

FOR IMMEDIATE RELEASE
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Today, the City of San Diego filed a civil lawsuit against lawyers and accountants who acted as professionals on behalf of the City in connection with bond offerings between 1996 and 2003.

The Complaint, filed by nationally-recognized malpractice attorney, Dan L. Stanford and San Diego attorney Bryan C. Vess, seeks more than \$100 million in damages and contains four causes of action:

- (1) Professional Negligence;
- (2) Breach of Fiduciary Duty;
- (3) Breach of Contract; and
- (4) Money Had and Received.

The City's lawsuit seeks compensatory damages, punitive damages (for intentional misconduct) and return of hundreds of thousands of dollars paid to these professionals over the years.

"Today, the citizens of San Diego begin to fight back and hold professionals responsible for their significant roles in creating and covering up financial irregularities," Stanford said.

"This is a case of malpractice and cover-up by highly paid professionals. These professionals were paid millions of dollars to protect the citizens of San Diego. They failed miserably," Stanford continued.

The Defendants in the detailed, 35-page complaint include the City's bond counsel, Orrick, Herrington & Sutcliffe, a national law firm and the independent auditing firm for all of the City's bond offerings, Calderon Jaham & Osborn. Also named as defendants are the law firm of Webster & Anderson, who served as co-bond counsel with Orrick and the accounting firm of Caporicci & Larson, which acquired the Calderon firm as of January 1, 2003.

"These defendants knew, or in the reasonable exercise of their jobs should have know, of the pension under funding for many years. Yet, they repeatedly approved and put their names on false official documents," Stanford said.

The crux of the City's civil complaint against the lawyers and accounting professionals is that they negligently drafted and circulated materially false disclosure documents from 1996 to 2003 in connection with the City's bond offerings. In addition, the Calderon accounting firm is accused of having, in essence, two sets of books – one set for the pension system in which the under funding of the pension was partially disclosed, and another set for the City, in which the under funding was not adequately disclosed.

And, the Orrick law firm is alleged to have engaged in a cover up of its own misconduct by failing to admit its errors to the City and by refusing to produce any documents generated by Orrick, since February 2004, in connection with its own internal investigation. The City's recent requests for these documents from its own

lawyers was rejected with the law firm claiming a “privilege” over the materials.

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