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August 2, 2006

VIA FAX and U.S. MAIL

Mr. Benito Romano
Willkie Farr & Gallagher
787 Seventh Avenue
New York, NY 10019-6099

RE: *Audit Committee Presentation of Investigative Report*

Dear Mr. Romano:

I understand that representatives of Kroll Inc. ("Kroll") and Willkie Farr & Gallagher, LLP ("Willkie Farr") have arranged to present their final investigative report at the 8 August 2006 meeting of the San Diego City Council, at 8:00 a.m. Further, there is purportedly a two-hour time limit for the representatives to answer questions. An 8:00 a.m. meeting is unusually early for a Council meeting, and limiting the time of the appearance for questions is unprecedented. Neither is acceptable.

You wrote to Mayor Jerry Sanders and Council Member Scott Peters that "...the Audit Committee intends to confine its remarks to the content of the Report and will not respond to any other questions at that time." This is also unacceptable.

I am writing this letter to notify representatives of Kroll and Willkie Farr that their appearance at the 8 August 2006 meeting of the San Diego City Council is required without time restrictions. Your presence is necessary until Mayor Jerry Sanders, the City Attorney, and representatives of the City Council feel that their questions have been answered sufficiently. This request is by no means unreasonable considering the approximately \$20 million the City of San Diego has paid for the completion of the report.

It is wholly inappropriate for representatives of Kroll and Willkie Farr to discuss any of the report, its contents or its presentation with Council Member Peters, who was a subject of the investigation, outside of the presence of the Council. The scheduling should have been conducted through the office of Deputy Mayor Tony Young, who was not an elected member of the San Diego City Council at the time that alleged illegal acts took place.

This letter is also to inform you that upon presentation of the report, representatives of Kroll and Willkie Farr will be expected to answer questions about the scope of the investigation, accounting and investigative processes used during the investigation, and billing practices by Kroll and Willkie Farr throughout the investigation. Since the report has been completed, Kroll's purported need for "independence" is inapposite. We request that Kroll and Willkie Farr representatives bring to the meeting the following documents:

1. All contemporaneous daily, weekly, monthly and periodic timecards and other internal timekeeping reports for each individual who recorded time worked on this project from February 1, 2005 through the current date. This response should include data that reports all the time worked on all projects during the requested time period, including, but not limited to, this project.
2. All daily, weekly, monthly and periodic reports for each individual that describes, by hour, by date, the work performed by each individual on this project from February 1, 2005 through the current date.
3. All drafts of invoices submitted to the City of San Diego for this project from February 1, 2005 through the current date.
4. All periodic internal reports (e.g., pro formas, billing detail reports) that were utilized to prepare each invoice submitted to the City of San Diego for this project from February 1, 2005 through the current date.
5. All periodic internal reports, including, but not limited to pro formas, management reports and project status reports, used by Kroll, Inc. and Willkie, Farr & Gallagher to manage this project. This data should include project margins, revenue, costs, out-of-pocket expenses, hours recorded by individuals, hourly billing rates by individual, amounts billed, amount collected, etc.
6. All budgets, workplans and fee estimates related to this project.
7. All documents, including receipts, to support the out-of-pocket disbursements that were invoiced to the City of San Diego from February 1, 2005 through the current date.
8. All internal emails, correspondence and memoranda related to this project.
9. A copy of the relevant section(s) from the Kroll, Inc. and Willkie, Farr & Gallagher employee handbook(s)/guide(s) regarding employee timekeeping and expense practices and policies.
10. Any all documents and/or reports reflecting the billing rates charged on all other projects (including the names of the other projects and the relevant dates), by the individuals who

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worked on the subject project for the City of San Diego, from February 1, 2005 through the current date.

11. All invoices and/or bills generated by Kroll, Inc. and Willkie, Farr & Gallagher pertaining to other projects those companies worked on, aside from the subject project, from February 1, 2005 to the current date, including all invoices and receipts for costs and out-of-pocket expenses.

Note that you are requested to produce written documents, including any with handwritten notes, as well as any documents stored electronically.

It is also worth mentioning that, as of the date this letter was sent, Kroll and Willkie Farr's presentation at the 8 August 2006 meeting of the City Council has not properly been noticed. This raises questions about a potential Brown Act violation.

I look forward to seeing you at the 8 August 2006 meeting of the San Diego City Council.

Sincerely yours,

MICHAEL J. AGUIRRE, City Attorney

cc: Troy Dahlberg