

A G R E E M E N T
FOR
FINANCIAL INVESTIGATIONS FEDERAL AND STATE ASSET FORFEITURES
(CITY OF REDLANDS - ROBERT M. BORSUK, C.P.A., A PROFESSIONAL
CORP.)

This Agreement, made and entered into this 18th day of July, 1991, between the City of Redlands, a general law city existing under the laws of the State of California (herein referred to as "City") and Robert M. Borsuk, C.P.A., A Professional Corporation (hereinafter called "Provider").

RECITALS:

WHEREAS:

- a) The Chief of Police believes that financial investigation accounting is necessary for certain narcotics investigations that require extensive accounting trails to prove that an individual spent sums of money beyond legitimate income for the purchase of real and/or personal property, and that the money spent was derived from illicit narcotics activities; and
- b) The Chief of Police has determined that the most efficient and economical manner to obtain financial investigation accounting service is to contract with Provider; and
- c) Provider is a California licensed accountancy corporation and has experience in financial investigation accounting; and
- d) The Chief of Police has determined that Provider can provide financial investigation accounting service to enhance the ability to seize additional assets from individuals who derive the assets from illicit narcotics activities;

NOW THEREFORE IT IS AGREED:

- 1) Full Service Financial Investigation Accounting. Provider will render full service financial investigation accounting services, which shall include but shall not be limited to the following:
 - (i) Provider will review evidence and workpapers of both administrative and judicial asset forfeiture cases for additional seizable and forfeitable assets which were previously unidentified. Provider will then conduct and complete a financial investigation accounting of the identified potential sources of additional seizable and forfeitable assets.

- (ii) Provider will provide financial investigation accounting assistance to police department investigators on both administrative and judicial cases with respect to assets which have previously been identified by the police department. The general scope of Provider's assistance will be to compile any additional evidence, complete workpapers and court presentation material that will enable the police department to prevail in the seizure and forfeiture of those assets.
 - (iii) Provider will initiate and complete financial investigation accounting, upon request, by authorized police department personnel, for both administrative and judicial cases which will not be investigated by the police department investigators. The police department will from time to time provide to Provider a list of such authorized personnel.
- 2) Confidentiality. Provider shall exercise due care in keeping all information gathered during any financial investigation in confidence, only releasing said information as authorized by appropriate personnel of the police department or as directed by a court of proper jurisdiction.
- 3) Fees. City agrees to pay Provider for services that fall within the federal asset forfeiture sharing program or for services that fall within the State Asset Forfeiture Program as described in the following payment schedule:
 - (i) Full Service Financial Investigation Accounting services described in Paragraph 1 above shall be a flat 25% contingent fee. The fee is to be calculated on the value of assets deposited into Asset Forfeiture Funds from such services. The contingent fee shall be paid only on assets not previously seized and forfeited in the applicable case. The value of assets deposited into Asset Forfeiture Funds as the direct result of Provider's assistance in any seizure and forfeiture of assets from Full Service Financial Investigation Accounting shall be utilized for calculating the contingent fee. Contingent fees for seizure and forfeiture of personal property and/or real property shall be based upon the profit from sale, and paid to Provider within 30 days from the deposit of said funds into Asset Forfeiture Funds.

Property forfeited as the direct result of Provider's Full Service Financial Investigation Accounting and which is not liquidated by the police department within 90 days of the date of forfeiture will have the fair market value at the date of its forfeiture for purposes of establishing the contingent fee. The contingent fee in such case will be payable to Provider within 90 days from the date of forfeiture.

- (ii) Expenses incurred in providing Full Service Financial Investigation Accounting services may include, but are not limited to, travel, telephone and copying and shall be invoiced to the police department as incurred and shall be payable upon receipt. Provider shall not be entitled to receive more than \$400 in expenses with respect to any given financial investigation accounting case without the prior approval of the Chief of Police.

- (4) - Police Department Assistance. In order to maximize the potential of the above financial investigation accounting services, the police department will use its best efforts to provide the necessary assistance to Provider to facilitate its timely and complete financial investigation accounting service.
- (5) Term. The term of this Agreement shall be for a period of two (2) years from the date signed; provided, however, that the term of this Agreement shall be extended with respect to each financial investigation accounting case in progress at the time of the expiration of the term of this Agreement (each such case being referred to as an "Ongoing Case"), until such time that the police department closes its file with respect to the Ongoing Case. Notwithstanding any provision herein to the contrary, either party may terminate this Agreement at any time, without cause, by the giving of not less than thirty (30) days written advance notice of such termination. Both parties are aware of the possibility of expenditures necessary in preparing for and carrying out their duties hereunder, and the possible losses, damages and inconveniences that may occur to either of them in the event of termination without cause. Both parties understand and acknowledge that they shall not be liable to one another for damages of any kind by reason of termination of this Agreement without cause; provided, however, that such termination shall not release either party from any payments due or liabilities incurred hereunder, including without limitation any payments due to Provider pursuant to Paragraph 6 hereof.

- (6) Right to Decline. Notwithstanding any provision herein to the contrary, based upon the facts and circumstances of each asset seizure and forfeiture case, Provider may, at any time, upon written notice to City, decline to commence or continue rendering its services with respect to any given financial investigation accounting case. Provider's exercise of its right to decline a case pursuant to this Paragraph 6 shall not be deemed a breach of this Agreement.

In the event that this Agreement is terminated by either City or Provider pursuant to Paragraph 5 above, or in the event that Provider exercises its right to decline to continue rendering its services with respect to any given financial investigation accounting case pursuant to this Paragraph 6, Provider shall be entitled to payment for its services rendered in accordance with the following provisions: With respect to Full Service Financial Investigation Accounting Services, (a) if Provider's services with respect to a given financial investigation accounting case have not progressed to the point where Provider has begun to produce "accountant's workpapers" (as such term is generally understood in the accounting profession), then Provider shall not be entitled to any fee for its services rendered with respect to such case, and (b) if Provider's services with respect to a given financial investigation accounting case have progressed to the point where Provider shall be entitled to fifty percent (50%) of the fee set forth in Paragraph 3(i).

- (7) Independent Contractor. For purposes of this Agreement, Provider is an independent contractor and is not subject to the provisions or benefits of City's Civil Service System. Provider is not eligible for membership in City's Retirement System and expressly waives any right to claim any employee benefits from City. Provider shall have no right to Worker's Compensation benefits from City for any injury occurring during performance of this Agreement.
- (8) Modification or Waiver. This Agreement may only be modified or amended by the written Agreement of Provider and City. No waiver or modification of this Agreement or of any covenant, condition or limitation herein contained shall be valid unless in writing and duly executed by the parties hereto.
- (9) Insurance. At all times during the term of this Agreement, Provider shall keep in full force and effect, at its sole expense, automobile insurance on each automobile owned or operated by it that is used at any time in the performance of its duties under this Agreement. Such liability insurance shall not be less than the amount of Three Hundred Thousand Dollars (\$300,000) single limit liability or its equivalent for death or bodily injury and One Hundred Thousand Dollars (\$100,000) property damage liability. Such policy of insurance must be issued by an insurance company duly licensed and qualified to do business in the State of California.

At all times during the term of this Agreement, Provider shall keep in full force and effect, at its sole expense, professional liability malpractice insurance in an amount of not less than One Million Dollars (\$1,000,000). Such policy of insurance must be issued by an insurance company duly licensed and qualified to do business in the State of California. Provider shall furnish City with a Certificate of Insurance setting forth that the provisions of this Paragraph 9 have been complied with prior to commencing its performance under this Agreement.

- (10) No Agency. In rendering its services to City pursuant hereto, Provider shall not be acting, and shall not be construed as acting, as an agent or instrumentality of City. City shall retain sole authority and control over all financial investigations and asset seizure cases for which Provider's services may be utilized, and shall make all decisions with respect thereto. In the course of rendering its services, Provider may make suggestions or recommendations to City from time to time with respect to a particular investigation or case, but all decisions on or as to any such suggestion or recommendation made by Provider shall be made solely by City.
- (11) Exclusivity. Other than utilizing the financial investigation services of the police department or other governmental agencies, during the term of this Agreement the police department will exclusively use Provider for its financial investigation accounting cases.
- (12) Notices. All notices and other communications under this Agreement shall be in writing and shall be deemed to have been duly given (i) on the date of delivery if delivered personally or by messenger, (ii) three (3) days following the date of deposit if mailed within the United States by registered or certified first class mail, return receipt requested, postage prepaid, (iii) the next business day following deposit with an overnight air courier service, or (iv) when sent by facsimile or telex (with a copy simultaneously sent by registered or certified mail, return receipt requested, postage prepaid). Notice shall be sent to the other party at the following address (or to such person or persons or such other address or addresses as a party may specify by notice pursuant to this Paragraph 13):

a) If to Provider:

Robert M. Borsuk, CPA, A Professional Corporation
10100 Santa Monica Boulevard, Suite 320
Los Angeles, California 90067
FAX No.: (213) 203-0690

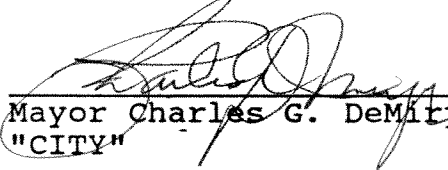
b) If to City:

Robert E. Brickley
Chief of Police
Redlands Police Department
212 Brookside Avenue
Redlands, California 92373
FAX No.: (714) 798-7639

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed the 2nd day of July, 1991.

CITY OF REDLANDS

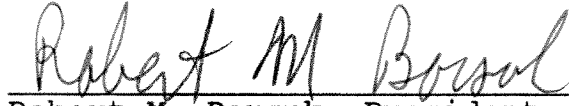
By



Mayor Charles G. DeMirjyn
"CITY"

ROBERT M. BORSUK, CERTIFIED PUBLIC ACCOUNT
A PROFESSIONAL CORPORATION

By



Robert M. Borsuk, President
"PROVIDER"

COMMAND
ASSET SEIZURE AND FORFEITURE
ADMINISTRATION SERVICE

MEMORANDUM

To: City Clerk
From: Robert M. Borsuk, CPA
Date: August 9, 1991
Re: Executed original contract

Per your request I am enclosing an executed original of the agreement for financial investigative accounting service.