



LACCD OFFICE OF THE  
**INSPECTOR GENERAL**  
INTEGRITY • TRUST • COMMUNICATION

**CONFIDENTIAL REPORT**

# **Investigation Report**

## *Possible Government Code 1090 Violations*

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## **EXECUTIVE SUMMARY**

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The Office of the Inspector General (“OIG”) has investigated possible violations of Government Code Section 1090 (“Section 1090”) perpetrated by Nick Quintanilla and other College Project Manager (“CPM”) staff at Mission College. The alleged violations relate to financial conflicts of interest involving KAY Management, a firm owned and operated by Nick Quintanilla, and the use of subcontractors at Mission College. Nick Quintanilla was an employee of the CPM Firm, Gateway Science & Engineering (“GSE”) at the time the alleged violations occurred.

It appears based upon the evidence, that Nick Quintanilla, in his capacity as the CPM Operations Manager, approved \$27,200 of contracted work for KAY Management to perform cost estimating services for the Los Angeles Community College District (“LACCD”) Bond projects at Mission College. KAY Management billed and was paid \$23,200 by LACCD. Mr. Quintanilla failed to disclose to GSE or LACCD his financial interest in KAY Management.

Additionally, it appears that during his term as CPM, Nick Quintanilla entered into a financial relationship with Rudy’s Trucking/Rudy’s General Construction as a result of KAY Management acquiring the firm from bankruptcy. Nick Quintanilla approved approximately \$623,462 of informal contracts to Rudy’s and solicited additional subcontractor work for Rudy’s with various General Contractors performing work at Mission College. Other CPM staff may have been involved in a financial relationship with Rudy’s and other subcontractors as well.

The OIG concludes based upon the evidence presented in this report that Nick Quintanilla and other CPM staff may have violated Section 1090 in the performance of duties as the CPM for Mission College. The OIG recommends that the District refer this report and evidence to the Los Angeles District Attorney or appropriate law enforcement agency for further investigation.

## ALLEGATION

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Possible violations of Section 1090 by GSE, CPM staff, Nick Quintanilla and others, related to financial conflicts of interest involving KAY Management and the use of subcontractors at Mission College.

## GOVERNMENT CODE SECTION 1090

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Section 1090 provides:

Members of the Legislature, state, county, district, judicial district, and city officers or employees shall not be financially interested in any contract made by them in their official capacity, or by any body or board of which they are members.

The purpose of the prohibition on such contracts is to remove or limit the possibility of any personal interest, which might bear upon an official's decision in a matter. (*Stigall v. City of Taft* (1962) 58 Cal. 2d 595, 569.)

Virtually all board members, officers, and employees are public officials and/or employees within the meaning of Section 1090. (*Thomson v. Call* (1985) 38 Cal.3d 633, 649.) The prohibitions of Section 1090 may also apply to persons serving in an advisory position, independent contractors and consultants. To the degree the individual performs a "public function" and exercises influence over public decision-making, he or she will be treated as a public official or employee for purposes of section 1090. (See e.g., *Hub City Solid Waste Services, Inc. v. City of Compton* (2010) 186 Cal.App.4th 1114, 1125.)

The courts have construed the term "making, or participation in the making" of a contract broadly as including preliminary discussions, negotiations, compromising, reasoning, planning, drawing of plans and specifications, and solicitation for bids. (See e.g., *Millbrae Association for Residential Survival v. City of Millbrae* (1968) 262 Cal.App.2d 222, 237.) Any participation in the making of a contract in which the public official or employee has a financial interest is a violation unless the interest falls within the exception referred to as a "remote interest" or "non-interest." However, this exception applies to officers who are voting members of a public body or board, not to public employees.

Section 1092 provides that any contract made in violation of Section 1090 may be avoided by any party except the official with the conflict of interest. The public entity is entitled to recover all sums paid under the contract and to retain any benefits received. (*Carson Redevelopment Agency v. Padilla* (2006) 140 Cal.App.4th 1323, 1335.) In addition to civil liability, a public official or employee that violates Section 1090 may be criminally prosecuted. (Gov. Code, §1097.)

## **BACKGROUND**

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GSE was contracted by the District to perform CPM duties at Mission College in 2002, and is the current CPM. Nick Quintanilla was hired by GSE and worked on the CPM staff at Mission College from 2003 through 2010.

During this time, Nick Quintanilla also owned and operated KAY Management as a husband and wife owned business (**Exhibit 1**) with his wife, Kathryn Quintanilla. The company filed a fictitious business name on May 14, 2004 and at least two additional fictitious business names records (i) in May 2005 listing Kathryn Quintanilla as the registered owner (**Exhibit 2**) and (ii) on June 26, 2009 adding Rudy Vergara as a registered owner/general partner (**Exhibit 3**). The company was incorporated as K.A.Y. General Services, Inc. on December 31, 2009 and updated with an address change in 2011 (**Exhibit 4**).

## **INVESTIGATION APPROACH**

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To start the investigation, extensive documentation relating to the allegation was obtained and reviewed. This review included District contracts, task orders, change orders, invoice payments, e-mails of parties involved, as well as, documents forwarded to the OIG by GSE that included additional research performed by GSE regarding Nick Quintanilla.

An interview was conducted on January 27, 2012 with Kim Anthony Romero during which investigation facts and events were corroborated and incorporated into this final report.

The OIG made several requests to interview Nick Quintanilla in July 2011; Mr. Quintanilla declined to interview and referred the OIG investigator to his legal counsel. The OIG made another request to interview Mr. Quintanilla again in January 2012 and was directed to Mr. Quintanilla's newly retained attorney; to date no interview has been scheduled. The OIG contacted Kathryn Quintanilla who did not respond.

## **FINDINGS**

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The following section provides a detailed and comprehensive account of events and information obtained, reviewed, and analyzed to support the investigation conclusions and recommendations.

### **Finding 1.0 - Nick Quintanilla/KAY Management Financial Conflict of Interest**

In his capacity as the CPM Operations Manager, Nick Quintanilla solicited KAY Management services to GSE to perform cost estimating work for LACCD Mission College projects and identified the firm as “Anthony’s firm” (a.k.a. Kim Anthony Romero). All of the invoices, emails, and task orders between GSE and KAY Management are addressed or reference Kim Romero as the “principal” of the firm” (**Exhibit 5**). It was noted by GSE management that Kim Romero had referred Nick Quintanilla to GSE and was paid a referral fee.

KAY Management was awarded Task Order No. 1 on June 6, 2005 (**Exhibit 6**) and billed \$16,000 (**Exhibit 7**) on Invoice No.1 dated July 3, 2005. The following individuals approved the Task Order:

- Bob Hermann, DMJM Program Manager
- Nick Quintanilla, CPM Operations Manager (GSE)
- “KC York” as managing partner of KAY Management signing “For Kim Romero”

Kathryn (York) Quintanilla has several aliases (**Exhibit 8**). Task Order No. 1 is signed by “KC York for Kim Romero”; “KC York” most likely is Kathryn Quintanilla who may have used her maiden name in order to avoid the discovery of a conflict of interest by signing with her married name.

Coincidentally, a 2<sup>nd</sup> fictitious business name for KAY Management was filed in May 2005, one month prior to the issuance of the Task Order with LACCD, and lists only Kathryn Quintanilla as the sole owner (**Exhibit 2**).

On September 30, 2005, Task Order<sup>1</sup> No. 03 (**Exhibit 9**) was issued by GSE to KAY Management to provide cost estimating and scheduling services for up to \$11,200. The firm billed \$7,200 on Invoice No. 2 dated November 3, 2005. This Task Order was later cancelled by GSE on January 25, 2006, as KAY Management could not provide the required insurance (**Exhibit 10**).

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<sup>1</sup> A Task Order “No. 2” could not be located by the OIG; “Task Order No. 03” may have been mislabeled and may have been the 2nd task order issued to KAY Management since the 2nd invoice billed by KAY Management, Invoice No. 02, was submitted for “Task Order No. 03” scope of work.

## **Finding 1.0 - Related Information**

Mr. Kim Romero informed the OIG that KAY Management paid him approximately \$7,000 for services performed from the task orders issued by GSE in 2005.

Mr. Romero stated that he originally started working on the LACCD bond program in 2008 under a contract with Summit Construction<sup>2</sup>. He worked onsite at Mission College at the GSE-CPM offices as a project scheduler. In 2009, he indicated that his contract with Summit Construction was replaced by a contract directly with GSE. Kim Romero is currently working for GSE through his firm, Romero Construction Services, as a CPM scheduler at the Mission site **(Exhibit 11)**.

Romero Construction Services has business address listings of 22151 Sherman Way, Canoga Park and 2808 Surrey Way, Ontario CA **(Exhibit 12)**. The KAY Management (now K.A.Y. General Services) business address, per its current website and Contractor's License, is 22153 Sherman Way, Canoga Park. The firms' webpage lists Romero Construction Services (licensed owner being Kim Anthony Romero) as an associated service **(Exhibit 13)**.

The address on the KAY Management Task Order and Invoices for GSE work is 6520 Platt Ave, #168. The business address listed for the firm when filing its Fictitious Business Name Statement in 2009 is 6520 Platt Ave, #48. Note that this application in 2009 was in the name of Kathryn York (see pg 2) living at the Quintanilla residence address of 22677 Criswell. This, 6520 Platt Ave., is a UPS store with rental mailboxes **(Exhibit 3)**.

## **Finding 2.0 - Nick Quintanilla/Rudy's Construction Financial Conflict of Interest**

In his capacity as CPM for Mission College, Nick Quintanilla approved and awarded approximately \$623,462 of informal contracts to Rudy's Trucking/Rudy's General Construction. Karen Hoefel, Mission College former Vice President Administration Services, was the signature approval on most of the informal contracts **(Exhibit 14)**.

The OIG found documentation showing Rodolfo Aurelio Vergara listed as the Responsible Managing Officer (RMO) and 10% owner of K.A.Y. General Services, Inc. in the May 4, 2011 California State Licensing Board Contractor's License Detail information for CL 760610 (KAY) and 799337 (Rudy's) **(Exhibit 15)**. The documentation indicates that this is the same Rodolfo Aurelio Vergara who owns/owned Rudy's General Construction.

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<sup>2</sup> Summit Construction is a firm owned by Michelle Gastelum. The firm has also been a subcontractor to URS (LACCD Bond Program Manager) since 2007 providing staff to perform bond program management tasks.

In OIG interviews with GSE President, Art Gastelum, he reported that Rudy's was in debt or may have filed bankruptcy around May 3, 2011. (Date of KAY contractor licensing was May 4, 2011), however, the OIG has not found substantiating documentation of the bankruptcy other than an LACCD document indicating there was an IRS lien placed on Rudy's receivables (**Exhibit 16**). Emails reviewed by the OIG imply that Nick Quintanilla was considering a takeover of Rudy's company, perhaps from bankruptcy, and acquiring Blue Fields Electric, as well (**Exhibit 17**). In his capacity as CPM, Nick Quintanilla awarded Blue Fields Electric informal contracts totaling \$267,856 for work at Mission College.

The email documentation additionally indicates that other CPM staff (GSE employees) at Mission College may have been involved with Nick Quintanilla and the "marketing/management" and possible acquisition of the subcontractor firms. Nitin Bandi, the CPM Project Controls Manager was named as Rudy's "contact person" in submitted contractor (FTR International) invoices for subcontractor work that Rudy's performed on projects at Mission College (**Exhibit 19**). Another CPM and GSE employee, Michele Walters, the former CPM assistant to Nick Quintanilla, is currently listed as the current contact person for K.A.Y. General Services, Inc. on the company's website. Several other GSE employees appear to have been involved with Nick Quintanilla in the "marketing" of Rudy's services and directing work while performing CPM duties (**Exhibit 18**).

The K.A.Y. General Services, Inc. website and other sites lists KAY Management and Rudy's, Blue Fields Electric, and additional partner subcontractors: Duran and Sons Plumbing and Benito Trucking (**Exhibit 20**). All partner subcontractor firms have been awarded contracts for work at Mission College.

## TIMELINE OF RELATED EVENTS

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Date	Description of Relevant Event or Action
1999-2000	Nick Quintanilla owns and operates RQ Construction, LN #764523, in El Cajon, California
2003	Nick Quintanilla is employed by GSE at Mission Site as the CPM Operations Director and then CPM Manager; see emails to staff re: how long he worked there.
May 14, 2004	KAY Management filed as a Fictitious Business Name with business owner listed as Nicolas Quintanilla, business type, husband and wife, at business and owner address of 22677 Criswell St. Canoga Park. ID # 04-1231416 (EIN)
May 2005	KAY Management Fictitious Business Name filing listing Kathryn Quintanilla as owner at 22677 Criswell Street.
May 5, 2005	<p>Nick Quintanilla requests and submits a proposal to GSE (A. Gastelum, F. Calderon and C. Valenzuela) from KAY Management (Kim Romero, listed as the Principal of KAY Management) to provide estimating and scheduling services for the Mission Campus projects.</p> <p>C. Valenzuela (email) questions N. Quintanilla's relationship to Kim Romero since Kim Romero referred N. Quintanilla for the CPM position and was paid a referral fee by GSE. (See Exhibit 5)</p>
June 1, 2005	GSE sends a Task Order form to Nick Quintanilla for KAY Management to provide services and requests that Nick Quintanilla sign all invoices.
June 6, 2005	<p>Task Order #1 is issued to KAY and signed by:</p> <ul style="list-style-type: none"> <li>• Nick Quintanilla, (GSE) CPM Operations Director</li> <li>• KC York** (for Kim Romero), KAY Operating Manager</li> <li>• Bob Hermann, DMJM.</li> </ul> <p style="margin-left: 40px;"><u>Address for KAY listed as:</u> 6520 Platt Avenue, #148 Contact – Kim Romero Tax ID – 13-4281863</p> <p>**KC York may be Katherine York, N. Quintanilla's wife and co-owner of KAY Management.</p>
July 30, 2005	KAY Management invoices GSE. Invoice lists Anthony Kim Romero as Managing Partner. Invoice approved for \$16,000

Date	Description of Relevant Event or Action
	payment.
Sept. 9, 2005	GSE Task Order No. 2 (labeled No. 3) issued to KAY Management on Sept. 30, 2005. Task Order signed by Kim Anthony Romero as KAY Principal (sic). Task Order approved by Nick Quintanilla as GSE CPM Director.
Nov. 11, 2005	KAY Management invoices (No. 2) GSE \$7,200. Nick Quintanilla as GSE CPM approved the task order on Nov. 3, 2005.
Nov 25, 2006	GSE terminates services from KAY due to inability to provide insurance coverage required by LACCD. All correspondence in the issue was directed to Kim Romero.
June 26, 2009	<p>KAY Management Company Fictitious Business name filing with Kathryn York at 22677 Criswell and Rudy Vergara at 7535 New Castle listed as owners.</p> <p>Business address listed as 6520 Platt Avenue #48, the same address for the invoices submitted to GSE in 2005. 6520 is a UPS Store with rental mailboxes.</p>
Dec. 31, 2009	<p>K.A.Y. General Services, Inc. incorporated with Kathryn M. Quintanilla listed as agent for service of process at 22677 Criswell, which is also listed as the entity address.</p> <p>Note: K.A.Y. General Services website advertises it has been operating since 2010 and various firms (Jim's Tile, Duran and Sons Plumbing, Rudy's General Construction) have been DBA as K.A.Y. General Services since 2011.</p>
May 4, 2011	<p>K.A.Y. General Services, Inc. issued CL # 960610 with Nicolas Quintanilla listed as President/CEO and Rodolfo A. Vergara as RMO owning 10% of the company.</p> <p>Note: Rudy's is rumored to have filed for bankruptcy on 5/3/11 or 5/4/11. As of this date 10/26/11 Rudy's Class B license #799337 is still active through 9/30/13.</p>
10/31/10	<p>Nick Quintanilla's retirement date from GSE. Reason for retirement given as medical problem.</p> <p>Note: George Johnson started at GSE as replacement of Nick Quintanilla in June 2010.</p>

## **CONCLUSION AND RECOMMENDATIONS**

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The information presented in this report resulted from previous investigations of GSE and its management of contracts as the CPM at Mission College.

The OIG concludes that Nick Quintanilla and other CPM staff may have violated Section 1090 in the performance of duties as the CPM for Mission College. In his capacity as the LACCD CPM, he solicited and approved contracts with companies with which he appears to have had a financial interest. Specifically, Nick Quintanilla participated in contracting with KAY Management, Rudy's Trucking, and Rudy's General Construction. Nick Quintanilla appears to be an owner of KAY Management and K.A.Y. General Services, Inc., which appears to own and operate Rudy's Trucking and Rudy's General Construction. As a result, the contracts with these entities were made in violation of section 1090. The OIG did not find any evidence to substantiate that GSE had prior knowledge of these activities.

Based on the findings of this investigation, the OIG recommends that the District refer this report and evidence to the Los Angeles District Attorney or appropriate law enforcement agency for further investigation.

## **REPORT DISTRIBUTION**

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Board of Trustees  
Chancellor Daniel J. LaVista  
Tom Hall, Director of Facilities Planning & Development  
Dr. Adriana Barrera, Deputy Chancellor  
Camille Goulet, General Counsel

## **EXHIBITS**

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Exhibits can be requested from the Office of the Inspector General (213) 891-2219 or Email [OIG@laccd-oig.org](mailto:OIG@laccd-oig.org).