tier One Consulting
200 Corporate Pointe Drive
Culver City, CA 90230

3.7.3 Address Changes. Either party may, by notice given at any time, require subsequent notices to be given to another person or entity, whether a party or an officer or representative of a party or to a different address, or both. Notices given before actual receipt of notice of change shall not be invalidated by the change.

3.8 Validity of this STATUTORY AGREEMENT. Owner and the City each acknowledge that neither party has made any representations to the other concerning the enforceability or validity of any one or more provisions of this STATUTORY AGREEMENT. The parties acknowledge and agree that neither party shall allege in any administrative or judicial proceeding that the entering into or the performance of any obligations created in this STATUTORY AGREEMENT violates federal or state law, with respect to all federal, state and local statutes, ordinances or regulations in effect as of the Effective Date.

3.9 Fee. Fee means the amount(s) set by the City, negotiated with Owner, to provide City commensurate benefit based on a private benefit conferred upon Owner. Fee shall include City's cost to research cannabis and cannabis laws and regulations, draft cannabis ordinance, conduct public meetings, negotiate development agreements, process applications, and any other acts taken by the City in furtherance of medical and adult commercial use of cannabis.

ARTICLE 4. DEVELOPMENT OF THE PROPERTY.

4.1 Right to Develop. Owner shall, subject to the terms of this STATUTORY AGREEMENT, develop the Property with a commercial cannabis facility in accordance with and to the extent of the Development Plan and/or application. The Property shall remain subject to all Subsequent Development Approvals required to complete the Project as contemplated by the Development Plan and/or application.

4.2 Effect of STATUTORY AGREEMENT on Land Use Regulations. Except as otherwise provided by this STATUTORY AGREEMENT, the rules, regulations and official policies and conditions of approval governing permitted uses of the Property, the density and intensity of use of the Property, the maximum height and size of proposed buildings, and the design, improvement, occupancy and construction standards and specifications applicable to development of the Property shall be the Development Plan and/or

application. Provided, however, that in approving tentative subdivision maps, the City may impose ordinary and necessary dedications for rights-of-way or easements for public access, utilities, water, sewers and drainage, having a nexus with the particular subdivision; provided, further, that the City may impose and will require normal and customary subdivision improvement agreements and commensurate security to secure performance of Owner's obligations thereunder.

4.3 Changes to Project. The parties acknowledge that changes to the Project or Development Approvals may be appropriate and mutually desirable. The City shall act on such applications, if any, in accordance with the Existing Land Use Regulations, subject to the Reservations of Authority, or except as otherwise provided by this STATUTORY AGREEMENT. If approved, any such change in the Existing Development Approvals shall be considered an additional Existing Development Approval.

4.4 Reservations of Authority. Any other provision of this STATUTORY AGREEMENT to the contrary notwithstanding, the Development of the Property shall be subject to subsequently adopted ordinances, resolutions ("Subsequent Land Use Regulations" or sometimes referred to as "Reservation of Authority") on the following topics:

(i) Processing Fees imposed by the City to cover the estimated or actual costs to the City of processing applications for Development Approvals or for monitoring compliance with any Development Approvals granted or issued, which fees are charged to reimburse the City's lawful expenses attributable to such applications, processing, permitting, review and inspection and which are in force and effect on a general basis at such time as said approvals, permits, review, inspection or entitlement are granted or conducted by the City.

(ii) Procedural regulations relating to hearing bodies, petitions, applications, notices, findings, records, hearings, reports, recommendations, appeals and any other matter of procedure.

(iii) Regulations governing engineering and construction standards and specifications including, any and all uniform codes adopted by the State of California and subsequently adopted by the City.

(iv) Regulations which may be in conflict with the Development Plan but which are reasonably necessary to protect the public health and safety; provided, however, the following shall apply:

(a) That to the extent possible, such regulations shall be applied and construed so as to provide Owner with the rights and assurances provided in this STATUTORY AGREEMENT;

(b) That such regulations apply uniformly to all new development projects of the same uses within the City; and

(v) Regulations that do not conflict with the Development Plan. The term "do not conflict" means new rules, regulations, and policies which: (a) do not modify the Development Plan, including, without limitation, the permitted land uses, the density or intensity of use, the phasing or timing of Development of the Project, the maximum height and size of proposed buildings on the Property, provisions for Dedication of land for public purposes and Development Exactions, except as expressly permitted elsewhere in this STATUTORY AGREEMENT, and standards for design, development and construction of the Project; (b) do not prevent Owner from obtaining any Subsequent Development Approvals, including, without limitation, all necessary approvals, permits, certificates, and the like, at such dates and under such circumstances as Owner would otherwise be entitled by the Development Plan; or (c) do not prevent Owner from commencing, prosecuting, and finishing grading of the land, constructing public and private improvements, and occupying the Property, or any portion thereof, all at such dates and schedules as Owner would otherwise be entitled to do so by the Development Plan.

(vi) The City shall not be prohibited from applying Project Subsequent Land Use Regulations that do not affect permitted uses of the land, density, design, public improvements (including construction standards and specifications) or the rate of development of the Development, nor shall the City be prohibited from denying or conditionally approving any Subsequent Development applications on the basis of such subsequent Land Use Regulations.

4.5 Other Public Agencies. It is acknowledged by the parties that other public agencies not within the control of the City possess authority to regulate aspects of the development of the Property separately from or jointly with the City, and this STATUTORY AGREEMENT does not limit the authority of such other public agencies. The City shall reasonably cooperate with other public agencies processing Development Approvals for the Project.

4.6 Tentative Subdivision Map and Development Approvals Lifespan. The term of any tentative subdivision map shall be in effect for a period of fifteen (15) years, and may be extended pursuant to the provisions of the California Subdivision Map Act (Government Code §§ 66410 *et seq.*) All Development Approvals shall not expire if Owner commences substantial construction of the Project within one (1) year from the Effective Date of this STATUTORY AGREEMENT. "Substantial Construction" means the issuance of a building permit in furtherance of the Project.

4.7 Satisfaction of Conditions of Approval. Owner shall comply with any and all conditions of approval for any entitlement, permit, or license it receives from the City.

4.8 Subsequent Entitlements. Prior to commencement of construction of the Project, Owner shall be required to submit applications for any and all subsequent entitlements, if any, consistent with the terms and conditions set forth in this STATUTORY AGREEMENT.

4.9 City Records Inspection. Owner acknowledges and agrees that the City is empowered to examine Owner's books and records, including tax returns. The City has

the power and authority to examine such books and records at any reasonable time, including but not limited to, during normal business hours. If the City wishes to inspect the areas of the Property where the cannabis is being cultivated or manufactured, City may do so at any time with no prior notice to Owner. In addition, City agrees that all of its employees or agents which enter the cultivation, manufacturing, and curing areas shall follow all of the policies and guidelines imposed on Owner's employees, including without limitation, the wearing of any clothing or equipment to insure that no pests or impurities shall enter the cultivation and curing areas.

ARTICLE 5. PUBLIC BENEFITS.

5.1 Intent. The parties acknowledge and agree that development of the Property will result in substantial public needs which will not be fully met by the Development Plan and further acknowledge and agree that this STATUTORY AGREEMENT confers substantial private benefits on Owner which should be balanced by commensurate public benefits. Accordingly, the parties intend to provide consideration to the public to balance the private benefits conferred on Owner by providing more fully for the satisfaction of the public needs resulting from the Project.

5.2 For the first year, Owner will pay the City a total of \$235,000 as a Fee. This fee is calculated based on \$10.00 a square foot of permit space and a permit which allows up to 22,000 sq. feet, among other factors.

5.3 In year two and year three, the Fee will increase to \$12.50 per sq. foot for a total of \$285,000 per year.

5.4 At the beginning of year four, Owner will pay a Fee of \$15.00 per sq. foot for a total of \$330,000 per year. In year five, Owner will pay a Fee of \$345,000.

5.5 The Fee schedule is as follows: The first Fee payment is due 6 months after this STATUTORY AGREEMENT is signed by the Mayor of Baldwin Park. The second and last payment for the first year is due 6 months after the first payment. For years 2 through 15, the Fee schedule is as follows: divide the total Fee for the respective year into four and make four equal payments due at the end of each quarter. If Owner and City cannot agree to a new Fee or Fees by December 22, 2022, this STATUTORY AGREEMENT will automatically terminate on December 23, 2022.

5.6 The Fee is subject to reassessment by the City every five years. At the end of year five, the City will set a new Fee which will be applied in years 6 through 10. At the end of year 10, the City will set new Fee which will be applied in years 11 through 15. No one factor is dispositive in the City's determination of the new Fee. The Cannabis permit will expire at the close of the 15th year and will require the Owner to reapply with the City for a new permit.

5.7 Further, Owner will pay a yearly payment of \$55,000 each year to the City that can be used to mitigate the impact of the cannabis business on the City and its resources which includes but is not limited to, to use to pay a part of a police officer's salary and/or benefits. This \$55,000 amount will be due at the time the permit is issued.

Subsequent annual payments will be due on the permit issuance anniversary date. This payment is due within thirty (30) days of issuance of the permit and thereafter on the anniversary of the issuance of the permit.

5.8 Jobs and Wage Creation.

5.8.1 Local Hiring. Owner agrees to use its reasonable efforts to hire qualified City residents for jobs at the Project. Owner shall also use reasonable efforts to retain the services of qualified contractors and suppliers who are located in the City or who employ a significant number of City residents. At least 20 percent of the Project's workforce shall consist of residents of the City. Job announcements shall be posted at City Hall, along with proof that the job announcements were advertised in at least two newspapers published, printed or distributed in the City and on various social media sites accessible to the general public. In addition, Owner shall make a good faith effort to advertise job announcements at local job fairs and on local radio

5.9 Development Agreement Administrative Fee Deposit. Owner shall be responsible for all of the City's actual costs associated with processing Development Approvals for the Project including, but not limited to, costs associated with the City's review and processing of the Project, including but not limited to reviewing the Project's entitlements, including all environmental clearance documents, permits, licenses and all documents evidencing compliance with state and local law. As such, upon issuance of its permit, Owner must deposit \$15,000 with the City for the purpose of reimbursing the City for any associated costs with processing the Project, as detailed above and reimbursing the City for its actual costs incurred in drafting and processing this STATUTORY AGREEMENT. Owner will be liable for the City's actual costs incurred in processing future Development Approval applications. City acknowledges and agrees that this payment is not merely a deposit, but is a cap on the amount of the City's actual costs incurred in processing this STATUTORY AGREEMENT.

ARTICLE 6. DISTRIBUTION AND TRANSPORTATION

6.1 Transportation of Cannabis. All pick ups and drop offs of cannabis and cannabis products into and out of the City of Baldwin Park shall be by the exclusive distributor, Rukli, Inc., or such other company should Rukli, Inc. no longer hold that right. Owner shall not, on its own or through any person or entity, arrange for pick ups or drop offs of cannabis or cannabis products into or out of the City of Baldwin Park for any purpose, except by the exclusive distributor.

6.2 Distribution of Cannabis. Owner shall distribute its cannabis and cannabis products only through the City's exclusive distributor. Owner shall cooperate fully with the City's exclusive distributor regarding the accounting for product, revenue and tax collection.

6.3 Owner and the City's exclusive distributor shall reach their own agreement regarding fees for the exclusive distributor's services.

ARTICLE 7. REVIEW FOR COMPLIANCE.

7.1 Periodic Review. The City Council shall review this STATUTORY AGREEMENT annually, on or before each anniversary of the Effective Date, in order to ascertain Owner's good faith compliance with this STATUTORY AGREEMENT. During the periodic review, Owner shall be required to demonstrate good faith compliance with all the terms of the STATUTORY AGREEMENT.

7.2 Special Review. The City Council may order a special review of compliance with this STATUTORY AGREEMENT at any time.

7.3 Review Hearing. At the time and place set for the review hearing, Owner shall be given an opportunity to be heard. If the City Council finds, based upon substantial evidence, that Owner has not complied in good faith with the terms or conditions of this STATUTORY AGREEMENT, the City Council may automatically terminate this STATUTORY AGREEMENT notwithstanding any other provision of this STATUTORY AGREEMENT to the contrary, or modify this STATUTORY AGREEMENT and impose such conditions as are reasonably necessary to protect the interests of the City. The decision of the City Council shall be final, subject only to judicial review.

7.4 Certificate of Agreement Compliance. If, at the conclusion of a periodic or special review, the City Council determines that Owner is in compliance with this STATUTORY AGREEMENT, the City shall issue a Certificate of Agreement Compliance ("Certificate") to Owner stating that after the most recent periodic or special review, and based upon the information known or made known to the City Council, that (i) this STATUTORY AGREEMENT remains in effect and (ii) Owner is not in default. The City shall not be bound by a Certificate if a default existed at the time of the periodic or special review, but was concealed from or otherwise not known to the City Council, regardless of whether or not the Certificate is relied upon by assignees or other transferees or Owner.

7.5 Failure to Conduct Review. The City's failure to conduct a periodic review of this STATUTORY AGREEMENT shall not constitute a breach of this STATUTORY AGREEMENT.

7.6 Cost of Review. The costs incurred by City in connection with the periodic reviews shall be borne by the City. The Owner is not liable for any costs associated with any City periodic review of this STATUTORY AGREEMENT. The Owner is not liable for costs incurred for reviews.

ARTICLE 8. DEFAULTS AND REMEDIES.

8.1 Remedies in General. It is acknowledged by the parties that the City would not have entered into this STATUTORY AGREEMENT if it were to be liable in damages under this STATUTORY AGREEMENT, or with respect to this STATUTORY AGREEMENT or the application thereof, except as hereinafter expressly provided. Subject to extensions of time by mutual consent in writing, failure or delay by either party to perform any term or provision of this STATUTORY AGREEMENT shall constitute a default. In the event of alleged default or breach of any terms or conditions of this

STATUTORY AGREEMENT, the party alleging such default or breach shall give the other party thirty (30) days' notice in writing specifying the nature of the alleged default and the manner in which said default may be satisfactorily cured during any such thirty (30) day period, the party charged shall not be considered in default for purposes of termination or institution of legal proceedings.

In general, each of the parties hereto may pursue any remedy at law or equity available for the breach of any provision of this STATUTORY AGREEMENT through any state court, except that the City shall not be liable in monetary damages, unless expressly provided for in this STATUTORY AGREEMENT, to Owner, to any mortgagee or lender, or to any successors in interest of Owner if successors in interest are permitted under this STATUTORY AGREEMENT or mortgagee or lender, or to any other person, and Owner covenants on behalf of itself and all successors in interest, if successors in interest are permitted under this STATUTORY AGREEMENT, to the Property or any portion thereof, not to sue for damages or claim any damages:

(i) For any breach of this STATUTORY AGREEMENT or for any cause of action which arises out of this STATUTORY AGREEMENT; or

(ii) For the impairment or restriction of any right or interest conveyed or provided under, with, or pursuant to this STATUTORY AGREEMENT, including, without limitation, any impairment or restriction which Owner characterizes as a regulatory taking or inverse condemnation; or

(iii) Arising out of or connected with any dispute, controversy or issue regarding the application or request for a permit for cultivation, manufacturing and/or distribution or interpretation or effect of the provisions of this STATUTORY AGREEMENT.

Owner hereby agrees to waive and/or release the City of Baldwin Park for any claim or claims or cause of action, not specifically and expressly reserved herein, which Owner may have at the time of execution of this STATUTORY AGREEMENT relating to any application to the City of Baldwin Park including but not limited to, any application for any type of distribution, cultivation or manufacturing permit, any application for any distribution, cultivation or manufacturing rights, or any application for any distribution, cultivation or manufacturing license from the City of Baldwin Park.

CALIFORNIA CIVIL CODE SECTION 1542

The Owner expressly acknowledges that this STATUTORY AGREEMENT is intended to include in its effect, a waiver without limitation, of all claims or causes of actions which have arisen and of which each side knows or does not know, should have known, had reason to know or suspects to exist in their respective favor at the time of execution hereof, that this STATUTORY AGREEMENT contemplates the extinguishment of any such Claim or Claims. The Owner specifically acknowledges and waives and releases the rights granted to Owner under **California Civil Code Section 1542**, which states as follows:

"A general release does not extend to claims which the creditor does not

know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor."

By expressly waiving the rights granted to Owner under **California Civil Code Section 1542**, the Owner represents that they understand and acknowledge that if they have suffered any injury, damage as a result of the application for or request for any permit from the City of Baldwin Park and (i) they are not presently aware of any damage or injury, or (ii) any damage or injury has not yet manifested itself, any claims for any such damage or injury are forever released and discharged.

Nothing contained herein shall modify or abridge Owner's rights or remedies (including its rights for damages, if any) resulting from the exercise by the City of its power of eminent domain. Nothing contained herein shall modify or abridge Owner's rights or remedies (including its rights for damages, if any) resulting from the grossly negligent or malicious acts of the City and its officials, officers, agents and employees. Nothing herein shall modify or abridge any defenses or immunities available to the City and its employees pursuant to the Government Tort Liability Act and all other applicable statutes and decisional law.

Except as set forth in the preceding paragraph relating to eminent domain, Owner's remedies shall be limited to those set forth in this Section 8.1, Section 8.2, and Section 8.3.

8.2 Specific Performance. The parties acknowledge that money damages and remedies at law are inadequate, and specific performance and other non-monetary relief are particularly appropriate remedies for the enforcement of this STATUTORY AGREEMENT and should be available to all parties for the following reasons:

(i) Except as provided in Section 8.1, money damages are unavailable against the City as provided in Section 8.1 above.

(ii) Due to the size, nature and scope of the Project, it may not be practical or possible to restore the Property to its natural condition once implementation of this STATUTORY AGREEMENT has begun. After such implementation, Owner may be foreclosed from other choices it may have had to use the Property or portions thereof. Owner has invested significant time and resources and performed extensive planning and processing of the Project in agreeing to the terms of this STATUTORY AGREEMENT and will be investing even more significant time and resources in implementing the Project in reliance upon the terms of this STATUTORY AGREEMENT, and it is not possible to determine the sum of money which would adequately compensate Owner for such efforts; the parties acknowledge and agree that any injunctive relief may be ordered on an expedited, priority basis.

8.3 Termination of Agreement for Default of the City Owner may terminate this STATUTORY AGREEMENT only in the event of a default by the City in the performance of a material term of this STATUTORY AGREEMENT and only after providing written

notice to the City of default setting forth the nature of the default and the actions, if any, required by the City to cure such default and, where the default can be cured, the City has failed to take such actions and cure such default within sixty (60) days after the effective date of such notice or, in the event that such default cannot be cured within such sixty (60) day period but can be cured within a longer time, has failed to commence the actions necessary to cure such default within such sixty (60) day period and to diligently proceed to complete such actions and cure such default.

8.4 Attorneys' Fees and Costs. In any action or proceeding between the City and Owner brought to interpret or enforce this STATUTORY AGREEMENT, or which in any way arises out of the existence of this STATUTORY AGREEMENT or is based upon any term or provision contained herein, the "prevailing party" in such action or proceeding shall be entitled to recover from the non-prevailing party, in addition to all other relief to which the prevailing party may be entitled pursuant to this STATUTORY AGREEMENT, the prevailing party's reasonable attorneys' fees and litigation costs, in an amount to be determined by the court. The prevailing party shall be determined by the court in accordance with California Code of Civil Procedure Section 1032. Fees and costs recoverable pursuant to this Section 9.4 include those incurred during any appeal from an underlying judgment and in the enforcement of any judgment rendered in any such action or proceeding.

8.5 Owner Default. No building permit shall be issued or building permit application accepted for any structure on the Property after Owner is determined by the City to be in default of the terms and conditions of this STATUTORY AGREEMENT until such default thereafter is cured by Owner or is waived by the City. If the City terminates this STATUTORY AGREEMENT because of Owner's default, then the City shall retain any and all benefits, including money or land received by the City hereunder.

ARTICLE 9. THIRD PARTY LITIGATION.

9.1 General Plan Litigation. The City has determined that this STATUTORY AGREEMENT is consistent with its General Plan. Owner has reviewed the General Plan and concurs with the City's determination. The City shall have no liability under this STATUTORY AGREEMENT or otherwise for any failure of the City to perform under this STATUTORY AGREEMENT, or for the inability of Owner to develop the Property as contemplated by the Development Plan, which failure to perform or inability to develop is as the result of a judicial determination that the General Plan, or portions thereof, are invalid or inadequate or not in compliance with law, or that this STATUTORY AGREEMENT or any of the City's actions in adopting it were invalid, inadequate, or not in compliance with law. Notwithstanding the foregoing, neither party shall contend in any administrative or judicial proceeding that the STATUTORY AGREEMENT or any Development Approval is unenforceable based upon federal, state or local statutes, ordinances or regulations in effect on the Effective Date.

9.2 Hold Harmless Agreement. Owner hereby agrees to, and shall hold City, its elective and appointive boards, commissions, officers, agents, and employees harmless from any liability for damage or claims for damage for personal injury, including

death, as well as from claims for property damage which may arise from Owner or Owner's contractors, subcontractors, agents, or employees operations under this STATUTORY AGREEMENT, whether such operations be by Owner, or by any of Owner's contractors, subcontractors, agents, or employees operations under this STATUTORY AGREEMENT, whether such operations be by Owner, or by any of Owner's contractors, subcontractors, or by any one or more persons directly or indirectly employed by, or acting as agent for Owner or any of Owner's contractors or subcontractors. Owner agrees to and shall defend City and its elective and appointive boards, commissions, officers, agents and employees from any suits or actions at law or in equity for damage caused, or alleged to have been caused, by reason of any of the aforesaid operations.

9.3 Indemnification. Owner shall defend, indemnify and hold harmless City and defend its agents, officers and employees against and from any and all liabilities, demands, lawsuits, claims, government claims, actions or proceedings and costs and expenses incidental thereto (including costs of defense, settlement and reasonable attorneys' fees), which the City and its City Council members may suffer, incur, be responsible for or pay out as a result of or in connection with any challenge to the legality, validity or adequacy of any of the following: (i) this STATUTORY AGREEMENT and the concurrent and subsequent permits, licenses and entitlements approved for the Project or Property; (ii) if applicable, the environmental impact report, mitigated negative declaration or negative declaration, as the case may be, prepared in connection with the development of the Property; and (iii) the proceedings or procedure undertaken in connection with the adoption or approval of any permit or any of the above. In the event of any legal or equitable action or other proceeding instituted by anyone against the City or its City Council, any third party (including a governmental entity or official) challenging the validity of any provision of this STATUTORY AGREEMENT or procedure upon which the permit was issued, or any portion thereof as set forth herein, the parties shall mutually cooperate with each other in defense of said action or proceeding. Notwithstanding the above, the City, at its sole option, may tender to Owner and Owner agrees to accept any such tender of the complete defense of any third party challenge as described herein. In the event the City elects to contract with special counsel to provide for such a defense, the City may do so in its sole discretion and Owner will be required to pay the defense costs of the City as the costs are incurred. Owner agrees to pay any and all attorney's fees or retainer regarding the selection of counsel, and Owner shall pay all costs and all attorneys' fees related to retention of such counsel.

9.4 Environmental Contamination. Owner shall indemnify and hold the City, its officers, agents, and employees free and harmless from any liability, based or asserted, upon any act or omission of the Owner, its officers, agents, employees, subcontractors, predecessors in interest, successors, assigns and independent contractors, excepting any acts or omissions of City as successor to any portions of the Property dedicated or transferred to City by Owner, for any violation of any federal, state or local law, ordinance or regulation relating to industrial hygiene or to environmental conditions on, under or about the Property, including, but not limited to, soil and groundwater conditions, and Owner shall defend, at its expense, including attorneys' fees, the City, its officers, agents and employees in any action based or asserted upon any such alleged act or omission. The City may in its discretion participate in the defense of any such claim, action or

proceeding. The provisions of this Section 9.4 do not apply to environmental conditions that predate Owner's ownership or control of the Property or applicable portion; provided, however, that the foregoing limitation shall not operate to bar, limit or modify any of Owner's statutory or equitable obligations as an owner or seller of the Property.

9.5 The City May Choose its Own Counsel. With respect to Sections 9.1 through 9.4, the City reserves the right to select its own special counsel or otherwise engages special counsel to defend the City hereunder, which fees will be paid by Owner.

9.6 Accept Reasonable Good Faith Settlement. With respect to Article 9, the City shall not reject any reasonable good faith settlement. Before accepting any such settlement offer, City shall notify Owner of the offer and provide Owner with a copy of the offer. If Owner disagrees with the City's intention to accept the offer, prior to the City's response to any offer, the parties shall meet and confer in order to attempt to resolve the parties' differences. If the City does reject a reasonable, good faith settlement that is acceptable to Owner, Owner may enter into a settlement of the action, as it relates to Owner, and the City shall thereafter defend such action (including appeals) at its own cost and be solely responsible for any judgments rendered in connection with such action. This Section 9.6 applies exclusively to settlements pertaining to monetary damages or damages which are remedial by the payment of monetary compensation. Owner and the City expressly agree that this Section 9.6 does not apply to any settlement that requires an exercise of the City's police powers, limits the City's exercise of its police powers, or affects the conduct of the City's municipal operations.

9.7 Administrative Actions. The parties acknowledge that in the future there could be claims, enforcement actions, requests for information, subpoenas, criminal or civil actions initiated or served by either the Federal Government or the State Government in connection with Owner's development, operation and use of the Property (collectively, "Actions"). The City shall not disclose information and documents to the Federal Government or State Government, its officers, or agents regarding any party to this agreement absent a grand jury subpoena, civil or administrative subpoena, warrant, discovery request, summons, court order or similar process authorized under law hereinafter called "Governmental Notice". If any Action is brought by either the Federal or State Government, City shall immediately notify Owner of the nature of the Claim including all correspondence or documents submitted to the City. Prior to responding to the Governmental Notice, City shall provide Owner ten (10) days from the date of such notice subpoena or the like to serve and obtain on the City a protective order, or the like, from a court of competent jurisdiction.

9.8 Survival. The provisions of Sections 9.1 through 9.7 inclusive, shall survive the termination or expiration of this STATUTORY AGREEMENT, until such time as the uses of the Property established in the Development Plan are permanently terminated.

ARTICLE 10. THIRD PARTY LENDERS, ASSIGNMENT & SALE.

10.1 Encumbrances. The parties hereto agree that this STATUTORY AGREEMENT shall not prevent or limit Owner, in any manner, at Owner's sole discretion,

from encumbering the Property or any portion thereof or any improvement thereon by any mortgage, deed of trust or other security device securing financing with respect to the Property.

10.2 Lender Requested Modification/Interpretation. The City acknowledges that the lenders providing such financing may request certain interpretations and modifications of this STATUTORY AGREEMENT and agrees upon request, from time to time, to meet with Owner and representatives of such lenders to negotiate in good faith any such request for interpretation or modification. The City will not unreasonably withhold its consent to any such requested interpretation or modification provided such interpretation or modification is consistent with the intent and purposes of this STATUTORY AGREEMENT and as long as such requests do not minimize, reduce, curtail, negate or in any way limit City's rights under this STATUTORY AGREEMENT.

ARTICLE 11. MISCELLANEOUS PROVISIONS.

11.1 Entire Agreement. This STATUTORY AGREEMENT sets forth and contains the entire understanding and agreement of the parties, and there are no oral or written representations, understandings or ancillary covenants, undertakings or agreements that are not contained or expressly contained herein. No testimony or evidence of any such representations, understandings or covenants shall be admissible in any proceeding of any kind or nature to interpret or determine the terms or conditions of this STATUTORY AGREEMENT, provided, however, City at its option may rely on statements by Owner's agents at the public hearings leading to the City's approval of the project or on written documents by Owner's agents that are a part of the public record.

11.2 Severability. If any term, provision, covenant or condition of this STATUTORY AGREEMENT shall be determined invalid, void or unenforceable, by a court of competent jurisdiction, the remainder of this STATUTORY AGREEMENT shall not be affected thereby to the extent such remaining provisions are not rendered impractical to perform taking into consideration the purposes of this STATUTORY AGREEMENT. The foregoing notwithstanding, the provision of the public benefits set forth in Article 5, including the payment of the fees set forth therein, are essential elements of this STATUTORY AGREEMENT and the City would not have entered into this STATUTORY AGREEMENT but for such provisions, and therefore in the event that any portion of such provisions are determined to be invalid, void or unenforceable, at the City's option this entire STATUTORY AGREEMENT shall terminate and from that point on be null and void and of no force and effect whatsoever. The foregoing notwithstanding, the development rights set forth in Article 4 of this STATUTORY AGREEMENT are essential elements of this STATUTORY AGREEMENT and Owner would not have entered into this STATUTORY AGREEMENT but for such provisions, and therefore in the event that any portion of such provisions are determined to be invalid, void or unenforceable, at Owner's option this entire STATUTORY AGREEMENT shall terminate and from that point on be null and void and of no force and effect whatsoever.

11.3 Interpretation and Governing Law. This STATUTORY AGREEMENT and any dispute arising hereunder shall be governed and interpreted in accordance with the

laws of the State of California. This STATUTORY AGREEMENT shall be construed as a whole according to its fair language and common meaning to achieve the objectives and purposes of the parties hereto, and the rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be employed in interpreting this STATUTORY AGREEMENT, since all parties were represented by counsel in the negotiation and preparation hereof.

11.4 Section Headings. All section headings and subheadings are inserted for convenience only and shall not affect any construction or interpretation of this STATUTORY AGREEMENT.

11.5 Singular and Plural; Gender, and Person. Except where the context requires otherwise, the singular of any word shall include the plural and vice versa, and pronouns inferring the masculine gender shall include the feminine gender and neuter, and vice versa, and a reference to "person" shall include, in addition to a natural person, any governmental entity and any partnership, corporation, joint venture or any other form of business entity.

11.6 Time of Essence. Time is of the essence in the performance of the provisions of this STATUTORY AGREEMENT as to which time is an element.

11.7 Waiver. Failure by a party to insist upon the strict performance of any of the provisions of this STATUTORY AGREEMENT by the other party, or the failure by a party to exercise its rights upon the default of the other party, shall not constitute a waiver of such party's right to insist and demand strict compliance by the other party with the terms of this STATUTORY AGREEMENT thereafter.

11.8 No Third Party Beneficiaries. The only parties to this STATUTORY AGREEMENT are Owner and the City. This STATUTORY AGREEMENT is made and entered into for the sole protection and benefit of the parties and their successors and assigns. There are no third party beneficiaries and this STATUTORY AGREEMENT is not intended, and shall not be construed, to benefit, or be enforceable by any other person whatsoever.

11.9 INTENTIONALLY BLANK

11.10 INTENTIONALLY BLANK

11.11 Mutual Covenants. The covenants contained herein are mutual covenants and also constitute conditions to the concurrent or subsequent performance by the party benefited thereby of the covenants to be performed hereunder by such benefited party.

11.12 Counterparts. This STATUTORY AGREEMENT may be executed by the parties in counterparts, which counterparts shall be construed together and have the same effect as if all of the parties had executed the same instrument.

11.13 Jurisdiction and Venue. Any action at law or in equity arising under this STATUTORY AGREEMENT or brought by a party hereto for the purpose of enforcing,

construing or determining the validity of any provision of this STATUTORY AGREEMENT shall be filed and prosecuted in the Superior Court of the County of Los Angeles, State of California, and the parties hereto waive all provisions of federal or state law or judicial decision providing for the filing, removal or change of venue to any other state or federal court, including, without limitation, Code of Civil Procedure Section 394.

11.14 Project as a Private Undertaking. It is specifically understood and agreed by and between the parties hereto that the development of the Project is a private development, that neither party is acting as the agent of the other in any respect hereunder, and that each party is an independent contracting entity with respect to the terms, covenants and conditions contained in this STATUTORY AGREEMENT. No partnership, joint venture or other association of any kind is formed by this STATUTORY AGREEMENT. The only relationship between the City and Owner is that of a government entity regulating the development of private property and the owner of such property.

11.15 Further Actions and Instruments. Each of the parties shall cooperate with and provide reasonable assistance to the other to the extent contemplated hereunder in the performance of all obligations under this STATUTORY AGREEMENT and the satisfaction of the conditions of this STATUTORY AGREEMENT. Upon the request of either party at any time, the other party shall promptly execute, with acknowledgment or affidavit if reasonably required, and file or record such required instruments and writings and take any actions as may be reasonably necessary under the terms of this STATUTORY AGREEMENT to carry out the intent and to fulfill the provisions of this STATUTORY AGREEMENT or to evidence or consummate the transactions contemplated by this STATUTORY AGREEMENT.

11.16 Eminent Domain. No provision of this STATUTORY AGREEMENT shall be construed to limit or restrict the exercise by the City of its power of eminent domain.

11.17 Agent for Service of Process. In the event Owner is not a resident of the State of California or it is an association, partnership or joint venture without a member, partner or joint venturer, resident of the State of California, or if it is a foreign corporation, then Owner shall file, upon its execution of this STATUTORY AGREEMENT, with the Chief Executive Officer or his or her designee, upon its execution of this STATUTORY AGREEMENT, a designation of a natural person residing in the State of California, giving his or her name, residence and business addresses, as its agent for the purpose of service of process in any court action arising out of or based upon this STATUTORY AGREEMENT, and the delivery to such agent of a copy of any process in any such action shall constitute valid service upon Owner. If for any reason service of such process upon such agent is not feasible, then in such event Owner may be personally served with such process out of the County of Los Angeles and such service shall constitute valid service upon Owner. Owner is amenable to the process so described, submits to the jurisdiction of the Court so obtained, and waives any and all objections and protests thereto.

11.18 Authority to Execute. The person or persons executing this STATUTORY AGREEMENT on behalf of Owner warrants and represents that he/she/they have the authority to execute this STATUTORY AGREEMENT on behalf of his/her/their

corporation, partnership or business entity and warrants and represents that he/she/they has/have the authority to bind Owner to the performance of its obligations hereunder. Owner shall each deliver to City on execution of this STATUTORY AGREEMENT a certified copy of a resolution and or minute order of their respective board of directors or appropriate governing body authorizing the execution of this STATUTORY AGREEMENT and naming the officers that are authorized to execute this STATUTORY AGREEMENT on its behalf. Each individual executing this STATUTORY AGREEMENT on behalf of his or her respective company or entity shall represent and warrant that:

(i) The individual is authorized to execute and deliver this STATUTORY AGREEMENT on behalf of that company or entity in accordance with a duly adopted resolution of the company's board of directors or appropriate governing body and in accordance with that company's or entity's articles of incorporation or charter and bylaws or applicable formation documents; and

(ii) This STATUTORY AGREEMENT is binding on that company or entity in accordance with its terms; and

(iii) The company or entity is a duly organized and legally existing company or entity in good standing; and

(iv) The execution and delivery of this STATUTORY AGREEMENT by that company or entity shall not result in any breach of or constitute a default under any mortgage, deed of trust, loan agreement, credit agreement, partnership agreement, or other contract or instrument to which that company or entity is party or by which that company or entity may be bound.

11.19 Nexus/Reasonable Relationship Challenges. Owner agrees that the fees imposed are in fact reasonable and related to the mitigation of the negative impacts of the business on the City and consents to, and waives any rights it may have now or in the future to challenge the legal validity of, the conditions, requirements, policies or programs set forth in this STATUTORY AGREEMENT including, without limitation, any claim that the terms in this STATUTORY AGREEMENT constitute an abuse of the police power, violate substantive due process, deny equal protection of the laws, effect a taking of property without payment of just compensation, and/or impose an unlawful tax.

11.20 [RESERVED]

11.21 No Damages Relief Against City. The parties acknowledge that the City would not have entered into this STATUTORY AGREEMENT had it been exposed to damage claims from Owner, or anyone acting on behalf of Owner for any breach thereof. As such, the parties agree that in no event shall Owner, or Owners' partners, or anyone acting on behalf of Owner be entitled to recover damages against City for breach of this STATUTORY AGREEMENT.

11.22 Laws. Owner agrees to comply with all applicable state, regional, and local laws, regulations, polices and rules. In addition, Owner further agrees to comply with all

issued entitlements, permits, licenses, including any and all applicable development standards. Specifically, Owner agrees to comply with all applicable provisions of BPMC.

11.23 Compliance with Conditions of Approval. Owner agrees to comply with and fulfill all conditions of approval for any and all entitlement, permits, and/or licenses it receives from the City. All conditions of approval for all entitlements, permits and/or licenses are attached hereto and incorporated herein by this reference.

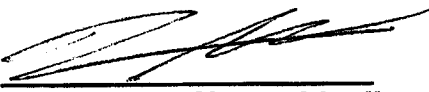
11.24 The City acknowledges that this STATUTORY AGREEMENT shall be read consistent with any statewide or national regulation of commercial cannabis that is promulgated in the future, either by legislative action or voter approval. In the event national or statewide regulations are promulgated which decriminalize or legalize the adult-use of marijuana for recreational use, this STATUTORY AGREEMENT shall govern the conduct of the property under such future regulations.

IN WITNESS WHEREOF, the parties hereto have caused this STATUTORY AGREEMENT to be executed as of the dates written above.

CITY OF BALDWIN PARK

TIER ONE CONSULTING

By: _____
Manuel Lozano, Mayor

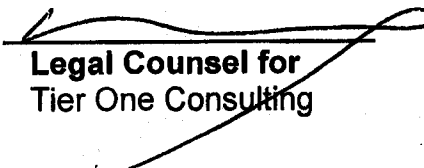
By: 
Anthony Willoughby II
Vice President

ATTEST:

By: _____
City Clerk

APPROVED AS TO FORM:

APPROVED AS TO FORM:

By: 
Legal Counsel for
Tier One Consulting

By: _____
Robert N. Tafoya,
City Attorney

EXHIBIT E

ORDINANCE 1427

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF BALDWIN PARK, CALIFORNIA, AUTHORIZING THE CITY OF BALDWIN PARK TO ENTER INTO A DEVELOPMENT AGREEMENT WITH TIER ONE CONSULTING FOR THE CULTIVATION AND/OR MANUFACTURING OF CANNABIS AT THE REAL PROPERTY LOCATED AT 14726 ARROW HIGHWAY (APN: 8414-005-002) WITHIN THE CITY OF BALDWIN PARK

WHEREAS, a Development Agreement with the City of Baldwin Park will be required; and

WHEREAS, a duly noticed public hearing was held by the Planning Commission of the City of Baldwin Park on June 13, 2018, to receive comments and consider recommendation to City Council of the proposed Development Agreement; and

WHEREAS, the Planning Commission at such hearing, did recommend that the City Council approve the proposed Agreement; and

WHEREAS, the City Council held a duly noticed public hearing pursuant to law on the Agreement on June 20, 2018; and

WHEREAS, the City Council has reviewed the Development Agreement (attached as Exhibit "A" herewith and incorporated herein by reference) and finds and declares that compliance with all notice, hearing, and procedural requirements as set forth by law have been met, thus allowing the City Council to review and consider the approval of the attached Development Agreement; and

WHEREAS, the City Council hereby specifically finds that the provisions of the Development Agreement are consistent with the General Plan of the City; and

WHEREAS, the City Council hereby specifically finds that the Development Agreement is in conformance with the public convenience and general welfare of persons residing in the immediate area and will not be detrimental or injurious to property or persons in the general neighborhood or to the general welfare of the residents of the city as a whole; and

WHEREAS, the City Council hereby specifically finds that the Development Agreement is consistent with the provisions of California Government Code §§ 65864 - 65869.5.; and

WHEREAS, as required by law, the City Council gave first reading to the proposed ordinance on June 20, 2018.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF BALDWIN PARK DOES HEREBY RESOLVE AND ORDER AS FOLLOWS:

SECTION 1. In accordance with the provisions of the California Environmental Quality Act (CEQA), it has been determined that the proposed Development Agreement Projects (DA 18-03 and DA 18-18 through DA 18-20) will not have a significant impact of the environment and are Categorically Exempt pursuant to Article 19, Section 15301, Class 1, 'Existing Facilities' or Class 32, 'In-fill Development Projects'. Furthermore each of the locations is proposed within an existing building.

SECTION 2. The City Council hereby adopts the following findings of fact required by Subchapter 153.210.860 of the City's Municipal Code relating to Development Agreements:

1. The Development Agreement is consistent with the General Plan objectives, policies, land uses and implementation programs and any other adopted plans or policies applicable to the agreement.

Because both of the locations of the cannabis distribution business are located within the I-C, Industrial Commercial Zone, it is anticipated that the use of the property is consistent with the other light industrial uses within the area. The adoption of cannabis cultivation and manufacturing activities is also consistent with Goal 1.0 of the City's Economic development Element in the General Plan in that the City encourages and facilitates activities that expand the City's revenue base. Furthermore, Goal 6.0 of the same element encourages the expansion of the City's diverse industrial base. Policy 6.5 of Goal 6.0 encourages an on-going campaign with local businesses to hire local residents. This Development Agreement requires that a minimum of 20% of the businesses workforce shall consist of Baldwin Park residents.

2. The Development Agreement is compatible with the uses authorized in, and the regulations prescribed for, the land use district in which the real property is located.

Pursuant to Ordinance 1401, adopted by the City Council on August 16, 2017, effective on September 16, 2017 (and as subsequently amended by Ordinance 1403 refining the measurement of distances) cannabis cultivation, manufacturing and distribution activities are allowed within the City provided all of the development standards in Chapter 127 of the City's Municipal Code are met. Dispensaries remain prohibited throughout the City.

3. The Development Agreement is in conformance with the public convenience and general welfare of persons residing in the immediate area and will not be detrimental or injurious to property or persons in the general neighborhood or to the general welfare of the residents of the city as a whole.

The Development Agreement is in conformance with the general area and City as a whole as it is located within the I-C, Industrial Commercial Zone surrounded by lighter industrial uses. The use exceeds the distance requirement of fifty (50) feet between cannabis uses and the closest residential zone; furthermore, pursuant to Section 127.07.E.1 of the City's Municipal Code, the cannabis use is not nearby any sensitive uses such as schools, day care centers, parks or youth centers.

Security measures for the facility include, alarms, video surveillance, and a comprehensive employee training program.

4. The Development Agreement is consistent with the provisions of California Government Code §§ 65864 - 65869.5.

Pursuant to the City Attorney's Office along with review by the Planning Division Staff, the Development Agreement (Reference Attachments #2 through #5 to the Planning Commission and City Council staff reports dated June 13 and June 20, 2018) is consistent with California Government Code Sections 65864-65869.5.

SECTION 3. The City Council hereby approves and adopts the Development Agreement, in the form as attached hereto as Exhibit "A", and authorizes and directs the Mayor to sign it in the name of the City of Baldwin Park.

SECTION 4. This ordinance shall go into effect and be in full force and operation from and after thirty (30) days after its final reading and adoption.

First read at a regular meeting of the City Council of the City of Baldwin Park held on the 20th day of June and adopted and ordered published at a regular meeting of said Council on the 18th day of July, 2018.

PASSED, APPROVED, AND ADOPTED this 18th day of July, 2018.

MANUEL LOZANO
MAYOR

ATTEST:
STATE OF CALIFORNIA
COUNTY OF LOS ANGELES } **SS:**
CITY OF BALDWIN PARK

I, ALEJANDRA AVILA, City Clerk of the City of Baldwin Park, do hereby certify that the foregoing ordinance was introduced and placed upon its first reading at a regular meeting of the City Council on June 20th, 2018. Thereafter, said **Ordinance No. 1427** was duly approved and adopted at a regular meeting of the City Council on **July 18th, 2018** by the following vote to wit:

AYES: COUNCIL MEMBERS:

NOES: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

ABSTAIN: COUNCIL MEMBERS:

ALEJANDA AVILA
CITY CLERK

EXHIBIT F

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Recorded/Filed in Official Records
Recorder's Office, Los Angeles County,
California

06/25/19 AT 04:07PM

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THIS FORM IS NOT TO BE DUPLICATED

**AMENDED DEVELOPMENT AGREEMENT
BY AND BETWEEN
THE CITY OF BALDWIN PARK AND TIER ONE CONSULTING**

ARTICLE 1. PARTIES AND DATE.

This Government Code Amended Statutory Development Agreement ("STATUTORY AGREEMENT") is entered April 3, 2019 for references purposes only and is Case No. 18-20 and is entered into between (i) the City of Baldwin Park ("City"), a California municipal corporation, and (ii) Tier One Consulting ("Owner"). This STATUTORY AGREEMENT shall become effective on the Effective Date defined in Section 3.1.9 below.

*Previous recorded doc # 20180855570
date: 8/23/18*

ARTICLE 2. RECITALS.

2.1 WHEREAS, this Statutory Development Agreement is pursuant to Government Code and is intended to be a Statutory Development Agreement under and through Government Code Section 65864 et seq.; and

2.2 WHEREAS, the City is authorized pursuant to Government Code Section 65864 et seq. to enter into binding statutory development agreements with persons having legal or equitable interests in real property for the development of such property; and

2.3 WHEREAS, Owner commenced its efforts to obtain approvals and clearances to cultivate and manufacture medical and adult use cannabis in September 2017; and at that time the City determined that the uses authorized in this STATUTORY AGREEMENT were lawfully permitted and authorized to occur on Owner's Property, subject to Owner's acquisition of various entitlements, as discussed herein; and

2.4 WHEREAS, Owner voluntarily enters into this STATUTORY AGREEMENT and after extensive negotiations and proceedings have been taken in accordance with the rules and regulations of the City, Owner has elected to execute this STATUTORY AGREEMENT as it provides Owner with important economic and development benefits; and

2.5 WHEREAS, this STATUTORY AGREEMENT and the Project are consistent with the City's General Plan and Zoning Code and applicable provisions of the City's applicable Zoning Map and the Baldwin Park Municipal Code as of the Agreement Date; and

2.6 WHEREAS, all actions taken and approvals given by the City have been duly taken or approved in accordance with all applicable legal requirements for notice, public hearings, findings, votes, and other procedural matters; and

2.7 WHEREAS, this STATUTORY AGREEMENT will eliminate uncertainty in planning and provide for the orderly development of the Project and/or Property, ensure progressive installation of necessary improvements, and provide for public services appropriate to the development of the Project; and

2.8 WHEREAS, in implementation of the promulgated state policy to promote private participation in comprehensive planning and to strengthen the public planning process and to reduce the economic risk of development, the City deems the implementation of this STATUTORY AGREEMENT to be in the public interest and intends that the adoption of this STATUTORY AGREEMENT be considered an exercise of the City's police powers to regulate the development of the Property during the Term of this STATUTORY AGREEMENT; and

2.9 WHEREAS, this STATUTORY AGREEMENT is consistent with the public health, safety and welfare needs of the residents of the City and the surrounding region and the City has specifically considered and approved the impact and benefits of the development of the Property in accordance with this STATUTORY AGREEMENT upon the welfare of the region; and

2.10 WHEREAS, Owner intends to develop a Cannabis Manufacturing and Cultivation Facility pursuant to the Baldwin Park Municipal Code ("BPMC") Chapter 127 and all applicable state laws, rules, and regulations; and

2.11 WHEREAS, concurrently with execution of this STATUTORY AGREEMENT, City acknowledges that Owner has been authorized to cultivate and manufacture cannabis and cannabis related products at its facility or facilities up to 22,000 square feet.

2.12 WHEREAS, the City entered into a Development Agreement with Rukli, Inc. to be the exclusive distributor of cannabis and cannabis related products in the City of Baldwin Park. The City is entering into development agreements with owners for permits for cultivation and manufacturing of cannabis and cannabis related products in the City of Baldwin Park. The City prohibits the sale of cannabis and cannabis related products within the City of Baldwin Park so the cannabis and cannabis related products must be distributed to and sold in cities where it is legal to do so. Rukli, Inc. shall be the exclusive distributor for the cultivation and/or manufacturing permit holders within the City of Baldwin Park and City conditions the cultivation and/or manufacturing permits on Rukli, Inc. being the exclusive distributor for any permit issued by Baldwin Park for cultivation or manufacturing.

ARTICLE 3. GENERAL TERMS.

3.1 Definitions and Exhibits. The following terms when used in this STATUTORY AGREEMENT shall be defined as follows:

3.1.1 "Agreement" means this STATUTORY AGREEMENT pursuant to Government Code Section 65864 et seq.

3.1.2 "City" means the City of Baldwin Park, a California municipal corporation.

3.1.3 "Days" mean calendar days unless otherwise specified.

3.1.4 "Dedicate" means to offer the subject land for dedication and to post sufficient bonds or other security if necessary for the improvements to be constructed including, but not limited to: grading, the construction of infrastructure and public facilities related to the Project whether located within or outside the Property, the construction of buildings and structures, and the installation of landscaping.

3.1.5 "Development" If applicable, includes grading, construction or installation of public and private facilities and the right to maintain, repair or reconstruct any private building, structure, improvement or facility after the construction and completion thereof; provided, however, that such maintenance, repair, or reconstruction take place within the Term of this STATUTORY AGREEMENT on the Property.

3.1.6 "Development Approvals" If applicable, means all other entitlements for the Development of the Property, including any and all conditions of approval, subject to approval or issuance by the City in connection with Development of the Property. "Development Approvals" also include both the Existing Development Approvals and the Subsequent Development Approvals approved or issued by the City that are consistent with this STATUTORY AGREEMENT.

3.1.7 "Development Plan" If applicable, means the Existing Development Approvals and the Existing Land Use Regulations applicable to development of the Property for the Project, as modified and supplemented by Subsequent Development Approvals.

3.1.8 "BPMC" means the City of Baldwin Park Municipal Code.

3.1.9 "Effective Date" means the day this STATUTORY AGREEMENT is approved and adopted by the Baldwin Park City Council and signed by the Mayor of Baldwin Park or his designee.

3.1.10 "Existing Development Approvals" If applicable, means all Development Approvals approved or issued prior to or on the Effective Date. Existing Development Approvals include the approvals set forth in Section 3.1.6 and all other approvals which are a matter of public record prior to or on the Effective Date.

3.1.11 "Existing Land Use Regulations" If and where applicable, means all Land Use Regulations in effect on the Effective Date. Existing Land Use Regulations include all regulations that are a matter of public record on the Effective Date as they may be modified by the Existing Development Approvals.

3.1.12 "Land Use Regulations" If and where applicable means all ordinances, resolutions and codes adopted by the City governing the development and use of land, including the permitted use of land, the density or intensity of use, subdivision

requirements, the maximum height and size of proposed buildings, the provisions for reservation or Dedication of land for public purposes, and the design, improvement and construction and initial occupancy standards and specifications applicable to the Development of the Property.

3.1.13 "Mortgagee" If applicable, means a mortgagee of a mortgage, a beneficiary under a deed of trust or any other security-device lender and its successors-in interest.

3.1.14 "Owner" means Tier One Consulting.

3.1.15 "Processing Fees" means the normal and customary application, filing, plan check, permit fees for land use approvals, design review, tree removal permits, building permits, demolition permits, grading permits, and other similar permits and entitlements, and inspection fees, which fees are charged to reimburse the City's expenses attributable to such applications, processing, permitting, review and inspection and which are in force and effect on a general basis at such time as said approvals, permits, review, inspection or entitlements are granted or conducted by the City.

3.1.16 "Project" If applicable means the Development of the Property contemplated by the Development Plan, as such Development Plan may be further defined, enhanced or modified pursuant to the provisions of this STATUTORY AGREEMENT. The Project shall consist of this STATUTORY AGREEMENT, the Development Plans, the application, any and all entitlements, licenses, and permits related to the Project.

3.1.17 "Property" means the real property described as APN 8558-029-031 and identified in Section 3.4 and incorporated herein by this reference. Owner may modify the location or locations or add locations to the Property subject to City approval and all applicable zoning and distance requirements.

3.1.18 "Reasonable" means using due diligence to accomplish a stated objective that the subject party is capable of performing or providing under the circumstances in a manner that is consistent with the intent and objectives of the STATUTORY AGREEMENT.

3.1.19 "Reservations of Authority" means the rights and authority excepted from the assurances and rights provided to Owner under this STATUTORY AGREEMENT and reserved to the City as described in Section 4.4.

3.1.20 "Space or Canopy Space" shall mean any space or ground, floor or other surface area (whether horizontal or vertical) which is used during the marijuana germination, seedling, vegetative, pre-flowering, flowering, curing and/or harvesting phases, including without limitation any space used for activities such as growing, planting, seeding, germinating, lighting, warming, cooling, aerating, fertilizing, watering, irrigating, topping, pinching, cropping, curing or drying marijuana or any such space used for storing any cannabis, no matter where such storage may take place or such storage space may be located.

3.1.21 "Subsequent Development Approvals" If applicable, means all future discretionary approvals and all ministerial Development Approvals required subsequent to the Effective Date in connection with development of the Property, including without limitation, subdivision improvement agreements that require the provision of bonds or other securities. Subsequent Development Approvals include, but are not limited to, all excavation, grading, building, construction, demolition, encroachment or street improvement permits, occupancy certificates, utility connection authorizations, or other permits or approvals necessary, convenient or appropriate for the grading, construction, marketing, use and occupancy of the Project within the Property at such times and in such sequences as Owner may choose consistent with the Development Plan and this STATUTORY AGREEMENT.

3.1.22 "Subsequent Land Use Regulations" If applicable means any Land Use Regulations defined in Section 3.1.12 that are adopted and effective after the Effective Date of this STATUTORY AGREEMENT.

3.2 Documents. The following documents are attached to and, by this reference, are made part of this STATUTORY AGREEMENT:

No. 1 – Legal Description of the Property.

No. 2 – Map showing Property and its location.

No. 3 – Application.

3.3 Binding Effect of STATUTORY AGREEMENT. The Property is hereby made subject to this STATUTORY AGREEMENT. Subject to Owner's receipt of all Development Approvals relative thereto, the Development of the Property is hereby authorized and shall, except as otherwise provided in this STATUTORY AGREEMENT, be carried out only in accordance with the terms of this STATUTORY AGREEMENT and the Development Plan, if any. In the event of conflict or uncertainty between this STATUTORY AGREEMENT and the Development Plan, the provisions of this STATUTORY AGREEMENT shall control.

3.4 Ownership of Property. Owner represents and covenants that it has a legal or equitable interest in the Property, which has an Assessor's Parcel Number of 8558-029-031 and is more particularly described as 1516 Virginia Avenue, Baldwin Park, California 91706.

3.5 Term. The parties agree that the Term of this STATUTORY AGREEMENT shall be fifteen (15) years commencing on the Effective Date subject to the written extension and early termination provisions described in this STATUTORY AGREEMENT. Upon termination of this STATUTORY AGREEMENT, this STATUTORY AGREEMENT shall be deemed terminated and of no further force and effect, except terms that are expressly stated in this STATUTORY AGREEMENT to survive termination without the need of further documentation from the parties hereto. The STATUTORY AGREEMENT's Fee is subject to renegotiation after the first term, and every five year term thereafter.

3.5.1 Term Extension. This STATUTORY AGREEMENT may only be extended by mutual agreement of City and Owner in writing and signed by Owner and the Mayor of Baldwin Park. If the Mayor of Baldwin Park does not sign the agreement or renegotiated agreement any such agreement is null and void.

3.6 Automatic Termination. This STATUTORY AGREEMENT shall automatically terminate upon the occurrence of any of the following events:

(i) Expiration of the Term of this STATUTORY AGREEMENT as set forth in Section 3.5;

(ii) The entry of a final judgment (or a decision on any appeal therefrom) voiding the City's General Plan or any element thereof, which judgment or decision would preclude development of the Project, but only if the City is unable to cure such defect in the General Plan or element within one hundred and eighty (180) days from the later of entry of final judgment or decision on appeal.

(iii) Failure to timely pay the Fee or Fees. Failure to timely pay the \$50,000 towards the policy salary or benefits. Failure to pay any fees due to the City under this STATUTORY AGREEMENT.

3.6.1 Effect of Termination. Termination of this STATUTORY AGREEMENT shall constitute termination of all land use entitlements and permits approved for the Owner and/or the Property. Upon the termination of this STATUTORY AGREEMENT, no party shall have any further right or obligation hereunder except with respect to any obligation to have been performed prior to such termination, or with respect to any default in the performance of the provisions of this STATUTORY AGREEMENT which has occurred prior to such termination, or with respect to any obligations which are specifically and expressly set forth as surviving this STATUTORY AGREEMENT.

3.7 Notices.

3.7.1 Notice Defined. As used in this STATUTORY AGREEMENT, notice includes, without limitation, the communication of notice, request, demand, approval, statement, report, acceptance, consent, waiver, appointment or other communication required or permitted hereunder.

3.7.2 Written Notice and Delivery. All notices shall be in writing and shall be considered given:

- (i) when delivered in person to the recipient named below; or
- (ii) three days after deposit in the United States mail, postage prepaid, addressed to the recipient named below; or
- (iii) on the date of personal delivery shown in the records of the delivery company after delivery to the recipient named below; or

(iv) on the date of delivery by facsimile transmission to the recipient named below if a hard copy of the notice is deposited in the United States mail, postage prepaid, addressed to the recipient named below. All notices shall be addressed as follows:

If to the City: Chief Executive Officer
14403 E. Pacific Avenue
Baldwin Park, CA 91706

If to Owner: Tier One Consulting
1516 Virginia Ave.
Baldwin Park, CA 91706

3.7.3 Address Changes. Either party may, by notice given at any time, require subsequent notices to be given to another person or entity, whether a party or an officer or representative of a party or to a different address, or both. Notices given before actual receipt of notice of change shall not be invalidated by the change.

3.8 Validity of this STATUTORY AGREEMENT. Owner and the City each acknowledge that neither party has made any representations to the other concerning the enforceability or validity of any one or more provisions of this STATUTORY AGREEMENT. The parties acknowledge and agree that neither party shall allege in any administrative or judicial proceeding that the entering into or the performance of any obligations created in this STATUTORY AGREEMENT violates federal or state law, with respect to all federal, state and local statutes, ordinances or regulations in effect as of the Effective Date.

3.9 Fee. Fee means the amount(s) set by the City, negotiated with Owner, to provide City commensurate benefit based on a private benefit conferred upon Owner. Fee shall include City's cost to research cannabis and cannabis laws and regulations, draft cannabis ordinance, conduct public meetings, negotiate development agreements, process applications, and any other acts taken by the City in furtherance of medical and adult commercial use of cannabis.

ARTICLE 4. DEVELOPMENT OF THE PROPERTY.

4.1 Right to Develop. Owner shall, subject to the terms of this STATUTORY AGREEMENT, develop the Property with a commercial cannabis facility in accordance with and to the extent of the Development Plan and/or application. The Property shall remain subject to all Subsequent Development Approvals required to complete the Project as contemplated by the Development Plan and/or application.

4.2 Effect of STATUTORY AGREEMENT on Land Use Regulations. Except as otherwise provided by this STATUTORY AGREEMENT, the rules, regulations and official policies and conditions of approval governing permitted uses of the Property, the density and intensity of use of the Property, the maximum height and size of proposed buildings, and the design, improvement, occupancy and construction standards and specifications applicable to development of the Property shall be the Development Plan and/or

application. Provided, however, that in approving tentative subdivision maps, the City may impose ordinary and necessary dedications for rights-of-way or easements for public access, utilities, water, sewers and drainage, having a nexus with the particular subdivision; provided, further, that the City may impose and will require normal and customary subdivision improvement agreements and commensurate security to secure performance of Owner's obligations thereunder.

4.3 Changes to Project. The parties acknowledge that changes to the Project or Development Approvals may be appropriate and mutually desirable. The City shall act on such applications, if any, in accordance with the Existing Land Use Regulations, subject to the Reservations of Authority, or except as otherwise provided by this STATUTORY AGREEMENT. If approved, any such change in the Existing Development Approvals shall be considered an additional Existing Development Approval.

4.4 Reservations of Authority. Any other provision of this STATUTORY AGREEMENT to the contrary notwithstanding, the Development of the Property shall be subject to subsequently adopted ordinances, resolutions ("Subsequent Land Use Regulations" or sometimes referred to as "Reservation of Authority") on the following topics:

(i) Processing Fees imposed by the City to cover the estimated or actual costs to the City of processing applications for Development Approvals or for monitoring compliance with any Development Approvals granted or issued, which fees are charged to reimburse the City's lawful expenses attributable to such applications, processing, permitting, review and inspection and which are in force and effect on a general basis at such time as said approvals, permits, review, inspection or entitlement are granted or conducted by the City.

(ii) Procedural regulations relating to hearing bodies, petitions, applications, notices, findings, records, hearings, reports, recommendations, appeals and any other matter of procedure.

(iii) Regulations governing engineering and construction standards and specifications including, any and all uniform codes adopted by the State of California and subsequently adopted by the City.

(iv) Regulations which may be in conflict with the Development Plan but which are reasonably necessary to protect the public health and safety; provided, however, the following shall apply:

(a) That to the extent possible, such regulations shall be applied and construed so as to provide Owner with the rights and assurances provided in this STATUTORY AGREEMENT;

(b) That such regulations apply uniformly to all new development projects of the same uses within the City; and

(v) Regulations that do not conflict with the Development Plan. The term "do not conflict" means new rules, regulations, and policies which: (a) do not modify the Development Plan, including, without limitation, the permitted land uses, the density or intensity of use, the phasing or timing of Development of the Project, the maximum height and size of proposed buildings on the Property, provisions for Dedication of land for public purposes and Development Exactions, except as expressly permitted elsewhere in this STATUTORY AGREEMENT, and standards for design, development and construction of the Project; (b) do not prevent Owner from obtaining any Subsequent Development Approvals, including, without limitation, all necessary approvals, permits, certificates, and the like, at such dates and under such circumstances as Owner would otherwise be entitled by the Development Plan; or (c) do not prevent Owner from commencing, prosecuting, and finishing grading of the land, constructing public and private improvements, and occupying the Property, or any portion thereof, all at such dates and schedules as Owner would otherwise be entitled to do so by the Development Plan.

(vi) The City shall not be prohibited from applying Project Subsequent Land Use Regulations that do not affect permitted uses of the land, density, design, public improvements (including construction standards and specifications) or the rate of development of the Development, nor shall the City be prohibited from denying or conditionally approving any Subsequent Development applications on the basis of such subsequent Land Use Regulations.

4.5 Other Public Agencies. It is acknowledged by the parties that other public agencies not within the control of the City possess authority to regulate aspects of the development of the Property separately from or jointly with the City, and this STATUTORY AGREEMENT does not limit the authority of such other public agencies. The City shall reasonably cooperate with other public agencies processing Development Approvals for the Project.

4.6 Tentative Subdivision Map and Development Approvals Lifespan. The term of any tentative subdivision map shall be in effect for a period of fifteen (15) years, and may be extended pursuant to the provisions of the California Subdivision Map Act (Government Code §§ 66410 *et seq.*) All Development Approvals shall not expire if Owner commences substantial construction of the Project within one (1) year from the Effective Date of this STATUTORY AGREEMENT. "Substantial Construction" means the issuance of a building permit in furtherance of the Project.

4.7 Satisfaction of Conditions of Approval. Owner shall comply with any and all conditions of approval for any entitlement, permit, or license it receives from the City.

4.8 Subsequent Entitlements. Prior to commencement of construction of the Project, Owner shall be required to submit applications for any and all subsequent entitlements, if any, consistent with the terms and conditions set forth in this STATUTORY AGREEMENT.

4.9 City Records Inspection. Owner acknowledges and agrees that the City is empowered to examine Owner's books and records, including tax returns. The City has

the power and authority to examine such books and records at any reasonable time, including but not limited to, during normal business hours. If the City wishes to inspect the areas of the Property where the cannabis is being cultivated or manufactured, City may do so at any time with no prior notice to Owner. In addition, City agrees that all of its employees or agents which enter the cultivation, manufacturing, and curing areas shall follow all of the policies and guidelines imposed on Owner's employees, including without limitation, the wearing of any clothing or equipment to insure that no pests or impurities shall enter the cultivation and curing areas.

ARTICLE 5. PUBLIC BENEFITS.

5.1 Intent. The parties acknowledge and agree that development of the Property will result in substantial public needs which will not be fully met by the Development Plan and further acknowledge and agree that this STATUTORY AGREEMENT confers substantial private benefits on Owner which should be balanced by commensurate public benefits. Accordingly, the parties intend to provide consideration to the public to balance the private benefits conferred on Owner by providing more fully for the satisfaction of the public needs resulting from the Project.

5.2 For the first year, Owner will pay the City a total of \$235,000 as a Fee. This fee is calculated based on \$10.00 a square foot of permit space and a permit which allows up to 22,000 sq. feet, among other factors.

5.3 In year two and year three, the Fee will increase to \$12.50 per sq. foot for a total of \$285,000 per year.

5.4 At the beginning of year four, Owner will pay a Fee of \$15.00 per sq. foot for a total of \$330,000 per year. In year five, Owner will pay a Fee of \$345,000.

5.5 The Fee schedule is as follows: The first Fee payment is due 6 months after this STATUTORY AGREEMENT is signed by the Mayor of Baldwin Park. The second and last payment for the first year is due 6 months after the first payment. For years 2 through 15, the Fee schedule is as follows: divide the total Fee for the respective year into four and make four equal payments due at the end of each quarter. If Owner and City cannot agree to a new Fee or Fees by December 22, 2022, this STATUTORY AGREEMENT will automatically terminate on December 23, 2022.

5.6 The Fee is subject to reassessment by the City every five years. At the end of year five, the City will set a new Fee which will be applied in years 6 through 10. At the end of year 10, the City will set new Fee which will be applied in years 11 through 15. No one factor is dispositive in the City's determination of the new Fee. The Cannabis permit will expire at the close of the 15th year and will require the Owner to reapply with the City for a new permit.

5.7 Further, Owner will pay a yearly payment of \$55,000 each year to the City that can be used to mitigate the impact of the cannabis business on the City and its resources which includes but is not limited to, to use to pay a part of a police officer's salary and/or benefits. This \$55,000 amount will be due at the time the permit is issued.

Subsequent annual payments will be due on the permit issuance anniversary date. This payment is due within thirty (30) days of issuance of the permit and thereafter on the anniversary of the issuance of the permit.

5.8 Jobs and Wage Creation.

5.8.1 Local Hiring. Owner agrees to use its reasonable efforts to hire qualified City residents for jobs at the Project. Owner shall also use reasonable efforts to retain the services of qualified contractors and suppliers who are located in the City or who employ a significant number of City residents. At least 20 percent of the Project's workforce shall consist of residents of the City. Job announcements shall be posted at City Hall, along with proof that the job announcements were advertised in at least two newspapers published, printed or distributed in the City and on various social media sites accessible to the general public. In addition, Owner shall make a good faith effort to advertise job announcements at local job fairs and on local radio

5.9 Development Agreement Administrative Fee Deposit. Owner shall be responsible for all of the City's actual costs associated with processing Development Approvals for the Project including, but not limited to, costs associated with the City's review and processing of the Project, including but not limited to reviewing the Project's entitlements, including all environmental clearance documents, permits, licenses and all documents evidencing compliance with state and local law. As such, upon issuance of its permit, Owner must deposit \$15,000 with the City for the purpose of reimbursing the City for any associated costs with processing the Project, as detailed above and reimbursing the City for its actual costs incurred in drafting and processing this STATUTORY AGREEMENT. Owner will be liable for the City's actual costs incurred in processing future Development Approval applications. City acknowledges and agrees that this payment is not merely a deposit, but is a cap on the amount of the City's actual costs incurred in processing this STATUTORY AGREEMENT.

ARTICLE 6. DISTRIBUTION AND TRANSPORTATION

6.1 Transportation of Cannabis. All pick ups and drop offs of cannabis and cannabis products into and out of the City of Baldwin Park shall be by the exclusive distributor, Rukli, Inc., or such other company should Rukli, Inc. no longer hold that right. Owner shall not, on its own or through any person or entity, arrange for pick ups or drop offs of cannabis or cannabis products into or out of the City of Baldwin Park for any purpose, except by the exclusive distributor.

6.2 Distribution of Cannabis. Owner shall distribute its cannabis and cannabis products only through the City's exclusive distributor. Owner shall cooperate fully with the City's exclusive distributor regarding the accounting for product, revenue and tax collection.

6.3 Owner and the City's exclusive distributor shall reach their own agreement regarding fees for the exclusive distributor's services.

ARTICLE 7. REVIEW FOR COMPLIANCE.

7.1 Periodic Review. The City Council shall review this STATUTORY AGREEMENT annually, on or before each anniversary of the Effective Date, in order to ascertain Owner's good faith compliance with this STATUTORY AGREEMENT. During the periodic review, Owner shall be required to demonstrate good faith compliance with all the terms of the STATUTORY AGREEMENT.

7.2 Special Review. The City Council may order a special review of compliance with this STATUTORY AGREEMENT at any time.

7.3 Review Hearing. At the time and place set for the review hearing, Owner shall be given an opportunity to be heard. If the City Council finds, based upon substantial evidence, that Owner has not complied in good faith with the terms or conditions of this STATUTORY AGREEMENT, the City Council may automatically terminate this STATUTORY AGREEMENT notwithstanding any other provision of this STATUTORY AGREEMENT to the contrary, or modify this STATUTORY AGREEMENT and impose such conditions as are reasonably necessary to protect the interests of the City. The decision of the City Council shall be final, subject only to judicial review.

7.4 Certificate of Agreement Compliance. If, at the conclusion of a periodic or special review, the City Council determines that Owner is in compliance with this STATUTORY AGREEMENT, the City shall issue a Certificate of Agreement Compliance ("Certificate") to Owner stating that after the most recent periodic or special review, and based upon the information known or made known to the City Council, that (i) this STATUTORY AGREEMENT remains in effect and (ii) Owner is not in default. The City shall not be bound by a Certificate if a default existed at the time of the periodic or special review, but was concealed from or otherwise not known to the City Council, regardless of whether or not the Certificate is relied upon by assignees or other transferees or Owner.

7.5 Failure to Conduct Review. The City's failure to conduct a periodic review of this STATUTORY AGREEMENT shall not constitute a breach of this STATUTORY AGREEMENT.

7.6 Cost of Review. The costs incurred by City in connection with the periodic reviews shall be borne by the City. The Owner is not liable for any costs associated with any City periodic review of this STATUTORY AGREEMENT. The Owner is not liable for costs incurred for reviews.

ARTICLE 8. DEFAULTS AND REMEDIES.

8.1 Remedies in General. It is acknowledged by the parties that the City would not have entered into this STATUTORY AGREEMENT if it were to be liable in damages under this STATUTORY AGREEMENT, or with respect to this STATUTORY AGREEMENT or the application thereof, except as hereinafter expressly provided. Subject to extensions of time by mutual consent in writing, failure or delay by either party to perform any term or provision of this STATUTORY AGREEMENT shall constitute a default. In the event of alleged default or breach of any terms or conditions of this

STATUTORY AGREEMENT, the party alleging such default or breach shall give the other party thirty (30) days' notice in writing specifying the nature of the alleged default and the manner in which said default may be satisfactorily cured during any such thirty (30) day period, the party charged shall not be considered in default for purposes of termination or institution of legal proceedings.

In general, each of the parties hereto may pursue any remedy at law or equity available for the breach of any provision of this STATUTORY AGREEMENT through any state court, except that the City shall not be liable in monetary damages, unless expressly provided for in this STATUTORY AGREEMENT, to Owner, to any mortgagee or lender, or to any successors in interest of Owner if successors in interest are permitted under this STATUTORY AGREEMENT or mortgagee or lender, or to any other person, and Owner covenants on behalf of itself and all successors in interest, if successors in interest are permitted under this STATUTORY AGREEMENT, to the Property or any portion thereof, not to sue for damages or claim any damages:

(i) For any breach of this STATUTORY AGREEMENT or for any cause of action which arises out of this STATUTORY AGREEMENT; or

(ii) For the impairment or restriction of any right or interest conveyed or provided under, with, or pursuant to this STATUTORY AGREEMENT, including, without limitation, any impairment or restriction which Owner characterizes as a regulatory taking or inverse condemnation; or

(iii) Arising out of or connected with any dispute, controversy or issue regarding the application or request for a permit for cultivation, manufacturing and/or distribution or interpretation or effect of the provisions of this STATUTORY AGREEMENT.

Owner hereby agrees to waive and/or release the City of Baldwin Park for any claim or claims or cause of action, not specifically and expressly reserved herein, which Owner may have at the time of execution of this STATUTORY AGREEMENT relating to any application to the City of Baldwin Park including but not limited to, any application for any type of distribution, cultivation or manufacturing permit, any application for any distribution, cultivation or manufacturing rights, or any application for any distribution, cultivation or manufacturing license from the City of Baldwin Park.

CALIFORNIA CIVIL CODE SECTION 1542

The Owner expressly acknowledges that this STATUTORY AGREEMENT is intended to include in its effect, a waiver without limitation, of all claims or causes of actions which have arisen and of which each side knows or does not know, should have known, had reason to know or suspects to exist in their respective favor at the time of execution hereof, that this STATUTORY AGREEMENT contemplates the extinguishment of any such Claim or Claims. The Owner specifically acknowledges and waives and releases the rights granted to Owner under **California Civil Code Section 1542**, which states as follows:

"A general release does not extend to claims which the creditor does not

know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor."

By expressly waiving the rights granted to Owner under **California Civil Code Section 1542**, the Owner represents that they understand and acknowledge that if they have suffered any injury, damage as a result of the application for or request for any permit from the City of Baldwin Park and (i) they are not presently aware of any damage or injury, or (ii) any damage or injury has not yet manifested itself, any claims for any such damage or injury are forever released and discharged.

Nothing contained herein shall modify or abridge Owner's rights or remedies (including its rights for damages, if any) resulting from the exercise by the City of its power of eminent domain. Nothing contained herein shall modify or abridge Owner's rights or remedies (including its rights for damages, if any) resulting from the grossly negligent or malicious acts of the City and its officials, officers, agents and employees. Nothing herein shall modify or abridge any defenses or immunities available to the City and its employees pursuant to the Government Tort Liability Act and all other applicable statutes and decisional law.

Except as set forth in the preceding paragraph relating to eminent domain, Owner's remedies shall be limited to those set forth in this Section 8.1, Section 8.2, and Section 8.3.

8.2 Specific Performance. The parties acknowledge that money damages and remedies at law are inadequate, and specific performance and other non-monetary relief are particularly appropriate remedies for the enforcement of this STATUTORY AGREEMENT and should be available to all parties for the following reasons:

(i) Except as provided in Section 8.1, money damages are unavailable against the City as provided in Section 8.1 above.

(ii) Due to the size, nature and scope of the Project, it may not be practical or possible to restore the Property to its natural condition once implementation of this STATUTORY AGREEMENT has begun. After such implementation, Owner may be foreclosed from other choices it may have had to use the Property or portions thereof. Owner has invested significant time and resources and performed extensive planning and processing of the Project in agreeing to the terms of this STATUTORY AGREEMENT and will be investing even more significant time and resources in implementing the Project in reliance upon the terms of this STATUTORY AGREEMENT, and it is not possible to determine the sum of money which would adequately compensate Owner for such efforts; the parties acknowledge and agree that any injunctive relief may be ordered on an expedited, priority basis.

8.3 Termination of Agreement for Default of the City Owner may terminate this STATUTORY AGREEMENT only in the event of a default by the City in the performance of a material term of this STATUTORY AGREEMENT and only after providing written

notice to the City of default setting forth the nature of the default and the actions, if any, required by the City to cure such default and, where the default can be cured, the City has failed to take such actions and cure such default within sixty (60) days after the effective date of such notice or, in the event that such default cannot be cured within such sixty (60) day period but can be cured within a longer time, has failed to commence the actions necessary to cure such default within such sixty (60) day period and to diligently proceed to complete such actions and cure such default.

8.4 Attorneys' Fees and Costs. In any action or proceeding between the City and Owner brought to interpret or enforce this STATUTORY AGREEMENT, or which in any way arises out of the existence of this STATUTORY AGREEMENT or is based upon any term or provision contained herein, the "prevailing party" in such action or proceeding shall be entitled to recover from the non-prevailing party, in addition to all other relief to which the prevailing party may be entitled pursuant to this STATUTORY AGREEMENT, the prevailing party's reasonable attorneys' fees and litigation costs, in an amount to be determined by the court. The prevailing party shall be determined by the court in accordance with California Code of Civil Procedure Section 1032. Fees and costs recoverable pursuant to this Section 9.4 include those incurred during any appeal from an underlying judgment and in the enforcement of any judgment rendered in any such action or proceeding.

8.5 Owner Default. No building permit shall be issued or building permit application accepted for any structure on the Property after Owner is determined by the City to be in default of the terms and conditions of this STATUTORY AGREEMENT until such default thereafter is cured by Owner or is waived by the City. If the City terminates this STATUTORY AGREEMENT because of Owner's default, then the City shall retain any and all benefits, including money or land received by the City hereunder.

ARTICLE 9. THIRD PARTY LITIGATION.

9.1 General Plan Litigation. The City has determined that this STATUTORY AGREEMENT is consistent with its General Plan. Owner has reviewed the General Plan and concurs with the City's determination. The City shall have no liability under this STATUTORY AGREEMENT or otherwise for any failure of the City to perform under this STATUTORY AGREEMENT, or for the inability of Owner to develop the Property as contemplated by the Development Plan, which failure to perform or inability to develop is as the result of a judicial determination that the General Plan, or portions thereof, are invalid or inadequate or not in compliance with law, or that this STATUTORY AGREEMENT or any of the City's actions in adopting it were invalid, inadequate, or not in compliance with law. Notwithstanding the foregoing, neither party shall contend in any administrative or judicial proceeding that the STATUTORY AGREEMENT or any Development Approval is unenforceable based upon federal, state or local statutes, ordinances or regulations in effect on the Effective Date.

9.2 Hold Harmless Agreement. Owner hereby agrees to, and shall hold City, its elective and appointive boards, commissions, officers, agents, and employees harmless from any liability for damage or claims for damage for personal injury, including

death, as well as from claims for property damage which may arise from Owner or Owner's contractors, subcontractors, agents, or employees operations under this STATUTORY AGREEMENT, whether such operations be by Owner, or by any of Owner's contractors, subcontractors, agents, or employees operations under this STATUTORY AGREEMENT, whether such operations be by Owner, or by any of Owner's contractors, subcontractors, or by any one or more persons directly or indirectly employed by, or acting as agent for Owner or any of Owner's contractors or subcontractors. Owner agrees to and shall defend City and its elective and appointive boards, commissions, officers, agents and employees from any suits or actions at law or in equity for damage caused, or alleged to have been caused, by reason of any of the aforesaid operations.

9.3 Indemnification. Owner shall defend, indemnify and hold harmless City and defend its agents, officers and employees against and from any and all liabilities, demands, lawsuits, claims, government claims, actions or proceedings and costs and expenses incidental thereto (including costs of defense, settlement and reasonable attorneys' fees), which the City and its City Council members may suffer, incur, be responsible for or pay out as a result of or in connection with any challenge to the legality, validity or adequacy of any of the following: (i) this STATUTORY AGREEMENT and the concurrent and subsequent permits, licenses and entitlements approved for the Project or Property; (ii) if applicable, the environmental impact report, mitigated negative declaration or negative declaration, as the case may be, prepared in connection with the development of the Property; and (iii) the proceedings or procedure undertaken in connection with the adoption or approval of any permit or any of the above. In the event of any legal or equitable action or other proceeding instituted by anyone against the City or its City Council, any third party (including a governmental entity or official) challenging the validity of any provision of this STATUTORY AGREEMENT or procedure upon which the permit was issued, or any portion thereof as set forth herein, the parties shall mutually cooperate with each other in defense of said action or proceeding. Notwithstanding the above, the City, at its sole option, may tender to Owner and Owner agrees to accept any such tender of the complete defense of any third party challenge as described herein. In the event the City elects to contract with special counsel to provide for such a defense, the City may do so in its sole discretion and Owner will be required to pay the defense costs of the City as the costs are incurred. Owner agrees to pay any and all attorney's fees or retainer regarding the selection of counsel, and Owner shall pay all costs and all attorneys' fees related to retention of such counsel.

9.4 Environmental Contamination. Owner shall indemnify and hold the City, its officers, agents, and employees free and harmless from any liability, based or asserted, upon any act or omission of the Owner, its officers, agents, employees, subcontractors, predecessors in interest, successors, assigns and independent contractors, excepting any acts or omissions of City as successor to any portions of the Property dedicated or transferred to City by Owner, for any violation of any federal, state or local law, ordinance or regulation relating to industrial hygiene or to environmental conditions on, under or about the Property, including, but not limited to, soil and groundwater conditions, and Owner shall defend, at its expense, including attorneys' fees, the City, its officers, agents and employees in any action based or asserted upon any such alleged act or omission. The City may in its discretion participate in the defense of any such claim, action or

proceeding. The provisions of this Section 9.4 do not apply to environmental conditions that predate Owner's ownership or control of the Property or applicable portion; provided, however, that the foregoing limitation shall not operate to bar, limit or modify any of Owner's statutory or equitable obligations as an owner or seller of the Property.

9.5 The City May Choose its Own Counsel. With respect to Sections 9.1 through 9.4, the City reserves the right to select its own special counsel or otherwise engages special counsel to defend the City hereunder, which fees will be paid by Owner.

9.6 Accept Reasonable Good Faith Settlement. With respect to Article 9, the City shall not reject any reasonable good faith settlement. Before accepting any such settlement offer, City shall notify Owner of the offer and provide Owner with a copy of the offer. If Owner disagrees with the City's intention to accept the offer, prior to the City's response to any offer, the parties shall meet and confer in order to attempt to resolve the parties' differences. If the City does reject a reasonable, good faith settlement that is acceptable to Owner, Owner may enter into a settlement of the action, as it relates to Owner, and the City shall thereafter defend such action (including appeals) at its own cost and be solely responsible for any judgments rendered in connection with such action. This Section 9.6 applies exclusively to settlements pertaining to monetary damages or damages which are remedial by the payment of monetary compensation. Owner and the City expressly agree that this Section 9.6 does not apply to any settlement that requires an exercise of the City's police powers, limits the City's exercise of its police powers, or affects the conduct of the City's municipal operations.

9.7 Administrative Actions. The parties acknowledge that in the future there could be claims, enforcement actions, requests for information, subpoenas, criminal or civil actions initiated or served by either the Federal Government or the State Government in connection with Owner's development, operation and use of the Property (collectively, "Actions"). The City shall not disclose information and documents to the Federal Government or State Government, its officers, or agents regarding any party to this agreement absent a grand jury subpoena, civil or administrative subpoena, warrant, discovery request, summons, court order or similar process authorized under law hereinafter called "Governmental Notice". If any Action is brought by either the Federal or State Government, City shall immediately notify Owner of the nature of the Claim including all correspondence or documents submitted to the City. Prior to responding to the Governmental Notice, City shall provide Owner ten (10) days from the date of such notice subpoena or the like to serve and obtain on the City a protective order, or the like, from a court of competent jurisdiction.

9.8 Survival. The provisions of Sections 9.1 through 9.7 inclusive, shall survive the termination or expiration of this STATUTORY AGREEMENT, until such time as the uses of the Property established in the Development Plan are permanently terminated.

ARTICLE 10. THIRD PARTY LENDERS, ASSIGNMENT & SALE.

10.1 Encumbrances. The parties hereto agree that this STATUTORY AGREEMENT shall not prevent or limit Owner, in any manner, at Owner's sole discretion,

from encumbering the Property or any portion thereof or any improvement thereon by any mortgage, deed of trust or other security device securing financing with respect to the Property.

10.2 Lender Requested Modification/Interpretation. The City acknowledges that the lenders providing such financing may request certain interpretations and modifications of this STATUTORY AGREEMENT and agrees upon request, from time to time, to meet with Owner and representatives of such lenders to negotiate in good faith any such request for interpretation or modification. The City will not unreasonably withhold its consent to any such requested interpretation or modification provided such interpretation or modification is consistent with the intent and purposes of this STATUTORY AGREEMENT and as long as such requests do not minimize, reduce, curtail, negate or in any way limit City's rights under this STATUTORY AGREEMENT.

ARTICLE 11. MISCELLANEOUS PROVISIONS.

11.1 Entire Agreement. This STATUTORY AGREEMENT sets forth and contains the entire understanding and agreement of the parties, and there are no oral or written representations, understandings or ancillary covenants, undertakings or agreements that are not contained or expressly contained herein. No testimony or evidence of any such representations, understandings or covenants shall be admissible in any proceeding of any kind or nature to interpret or determine the terms or conditions of this STATUTORY AGREEMENT, provided, however, City at its option may rely on statements by Owner's agents at the public hearings leading to the City's approval of the project or on written documents by Owner's agents that are a part of the public record.

11.2 Severability. If any term, provision, covenant or condition of this STATUTORY AGREEMENT shall be determined invalid, void or unenforceable, by a court of competent jurisdiction, the remainder of this STATUTORY AGREEMENT shall not be affected thereby to the extent such remaining provisions are not rendered impractical to perform taking into consideration the purposes of this STATUTORY AGREEMENT. The foregoing notwithstanding, the provision of the public benefits set forth in Article 5, including the payment of the fees set forth therein, are essential elements of this STATUTORY AGREEMENT and the City would not have entered into this STATUTORY AGREEMENT but for such provisions, and therefore in the event that any portion of such provisions are determined to be invalid, void or unenforceable, at the City's option this entire STATUTORY AGREEMENT shall terminate and from that point on be null and void and of no force and effect whatsoever. The foregoing notwithstanding, the development rights set forth in Article 4 of this STATUTORY AGREEMENT are essential elements of this STATUTORY AGREEMENT and Owner would not have entered into this STATUTORY AGREEMENT but for such provisions, and therefore in the event that any portion of such provisions are determined to be invalid, void or unenforceable, at Owner's option this entire STATUTORY AGREEMENT shall terminate and from that point on be null and void and of no force and effect whatsoever.

11.3 Interpretation and Governing Law. This STATUTORY AGREEMENT and any dispute arising hereunder shall be governed and interpreted in accordance with the

laws of the State of California. This STATUTORY AGREEMENT shall be construed as a whole according to its fair language and common meaning to achieve the objectives and purposes of the parties hereto, and the rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be employed in interpreting this STATUTORY AGREEMENT, since all parties were represented by counsel in the negotiation and preparation hereof.

11.4 Section Headings. All section headings and subheadings are inserted for convenience only and shall not affect any construction or interpretation of this STATUTORY AGREEMENT.

11.5 Singular and Plural; Gender, and Person. Except where the context requires otherwise, the singular of any word shall include the plural and vice versa, and pronouns inferring the masculine gender shall include the feminine gender and neuter, and vice versa, and a reference to "person" shall include, in addition to a natural person, any governmental entity and any partnership, corporation, joint venture or any other form of business entity.

11.6 Time of Essence. Time is of the essence in the performance of the provisions of this STATUTORY AGREEMENT as to which time is an element.

11.7 Waiver. Failure by a party to insist upon the strict performance of any of the provisions of this STATUTORY AGREEMENT by the other party, or the failure by a party to exercise its rights upon the default of the other party, shall not constitute a waiver of such party's right to insist and demand strict compliance by the other party with the terms of this STATUTORY AGREEMENT thereafter.

11.8 No Third Party Beneficiaries. The only parties to this STATUTORY AGREEMENT are Owner and the City. This STATUTORY AGREEMENT is made and entered into for the sole protection and benefit of the parties and their successors and assigns. There are no third party beneficiaries and this STATUTORY AGREEMENT is not intended, and shall not be construed, to benefit, or be enforceable by any other person whatsoever.

11.9 INTENTIONALLY BLANK

11.10 INTENTIONALLY BLANK

11.11 Mutual Covenants. The covenants contained herein are mutual covenants and also constitute conditions to the concurrent or subsequent performance by the party benefited thereby of the covenants to be performed hereunder by such benefited party.

11.12 Counterparts. This STATUTORY AGREEMENT may be executed by the parties in counterparts, which counterparts shall be construed together and have the same effect as if all of the parties had executed the same instrument.

11.13 Jurisdiction and Venue. Any action at law or in equity arising under this STATUTORY AGREEMENT or brought by a party hereto for the purpose of enforcing,

construing or determining the validity of any provision of this STATUTORY AGREEMENT shall be filed and prosecuted in the Superior Court of the County of Los Angeles, State of California, and the parties hereto waive all provisions of federal or state law or judicial decision providing for the filing, removal or change of venue to any other state or federal court, including, without limitation, Code of Civil Procedure Section 394.

11.14 Project as a Private Undertaking. It is specifically understood and agreed by and between the parties hereto that the development of the Project is a private development, that neither party is acting as the agent of the other in any respect hereunder, and that each party is an independent contracting entity with respect to the terms, covenants and conditions contained in this STATUTORY AGREEMENT. No partnership, joint venture or other association of any kind is formed by this STATUTORY AGREEMENT. The only relationship between the City and Owner is that of a government entity regulating the development of private property and the owner of such property.

11.15 Further Actions and Instruments. Each of the parties shall cooperate with and provide reasonable assistance to the other to the extent contemplated hereunder in the performance of all obligations under this STATUTORY AGREEMENT and the satisfaction of the conditions of this STATUTORY AGREEMENT. Upon the request of either party at any time, the other party shall promptly execute, with acknowledgment or affidavit if reasonably required, and file or record such required instruments and writings and take any actions as may be reasonably necessary under the terms of this STATUTORY AGREEMENT to carry out the intent and to fulfill the provisions of this STATUTORY AGREEMENT or to evidence or consummate the transactions contemplated by this STATUTORY AGREEMENT.

11.16 Eminent Domain. No provision of this STATUTORY AGREEMENT shall be construed to limit or restrict the exercise by the City of its power of eminent domain.

11.17 Agent for Service of Process. In the event Owner is not a resident of the State of California or it is an association, partnership or joint venture without a member, partner or joint venturer, resident of the State of California, or if it is a foreign corporation, then Owner shall file, upon its execution of this STATUTORY AGREEMENT, with the Chief Executive Officer or his or her designee, upon its execution of this STATUTORY AGREEMENT, a designation of a natural person residing in the State of California, giving his or her name, residence and business addresses, as its agent for the purpose of service of process in any court action arising out of or based upon this STATUTORY AGREEMENT, and the delivery to such agent of a copy of any process in any such action shall constitute valid service upon Owner. If for any reason service of such process upon such agent is not feasible, then in such event Owner may be personally served with such process out of the County of Los Angeles and such service shall constitute valid service upon Owner. Owner is amenable to the process so described, submits to the jurisdiction of the Court so obtained, and waives any and all objections and protests thereto.

11.18 Authority to Execute. The person or persons executing this STATUTORY AGREEMENT on behalf of Owner warrants and represents that he/she/they have the authority to execute this STATUTORY AGREEMENT on behalf of his/her/their

corporation, partnership or business entity and warrants and represents that he/she/they has/have the authority to bind Owner to the performance of its obligations hereunder. Owner shall each deliver to City on execution of this STATUTORY AGREEMENT a certified copy of a resolution and or minute order of their respective board of directors or appropriate governing body authorizing the execution of this STATUTORY AGREEMENT and naming the officers that are authorized to execute this STATUTORY AGREEMENT on its behalf. Each individual executing this STATUTORY AGREEMENT on behalf of his or her respective company or entity shall represent and warrant that:

(i) The individual is authorized to execute and deliver this STATUTORY AGREEMENT on behalf of that company or entity in accordance with a duly adopted resolution of the company's board of directors or appropriate governing body and in accordance with that company's or entity's articles of incorporation or charter and bylaws or applicable formation documents; and

(ii) This STATUTORY AGREEMENT is binding on that company or entity in accordance with its terms; and

(iii) The company or entity is a duly organized and legally existing company or entity in good standing; and

(iv) The execution and delivery of this STATUTORY AGREEMENT by that company or entity shall not result in any breach of or constitute a default under any mortgage, deed of trust, loan agreement, credit agreement, partnership agreement, or other contract or instrument to which that company or entity is party or by which that company or entity may be bound.

11.19 Nexus/Reasonable Relationship Challenges. Owner agrees that the fees imposed are in fact reasonable and related to the mitigation of the negative impacts of the business on the City and consents to, and waives any rights it may have now or in the future to challenge the legal validity of, the conditions, requirements, policies or programs set forth in this STATUTORY AGREEMENT including, without limitation, any claim that the terms in this STATUTORY AGREEMENT constitute an abuse of the police power, violate substantive due process, deny equal protection of the laws, effect a taking of property without payment of just compensation, and/or impose an unlawful tax.

11.20 [RESERVED]

11.21 No Damages Relief Against City. The parties acknowledge that the City would not have entered into this STATUTORY AGREEMENT had it been exposed to damage claims from Owner, or anyone acting on behalf of Owner for any breach thereof. As such, the parties agree that in no event shall Owner, or Owners' partners, or anyone acting on behalf of Owner be entitled to recover damages against City for breach of this STATUTORY AGREEMENT.

11.22 Laws. Owner agrees to comply with all applicable state, regional, and local laws, regulations, polices and rules. In addition, Owner further agrees to comply with all

issued entitlements, permits, licenses, including any and all applicable development standards. Specifically, Owner agrees to comply with all applicable provisions of BPMC.

11.23 Compliance with Conditions of Approval. Owner agrees to comply with and fulfill all conditions of approval for any and all entitlement, permits, and/or licenses it receives from the City. All conditions of approval for all entitlements, permits and/or licenses are attached hereto and incorporated herein by this reference.

11.24 The City acknowledges that this STATUTORY AGREEMENT shall be read consistent with any statewide or national regulation of commercial cannabis that is promulgated in the future, either by legislative action or voter approval. In the event national or statewide regulations are promulgated which decriminalize or legalize the adult-use of marijuana for recreational use, this STATUTORY AGREEMENT shall govern the conduct of the property under such future regulations.

IN WITNESS WHEREOF, the parties hereto have caused this STATUTORY AGREEMENT to be executed as of the dates written above.

CITY OF BALDWIN PARK

By: _____

Manuel Lozano, Mayor

TIER ONE CONSULTING

By: _____

David Ju

ATTEST:

By: _____

City Clerk

APPROVED AS TO FORM:

By: _____

Legal Counsel for
Tier One Consulting

APPROVED AS TO FORM:

By: _____

Robert N. Tafoya,
City Attorney

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California

County of Los Angeles

On April 3, 2019 before me, Lourdes Ibeth Morales
(Insert name and title of the Officer)

personally appeared Manuel Lozano, Jean M. Ayala, Robert N. Tafaya, and David Ju.

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature [Signature] (Seal)

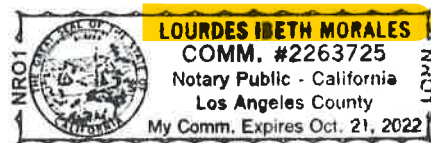


EXHIBIT G



STEPHANIE S. CHRISTENSEN
Acting United States Attorney
SCOTT M. GARRINGER
Assistant United States Attorney
Chief, Criminal Division
THOMAS F. RYBARCZYK (Cal. Bar No. 316124)
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Attorneys for Plaintiff
UNITED STATES OF AMERICA

UNITED STATES DISTRICT COURT

FOR THE CENTRAL DISTRICT OF CALIFORNIA

UNITED STATES OF AMERICA,

Plaintiff,

v.

GABRIEL CHAVEZ,

Defendant.

No. CR 2:22-cr-00462-MWF

PLEA AGREEMENT FOR DEFENDANT
GABRIEL CHAVEZ

1. This constitutes the plea agreement between GABRIEL CHAVEZ ("defendant") and the United States Attorney's Office for the Central District of California ("the USAO") in connection with an investigation of the matter described herein. This agreement is limited to the USAO and cannot bind any other federal, state, local, or foreign prosecuting, enforcement, administrative, or regulatory authorities.

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DEFENDANT'S OBLIGATIONS

2. Defendant agrees to:

a. Give up the right to indictment by a grand jury and, at the earliest opportunity requested by the USAO and provided by the Court, appear and plead guilty to a single-count information in the form attached to this agreement as Exhibit A or a substantially similar form, which charges defendant with aiding and abetting Federal Program Bribery, in violation of 18 U.S.C. §§ 666(a)(2), (2)(a).

b. Not contest the Factual Basis agreed to in this agreement.

c. Abide by all agreements regarding sentencing contained in this agreement.

d. Appear for all court appearances, surrender as ordered for service of sentence, obey all conditions of any bond, and obey any other ongoing court order in this matter.

e. Not commit any crime; however, offenses that would be excluded for sentencing purposes under United States Sentencing Guidelines ("U.S.S.G." or "Sentencing Guidelines") § 4A1.2(c) are not within the scope of this agreement.

f. Be truthful at all times with the United States Probation and Pretrial Services Office and the Court.

g. Pay the applicable special assessment at or before the time of sentencing unless defendant has demonstrated a lack of ability to pay such assessments.

3. Defendant further agrees to cooperate fully with the USAO, the Federal Bureau of Investigation, Internal Revenue Service - Criminal Investigation, and, as directed by the USAO, any other

1 federal, state, local, or foreign prosecuting, enforcement,
2 administrative, or regulatory authority. This cooperation requires
3 defendant to:

4 a. Respond truthfully and completely to all questions
5 that may be put to defendant, whether in interviews, before a grand
6 jury, or at any trial or other court proceeding.

7 b. Attend all meetings, grand jury sessions, trials, or
8 other proceedings at which defendant's presence is requested by the
9 USAO or compelled by subpoena or court order.

10 c. Produce voluntarily all documents, records, or other
11 tangible evidence relating to matters about which the USAO, or its
12 designee, inquires.

13 4. For purposes of this agreement: (1) "Cooperation
14 Information" shall mean any statements made, or documents, records,
15 tangible evidence, or other information provided, by defendant
16 pursuant to defendant's cooperation under this agreement or pursuant
17 to the letter agreements previously entered into by the parties dated
18 November 11, 2020 and June 14, 2021 (the "Letter Agreements") and in
19 his meetings with the government on November 11, 2020 and June 14,
20 2021; and (2) "Plea Information" shall mean any statements made by
21 defendant, under oath, at the guilty plea hearing and the agreed to
22 Factual Basis in this agreement.

23 THE USAO'S OBLIGATIONS

24 5. The USAO agrees to:

25 a. Not contest the Factual Basis agreed to in this
26 agreement.

27 b. Abide by all agreements regarding sentencing contained
28 in this agreement.

1 c. At the time of sentencing, provided that defendant
2 demonstrates an acceptance of responsibility for the offense up to
3 and including the time of sentencing, recommend a two-level reduction
4 in the applicable Sentencing Guidelines offense level, pursuant to
5 U.S.S.G. § 3E1.1, and recommend and, if necessary, move for an
6 additional one-level reduction if available under that section.

7 d. Recommend that defendant be sentenced to a term of
8 imprisonment no higher than the low end of the applicable Sentencing
9 Guidelines range.

10 6. The USAO further agrees:

11 a. Not to offer as evidence in its case-in-chief in the
12 above-captioned case or any other criminal prosecution that may be
13 brought against defendant by the USAO, or in connection with any
14 sentencing proceeding in any criminal case that may be brought
15 against defendant by the USAO, any Cooperation Information.
16 Defendant agrees, however, that the USAO may use both Cooperation
17 Information and Plea Information: (1) to obtain and pursue leads to
18 other evidence, which evidence may be used for any purpose, including
19 any criminal prosecution of defendant; (2) to cross-examine defendant
20 should defendant testify, or to rebut any evidence offered, or
21 argument or representation made, by defendant, defendant's counsel,
22 or a witness called by defendant in any trial, sentencing hearing, or
23 other court proceeding; and (3) in any criminal prosecution of
24 defendant for false statement, obstruction of justice, or perjury.

25 b. Not to use Cooperation Information against defendant
26 at sentencing for the purpose of determining the applicable
27 Sentencing Guidelines range, including the appropriateness of an
28 upward departure, or the sentence to be imposed, and to recommend to

1 the Court that Cooperation Information not be used in determining the
2 applicable Sentencing Guidelines range or the sentence to be imposed.
3 Defendant understands, however, that Cooperation Information will be
4 disclosed to the United States Probation and Pretrial Services Office
5 and the Court, and that the Court may use Cooperation Information for
6 the purposes set forth in U.S.S.G § 1B1.8(b) and for determining the
7 sentence to be imposed.

8 c. In connection with defendant's sentencing, to bring to
9 the Court's attention the nature and extent of defendant's
10 cooperation.

11 d. If the USAO determines, in its exclusive judgment,
12 that defendant has both complied with defendant's obligations under
13 paragraphs 2 and 3 above and provided substantial assistance to law
14 enforcement in the prosecution or investigation of another
15 ("substantial assistance"), to move the Court pursuant to U.S.S.G.
16 § 5K1.1 to fix an offense level and corresponding Sentencing
17 Guidelines range below that otherwise dictated by the Sentencing
18 Guidelines, and to recommend a term of imprisonment within this
19 reduced range.

20 DEFENDANT'S UNDERSTANDINGS REGARDING COOPERATION

21 7. Defendant understands the following:

22 a. Any knowingly false or misleading statement by
23 defendant will subject defendant to prosecution for false statement,
24 obstruction of justice, and perjury and will constitute a breach by
25 defendant of this agreement.

26 b. Nothing in this agreement requires the USAO or any
27 other prosecuting, enforcement, administrative, or regulatory
28

1 authority to accept any cooperation or assistance that defendant may
2 offer, or to use it in any particular way.

3 c. Defendant cannot withdraw defendant's guilty plea if
4 the USAO does not make a motion pursuant to U.S.S.G. § 5K1.1 for a
5 reduced Sentencing Guidelines range or if the USAO makes such a
6 motion and the Court does not grant it or if the Court grants such a
7 USAO motion but elects to sentence above the reduced range.

8 d. At this time the USAO makes no agreement or
9 representation as to whether any cooperation that defendant has
10 provided or intends to provide constitutes or will constitute
11 substantial assistance. The decision whether defendant has provided
12 substantial assistance will rest solely within the exclusive judgment
13 of the USAO.

14 e. The USAO's determination whether defendant has
15 provided substantial assistance will not depend in any way on whether
16 the government prevails at any trial or court hearing in which
17 defendant testifies or in which the government otherwise presents
18 information resulting from defendant's cooperation.

19 NATURE OF THE OFFENSE

20 8. Defendant understands that for defendant to be guilty of
21 the crime charged in the single-count information, that is, Federal
22 Program Bribery in violation of 18 U.S.C. § 666(a)(2), he must have
23 committed the crime of Federal Program Bribery and/or aided and
24 abetted in its commission.

25 9. For defendant to have committed the crime of Federal
26 Program Bribery in violation of 18 U.S.C. § 666(a)(2), the following
27 must be true:
28

1 a. Defendant corruptly gave, offered, or agreed to give
2 something of value to a person;

3 b. Defendant intended to influence or reward an agent of
4 a local government -- here, the City of Baldwin Park -- in connection
5 with any business, transaction, or series of transactions of that
6 local government involving anything of value of \$5,000 or more; and

7 c. The City of Baldwin Park received, in any one-year
8 period, benefits in excess of \$10,000 under a Federal program
9 involving a grant, contract, subsidy, loan, guarantee, insurance, or
10 other form of Federal assistance.

11 10. For defendant to have aided and abetted in the commission
12 of Federal Program Bribery in violation of 18 U.S.C. § 666(a)(2), the
13 following must be true:

14 a. Someone else committed Federal Program Bribery;

15 b. Defendant aided, counseled, commanded, induced, or
16 procured that person with respect to at least one element of Federal
17 Program Bribery;

18 c. Defendant acted with the intent to facilitate Federal
19 Program Bribery; and

20 d. Defendant acted before the crime was completed.

21 PENALTIES

22 11. Defendant understands that the statutory maximum sentence
23 that the Court can impose for a violation of 18 U.S.C. § 666(a)(2)
24 is: 10 years' imprisonment; a three-year period of supervised
25 release; a fine of \$250,000 or twice the gross gain or gross loss
26 resulting from the offense, whichever is greatest; and a mandatory
27 special assessment of \$100.

1 12. Defendant understands that supervised release is a period
2 of time following imprisonment during which defendant will be subject
3 to various restrictions and requirements. Defendant understands that
4 if defendant violates one or more of the conditions of any supervised
5 release imposed, defendant may be returned to prison for all or part
6 of the term of supervised release authorized by statute for the
7 offense that resulted in the term of supervised release, which could
8 result in defendant serving a total term of imprisonment greater than
9 the statutory maximum stated above.

10 13. Defendant understands that, by pleading guilty, defendant
11 may be giving up valuable government benefits and valuable civic
12 rights, such as the right to vote, the right to possess a firearm,
13 the right to hold office, and the right to serve on a jury.
14 Defendant understands that he is pleading guilty to a felony and that
15 it is a federal crime for a convicted felon to possess a firearm or
16 ammunition. Defendant understands that the conviction in this case
17 may also subject defendant to various other collateral consequences,
18 including but not limited to revocation of probation, parole, or
19 supervised release in another case and suspension or revocation of a
20 professional license. Defendant understands that unanticipated
21 collateral consequences will not serve as grounds to withdraw
22 defendant's guilty plea.

23 14. Defendant understands that, if defendant is not a United
24 States citizen, the felony conviction in this case may subject
25 defendant to: removal, also known as deportation, which may, under
26 some circumstances, be mandatory; denial of citizenship; and denial
27 of admission to the United States in the future. The Court cannot,
28 and defendant's attorney also may not be able to, advise defendant

1 fully regarding the immigration consequences of the felony conviction
2 in this case. Defendant understands that unexpected immigration
3 consequences will not serve as grounds to withdraw defendant's guilty
4 plea.

5 FACTUAL BASIS

6 15. Defendant admits that defendant is, in fact, guilty of the
7 offense to which defendant is agreeing to plead guilty. Defendant
8 and the USAO agree to the statement of facts provided below and agree
9 that this statement of facts is sufficient to support a plea of
10 guilty to the charge described in this agreement and to establish the
11 Sentencing Guidelines factors set forth in paragraph 17 below but is
12 not meant to be a complete recitation of all facts relevant to the
13 underlying criminal conduct or all facts known to either party that
14 relate to that conduct.

15 **A. Background**

16 The City of Baldwin Park, California (the "City") is a local
17 government within the County of Los Angeles. The City received in
18 excess of \$10,000 under a Federal program for each of the calendar
19 years 2017 and 2018.

20 Ricardo Pacheco ("Pacheco") was elected to the City Council for
21 the City of Baldwin Park (the "City") in 1997 and held that position
22 until in or around June 2020. He also served as the City's Mayor Pro
23 Tempore from in or around December 2017 to December 2018. In both
24 roles, he was as an agent of the City.

25 Defendant founded Market Share Media Agency, an internet
26 marketing company, in 2012.

1 Person 1¹ has served as the Baldwin Park City Attorney since in
2 or around December 2013.

3 Person 14 has been the City Manager for the City of Commerce
4 since in or around November 2017. Prior to that, he was the City
5 Manager for Huntington Park and a Member of the Montebello Unified
6 School District Board. He is the Chief Executive Officer of
7 Consulting Company 3.

8 **B. The Marijuana Company 3 and Marijuana Company 4 Bribery**
9 **Schemes**

10 1. Overview of the Schemes

11 In or around June 2017, the City started the process of
12 permitting the sale, cultivation, and manufacture of marijuana within
13 the City's limits. Around that same time, Pacheco decided to
14 corruptly solicit bribe payments from companies seeking marijuana
15 development agreements and related permits ("marijuana permits") in
16 the City. In exchange for the payments, Pacheco would agree to
17 assist and assist the companies, using his official City position,
18 with obtaining marijuana permits.

19 Pacheco elected to use an intermediary to funnel the bribe
20 payments to himself in an effort to disguise the true nature of the
21 payments. The scheme would operate as follows: a company seeking a
22 marijuana permit would pay the intermediary for supposed "consulting"
23 services, the intermediary would then split a portion of the money
24 with Pacheco, and Pacheco would then vote in favor of the company's
25 desired marijuana permit in exchange for the payment. Pacheco would
26 also agree to use his influence as a City Council member to ensure
27

28 ¹ A legend detailing the names of the masked persons and
companies is attached hereto as Exhibit B.

1 that other members of the City Council voted in favor of the
2 marijuana permit as well.

3 Defendant was asked by Pacheco to act as an intermediary to
4 funnel bribes to Pacheco, and defendant agreed. To help conceal the
5 bribery scheme, defendant obtained a template for a sham consulting
6 agreement from Person 1, which defendant thereafter used to
7 facilitate and disguise the scheme. Defendant used his company,
8 Market Share Media Agency, to funnel bribe payments to Pacheco from
9 two companies, Marijuana Company 3 and Marijuana Company 4. Both
10 companies hired defendant to help them obtain marijuana permits, but
11 rather than perform legitimate consulting services, defendant
12 primarily funneled bribe payments to Pacheco in order to ensure that
13 Pacheco and the City Council voted in favor of both companies'
14 marijuana permits. Defendant used the template for the sham
15 consulting agreement provided by Person 1 for the contracts with
16 Marijuana Company 3 and Consulting Company 3, which represented
17 Marijuana Company 4.

18 From approximately August 2017 to at least March 2018, defendant
19 received at least \$125,000 from Marijuana Company 3 and at least
20 \$45,000 from Consulting Company 3 on behalf of Marijuana Company 4,
21 none of which he reported to the Internal Revenue Service as personal
22 income or as revenue for Market Share Media Agency. Defendant then
23 paid Pacheco between \$80,000 and \$93,000 in cash, out of the at least
24 \$170,000 collected from both companies. Per defendant's agreement
25 with Pacheco, the cash payments were in exchange for Pacheco's votes
26 on the two companies' marijuana permits and Pacheco's help securing
27 the necessary votes from other members of the City Council.
28 Defendant and Pacheco agreed that Pacheco would get 60 percent from

1 the Marijuana Company 3 and Consulting Company 3/Marijuana Company 4
2 contracts and that defendant could retain the rest as payment
3 primarily for facilitating the bribes.

4 On multiple occasions, defendant used coded language in text
5 messages to tell Pacheco that he had cash bribes to pass to Pacheco.
6 Specifically, defendant used the word "documents" to mean cash. For
7 example, on January 9, 2018, defendant sent Pacheco a text message
8 stating "I'm planning to bring all the documents . . ." by which
9 defendant meant he planned to bring Pacheco cash bribes.

10 To keep track of the cash bribes to Pacheco, defendant used a
11 draft email with the subject line "Dodge Truck" to keep a running
12 tally of the cash provided to Pacheco. One draft indicated defendant
13 had provided Pacheco \$80,080 in cash as of February 27, 2018,
14 including \$12,000 on or around February 5, 2018 and \$13,000 on or
15 around February 27, 2018. Defendant provided Pacheco even more cash
16 than was accounted for on this running email tally.

17 Pacheco performed his end of the bargain, voting in favor of the
18 Marijuana Company 3 and Marijuana Company 4's marijuana permits.
19 First, on December 13, 2017, Pacheco voted in favor of conditional
20 marijuana permits for Marijuana Company 3 and Marijuana Company 4,
21 and the City Council approved conditional marijuana permits for both
22 companies. Second, on May 2, 2018, Pacheco voted in favor of both
23 companies' marijuana permits again, and the City Council approved
24 their applications by a 3-0 vote.

25 2. The Marijuana Company 3 Permit

26 With respect to the Marijuana Company 3 permit, in and around
27 June 2017, Pacheco arranged a meeting between defendant and Person
28 15, an attorney assisting Marijuana Company 3 in its pursuit of a

1 marijuana permit. Before doing so, Pacheco had encouraged defendant
2 -- who had never worked as a consultant -- to assist two companies
3 seeking marijuana permits in Baldwin Park, one of which was Marijuana
4 Company 3. After meeting with Person 15 in June 2017, defendant met
5 with Person 15 and Marijuana Company 3's owners, Person 16 and Person
6 17. During this meeting, defendant learned that the amount of the
7 consulting contract was predetermined without his input.

8 As defendant and Marijuana Company 3 entered into a contract
9 in August 2017 and defendant received a total of \$24,500 Marijuana
10 Company 3 and Person 17 that month, defendant started passing cash to
11 Pacheco in exchange for Pacheco's vote and influence in getting
12 Marijuana Company 3's permit approved.

13 In Fall 2017, Marijuana Company 3 appeared on a draft agenda
14 of the regular City Council meeting, but when the final agenda
15 posted, Marijuana Company 3 was no longer listed on it. Around this
16 same time, defendant learned from Marijuana Company 3's
17 representatives that Person 10, then a Compton City Councilmember,
18 had a friend who was upset that Marijuana Company 3 had not hired the
19 friend to represent Marijuana Company 3 in its pursuit of a marijuana
20 permit in Baldwin Park. Defendant knew that Person 10 and Person 1
21 had a relationship and believed Person 1 removed Marijuana Company 3
22 from the regular City Council agenda at Person 10's request. Based
23 on his belief that Person 1 served the agenda's gatekeeper, defendant
24 demanded through Pacheco to speak with Person 1. After the City
25 Council meeting, defendant met with Pacheco and Person 1 and told
26 them that Marijuana Company 3 felt extorted. Neither Pacheco nor
27 Person 1 pushed back at this accusation. Instead, Person 1 acted
28 with indifference and intimated that it came with came with the

1 territory. Defendant later learned that Person 15 had brokered a
2 deal between Marijuana Company 3, Person 10, and Person 10's friend,
3 which prompted the renegotiation of defendant's contract with
4 Marijuana Company 3 later that month.

5 3. The Marijuana Company 4 Permit

6 With respect to the Marijuana Company 4 permit, Person 14 and his
7 company, Consulting Company 3, represented Marijuana Company 4 in its
8 pursuit of a marijuana permit in Baldwin Park. As a way to
9 compensate defendant and, in turn, Pacheco for securing the marijuana
10 permit for Marijuana Company 4, Person 14 through Consulting Company
11 3 made payments to defendant's Market Share Media Agency of at least
12 \$45,000 from approximately August 2017 through February 2018 during
13 which time Marijuana Company 4 sought and received its marijuana
14 permit. Beyond sending and/or forwarding emails, Market Share Media
15 Agency and defendant did little work for Consulting Company 3 or
16 Marijuana Company 4. Defendant and Person 14 both understood that
17 Person 14 would do most of the work necessary to help Marijuana
18 Company 4 obtain its marijuana permit in Baldwin Park. As both
19 defendant and Person 14 knew, the Consulting Company 3 payments to
20 Market Share Media Agency were bribe payments for Pacheco disguised
21 to look like legitimate consulting fees, including through the use of
22 bogus invoices.

23 Defendant's corrupt relationship with Pacheco and Person 14
24 with respect to Marijuana Company 4's permit began in the summer of
25 2017 when Pacheco introduced defendant to Person 14. Pacheco wanted
26 defendant to "represent" a marijuana permit applicant in Baldwin Park
27 so that Pacheco could receive bribe payments from the applicant
28 funneled to Pacheco through defendant. At Pacheco's request,

1 defendant went to a meeting at a restaurant in Baldwin Park. There,
2 defendant first met Person 14, whose company, Consulting Company 3,
3 represented Marijuana Company 4. Pacheco said that Person 14 was a
4 school board member and the City Manager of Huntington Park. During
5 the meeting, Pacheco made clear to Person 14 that defendant
6 represented Pacheco and that Person 14 should use defendant's
7 services to secure Marijuana Company 4's marijuana permit.

8 Following the meeting, Person 14 and defendant entered into a
9 written agreement on or about August 1, 2017. The party signing for
10 Consulting Company 3 (Person 14's company) was an individual with the
11 initials F.M. -- a man whom defendant had never met and did not know.
12 Pursuant to the agreement, defendant's company was to receive
13 \$250,000 over a series of six payments, the majority of which would
14 come after Person 14's/Consulting Company 3's client (Marijuana
15 Company 4) obtained its marijuana permit.

16 When Person 14 complained to defendant about the amount of
17 money he paid defendant, defendant told him that Pacheco was getting
18 60 percent of the money Person 14 paid him through Consulting Company
19 3. Even after that express acknowledgment of Pacheco's role and
20 receipt of bribe payments, Person 14 continued to pay defendant.

21 Person 14 subsequently renegotiated Consulting Company 3's
22 contract with Pacheco, not defendant, and included a non-disclosure
23 condition as an addendum. Person 14 first sent this non-disclosure
24 condition addendum to defendant on or about August 31, 2017 via email
25 and wrote "Per our conversation, here's the 2nd addendum with the non
26 disclosure language . . . discretion is a must for us and most
27 appreciated." That addendum and along with another contractual
28 addendum reducing the amount Consulting Company 3 had to pay

1 defendant's company to \$190,000 was signed on or about September 2,
2 2017 by Person 14, not F.M. Defendant also signed the contract and
3 addenda. Later, Person 14 and Pacheco again renegotiated defendant's
4 contract and reduced the cost of the contract to \$185,000, \$170,000
5 of which was to be paid after Marijuana Company 4 obtained its
6 marijuana permit. Both Person 14 and defendant signed this agreement
7 on or about September 26, 2017.

8 In addition, defendant's Market Share Media Agency also
9 received a no-bid \$14,500 contract from the City of Huntington Park
10 signed by Person 14 as its City Manager. The no-bid contract
11 represented, at least in part, further compensation for defendant in
12 his efforts to secure the marijuana permit for Marijuana Company 4.
13 In violation of the contract's terms, Market Share Media Agency
14 received payment from Huntington Park before completing its services.

15 Finally, to further secure the Marijuana Company 4 permit,
16 Person 14 gave defendant a \$5,000 check made payable to the church
17 associated with the school attended by Pacheco's child.

18 SENTENCING FACTORS

19 16. Defendant understands that in determining defendant's
20 sentence the Court is required to calculate the applicable Sentencing
21 Guidelines range and to consider that range, possible departures
22 under the Sentencing Guidelines, and the other sentencing factors set
23 forth in 18 U.S.C. § 3553(a). Defendant understands that the
24 Sentencing Guidelines are advisory only, that defendant cannot have
25 any expectation of receiving a sentence within the calculated
26 Sentencing Guidelines range, and that after considering the
27 Sentencing Guidelines and the other § 3553(a) factors, the Court will
28 be free to exercise its discretion to impose any sentence it finds

1 appropriate up to the maximum set by statute for the crime of
2 conviction.

3 17. Defendant and the USAO agree to the following applicable
4 Sentencing Guidelines factors:

5 Base Offense Level:	12	[U.S.S.G. § 2C1.1(a)(2)]
6 More Than One Bribe:	+2	[U.S.S.G. § 2C1.1(b)(1)]
7 Value of Bribe > \$150,000:	+10	[U.S.S.G. §§ 2C1.1(b)(2), 2B1.1(b)(1)(F)]
8 Elected Public Official:	+4	[U.S.S.G. § 2C1.1(b)(3)]

9

10
11 Defendant and the USAO reserve the right to argue that additional
12 specific offense characteristics, adjustments, and departures under
13 the Sentencing Guidelines are appropriate.

14 18. Defendant understands that there is no agreement as to
15 defendant's criminal history or criminal history category.

16 19. Defendant and the USAO reserve the right to argue for a
17 sentence outside the sentencing range established by the Sentencing
18 Guidelines based on the factors set forth in 18 U.S.C. §§ 3553(a)(1),
19 (a)(2), (a)(3), (a)(6), and (a)(7).

20 WAIVER OF CONSTITUTIONAL RIGHTS

21 20. Defendant understands that by pleading guilty, defendant
22 gives up the following rights:

- 23 a. The right to persist in a plea of not guilty.
- 24 b. The right to a speedy and public trial by jury.
- 25 c. The right to be represented by counsel -- and if
26 necessary have the Court appoint counsel -- at trial. Defendant
27 understands, however, that, defendant retains the right to be
28

1 represented by counsel -- and if necessary have the Court appoint
2 counsel -- at every other stage of the proceeding.

3 d. The right to be presumed innocent and to have the
4 burden of proof placed on the government to prove defendant guilty
5 beyond a reasonable doubt.

6 e. The right to confront and cross-examine witnesses
7 against defendant.

8 f. The right to testify and to present evidence in
9 opposition to the charges, including the right to compel the
10 attendance of witnesses to testify.

11 g. The right not to be compelled to testify, and if
12 defendant chose not to testify or present evidence, to have that
13 choice not be used against defendant.

14 h. Any and all rights to pursue any affirmative defenses,
15 Fourth Amendment or Fifth Amendment claims, and other pretrial
16 motions that have been filed or could be filed.

17 WAIVER OF APPEAL OF CONVICTION

18 21. Defendant understands that, with the exception of an appeal
19 based on a claim that defendant's guilty plea was involuntary, by
20 pleading guilty defendant is waiving and giving up any right to
21 appeal defendant's conviction on the offense to which defendant is
22 pleading guilty. Defendant understands that this waiver includes,
23 but is not limited to, arguments that the statute to which defendant
24 is pleading guilty is unconstitutional, and any and all claims that
25 the statement of facts provided herein is insufficient to support
26 defendant's plea of guilty.

LIMITED MUTUAL WAIVER OF APPEAL OF SENTENCE

22. Defendant agrees that, provided the Court imposes a term of imprisonment within or below the range corresponding to an offense level of 25 and the criminal history category calculated by the Court, defendant gives up the right to appeal all of the following: (a) the procedures and calculations used to determine and impose any portion of the sentence; (b) the term of imprisonment imposed by the Court; (c) the fine imposed by the Court, provided it is within the statutory maximum; (d) to the extent permitted by law, the constitutionality or legality of defendant's sentence, provided it is within the statutory maximum; (e) the term of probation or supervised release imposed by the Court, provided it is within the statutory maximum; and (f) any of the following conditions of probation or supervised release imposed by the Court: the conditions set forth in General Order 18-10 of this Court; the drug testing conditions mandated by 18 U.S.C. §§ 3563(a)(5) and 3583(d); and the alcohol and drug use conditions authorized by 18 U.S.C. § 3563(b)(7).

23. The USAO agrees that, provided all portions of the sentence are at or below the statutory maximum specified above, the USAO gives up its right to appeal any portion of the sentence.

RESULT OF WITHDRAWAL OF GUILTY PLEA

24. Defendant agrees that if, after entering a guilty plea pursuant to this agreement, defendant seeks to withdraw and succeeds in withdrawing defendant's guilty plea on any basis other than a claim and finding that entry into this plea agreement was involuntary, then (a) the USAO will be relieved of all of its obligations under this agreement, including in particular its obligations regarding the use of Cooperation Information; (b) in any

1 investigation, criminal prosecution, or civil, administrative, or
2 regulatory action, defendant agrees that any Cooperation Information
3 and any evidence derived from any Cooperation Information shall be
4 admissible against defendant, and defendant will not assert, and
5 hereby waives and gives up, any claim under the United States
6 Constitution, any statute, or any federal rule, that any Cooperation
7 Information or any evidence derived from any Cooperation Information
8 should be suppressed or is inadmissible; and (c) should the USAO
9 choose to pursue any charge that was either dismissed or not filed as
10 a result of this agreement, then (i) any applicable statute of
11 limitations will be tolled between the date of defendant's signing of
12 this agreement and the filing commencing any such action; and
13 (ii) defendant waives and gives up all defenses based on the statute
14 of limitations, any claim of pre-indictment delay, or any speedy
15 trial claim with respect to any such action, except to the extent
16 that such defenses existed as of the date of defendant's signing this
17 agreement.

18 EFFECTIVE DATE OF AGREEMENT

19 25. This agreement is effective upon signature and execution of
20 all required certifications by defendant, defendant's counsel, and an
21 Assistant United States Attorney.

22 BREACH OF AGREEMENT

23 26. Defendant agrees that if defendant, at any time after the
24 signature of this agreement and execution of all required
25 certifications by defendant, defendant's counsel, and an Assistant
26 United States Attorney, knowingly violates or fails to perform any of
27 defendant's obligations under this agreement ("a breach"), the USAO
28 may declare this agreement breached. For example, if defendant

1 knowingly, in an interview, before a grand jury, or at trial, falsely
2 accuses another person of criminal conduct or falsely minimizes
3 defendant's own role, or the role of another, in criminal conduct,
4 defendant will have breached this agreement. All of defendant's
5 obligations are material, a single breach of this agreement is
6 sufficient for the USAO to declare a breach, and defendant shall not
7 be deemed to have cured a breach without the express agreement of the
8 USAO in writing. If the USAO declares this agreement breached, and
9 the Court finds such a breach to have occurred, then:

10 a. If defendant has previously entered a guilty plea
11 pursuant to this agreement, defendant will not be able to withdraw
12 the guilty plea.

13 b. The USAO will be relieved of all its obligations under
14 this agreement; in particular, the USAO: (i) will no longer be bound
15 by any agreements concerning sentencing and will be free to seek any
16 sentence up to the statutory maximum for the crime to which defendant
17 has pleaded guilty; (ii) will no longer be bound by any agreements
18 regarding criminal prosecution, and will be free to criminally
19 prosecute defendant for any crime, including charges that the USAO
20 would otherwise have been obligated not to criminally prosecute
21 pursuant to this agreement; and (iii) will no longer be bound by any
22 agreement regarding the use of Cooperation Information and will be
23 free to use any Cooperation Information in any way in any
24 investigation, criminal prosecution, or civil, administrative, or
25 regulatory action.

26 c. The USAO will be free to criminally prosecute
27 defendant for false statement, obstruction of justice, and perjury
28 based on any knowingly false or misleading statement by defendant.

1 d. In any investigation, criminal prosecution, or civil,
2 administrative, or regulatory action: (i) defendant will not assert,
3 and hereby waives and gives up, any claim that any Cooperation
4 Information was obtained in violation of the Fifth Amendment
5 privilege against compelled self-incrimination; and (ii) defendant
6 agrees that any Cooperation Information and any Plea Information, as
7 well as any evidence derived from any Cooperation Information or any
8 Plea Information, shall be admissible against defendant, and
9 defendant will not assert, and hereby waives and gives up, any claim
10 under the United States Constitution, any statute, Rule 410 of the
11 Federal Rules of Evidence, Rule 11(f) of the Federal Rules of
12 Criminal Procedure, or any other federal rule, that any Cooperation
13 Information, any Plea Information, or any evidence derived from any
14 Cooperation Information or any Plea Information should be suppressed
15 or is inadmissible.

16 27. Following the Court's finding of a knowing breach of this
17 agreement by defendant, should the USAO choose to pursue any charge
18 or any civil, administrative, or regulatory action that was either
19 dismissed or not filed as a result of this agreement, then:

20 a. Defendant agrees that any applicable statute of
21 limitations is tolled between the date of defendant's signing of this
22 agreement and the filing commencing any such action.

23 b. Defendant waives and gives up all defenses based on
24 the statute of limitations, any claim of pre-indictment delay, or any
25 speedy trial claim with respect to any such action, except to the
26 extent that such defenses existed as of the date of defendant's
27 signing this agreement.

COURT AND UNITED STATES PROBATION
& PRETRIAL SERVICES OFFICE NOT PARTIES

28. Defendant understands that the Court and the United States Probation and Pretrial Services Office are not parties to this agreement and need not accept any of the USAO's sentencing recommendations or the parties' agreements to facts or sentencing factors.

29. Defendant understands that both defendant and the USAO are free to: (a) supplement the facts by supplying relevant information to the United States Probation and Pretrial Services Office and the Court; (b) correct any and all factual misstatements relating to the Court's Sentencing Guidelines calculations and determination of sentence; and (c) argue on appeal and collateral review that the Court's Sentencing Guidelines calculations and the sentence it chooses to impose are not error, although each party agrees to maintain its view that the sentencing calculations set forth above are consistent with the facts of this case. This paragraph permits both the USAO and defendant to submit full and complete factual information to the United States Probation and Pretrial Services Office and the Court, even if that factual information may be viewed as inconsistent with the Factual Basis or Sentencing Factors agreed to in this agreement.

30. Defendant understands that even if the Court ignores any sentencing recommendation, finds facts or reaches conclusions different from those agreed to, and/or imposes any sentence up to the maximum established by statute, defendant cannot, for that reason, withdraw defendant's guilty plea, and defendant will remain bound to fulfill all defendant's obligations under this agreement. Defendant

1 understands that no one -- not the prosecutor, defendant's attorney,
2 or the Court -- can make a binding prediction or promise regarding
3 the sentence defendant will receive, except that it will be within
4 the statutory maximum.

5 NO ADDITIONAL AGREEMENTS

6 31. Defendant understands that, except as set forth herein,
7 there are no promises, understandings, or agreements between the USAO
8 and defendant or defendant's attorney, and that no additional
9 promise, understanding, or agreement may be entered into unless in a
10 writing signed by all parties or on the record in court.

11 ///

12 ///

13 ///

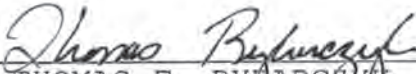
PLEA AGREEMENT PART OF THE GUILTY PLEA HEARING

32. The parties agree that this agreement will be considered part of the record of defendant's guilty plea hearing as if the entire agreement had been read into the record of the proceeding.

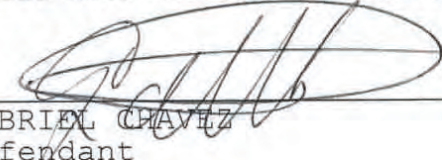
AGREED AND ACCEPTED

UNITED STATES ATTORNEY'S OFFICE
FOR THE CENTRAL DISTRICT OF
CALIFORNIA

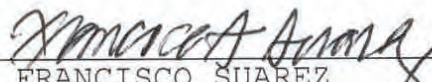
STEPHANIE S. CHRISTENSEN
Acting United States Attorney


THOMAS F. RYBARCZYK
LINDSEY GREER DOTSON
Assistant United States Attorneys

October 7, 2022
Date


GABRIEL CHAVEZ
Defendant


8/30/22
Date


FRANCISCO SUAREZ
Attorney for Defendant
GABRIEL CHAVEZ

8/30/22
Date

CERTIFICATION OF DEFENDANT

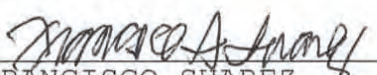
I have read this agreement in its entirety. I have had enough time to review and consider this agreement, and I have carefully and thoroughly discussed every part of it with my attorney. I understand the terms of this agreement, and I voluntarily agree to those terms. I have discussed the evidence with my attorney, and my attorney has advised me of my rights, of possible pretrial motions that might be filed, of possible defenses that might be asserted either prior to or at trial, of the sentencing factors set forth in 18 U.S.C. § 3553(a), of relevant Sentencing Guidelines provisions, and of the consequences of entering into this agreement. No promises, inducements, or representations of any kind have been made to me other than those contained in this agreement. No one has threatened or forced me in any way to enter into this agreement. I am satisfied with the representation of my attorney in this matter, and I am pleading guilty because I am guilty of the charge and wish to take advantage of the promises set forth in this agreement, and not for any other reason.


GABRIEL CRAVEZ
Defendant


Date

CERTIFICATION OF DEFENDANT'S ATTORNEY

I am GABRIEL CHAVEZ'S attorney. I have carefully and thoroughly discussed every part of this agreement with my client. Further, I have fully advised my client of his rights, of possible pretrial motions that might be filed, of possible defenses that might be asserted either prior to or at trial, of the sentencing factors set forth in 18 U.S.C. § 3553(a), of relevant Sentencing Guidelines provisions, and of the consequences of entering into this agreement. To my knowledge: no promises, inducements, or representations of any kind have been made to my client other than those contained in this agreement; no one has threatened or forced my client in any way to enter into this agreement; my client's decision to enter into this agreement is an informed and voluntary one; and the Factual Basis set forth in this agreement is sufficient to support my client's entry of a guilty plea pursuant to this agreement.


FRANCISCO SUAREZ
Attorney for Defendant
GABRIEL CHAVEZ

01/30/22
Date

EXHIBIT A

UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF CALIFORNIA

UNITED STATES OF AMERICA,

Plaintiff,

v.

GABRIEL CHAVEZ,

Defendant.

CR No.

I N F O R M A T I O N

[18 U.S.C. § 666(a)(2):
Federal Program Bribery]

The Acting United States Attorney charges:

[18 U.S.C. §§ 666(a)(2), 2(a)]

At times relevant to this Information:

A. PERSONS AND ENTITIES

1. The City of Baldwin Park, California (the "City") was a local government located within Los Angeles County in the Central District of California. The City received in excess of \$10,000 under federal programs in both 2017 and 2018.

2. The City was governed, in part, by its City Council, which adopted legislation, set policy, adjudicated issues, and established the budget for the City.

1 3. The City Council was comprised of four City Council
2 members and a mayor, all of whom were elected at large by the City's
3 registered voters.

4 4. Ricardo Pacheco ("Pacheco") was first elected to the City
5 Council in 1997 and held that elected position until 2020. He also
6 previously served as the City's Mayor Pro Tempore. In both roles,
7 Pacheco was an agent of the City.

8 5. Defendant GABRIEL CHAVEZ founded Market Share Media Agency,
9 an internet marketing company, in 2012.

10 B. THE SCHEME

11 6. In or around June 2017, the City started the process of
12 permitting the sale, cultivation, and manufacture of marijuana within
13 the City's limits. Shortly thereafter, Pacheco decided to corruptly
14 solicit bribe payments from companies seeking marijuana development
15 agreements and related permits ("marijuana permits") in the City. In
16 exchange for the payments, Pacheco would agree to assist and assist
17 the companies, using his official City position, with obtaining
18 marijuana permits.

19 7. Pacheco elected to use an intermediary to funnel the bribe
20 payments to himself in an effort to disguise the true nature of the
21 payments. The scheme would operate as follows: a company seeking a
22 marijuana permit would pay the intermediary for supposed "consulting"
23 services, the intermediary would then split a portion of the money
24 with Pacheco, and Pacheco would then vote in favor of the company's
25 desired marijuana permit in exchange for the payment. Pacheco would
26 also agree to use his influence as a City Council member to ensure
27 that other members of the City Council voted in favor of the
28 marijuana permit as well.

1 8. Defendant CHAVEZ was asked by Pacheco to act as an
2 intermediary to funnel bribes to Pacheco, and defendant CHAVEZ
3 agreed.

4 9. To help conceal the bribery scheme, defendant CHAVEZ
5 obtained a template for a sham consulting agreement from Person 1,
6 which defendant CHAVEZ thereafter used to facilitate and disguise the
7 scheme.

8 10. Defendant CHAVEZ used his company, Market Share Media
9 Agency, to funnel bribe payments to Pacheco in exchange for Pacheco's
10 votes and influence over the City's permitting process to secure
11 marijuana permits for two companies, Marijuana Company 3 and
12 Marijuana Company 4.

13 11. Defendant CHAVEZ obtained bribe payments to pass to Pacheco
14 from Person 14, who was helping Marijuana Company 4 obtain its
15 marijuana permit. To conceal the true nature of the payments, the
16 bribes defendant CHAVEZ accepted were disguised as consulting
17 payments from Person 14's consulting company to defendant CHAVEZ's
18 company, Market Share Media Agency. Defendant CHAVEZ kept the
19 remainder of the payments not provided to Pacheco in exchange for
20 defendant CHAVEZ's services as an intermediary for the bribe
21 payments.

22 ///

23 ///

24 ///

1 C. THE BRIBERY

2 12. Beginning in or around August 2017 and continuing to in or
3 around March 2018, in Los Angeles County, within the Central District
4 of California, defendant CHAVEZ, aiding and abetting Pacheco, Person
5 14, and others, demanded, accepted, and agreed to accept things of
6 value, namely, at least \$125,000 from Marijuana Company 3 and at
7 least \$45,000 from Person 14 through Person 14's consulting company,
8 intending to influence and reward Pacheco, an agent of the City of
9 Baldwin Park, in connection with a business, transaction, and series
10 of transactions of the City having a value of \$5,000 or more,
11 specifically, the City's approval and awarding of marijuana
12 development agreements and related permits.

13
14 STEPHANIE S. CHRISTENSEN
15 Acting United States Attorney
16

17 SCOTT M. GARRINGER
18 Assistant United States Attorney
19 Chief, Criminal Division

20 MACK E. JENKINS
21 Assistant United States Attorney
22 Chief, Public Corruption and
23 Civil Rights Section

24 THOMAS F. RYBARCZYK
25 Assistant United States Attorney
26 Public Corruption and Civil
27 Rights Section

28 LINDSEY GREER DOTSON
Assistant United States Attorney
Deputy Chief, Public Corruption
and Civil Rights Section

EXHIBIT H

LUDGIER

2020 MAR 26 PM 2:42

CLERK U.S. DISTRICT COURT
CENTRAL DIST. OF CALIF.
LOS ANGELES

1 NICOLA T. HANNA
United States Attorney
2 BRANDON D. FOX
Assistant United States Attorney
3 Chief, Criminal Division
THOMAS F. RYBARCZYK (Cal. Bar No. 316124)
4 Assistant United States Attorney
Public Corruption & Civil Rights Section
5 1500 United States Courthouse
312 North Spring Street
6 Los Angeles, California 90012
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7 Facsimile: (213) 894-0141
E-mail: thomas.rybarczyk@usdoj.gov

8 Attorneys for Plaintiff
9 UNITED STATES OF AMERICA

10 UNITED STATES DISTRICT COURT

11 FOR THE CENTRAL DISTRICT OF CALIFORNIA

12 UNITED STATES OF AMERICA,

13 Plaintiff,

14 v.

15 RICARDO PACHECO,

16 Defendant.

No. CR

20CR00165

PLEA AGREEMENT FOR DEFENDANT
RICARDO PACHECO

UNDER SEAL

17
18 1. This constitutes the plea agreement between RICARDO PACHECO
19 ("defendant") and the United States Attorney's Office for the Central
20 District of California ("the USAO") in connection with an
21 investigation of defendant's acceptance of bribes as a Councilmember
22 for the City of Baldwin Park. This agreement is limited to the USAO
23 and cannot bind any other federal, state, local, or foreign
24 prosecuting, enforcement, administrative, or regulatory authorities.

25 DEFENDANT'S OBLIGATIONS

26 2. Defendant agrees to:

27 a. Give up the right to indictment by a grand jury and,
28 at the earliest opportunity requested by the USAO and provided by the

(R)

1 Court, appear and plead guilty to a single count information in the
2 form attached to this agreement as Exhibit A or a substantially
3 similar form, which charges defendant with Bribery Concerning
4 Programs Receiving Federal Funds, in violation of 18 U.S.C.
5 § 666(a)(1)(B).

6 b. Not contest facts agreed to in this agreement.

7 c. Abide by all agreements regarding sentencing contained
8 in this agreement.

9 d. Appear for all court appearances, surrender as ordered
10 for service of sentence, obey all conditions of any bond, and obey
11 any other ongoing court order in this matter.

12 e. Not commit any crime; however, offenses that would be
13 excluded for sentencing purposes under United States Sentencing
14 Guidelines ("U.S.S.G." or "Sentencing Guidelines") § 4A1.2(c) are not
15 within the scope of this agreement.

16 f. Be truthful at all times with the United States
17 Probation and Pretrial Services Office and the Court.

18 g. Pay the applicable special assessment at or before the
19 time of sentencing unless defendant has demonstrated a lack of
20 ability to pay such assessments.

21 h. Agree to waive the protections of the Letter
22 Agreements defined below in paragraph 4.

23 i. Resign immediately as a City of Baldwin Park
24 Councilmember and not seek elective or appointive office during the
25 duration of supervised release.

26 j. Defendant further agrees:

27 1. To forfeit all right, title, and interest in and
28 to any and all monies, properties, and/or assets of any kind, derived

1 from or acquired as a result of, or used to facilitate the commission
2 of, or involved in the illegal activity to which defendant is
3 pleading guilty, including but not limited to the following:

4 A. \$83,145.00 in U.S. currency, which consists
5 of \$20,245.00 seized on December 13, 2018 from various locations
6 throughout defendant's home, including in a safe in defendant's
7 bedroom, and \$62,900.00 seized on October 4, 2019 from defendant,
8 which defendant had buried in two different locations in his backyard
9 (the "Forfeitable Assets").

10 2. To the Court's entry of an order of forfeiture at
11 or before sentencing with respect to the Forfeitable Assets and to
12 the forfeiture of the assets.

13 3. To take whatever steps are necessary to pass to
14 the United States clear title to the Forfeitable Assets, including,
15 without limitation, the execution of a consent decree of forfeiture
16 and the completing of any other legal documents required for the
17 transfer of title to the United States.

18 4. Not to contest any administrative forfeiture
19 proceedings or civil judicial proceedings commenced against the
20 Forfeitable Assets. If defendant submitted a claim and/or petition
21 for remission for all or part of the Forfeitable Assets on behalf of
22 himself or any other individual or entity, defendant shall and hereby
23 does withdraw any such claims or petitions, and further agrees to
24 waive any right he may have to seek remission or mitigation of the
25 forfeiture of the Forfeitable Assets.

26 5. Not to assist any other individual in any effort
27 falsely to contest the forfeiture of the Forfeitable Assets.

28

1 6. Not to claim that reasonable cause to seize the
2 Forfeitable Assets was lacking.

3 7. To prevent the transfer, sale, destruction, or
4 loss of the Forfeitable Assets to the extent defendant has the
5 ability to do so.

6 8. To fill out and deliver to the USAO a completed
7 financial statement listing defendant's assets on a form provided by
8 the USAO.

9 9. That forfeiture of Forfeitable Assets shall not
10 be counted toward satisfaction of any special assessment, fine,
11 restitution, costs, or other penalty the Court may impose.

12 10. To the entry of, as part of defendant's guilty
13 plea, a personal money judgment of forfeiture against defendant in
14 the amount of \$219,755.00, which sum defendant admits was derived
15 from proceeds traceable to the violations described in the factual
16 basis of this plea agreement. Defendant understands that the money
17 judgment of forfeiture is part of defendant's sentence, and is
18 separate from any fines or restitution that may be imposed by the
19 Court.

20 11. With respect to any criminal forfeiture ordered
21 as a result of this plea agreement, defendant waives: (1) the
22 requirements of Federal Rules of Criminal Procedure 32.2 and 43(a)
23 regarding notice of the forfeiture in the charging instrument,
24 announcements of the forfeiture sentencing, and incorporation of the
25 forfeiture in the judgment; (2) all constitutional and statutory
26 challenges to the forfeiture (including by direct appeal, habeas
27 corpus or any other means); and (3) all constitutional, legal, and
28 equitable defenses to the forfeiture of the Forfeitable Assets and

1 entry of Money Judgment in any proceeding on any grounds including,
2 without limitation, that the forfeiture constitutes an excessive fine
3 or punishment. Defendant acknowledges that the forfeiture of the
4 Forfeitable Assets and entry of the Money Judgment are part of the
5 sentence that may be imposed in this case and waives any failure by
6 the Court to advise defendant of this, pursuant to Federal Rule of
7 Criminal Procedure 11(b)(1)(J), at the time the Court accepts
8 defendant's guilty plea.

9 3. Defendant further agrees to cooperate fully with the USAO,
10 the Federal Bureau of Investigation, and, as directed by the USAO,
11 any other federal, state, local, or foreign prosecuting, enforcement,
12 administrative, or regulatory authority. This cooperation requires
13 defendant to:

14 a. Respond truthfully and completely to all questions
15 that may be put to defendant, whether in interviews, before a grand
16 jury, or at any trial or other court proceeding.

17 b. Attend all meetings, grand jury sessions, trials or
18 other proceedings at which defendant's presence is requested by the
19 USAO or compelled by subpoena or court order.

20 c. Produce voluntarily all documents, records, or other
21 tangible evidence relating to matters about which the USAO, or its
22 designee, inquires.

23 4. For purposes of this agreement: (1) "Cooperation
24 Information" shall mean any statements made, or documents, records,
25 tangible evidence, or other information provided, by defendant
26 pursuant to defendant's cooperation under this agreement or pursuant
27 to the letter agreements previously entered into by the parties dated
28 April 29, 2019, May 30, 2019, July 16, 2019, and September 5, 2019

(the "Letter Agreements") and in his meeting with the government on January 27, 2020; and (2) "Plea Information" shall mean any statements made by defendant, under oath, at the guilty plea hearing and the agreed to factual basis statement in this agreement.

THE USAO'S OBLIGATIONS

5. The USAO agrees to:

a. Not contest facts agreed to in this agreement.

b. Abide by all agreements regarding sentencing contained in this agreement.

c. Recommend that the Court vary downward in total offense level by an additional two levels based on his agreement to waive the protections given to him in the Letter Agreements detailed above in paragraph 4.

d. At the time of sentencing, provided that defendant demonstrates an acceptance of responsibility for the offense up to and including the time of sentencing, recommend a two-level reduction in the applicable Sentencing Guidelines offense level, pursuant to U.S.S.G. § 3E1.1, and recommend and, if necessary, move for an additional one-level reduction if available under that section.

e. Recommend that defendant be sentenced to a term of imprisonment no higher than the low end of the applicable Sentencing Guidelines range provided that the offense level used by the Court to determine that range is 29 or higher and provided that the Court does not depart downward in offense level or criminal history category. For purposes of this agreement, the low end of the Sentencing Guidelines range is that defined by the Sentencing Table in U.S.S.G. Chapter 5, Part A.

6. The USAO further agrees:

1 a. Not to offer as evidence in its case-in-chief in the
2 above-captioned case or any other criminal prosecution that may be
3 brought against defendant by the USAO, any Cooperation Information.
4 Defendant agrees, however, that the USAO may use both Cooperation
5 Information and Plea Information: (1) to obtain and pursue leads to
6 other evidence, which evidence may be used for any purpose, including
7 any criminal prosecution of defendant; (2) to cross-examine defendant
8 should defendant testify, or to rebut any evidence offered, or
9 argument or representation made, by defendant, defendant's counsel,
10 or a witness called by defendant in any trial, sentencing hearing, or
11 other court proceeding; (3) in any criminal prosecution of defendant
12 for false statement, obstruction of justice, or perjury; and (4) at
13 defendant's sentencing. Defendant understands that Cooperation
14 Information will be disclosed to the United States Probation and
15 Pretrial Services Office and the Court.

16 b. In connection with defendant's sentencing, to bring to
17 the Court's attention the nature and extent of defendant's
18 cooperation.

19 c. If the USAO determines, in its exclusive judgment,
20 that defendant has both complied with defendant's obligations under
21 paragraphs 2 and 3 above and provided substantial assistance to law
22 enforcement in the prosecution or investigation of another
23 ("substantial assistance"), to move the Court pursuant to U.S.S.G.
24 § 5K1.1 to fix an offense level and corresponding guideline range
25 below that otherwise dictated by the sentencing guidelines, and to
26 recommend a term of imprisonment within this reduced range.

27 DEFENDANT'S UNDERSTANDINGS REGARDING COOPERATION

28 7. Defendant understands the following:

1 a. Any knowingly false or misleading statement by
2 defendant will subject defendant to prosecution for false statement,
3 obstruction of justice, and perjury and will constitute a breach by
4 defendant of this agreement.

5 b. Nothing in this agreement requires the USAO or any
6 other prosecuting, enforcement, administrative, or regulatory
7 authority to accept any cooperation or assistance that defendant may
8 offer, or to use it in any particular way.

9 c. Defendant cannot withdraw defendant's guilty plea if
10 the USAO does not make a motion pursuant to U.S.S.G. § 5K1.1 for a
11 reduced guideline range or if the USAO makes such a motion and the
12 Court does not grant it or if the Court grants such a USAO motion but
13 elects to sentence above the reduced range.

14 d. At this time the USAO makes no agreement or
15 representation as to whether any cooperation that defendant has
16 provided or intends to provide constitutes or will constitute
17 substantial assistance. The decision whether defendant has provided
18 substantial assistance will rest solely within the exclusive judgment
19 of the USAO.

20 e. The USAO's determination whether defendant has
21 provided substantial assistance will not depend in any way on whether
22 the government prevails at any trial or court hearing in which
23 defendant testifies or in which the government otherwise presents
24 information resulting from defendant's cooperation. That is, whether
25 any person is found guilty or not guilty will not affect what
26 benefit, if any, defendant receives in exchange for his truthful
27 testimony.

28

NATURE OF THE OFFENSE

8. Defendant understands that for defendant to be guilty of the crime charged in the single-count information, that is, Bribery Concerning Programs Receiving Federal Funds, in violation of Title 18, United States Code, Section 666(a)(1)(B), the following must be true: (1) defendant was an agent of a state or local government, or any agency of that government; (2) the City of Baldwin Park received, in any one-year period, benefits in excess of \$10,000 under a Federal program involving a grant, contract, subsidy, loan, guarantee, insurance, or other form of Federal assistance; (3) defendant solicited, demanded, accepted, or agreed to accept anything of value from another person; (4) defendant acted corruptly with the intent to be influenced or rewarded in connection with the business, transaction, or series of transactions of the City of Baldwin Park; and (5) the value of the business to which the payment related was at least \$5,000.

PENALTIES

9. Defendant understands that the statutory maximum sentence that the Court can impose for a violation of Title 18, United States Code, Section 666(a)(1)(B), is: 10 years of imprisonment; a 3-year period of supervised release; a fine of \$250,000 or twice the gross gain or gross loss resulting from the offense, whichever is greatest; and a mandatory special assessment of \$100.

10. Defendant understands that supervised release is a period of time following imprisonment during which defendant will be subject to various restrictions and requirements. Defendant understands that if defendant violates one or more of the conditions of any supervised release imposed, defendant may be returned to prison for all or part

1 of the term of supervised release authorized by statute for the
2 offense that resulted in the term of supervised release, which could
3 result in defendant serving a total term of imprisonment greater than
4 the statutory maximum stated above.

5 11. Defendant understands that, by pleading guilty, defendant
6 may be giving up valuable government benefits and valuable civic
7 rights, such as the right to vote, the right to possess a firearm,
8 the right to hold office, and the right to serve on a jury.
9 Defendant understands that he is pleading guilty to a felony and that
10 it is a federal crime for a convicted felon to possess a firearm or
11 ammunition. Defendant understands that the conviction in this case
12 may also subject defendant to various other collateral consequences,
13 including but not limited to revocation of probation, parole, or
14 supervised release in another case and suspension or revocation of a
15 professional license. Defendant understands that unanticipated
16 collateral consequences will not serve as grounds to withdraw
17 defendant's guilty plea.

18 12. Defendant and his counsel have discussed the fact that, and
19 defendant understands that, if defendant is not a United States
20 citizen, the conviction in this case makes it practically inevitable
21 and a virtual certainty that defendant will be removed or deported
22 from the United States. Defendant may also be denied United States
23 citizenship and admission to the United States in the future.
24 Defendant understands that while there may be arguments that
25 defendant can raise in immigration proceedings to avoid or delay
26 removal, removal is presumptively mandatory and a virtual certainty
27 in this case. Defendant further understands that removal and
28 immigration consequences are the subject of a separate proceeding and

1 that no one, including his attorney or the Court, can predict to an
2 absolute certainty the effect of his conviction on his immigration
3 status. Defendant nevertheless affirms that he wants to plead guilty
4 regardless of any immigration consequences that his plea may entail,
5 even if the consequence is automatic removal from the United States.

6 FACTUAL BASIS

7 13. Defendant admits that defendant is, in fact, guilty of the
8 offense to which defendant is agreeing to plead guilty. Defendant
9 and the USAO agree to the statement of facts set forth in Exhibit B
10 to this agreement, and agree that this statement of facts is
11 sufficient to support a plea of guilty to the charge described in
12 this agreement and to establish the Sentencing Guidelines factors set
13 forth in paragraph 15, but is not meant to be a complete recitation
14 of all facts relevant to the underlying criminal conduct or all facts
15 known to either party that relate to that conduct.

16 SENTENCING FACTORS

17 14. Defendant understands that in determining defendant's
18 sentence the Court is required to calculate the applicable Sentencing
19 Guidelines range and to consider that range, possible departures
20 under the Sentencing Guidelines, and the other sentencing factors set
21 forth in 18 U.S.C. § 3553(a). Defendant understands that the
22 Sentencing Guidelines are advisory only, that defendant cannot have
23 any expectation of receiving a sentence within the calculated
24 Sentencing Guidelines range, and that after considering the
25 Sentencing Guidelines and the other § 3553(a) factors, the Court will
26 be free to exercise its discretion to impose any sentence it finds
27 appropriate up to the maximum set by statute for the crime of
28 conviction.

1 15. Defendant and the USAO agree to the following applicable
2 Sentencing Guidelines factors:

3 Base Offense Level:	14	[U.S.S.G. § 2C1.1(a)]
4 More than one bribe:	+2	[U.S.S.G. § 2C1.1(b)(1)]
5 Value of payment/benefit exceeds \$550,000:	+14	[U.S.S.G. § 2C1.1(b)(2)]
6 Elected Public Official	+4	[U.S.S.G. § 2C1.1(b)(3)]

7
8 Defendant and the USAO reserve the right to argue that additional
9 specific offense characteristics, adjustments, and departures under
10 the Sentencing Guidelines are appropriate.

11 16. Defendant understands that there is no agreement as to
12 defendant's criminal history or criminal history category.

13 17. Defendant and the USAO reserve the right to argue for a
14 sentence outside the sentencing range established by the Sentencing
15 Guidelines based on the factors set forth in 18 U.S.C. § 3553(a)(1),
16 (a)(2), (a)(3), (a)(6), and (a)(7).

17 WAIVER OF CONSTITUTIONAL RIGHTS

18 18. Defendant understands that by pleading guilty, defendant
19 gives up the following rights:

- 20 a. The right to persist in a plea of not guilty.
- 21 b. The right to a speedy and public trial by jury.
- 22 c. The right to be represented by counsel - and if
23 necessary have the Court appoint counsel - at trial. Defendant
24 understands, however, that, defendant retains the right to be
25 represented by counsel - and if necessary have the Court appoint
26 counsel - at every other stage of the proceeding.

1 d. The right to be presumed innocent and to have the
2 burden of proof placed on the government to prove defendant guilty
3 beyond a reasonable doubt.

4 e. The right to confront and cross-examine witnesses
5 against defendant.

6 f. The right to testify and to present evidence in
7 opposition to the charges, including the right to compel the
8 attendance of witnesses to testify.

9 g. The right not to be compelled to testify, and, if
10 defendant chose not to testify or present evidence, to have that
11 choice not be used against defendant.

12 h. Any and all rights to pursue any affirmative defenses,
13 Fourth Amendment or Fifth Amendment claims, and other pretrial
14 motions that have been filed or could be filed.

15 WAIVER OF APPEAL OF CONVICTION

16 19. Defendant understands that, with the exception of an appeal
17 based on a claim that defendant's guilty plea was involuntary, by
18 pleading guilty defendant is waiving and giving up any right to
19 appeal defendant's conviction on the offense to which defendant is
20 pleading guilty. Defendant understands that this waiver includes,
21 but is not limited to, arguments that the statute to which defendant
22 is pleading guilty is unconstitutional, and any and all claims that
23 the statement of facts provided herein is insufficient to support
24 defendant's plea of guilty.

25 LIMITED MUTUAL WAIVER OF APPEAL OF SENTENCE

26 20. Defendant agrees that, provided the Court imposes a term of
27 imprisonment within or below the range corresponding to an offense
28 level of 29 and the criminal history category calculated by the

1 Court, defendant gives up the right to appeal all of the following:

2 (a) the procedures and calculations used to determine and impose any
3 portion of the sentence; (b) the term of imprisonment imposed by the
4 Court; (c) the fine imposed by the Court, provided it is within the
5 statutory maximum; (d) to the extent permitted by law, the
6 constitutionality or legality of defendant's sentence, provided it is
7 within the statutory maximum; (e) the term of probation or supervised
8 release imposed by the Court, provided it is within the statutory
9 maximum; and (f) any of the following conditions of probation or
10 supervised release imposed by the Court: the conditions set forth in
11 General Order 18-10 of this Court; the drug testing conditions
12 mandated by 18 U.S.C. §§ 3563(a)(5) and 3583(d); and the alcohol and
13 drug use conditions authorized by 18 U.S.C. § 3563(b)(7).

14 21. The USAO agrees that, provided all portions of the sentence
15 are at or below the statutory maximum specified above, the USAO gives
16 up its right to appeal any portion of the sentence.

17 RESULT OF WITHDRAWAL OF GUILTY PLEA

18 22. Defendant agrees that if, after entering a guilty plea
19 pursuant to this agreement, defendant seeks to withdraw and succeeds
20 in withdrawing defendant's guilty plea on any basis other than a
21 claim and finding that entry into this plea agreement was
22 involuntary, then (a) the USAO will be relieved of all of its
23 obligations under this agreement, including in particular its
24 obligations regarding the use of Cooperation Information; (b) in any
25 investigation, criminal prosecution, or civil, administrative, or
26 regulatory action, defendant agrees that any Cooperation Information
27 and any evidence derived from any Cooperation Information shall be
28 admissible against defendant, and defendant will not assert, and

1 hereby waives and gives up, any claim under the United States
2 Constitution, any statute, or any federal rule, that any Cooperation
3 Information or any evidence derived from any Cooperation Information
4 should be suppressed or is inadmissible; and (c) should the USAO
5 choose to pursue any charge that was either dismissed or not filed as
6 a result of this agreement, then (i) any applicable statute of
7 limitations will be tolled between the date of defendant's signing of
8 this agreement and the filing commencing any such action; and
9 (ii) defendant waives and gives up all defenses based on the statute
10 of limitations, any claim of pre-indictment delay, or any speedy
11 trial claim with respect to any such action, except to the extent
12 that such defenses existed as of the date of defendant's signing this
13 agreement.

14 EFFECTIVE DATE OF AGREEMENT

15 23. This agreement is effective upon signature and execution of
16 all required certifications by defendant, defendant's counsel, and an
17 Assistant United States Attorney.

18 BREACH OF AGREEMENT

19 24. Defendant agrees that if defendant, at any time after the
20 signature of this agreement and execution of all required
21 certifications by defendant, defendant's counsel, and an Assistant
22 United States Attorney, knowingly violates or fails to perform any of
23 defendant's obligations under this agreement ("a breach"), the USAO
24 may declare this agreement breached. For example, if defendant
25 knowingly, in an interview, before a grand jury, or at trial, falsely
26 accuses another person of criminal conduct or falsely minimizes
27 defendant's own role, or the role of another, in criminal conduct,
28 defendant will have breached this agreement. All of defendant's

1 obligations are material, a single breach of this agreement is
2 sufficient for the USAO to declare a breach, and defendant shall not
3 be deemed to have cured a breach without the express agreement of the
4 USAO in writing. If the USAO declares this agreement breached, and
5 the Court finds such a breach to have occurred, then:

6 a. If defendant has previously entered a guilty plea
7 pursuant to this agreement, defendant will not be able to withdraw
8 the guilty plea.

9 b. The USAO will be relieved of all its obligations under
10 this agreement; in particular, the USAO: (i) will no longer be bound
11 by any agreements concerning sentencing and will be free to seek any
12 sentence up to the statutory maximum for the crime to which defendant
13 has pleaded guilty; (ii) will no longer be bound by any agreements
14 regarding criminal prosecution, and will be free to criminally
15 prosecute defendant for any crime, including charges that the USAO
16 would otherwise have been obligated not to criminally prosecute
17 pursuant to this agreement; and (iii) will no longer be bound by any
18 agreement regarding the use of Cooperation Information and will be
19 free to use any Cooperation Information in any way in any
20 investigation, criminal prosecution, or civil, administrative, or
21 regulatory action.

22 c. The USAO will be free to criminally prosecute
23 defendant for false statement, obstruction of justice, and perjury
24 based on any knowingly false or misleading statement by defendant.

25 d. In any investigation, criminal prosecution, or civil,
26 administrative, or regulatory action: (i) defendant will not assert,
27 and hereby waives and gives up, any claim that any Cooperation
28 Information was obtained in violation of the Fifth Amendment

1 privilege against compelled self-incrimination; and (ii) defendant
2 agrees that any Cooperation Information and any Plea Information, as
3 well as any evidence derived from any Cooperation Information or any
4 Plea Information, shall be admissible against defendant, and
5 defendant will not assert, and hereby waives and gives up, any claim
6 under the United States Constitution, any statute, Rule 410 of the
7 Federal Rules of Evidence, Rule 11(f) of the Federal Rules of
8 Criminal Procedure, or any other federal rule, that any Cooperation
9 Information, any Plea Information, or any evidence derived from any
10 Cooperation Information or any Plea Information should be suppressed
11 or is inadmissible.

12 25. Following the Court's finding of a knowing breach of this
13 agreement by defendant, should the USAO choose to pursue any charge
14 or any civil, administrative, or regulatory action that was either
15 dismissed or not filed as a result of this agreement, then:

16 a. Defendant agrees that any applicable statute of
17 limitations is tolled between the date of defendant's signing of this
18 agreement and the filing commencing any such action.

19 b. Defendant waives and gives up all defenses based on
20 the statute of limitations, any claim of pre-indictment delay, or any
21 speedy trial claim with respect to any such action, except to the
22 extent that such defenses existed as of the date of defendant's
23 signing this agreement.

24 COURT AND UNITED STATES PROBATION AND PRETRIAL SERVICES

25 OFFICE NOT PARTIES

26 26. Defendant understands that the Court and the United States
27 Probation and Pretrial Services Office are not parties to this,
28 agreement and need not accept any of the USAO's sentencing

1 recommendations or the parties' agreements to facts or sentencing
2 factors.

3 27. Defendant understands that both defendant and the USAO are
4 free to: (a) supplement the facts by supplying relevant information
5 to the United States Probation and Pretrial Services Office and the
6 Court, (b) correct any and all factual misstatements relating to the
7 Court's Sentencing Guidelines calculations and determination of
8 sentence, and (c) argue on appeal and collateral review that the
9 Court's Sentencing Guidelines calculations and the sentence it
10 chooses to impose are not error, although each party agrees to
11 maintain its view that the sentencing calculations set forth above
12 are consistent with the facts of this case. This paragraph permits
13 both the USAO and defendant to submit full and complete factual
14 information to the United States Probation Office and the Court, even
15 if that factual information may be viewed as inconsistent with the
16 Factual Basis or Sentencing Factors agreed to in this agreement.

17 28. Defendant understands that even if the Court ignores any
18 sentencing recommendation, finds facts or reaches conclusions
19 different from those agreed to, and/or imposes any sentence up to the
20 maximum established by statute, defendant cannot, for that reason,
21 withdraw defendant's guilty plea, and defendant will remain bound to
22 fulfill all defendant's obligations under this agreement. Defendant
23 understands that no one -- not the prosecutor, defendant's attorney,
24 or the Court -- can make a binding prediction or promise regarding
25 the sentence defendant will receive, except that it will be within
26 the statutory maximum.

NO ADDITIONAL AGREEMENTS

29. Defendant understands that, except as set forth herein, there are no promises, understandings, or agreements between the USAO and defendant or defendant's attorney, and that no additional promise, understanding, or agreement may be entered into unless in a writing signed by all parties or on the record in court.

PLEA AGREEMENT PART OF THE GUILTY PLEA HEARING

30. The parties agree that this agreement will be considered part of the record of defendant's guilty plea hearing as if the entire agreement had been read into the record of the proceeding.

AGREED AND ACCEPTED

UNITED STATES ATTORNEY'S OFFICE
FOR THE CENTRAL DISTRICT OF
CALIFORNIA

NICOLA T. HANNA
United States Attorney

Thomas Rybarczyk
THOMAS F. RYBARCZYK
Assistant United States Attorney

March 26, 2020

Date

Ricardo Pacheco
RICARDO PACHECO
Defendant

3-16-2020

Date

Glen T. Jonas
GLEN T. JONAS
Attorney for Defendant RICARDO
PACHECO

3/16/20
Date

CERTIFICATION OF DEFENDANT

I have read this agreement in its entirety. I have had enough time to review and consider this agreement, and I have carefully and thoroughly discussed every part of it with my attorney. I understand the terms of this agreement, and I voluntarily agree to those terms. I have discussed the evidence with my attorney, and my attorney has advised me of my rights, of possible pretrial motions that might be filed, of possible defenses that might be asserted either prior to or at trial, of the sentencing factors set forth in 18 U.S.C. § 3553(a), of relevant Sentencing Guidelines provisions, and of the consequences of entering into this agreement. No promises, inducements, or representations of any kind have been made to me other than those contained in this agreement. No one has threatened or forced me in any way to enter into this agreement. I am satisfied with the representation of my attorney in this matter, and I am pleading guilty because I am guilty of the charge and wish to take advantage of the promises set forth in this agreement, and not for any other reason.

Ricardo Pacheco

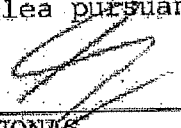
RICARDO PACHECO
Defendant

3-10-2020

Date

CERTIFICATION OF DEFENDANT'S ATTORNEY

I am RICARDO PACHECO's attorney. I have carefully and thoroughly discussed every part of this agreement with my client. Further, I have fully advised my client of his rights, of possible pretrial motions that might be filed, of possible defenses that might be asserted either prior to or at trial, of the sentencing factors set forth in 18 U.S.C. § 3553(a), of relevant Sentencing Guidelines provisions, and of the consequences of entering into this agreement. To my knowledge: no promises, inducements, or representations of any kind have been made to my client other than those contained in this agreement; no one has threatened or forced my client in any way to enter into this agreement; my client's decision to enter into this agreement is an informed and voluntary one; and the factual basis set forth in this agreement is sufficient to support my client's entry of a guilty plea pursuant to this agreement.



GLEN T. JONAS
Attorney for Defendant RICARDO
PACHECO

3/16/20

Date

EXHIBIT A

UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF CALIFORNIA

UNITED STATES OF AMERICA,

Plaintiff,

v.

RICARDO PACHECO,

Defendant.

CR No.

I N F O R M A T I O N

[18 U.S.C. § 666(a)(1)(B): Federal
Program Bribery]

The United States Attorney charges:

[18 U.S.C. § 666(a)(1)(B)]

A. INTRODUCTORY ALLEGATIONS

At times relevant to this Information:

1. The City of Baldwin Park, California (the "City") was a local government located within Los Angeles County in the Central District of California. The City received in excess of \$10,000 under federal programs for both 2017 and 2018.

2. The City was governed, in part, by its City Council, which adopted legislation, set policy, adjudicated issues, and established the budget for the City.

1 3. The City Council was comprised of four City Council
2 members and a Mayor, all of whom were elected at large by the City's
3 registered voters.

4 4. Defendant RICARDO PACHECO was first elected to the City
5 Council in 1997 and currently holds that elected position. He also
6 previously served as the City's Mayor Pro-Tem. As a result of his
7 position as councilman, defendant was an agent of the City.

8 5. Police Officer A was a City police officer and a member of
9 the City's Police Association. The Police Association was the union
10 representing the City's police officers and engaged in negotiations
11 with the City Council and City administrators.

12 6. The City's contract with the City's Police Association was
13 valued in excess of \$5,000, namely, at least \$4.4 million for a
14 three-year period, and provided that the City would continue to
15 employ the Police Association's members, namely, the unionized
16 members of the City's Police Department, and provide for the creation
17 of additional positions and pay increases for officers with certain
18 education experience.

19 B. THE BRIBERY

20 7. Beginning in or about January 2018 and continuing to on or
21 about October 17, 2018, in Los Angeles County, within the Central
22 District of California, defendant PACHECO, an agent of the City of
23 Baldwin Park, corruptly solicited, demanded, accepted, and agreed to
24 accept things of value from Police Officer A, namely, \$20,000 in cash
25 and \$17,900 in checks to a charity and political action committees
26 over which defendant PACHECO exerted control, intending to be
27 influenced and rewarded in connection with a business and a

28 ///

1 transaction, and a series of transactions of the City of Baldwin
2 Park, having a value of \$5,000 or more, specifically, the City's
3 contract with the City's Police Association.

FORFEITURE ALLEGATION

[18 U.S.C. § 981(a)(1)(C) and 28 U.S.C. § 2461(c)]

1. Pursuant to Rule 32.2 of the Federal Rules of Criminal Procedure, notice is hereby given that the United States of America will seek forfeiture as part of any sentence, pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c), in the event of the defendant's conviction of the offenses set forth in this Information.

2. The defendant, if so convicted, shall forfeit to the United States of America the following:

(a) All right, title and interest in any and all property, real or personal, constituting, or derived from, any proceeds traceable to any such offense; and

(b) To the extent such property is not available for forfeiture, a sum of money equal to the total value of the property described in subparagraph (a).

3. Pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 28, United States Code, Section 2461(c), the defendant shall forfeit substitute property, up to the total value of the property described in the preceding paragraph if, as the result of any act or omission of the defendant, the property described in the preceding paragraph, or any portion thereof: (a) cannot be located upon the exercise of due diligence; (b) has been transferred, sold to or deposited with a third party; (c) has been placed beyond

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1 the jurisdiction of the court; (d) has been substantially diminished
2 in value; or (e) has been commingled with other property that cannot
3 be divided without difficulty.

4
5 A TRUE BILL

6
7 Foreperson.

8 NICOLA T. HANNA
9 United States Attorney

10
11 BRANDON D. FOX
12 Assistant United States Attorney
Chief, Criminal Division

13 MACK E. JENKINS
14 Assistant United States Attorney
Chief, Public Corruption and
15 Civil Rights Section

16 DANIEL J. O'BRIEN
17 Assistant United States Attorney
Deputy Chief, Public Corruption
and Civil Rights Section

18 THOMAS F. RYBARCZYK
19 Assistant United States Attorney
Public Corruption and Civil
20 Rights Section

EXHIBIT B

EXHIBIT B

FACTUAL BASIS

The City of Baldwin Park, California (the "City") was a local government within Los Angeles County in the Central District of California. The City received in excess of \$10,000 under federal programs for each of the calendar years 2017, 2018, and 2019.

The City was governed, in part, by its City Council, which adopted legislation, set policy, adjudicated issues, and established the budget of the City. The City Council was comprised of four City Council members and a Mayor, all of whom were elected by the City's voters.

The West Valley Water District (the "Water District") was a local government agency within San Bernardino County in the Central District of California. The Water District received in excess of \$10,000 under federal programs for each of the calendar years 2017, 2018, and 2019.

The City's Police Association ("Police Association") was the union representing the City's police officers. The Police Association engaged in contract negotiations with the City Council and City administrators.

From 1997 to the present, defendant RICARDO PACHECO ("defendant") was a City Council member. From December 2017 through December 2018, defendant was the City's Mayor Pro-Tem. Defendant acted as an agent of the City in his capacity as a City Council member.

The Police Association Scheme

Beginning in at least January 2018 and continuing through October 2018, defendant accepted \$37,900 from Police Officer 1 ("PO-1"), a City police officer and Police Association member, in exchange for defendant's vote and support of the Police Association's contract with the City, a City contract valued in excess of \$5,000. Specifically, the City's contract with the Police Association was valued at approximately \$4.4 million over three years and called for the City to employ the Police Association's members, namely, the City Department's officers, and to provide for the creation of additional positions and pay raises for those officers with a certain level of education. In 2012, the City had considered disbanding its police department

and contracting directly with the Los Angeles County Sheriff's Department for police service for its City's residents.

In furtherance of this scheme, on January 24, 2018, defendant met with PO-1 in Baldwin Park and told PO-1 that he had several requests of the Police Association in exchange for his vote in favor of their contract. Defendant asked that the Police Association purchase tickets for two \$1,000 tables for two different fundraisers at defendant's Catholic Church. Defendant also asked that the Police Association spend up to \$75,000 for public service announcements that would demonstrate defendant's support for various causes, which were designed to assist defendant's political career.

On January 26, 2018, defendant met with PO-1 and another member of the Police Association in Baldwin Park. During the meeting, PO-1 provided defendant a \$900 check made payable to the Catholic Church for one of the church's fundraisers. The memo line of the check read: "Donation for Ricardo Pacheco." Defendant indicated that he wanted \$2,000 from the Police Association for the second fundraiser, which he said PO-1 could provide the following week. Defendant told PO-1 that the Police Association would need to continue to provide up to \$1,000 to his hand-picked "non-profits" or Political Actions Committees ("PACs") per quarter and financially and publicly support defendant's re-election. PO-1 confirmed that defendant wanted \$5,000 for public service announcements to assist defendant's political career by the following week.

On February 6, February 15, and February 28, 2018, at the direction of the Federal Bureau of Investigation ("FBI"), PO-1 met with and provided defendant with checks made payable to defendant's Catholic Church, as requested by defendant, totaling \$7,000, in exchange for defendant's support for the Police Association contract.

After a March 7, 2018 City Council closed session, defendant sent a text message to PO-1 stating, "Contract was approved," in reference to the Police Association contract. At a March 21, 2018 City Council session open to the public, the City Council voted on the Police Association contract with defendant voting to approve the contract.

On August 29, 2018, defendant sent an email to PO-1 in which he asked the PO-1 and the Police Association to donate \$5,000 to

defendant's wife's campaign for the Valley County Water District.

On September 4, 2018, defendant asked PO-1 for \$5,000 from the Police Association for defendant's wife's political campaign and \$25,000 for defendant's personal benefit, namely, the PACs defendant controlled. After PO-1 told defendant that the Police Association did not want to be seen as supporting any one candidate in particular, defendant told PO-1 they could get around this concern by having PO-1 make checks payable to defendant's hand-selected PACs. Six days later, on September 10, 2018, defendant sent a text message to PO-1 listing two PACs to which he wanted PO-1 to donate: the California Education Coalition PAC ("CEC") and California Fire and Safety Committee PAC ("CFSC"). While California Fair Political Practices Commission filings did not list defendant as controlling either PAC, as discussed more fully below, both CEC and CFSC existed to promote defendant's interests, including defendant's preferred political candidates and for defendant's own personal benefit. Further, defendant had personal relationships with both individuals who, according to the California Fair Political Practices Commission, ran the PACs and helped set up those PACs for those individuals.

On September 26, 2018, in furtherance of defendant's agreement with PO-1 to vote in favor of the Police Association's contract, PO-1 met with defendant in Baldwin Park and provided defendant two \$5,000 checks from the Police Association payable to CEC and CFSC. Prior to providing the checks to defendant, PO-1 asked where the PACs would spend the money. Defendant said that they would "be used for, to promote me basically." After seeing that there were only two checks for \$5,000 each inside the envelope provided by PO-1, defendant said: "I thought it was going to be more than that." PO-1 told defendant that PO-1 would attempt to get the remaining money soon.

On October 2, 2018, defendant and PO-1 spoke on the telephone. During the call, defendant questioned PO-1 as to why the Police Association had not honored their part in the agreement with defendant. In doing so, defendant reiterated he had already performed his part of the bargain by voting for the Police Association contract. Specifically, defendant said: "Look, here's my concern, is, you know, you guys asked me a while back to support the contract . . . you know, and I did. I went through my commitment. And now you guys are saying, well,

before you do your commitment, you're asking for more, right, commitment." Later, defendant said: "The point is that when we make a commitment, you complete it. And I got you to the goal, and you guys haven't committed to what you're saying you'd do and it's like you're saying, 'well we don't trust you so we're gonna not do our commitment at this point...'"

On October 17, 2018, PO-1 met with defendant in a Baldwin Park, California coffee shop and provided defendant with an envelope containing \$20,000 in cash to fulfill the Police Association's part of the bargain with defendant in return for his vote on the Police Association contract. After exiting the coffee shop, defendant approached PO-1 in PO-1's vehicle and told PO-1 that he had to have checks, not cash. PO-1 responded by explaining that providing checks under defendant's short timeframe would be difficult and that cash was the most efficient way to provide the money defendant demanded. Defendant responded by saying if PO-1 had provided checks, defendant would have had to find a way to conceal the true source of the checks by depositing them in the PACs' accounts in order to obtain the money for defendant's personal use. When PO-1 asked if defendant wanted PO-1 to try and get checks from the Police Association, defendant said: "No no, just leave it like that," and PO-1 and defendant parted ways.

Marijuana Distributorship Development Agreement Scheme¹

Beginning in at least August 2017 and continuing through at least August 2018, defendant accepted from Political Consultant 1 ("PC-1") two \$5,000 checks, one made payable to a PAC defendant designated and the second to defendant's wife's re-election campaign, in exchange for defendant's vote in support of an agreement valued well in excess of \$220,000 annually awarding Marijuana Company 1 the City's sole marijuana distributorship.

More specifically, in approximately August 2017, defendant and Person 1, a public official, approached PC-1 and Marijuana Company 1 and solicited donations in the amount of \$10,000 each for defendant's church, CEC, and for the campaign of Person 2, a public official, for board of the West Valley Water District ("Person 2's Campaign"). At the time, Marijuana Company 1 was seeking a development agreement from the City to be the sole distributor of marijuana in the City. Marijuana Company 1's

¹ Marijuana is also known and commonly referred to as cannabis.

owner, Person 3, provided a \$10,000 check to CEC and a \$10,000 check to Person 2's Campaign.

In November 2017, defendant met with PC-1 at a restaurant in Baldwin Park, California, and told PC-1 to ask Marijuana Company 1 for cash in exchange for defendant's vote. During the meeting and after some discussion, defendant told PC-1 that he should ask Marijuana Company 1 for at least \$150,000, pay the 20% in taxes on the contract, and split the remainder with defendant in exchange for defendant's support of Marijuana Company 1's development agreement. PC-1 declined.

On December 18, 2017, the City Council voted on Marijuana Company 1's development agreement and approved Marijuana Company 1's development agreement by a vote of 3-0. Defendant and another councilmember did not attend or vote at the City Council meeting.

After the City Council indicated it would revisit the issue of Marijuana Company 1's development agreement, defendant and PC-1 met at a restaurant in Fontana, California on June 8, 2018. During the meeting, defendant told PC-1 he was raising money for three PACs: CEC, CFSC, and his wife's re-election committee. Defendant wrote the name of the three committees on a napkin, provided them to PC-1, and requested that Marijuana Company 1 make a total of \$15,000 in donations, with each committee receiving a \$5,000 donation.

On July 2, 2018, at the direction of the FBI, PC-1 met with defendant and defendant's friend Person 4, who defendant had previously identified as his "fundraising guy," at a restaurant in Rancho Cucamonga, California, to discuss the payments requested by defendant in exchange for his vote on Marijuana Company 1's agreement with the City. During the meeting, PC-1 told defendant that Marijuana Company 1 would provide \$10,000 of the \$15,000 requested by defendant to which defendant responded, "Ok, fine." PC-1 asked how defendant wanted the payments to be made, and defendant referred PC-1 to Person 4 and said Person 4 is "gonna do some fundraising for me." Later, during the meeting, defendant and Person 4 provided the names of the three PACs defendant previously identified, including CEC and CFSC, to which defendant wanted Marijuana Company 1 to provide donations in exchange for his political support of Marijuana Company One's Development Agreement.

On July 11, 2018, at the direction of the FBI, PC-1 met with Person 4 at a coffee house in West Covina. PC-1 provided Person 4 with a \$5,000 check made payable to defendant's wife's re-election campaign and a \$5,000 check made payable to CFSC.

On July 16, 2018, at the direction of the FBI, PC-1 met with defendant at a coffee house in West Covina, California, and later rode in defendant's vehicle. During the meeting, PC-1 told defendant that Marijuana Company 1 would be able to pay defendant another \$5,000 by early August, to which defendant responded, "Ok, I trust you, brother." Defendant then told PC-1 "[Marijuana Company 1] should be good" for the upcoming vote. Later in the conversation, defendant asked PC-1, "so, like in August?" referring to the additional payment defendant expected Marijuana Company 1 to provide him. At the end of the conversation, PC-1 asked defendant if Marijuana Company 1 was good for [the vote on] Wednesday, to which defendant replied, "Yeah, brother, I'm there," confirming he would vote for Marijuana Company 1, and then "hopefully in the future they continue helping us in campaigns."

At a July 18, 2018 meeting, the City Council voted in favor of Marijuana Company 1's development agreement awarding it sole distributorship of marijuana in the City for 20 years. In accordance with his agreement with PC-1, defendant voted in favor of Marijuana Company 1's agreement with the City.

Defendant confirmed his vote to PC-1 through a text message on July 18, 2018. During the vote on July 18, 2018, defendant initially inadvertently voted no on the contract. When PC-1 texted him to ask what happened, defendant responded via text message with the following: "Sorry. They made motions that confused me. / On [Marijuana Company 1]. But i straight [sic] it out on correcting vote." The development agreement was approved by a 4-1 vote.

West Valley Water District Board Scheme

Beginning in at least July 2017 and continuing through at least November 2019, defendant entered into agreement with Person 2, in which defendant would fund Person 2's Campaign for the Water District board and help him secure a contract with the City. In exchange, when Person 2 became a board member and an agent of the Water District, Person 2 would provide defendant a job at the Water District.

Defendant directed and/or arranged for Person 2's Campaign to receive approximately \$20,500, which represented almost the entirety of \$21,797 in monetary contributions received by Person 2's Campaign. These donations obtained by defendant came from individuals with business before the City. Defendant further arranged for Person 2's Campaign to receive \$4,789.08 of in-kind contributions from CEC, the PAC defendant controlled. These in-kind donations were never disclosed by Person 2's election committee in an effort to conceal defendant's agreement with Person 2.

As the result of his appointment to the Water District, defendant received at least \$300,000 in total salary from April 2018 through October 2019. In addition to this amount, defendant received approximately \$142,194 in a severance package in November 2019.

More specifically regarding the origin of this agreement, in approximately July 2017, defendant and Person 2 had a conversation at Baldwin Park City Hall in which Person 2 told defendant he planned to run for West Valley Water District Board and needed defendant's help, which defendant understood to mean help fundraising for the campaign. During this conversation, Person 2 told defendant that the Water District had job openings and that if defendant helped Person 2 with his campaign, defendant would try to get him a job at the Water District. Specifically, Person 2 said that once he got elected to the Water District's Board, "we'll get you in." Person 2 and defendant also discussed how this position would assist defendant with maxing out his California state pension so that defendant would receive the most money possible in retirement. Defendant agreed to raise money for Person 2 in exchange for a position at the Water District.

Later, on a different date, Person 2 changed the terms of his deal with defendant and told defendant that he wanted their deal to include defendant's vote and support for the renewal of Person 2's contract with the City (collectively, with the agreement to raise funds for Person 2's campaign in exchange for a Water District job for defendant, the "Water District Agreement.").

In furtherance of the Water District Agreement, Person 2 involved Person 5, an elected official, to further the effort to obtain a job for defendant at the Water District. Person 5 told

defendant that if defendant helped Person 2 and Person 5 get elected, then Person 2 and Person 5 would "help" defendant.

As discussed above, defendant and Person 1 approached PC-1 and Marijuana Company 1 and solicited donations to Person 2's Campaign while Marijuana Company 1 was pursuing its agreement with the City for exclusive marijuana distribution rights. Marijuana Company 1's owner, Person 3, provided a \$10,000 campaign contribution to Person 2's Campaign, which was reported to the California Fair Political Practices Commission as being received on September 14, 2017.

Marijuana Company 1's owner also provided a \$10,000 check to CEC dated September 12, 2017. In furtherance of the Water District Agreement, defendant directed a \$7,000 check from CEC's account payable to Person 2's campaign's account on or about September 26, 2017.

On October 9, 2017, Person 2 sent a text message to defendant's cellphone that stated: "Okay we are making our big push and I really need the 5k bro. Otherwise I'm completely broke this week and we are done," meaning that the success of Person 2's campaign depended on defendant's help with fundraising.

On October 10, 2017, in furtherance of defendant's agreement with Person 2, defendant solicited and arranged for a local developer, Person 6, to donate to Person 2's Campaign. On that same day, Person 6 donated \$1,500. After doing so, defendant sent a text message to Person 2 on October 10, 2019 in which he wrote: "Check to see for money."

On October 19, 2017, at Person 2's request, defendant delivered four checks totaling \$3,289.08 drawn on CEC's bank account to Person 7, Person 2's campaign manager. Of that amount, \$2,699.94 was made payable to a printing company and \$589.14 was made payable to the United States Postal Service. Later, in October 2017, defendant provided Person 2's Campaign two checks, dated October 28, 2017, totaling \$1,500 drawn on CEC's bank account. Of that amount, \$767.34 was made payable to a printing company and \$732.66 was made payable to the United States Postal Service. Person 2's Campaign never reported these in-kind donations on its California Fair Political Practices Commission forms.

Defendant understood from Person 7 that the money paid by CEC to the printing company and United States Postal Service was in part to pay for a "hit piece," that is, a negative advertisement, against Person 2 and Person 5's opponents. The "hit piece" had been designed by Person 1 who himself was seeking to obtain a contract for legal services from the Water District.

In addition to these contributions, defendant solicited donations for Person 2's Campaign from Person 8, a business owner, and, in response, received two checks totaling \$1,000 from Person 8. Defendant also solicited donations from Person 9, a business owner, and, in response, received a \$1,000 check from Person 9.

On November 8, 2017, the day after the election, defendant sent the following text message to Person 2: "Assistant GM," which signified the Water District position defendant wanted in exchange for his help with Person 2's campaign. Approximately 30 minutes later, Person 2 responded: "Really? We will talk if my contract goes through." Approximately two minutes later, defendant sent the next two messages: "Because you can't afford me anyplace else. I make 180K plus benefits" and "Make a second AGM spot for more efficient program." Less than a minute later, Person 2 responded: "Working on it."

On November 9, 2017, Person 2 sent the following text message to defendant: "Okay we all just won we are in." In response, defendant asked: "Can we discuss the GM position."

On November 9, 2017 and November 10, 2017, defendant sought to pressure another City councilmember to vote in favor of renewing Person 2's contract with the City. The councilmember explained to defendant that she would not vote for the new contract proposal because it had materially changed from the one she had originally agreed to support. During a text message exchange, defendant wrote the following three messages within the same minute: (1) "I just need your support"; (2) "Plus he just won in a large water district"; and (3) "Think about the possibilities," by which defendant meant that the councilmember could obtain financial benefits from the Water District, herself, and Person 2 if the councilmember supported Person 2's contract renewal.

On November 15, 2017, in furtherance of the Water District Agreement, defendant voted in favor of renewing Person 2's

contract. The City Council voted to renew Person 2's contract by a 3-2 margin.

In December 2017, at the victory celebration for Person 2 and Person 5, Person 2 and Person 5 confirmed for defendant that they would make good on their promise of providing him a position at the Water District.

After becoming an agent of the Water District, Person 2 worked to create a new position of Assistant General Manager for the Water District and to hire defendant for that position pursuant to their Water District Agreement. On March 29, 2018, in accordance with the Water District Agreement, the Water District hired him as an Assistant Manager and shortly thereafter elevated and added additional responsibilities, which provided defendant an annual salary of \$189,592 and the use of a Water District vehicle. The Board voted 4-0 in favor of defendant's contract with Person 2 abstaining, which was done in an effort to further conceal the Water District Agreement.

On December 13, 2018, FBI special agents executed a search warrant on defendant's residence and vehicle. Once the search had finished and on the same day, defendant met with Person 2 at a City event and told him about the FBI's search of his home.

Between March 2019 and April 30, 2019, defendant spoke with Person 2 and detailed evidence the FBI had gathered concerning the Police Association Scheme. Person 2 then provided defendant false exculpatory statements that Person 2 suggested defendant could tell the FBI, such as falsely stating that the cash he accepted from PO-1 were merely campaign contributions.

Marijuana Cultivation and/or Manufacturing Development Scheme 1

Beginning in 2017 and continuing through at least January 2019, defendant solicited approximately \$150,000 from Person 10, a public official, in exchange for his vote and support for Marijuana Company 2's Cultivation and/or Manufacturing Development Agreement ("Cultivation Development Agreement") with the City, an agreement worth in excess of \$240,000 annually. Defendant received at least \$100,000 in payments from Person 10 in connection with this agreement.

More specifically, prior to August 2017, Person 1 approached defendant and told defendant that the City should agree to allow marijuana companies to operate within the City's boundaries. Person 1 explained that defendant could personally profit from

allowing such businesses to operate within the City by accepting payments from applicants through an intermediary, which defendant could then either directly accept or direct to future campaigns. Person 1 explained that defendant should find an individual he trusted who would not talk (the "intermediary"), instruct the intermediary to represent himself as a "consultant" to companies seeking Cultivation Development Agreements, and promise to deliver a development agreement to the company in exchange for \$150,000 fee. Person 1 explained that consultants had been charging \$150,000 to assist with licensing related to marijuana, which is why defendant should ask for that amount. The intermediary then would share this \$150,000 fee with defendant who would then work with Person 1 and others on the City Council to get the Cultivation Development Agreements approved for that applicant.

In approximately August 2017, defendant met with Person 10 in Los Angeles County and accepted three \$10,000 checks from Person 10's consulting company ("Consulting Company 1"). After losing one \$10,000 check, defendant directed his friend, Person 11, to deposit the checks. Person 11 then withdrew approximately \$12,000 in cash and provided it to defendant. Prior to accepting the payment from Person 10, defendant and Person 10 agreed that Person 10 would provide defendant payments in exchange for his vote in support of Marijuana Company 2's Cultivation Development Agreement.

During the scheme, Person 1, Person 10, and defendant met on approximately five occasions at downtown Los Angeles restaurants, typically a month before the City Council voted on Cultivation Development Agreements. During these meetings, defendant and Person 10 would discuss in front of Person 1 the payments Person 10 made to defendant for his vote, and Person 1 and defendant would update Person 10 on the status of other Cultivation Development Agreement applications.

In approximately November 2017, at defendant's request and in exchange for his vote and support for Marijuana Company 2, Person 10 wrote a \$2,500 check drawn on Consulting Company 1's account for defendant's spouse's political campaign.

On April 18, 2018, in accordance with his agreement with Person 10, defendant voted in favor of Marijuana Company 2's development agreement for marijuana cultivation and manufacturing in its first reading before the City Council. Each development agreement before the City Council required a

first and second reading with at least one reading needing to occur at a regularly scheduled City Council meeting. After the first reading, a majority of the City Council would need to vote in favor of the development agreement in order for it to proceed to a second reading. After the second reading, a majority of the City Council would need to vote in favor of the agreement in order for it to become law.

On July 18, 2018, in accordance with his agreement with Person 10, defendant voted in favor of Marijuana Company 2's development agreement for marijuana cultivation and manufacturing in its second reading.

In approximately September 2018, defendant and Person 10 met in person in Los Angeles County. In exchange for his vote and support for Marijuana Company 2, Person 10 provided defendant a \$50,000 check with a blank payee drawn on the account of Person 12, an individual affiliated with Marijuana Company 2. Defendant then provided the \$50,000 check to Person 13, one of defendant's friends and a City and Water District contractor, who deposited the check into Person 13's company's account on or about September 21, 2018. Person 13 later provided defendant with approximately \$15,000 of the \$50,000 deposit in cash over several meetings in order to conceal the nature of the transaction.

On December 5, 2018, in accordance with his agreement with Person 10 and after Marijuana Company 2 petitioned to change its location, defendant voted in favor of Marijuana Company 2's amended development agreement for marijuana cultivation and manufacturing in its first reading.

As discussed above, on December 13, 2018, FBI special agents executed a federal search warrant on defendant's residence and vehicle. After the FBI had completed its search and left the premises, defendant contacted Person 1. At the time, defendant knew that Person 1 was close to Person 10 and believed that Person 1 and Person 10 had an agreement with respect to marijuana licensing in the City. Person 1 also told defendant that he was in business with Person 10, and Person 1 and Person 10 were seeking a marijuana license in Commerce, California.

On December 19, 2018, in accordance with his agreement with Person 10, defendant voted in favor of Marijuana Company 2's development amended agreement for marijuana cultivation and manufacturing in its second reading.

On or about January 24, 2019, Person 10 provided defendant seven checks totaling \$20,000 from individuals who defendant had never met. At least four of these individuals had connections to Marijuana Company 2. Defendant had asked Person 10 for donations to his legal fund after he and Person 10 had entered into an agreement whereby Person 10 would provide tens thousands of dollars to defendant in exchange for defendant's vote in favor of Marijuana Company 2. Defendant never formed a legal defense fund and instead used the money for his personal gain, namely, paying for legal bills for an unrelated civil matter.

Marijuana Cultivation and/or Manufacturing Development Scheme 2

Beginning in at least June 2017 and continuing through at least December 2018, defendant entered into an agreement with Person 4, defendant's "fundraising guy," in which Person 4 would solicit "consulting" contracts from Marijuana Companies 3 and 4, both of whom were seeking City marijuana cultivation and manufacturing development agreements. The development agreement for Marijuana Company 3 was worth well in excess of \$220,000, and the development agreement for Marijuana Company 4 was worth well in excess of \$198,000. Defendant and Person 4 agreed that Person 4 would charge Marijuana Companies 3 and 4 \$150,000 each in consulting fees, which would be paid to Person 4's company, Consulting Company 2. Of the \$150,000, defendant would receive 60 percent of those fees and Person 4 would receive 40 percent of the fees. Person 4 would withdraw cash from his Consulting Company 2 account and provide defendant his payments in cash in order to conceal the transactions. In exchange, defendant would vote for and support Marijuana Companies 3 and 4's City development agreements.

At some point in 2017, after this conversation, Person 1 provided defendant a physical copy of sample "consultant agreement" that Person 1 told defendant he could have his intermediary use when approaching companies seeking Cultivation Development Agreements. At the bottom of the sample agreement, it said to call Person 1 for any questions. Defendant provided that agreement to Person 4 who, as discussed later, served as defendant's intermediary with two companies seeking marijuana cultivation and/or manufacturing development agreements.

Between approximately August 2017 and December 2018, Person 4 received approximately \$110,500 from Marijuana Company 3 and \$45,000 from Marijuana Company 4. In that same time period, defendant accepted at least \$93,300 in cash from Person 4 as

part of his agreement to vote and support the development agreements for Companies 3 and 4.

Person 4 would often provide the cash that was subject to this agreement to defendant in person. For example, on October 6, 2017, Person 4 sent a text message using his cellphone to defendant's cellphone in which Person 4 wrote: "I printed the remainder of the documents you requested." Person 4 used "documents" as coded language for cash in order to conceal their agreement. Person 4 then sent another message to defendant's cellphone in which he wrote: "Let me know if you could meet tonight. OK." Approximately five minutes later, defendant responded to Person 4 with a text message that read "7pm tonight." Several hours later, defendant sent a text message to Person 4 in which defendant wrote: "Check the printing on the docs. Last time the printing was too light." When defendant said the "printing was too light" on the "docs," defendant was using coded language to conceal their agreement and to explain that Person 4 had not provided enough cash during their previous meeting. Less than 20 minutes later, Person 4 responded to defendant with this text message: "Haha...this time it's full color ink," confirming the payment amount was larger than the last and consistent with their agreement.

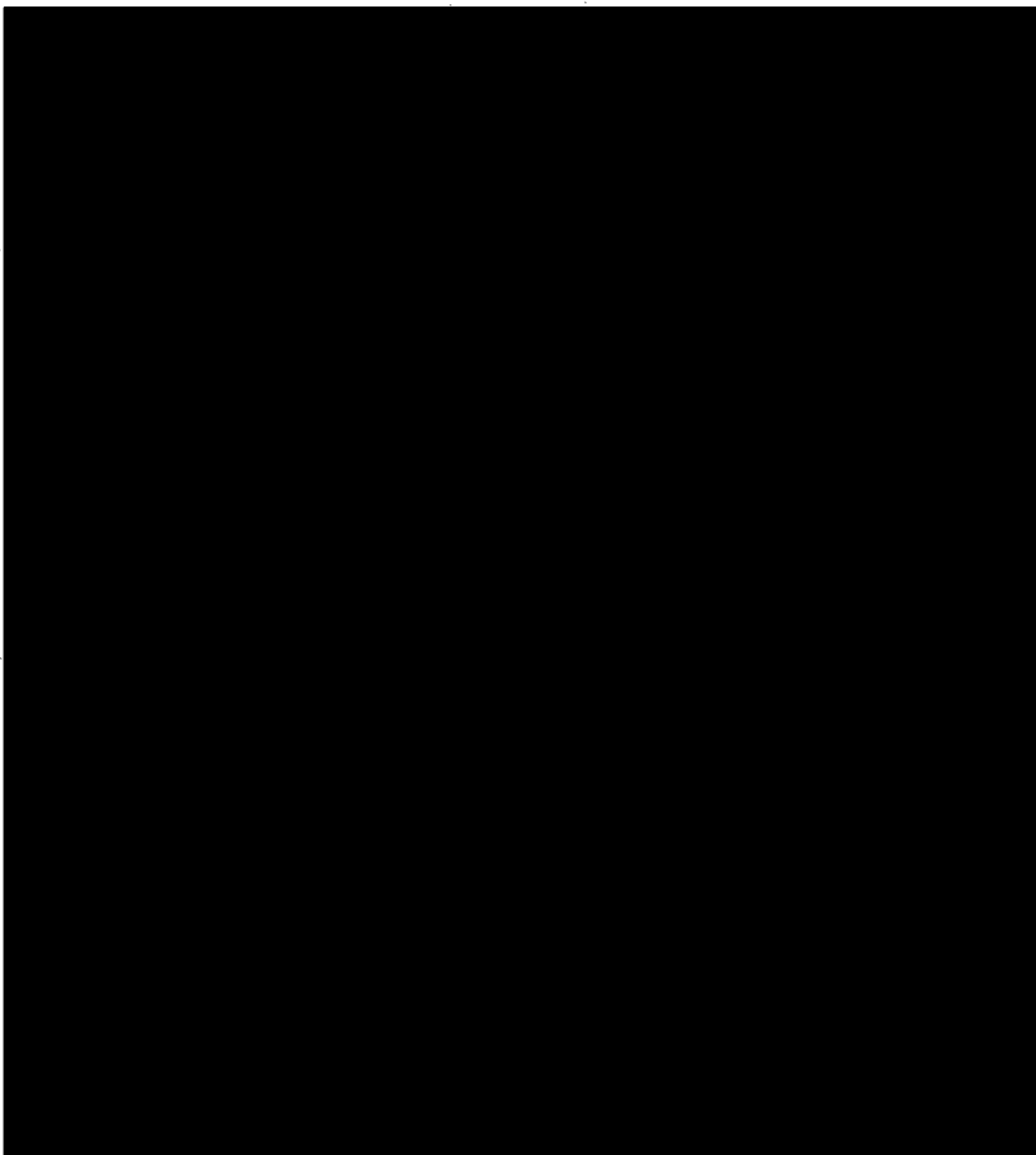
Similarly, Person 4 allowed defendant on at least one occasion to pick up cash from Person 4's home. On July 13, 2018, Person 4 sent a text message to defendant in which Person 4 wrote: "Call me a (sic) soon as you can so we can work out a way for you to pick up the documents [cash] this morning." Later, Person 4 wrote to defendant the following message: "I am not able to get away this morning, however you're welcome to stop by at your convenience and pick up [cash] from my house."

During the scheme, defendant and Person 4 would discuss the status of Company 3's development agreement in the City Council. For example, during October 2017, November 2017, and December 2017, Person 4 sent text messages to defendant referring to the phrase "city of Chinos," which was their code to refer to Company 3 and/or its representatives, around the dates of Baldwin Park City Council meetings and asked for updates from defendant on the application of the "City of Chinos," which defendant provided on at least two occasions.

On April 18 and May 2, 2018, in accordance with his agreement with Person 4, defendant voted in favor of Marijuana Company 3 and 4's development agreement applications, and the City Council

advanced and/or approved both Marijuana Company 3 and Company 4's development agreement applications on those dates.

EXHIBIT C



RP

EXHIBIT H



FOR IMMEDIATE RELEASE

CONTACT: Hanna Flannigan Flores
Hflanagan-flores@leeandrewsgroup.com
(213) 663-2615

Mayor Manuel Lozano's Statement on the City of Baldwin Park's Cannabis Industry Regulation

BALDWIN PARK, CA (April 20, 2018) Mayor Manuel Lozano made the following statement today regarding questions about the status of the cannabis industry regulations:

"The approach adopted by the City of Baldwin Park is the smart and fair way to regulate the Cannabis industry in our community, while ensuring the safety of our residents.

This new opportunity for the City will generate approximately \$4 million a year in general fund revenue. This new yearly revenue of \$4 million dollars will fund additional police officers, pave our streets and variety of other projects to improve our City.

Since 2016, the City has held study sessions, presentations, workshops and public hearings to ensure that Baldwin Park developed its own common sense framework to transition the unregulated cannabis market to the legal marketplace with the hope that it will create jobs, reclaim vacant properties and expand the general fund.

We worked for, and voted for, a taxed, regulated, legal structure for cannabis that allows the 15 proposed applicants to operate legally, and also to collect tax revenue to fund vital public services.

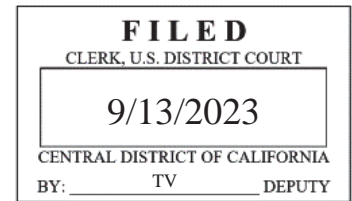
City staff judiciously reviewed all 15 proposed applicants to ensure that each comply with City and State laws. Our ultimate priority is to protect our residents and to ensure that the applicants conduct their businesses safely and by the letter of the law.

The regulation of the Cannabis Industry is a win for our community. Baldwin Park's general fund needs to fund expansions of vital public services, including police, homeless solutions and to remedy illegal dumping which threatens public health. I project that with the Cannabis fee collection the general fund could significantly increase.

Implementing regulations on the cannabis industry will boost the demand for industrial and commercial real estate, which will in turn fill vacant and dilapidated industrial parcels that have a strong association with crime and depleting property values.

I am grateful to the City's staff for strengthening the legal cannabis marketplace."

EXHIBIT I



UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF CALIFORNIA

June 2023 Grand Jury

UNITED STATES OF AMERICA,

Plaintiff,

v.

ISAAC JACOB GALVAN and
YICHANG BAI,

Defendants.

CR No. 2:23-cr-00456-SVW

I N D I C T M E N T

[18 U.S.C. § 371: Conspiracy;
18 U.S.C. § 666(a)(2): Bribery
Concerning Programs Receiving
Federal Funds; 18 U.S.C. §§ 1343,
1346: Honest Services Wire Fraud;
18 U.S.C. § 981(a)(1)(C) and 28
U.S.C. § 2461(c): Criminal
Forfeiture]

The Grand Jury charges:

INTRODUCTORY ALLEGATIONS

At times relevant to this Indictment:

A. THE CITY OF BALDWIN PARK

1. The City of Baldwin Park, California, was a local government located in Los Angeles County, within the Central District of California. Baldwin Park received benefits in excess of \$10,000 under a Federal program involving a grant, contract, subsidy, loan, guarantee, insurance, and other forms of Federal assistance in each of the calendar years in 2017, 2018, and 2019.

1 2. Baldwin Park was governed, in part, by its City Council,
2 which adopted legislation, set policy, adjudicated issues, and
3 established the budget for the city.

4 3. The City Council was comprised of four City Council members
5 and a Mayor, all of whom were elected at large by Baldwin Park's
6 registered voters.

7 B. MARIJUANA PERMITS IN BALDWIN PARK

8 4. On November 8, 2016, voters in the State of California
9 passed Proposition 64, which legalized marijuana for recreational
10 purposes.

11 5. On June 5, 2017, Baldwin Park announced in a press release
12 that "[m]onths after California voters passed legislation regarding
13 the use of cannabis, local officials are exploring economic
14 development opportunities pertaining to the indoor cultivation,
15 testing or manufacture of medical cannabis products in Baldwin Park."

16 6. On August 16, 2017, the City Council approved a permitting
17 plan to allow for the legal cultivation, manufacture, and
18 distribution of cannabis in Baldwin Park. Shortly thereafter,
19 Baldwin Park began accepting applications for development agreements
20 ("marijuana permits").

21 7. As part of the permitting process, Baldwin Park staff
22 reviewed marijuana permit applications, but final approval rested
23 with the City Council. The City Council also had to approve
24 applications for a marijuana permit to relocate its operations.

25 C. RELEVANT PERSONS AND ENTITIES

26 8. Defendant ISAAC JACOB GALVAN was a Councilmember for the
27 City of Compton, California, a local government in Los Angeles
28 County. From 2013 through May 2022, defendant GALVAN represented

1 Compton's Second District. In 2016, defendant GALVAN ran to become a
2 state senator representing California's State Senate District 35 but
3 lost in the primary election.

4 9. Defendant YICHANG BAI was the director of W&F International
5 Corp. ("W&F") and ran W&F's day-to-day operations.

6 10. Co-conspirator Ricardo Pacheco was first elected to the
7 Baldwin Park City Council in 1997 and held that elected position
8 until 2020. He also previously served as Baldwin Park's Mayor Pro
9 Tempore. In both roles, Pacheco was an agent of Baldwin Park.

10 11. As a public official employed by Baldwin Park, Pacheco owed
11 a fiduciary duty to the citizens of Baldwin Park to perform the
12 duties and responsibilities of his office free from bribery,
13 kickbacks, fraud, deceit, bias, conflicts of interest, self-
14 enrichment, self-dealing, and concealment.

15 12. Co-conspirator Person 1 was the City Attorney for Baldwin
16 Park from in or around December 2013 until October 2022. In this
17 role, Person 1 was an agent of Baldwin Park.

18 13. Person 28 was an associate of defendant BAI who served as
19 his translator and communicated frequently with defendant GALVAN in
20 connection with W&F's pursuit of a marijuana permit in Baldwin Park.

21 14. W&F was a corporation originally formed in January 2014 as
22 an import and export business. In 2017, W&F applied for a marijuana
23 permit in Baldwin Park, which it ultimately received in July 2018.
24 W&F had a Bank of America account ending in 8212 ("W&F Bank of
25 America Account").

26 15. I&I, LLC ("I&I") was a limited liability corporation
27 Person 1 formed for defendant GALVAN in October 2016. Defendant
28 GALVAN owned and operated I&I, even though his name did not appear in

1 the articles of organization filed publicly with the California
2 Secretary of State's office. On July 27, 2017, defendant GALVAN
3 opened an account at Wells Fargo Bank in the name of I&I ("I&I Wells
4 Fargo Bank Account"). Defendant GALVAN held out I&I as a consulting
5 business, and defendant GALVAN used it to solicit work as a
6 "consultant" from companies seeking marijuana permits in Baldwin Park
7 and elsewhere, including from W&F. In truth, defendant GALVAN used
8 I&I to solicit bribes for officials and to facilitate paying those
9 bribes.

10 16. These Introductory Allegations are incorporated by
11 reference into each count of this Indictment.

COUNT ONE

[18 U.S.C. § 371]

[ALL DEFENDANTS]

A. OBJECTS OF THE CONSPIRACY

17. Beginning on a date unknown and continuing until in or around February 2019, in Los Angeles County, within the Central District of California, defendants ISAAC JACOB GALVAN and YICHANG BAI, and co-conspirators Pacheco and Person 1, conspired with each other, and others known and unknown to the Grand Jury, to knowingly and intentionally commit offenses against the United States, namely, bribery concerning programs receiving federal funds, in violation of Title 18, United States Code, Section 666(a)(2), and wire fraud, including through the deprivation of honest services of a Baldwin Park official, in violation of Title 18, United States Code, Sections 1343, 1346.

B. MEANS BY WHICH THE OBJECTS OF THE CONSPIRACY WERE TO BE ACCOMPLISHED

18. The objects of the conspiracy were to be accomplished, in substance, as follows:

a. Defendants GALVAN and BAI would give, offer to give, and agree to give payments to Baldwin Park City officials, including \$70,000 to Pacheco, intending to influence and reward Pacheco.

b. In exchange for accepting those payments from defendants GALVAN and BAI, Pacheco would agree to perform official acts, including, among others, voting on W&F's marijuana permit application and its later application to relocate its operations in Baldwin Park.

1 c. Defendants GALVAN and BAI would take steps to
2 disguise, conceal, and cover up the bribes and kickbacks to Pacheco
3 by: (1) concealing the official acts Pacheco agreed to perform and
4 performed in exchange for payments from defendants GALVAN and BAI;
5 (2) having defendant BAI collect checks from sources other than
6 defendant BAI and W&F in order to disguise the true source of
7 payment; and (3) using an intermediary to convert the bribe payments
8 to cash after Pacheco received the bribes and kickbacks from
9 defendant GALVAN.

10 C. OVERT ACTS

11 19. In furtherance of the conspiracy and to accomplish the
12 objects of the conspiracy, on or about the following dates,
13 defendants GALVAN and BAI, and others known and unknown to the Grand
14 Jury, committed and caused to be committed various overt acts within
15 the Central District of California, and elsewhere, including the
16 following:

17 Overt Act No. 1: On August 7, 2017, defendant GALVAN provided
18 Pacheco at least one \$10,000 check from his I&I Wells Fargo Bank
19 Account with a blank payee line.

20 Overt Act No. 2: On August 7, 2017, Pacheco provided the
21 check to Person 11, a commercial real estate agent and friend of
22 Pacheco's brother, with Person 11's name written in the payee line.

23 Overt Act No. 3: On August 7, 2017, Person 11 deposited the
24 \$10,000 check into Person 11's American First Credit Union account.

25 Overt Act No. 4: Over four transactions from August 10, 2017
26 through August 21, 2017, Person 11 withdrew a total of approximately
27 \$6,400 in cash, which Person 11 then provided to Pacheco.

1 Overt Act No. 5: On September 6, 2017, after gathering a list
2 of the names of applicants for marijuana permits from Baldwin Park
3 staff and the names of the individuals associated with those
4 applications, Person 1 forwarded this internal city information to
5 defendant GALVAN.

6 Overt Act No. 6: On November 12, 2017, at Pacheco's request,
7 defendant GALVAN provided Pacheco a \$2,500 donation from his I&I
8 Wells Fargo Bank Account to Pacheco's wife's political campaign.

9 Overt Act No. 7: On November 17, 2017, defendant GALVAN met
10 with Person 28 to discuss providing defendant GALVAN's consulting
11 services to W&F in connection with its pursuit of a marijuana permit
12 in Baldwin Park.

13 Overt Act No. 8: On November 21, 2017, defendant GALVAN
14 received a check from the W&F Bank of America Account made payable to
15 I&I for \$40,000.

16 Overt Act No. 9: On November 24, 2017, defendant GALVAN
17 deposited a \$40,000 check from the W&F Bank of America Account into
18 the I&I Wells Fargo Bank Account.

19 Overt Act No. 10: On November 30, 2017, defendant GALVAN
20 acknowledged facilitating a meeting between defendant BAI, Person 28,
21 and Person 1 at Person 1's office regarding the marijuana permit for
22 W&F. Following the meeting, defendant GALVAN texted Person 28: "See
23 I don't fuck around."

24 Overt Act No. 11: On December 12, 2017, Person 19, Person 1's
25 friend, sent defendant GALVAN an email at Person 1's request with two
26 "Consulting Services Agreements" attached. Person 19 said, "Isaac,
27 Good afternoon[,] Please, if possible, get your clients to sign these
28 agreements (see attached) and if possible, return them to me

1 today." One of the attached contracts was a "Consulting Services
2 Agreement" between W&F and Consulting Company 4, which Person 19
3 owned. This contract listed an effective date of August 27, 2017 and
4 called for Consulting Company 4 to receive \$225,000 once Baldwin Park
5 issued W&F its marijuana permit.

6 Overt Act No. 12: On December 13, 2017, during a text message
7 exchange between defendant GALVAN and Person 28, defendant GALVAN
8 asked Person 28 for "2 things [to be] signed before tonight" and
9 explained that one is his "agreement" and that the "other is one that
10 was thrown at me yesterday." Person 28 asked defendant GALVAN to
11 email the "things" to be signed to Person 28.

12 Overt Act No. 13: On December 13, 2017, defendant GALVAN sent
13 an email to Person 28 attaching the same "Consulting Services
14 Agreement" between Consulting Company 4 and W&F that defendant GALVAN
15 had received a day earlier from Person 19.

16 Overt Act No. 14: On December 13, 2017, Person 28 forwarded
17 the email with the "Consulting Services Agreement" from defendant
18 GALVAN to defendant BAI.

19 Overt Act No. 15: On December 14, 2017, during a text message
20 exchange between defendant GALVAN and Person 28, Person 28 told
21 defendant GALVAN that defendant BAI wanted to meet and sent an image
22 of the signature page from the Consulting Services Agreement
23 defendant GALVAN sent to Person 28 the day before. The signature
24 page had defendant BAI's signature. Person 28 also told defendant
25 GALVAN that "[t]he original [contract] will be give[n] to you when I
26 see you tonight." Defendant GALVAN responded, "Ok" and confirmed
27 their meeting for that day.

1 Overt Act No. 16: On December 14, 2017, defendant GALVAN,
2 defendant BAI, Person 28, and others met and agreed upon the terms of
3 defendant GALVAN's consulting arrangement, including that defendant
4 BAI would only provide defendant GALVAN payment in the form of checks
5 from individuals other than defendant BAI or W&F.

6 Overt Act No. 17: On December 20, 2017, two days after the
7 City Council did not to approve W&F's marijuana permit application,
8 Person 28 asked defendant GALVAN via text message if "there is still
9 hope for" W&F's marijuana permit, and defendant GALVAN replied "Yes
10 of course."

11 Overt Act No. 18: On June 20, 2018, during its first reading
12 before the City Council, Pacheco voted in favor of W&F's marijuana
13 permit application, which indicated that W&F would be located on
14 Elton Street in Baldwin Park ("Elton Street Address"). The City
15 Council voted in favor of W&F's marijuana permit application by a
16 vote of 4 to 1.

17 Overt Act No. 19: On July 18, 2018, during its second and
18 final reading before the City Council, Pacheco voted in favor of
19 W&F's marijuana permit application for the Elton Street Address. The
20 City Council voted in favor of W&F's marijuana permit application by
21 a vote of 4 to 1.

22 Overt Act No. 20: On July 19, 2018, a day after the City
23 Council approved W&F's marijuana permit, defendant GALVAN sent
24 Pacheco two text messages asking if he "[w]ant[ed] to have a cigar"
25 and then suggested "Havana house in Alhambra."

26 Overt Act No. 21: On August 27, 2018, defendant BAI signed a
27 lease for W&F to operate its marijuana business on Littlejohn Street
28

1 in Baldwin Park ("Littlejohn Address"), a relocation that would
2 require further City Council approval.

3 Overt Act No. 22: On September 12, 2018, defendant BAI
4 requested and received from Person 12, an individual who owed
5 defendant BAI money, \$100,000 in checks. At defendant GALVAN's
6 instruction, defendant BAI requested that Person 12 write one check
7 for \$50,000 and five checks for \$10,000 each, and instructed Person
8 12 to leave the payee lines blank.

9 Overt Act No. 23: On September 12, 2018, defendant BAI met
10 with defendant GALVAN and delivered the \$50,000 check from Person
11 12's Chase Bank account ending in 8633 ("Person 12's Chase Account")
12 and five \$10,000 checks from Person 12's Bank of America account
13 ending in 9961 ("Person 12's Bank of America Account"). When
14 defendant BAI delivered the checks to defendant GALVAN, none of the
15 checks had payee information.

16 Overt Act No. 24: On September 14, 2018, defendant GALVAN
17 provided Person 1 the five \$10,000 checks from Person 12's Bank of
18 America Account for Person 1 to arrange to have cashed. Person 1
19 agreed to do so provided Person 1 could keep \$6,000. The payee line
20 on all the checks was blank when Person 1 received them.

21 Overt Act No. 25: On September 14, 2018, Person 1 gave Person
22 29, a relative of Person 1, the five \$10,000 checks from Person 12's
23 Bank of America Account and asked Person 29 to cash them. At the
24 time, the payee line on all the checks was blank.

25 Overt Act No. 26: On September 18, 2018, after receiving two
26 of Person 12's \$10,000 checks from Person 29, Person 30, a friend of
27 Person 29, deposited the two \$10,000 checks into his Chase Bank
28 account and later provided at least \$18,400 in cash to Person 29.

1 Overt Act No. 27: On September 19, 2018, after receiving one
2 of Person 12's \$10,000 checks from Person 29, Person 31, a friend of
3 Person 1 and Person 29, deposited the check into Person 30's Wells
4 Fargo Bank account ending in 1485 and later withdrew \$10,000 in cash,
5 which Person 31 provided to Person 29.

6 Overt Act No. 28: On September 20, 2018, after receiving two
7 of Person 12's \$10,000 checks from Person 29, Person 31 deposited one
8 check into Person 31's Wells Fargo Bank account ending in 1485 and
9 one check into Person 31's Vantage West Credit Union account ending
10 in 8255. Person 31 later withdrew \$20,000 in cash from both
11 accounts, which Person 31 provided to Person 29.

12 Overt Act No. 29: On September 20, 2018, defendant GALVAN gave
13 Pacheco the \$50,000 check from Person 12's Chase Bank Account. The
14 check at the time had a blank payee line.

15 Overt Act No. 30: On September 21, 2018, Pacheco gave the
16 \$50,000 check from Person 12's Chase Bank Account to Person 13, a
17 friend of Pacheco's, and asked Person 13 to provide cash back from
18 \$50,000 check to Pacheco.

19 Overt Act No. 31: On September 21, 2018, Person 13 deposited
20 the check into Person 13's company's Wells Fargo Bank Account ending
21 in 9377 and, in the months that followed, provided a portion of the
22 \$50,000 check in cash back to Pacheco.

23 Overt Act No. 32: On September 26, 2018, W&F submitted an
24 application to change W&F's location to the Littlejohn Address.

25 Overt Act No. 33: On December 5, 2018, during its first
26 reading at the City Council, Pacheco voted in favor of W&F's
27 application to relocate to the Littlejohn Address. The City Council
28 voted in favor of W&F's application to relocate by a vote of 5 to 0.

1 Overt Act No. 34: On December 19, 2018, during its second
2 reading at the City Council, Pacheco voted in favor of W&F's
3 application to relocate to the Littlejohn Address. The City Council
4 voted in favor of W&F's application to relocate by a vote of 5 to 0.

5 Overt Act No. 35: On January 23, 2019, Pacheco sent an email
6 to defendant GALVAN regarding a fundraiser for Pacheco's legal
7 defense fund.

8 Overt Act No. 36: On January 23, 2019, at defendant GALVAN's
9 request, defendant BAI gathered five \$3,000 checks and two \$2,500
10 checks, all from different bank accounts. At defendant GALVAN's
11 request, defendant BAI obtained \$20,000 in checks with blank payee
12 lines. None of the checks came from a bank account on which
13 defendant BAI or W&F were listed.

14 Overt Act No. 37: On January 23, 2019, defendant BAI
15 delivered, or arranged to be delivered, the seven checks totaling
16 \$20,000 to defendant GALVAN.

17 Overt Act No. 38: On January 24, 2019, defendant GALVAN
18 provided the seven checks totaling \$20,000 to Pacheco.

19 Overt Act No. 39: On January 30, 2019, Pacheco deposited one
20 of the \$3,000 checks defendant GALVAN had given him on or about
21 January 24, 2019 into his legal defense fund account ending in 5279
22 at SCE Federal Credit Union ("Pacheco's SCE Federal Credit Union
23 Account").

24 Overt Act No. 40: On February 4, 2019, Pacheco deposited the
25 remaining six checks totaling \$17,000 that defendant GALVAN had given
26 him on or about January 24, 2019 into Pacheco's SCE Federal Credit
27 Union Account.

1 Overt Act No. 41: On February 21, 2019, defendant GALVAN
2 invited Person 28 to use Signal, a secure end-to-end encrypted
3 messaging application.
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COUNT TWO

[18 U.S.C. §§ 666(a)(2), 2(a)]

[ALL DEFENDANTS]

20. Beginning on a date unknown and continuing to in or around February 2019, in Los Angeles County, within the Central District of California, defendants ISAAC JACOB GALVAN and YICHANG BAI, each aiding and abetting each other, corruptly gave, offered, and agreed to give something of value to a person, namely, \$70,000, intending to influence and reward co-conspirator Ricardo Pacheco, an agent of the City of Baldwin Park, in connection with a business, transaction, and series of transactions of the city having a value of \$5,000 or more, specifically, the city's approval and awarding of marijuana permits.

COUNTS THREE THROUGH TEN

[18 U.S.C. §§ 1343, 1346, 2(b)]

[ALL DEFENDANTS]

A. THE SCHEME TO DEFRAUD

21. Beginning on a date unknown and continuing to in or around February 2019, in Los Angeles County, within the Central District of California, and elsewhere, defendants ISAAC JACOB GALVAN and YICHANG BAI, together with others known and unknown to the Grand Jury, knowingly and with intent to defraud, devised, participated in, and executed a scheme to defraud the citizens of the City of Baldwin Park of their right to the honest services of Pacheco by means of bribery, kickbacks, materially false and fraudulent pretenses, and the concealment of material facts.

B. MEANS AND METHODS OF THE SCHEME TO DEFRAUD

22. The scheme to defraud operated, in substance, in the following manner and by the following means:

a. Defendant GALVAN would offer bribes and kickbacks gathered by defendant BAI in the form of checks from other co-schemers and individuals.

b. In exchange for the bribes and kickbacks from defendant GALVAN, defendant BAI, co-schemers, and other individuals, Pacheco would agree to perform official acts, namely, voting in favor W&F's marijuana permit application and application to relocate to the Littlejohn Address, and to exert pressure on another official to perform an official act, or to advise another official, knowing or intending that such advice will form the basis for an official act, namely, voting on W&F's marijuana permit application and its application to relocate to the Littlejohn Address.

c. Defendants GALVAN and BAI and their co-schemers would conceal their scheme and operate their scheme through materially false and fraudulent pretenses by: (1) concealing bribes and kickbacks offered and given by defendant GALVAN to Pacheco by having defendant BAI collect checks from sources other than defendant BAI and W&F in order to disguise the true source and nature of the payment; (2) using an intermediary to convert the bribe payments to cash after Pacheco received the bribes and kickbacks from defendant GALVAN; and (3) concealing material facts, including but not limited to, the fact that Pacheco received bribes and kickbacks from defendants GALVAN and BAI and that the true source of the bribes and kickbacks was defendant BAI.

C. USE OF WIRES

23. On or about the dates set forth below, within the Central District of California, and elsewhere, defendants GALVAN and BAI, for the purpose of executing the above-described scheme to defraud, transmitted and caused the transmission of the following items by means of a wire communication in interstate commerce:

<u>COUNT</u>	<u>DATE</u>	<u>WIRE</u>
THREE	September 21, 2018	Bank wire transfer of \$50,000 from Person 12's Chase Bank Account into a Wells Fargo Bank Account ending in 9377 processed through servers located in Alabama.
FOUR	January 30, 2019	Bank wire transfer of \$3,000 from a First Choice Bank Account ending in 1458 into Pacheco's SCE Federal Credit Union Account processed through servers located in Kansas.

COUNT	DATE	WIRE
FIVE	February 5, 2019	Bank wire transfer of \$3,000 from a Chase Bank Account ending in 0493 into Pacheco's SCE Federal Credit Union Account processed through servers located in Kansas.
SIX	February 5, 2019	Bank wire transfer of \$2,500 from a Chase Bank Account ending in 3221 into Pacheco's SCE Federal Credit Union Account processed through servers located in Kansas.
SEVEN	February 5, 2019	Bank wire transfer of \$2,500 from a Chase Bank Account ending in 3626 into Pacheco's SCE Federal Credit Union Account processed through servers located in Kansas.
EIGHT	February 5, 2019	Bank wire transfer of \$3,000 from a East West Bank Account ending in 7600 into Pacheco's SCE Federal Credit Union Account processed through servers located in Kansas.
NINE	February 5, 2019	Bank wire transfer of \$3,000 from an East West Bank Account ending in 1298 into Pacheco's SCE Federal Credit Union Account processed through servers located in Kansas.
TEN	February 5, 2019	Bank wire transfer of \$3,000 from a Chase Bank Account ending in 7717 into Pacheco's SCE Federal Credit Union Account processed through servers located in Kansas.

FORFEITURE ALLEGATION

[18 U.S.C. § 981(a)(1)(C) and 28 U.S.C. § 2461(c)]

24. Pursuant to Rule 32.2 of the Federal Rules of Criminal Procedure, notice is hereby given that the United States of America will seek forfeiture as part of any sentence, pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c), in the event of any defendant's conviction of the offenses set forth in any of Counts One through Ten of this Indictment.

25. Any defendant so convicted shall forfeit to the United States of America the following:

(a) all right, title, and interest in any and all property, real or personal, constituting, or derived from, any proceeds traceable to the offenses; and

(b) To the extent such property is not available for forfeiture, a sum of money equal to the total value of the property described in subparagraph (a).

3. Pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 28, United States Code, Section 2461(c), any defendant so convicted shall forfeit substitute property, up to the value of the property described in the preceding paragraph if, as the result of any act or omission of said defendant, the property described in the preceding paragraph or any portion thereof (a) cannot be located upon the exercise of due diligence; (b) has been transferred, sold to, or deposited with a third party; (c) has been placed beyond the jurisdiction of the court; (d) has been

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substantially diminished in value; or (e) has been commingled with
other property that cannot be divided without difficulty.

A TRUE BILL

/s/

Foreperson

E. MARTIN ESTRADA
United States Attorney



MACK E. JENKINS
Assistant United States Attorney
Chief, Criminal Division

LINDSEY GREER DOTSON
Assistant United States Attorney
Chief, Public Corruption
and Civil Rights Section

CASSIE D. PALMER
Assistant United States Attorney
Deputy Chief, Public Corruption
and Civil Rights Section

THOMAS F. RYBARCZYK
Assistant United States Attorney
Public Corruption and Civil
Rights Section

MICHAEL J. MORSE
Assistant United States Attorney
Public Corruption and Civil
Rights Section

EXHIBIT J



November 2, 2023

VIA EMAIL AND U.S. MAIL
EMAIL ADDRESS: dgts@icloud.com

David G. Torres-Siegrist
Attorney at Law
Law Offices of Torres-Siegrist
225 S. Lake Avenue, Suite 300
Pasadena, CA 91101

Tier One Consulting
1516 Virginia Avenue
Baldwin Park, CA 91706

SETTLEMENT DEMAND
PRIVILEGED/CONFIDENTIAL COMMUNICATION PURSUANT TO
CALIFORNIA EVIDENCE CODE SECTION 1152
SOLELY FOR USE IN SETTLEMENT NEGOTIATIONS

Re: *DJCBP Corp. dba Tier One Consulting v. City of Baldwin Park, et al.*
Case 2:23-cv-00384-CAS-PVC

Dear Mr. Torres-Siegrist and Owner:

This office is authorized to make the following counteroffer on behalf of the City of Baldwin Park to Tier One in regard to the above-referenced matter:

1. Payment in full of all outstanding fees in the amount of \$1,045,000.00; Invoice is enclosed; and
2. Dismissal, with prejudice, of the above referenced lawsuit as to City and all Remaining City Defendants (Manuel Lozano, Lourdes Morales, Ricardo Pacheco, and Robert Tafoya).

This counteroffer shall remain open for ten calendar days, and shall expire on November 12, 2023, at 5:00 p.m.

David Torres-Siegrist, Esq.

November 2, 2023

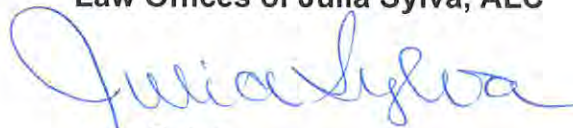
Page 2 of 2

Be advised, the City of Baldwin Park will also begin to exercise its rights pursuant to Section 3.6 (iii) (Automatic Termination) of the Amended Development Agreement between the City and Tier One, recorded on June 25, 2019 ("Development Agreement"), with the Los Angeles County Recorder on November 13, 2023. Further, pursuant to Section 3.6.1 of the Development Agreement ("Effect of the Termination"), City will "red tag" the building located at 1516 Virginia Avenue, Baldwin Park, CA 91706, and will notify the State of California, Department of Cannabis Control ("DCC"), that the Tier One local permit/license has been terminated and will request that the DCC license be terminated.

We look forward to your affirmative response.

Very truly yours,

Law Offices of Julia Sylva, ALC



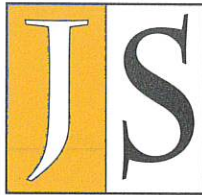
Julia Sylva,
Jesus Hinojosa
Special Counsel, City of Baldwin Park

Enclosure

Mayor Emmanuel J. Estrada and Members of the City Council
Remaining City Defendants
Enrique Zaldivar, Chief Executive Officer
Ron Garcia, Director of Community Development
Marco Martinez, City Attorney

EXHIBIT K

LAW OFFICES OF



JULIA SYLVA
A LAW CORPORATION

December 8, 2023

David Ju
Owner
Tier One Consulting
1516 Virginia Avenue
Baldwin Park, CA 91706

Re: Notice of Automatic Termination and Demand to Cease Operations of
Commercial Cannabis Business in the City of Baldwin Park

Dear Mr. Ju:

We understand that you are operating a cannabis business at 1516 Virginia Avenue, Baldwin Park, California, 91706 (Property). As you know, you have not paid the applicable fees due to the City of Baldwin in the amount of \$1,045,000.00. It appears that you have no intention of paying any amount of these overdue fees, or fees that accrue and become due in the future. It makes no sense for the City of Baldwin Park to allow you to operate this business without the payment of applicable fees.

On behalf of the City of Baldwin Park, you are hereby given notice, that the Development Agreement dated April 3, 2019, associated with the Property, is terminated, *effective immediately*, pursuant to Section 3.6 (iii), for failure to timely pay the Fee or Fees. The effect of the Automatic Termination is that "all land use entitlement and (building) permits are of no further force and effect. The City of Baldwin Park reserves all rights to seek damages, attorneys fees, and other relief due to your breach of the Development Agreement.

**YOU ARE TO CEASE ALL COMMERCIAL CANNABIS ACTIVITY
AT THE PROPERTY, *EFFECTIVE IMMEDIATELY*.**

Very truly yours,

Law Offices of Julia Sylva, ALC

Julia Sylva,
Jesus Hinojosa
Special Counsel, City of Baldwin Park

Mayor Emmanuel J. Estrada and Members of the City Council
Enrique Zaldivar, Chief Executive Officer
Ron Garcia, Director of Community Development
Marco Martinez, City Attorney
David Torres-Siegrist, Attorney

2225 28th Street, Suite 515 • Signal Hill, CA 90755

t: 562.988.3225 • f: 213.652.1966 • e: sylvaj@sylvalawcorp.com • www.sylvalawcorp.com

EXHIBIT L

From: "Adjakloe, Lydia@Cannabis" <Lydia.Adjakloe@cannabis.ca.gov>
To: "joycecho0805@gmail.com" <joycecho0805@gmail.com>
Cc: "djhj@prodigy.net" <djhj@prodigy.net>
Sent: Wed, Dec 13, 2023 at 11:46 AM
Subject: Termination of Local License-Tier One—see attached - CDPH-10003534 - DJCBP Corp - Request to withdraw/surrender

Greetings,

I am reaching out from the Department of Cannabis Control (DCC) as we have been notified by the City of Baldwin Park that your commercial cannabis manufacturing local permit has been terminated (see attached and below email). DCC is willing to assist you to surrender your state license (CDPH-10003534) (Expires on 2024-06-24) and withdraw the associated application APL-3082 which is a better option than abandoning your state application/license so you may be able to reapply in the future if you wish. Please respond back to this email if you wish to withdraw your application with a Request to withdraw your application and surrender the associated provisional license. You may submit this request/letter in writing, dated, and signed by the license owner/applicant, or advise on how to proceed with your application/license. Our department strives to provide great customer service. If there is anything else I can do, please feel free to reach out.

The Department will not refund application fees for a withdrawn application. An applicant may reapply at any time following the withdrawal of an application and will be required to submit a new application and application fee. Authority: Section 26013, Business and Professions Code. Reference: Sections 26050 and 26057, Business and Professions Code.

Please also provide the DCC application/license number you wish to withdraw as a confirmation.

Please respond back to this email as soon as possible, so we may move forward with the processing of your application.

Sincerely,

Lydia Adjakloe

Staff Services Analyst

Licensing Division, Application Review Office

Desk: 916-251-4490

844-61-CA-DCC (844-612-2322)

www.cannabis.ca.gov



Department of
Cannabis Control
CALIFORNIA

Integrity • Fairness • Innovation • Knowledge • Collaboration • Support

From: Julia Sylva <sylva@sylvalawcorp.com>

Sent: Monday, December 11, 2023 1:33 PM

To: Licensingactions@Cannabis <licensingactions@cannabis.ca.gov>

Cc: Daniel, Veronica@Cannabis <Veronica.Daniel@cannabis.ca.gov>; Tamara Colson <tamara.colson@dca.ca.gov>

Subject: Termination of Local License-Tier One--see attached

[EXTERNAL]: sylva@sylvalawcorp.com

CAUTION: THIS EMAIL ORIGINATED OUTSIDE THE DEPARTMENT OF CANNABIS CONTROL!

DO NOT: click links or open attachments unless you know the content is safe.

NEVER: provide credentials on websites via a clicked link in an Email.

Dear Ms. Helzer:

On December 8, 2023, the City of Baldwin Park served Notice to Tier One, Operator, that their development agreement and all related permits for commercial cannabis activity (manufacturing) in the City is automatically terminated for nonpayment of commercial cannabis fees due to the City of Baldwin Park.

Attached is a copy of the Automatic Termination Notice to Tier One.

Please advise as to next steps for the State Department of Cannabis Control to likewise terminate the State License to Tier One, Operator. .

I look forward to your response.

Regards,

Julia Sylva
Special Counsel
City of Baldwin Park
cell: 562.884.7973



Law Offices of Julia Sylva, ALC
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2023.12.08....to DJU.pdf
353 KB