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Contact: Leslie Wolf Branscomb at
lawolf@sandiego.gov or (619) 533-5896

City Attorney Mara Elliott's Remarks on Hughes Settlement

Below are remarks delivered by San Diego City Attorney Mara W. Elliott at the March 22, 2023, special meeting of the San Diego City Council regarding a proposed settlement of litigation over the purchase of 101 Ash Street and the Civic Center Plaza.

“After years of litigation against Jason Hughes and Hughes Marino, we’re proud to present a settlement proposal that we’ve negotiated with Mr. Hughes’s litigation team.

Under that agreement, Mr. Hughes would return \$9,433,872.30 to the City within 10 business days from the effective date of the settlement agreement.

This sum represents the full amount of secret payments that Mr. Hughes, the City’s volunteer real estate consultant, received on the 101 Ash Street and CCP transactions.

In exchange, the City would dismiss with prejudice its claims against Mr. Hughes and Hughes Marino.

We believe the proposal before you today is in the City’s best interest and it is an excellent result and an indisputable victory for the City.

We’ve done right by the taxpayers.

We never would have learned of these payments if the contractors had not unleashed asbestos while remodeling the 101 Ash Street building.

That negligence led to litigation and that litigation led to discovery.

Through discovery, we learned that there were side agreements between Mr. Hughes and the property owner, Cisterra, where Hughes would deliver a buyer – the City - to Cisterra, and Cisterra would reap profits that it would then share with Hughes.

Recent City media releases can be accessed on the San Diego City Attorney’s website: <https://www.sandiego.gov/cityattorney>
Follow the City Attorney’s Office on Instagram: [San Diego City Attorney Mara W. Elliott \(@sdcityattorney\)](#) • [Instagram photos and videos](#)

1200 Third Avenue, Suite 1620, San Diego, California 92101-4188 (619) 236-6220

Once we received this information, this became a textbook conflict of interest case.

The City initiated litigation related to these properties in October of 2020 and has built a mountain of evidence that it would present at trial.

Our efforts were exhaustive.

All those involved have been deposed, and the pleadings we've filed through the years explain the roles that each participant has played. That information is at the courthouse and on the City's PRA portal, NextRequest.

Despite today's good news, the moment is also bittersweet.

Last summer, over my office's objections, the City settled its lawsuit against Cisterra and the lender, Wilmington Trust.

Cisterra is no less culpable than Hughes or Hughes Marino, yet the City agreed to dismiss its litigation against them in exchange for the return of the profits it made on the 101 Ash Street transaction.

Cisterra kept the profits from CCP.

The City also agreed to buy 101 Ash Street from Cisterra, even though our remedy under conflict of interest law would be to return the building to Cisterra and to get our money back.

And we also agreed – again over my office's objections – to use taxpayer money to defend and indemnify Cisterra and the lender for their legal expenses.

We are still paying those invoices.

The settlement before you is further evidence of the strength of our case, and confirmation of our belief that we could have delivered a full victory against Cisterra if we had been able to conclude our work.

By settling with Cisterra as we did, we weakened our bargaining position with Hughes, and likely undermined the ability of our District Attorney to unleash the full weight of the law against those who did us wrong.

Despite being saddled with this disadvantage, we fought hard and we never blinked.

The resolution we've negotiated with Hughes is fair and it is wise.

It is our understanding that District Attorney Summer Stephan will be announcing a criminal resolution soon.

I thank the District Attorney and her hard-working team for prioritizing this case and for protecting the City of San Diego.

We would not have obtained this result without the District Attorney's efforts.

I also want to thank Assistant City Attorneys Jim McNeill and Travis Phelps for years of hard work and long days.

We are supported by excellent outside legal counsel from the Schwartz Semerdjian and Quinn Emanuel law firms, who gave the City incredibly low rates to help us right this wrong.

Thank you, John Schena, Dick Semerdjian, Michael Williams, and Steve Madison, for being in the trenches with us.

And last, I would like to thank Judge Ken So, who moved mountains to help the parties reach the resolution before you today.

Unfortunately, we cannot report that this terrible chapter in our City's history is now closed.

The City is litigating its claims against the contractors, and we are still attempting to resolve pending claims against the insurance companies.

So, again, we are asking you to approve the settlement agreement as drafted."

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