



MICHAEL N. FEUER
CITY ATTORNEY

REPORT NO. R 20 - 0 3 1 4
NOV 10 2020

**REQUEST FOR CLOSED SESSION PURSUANT TO
CALIFORNIA GOVERNMENT CODE SECTION 54956.9(d)(1)**

REPORT RE:

SETTLEMENT DISCUSSION

CITY OF LOS ANGELES v. SHELLINE KATANGIAN, ET AL.
LOS ANGELES COUNTY SUPERIOR COURT, CASE NO. 18STCV02275

The Honorable City Council
City of Los Angeles
Room 395, City Hall
200 North Spring Street
Los Angeles, California 90012

Honorable Members:

This Office recommends that discussions with, and advice from, legal counsel regarding the recommendation for City Council action in this pending litigation be scheduled and held in closed session pursuant to California Government Code Section 54956.9(d)(1). Section 54956.9(d)(1) requires you to state publicly, prior to the closed session, what subdivision of this section authorizes the closed meeting, and that the closed session is being held to confer or discuss with, or receive advice from, legal counsel regarding pending litigation.

This matter concerns a civil action under which judgment was entered against Defendants for submitting false claims to the City of Los Angeles and for collecting, removing, and transporting solid waste generated within the City of Los Angeles without the required permits.

If you have any questions regarding this matter, please contact Assistant City Attorney Michael J. Bostrom at (213) 978-1867 or Deputy City Attorney Steven S. Son at (213) 978-1863.

The Honorable City Council
City of Los Angeles
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Messrs. Bostrom and/or Son will be present when you consider this matter to answer any questions you may have.

Sincerely,

MICHAEL N. FEUER, City Attorney
KATHLEEN A. KENEALY, Chief Deputy City Attorney

By: 
SCOTT D. MARCUS, Senior Assistant City Attorney



MICHAEL N. FEUER
CITY ATTORNEY

REPORT NO. **20-0314**
NOV 10 2020

PRIVILEGED AND CONFIDENTIAL
ATTORNEY-CLIENT COMMUNICATION

**REQUEST FOR CLOSED SESSION PURSUANT TO
CALIFORNIA GOVERNMENT CODE SECTION 54956.9(d)(1)**

CONFIDENTIAL REPORT RE:

RECOMMENDATION FOR SETTLEMENT RESPONSE

CITY OF LOS ANGELES v. SHELLINE KATANGIAN, ET AL.
LOS ANGELES COUNTY SUPERIOR COURT, CASE NO. 18STCV02275

The Honorable City Council
City of Los Angeles
Room 395, City Hall
200 North Spring Street
Los Angeles, California 90012

Honorable Members:

It is respectfully requested that this Honorable Body reject a written settlement offer this Office received on October 20, 2020, under which Defendant Shelline Katangian (“Katangian”) would pay the City of Los Angeles (“City”) \$100,000 over a period of 60 months and under which the City would add Defendant Key Disposal & Recycling, Inc. (“Key Disposal”) to the City’s approved list of Construction and Demolition (C&D) waste haulers.

BACKGROUND FACTS & PROCEDURAL HISTORY

On October 25, 2018, this Office filed a civil action on behalf of the City against Katangian and two trash hauling companies, Shelly’s Volume Transportation Services, Inc. and Key Disposal, for knowingly making false statements to the City regarding their solid waste

hauling operations and for continuing to operate within the City without an AB 939 Compliance Permit.

On September 21, 2020, the Los Angeles County Superior Court entered judgment against all three Defendants, after this Office prevailed on summary judgment. The judgment holds Defendants jointly and severally liable to the City in the amount of \$3,614,052 in treble damages, for knowingly making false statements to the City in April 2015, April 2016, and April 2017 (to avoid mandatory AB 939 Compliance Fees) in violation of the California False Claims Act; the judgment also holds Defendants jointly and severally liable in the amount of \$33,000 and \$1,447,500 for civil and statutory penalties, respectively, for these false claims and for collecting, removing, and transporting solid waste generated within the City without an AB 939 Compliance Permit. The judgment further enjoins Defendants from operating within the City without first obtaining an AB 939 Compliance Permit and any other permit the City requires. We are in the process of recording abstracts of the judgment in Los Angeles and Orange Counties.

This Office has also been monitoring and litigating several bankruptcy matters, which were necessitated after Katangian and her husband (John) filed for Chapter 11 bankruptcy on June 3, 2019. One of those bankruptcy matters is an adversary proceeding this Office affirmatively filed against Katangian in the United States Bankruptcy Court for the Central District of California, Case No. 8:19-ap-01181-TA, in which the City seeks a judgment holding that the City's state court claims (since reduced to judgment, see above) constitute non-dischargeable debts.

On October 20, 2020, this Office received a written settlement offer from Katangian's attorney of record in the bankruptcy adversary proceeding. Under the terms of this offer, and in full settlement of the City's state court claims, Katangian would pay the City \$100,000 over a period of 60 months; Katangian is also requiring, under the terms of the offer, the City to add Key Disposal to the City's approved list of Construction and Demolition (C&D) waste haulers.

RECOMMENDATION:

This Office is conveying this settlement offer due to (and consistent with) our ethical duties, as this Office has an obligation to convey all written settlement offers to the client. However, this Office does not see this as a serious offer; we also do not recommend the City make any counteroffer.

Based upon the investigation and findings in connection with the underlying bankruptcy case, it appears that the Katangians and their trash hauling companies have little assets, much of which is already overly encumbered by other (and substantial) existing liens. It is also this Office's understanding that the Katangians previously entered into a settlement with the California Air Resources Board on an unrelated matter, but failed to make the installment payments as required under that agreement. Further, the City has had a long and difficult history attempting to bring Katangian, SVT, and Key Disposal into compliance, and it does not appear

beneficial to continue to conduct business with them. Under the circumstances, it appears more prudent to simply continue to take appropriate steps to enforce the judgment.

If you have any questions regarding this matter, please contact Assistant City Attorney Michael J. Bostrom at (213) 978-1867 or Deputy City Attorney Steven S. Son at (213) 978-1863. Messrs. Bostrom and/or Son will be present when you consider this matter to answer any questions you may have.

Sincerely,

MICHAEL N. FEUER, City Attorney
KATHLEEN A. KENEALY, Chief Deputy City Attorney
SCOTT D. MARCUS, Senior Assistant City Attorney

By: Steven S. Son
MICHAEL J. BOSTROM, Assistant City Attorney
STEVEN S. SON, Deputy City Attorney