



FOR IMMEDIATE RELEASE: August 4, 2022

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City Attorney Obtains Settlement Agreement

Housing Commission broker who secretly profited from transaction to pay \$1 million

City Attorney Mara W. Elliott today announced that she will bring to the City Council a settlement to the lawsuit filed against a real estate broker who secretly benefited from the San Diego Housing Commission's purchase of a Mission Valley hotel.

San Diego taxpayers will be made whole under the terms of the proposed settlement, and the property will continue to be used to provide temporary housing for unsheltered people.

In negotiations with the City Attorney's Office, real estate broker Kidder Mathews and agent Jim Neil agreed to pay \$1 million in damages, of which \$845,000 will go to the San Diego Housing Commission and \$155,000 to the City of San Diego.

Neil received a \$502,500 commission for his work on the Housing Commission's 2020 purchase of the Residence Inn Hotel Circle in Mission Valley for \$67 million. After identifying the Residence Inn as a suitable property for the Housing Commission, Neil purchased 40,000 shares of stock in the hotel's corporate owner. The value of his stock increased after the acquisition.

The City contends that Neil's actions violated California's anti-corruption laws that prohibit a government agent from having a financial interest in a contract they participate in making. This same law is being used by the City in its lawsuit against broker Jason Hughes over the 2016 acquisition of 101 Ash Street.

“The City will continue to be a target for corrupt business practices if those who take advantage of it are not held accountable,” City Attorney Mara W. Elliott said. **“This settlement sends the message that my office will not back down from doing what’s right.”**

The settlement will be brought for approval to the San Diego Housing Commission, the Housing Authority, and the City Council in the coming months. Elliott sued on behalf of all three entities.

Under the proposed agreement, Neil will stipulate to a permanent debarment, meaning he can never again conduct business with the City or any City-affiliated entities. Kidder Mathews, the largest independent commercial real estate firm on the West Coast, agreed to a two-year debarment.

Neil further agreed to an administrative settlement with the state Fair Political Practices Commission that will be approved as to form by the San Diego County District Attorney's Office.

Neil was the broker on a second hotel deal at the same time – the purchase of the Residence Inn Kearny Mesa, for which he received a \$592,500 commission. While Neil had no forbidden financial interest in that deal, the commissions Neil negotiated with the sellers on both deals exceeded the \$250,000 limit set in his signed Broker Agreement with the Housing Commission.

The Housing Commission purchased the hotels to provide temporary housing to unsheltered people and protect them from the height of the Covid pandemic.

The lawsuit was filed by the City Attorney on behalf of the City, the Housing Authority, and the Housing Commission. It was litigated by Senior Deputy City Attorney Meghan Ashley Wharton.

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