

County of Los Angeles

April 14, 2026

Dawyn R. Harrison
County Counsel

Board of Supervisors

Hilda L. Solis
Supervisor, First District

Holly Mitchell
Supervisor, Second District

Lindsey P. Horvath
Supervisor, Third District

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Supervisor, Fourth District

Kathryn Barger
Supervisor, Fifth District

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**SETTLEMENT OF QUI TAM LAWSUIT AS TO 17 DEFENDANTS
(ALL SUPERVISORIAL DISTRICTS) (3 VOTES)**

SUBJECT

Recommendation to settle a qui tam lawsuit as to 17 defendants arising from the County of Los Angeles' (County) leasing of various properties in the County from defendant landlords.

IT IS RECOMMENDED THAT YOUR BOARD

1. Authorize a settlement in the matter entitled, *Los Angeles County, et al. v. Thomas Shepos, et al.*, United States District Court Case No. 2:19-cv-01773-JFW-MAAx as against defendants Leon Neman, Yoel Neman, John Neman, Neman Brothers and Associates, Inc., Legend Real Estate Management, Inc., and Vertigo Real Estate Holdings, LP (Neman Defendants) for a payment of \$1,035,000 to the County.
2. Authorize a settlement in the matter entitled, *Los Angeles County, et al. v. Thomas Shepos, et al.*, United States District Court Case No. 2:19-cv-01773-JFW-MAAx as against defendants Donald G. Abbey, AP-Sierra LLC, AP-Palmdale Place LLC, DGA-Properties LLC, DGA-Properties II LLC, Abbey-Properties LLC, Abbey-Properties II LLC, The Abbey Companies LLC, AP-Commerce Plaza LLC, The Abbey Management Company LLC, and Nittany Lion Landscaping, Inc. (Abbey Defendants) for a payment of \$9,900,000 to the County.



3. Delegate authority to County Counsel to negotiate and approve the relator's statutory share of the County's settlements, not to exceed 33 percent, and the State of California's share of the settlements, not to exceed 10 percent, and to take all other actions necessary to finalize the settlements.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

This is a qui tam lawsuit arising from the Thomas Shepos bribery scheme and the County's leasing of property at 1529 East Palmdale Boulevard, Palmdale from the Neman Defendants, and the County's leasing of property at 39959 Sierra Highway and 2323 East Palmdale Boulevard, Palmdale, and 5701 South Eastern Avenue, Commerce from the Abbey Defendants.

The Neman Defendants have agreed to pay \$1,035,000 to the County in exchange for a dismissal with prejudice of the County's claims. The Abbey Defendants have agreed to pay \$9,900,000 to the County in exchange for a dismissal with prejudice of the County's claims.

The qui tam lawsuit was initiated by a relator who is entitled by statute to a share of any judgment or settlement, between 15 and 33 percent. The State of California is also a party to this lawsuit, and the settlements are subject to the State's approval. The delegation of authority to County Counsel will facilitate finalizing the settlements with these parties.

Your Board's authorization is now required to complete the proposed settlements. These proposed settlements are recommended due to the risks and uncertainties of litigation. Resolution at this time would avoid further litigation costs as to the Neman and Abbey Defendants.

FISCAL IMPACT/FINANCING

To date, the County has incurred approximately \$6,900,000 in attorneys' fees and costs in this lawsuit, which involves multiple defendants in addition to the Neman and Abbey Defendants and the federal and state governments as plaintiffs. The litigation commenced in 2019.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The parties engaged in mediations, which ultimately resulted in the proposed settlements.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

None. The County no longer leases any of the above-referenced properties.

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CONCLUSION

County Counsel recommends your Board approve the settlements. The Chief Executive Office concurs with County Counsel's recommendation.

Respectfully submitted,



DAWYN R. HARRISON
County Counsel

DRH:TJF:scr

c: Joseph M. Nicchitta
Acting Chief Executive Officer

Edward Yen
Executive Officer
Board of Supervisors