

DATE ISSUED: June 7, 2001

REPORT NO. 01-113  
**REVISED**

ATTENTION: Honorable Mayor and City Council  
Docket of June 19, 2001

SUBJECT: Proposed Debarment of J.G. Pipeline, Inc., its divisions and organizational elements, its Affiliates, Richard Andrade, Jaime Parraga, George Rogers Frost, Judy Ng Go, and James Jackson [These individuals, the corporate entity, its divisions and organizational elements, and its Affiliates will hereinafter be referred to as “**J.G.**” for convenience and clarification].<sup>1</sup>  
This debarment is separate and distinct from the procedural process of the debarment of SoCal (defined below).

#### SUMMARY

Issue - Should the City Council permanently debar J.G. under San Diego Municipal Code sections 22.0801, et seq.?

Manager’s Recommendation - Permanently debar J.G. Pipeline, Inc., its divisions and organizational Elements, its Affiliates, Richard Andrade, Jaime Parraga, George Rogers Frost, Judy Ng Go, and James Jackson.

Fiscal Impact - None.

Reference - Revised City Manager Report No. 01-068, and any and all documentation therein incorporated by this reference.

#### INTRODUCTION

Recently, this City Council permanently debarred Southern California Underground Contractors, Inc., its divisions and organizational elements, its Affiliates, James Craig Jackson, and George Rogers Frost [These individuals, the corporate entity, its divisions and organizational elements, and its Affiliates will hereinafter be referred to as “**SoCal**” for convenience and clarification.]

Debarment of J.G. is separate and distinct from the debarment of SoCal. This is a separate hearing at which J.G. has the opportunity to refute this evidence before the City Council. Even though evidence pertinent to debarring J.G. may, in certain respects, duplicate evidence pertinent to debarring SoCal, J.G.’s debarment hearing is independent of SoCal’s debarment hearing and of SoCal’s debarment status.

#### BACKGROUND

On June 26, 2000, after a noticed public hearing, SoCal was permanently debarred by the San Diego City Council. Four days after that debarment, SoCal, and other individuals related to

and working with SoCal, created J.G. Pipeline, Inc. in order to circumvent the debarment. All of these individuals were involved with SoCal both before as well as after that debarment.

As described in the Revised City Manager's Report No. 01-068, previously distributed to the City Council, SoCal sued the City in an Administrative Writ action. This writ challenged the notice of the debarment provided to SoCal. The Superior Court remanded the matter to the City Council to allow SoCal additional time to prepare. That debarment rehearing was heard on May 22, 2001 and May 26, 2001. After the rehearing, the City Council permanently debarred SoCal. Because SoCal is a debarred contractor, the corporate entity J.G. Pipeline, Inc., is also permanently debarred under the Municipal Code without further City action. However, in order to allow J.G. an opportunity to respond to the City Manager's recommendation, J.G. will be afforded a debarment hearing. This debarment hearing is separate and distinct from debarment of SoCal. It is a separate hearing and is based upon a sufficient factual basis which stands alone. All parties, including Jim Jackson (officer of SoCal) and George Frost (owner of SoCal), have an opportunity to rebut all evidence presented before the City Council in this hearing. Consequently, pursuant to this debarment hearing, if J.G. is permanently debarred, their debarment is not based upon, nor reliant upon SoCal's debarment status. The City Manager is recommending permanent debarment of J.G. based upon the information in this Report and any and all documents referenced and incorporated herein.

#### J.G. BIDS

J.G. has submitted a total of fourteen bids, seven on which J.G. was the apparent lowest bidder, (J.G. Pipeline Bid History Chart, Exhibit B):

<b><u>September 22, 2000</u></b>	K01013	Construction of Cather St. Sewer Rehabilitation & Replacement;
<b><u>October 20, 2000</u></b>	K01023C	Construction of Dale Street Storm Drain;
<b><u>November 15, 2000</u></b>	K01029C	Sewer and Water Group Job 527A;
<b><u>February 2, 2001</u></b>	K01045	Sewer and Water Group Job 489 [non-responsive];
<b><u>February 7, 2001</u></b>	K01043C	Sewer and Water Group Job 494;
<b><u>February 8, 2001</u></b>	K01041	Sewer and Water Group Job 623(a); and
<b><u>March 15, 2001</u></b>	K01051	Construction of Hensley St. Accelerated Sewer [non-responsive].

#### FACTUAL BACKGROUND

1. J.G. & SOCAL'S SHARED PERSONNEL - The connections revealing that SoCal and J.G. are the same involves key individuals. In order to allow the City Council to keep track of these names, we are providing the following chart outlining the involveme

nt of each  
of these  
individuals  
:

Personnel	Relationship to:	
	SoCal	J.G. Pipeline
Leon Lopez	Submitted SoCal's Bids, Co-Owns Numerous SoCal Vehicles with Southern California Underground Contractors, Inc., Admittedly Forged SoCal Traffic Control Permit	Submits Bids, Co-Owns Numerous SoCal Vehicles, drives vehicles, owned solely by SoCal to City offices to drop bids off for J.G.
Jim Jackson	Vice-President, Secretary/Treasurer, Submitted Bids	Employee, Submits Bids, Solicits Price Quotes, Requests Credit Applications for J.G.
George Frost	Officer, 100% Stock Owner	Judy Ng Go, his sister-in-law, is the owner of J.G.
Richard Andrade	Former Officer, Provided Legal Representation	Executed Articles of Incorporation, Responsible Managing Employee, Provides Legal Representation, Filed Application for Expedited Contractor's License
Judy Ng Go	Sister-in-law to SoCal Owner George Frost, same address as SoCal	President, Owner
Don Minium	Insurance Agent (Meridian Ins. Co.)	Insurance Agent (Meridian Ins. Co.)
Ruben Mendoza	Foreman	Superintendent
Tony Barrios	Foreman	Foreman
Javier Mendiola	Employee	Employee
Alfredo Salgado	Employee	Employee
Jaime Parraga	Owner of SoCal's Mobilehome/Trailer Used as Office	Vice-president, Secretary/Treasurer, Superintendent, Mechanic/Leadman, Owner of SoCal's Mobilehome/Trailer Used as SoCal's office
Joaquin Garcia	Driver of Vehicle at J.G. Pipeline/SoCal Yard	Employee

## 2. J.G.'S CREATION

**June 1996** - J.G. argues that they are a separate company than SoCal. However, clear links between the two companies exist.

A. As far back as 1996, George Frost (owner of SoCal), his sister-in-law Judy Ng Go

(owner and President of J.G.), his wife Katie Frost and the corporate entity Southern California Underground Contractors, Inc., were located at the same address, as described below.

- B. According to a Dun & Bradstreet Report dated October 12, 2000, George Frost holds 100% of capital stock in SoCal. (Dun & Bradstreet Report, Exhibit C.) Now his relative Judy Ng Go is the owner of J.G. Pipeline. (National City Business License Application, Exhibit D.) Judy Ng Go is believed to be George Frost's sister-in-law, and familiar with SoCal. She appears to be named as a J.G. Pipeline officer, in order to allow George Frost, a debarred contractor, to maintain his influence in the operations of J.G.

**June 26, 2000** - SoCal was initially permanently debarred by the San Diego City Council. (San Diego (Debarment) Resolution No. 293401, Exhibit E.)

**June 30, 2000** - Merely four days after the initial debarment of SoCal, J.G. was created by Richard Andrade, former SoCal officer and J.G. Responsible Managing Employee ("RME"). (Articles of Incorporation, Exhibit F.)

**July 7, 2000** - Jim Jackson (Vice President, Secretary, and Treasurer of SoCal) spoke freely about the SoCal debarment with the City Resident Engineer Collins Soloman on Group Job 530A, a contract on which SoCal was performing. Jim Jackson indicated that he was not concerned about the debarment because they were going to do business as another company. (Declaration of Collins Solomon, III, Exhibit G.)

**July 20, 2000** - Engineering and Capital Projects Department (hereinafter referred to as "E&CP") advertised a public works project entitled Water Group Job 522. This was the first Group Job to be put out for bid since the debarment of SoCal. Group Jobs are typically the types of E&CP projects on which SoCal bid. (Declaration of Anita Welker, Exhibit H.)

**July 25, 2000** - Five days after E&CP's advertisement, Richard Andrade, who in addition to being an attorney and previously a SoCal officer, is a licensed contractor, filed an application for an expedited contractor's license in order to bid Water Group Job 522. (Application to Contractors State License Board, Exhibit I.) This was less than one month after the SoCal debarment.

3. J.G. AND SOCAL'S SHARED USE OF INDIVIDUALS WHO COMMITTED THE CONDUCT WHICH TRIGGERED DEBARMENT

**July 31, 2000** - Judy Ng Go (owner and President of J.G.) submitted a letter to the Contractors State License Board requesting that Richard Andrade's application be expedited. (J.G. Application to Contractors State License Board, Exhibit I.)

- A. The expedite was requested expressly for the purpose of allowing J.G. to bid Water Group Job 522. Allegedly, an expedient approval would allow J.G. to avoid an "unnecessary lay-off of [SoCal] employees." In Judy Ng Go's letter supporting the request to expedite, she indicated that J.G. intended to hire twenty-one SoCal employees to be "unemployed" within two weeks. These people were allegedly to be unemployed because SoCal "was moving out of San Diego after finishing up two

City of San Diego jobs.” (J.G. Application to Contractors State License Board, Exhibit I.) Despite these representations, many of these employees listed in Judy Ng Go’s request were working for SoCal as late as December 2000-early 2001, described below. (Declaration of Ky Stratton, Exhibit J; Pianavilla Report, Exhibit K; Declaration of Mario Reyes, Exhibit L.)

- B. Not only do these workers continue to work for SoCal while “J.G.” is bidding City work, some of these workers committed the conduct which led to SoCal’s debarment in the first place.
- 1) Jim Jackson (Vice President, Secretary and Treasurer of SoCal) submitted numerous false claims on Group Jobs and falsified a traffic control permit. (City Manager’s Report No. 01-068, Exhibit A.)
  - 2) On Group Job 530A, Tony Barrios, a J.G./SoCal foreman, was cited for stealing water by using a non-operational water meter on a SoCal job. On this Group Job, Tony Barrios, a City Resident Engineer, in direct violation of the City’s directive to avoid a concrete encased high voltage electric conduit, chipped away at the concrete encasement, damaged the electric conduit and caused a power outage in the surrounding tourist and residential area of Old Town. (City Manager’s Report No. 01-068, Exhibit A; Declaration of Collins Solomon, Exhibit G.)
  - 3) On Group Job 496, Reuben Mendoza, a J.G./SoCal foreman, was cited for failing to be present on the job at all times as required by the contract including:
    - a) When the crew was working without traffic control; and
    - b) When SoCal installed a sewer main without inspection and failed to replace laterals in violation of the contract. Both of these instances posed serious risks to the public health and safety. (City Manager’s Report No. 01-068, Exhibit A.)
  - 4) Leon Lopez, a SoCal employee, admitted falsifying traffic control documents as described above. (The Revised City Manager’s Report No. 01-068, Exhibit A.)

**August-September 2000** -Shortly after the SoCal debarment, E&CP noticed the following irregularities in J.G.’s bidding practices:

A. Phone Calls

- 1) The E&CP Contract Services Division handles most of the City public works bids. The receptionist received calls from a man named Rick Han. He called regularly to obtain project information: copies of bid documents, project plans and specifications. Sometimes he would say he was with SoCal, other times J.G. On January 31, 2001, he called and represented himself as from SoCal. (Declaration of Danielle Mower, Exhibit M.)

- 2) Some time in September or October, 2000, Anita Welker, Contract Administrator for E&CP Contract Services Division, received a voice mail message from Leon Lopez of J.G. Pipeline, Inc. which began as follows: “Hi, this is Leon from SoCal, (pause) uh, I mean J.G. Pipeline . . . .” (Declaration of Anita Welker, Exhibit H.)
- 3) Once when Stacey Stevenson, Deputy Director of E&CP’s Contract Services Division, was contacted by Leon Lopez on behalf of J.G., the cell phone number he left for Ms. Stevenson to return his call was the same cell phone number listed in SoCal’s bid documents previously provided to the City. (Declaration of Stacey Stevenson, Exhibit N.)
- 4) In addition to these telephone calls, E&CP was notified by other contractors that J.G. Pipeline was, in reality, SoCal. (Ortiz Letter, Exhibit O; Declaration of David Zoumaras, Exhibit P.) At a contract bid opening where J.G. Pipeline submitted a bid, John Cady, of Ortiz Construction Corporation, said to Anita Welker, “You know who that is - that’s SoCal,” referring to J.G. Pipeline’s bid. (Declaration of Anita Welker, Exhibit H.)

#### 4. J.G.’S COMPLETE LACK OF BUSINESS EQUIPMENT AND/OR FACILITIES

- A. Leon Lopez, a SoCal employee, was seen submitting bids on many E&CP contracts on behalf of J.G. Pipeline. On many occasions, Leon Lopez would actually arrive in SoCal trucks. (Declaration of Richard Culpepper, Exhibit Q; Declaration of Anita Welker, Exhibit H; Declaration of Mario Reyes, Exhibit L; Declaration of Edwin Shoemaker, Exhibit S; Declaration of Wendy Kramer, Exhibit R.)
- B. Leon Lopez was known to E&CP staff. Before the debarment, Jim Jackson would usually submit SoCal bids to E&CP. However, at times when Jim Jackson was unavailable, Leon Lopez would submit bids for SoCal. In fact, Richard Culpepper (a former SoCal employee who was responsible for submitting bids for SoCal until he left SoCal’s employment on June 16, 2000) informed the City that Leon Lopez assumed this job responsibility for SoCal when Mr. Culpepper left. (Declaration of Richard Culpepper, Exhibit Q.)
- C. San Diego contractors who bid City work told E&CP that they saw a person pick up a bid for J.G. Pipeline, leave the building and get into a SoCal truck. On several occasions, persons exited trucks marked with SoCal insignia to submit bids for J.G. (Declaration of Edwin Shoemaker, Exhibit S; Declaration of Mario Reyes, Exhibit L.)
- D. Subcontractor’s from whom J.G. requested price quotes indicate that Jim Jackson (Vice President, Secretary, and Treasurer of SoCal) answers J.G.’s cell phone. (Declarations of Mark McDaniel, Exhibit U; Mike Powell, Exhibit T; Edwin Shoemaker, Exhibit S.) The Contractors State License Board only had a cell phone number on file for J.G. as well. (Declaration of Celia Griffin, Exhibit V.)
- E. The “official” J.G. fax number is located at Jaime Parraga’s National City personal

residence. However, the actual fax line being used (see discussion below) by Jim Jackson to receive J.G. price quotes from subcontractors is the SoCal fax number. (Declarations of Mark McDaniel, Exhibit U; Mike Powell, Exhibit T.)

F. J.G. Pipeline has no established business location.

- 1) On J.G.'s bid sheet, in response to the City's standard form providing a place for contractors to insert their business address, J.G. provided a P.O. Box. When E&CP Contract Services Division asked for a business address, Leon Lopez advised Contract Services that he did not know the physical address of J.G., nor did he know where the company was generally located. Ultimately, the business address provided was Jaime Parraga's National City residence. (Declaration of Stacey Stevenson, Exhibit N.)
- 2) Contract Services contacted National City to obtain additional information on J.G.'s address. However, at that time National City had no information on J.G. because they had not issued, nor had J.G. applied for, a National City business license. (Declaration of Celia Griffin, Exhibit V.)
- 3) The Contractors State License Board had two addresses on file for J.G. which J.G. had never provided to the City. One of these addresses was the home address of Judy Ng Go. The second address was for the law offices of Richard Andrade. (Declaration of Celia Griffin, Exhibit V.)

5. J.G./SOCAL BID PRACTICES

A. J.G. only bids City of San Diego work. J.G. bids the same type of work on which SoCal exclusively bid. (Declaration of Anita Welker, Exhibit O.)

- 1) The cities of Chula Vista, Los Angeles, and Long Beach, as well as the local federal Naval offices, have no record of J.G. submitting bids or doing work for them. (Declaration of Celia Griffin, Exhibit V.) In contrast, while J.G. was submitting bids to the City in the fall, SoCal bid a Chula Vista public works project at the same time.

B. SoCal and J.G. have similar bidding patterns.

- 1) They both have a pattern of bidding low on various pipeline projects in quick succession. (J.G. Pipeline Bid History Chart, Exhibit B; Declaration of Stacey Stevenson, Exhibit N.)
- 2) Jeff Scheidel, Vice President of Scheidel Contractors and Engineering, Inc. [Scheidel], and Board Member of the Associated General Contractors Association [AGC], indicates that based on his twenty-five years experience in job estimating, J.G.'s low bid pricing is not reasonable or responsible. J.G. was the low bidder on seven out of fourteen City jobs (50% of the time). In fact, Mr. Scheidel indicates that bonding company officials have advised him that a red flag is raised any time a contractor is low bidder over 10% of the

time. The concern being that the contractor is taking risks and may not be able to complete all the work satisfactorily, which would then force the bonding company to intervene and complete the work. (Declaration of Jeff Scheidel, Exhibit W.)

- a) According to Mr. Scheidel, bidding on public works projects is an involved and complex process. Responsible contractors typically are only the low bidder on approximately 5% - 10% of the total number of jobs they bid. Any contractor who is low bidder on 50% of the jobs he/she is bidding is probably not basing the bid on the plans, specifications, and actual field conditions. Generally, when this occurs, the contractor either loses money, uses shoddy materials, or seeks numerous change orders with exorbitant change order pricing, all of which can result in delayed completion of projects and strained contractor/agency relations. (Declaration of Jeff Scheidel, Exhibit W.)
- b) For Project No. K01023C, Construction of Dale Street Storm Drain, on which Scheidel was the second low bidder, J.G. Pipeline's bid was approximately \$100,000.00 lower than Scheidel's. The City Engineer's estimate was approximately \$500,000.00 which equals a 20% price difference between J.G. Pipeline's bid and the City Engineer's estimate. The rest of the bidders on this project were within approximately \$10,000.00 - \$20,000.00 of Scheidel's bid. Mr. Scheidel indicates that nothing in Scheidel's post bid analysis of this job would indicate that the job could be done profitably in accordance with the plans and specifications, nor completed on time for \$100,000.00 less than Scheidel's bid price. (Declaration of Jeff Scheidel, Exhibit W.)
- c) According to Mr. Scheidel, the San Diego county public works construction market is a very difficult market in which to compete profitably. When contractors succeed in setting unreasonably low pricing on public works projects, the contracting community, the agency and the taxpayers suffer as a result of shoddy work, delayed projects and significant staff time spent on ensuing litigation. (Declaration of Jeff Scheidel, Exhibit W.)

## 6. J.G. COMPANY PROFILE

- A. San Diego Municipal Code section 22.0801, et. seq., prohibits all City departments from executing a contract with a debarred contractor. In light of the law, E&CP became concerned about whether it was lawful to award a contract to a corporation that was SoCal operating under a different name. It is the customary practice of E&CP Contract Services Division to request company profiles from new companies who are the lowest bidder and who are considered for bid awards, in order to gain information about unknown companies. Anita Welker, the Contract Administrator, sent such a request to J.G. on September 26, 2000, and in response J.G. sent a letter back on October 4, 2000, profiling the company's experience. (J.G. Company Profile, Exhibit X; Declaration of Anita Welker, Exhibit H.)



- B. In J.G.'s "Company Profile," J.G.'s organizational structure was substantially the same as SoCal's. The San Diego Municipal Code extends debarment to include any and all "organizational structures" and "divisions." In a contracting scenario, the organizational structure is comprised of, including but not limited to: foremen, superintendents, officers and owners. Both SoCal and J.G. include Jaime Parraga and Ruben Mendoza as superintendents, Tony Barrios as a foreman, Jim Jackson as officer then, bid preparer now, and George Frost via Judy Ng Go. (J.G. Company Profile, Exhibit X.) And, as described below, this organizational structure was working for SoCal at the time J.G. was submitting numerous bids. (Pianavilla Report, Exhibit K; Declarations of Ky Stratton, Exhibit J; Collins Soloman, Exhibit G.)
- C. In addition, **every job** listed for J.G. Pipeline's "Construction Experience" was a SoCal job. (Letter from County of Los Angeles, Exhibit Y; Declaration of Anita Welker, Exhibit H.) Further, the listed contracts account for **more than one-half** of the contracts on which SoCal was debarred (five of nine City jobs). (J.G. Company Profile, Exhibit X.)

**Mid-November 2000** - The J.G. Company Profile raised more questions than it resolved. In light of the cumulative evidence that J.G. was SoCal attempting to circumvent the debarment, E&CP rejected J.G.'s bids. Anticipating that J.G. would continue to submit bids, E&CP contacted the City Attorney's Office for assistance. Additional research obtained the following information:

- A. Wendy Kramer, City Attorney Investigator, was instructed to ascertain if there was any connection between SoCal and J.G. Within the first day of this research, Ms. Kramer performed computer searches of: a) both companies' corporate records and corporate officers to determine if there were any bankruptcies, liens, or judgments filed against any of them; b) Dun and Bradstreet reports on both companies; c) certified records on both companies from the California Secretary of State and the Contractors State License Board; Department of Motor Vehicles Records; and d) Superior and Municipal Court records for Orange, San Diego, and Los Angeles Counties. (Declaration of Wendy Kramer, Exhibit R.)
- B. DMV records revealed that George Frost (owner of SoCal), his sister-in-law Judy Ng Go (owner and President of J.G.), and the corporate entity Southern California Underground Contractors, Inc. were located at the same address. Records show that SoCal officer George Frost's wife, Katie Frost, was "also known as" Katie Ng Go, and resided at 418 West 39<sup>th</sup> Street, San Pedro, California 97031, as of September 14, 1994. Judy Ng Go resided at the same address as of June 5, 1996. George Frost was served a small claims court judgment dated June 3, 1996, at this same address, 418 West 39<sup>th</sup> Street, San Pedro, California. And, Southern California Underground Contractors, Inc., was served a judgement entered into by a Superior Court at this very same address, also in 1996, specifically, October 3, 1996. Because Judy and Katie are two years apart in age, Judy Ng Go is believed to be George Frost's sister-in-law. (Declaration of Wendy Kramer, Exhibit R.) She appears to be involved with J.G. Pipeline in order to allow George Frost, a debarred contractor, to maintain his influence in the operations of J.G./SoCal.

- C. According to a Dun & Bradstreet Report dated October 12, 2000, George Frost holds 100% of capital stock in SoCal. (Dun & Bradstreet Report, Exhibit C.) Now his relative Judy Go is the owner of J.G. Pipeline. (National City Business License Application, Exhibit D.)

**November 2000** - Jim Jackson requested that several bids and quotes, and a credit application for J.G. Pipeline, be faxed to SoCal's fax number. (Declaration of Mike Powell, Exhibit T.)

**November 27, 2000 -**

- A. At about 2:30, Mario Reyes, a City resident engineer, saw Jim Jackson (Vice President, Secretary, and Treasurer of SoCal) leaving the J.G./SoCal yard in a white Ford Explorer. (Declaration of Mario Reyes, Exhibit L, with attached photos.)
- B. Numerous City Resident Engineers received phone calls and/or messages from an individual allegedly working for "Tretrault Consultants." The individual stated that Tretrault was doing consulting for the City of Encinitas. Mario Reyes, resident engineer, inquired how to spell the consulting firms name. The individual spelled it, then paused and said hold on a minute. When he returned to the phone, he spelled it again but this time differently than before. He inquired regarding the quality of SoCal's work. The individual appeared to become defensive upon hearing that SoCal was debarred and stated, "but that is only for work with the City of San Diego." Mario Reyes obtained a call back number. That number was the voice mail for "Mario Ramirez from SoCal." Luis Duenes, Ky Stratton and Ken Zerehpoush also received similar phone calls. (Declaration of Mario Reyes, Exhibit L.)

**November 30, 2000 -**

- A. Mario Reyes, a City resident engineer, witnessed Leon Lopez driving a truck, License No. 6464033, owned exclusively by Southern California Underground Contractors, Inc. and enter City offices. Right after Mario Reyes observed Leon Lopez driving, Luis Duenes, another City resident engineer, observed Leon Lopez at a City bid opening as the J.G. representative. They communicated what Mr. Lopez was doing by way of a cell phone. Mario Reyes saw Leon Lopez return to the SoCal truck after the bid opening. (Declarations of Mario Reyes, Exhibit L; Luis Duenes, Exhibit Z, both with attached photos; Wendy Kramer, Exhibit R.)
- B. Mario Reyes went to the J.G./SoCal yard located at Imperial Avenue and 45th Street. All equipment was the same SoCal equipment (painted green bumpers, some white, some yellow), the same trailers (gray with green trim) which appear to be the same mobilehomes/trailers in which meetings with SoCal were held. Trucks with SoCal colors, and the name "SoCal" painted on the driver's door entered and exited the yard. (Declaration of Mario Reyes, Exhibit L.)

**December 12, 2000 through December 13, 2000 -**

- A. Because several contractors notified the City that SoCal, and therefore J.G., had a yard near 45<sup>th</sup> and Imperial Avenue, the Pianavilla Investigative Agency took photos

and videotape of persons and vehicles at the yard, and at any job sites to which these people went. License plates for vehicles in these photos disclosed that eight were registered to either Southern California Underground Contractors, or Southern California Underground Contractors dba Leon Lopez, or Leon Lopez doing business as Southern California Underground Contractors, or Leon Lopez. Another vehicle was registered to Jaime Parraga (J.G. Officer as described above).

The following is a chart setting forth the registered owner of the vehicles at the SoCal/J.G. yard:

<b>D.M.V. LICENSE PLATE</b>	<b>REGISTERED OWNER</b>
6G07774	SO.CAL. UNDERGROUND CONTR. OR <b>LEON LOPEZ</b>
5G04255	SO. CALIF. UNDERGROUND CONT. INC.
6A64580	SOUTHERN CALIF. UNDERGROUND CONTRACTORS INC.
SE488135 (generator)	S.CALIF. UNDERGROUND CONTRACTORS INC.
2ZOJ900	PACHECO, CONSUELO
SE497264 (water truck)	WRATISLAW MASONRY INC.
5H89928	SO.CALIF. UNDERGROUND CONTRACTORS, INC.
5F69598	SOUTHERN CAL CONTRACTORS
6F81949	SO.CAL UNDERGROUND CONT. INC.- <b>LEON LOPEZ</b>
4ELE886	WHEELER, STEPHEN MARK
4CNZ548	<b>PARRAGA, JIM</b>
5X76766	SO. CAL. UNDERGROUND
9C40189	ALL EQUIP LSG. LSR., SO.CA. UNDGRND. CONSTR. INC., LSE.
6A64033	SO. CAL UNDERGROUND, CONSTRCTN.

(Pianavilla Report, Exhibit K; Declaration of Wendy Kramer, Exhibit R.)

- B. Collins Soloman, a City resident engineer, reviewed the Pianavilla videotape. He recognized Joaquin Garcia, a laborer/operator; Alfredo Salgado, a laborer/pipelayer known as “Chaparo,” who wore the same hat in the tape as he did when he worked for SoCal on Job 530A. Collins Solomon also recognized a vehicle typical of SoCal because it is a white Chevy truck, has a chain in front, a green bumper, green stripe, and green grille. To the City’s knowledge, no other contractor in San Diego uses these particular distinctive markings. Other indicia of SoCal included a SoCal pipe-layer who worked on a City Group Job; a SoCal gold generator with green trim attached to a white and green Chevy truck; Ruben Mendoza, the most senior SoCal foreman (also identified by J.G. as a J.G. Superintendent); and a SoCal employee known only as “Chuie” (red sweatshirt, red hat, mustache); Julian Mendoza Tapia, a SoCal foreman; another SoCal truck (white Chevy with a silver stripe, green bumpers, chain around the license plate, tinted rear-cab window) used by SoCal foremen; a typical SoCal barricade (with “S.C.U.” imprinted on it); one SoCal water truck (white with a green stripe in the middle of the water carrier compartment) and a

second water truck, with graffiti on its side, that SoCal has been using for an extended period of time; SoCal backhoes manufactured by John Deere; and a mobilehome/trailer, owned by Jaime Parraga that looks similar to a SoCal trailer for use by SoCal workers. (Declaration of Collins Soloman, Exhibit G.)

7. J.G./SOCAL CONTRACTING COMMUNITY INPUT

- A. This particular facet of the construction industry is described as a “small community.” Many contractors and subcontractors were reluctant to reveal information about J.G./SoCal because they feared repercussions in the pipeline community. Although many contractors were reluctant to provide information, well-established contractors, those with many years in the business, provided declarations detailing their knowledge that J.G. is SoCal. However, even these individuals revealed a great deal more information than they were willing to put in a declaration for fear of reprisal. One declarant, aware that CGU was J.G.’s bonding company, contacted his own insurance agent. His agent informed him that a CGU representative described J.G. as a large company that had done a lot of work in San Diego before it was banned. The precise definition of SoCal. This contractor disclosed this information confidentially and would not allow the City to disclose his name, contact his agent, nor the CGU representative. (Declaration of Wendy Kramer, Exhibit, R.)

8. J.G./SOCAL COMMON USE OF CONSULTANTS

- A. Not only are J.G./SoCal represented by the same attorneys, the initial correspondence from J.G.’s attorney on behalf of J.G. was executed as “Attorney for Southern California Underground Contractor’s, Inc.” (Declaration of Stacey Stevenson, Exhibit N.)
- B. J.G./SoCal have the same surety company providing bonds - CGU Insurance Company, 1340 Treat Boulevard, Suite 400, Walnut Creek, Northern California, CA 94596, Candy M. Coons, Attorney-in-Fact. J.G. and SoCal obtained their bonds on July 10, 2000, and November 8, 2000, respectively. (Bond and Insurance Documents, Exhibit AA.) Please note that when the City attempted to obtain basic information regarding J.G.’s bond, J.G. refused to provide even simple information such as who signed for J.G.’s bond. (Letter from E&CP to CGU Insurance, Exhibit BB; Letter from Andrade & Associates to City, Exhibit CC.)
- C. J.G./SoCal have the same insurance company - Meridian Insurance Service, Inc., 4501 E. La Palma Avenue, Suite 150, Anaheim, CA 92807, Don Minium, Insurance Agent. J.G. and SoCal obtained their insurance policies/certificates on August 15, 2000, and November 11, 2000, respectively. (Bond and Insurance Documents, Exhibit AA.)

**December 20, 2000** - J.G. obtained a business license to operate a business in National City.

- A. On that application, Jaime Parraga is listed as Vice President, Secretary, and Treasurer. However, on the California Contractors State License Board license, Judy Ng Go is Treasurer, Secretary, and President. But, on the National City application, Judy Ng Go is not only listed as President, but is also listed as Owner. Richard

Andrade is the Responsible Managing Employee. (Contractor License No. 782984 for J.G., Exhibit I; Declaration of Celia Griffin, Exhibit V.)

- B. Although Jaime Parraga, was the Vice-President, Treasurer and a Superintendent for J.G. as of August 9, 2000, Jaime Parraga's, and another "J.G. employee," Joaquin Garcia's, vehicles were parked at SoCal's yard. SoCal's yard is used to store equipment and trucks for SoCal. J.G. employees were working for SoCal as described below. (Declarations of Collins Solomon, Exhibit G; Ky Stratton, Exhibit J; Pianavilla Report, Exhibit K.)
- C. Ky Stratton, a City resident engineer, was paged by Reuben Mendoza, a foreman for SoCal/J.G. Reuben described his location at the corner of Halecrest Drive and Telegraph Canyon Road, Chula Vista. He told Mr. Stratton he saw him drive by and that Mr. Stratton should stop to say hello. The next day Mr. Stratton stopped at this location and talked with Reuben Mendoza. Mr. Mendoza stated that he was working on a SoCal job as the foreman replacing a storm drain for the City of Chula Vista. (He also has been identified as a superintendent for J.G. as described above.) At this job site, Ky Stratton saw equipment painted green which he recognized to be SoCal equipment, a 225 or 235 excavator, a SoCal water truck, and SoCal barricades. Ky Stratton also saw numerous employees who had worked on City Group Job 636 for SoCal. Ky Stratton reviewed a copy of Richard Andrade's expedited application to the State Contractor's License Board and the list of SoCal employees who were to be "laid off" sometime in August 2000. Four of those listed J.G. employees were working on this SoCal job site: Reuben Mendoza, Tony Barrios, Javier Mendiola, and Alfredo Salgado. (Declaration of Ky Stratton, Exhibit J.)

#### **January 2001 -**

- A. J.G. requested bids from subcontractors to prepare a bid for a City job. When the subcontractors called the cell phone number given for J.G., Jim Jackson (Vice President, Secretary and Treasurer of SoCal) answered the phone. Ed Shoemaker would not reveal the names of the subcontractors because the subcontractors told him in confidence. They feared that by disclosing this information they would be "cutting their own throat[s]." (Declaration of Ed Shoemaker, Exhibit S.)
- B. Ed Shoemaker saw a woman submit a bid to E&CP Contract Services Division on behalf of J.G. Pipeline, Inc. When she left, he saw her get into a truck which had a Southern California Underground Corporation, Inc. insignia on the side. (Declaration of Ed Shoemaker, Exhibit S.)

#### **February 2001 -**

- A. A brief and accompanying documentation pertinent to J.G.'s post-SoCal debarment conduct was provided to J.G. in full as early as February of this year. That information is substantially the same information as the information provided to J.G. described below.

#### **May 10, 2001 -**

- A. Although personal service is not required under the San Diego Municipal Code, the City personally served a draft<sup>2</sup> of this City Manager's Report and accompanying documentation on J.G. Pipeline, Inc., Richard Andrade, Judy Ng Go and Jaime Parraga, through their attorney Andrade & Associates.
- B. Although personal service is not required under the San Diego Municipal Code, the City personally served a draft of this City Manager's Report and accompanying documentation on Jim Jackson at a trailer on a lot at 9509 Hermosa Avenue, Rancho Cucamonga, CA 91730.
- C. The City left a copy of the draft City Manager's Report and accompanying documentation at George Frost's home address. Although personal service is not required under the San Diego Municipal Code, the City attempted several times to personally serve George Frost at his various addresses on file.
- 1) George Frost's address of 1599 Seabright Avenue, Long Beach, CA 90813 is a vacant lot.
  - 2) George Frost's address of 1045 South 43<sup>rd</sup> Street, San Diego, CA is a vacant lot.
  - 3) Tom Musick went to George Frost's address to serve him with documents. At George Frost's home address, 418 West 39<sup>th</sup> Street, San Pedro, CA 90731, a woman appearing to be approximately fifty years of age and of oriental descent opened the door. She indicated that George Frost would be unavailable for several days. She provided George Frost's cell phone number. A man who identified himself as George Frost answered the cell phone. After Mr. Musick described the documents to be served on George Frost, George provided an address of 9509 on Hermosa Avenue, Rancho Cucamonga, CA 91730. He provided directions to the site and stated he was staying there in a mobile home on the site.

When Mr. Musick arrived at the site, no one answered the door, but a man spoke to him through a window and stated that George Frost departed a few minutes before. It was dark inside the mobilehome but Mr. Musick could discern that the man had a mustache, appeared to be Caucasian and in his early fifties.

On May 10, 2001, Mr. Musick, familiar with Jim Jackson's Ford Explorer, followed Jim from his home to the same Hermosa Avenue address provided by George Frost the previous day. Mr. Musick inquired of Jim Jackson where Mr. Frost could be located. Jim made a phone call, addressed the person on the phone as George and stated, "There is a guy here looking for you." Jim Jackson got off the phone and indicated that George Frost was not present, that he was not on the site, and that Jim did not know when George would return. Jim Jackson would not divulge any additional information regarding where George Frost could be located. Mr. Musick then personally served Jim Jackson as described above. Mr. Musick provided the documents to the

woman at George Frost's home address.

**Approximately June 8, 2001** - Revised City Manager's Report No. 01-113 was issued and personally served on J.G. Pipeline, Richard Andrade, Judy Ng Go and Jaime Parraga, at the law offices of Andrade & Associates. The City will use diligent efforts to personally serve George Frost and Jim Jackson notice.

#### CONCLUSION

The totality of the information described in detail above indicates a willful effort on the part of SoCal/J.G. to circumvent the permanent debarment mandated by the City Council. Such corrupt practices violate in letter and spirit the principles of "responsible" bidding and are prohibited by law.

A swift and permanent debarment of J.G. is necessary to protect the health and safety of the citizenry, the full and open competition, namely the integrity of our bidding system, granting contract awards only to responsible contractors.

#### ALTERNATIVES

1. Debar J.G. for a period of three years.
2. Do not debar J.G.

Respectfully submitted,

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Stacey Stevenson  
Deputy Director

Approved: George Loveland  
Senior Deputy City Manager

Frank Belock, Jr.  
Director  
Engineering & Capital Projects Dept.

LOVELAND/BELLOCK/SS