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## Los Angeles Regional Water Quality Control Board

June 29, 2021

Tom Gallagher  
DSL Construction Corporation  
11300 W. Olympic Blvd., Suite 770  
Los Angeles, CA 91744

Via Certified Mail  
Return Receipt Requested  
Claim No. 7020 2450 0001 1825 5420

Juan Sanchez  
MPI, Ltd.  
11300 W. Olympic Blvd., Suite 770  
Los Angeles, CA 91744

Via Certified Mail  
Return Receipt Requested  
Claim No. 7020 2450 0001 1825 5437

Thomas D. Gordon  
MPI, Ltd.  
11300 W. Olympic Blvd., Suite 770  
Los Angeles, CA 91744

Via Certified Mail  
Return Receipt Requested  
Claim No. 7020 2450 0001 1825 5444

**SETTLEMENT OFFER NO. R4-2021-0054; OFFER TO PARTICIPATE IN THE EXPEDITED PAYMENT PROGRAM RELATING TO VIOLATIONS OF THE NPDES PERMIT FOR MPI, LTD., WILSHIRE-LA CIENEGA BUILDING, 8501 WILSHIRE BOULEVARD, BEVERLY HILLS, CALIFORNIA (ORDER NO. R4-2018-0125, NPDES NO. CAG994004, CI NO. 7573)**

Dear Tom Gallagher, Juan Sanchez, and Thomas D. Gordon:

This letter is to notify MPI, Ltd. (hereinafter "Permittee" or "you") of alleged violations of the California Water Code identified in the State Water Resources Control Board's water quality data system and to allow the Permittee to participate in the Los Angeles Regional Water Quality Control Board's (Regional Water Board) Expedited Payment Program for Effluent and/or Reporting Violations (Expedited Payment Program) to address mandatory minimum penalties that must be assessed pursuant to California Water Code sections 13385 and 13385.1.

**NOTICE OF VIOLATION:**

Based on information in the California Integrated Water Quality System (CIWQS) as of June 29, 2021, the Regional Water Board alleges that the Permittee has violated the effluent limitations, reporting violations, or California Water Code provisions identified in the Notice of Violation (NOV) attached as Exhibit "1". The Permittee will have the opportunity to address the alleged violations as discussed below.

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LAWRENCE YEE, CHAIR | RENEE PURDY, EXECUTIVE OFFICER

**STATUTORY LIABILITY:**

Subdivisions (h) and (i) of California Water Code section 13385 require the assessment of a mandatory minimum penalty of three thousand dollars (\$3,000) for specified serious and chronic effluent limit and reporting violations. For the purposes of subdivision (h) of section 13385, failure to file a discharge monitoring report required pursuant to sections 13383 for each complete period of 30 days following the deadline for submitting the report constitutes a serious violation. The Permittee is also subject to discretionary administrative civil liabilities of up to ten thousand dollars (\$10,000) for each day in which the violation occurs, plus ten dollars (\$10) for each gallon discharged but not cleaned up in excess of 1,000 gallons. These mandatory minimum penalties and discretionary administrative civil liabilities may be assessed by the Regional Water Board beginning with the date that the violations first occurred. The formal enforcement action that the Regional Water Board uses to assess such liability is an administrative civil liability complaint, although the Regional Water Board may instead refer such matters to the Attorney General's Office for prosecution. If referred to the Attorney General for prosecution, the Superior Court may assess up to twenty-five thousand dollars (\$25,000) per violation. In addition, the Superior Court may assess up to twenty-five dollars (\$25) per gallon discharged but not cleaned up in excess of 1,000 gallons.

**OFFER TO PARTICIPATE IN EXPEDITED PAYMENT PROGRAM:**

The Permittee can avoid the issuance of a formal enforcement action and settle the alleged violations identified in the attached NOV by participating in the Regional Water Board's Expedited Payment Program. Details of the proposed settlement are described below and addressed in the enclosed documents.

To promote the resolution of these violations, the Regional Water Board makes this Conditional Offer. The Permittee may accept this offer, waive the Permittee's right to a hearing, and pay the mandatory minimum penalty of \$96,000 for the violations described in the NOV. If the Permittee elects to do so, subject to the conditions below, the Regional Water Board will accept that payment in settlement of any enforcement action that would otherwise arise out of the violations identified in the NOV. Accordingly, the Regional Water Board will forego issuance of a formal administrative complaint, will not refer the violations to the Attorney General, and will waive its right to seek additional discretionary civil liabilities for the violations identified in the NOV.

The Expedited Payment Program does not address or resolve liability for any violation that is not specifically identified in the NOV regardless of the date that the violation occurred.

**PERMITTEE'S OPTIONS FOR RESPONSE TO OFFER:**

If you accept this offer, please complete and return the enclosed "Acceptance of Conditional Resolution and Waiver of Right to Hearing; (proposed) Order" (Acceptance and Waiver) on or before **July 29, 2021**.

If the Permittee chooses to contest any of the violations alleged in the NOV, please identify the specific violation and the basis for the challenge (factual error, affirmative defense, etc.) on or before the due date specified above.

Responses contesting any of the violations alleged in the NOV shall be submitted as a pdf via email or CD to Bobbi Valencia, [bobbi.valencia@waterboards.ca.gov](mailto:bobbi.valencia@waterboards.ca.gov), (213) 620-6362, and submitted by you under penalty of perjury.

The Regional Water Board staff will evaluate the contested violation and take one of two actions:

- 1) The Regional Water Board staff will determine that the violation is not supported, expunge the alleged violation from the CIWQS database, take no further action against the Permittee for the alleged violation, and notify the Permittee of that determination. The Permittee will be given thirty (30) days from the date of receipt of the Regional Water Board staff determination to complete and return the Acceptance and Waiver for the remainder of the violations; or
- 2) The Regional Water Board staff will determine that the alleged violation is meritorious and will notify the Permittee of that determination. The Permittee will be given thirty (30) days from the date of the receipt of the Regional Water Board staff determination to complete and return the Acceptance and Waiver.

If the Permittee chooses not to make a payment in response to the Regional Water Board staff's determination, the Permittee should expect to be contacted regarding formal enforcement action that will be initiated with regard to the contested violations. In a formal enforcement action, the liability amount sought and/or imposed may exceed the liability amount set forth in this Conditional Offer. Moreover, the cost of enforcement is a factor that can be considered in assessing the liability amount.

#### **CONDITIONS FOR REGIONAL WATER BOARD ACCEPTANCE OF RESOLUTION:**

Federal regulations require the Regional Water Board to publish and allow the public thirty (30) days to comment on any settlement of an enforcement action addressing NPDES permit violations (40 C.F.R. section 123.27(d)(2)(iii)). Upon receipt of the Permittee's Acceptance and Waiver, the Regional Water Board staff will publish a notice of the proposed resolution of the violations.

If no comments are received within the 30-day comment period, and unless there are new material facts that become available to the Regional Water Board, the Acceptance and Waiver will be presented to the Executive Officer for consideration and adoption of a stipulated order assessing the uncontested mandatory minimum penalty amount pursuant to Water Code sections 13385 and 13385.1.

Tom Gallagher  
Thomas D. Gordon  
Juan Sanchez  
MPI, Ltd.

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June 29, 2021

If, however, significant comments are received in opposition to the settlement, this offer may be withdrawn. In that case, the Permittee's waiver pursuant to the Acceptance and Waiver will also be treated as withdrawn. In that case, the violations will be addressed in a liability assessment proceeding. At the liability assessment hearing the Permittee will be free to make arguments as to any of the alleged violations, and the Permittee's agreement to accept this conditional offer will not in any way be binding or used as evidence against the Permittee. The Permittee will be provided with further information on the liability assessment proceeding.

In the event the Acceptance and Waiver is executed by the Regional Water Board Executive Officer, full payment of the assessed amount shall be due within thirty (30) calendar days after the date the Acceptance and Waiver is executed. In accordance with California Water Code section 13385(n)(1) and California Water Code section 13385.1(c)(1), funds collected for violations of effluent limitations and reporting requirements pursuant to sections 13385 and 13385.1 shall be deposited in the State Water Pollution Cleanup and Abatement Account. Accordingly, the \$96,000 liability shall be paid by cashiers or certified check made out to the "State Water Pollution Cleanup and Abatement Account". Failure to pay the full penalty within the required time period may subject the Permittee to further liability.

Should you have questions about this Conditional Offer of Notice of Violation, please contact Enforcement Unit staff Bobbi Valencia at (213) 620-6362 / [bobbi.valencia@waterboards.ca.gov](mailto:bobbi.valencia@waterboards.ca.gov) or Ching Yin To at (213) 620-6373 / [ching-yin.to@waterboards.ca.gov](mailto:ching-yin.to@waterboards.ca.gov) regarding this matter.

Sincerely,

**Hugh**  
**Marley**  
Water Boards



Digitally signed by Hugh Marley  
Date: 2021.06.28 17:53:47 -07'00'

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Hugh Marley  
Assistant Executive Officer

Enclosures:

Exhibit "1" – Notice of Violation  
Acceptance of Conditional Resolution and Waiver to Right of Hearing; (proposed)  
Order

cc: (via email)  
Kailyn Ellison, Office of Enforcement, State Water Resources Control Board

**AMENDED EXHIBIT “1” – NOTICE OF VIOLATION**  
Effluent Limit Violations

<b>Violation Date</b>	<b>Monitoring Period</b>	<b>Violation Type</b>	<b>Parameter</b>	<b>Reported Value</b>	<b>Permit Limit</b>	<b>Units</b>	<b>Pollutant Category</b>	<b>% Exceeded</b>	<b>Serious/ Chronic</b>	<b>Water Code Section 13385</b>	<b>Penalty</b>
07/19/19	3rd Quarter 2019	Daily Maximum	Total Residual Chlorine	0.32	0.1	mg/L	2	220%	Serious	(h)1	\$3,000
07/31/19	3rd Quarter 2019	Monthly Average	Selenium	6.86	4	µg/L	2	72%	Serious	(h)1	\$3,000
08/31/19	3rd Quarter 2019	Monthly Average	Selenium	6.51	4	µg/L	2	63%	Serious	(h)1	\$3,000
09/27/19	3rd Quarter 2019	Daily Maximum	Total Residual Chlorine	0.26	0.1	mg/L	2	160%	Serious	(h)1	\$3,000
09/30/19	3rd Quarter 2019	Monthly Average	Selenium	7.1	4	µg/L	2	78%	Serious	(h)1	\$3,000
10/31/19	4th Quarter 2019	Monthly Average	Selenium	7.2	4	µg/L	2	80%	Serious	(h)1	\$3,000
11/30/19	4th Quarter 2019	Monthly Average	Selenium	6.9	4	µg/L	2	73%	Serious	(h)1	\$3,000
12/31/19	4th Quarter 2019	Monthly Average	Selenium	7	4	µg/L	2	75%	Serious	(h)1	\$3,000
01/31/19	1st Quarter 2019	Monthly Average	Selenium	6.6	4	µg/L	2	65%	Serious	(h)1	\$3,000
02/29/20	1st Quarter 2020	Monthly Average	Copper	10	7	µg/L	2	43%	Serious	(h)1	\$3,000

Violation Date	Monitoring Period	Violation Type	Parameter	Reported Value	Permit Limit	Units	Pollutant Category	% Exceeded	Serious/ Chronic	Water Code Section 13385	Penalty
02/29/20	1st Quarter 2020	Monthly Average	Selenium	6.6	4	µg/L	2	65%	Serious	(h)1	\$3,000
03/31/20	1st Quarter 2020	Monthly Average	Selenium	7.4	4	µg/L	2	85%	Serious	(h)1	\$3,000
04/17/20	2nd Quarter 2020	Daily Maximum	Selenium	9	8	µg/L	2	13%	Chronic	(i)1	\$3,000
04/30/20	2nd Quarter 2020	Monthly Average	Selenium	9	4	µg/L	2	125%	Serious	(h)1	\$3,000
05/31/20	2nd Quarter 2020	Monthly Average	Selenium	6.8	4	µg/L	2	70%	Serious	(h)1	\$3,000
06/30/20	2nd Quarter 2020	Monthly Average	Selenium	7.3	4	µg/L	2	83%	Serious	(h)1	\$3,000
07/10/20	3rd Quarter 2020	Daily Maximum	Selenium	8.7	8	µg/L	2	9%	Chronic	(i)1	\$3,000
07/31/20	3rd Quarter 2020	Monthly Average	Selenium	8.7	4	µg/L	2	118%	Serious	(h)1	\$3,000
08/31/20	3rd Quarter 2020	Monthly Average	Selenium	6.6	4	µg/L	2	65%	Serious	(h)1	\$3,000
09/30/20	3rd Quarter 2020	Monthly Average	Selenium	7	4	µg/L	2	75%	Serious	(h)1	\$3,000
10/31/20	4th Quarter 2020	Monthly Average	Selenium	6.7	4	µg/L	2	68%	Serious	(h)1	\$3,000

Violation Date	Monitoring Period	Violation Type	Parameter	Reported Value	Permit Limit	Units	Pollutant Category	% Exceeded	Serious/ Chronic	Water Code Section 13385	Penalty
11/13/20	4th Quarter 2020	Daily Maximum	Selenium	8.5	8	µg/L	2	6%	Chronic	(i)1	\$3,000
11/30/20	4th Quarter 2020	Monthly Average	Selenium	8.5	4	µg/L	2	113%	Serious	(h)1	\$3,000
12/11/20	4th Quarter 2020	Daily Maximum	Selenium	8.2	8	µg/L	2	2%	Chronic	(i)1	DISMISSED*
12/31/20	4th Quarter 2020	Monthly Average	Selenium	8.2	4	µg/L	2	105%	Serious	(h)1	\$3,000
01/10/21	1st Quarter 2021	Daily Maximum	Total Residual Chlorine	0.41	0.1	mg/L	2	310%	Serious	(h)1	\$3,000
01/10/21	1st Quarter 2021	Daily Maximum	Selenium	9.5	8	µg/L	2	19%	Chronic	(i)1	\$3,000
01/31/21	1st Quarter 2021	Monthly Average	Selenium	9.5	4	µg/L	2	138%	Serious	(h)1	\$3,000
02/12/21	1st Quarter 2021	Daily Maximum	Selenium	9.2	8	µg/L	2	15%	Chronic	(i)1	\$3,000
*02/28/21	1st Quarter 2021	Monthly Average	Selenium	9.2	4	µg/L	2	130%	Serious	(h)1	\$3,000
03/12/21	1st Quarter 2021	Daily Maximum	Selenium	9.4	8	µg/L	2	18%	Chronic	(i)1	\$3,000
03/31/21	1st Quarter 2021	Daily Maximum	Selenium	9.4	4	µg/L	2	135%	Serious	(h)1	\$3,000

Violation Date	Monitoring Period	Violation Type	Parameter	Reported Value	Permit Limit	Units	Pollutant Category	% Exceeded	Serious/ Chronic	Water Code Section 13385	Penalty
04/09/21	2nd Quarter 2021	Daily Maximum	Total Residual Chlorine	0.37	0.1	mg/L	2	270%	Serious	(h)1	\$3,000
04/30/21	2nd Quarter 2021	Monthly Average	Selenium	8.1	4	µg/L	2	103%	Serious	(h)1	\$3,000
05/31/21	2nd Quarter 2021	Monthly Average	Selenium	7.7	4	µg/L	2	93%	Serious	(h)1	\$3,000
06/11/21	2nd Quarter 2021	Daily Maximum	Selenium	9.1	8	µg/L	2	14%	Chronic	(i)1	\$3,000
06/30/21	2nd Quarter 2021	Monthly Average	Selenium	9.1	4	µg/L	2	128%	Serious	(h)1	\$3,000
07/09/21	3rd Quarter 2021	Monthly Average	Selenium	7.5	4	µg/L	2	88%	Serious	(h)1	\$3,000
08/13/21	3rd Quarter 2021	Daily Maximum	Total Residual Chlorine	0.39	0.1	mg/L	2	290%	Serious	(h)1	\$3,000
08/31/21	3rd Quarter 2021	Monthly Average	Selenium	6.25	4	µg/L	2	56%	Serious	(h)1	\$3,000
09/30/21	3rd Quarter 2021	Monthly Average	Selenium	6	4	µg/L	2	50%	Serious	(h)1	\$3,000

\*\*12/11/20 Selenium Effluent Violation was dismissed in consideration of the number of significant figures.

**Total: \$120,000**



Settlement Offer No. R4-2021-0054  
CI No. 7573, NPDES Permit No. CAG994004

**ACCEPTANCE OF CONDITIONAL RESOLUTION  
AND WAIVER OF RIGHT TO HEARING; (proposed) ORDER**

MPI, Ltd.  
Settlement Offer No. R4-2021-0054  
NPDES Permit No. CAG994004

By signing below and returning this Acceptance of Conditional Resolution and Waiver of Right to Hearing (Acceptance and Waiver) to the Los Angeles Regional Water Quality Control Board (Regional Water Board), MPI, Ltd. (Permittee) hereby accepts the "Offer to Participate in Expedited Payment Program" and waives the right to a hearing before the Regional Water Board to dispute the allegations of violations described in the Notice of Violation (NOV), which is attached hereto as Exhibit "1" and incorporated herein by reference.

The Permittee agrees that the NOV shall serve as a complaint pursuant to Article 2.5 of the California Water Code and that no separate complaint is required for the Regional Water Board to assert jurisdiction over the alleged violations through its Chief Prosecutor. The Permittee agrees to pay the penalties required by California Water Code section 13385 in the sum of \$120,000 (Expedited Payment Amount) which shall be deemed payment in full of any civil liability pursuant to California Water Code sections 13385 and 13385.1 that otherwise might be assessed for the violations described in the NOV. The Permittee understands that this Acceptance and Waiver waives its right to contest the allegations in the NOV and the amount of civil liability for such violations.

The Permittee understands that this Acceptance and Waiver does not address or resolve liability for any violation that is not specifically identified in the NOV.

Upon execution by the Permittee, the completed Acceptance and Waiver shall be returned to:

Bobbi Valencia, Enforcement I Unit  
Expedited Payment Program  
Los Angeles Regional Water Quality Control Board  
320 West 4<sup>th</sup> Street, Suite 200  
Los Angeles, CA 90013

The Permittee understands that federal regulations set forth by title 40, Code of Federal Regulations, section 123.27(d)(2)(iii) require the Regional Water Board to publish notice of and provide at least thirty (30) days for public comment on any proposed resolution of an enforcement action addressing NPDES permit violations. Accordingly, the Acceptance and Waiver, prior to execution by the Regional Water Board Executive Officer, will be published as required by law for public comment.

If no comments are received within the notice period that causes the Regional Water Board Assistant Executive Officer to question the Expedited Payment Amount, the Acceptance and Waiver will be presented to the Executive Officer for consideration and adoption of a stipulated order.

Settlement Offer No. R4-2021-0054  
CI No. 7573, NPDES Permit No. CAG994004

The Permittee understands that if significant comments are received in opposition to the Expedited Payment Amount, the offer on behalf of the Regional Water Board to resolve the violations set forth in the NOV may be withdrawn. In that circumstance, the Permittee will be advised of the withdrawal and an administrative civil liability complaint may be issued and the matter may be set for a hearing before the Regional Water Board. For such a liability hearing, the Permittee understands that this Acceptance and Waiver executed by the Permittee will not in any way be binding or used as evidence in that hearing.

The Permittee further understands that once the Acceptance and Waiver is executed by the Regional Water Board Executive Officer, the full payment required by the deadline set forth below is a condition of this Acceptance and Waiver. In accordance with California Water Code sections 13385(n)(1) and 13385.1(c)(1), funds collected for violations of effluent limitations and reporting requirements pursuant to sections 13385 and 13385.1 shall be deposited in the State Water Pollution Cleanup and Abatement Account. Accordingly, the \$120,000 liability shall be paid by a cashiers or certified check made out to the "State Water Pollution Cleanup and Abatement Account". The payment must be submitted to the State Water Resources Control Board no later than thirty (30) calendar days after the date the Acceptance and Waiver is executed by the Regional Water Board Executive Officer.

Please mail the check to:

State Water Resources Control Board  
ATTN: ACL PAYMENT  
Division of Administrative Services, Accounting Branch  
1001 I Street, 18<sup>th</sup> Floor, [95814]  
P.O. Box 1888  
Sacramento, California 95812-1888

I hereby affirm that I am duly authorized to act on behalf of and to bind the Permittee in the making and giving of this Acceptance and Waiver.

MPI, Ltd.

By:

  
\_\_\_\_\_  
(Signed Name)

THOMAS P. GALLAGHER  
\_\_\_\_\_  
(Printed or Typed Name)

4/26/22  
\_\_\_\_\_  
(Date)

President of F General Partner  
\_\_\_\_\_  
(Title)

IT IS SO ORDERED PURSUANT TO CALIFORNIA WATER CODE SECTION 13323 AND GOVERNMENT CODE SECTION 11415.60

By:

\_\_\_\_\_  
Renee Purdy  
Executive Officer

\_\_\_\_\_  
(Date)