

07-1837

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TIME STAMP
OFFICE USE ONLY

COUNTY OF LOS ANGELES

CLAIM FOR DAMAGES TO PERSON OR PROPERTY

**INSTRUCTIONS:**

1. Read claim thoroughly.
2. Fill out claim as indicated; attach additional information if necessary.
3. Please return this original signed claim and any attachments supporting your claim. This form must be signed.

DELIVER OR U.S. MAIL TO:
EXECUTIVE OFFICER, BOARD OF SUPERVISORS, ATTENTION: CLAIMS
500 WEST TEMPLE STREET, ROOM 383, KENNETH HAHN HALL OF
ADMINISTRATION, LOS ANGELES, CA 90012

(213) 974-1440

FILED
2007 JUL -9 PM 1:28
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

<input type="checkbox"/> Mr. <input type="checkbox"/> Ms. <input type="checkbox"/> Mrs. LAST NAME FIRST NAME Reliable Health Care Services, Inc.		10. WHY DO YOU CLAIM COUNTY IS RESPONSIBLE? See Attached	
2. ADDRESS OF CLAIMANT/ATTORNEY See Attached			
Street City, State Zip Code			
HOME TELEPHONE: () BUSINESS TELEPHONE: ()			
3. CLAIMANT'S BIRTHDATE: N/A		4. CLAIMANT'S SOCIAL SECURITY NUMBER: N/A	
5. DATE AND TIME OF INCIDENT January 9, 2007, and numerous subsequent dates		11. NAMES OF ANY COUNTY EMPLOYEES (AND THEIR DEPARTMENTS) INVOLVED IN INJURY OR DAMAGE (IF APPLICABLE): See Attached	
6. WHERE DID DAMAGE OR INJURY OCCUR? See Attached		12. WITNESSES TO DAMAGE OR INJURY: LIST ALL PERSONS AND ADDRESSES OF PERSONS KNOWN TO HAVE INFORMATION: See Attached	
Street City, State Zip Code		NAME PHONE	
7. DESCRIBE IN DETAIL HOW DAMAGE OR INJURY OCCURRED: See Attached		ADDRESS PHONE	
		ADDRESS PHONE	
		ADDRESS PHONE	
8. WERE POLICE OR PARAMEDICS CALLED? YES <input type="checkbox"/> NO <input checked="" type="checkbox"/>		13. LIST DAMAGES INCURRED TO DATE (and attach copies of receipts or repair estimates): See Attached	
9. IF PHYSICIAN WAS VISITED DUE TO INJURY, INCLUDE DATE OF FIRST VISIT AND PHYSICIAN'S NAME, ADDRESS AND PHONE NUMBER: DATE OF FIRST VISIT: 01/09/2007 PHYSICIAN'S NAME: Jack Ditlove, MD PHYSICIAN'S ADDRESS: 435 N. Roxbury Dr., Ste 102 Beverly Hills, CA 90210 PHONE: (310) 273-1150		TOTAL DAMAGES TO DATE: \$2,629,964 TOTAL ESTIMATED PROSPECTIVE DAMAGES: \$ 216,106/month	

THIS CLAIM MUST BE SIGNED**NOTE: PRESENTATION OF A FALSE CLAIM IS A FELONY (PENAL CODE SECTION 72)****WARNING**

- CLAIMS FOR DEATH, INJURY TO PERSON OR TO PERSONAL PROPERTY MUST BE FILED NOT LATER THAN 6 MONTHS AFTER THE OCCURRENCE. (GOVERNMENT CODE SECTION 911.2)
- ALL OTHER CLAIMS FOR DAMAGES MUST BE FILED NOT LATER THAN ONE YEAR AFTER THE OCCURRENCE. (GOVERNMENT CODE SECTION 911.2)
- SUBJECT TO CERTAIN EXCEPTIONS, YOU HAVE ONLY SIX (6) MONTHS FROM THE DATE OF THE WRITTEN NOTICE OF REJECTION OF YOUR CLAIM TO FILE A COURT ACTION. (GOVERNMENT CODE SECTION 945.6)
- IF WRITTEN NOTICE OF REJECTION OF YOUR CLAIM IS NOT GIVEN, YOU HAVE TWO (2) YEARS FROM ACCRUAL OF THE CAUSE OF ACTION TO FILE A COURT ACTION. (GOVERNMENT CODE SECTION 945.6)

14. PRINT OR TYPE NAME DATE
Chris A. Schaefer July 9, 2007

15. SIGNATURE OF CLAIMANT OR PERSON FILING ON HIS/HER BEHALF GIVING RELATIONSHIP TO CLAIMANT

REVISED 4/06

Claim For Damages To Person or Property
Claimants: Reliable Health Care Services, Inc. & William A. Benbassat
Date: July 9, 2007

Attachment to Claim Form

1. & 2. Claimants, Addresses, Phone Numbers:

Claimants:

Reliable Health Care Services, Inc.
5705 So. Sepulveda Blvd.
Culver City, CA 90230
(310) 397-2229

William A. Benbassat
5705 So. Sepulveda Blvd.
Culver City, CA 90230
(310) 397-2229

Attorney for Claimants:

Chris A. Schaefer
Law Office of Chris A. Schaefer
950 Northgate Drive, Suite 202
San Rafael, CA 94901
(415) 492-0590
Direct: (415) 454-2421

6. Where did damage or injury occur?

Most of the damage and injury were ascertained at 5705 Sepulveda Blvd., Culver City, CA 90230. However, breach of contract, violation of Constitutional right to due process, Trade Libel, fraud, and other injurious acts took place through out L.A. County, primarily in County hospitals and private hospitals.

7. Describe in detail how damage or injury occurred:

Damages and injuries were the result of a series of acts over a period of time, but first ascertained on January 9, 2007. In an attempt to present facts that mostly relate to specific damages, the facts shall be separated into five segments, although overlap of facts and damages remains unavoidable.

General Background: Reliable had five active contracts with L.A. County to provide health care providers of various disciplines upon request to County health care facilities. The relationship between Reliable and the County started more than 23 years ago, was

always a positive working relationship with only occasional and minor issues of dispute, fully cooperative, and never a significant problem. Prior to the issues below, any and all issues of dispute were quickly and amicably resolved between the parties. At the time of the injurious County acts, Reliable was generating approximately \$9,000,000 per year in gross revenue from County contracts.

First Set of Circumstances: On July 25, 2006, a DHS Auditor represented, and confirmed by email, that an "audit/compliance review of" a Reliable-County agreement would commence in two days, ignoring the ten day notice requirement in the contract. Two days later two DHS auditors appeared on the premises of Reliable and represented that this was a "routine audit". The "routine audit" lasted for six months; every time they were asked "what was going on?" the answer was always that this was just "routine". Except after several months they added that it was a little different because they were starting a new type of "routine audit", in that they would be checking Reliable's provider files against the health care facilities' files. Reliable was just the first audit of all health care vendors, they explained. On January 9, 2007, nearly six months later, Reliable finally learned that all the auditors' representations about performing a "routine audit" were false, intentionally false.

During the DHS "routine audit", the DHS auditors copied thousands of documents, harassed and interviewed health care providers during night shifts at County health care facilities, told many of the providers not to tell Reliable about the questions they were asking, interviewed management at private health care facilities without Reliable's consent, etc. Throughout the duration of the "routine audit" Reliable cooperated fully with the auditors' every request, as it had done for more than 23 years with never a problem for a "routine audit." Reliable did not know the real purpose of the falsely termed "routine audit".

On January 9, 2007 Reliable was handed a DHS letter indicating in part that DHS "intends to immediately suspend utilizing personnel under the above agreements" and enclosed, was what the letter termed "a copy of the audit report." Dr. Benbassat was shocked. The enclosed "audit report" stated that its "purpose" was "to investigate improprieties by Reliable...." (Emphasis Added.) The "Audit Report" (actually investigative report) was biased toward finding Reliable errors. For example, the report found that Reliable had no Director of Nursing, but did not disclose that the auditors personally met the Director of Nursing at least twice on the premises of Reliable during business hours. Also, the auditors applied very high standards for compliance; higher and more difficult than the standards applied by DHS to the health care industry or historically applied to Reliable. For example, the auditors found that Reliable should maintain in each provider's file a copy of the back of a CPR card, along with the front. The County does not take and maintain copies of the back of CPR cards and neither does Reliable nor any competitor of Reliable. Also, the auditors complained about physical exam information in the files, but ignored the fact that the County has on its staff providers that have never had a physical exam record in their file because they never had a physical exam.

The day before Reliable's receipt of the January 9 DHS letter, and unknown by Reliable at the time, on January 8, 2007, Sharon Grigsby, County Chief Network Officer, had sent a Memo to all "Chief Executive Officers" indicating that "in view of the safety issues associated with" the DHS "audit" no facility should use Reliable after 7 AM January 11, 2007. The DHS auditors knew that this was not a routine audit, but gave no notice of the potential damage that could result, no notice that potentially Reliable could lose its contracts with the County that it had serviced for 23 years, no notice of a hearing to object and dispute the findings. (See discussion of the Grigsby Memo and Trade Libel below, section 3.) When Dr. Benbassat was made aware of the Grigsby Memo, he was again shocked. The "audit report" disclosed no facts sufficient to show "safety issues", that was false; Dr. Benbassat was shocked and humiliated.

Reliable did respond to the ill-named "Audit Report" that accompanied the January 9 letter as specified in the County contracts. It responded by letter to DHS dated January 17, 2007, and explained what steps Reliable had already taken to remedy the alleged problems, how Reliable changed internal procedures to deal with rogue employees who sabotaged files, disputed several of the allegations and provided other remedial suggestions. The DHS never acknowledged receipt of the letter; never responded to any of the suggestions or remedies that were made. The DHS never gave Reliable an opportunity for a hearing to object and refute the bias, erroneous and misleading allegations.

Second Set of Circumstances: On or after January 23, 2007, Reliable received several letters from DHS signed by Fred Leaf, Deputy, Contract Administrator and Capital Planning, indicating that the Board of Supervisors terminated all Reliable's contracts "for convenience" and giving Reliable a 30 day notice that all its contracts with the County would terminate "in their entirety" on midnight February 23, 2007.

In December 2006 DHS placed the Reliable termination issue on the Board's agenda. There was no mention of safety issues being found during the "routine audit". The Board approved a "termination for convenience".

During the latter part of February and/or early March, 2007, Reliable made several inquiries into payments from the various County hospitals that were delinquent. Each response was an indication that all invoices had been approved and processed, but they had been told by DHS to hold payment subject to DHS allowing the approved payments to be mailed. DHS continues to refuse payment of the invoices for services by Reliable health care providers rendered in the normal course of business. Reliable has no information that any of the services rendered have been disputed. The County has simply indicated that it did not receive what it bargained for. Reliable has asked specific questions or disputes about the services or invoices and has received no specific answers.

In a meeting among representatives of Reliable and the County, the County admitted that probably a significant amount of the money was due and owing to Reliable, but

then added, "But, you don't expect us to pay that money and let you use it for attorney fees to sue us!"

Currently, Reliable believes that the total amount of invoices for services rendered by its health care providers for the benefit and request of the County is the sum of \$726,892.02.

Third Set of Circumstances: The Grigsby Memo of January 8, 2007 (see First Set of Circumstances) contained false statements. For example, the Memo indicates that all County facilities should immediately suspend utilizing Reliable personnel "in view of the patient safety issues associated with these findings." The true facts are that as of December 2006 DHS placed on the Board of Supervisor's Agenda for the January 23, 2007 meeting the issue of "termination for convenience" of all Reliable's County contracts. If the DHS audit had found safety issues caused by Reliable, it was under a duty to so report that to the Board at that time and it should have terminated the contracts immediately, as provided in the Reliable contracts. But, DHS did not report any safety issues to the Board, which then complied with the DHS request to terminate all contracts "for convenience." The whole basis of the Grigsby Memo (i.e., Reliable should not do business with the County because it caused patient safety issues) was false, maliciously false.

DHS knew that there were no patient safety issues. After 6 months of "routine audit" (which was really an undercover investigation with predetermined results) there were obviously no safety issues that warranted disclosure to the Board. Other examples of statements that will be proven false included, "Reliable does not have a Director of Nursing", "Reliable provided various fraudulent employee documents", and DHS "recently conducted an audit of Reliable's" agreements. All these statements were known by DHS to be false. Yet the Grigsby Memo was sent to all "Chief Executive Officers" and made public. All County health care facilities complied with the Grigsby Memo and stopped utilizing Reliable's personnel.

Fourth Set of Circumstances: During the course of providing services to the County, Reliable was advised by the County that it was their policy not to pay overtime worked by any health care providers. Reliable accommodated that policy and informed its health care providers that they should not work overtime. Many times when Reliable health care providers started to work at a County health care facility, the facility would become familiar with such individual and contact him/her directly to schedule shifts. Often the County would direct the individual to work overtime, contrary to the policy represented to Reliable, and contrary to the directions given by Reliable to such individual. Routinely the health care provider would insert actual time on his/her time sheets, reflecting the overtime. Sometimes the County would delete the overtime hours prior to sending the hours to Reliable, which would only find out about the lack of payment when the provider would call Reliable and ask why his/her check was short. But, Reliable would invoice the known overtime to the County, and routinely the County would refuse to pay Reliable the overtime.

Another common situation became that as a Reliable health care provider came to the end of a shift, a County employed supervisor would ask him/her to work overtime. The health care provider would work and put that overtime on the time card. Reliable would invoice the County and the County would refuse to pay it.

When the County directly requested the providers to perform services, the County has a duty to pay for those overtime services, regardless of its policy of non-payment which would violate labor laws. In these circumstances, Reliable disputed, and continues to dispute, the County's refusal to pay.

Based on a sampling of invoices and time cards, the amount of overtime remaining unpaid and in dispute is the amount of \$616,434.

Fifth Set of Circumstances: On January 10, 2007, a day after Reliable received the January 9, 2007 DHS letter indicating the proposed termination of the County agreements (see 1 above), an attorney representing Reliable met with DHS auditors to inquire into the background, etc. of the January 9 letter. At that meeting, the attorney was handed a copy of an anonymous letter dated May 1, 2006 directed to "Bruce Chernoff, MD, Acting Director & Chief Medical Officer" of DHS. The implication was that such anonymous letter caused the commencement of the "Routine Audit" (i.e., the undisclosed investigation with predetermined results) that started July 27, 2006.

The anonymous letter, dated May 1, 2006 contains eight listed complaints. One of them is that Dr. Benbassat "knew all about the fake hours that Dr. Harold Tate was working as a radiologist at MLK. He told Tate to keep on doing it because they would never get in trouble." The complaint was false. The DHS auditors knew that they had already investigated and cleared Reliable, including Dr. Benbassat, of any wrong doing in regard to the Tate matter. The anonymous letter's above complaint about Reliable was malicious and vengeful.

The author of the anonymous letter was an employee of Reliable, who was in a managerial position, until his termination in early July 2006. He secretly established a competing business to Reliable while he remained an employee of Reliable, violating numerous laws along the way. Also while a Reliable employee, he tried to recruit Reliable's health care providers for his own business. He made many such solicitations on the premises of L.A. County health care facilities with County knowledge and at least implied approval.

DHS auditors communicated several times with the author of the anonymous letter while he remained an employee of Reliable and prior to, an after, the date of the letter, May 1, 2006. In fact, the author, during employment with Reliable, was confronted once by Reliable management when caught speaking over the phone with a DHS auditor. The author refused to disclose the subject of the conversation. But, at the time Reliable's management knew of no reason related to Reliable's business that

would relate to a communication with auditors. DHS auditors knew, or should have known, the author's statements about Reliable's relationship with Dr. Tate were false, or at least lacked credibility with a motive of self gain for his new competing business, before they received the anonymous letter. Those same auditors had cleared Reliable of any wrong doing in the Dr. Tate matter.

The author of the anonymous letter started his own business sometime in mid-2006. But, it was apparently not active while he was an employee of Reliable, which relationship terminated in early July 2006. In late 2006, the author of the anonymous letter told many people that his business "has a contract with LA County". In 2007, the anonymous letter's author's business was contracting with LA County and had, and has, its employees performing services in LA County health care facilities. Due to the length of time that such business was active, e.g., less than one year, it could not qualify for a contract with LA County.

Reliable is informed and believes that LA County was involved in a "pay back" to the author of the anonymous letter due to his assistance in "getting Reliable" in relation to the Dr. Tate matter and informing them of the several other complaints. Unfortunately, many of the other complaints are false, and were proven false by DHS. Some of the complaints obviously came from false documents staged by the author while an employee. This is obvious as many of the items complained of are in files identified by the author.

Who is Dr. Harold Tate? As relevant herein, a County Medical Director of Radiology referred Dr. Harold Tate to Reliable so Dr. Tate could contract through Reliable to perform services in LA County hospitals. The County had pre-approved Dr. Tate's qualifications. In 2004, Dr. Tate began working 24 hour shifts, which became the source of several LA Times articles about how this doctor worked so many shifts that cost the County approximately \$1.3M in about six months.

DHS investigated this situation in depth. The final report indicated that they could find no wrong doing on the part of Reliable. We understand that the County sued the doctor, but was never able to secure any recovery or prove wrong doing on his part. We understand that DHS was embarrassed by failing "to get Dr. Tate" after exerting such a strenuous effort.

Reliable now understands that within several LA County facilities it is "common knowledge" that DHS was "going after Reliable" in relation to the Dr. Tate matter. In fact, many inside people were not surprised at all that Reliable had its contracts terminated and approximately \$726,000 withheld from payment. DHS wanted "to get Reliable" in order to prove that someone or some entity involved in the Dr. Tate matter was a bad guy, or at least made to look like a bad guy, a scapegoat. Reliable was that targeted scapegoat.

All this undisclosed investigation was directed by DHS at Reliable just because a County Medical Director had enough confidence in Reliable to refer Dr. Tate to

Reliable for contracting his services back to the County and Reliable complied with County's request. That ultimately put Dr. Tate under scrutiny and then Reliable a targeted scapegoat. DHS ignored that it had already cleared Reliable of any wrong doing in relation to the Dr. Tate matter; ignored Reliable's 23 years of admirable history with LA County; ignored that the County had referred Dr. Tate to Reliable; and kept ignoring anything that was in its way until DHS "got Reliable."

The DHS action not only involved conspiracy with the author of the anonymous letter, but also it involved:

- A DHS investigation (fraudulently disguised as a "routine audit", but which had a pre-determined result) that violated Reliable's rights to due process of law;
- Breach of covenant of good faith and fair dealing;
- A unilateral and unsupportable breach of contract by refusing to pay more than \$726,000 for services rendered to Reliable which had already been approved when DHS stopped its payment;
- Multiple issues of auditor's misrepresentations, fraud, and trade libel;
- Either failing to report patient safety issues to the Board of Supervisors or committing trade libel that terminated contracts worth \$9M a year;
- Harassing health care providers and then telling them not to disclose such to Reliable; and
- Ignoring terms in the County contract.

10. Why do you claim County is responsible?

Generally, the acts of County employees referenced above are in violation of many laws creating liability for the County and for themselves. More specifically:

County Responsibility for the First Set of Circumstances:

The above summary discloses that the County auditors gave no notice to Reliable of an investigation and no notice of any right to a hearing regarding its findings, in fact there has never been a hearing or opportunity for hearing. This violated Reliable's **Constitutional right to due process of law**. Such action by County employees directing and performing the "audit" within the scope of their employment creates liability on the County. In addition, the actions prevented Reliable from performing its contracts with the County, thus causing it damages in the form of lost profits of approximately \$200,000 per month continuing since January 11, 2007.

"The primary purpose of procedural due process is to provide affected parties with the right to be heard at a meaningful time and in a meaningful manner." "What due process does require is notice reasonably calculated to apprise interested parties of the pendency of the action affecting their property interest and an opportunity to present their objections." Ryan v. California Interscholastic Federation, 2001, 94 Cal.App. 4th 1048, 1072.

“Procedural due process requires an individual be accorded notice and some form of hearing before he is deprived of a protected property or liberty interest.” “Although the fundamental requisite of due process of law is the opportunity to be heard, this right is meaningless unless one knows the matter is pending and can choose for himself whether to appear or default, acquiesce or contest.” People v. Swink, 1984, 150 Cal.App. 3rd 1076, 1079-1080.

In addition, the facts, and many of the facts below, support a court finding that the DHS auditors were taking great efforts not to perform a fair audit or investigation, but a biased secret and undisclosed investigation with the pre-determined purpose to justify terminating Reliable’s right to continue to perform under the County contracts. What’s really egregious about this conduct, is that the County contracts provide for a 30 day notice termination without cause; but, the County wanted to show that Reliable was not worthy of continuing to perform their contracts; that Reliable was “bad”. The County then proceeded to violate many laws in following an “ends justify the means” approach. This is **breach of the covenant of good faith and fair dealing** contained in all contracts between Reliable and the County. The auditor’s pre-determined and malicious intent will be discussed in relation to additional facts. This malicious intent follows our facts through out the “routine audit” and its aftermath.

The covenant of good faith and fair dealing in contract law is a “long standing rule” “that neither party will do anything which will injure the right of the other to receive the benefits of the agreement”. “In sum, the covenant is implied as a supplement to the express contractual covenants, to prevent a contracting party from engaging in conduct that frustrates the other party’s rights to benefits of the agreement.” Waller v. Truck Ins. Exchange, Inc., 1995, 11 Cal.4th 1, 36.

“This covenant not only imposes upon each contracting party the duty to refrain from doing anything which would render performance of the contract impossible by any act of his own, but also the duty to do everything that the contract presupposes that he will do to accomplish its purpose.” 10 Witkin Vol. I, sec. 798, citing numerous cases.

The County’s violation of Reliable’s Constitutional right to due process of law negates the County’s action of unilaterally and without notice terminating the contracts, which should be reinstated. Clearly the County is liable for such reinstatement, Gov. Code 814.

The County’s breach of the covenant of good faith and fair dealing allows Reliable to recover damages in an amount equal to its lost profits during the time that the contracts were wrongfully terminated, commencing January 11, 2007. This is the amount of \$200,000 per month, or approximately \$1.2M as of the date of this letter. Clearly the County is liable for damages related to a contract, Gov. Code 814.

County Responsibility for the Second Set of Circumstances:

The refusal to pay for the services rendered is a blatant breach of contract. The total amount of \$726,892.02 is due and payable immediately.

There are additional legal concepts that apply to enforce payment of the amounts due.

Unjust enrichment exists when "a person should not be allowed to enrich himself at the expense of another." Challenge v. Royal Dutch Dairies, 1963, 212 Cal.App. 2nd 901, 908. Obviously, the County cannot undue the acceptance of the benefits of the services that were performed by the providers, which were already accepted by the various facilities, invoices approved, and funds ready to be paid.

Quantum meruit simply means that the County accepted the benefit of the bargain, so Reliable is due to be paid the amount that is due for those services.

In addition, the County owes interest on the balance due commencing on its due date. Interest on the amount of "damages certain" or the liquidated amount is due to the obligee (i.e., Reliable) by the obligor (i.e., the County) from the date that the amounts were due and owing. CC 3287. Coleman Engineering v. North American Aviation, 1966, 65 C. 2nd 396, 407-409. Bein v. Housing Authority, 157 Cal.App. 2nd 670, 686-688. Thus, the amount of interest accruing daily is the amount of \$368, currently being the total of \$66,240.

Clearly, the County is liable for damages related to contract, Government Code section 814.

County Responsibility for the Third Set of Circumstances:

The Grigsby Memo amounts to Trade Libel. Reliable believes that Sharon Grigsby may not have known about the false statements in her memo, as probably a DHS auditor wrote the memo for Sharon Grigsby. But, whether the publication of the false information was intentional or not, it is still trade libel. "[I]t is not absolutely necessary that the disparaging publication be intentionally designed to injure. If the statement was understood in its disparaging sense and if the understanding is a reasonable construction of the language used or the acts done by the publisher, it is not material that the publisher did not intend the disparaging statement to be so understood." "A cause of action for trade libel thus requires (at a minimum): (1) a publication; (2) which induces others not to deal with plaintiff; and (3) special damages." Nichols v. Great American Insurance Companies, 1985, 169 Cal.App. 3rd 766, 773.

There was a (1) publication; (2) which induced all County health care facilities to stop using Reliable's providers; and, (3) the amount of damages incurred by Reliable is the lost profit from lost business due to the trade libel. Just the lost profits from the County's business amounts to approximately \$200,000 per month. Through discovery, Reliable will be able to calculate its damages in the private sector due to the inflammatory Grigsby Memo.

In addition, this publication of trade libel has caused Dr. Benbassat much pain and suffering through anxiety, worry, shock, humiliation, indignity, and embarrassment. These damages will be according to proof. The County is liable for damages arising from pain and suffering. Marron v. Superior Court (2003) 108 CA 4th 1049, 1060.

County Responsibility for the Fourth Set of Circumstances:

This is a breach of an implied supplemental contract between Reliable and the County. The actions of the County employees requesting the overtime creates a binding supplement to the written agreement, or new implied agreement, to pay for the services rendered. This is also unjust enrichment and quantum meruit, see section 2 above. The amount of damages is \$616,434, which accrues interest at \$168,88 per day. Clearly the County is liable for these damages related to a contract, Gov. Code 814.

County Responsibility for the Fifth Set of Circumstances:

The circumstances in this section 5 capsule the malicious intent and arbitrary actions taken by County employees in the course of performing their duties and some actions perhaps outside of the scope of their duties when dealing with Reliable during the falsely labeled "routine audit." The net result of these facts culminates in a conspiracy between County employees and a now ex-employee of Reliable to breach the County contracts in various ways, to terminate the County's 23 year relationship with Reliable, and cause the owner of Reliable, Dr. Benbassat, severe pain and suffering.

We see that County DHS auditors were embarrassed by failing "to get Dr. Tate" after exerting so much time and energy in that matter's investigation. We then find them communicating with an author of an anonymous letter, who had dubious credibility and motives, while he was an employee of Reliable with such communications very likely directed toward "getting Reliable". We find DHS making efforts to prove that the DHS time expended on the Dr. Tate investigation was not wasted and to prove that "Reliable was really bad", which would exonerate DHS of wasted and lost efforts. DHS could simply say, "Thank goodness the anonymous letter fortuitously came along and provided DHS auditors the opportunity to catch the bad actor in the Dr. Tate matter and show that DHS was correct the whole time." Of course, the author obtained the "right" to do business in County health care facilities in return, even though he did not qualify.

These auditors did not care if they violated Reliable's Constitutional rights of due process of law. They did not care if they had to make up false statements in order to justify termination of a 23 year relationship with an admirable vendor, Reliable. They did not care if they wrongfully breached contracts that created revenue to Reliable of nearly \$9m a year and provided a living for hundreds of health care providers. They did not care if they wrote memo's that were false and libelous to wrongfully end those contracts with Reliable. They did not care about Reliable's reputation in the

community extending outside of the County health care facilities. They did not care if they had no viable legal reason to withhold \$726,000 in payments due to Reliable, after Reliable had already paid the health care providers most of that amount of money for the providers services rendered to the County's patients. They did not care if they had to conspire with an employee who was about to use unlawful means to compete with Reliable, as long as he gave them some information and a reason to open an investigation of Reliable, that they would call a "routine audit." They did not care about giving the ex-employee of Reliable the right to do business with County health care facilities, even though his new business did not qualify for such right.

They did not care about anything, EXCEPT "getting Reliable" so their investigation of Dr. Tate was justified and their investigation of Reliable, which they decided to call a "routine audit", was justified.

These actions of the County employees reflects actual malice against Reliable, including Dr. Benbassat. The action of "pay back" to the author of the anonymous letter with the right to do business with County health care facilities, even though he did not qualify, is corruption.

The employees that will be shown through discovery to have committed the torts described in this claim will be personally responsible for damages, as will the County for most of these civil wrongs, as the conspiracy was to breach the County's contracts. Punitive damages will attach to those employees. The pain and suffering they caused Dr. Benbassat will be shared by the County and will be an amount according to proof.

11. Names of any County employees involved in injury of damage.

Names of County Employees For the First Set of Circumstances:

Reliable is informed that the two auditors from DHS who performed the "routine audit" were following directions from County employee Sharon Ryzak, also from DHS. Of course, discovery will clarify this belief, and may add more individuals who were involved with these actions.

Names of County Employees For the Second Set of Circumstances:

Reliable believes that a County administrator to whom Sharon Ryzak reports is responsible for the ministerial malicious decisions to withhold these funds. Discovery will confirm such County employee's identification.

Names of County Employees For the Third Set of Circumstances:

Sharon Grigsby signed the Memo. We believe that one or more County employee auditors drafted the Memo. We also believe that such auditors had direction and control of those activities by someone who was in charge of the activities of the audit

and follow up activities. All these activities are ministerial, and not discretionary, in nature. Discovery will more appropriately identify that individual or individuals.

Names of County Employees For the Fourth Set of Circumstances:

The names of the individual County employees who deleted providers hours from their time sheets and who refused to pay for the overtime will be identified during discovery.

Names of County Employees For the Fifth Set of Circumstances:

Reliable believes that Sharon Ryzak directed much of the malicious and corrupt behavior described above. Reliable also believes that there are one or more County employees who through ministerial acts directed Sharon Ryzak to act. Discovery will verify the names.

12. Witnesses to damage or injury:

William Benbassat	Angela Franklin
Scott Krueger	Arlette Cabral
Ronnie Weinberger	Janett Briones
Allyson Kopp	Sharon Franklin
Christopher Beesemyer	Marie Hollins

5705 So. Sepulveda Blvd.
Culver City, CA 90230
(310) 397-2229

13. List damages to date & prospective damages:

Damages For the First Set of Circumstances:

Current damages are \$1,200,000. Prospective damages will accrue at the rate of \$200,000 a month.

Damages For the Second Set of Circumstances:

Current damages are \$726,892.02 for breach by nonpayment for services rendered. Current interest on the amount due is \$66,240. Interest will continue to accrue at \$368 per day, or approximately \$11,040 per month.

Damages For the Third Set of Circumstances:

Current and prospective damages here would duplicate the damages in the first set of circumstances, except for damages related to lost profits from the private sector. These will be shown through discovery.

Damages For the Fourth Set of Circumstances:

Current damages are \$616,434 plus daily interest of \$168.88. Current interest is approximately \$30,398 and prospective interest will accrue monthly at approximately \$5,066.

Damages For the Fifth Set of Circumstances:

The damages for the breach of contract are duplicative to those above. However, discovery will tie the conspiracy and the malicious employee actions to the contract and other torts to create punitive damages in an unknown amount. In addition, the actions were so reckless and outrageous that the Dr. Benbassat's pain and suffering will create another source of damages for the County, in an amount as yet unknown.