



San Diego City Attorney Jan I. Goldsmith

NEWS RELEASE

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CITY OF SAN DIEGO AND RURAL/METRO RESOLVE ACCOUNTING ISSUES

San Diego, CA: The City of San Diego and Rural/Metro have amicably resolved questions of accounting irregularities concerning the City's contract for emergency medical services, including allegations raised in a "qui tam" lawsuit filed by a former Rural/Metro employee in September 2010.

A [report](#) from Cornerstone Research, an independent accounting firm hired through a mediation process at Rural/Metro's expense, focused on the funds in question and found no evidence of Rural/Metro's alleged fraudulent withholding of revenues. The report can be found at www.sandiego.gov/cityattorney under Documents and Other Resources.

The parties have entered into a Mediation Resolution Agreement (attached) which includes a full settlement and release of claims by all parties, including the qui tam plaintiff. Under the agreement, the City will receive a net amount of \$1.4 million as reimbursement for the time and effort devoted to the process by the City Attorney's Office, the City Auditor's Office and other City officials, as well as for funds expended by the City. In addition, \$100,000 will be paid to the qui tam plaintiff for reimbursement of attorney's fees and costs.

In March 2011, after Rural/Metro denied allegations raised in the qui tam lawsuit, the City, Rural/Metro and the qui tam plaintiff, Robert Heffner, agreed to dismiss the lawsuit and have a financial review of the 13-year relationship conducted by an independent firm under the direction of a retired judge, all at Rural/Metro's expense. The parties envisioned working toward a mediated resolution upon receiving information from the independent firm.

In February 2012, Cornerstone presented its Summary of Findings to the parties. Cornerstone's work was overseen by retired Judge Leo Papas. It lasted approximately six months and involved over 2,600 hours of forensic professional accounting time.

"I am very proud of the way Rural/Metro, Mr. Heffner and the City handled this matter," said Goldsmith. "There were serious allegations that could have easily resulted in expensive and lengthy litigation. Instead, we took Rural/Metro up on its offer to show that the funds were not misappropriated through an independent process funded by Rural/Metro. And, they did exactly what they said they would do. The City did not previously have that information, but the independently validated facts show that there was a sound explanation for how the funds in question were applied."

"The way Rural/Metro stepped up to the plate is unique," added Goldsmith. "In my 36 years in law and watching thousands of cases from the bench, I often wished that the parties would get together early and get to the bottom of the matter without years of expensive litigation, but rarely did I see that happen. I commend

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Rural/Metro for doing what good corporate citizens should do to resolve issues, rather than resorting to litigation.”

Goldsmith thanked Judge Papas for his work in helping the parties through a complicated process. “This was a good resolution for the parties and puts this matter to rest,” said Goldsmith.

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