

A F F I D A V I T

I, [REDACTED] being duly sworn, hereby state as follows:

I. INTRODUCTION

1. I am a Special Agent ("SA") with the Federal Bureau of Investigation ("FBI"), and have been so employed for approximately seven years. I am currently assigned to the Public Corruption Squad in the Los Angeles Division, where I specialize in the investigation of corrupt government officials. During my employment with the FBI, I have participated in investigations involving public corruption, bribery, fraud against the government, bank and loan fraud, wire fraud, mail fraud, social security fraud, and money laundering. Many of these investigations have involved the use of informants and cooperating witnesses, and have required financial analysis. I have also participated in the execution of numerous search and arrest warrants. I have conducted physical surveillance and have monitored electronic surveillance. In addition, I have attended numerous training sessions on the investigation of public corruption and other white collar crimes, including the collection of evidence. I have been informed that RONALD CALDERON, as a California State Senator, would have received training and training materials on ethics and what his obligations are regarding gifts, bribes, gratuities, travel

expenses, conflicts of interest, and use of campaign funds. I have also been informed that RONALD CALDERON would have been required to file financial disclosures, such as a Statement of Economic Interest (Form 700), with the Fair Political Practices Commission and/or the State of California while in office.

2. This affidavit is made in support of an application for a search warrant for the Capitol Office of California State Senator Ronald Calderon, which is located in Room 5066 of the California State Capitol, a building facing 10th Street between "L" Street and "N" Street in Sacramento, California, 95814 (the "SUBJECT PREMISES"), a more detailed description of which is provided in Attachment A. The requested search warrant for the SUBJECT PREMISES includes RONALD CALDERON's personal office and the offices of his staff, and any common areas. For the reasons set forth below, I respectfully submit there is probable cause to believe that the SUBJECT PREMISES contains evidence, contraband, fruits, or instrumentalities of criminal violations of 18 U.S.C. §§ 371 (Conspiracy), 666 (Bribery Concerning Programs Receiving Federal Funds), 1341 (Mail Fraud), 1343 (Wire Fraud), 1346 (Honest Services Fraud), and 1951 (Extortion Under Color of Official Right) (collectively, "the Subject Offenses").

3. The facts set forth in this affidavit are based upon my personal observations, my training and experience, and

information obtained from other agents and witnesses. This affidavit is intended to show merely that there is sufficient probable cause for the requested search warrant and does not purport to set forth all of my knowledge of or investigation into this matter.

4. The conversations referenced in this affidavit were often quite lengthy and transcripts are still only in draft form. This is because, in large part, of the number of recordings and the speed with which the underlying investigation has moved forward. Therefore, while references in this affidavit to recorded conversations describe the substance of what was said, these descriptions are based on drafts of the transcripts of these recorded conversations.

II. SUMMARY OF PROBABLE CAUSE

5. There is probable cause to believe that RONALD CALDERON, a California State Senator, has committed the Subject Offenses by accepting approximately \$60,000 in bribes from an undercover FBI agent ("the UC") in exchange for (1) directly enriching the UC's business by supporting legislation in the California Senate that would lower the amount of money independent filmmakers have to spend on a film's budget in order to qualify for a California tax credit; and (2) indirectly enriching the UC by hiring the UC's purported girlfriend, UC-2,

to a Senate staff position funded by the State of California.¹ There is also probable cause to believe that RONALD CALDERON participated in a separate bribery scheme with MICHAEL D. DROBOT, the Chief Executive Officer of the Pacific Hospital of Long Beach, and accepted approximately \$28,000 in bribes from DROBOT in exchange for directly enriching DROBOT's business by supporting legislation that would delay or limit changes in California's workers' compensation laws relating to the amount of money medical care providers are reimbursed for performing spinal surgeries.

6. There is probable cause to believe that DROBOT has also been paying RONALD CALDERON's brother and former California State Assemblyman, THOMAS CALDERON, approximately \$10,000 per month in connection with the bribery scheme. Although the payments are purportedly for THOMAS CALDERON to act as DROBOT's consultant in connection with the spinal surgery legislation,

[REDACTED]

[REDACTED]

[REDACTED] There is also probable cause to believe that THOMAS CALDERON is facilitating bribe payments to RONALD CALDERON. In particular, a \$25,000 bribe the UC paid to

¹ Based on my previous investigations, discussions with other law enforcement personnel, my training and experience, and internet research, I know that, in any one year period, the state of California receives in excess of \$10,000 in Federal assistance.

RONALD CALDERON went through Californians for Diversity, a California company that holds itself out as a 501(c)(4) Nonprofit Public Benefit Organization. According to RONALD CALDERON, the money contributed to this nonprofit organization is controlled by THOMAS CALDERON and they (RONALD CALDERON and THOMAS CALDERON) intend to use that money when RONALD CALDERON is no longer in public office.

7. The evidence developed to date relating to RONALD CALDERON's and THOMAS CALDERON's bribery schemes can be summarized as follows:

a. The Tax Credit Legislation - Beginning in or about February 2012 and continuing through the present, RONALD CALDERON has accepted approximately \$60,000 in bribe payments from the UC, who is posing as the owner of a film studio in downtown Los Angeles that provides studio facilities to independent films and commercials. At RONALD CALDERON's direction, the UC made nine \$3,000 payments to RONALD CALDERON's daughter, JESSICA CALDERON, who, according to an employment agreement RONALD CALDERON drafted, works for the UC. JESSICA CALDERON has received these payments even though she has never done any work for the UC. In addition, UC-3, see infra ¶ 15(c), has made one \$3,000 payment to RONALD CALDERON in cash. In exchange for these payments, RONALD CALDERON has agreed to help enrich the UC's purported film business by seeking an amendment

to Section 17053.85 of the California Revenue and Taxation Code, which would lower the threshold of expenditures necessary for independent films to qualify for a tax credit from \$1 million to \$750,000. RONALD CALDERON was unable to introduce the \$750,000 amendment to the tax credit legislation during California's 2012 legislative session as he originally promised the UC. However, RONALD CALDERON has continued to take official action on the UC's behalf by seeking to get the amendment introduced in 2013, either by including it in a spot bill RONALD CALDERON introduced himself (Senate Bill ("SB") 317), or by including it in a bill introduced by California State Senator Ted Lieu (SB 370).

b. Hiring UC-2 As A Legislative Staffer - Beginning in or about October 2012 and continuing through on or about March 13, 2013, RONALD CALDERON accepted more than \$30,000 in bribe payments from the UC in exchange for hiring the UC's purported girlfriend, UC-2, as a legislative staffer whose salary was to be funded by the State of California. In return for the bribe payments, RONALD CALDERON did, in fact, hire UC-2 as an employee of the State of California, but the UC later advised RONALD CALDERON that UC-2 would not be taking the position because she was no longer in a relationship with the UC. At RONALD CALDERON's direction, the UC paid, among others, the following bribes in exchange for RONALD CALDERON getting UC-2 the job: a \$5,000 payment towards the college tuition for

RONALD CALDERON's son, Zachary Calderon, and a \$25,000 payment to Californians for Diversity, a California corporation controlled by THOMAS CALDERON.

c. The Spinal Surgery Legislation - Beginning on a date unknown and continuing until at least in or about August 2012, RONALD CALDERON accepted approximately \$28,000 in bribe payments from DROBOT. The bribes were disguised as payments to RONALD CALDERON's son, Zachary Calderon, who, according to RONALD CALDERON, worked for DROBOT each summer. The payments, however, in many instances, went directly into an account controlled by RONALD CALDERON. In exchange for the bribe payments, RONALD CALDERON helped DROBOT get spinal surgery legislation, which would economically harm DROBOT's business, either delayed or amended.

ALJAZEERA

III. PRIOR SEARCH WARRANT APPLICATIONS

8. On October 16, 2012, the Honorable Paul L. Abrams, United States Magistrate Judge for the Central District of California, authorized the government to search RONALD CALDERON's AOL email account, in substance, for evidence relating to RONALD CALDERON's support of the tax credit legislation in exchange for bribes ("search warrant #1"). See CDCA CR 12-2390M.

9. Then, on March 11, 2013, Magistrate Judge Abrams authorized the government to conduct a follow-up search of RONALD CALDERON's AOL email account, in substance, for evidence relating to the tax credit legislation, the hiring of UC-2, and the spinal surgery legislation ("search warrant #2").

10. That same day, on March 11, 2013, Magistrate Judge Abrams authorized the government to search RONALD CALDERON's i-cloud email account, in substance, for evidence relating to the tax credit legislation and the hiring of UC-2 ("search warrant #3"). See CDCA 13-0817M. Then, on April 3, 2013, Magistrate Judge Jean P. Rosenbluth authorized the government to search several locations, in substance, for evidence related to MICHAEL D. DROBOT's health care fraud scheme (search warrant #4). See CDCA SA 13-115M, 13-116M, 13-117M, 13-127M, 13-132M, and 13-133M.

11. In addition, the prosecutor and I submitted an application for an order authorizing the initial interception of wire and electronic communications over RONALD CALDERON's cellular telephone, which United States District Judge Audrey B. Collins signed on March 8, 2013. On April 9, 2013, United States District Judge Collins signed an order renewing the interception of wire communications over RONALD CALDERON's cellular telephone for a second 30 day time period.

IV. PRIOR INVESTIGATION

12. I began an investigation of RONALD CALDERON, THOMAS CALDERON, and Charles Calderon (RONALD CALDERON's oldest brother who formerly served as the Majority Leader in the Assembly), on or about October 15, 2007, after receiving information from the Fair Political Practices Commission and other sources. The investigation had to do, in part, with a \$1 million check THOMAS CALDERON received from DROBOT, the Chief Executive Officer of Pacific Hospital of Long Beach, who retained THOMAS CALDERON as a consultant to negotiate with the State Compensation Insurance Fund, after THOMAS CALDERON left the California Assembly.² It was suspected that this exceptionally large and unusual payment might evidence that THOMAS CALDERON was using his brothers'

² See details in footnote 23 below.

political influence to favor DROBOT in return for monetary compensation, that is, a bribe.

13. In or about December 2008, my investigation was added to an undercover investigation being conducted out of the FBI's Sacramento Field Office ("FBI Sacramento"). The undercover investigation involved two undercover FBI agents posing as venture capitalists, who were eventually introduced to RONALD CALDERON and THOMAS CALDERON. The undercover FBI agents separately told RONALD CALDERON and THOMAS CALDERON that they were interested in having legislation introduced in the California Senate that would be financially beneficial to their prospective investments. Neither RONALD CALDERON nor THOMAS CALDERON solicited or accepted a bribe in connection with their legislation.

14. On October 18, 2011, the FBI's Los Angeles Field Office ("FBI Los Angeles") initiated an undercover investigation targeting two different public officials (not RONALD CALDERON or THOMAS CALDERON) in Los Angeles. During the course of that investigation, the UC was introduced to RONALD CALDERON and the events set forth below followed. On April 9, 2012, FBI Los Angeles added RONALD CALDERON as a subject of its undercover investigation, and on December 19, 2012, FBI Sacramento closed its undercover investigation.

V. PROBABLE CAUSE

A. RELEVANT PERSONS & OFFICIALS

15. The following are the relevant individuals and public officials that will be referenced in my affidavit:

a. The UC - The UC is an undercover FBI agent who has held himself out to RONALD CALDERON, JESSICA CALDERON, THOMAS CALDERON, and others as the owner of a film studio in downtown Los Angeles providing studio facilities for independent films and commercials.

b. UC-2 - UC-2 is an undercover FBI agent who has held herself out to RONALD CALDERON, JESSICA CALDERON, THOMAS CALDERON, and others as the UC's attractive girlfriend with a struggling modeling career.

c. UC-3 - UC-3 is an undercover FBI agent who has held himself out to RONALD CALDERON, THOMAS CALDERON, and others as the UC's investor in the UC's studio.

d. CHS-1 - CHS-1 (hereinafter [REDACTED]) is a reliable FBI confidential source who has been held out to RONALD CALDERON, JESSICA CALDERON, and THOMAS CALDERON as the UC's business partner in the UC's studio.

e. CHS-2 - CHS-2 (hereinafter [REDACTED]) is a reliable FBI confidential source who [REDACTED] [REDACTED] has provided reliable information in the past on RONALD CALDERON.

f. CHS-3 - CHS-3 (hereinafter [REDACTED]) is a former FBI confidential source [REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]

g. CHS-4 - CHS-4 (hereinafter [REDACTED]) [REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

h. Senator Kevin de Leon - Senator de Leon is a California State Senator representing California's 22nd District, which includes the Cities of Los Angeles, Alhambra, Maywood, San Marino, South Pasadena, Vernon and parts of unincorporated Los Angeles County. In exchange for the bribe payments outlined below, RONALD CALDERON has taken official action in seeking the support of Senator de Leon for the tax credit legislation and the spinal surgery legislation.

i. Senator Darrell Steinberg - Senator Steinberg is the President pro Tempore ("Pro Tem") of the California State Senate. He was elected to the Senate in 2006 and his Sixth district includes the capital city of Sacramento, parts of Elk Grove, Citrus Heights and Rancho Cordova. In exchange for the bribe payments outlined below, RONALD CALDERON has taken official action in seeking the support of Senator Steinberg for the tax credit legislation.

j. Senator Ted Lieu - Senator Lieu is a California State Senator representing nearly 1 million residents of the coastal Senate district on the West side of Los Angeles, which includes the cities of Carson, El Segundo, Hermosa Beach, Lomita, Manhattan Beach, Redondo Beach and Torrance, as well as portions of Long Beach, Los Angeles and San Pedro. In exchange for the bribe payments outlined below, RONALD CALDERON and THOMAS CALDERON pressured Senator Lieu to drop legislation that would have frustrated DROBOT's health care fraud scheme.

k. Senator Ricardo Lara - Senator Lara was elected with overwhelming support in November 2012 to represent the Southeast Los Angeles County cities of the 33rd Senate District. As set forth below, Senator de Leon caused \$25,000 to be contributed to Californians for Diversity, the California corporation controlled by THOMAS CALDERON, in exchange for

RONALD CALDERON agreeing not to challenge Senator Lara to become the Chairman of the Latino Caucus.

B. THE CALDERONS

16. According to the website sd30.senate.ca.gov ("RONALD CALDERON's website"), which I have visited several times during the course of my investigation, RONALD CALDERON's family and political background is as follows:

a. RONALD CALDERON was elected to the California State Senate (District 30) in November 2006.

b. RONALD CALDERON represents the cities of Bell, Bell Gardens, Commerce, Cudahy, Huntington Park, La Mirada, Los Angeles, Montebello, Norwalk, Pico Rivera, Santa Fe Springs, South El Monte, South Gate, Whittier, East La Mirada, East Los Angeles, Florence-Graham, Hacienda Heights, South Whittier, and West Whittier. (This will be subject to change once new Senate District lines become official).

c. RONALD CALDERON serves as a member of the California Wine Industry Committee, the Joint Committee on the Arts, the Environmental Quality Committee, the Governmental Organization Committee, and he is a highly respected member of the California Film Commission, joining the likes of Clint Eastwood and Danny DeVito in promoting California's film industry.

d. RONALD CALDERON currently lives in Montebello with his wife Ana Calderon and their daughter JESSICA CALDERON. JESSICA CALDERON is a recent graduate of Cal State Fullerton. Zachary Calderon (RONALD CALDERON's only son) attends the Berklee College of Music in Boston, Massachusetts.

e. RONALD CALDERON is the second of his family to serve in the California Senate and the third to hold a seat in the California legislature. RONALD CALDERON's oldest brother, Charles Calderon was elected to the California State Senate in 1990 and termed out in 1998. RONALD CALDERON's middle brother, THOMAS CALDERON, served in the California Assembly from 1998 to 2002.

17. According to the website www.charlescalderon.com, Charles Calderon served in the California Assembly for the 58th Assembly District, where he was the Majority Leader. According to the website <http://asmdc.org/members/a58>, in November 2012 he was succeeded by current Assemblyman Christina Garcia.

18. [REDACTED]

[REDACTED]
[REDACTED] THOMAS CALDERON is the Executive Director of Californians For Diversity.

19. I have reviewed bank records obtained from Banco Popular pursuant to a federal grand jury subpoena and learned

that THOMAS CALDERON is also the signatory on a bank account opened in the name of the Calderon Group.

C. THE TAX CREDIT LEGISLATION

i. Senate Bill 1167

20. On February 5, 2013, I visited the website www.leginfo.ca.gov, a website hosted by the State of California, and learned that on February 22, 2012, RONALD CALDERON introduced Senate Bill ("SB") 1167 ("the tax credit legislation"). In summary, SB 1167 sought to amend tax credit legislation RONALD CALDERON had previously introduced in 2009 by, among other things, extending the "tax credits five additional years, until July 1, 2020." Two subsequent amendments were offered to the tax credit legislation on June 4, 2012 and July 5, 2012. None of the three amendments sought to amend the definition of "independent film." In other words, Section 17053.85 of the California Revenue and Taxation Code would have still provided as follows:

"Independent film" means a motion picture with a minimum budget of one million dollars (\$1,000,000) and a maximum budget of ten million dollars (\$10,000,000) that is produced by a company that is not publicly traded and publicly traded companies do not own, directly or indirectly, more than 25 percent of the producing company.

ii. The UC Hires JESSICA CALDERON

21. On or about October 18, 2011, the FBI's Los Angeles

Field Office initiated an undercover operation in which the UC posed as the owner of a film studio in downtown Los Angeles, who provided studio facilities for independent films and commercials.

22. On February 24, 2012, RONALD CALDERON was introduced to the UC during a lunch held in Los Angeles, California. Also present were [REDACTED]

23. I monitored this meeting as it was taking place using an audio transmitter. I have since listened to a recording of the meeting and learned, among other things, the following:

a. The UC introduced himself to RONALD CALDERON and said that he owned a film studio in downtown Los Angeles, where he provided studio facilities for independent films and commercials.

b. RONALD CALDERON explained to the UC that he had introduced a movie production tax credit bill in California three years earlier, which was later enacted and provided a \$500 million tax credit to filmmakers for the next five years using a lottery system through the California Film Commission.

c. RONALD CALDERON told the UC that every year since the tax credit legislation was enacted the 100 million dollars

allocated for that year had immediately run out as soon as the lottery was opened.

d. RONALD CALDERON told the UC that more tax credits would be available in the future, but said it was very political and he (RONALD CALDERON) had to work from the top down, starting with the governor, to make sure the bill was signed if it made it to the governor's desk.

e. The UC asked RONALD CALDERON if there was anything the UC could do for him. RONALD CALDERON said he would be running for the California State Assembly in 2014 and asked the UC if he could help with that.

f. Towards the end of the meeting, RONALD CALDERON told the UC that his son, Zachary Calderon, was studying music at Berklee College in Boston and that his daughter, JESSICA CALDERON, was attending the LA Art Institute for Interior Design and had already received a degree in Theatre Arts from CSU Fullerton. RONALD CALDERON told the UC that his daughter had made a movie and was the line producer for a film he referred to as "American Gigolo 2."

g. RONALD CALDERON told the UC that JESSICA CALDERON and others involved with the script for American Gigolo 2 were looking for producers. RONALD CALDERON asked the UC if he would like to look at the script and see if the UC's studio might be

interested in getting behind the movie. RONALD CALDERON gave the UC his business card.

h. On February 24, 2012, the UC received a text message from RONALD CALDERON over his cellular telephone stating, "[UC]. Great lunch! Thanks. Here is my cell! I am emailing u next."

24. On June 21, 2012, the UC and RONALD CALDERON met alone at a restaurant in Pico Rivera, California for dinner. During the meeting, RONALD CALDERON told the UC, among other things, "one way you could be a real help to [JESSICA CALDERON] is, you got any work? ... I think she's a good investment. Any, any work, uh you could find her would be well appreciated and you'll appreciate her work. Are - I told you man, anything you can do, any help you could do for my kids is, is - you know that's, that's diamonds for me. That's diamonds."

25. The UC told RONALD CALDERON that he had looked over the script for American Gigolo 2 and felt like the budget for the film was around \$500,000 given the number of locations in the script. The UC suggested that it might be worth investing in the film if the threshold for the tax credit legislation was lowered to \$500,000. The UC told RONALD CALDERON that just the mention of the tax credit would put his investors "over the roof."

26. RONALD CALDERON told the UC the tax credit legislation would be before the governance committee the following week and said, "there might be a play, you know, to lower, to lower the tax credit. Uh, for movies, for inde- or indies." RONALD CALDERON then suggested that he would be willing to hire the UC's girlfriend (UC-2) if the UC would hire JESSICA CALDERON at the UC's studio, since "[i]t helps both of us." RONALD CALDERON said that his daughter, JESSICA CALDERON, could do any project the UC wanted done. RONALD CALDERON said the only limitation was that JESSICA CALDERON would need the flexibility to go to class two days a week and to do her internship at the design center two days a week.

27. With respect to JESSICA CALDERON's salary, RONALD CALDERON said, "all I need her to do is make enough money to pay for her - the rest of her schooling, which isn't a lot. It's like - it's like, two thousand, three thousand a year plus, uh, uh - no quarter, so six thousand. And then buy her own insurance which is about four hundred, five hundred bucks a month . . . if she could work two-three days a week for you and make, you know, um, twenty five hundred bucks a month. Two thousand five hundred, uh - I mean you'd get your money's worth out of her. She's a workhorse... But that would make uh - man that would make all the difference in the world for her."

28. The UC asked RONALD CALDERON if there was still a possibility that the threshold for the tax credit legislation could come down to \$500,000. RONALD CALDERON responded, "The - there - there - there's a chance. There's a shot. You know it's a matter of where - what negotiating position I put myself in and how much they're actually willing to give us." RONALD CALDERON went on to explain that certain industries like the labor industry might push back against lowering the tax credit to \$500,000.

29. The UC asked RONALD CALDERON what number would keep the labor industry away. RONALD CALDERON said that he felt he could get \$750,000 through the Senate Committee, but that he would have to have a meeting with the indies and labor industries before the amendment got to the Assembly Committee so he could let the labor industry know he wanted to "lower it just a tad." RONALD CALDERON said he would have the meeting in his office and tell the labor industry that if they want more regular work for their members they should get onboard with the legislation. RONALD CALDERON felt that if the labor industry got onboard the "big guys" (presumably major film production companies) would not want to lose the entire bill "over that."

30. After hearing this, the UC told RONALD CALDERON that he was willing to put JESSICA CALDERON on a retainer during the remainder of her college. RONALD CALDERON responded, "Oh,

great!" The UC said he was ready to move in that direction and asked RONALD CALDERON what they needed to do in order to make the \$750,000 happen. The UC indicated that he was willing to put JESSICA CALDERON on his payroll the following week if the \$750,000 could "happen sooner rather than later." The UC explained to RONALD CALDERON that lowering the tax credit to \$750,000 would be a real selling point for the UC studio.

31. RONALD CALDERON responded, "Right. Well, considering, considering that the, the committee and the chair, they don't give a shit. What the machinations are. They don't care. It's all about creating jobs, keeping the movie industry here in California, right? Um. Let me do this. To answer your question, I can play - I can play poker and hold out, so . . . And I'm the author of the bill. I'm not going to move the bill forward unless I get a deficit. Period. Right? And be willing for it to fall apart, which it won't. But let me read the language and sit down with my staff. And I can do this, you know, Monday, Tuesday when I go back, and see what we can do to tweak the language so that I can make that, I can make that play and I know that it can happen..."

32. On June 29, 2012, the UC and RONALD CALDERON met for breakfast at a diner located in or around Montebello, California. During the meeting, RONALD CALDERON told the UC that he had not yet introduced the \$750,000 amendment to the tax

credit legislation. RONALD CALDERON said he could introduce the amendment either before it goes to the Senate's Appropriations Committee or when it goes to the Assembly side.

33. RONALD CALDERON and the UC then discussed JESSICA CALDERON's employment. RONALD CALDERON suggested drawing up a contract that would make JESSICA CALDERON an independent contractor for the UC studio. RONALD CALDERON told the UC it was "better to keep it legit." RONALD CALDERON offered to draw up the contract and send it over to the UC by July 15, 2012.

34. The UC told RONALD CALDERON that he had JESSICA CALDERON's first pay check with him at the diner and was prepared to give it to RONALD CALDERON that day. RONALD CALDERON initially agreed to take the check, but later told the UC to mail it to JESSICA CALDERON. Earlier in their conversation, RONALD CALDERON told the UC about an investigation the United States Attorney's Office and the FBI were conducting into public officials in Cudahy, California. RONALD CALDERON had told the UC you never take money directly from people and you have to be careful about a tit-for-tat relationship.

35. On July 4, 2012, approximately five days after RONALD CALDERON told the UC to mail JESSICA CALDERON's first paycheck,

the UC received an email from RONALD CALDERON that said, among other things, "Didn't receive anything yesterday FYI."³

36. On July 17, 2012, the UC and RONALD CALDERON met at the UC's apartment in downtown Los Angeles, where they discussed, among other things, the tax credit legislation and JESSICA CALDERON's employment:

a. The UC informed RONALD CALDERON that having the UC studio enter into a contract with JESSICA CALDERON wherein she would be paid a monthly retainer for serving as the UC studio's set designer was "not the industry standard" and was "not common."

b. The UC explained to RONALD CALDERON the real reason for hiring JESSICA CALDERON:

UC ...it's not a concern to me. Money is not an object. I mean...I'm ready to write a check for the next year...if that's what you want....

RC Right...right.

UC ...for...for...everything. That's...that's not the issue. And it's never been the issue.

RC Uh huh.

UC Jessica's talent...uh...her acumen...that's not even an issue. That the whole concept behind this was...we...we have a relationship. We have a professional relationship. We have a business relationship. And,

³ This email and several of the others referenced in my affidavit were sent from RONALD CALDERON's America Online ("AOL") email account, a provider of electronic communications service and remote computing services located in Dulles, Virginia.

to put it in very blunt terms, me hiring Jessica was not about her talent, right? It was more about accommodating something that you needed. And you needed me to take care...

RC Right.

UC ...helping your children.

RC Right.

c. RONALD CALDERON said that he viewed the document he had prepared as an "agreement" and said it was "not a contract." RONALD CALDERON also addressed the UC's reason for hiring JESSICA CALDERON:

RC The second problem I have...that...um...and again this is an uncomfortable thing to do, okay, but because of my position, you cannot...we cannot have a conversation we just had. We cannot have a quid pro quo conversation.

UC But I feel like that's...I mean...I understand..

RC No [UI]...

UC ...where you are coming from. Okay? I totally get it. But the reality of it is...I mean this is something I've engaged in all the time in India...this is the thing that I'm doing right now in Virginia. And it's just...for me, it's just the price of doing business. If you wanna call it, something else, I...I completely understand for...comfort levels.

RC What...what...what I have to say...what I have to say...is...that I cannot guarantee that I can help you. I can't. And I cannot take payment...or...uh...negotiate payment for Jessica in any way with the...with the...with the understanding that I'm gonna do this for you, and it's gonna be deliberate. Um...because I would do that for you whether...whether this was involved or not, because I've been trying to figure out a way...to have more minorities in film benefit...from this tax credit. And this is the way to do it by...by...uh...lowering the

threshold amount and possibly even expanding the ten million...the guaranteed ten percent...whatever that is...to...fifteen percent or something like that.⁴

d. After explaining to the UC the types of conversations they "cannot have" and what RONALD CALDERON would "have to say" if those conversations came up, RONALD CALDERON went on to assure the UC that he would "deliver" on the legislation by having it introduced in the California Senate by Senator Steinberg, and said that if he did not deliver on the legislation, the UC would have "no obligation" to continue paying JESSICA CALDERON under the terms of the "agreement":

RC And [Senator Steinberg] said...he'll get my bill out of appropriations, and once it's cleared in senate...it's a vehicle that can't be stopped. Um...then I'm gonna ask him...to...to...uh...um...demand that amendment. It's gonna be him saying, I ain't supporting this unless we do more for minority, uh...smaller independent films. So I wanna add...I wanna either lower the threshold...you know, and/or increase the...uh...appropriation. Or you know, one of the two, but somehow...with the threshold...so we have more minorities.

UC Sure.

RC So...that's the play. Okay? The industry might come back. I doubt if they are gonna come back and say, nah forget it, all bets are off. We're not gonna lower it...for...you know...from...uh...uh...a million to five hundred thousand.

UC Sure.

⁴ On February 29, 2012, RONALD CALDERON had received an email from Tommy Ross, the President and CEO of Pinnacle Strategy Group, which referenced a conversation with RONALD CALDERON regarding the extent to which minority producers are informed of the production tax process and its benefits, and possibly doing a "carve out" of the tax credit for minorities.

* * *

UC I guess I was confused, because...

RC Yeah.

UC ...when we first started talking about this, and I joked with you about...bringing Jessica on...

RC Yeah.

UC ...or doing Jessica's film and joked about how it wouldn't even qualify for the tax credit.

RC Right.

UC The first thing I thought about was...you came to me and said, 'would it help?'

RC Yeah.

UC And I felt as if...there was some type of...

RC You're right. I did come to you, didn't I?

UC And I felt like...that was a sign to me... I needed to help you. I mean...I would help you anyway. But...realistically speaking, you're doing a huge thing for my studio...for me...and I wanna make sure...that I take care of you.

RC Yeah. When...and you know...[UI], and if you look at this...this is exactly why I phrased it [UI] did it...because if I'm not able to deliver and you know, and you feel that you need to move on...and...a certain direction...you know...there's no obligation.

UC Yeah, but...then...then...and again,...it's not so much...for...for me. I haven't had the benefit of looking at this before...

RC Yeah.

UC ...it wasn't so much the idea of...hiring Jessica that worried me. Or...paying for Jessica's salary...or whatever it was. The issue was... [REDACTED] now has eyes

on...what's going on.

RC Right.

UC And this is business...arrangement between you and I, and it's not between [REDACTED].

e. RONALD CALDERON made it clear to the UC that "it may not happen" but that he would "do everything [he] can" for it to happen. RONALD CALDERON added, "[i]f you think through it logically...there's no reason why they would object to it, especially when it's this close to being done."

f. The UC told RONALD CALDERON he was not expecting RONALD CALDERON to be a "magic man" and was willing hire JESSICA CALDERON to "reward" RONALD CALDERON for his "support" of the legislation:

UC I don't I, again, it's politics, and I don't look for guarantees in it, but...I do look for support.

RC Right.

UC And...support is rewarded. I mean, I...for lack of better term. And I wanna make sure I reward.. your support

RC We'll...

UC [UI]

RC The way you earn my support is...is...um...you know, take advantage of it, make a lot of good movies, hire people, and create jobs. That's how you...that's how you reward my support. And...and...the reason why I wanted this, if you don't wanna do this, I'm fine with that, the reason why I wanted this, is that...I want you to hire Jessica and, you know, for her...for her

talents. And uh...and more than just because...you know, it's one thing, even if it's a friend...just a fact that I'm a senator and it...it creates that...you know that...area we don't wanna get in (UNT).

g. When the UC expressed confusion over this explanation for hiring JESSICA CALDERON pursuant to a written agreement, RONALD CALDERON added that having the agreement in place would prevent the UC's partner, [REDACTED] from making trouble about "what we are doing":

UC You'll have to excuse me, because I'm ignorant to a lot of this. It's almost like...I have to be a bull in a China shop around you, right now...

RC Yeah.

UC ...and get some guidance.

RC I get it.

UC Because I don't. I'm not operated by the rules for quite some time, and I don't...I never have. You know, I operate by the different set of rules in terms of profit margin.

RC In California...well...it's a lot more restrictive here than any other place in the country, but...but in general it's still...you know...in general there's this quid pro quo...that's...acceptable, you know...

UC Sure.

RC ...and...and uh...uh...there's been a lot of people that have done...I mean even you know...let's...let's say I'm a disgruntled partner. Right? And finds out about what we are doing and they go out, you know...make trouble. This is why I want...this is proof...this is...proof that you're not doing this for me. You're doing this for Jessica. Cause she's got a certain skill set. You know? But...um...I mean this, you know,...this...is great...this

is..is. The argument could be made, you know...that there's some kind of agreement. Right?

UC Sure.

RC So I mean if it's implied, it's a big deal.

UC Business card is a business card...it's one thing. She doesn't know that... I made those for her [laugh]

RC Okay.

UC But, that being said,...

RC Yeah.

UC ...I've always had good relationships, and I think that's...the basis...the last five girlfriends I've had still call me. Still checkin on me. Still wanna make sure I'm tucked in at night.

RC I wasn't even...I'm just saying...

UC No, no, no, no.

RC [UI] That kind of shit happen to people get in trouble.

UC I completely understand. People wants to screw the other person over...hold something over their head. That's never been an issue with me before...

RC Yeah.

UC ...and I don't anticipate being an issue now.

RC Right.

UC Or in the future.

RC Right.

UC And it's all about building relationships, and I feel like you and I hit that point where I'm comfortable talking with you about this. Only because, it's been a very stressful week for me for the last couple weeks. This guy in Florida, is looking for some kind

of...signal that this legislation is going to move forward. If it doesn't, so be it.

RC I...I...I will...um...um...I will be very positive about this. With your...with your...associate... there's no question about that...because I'm very positive, but I don't see any...I don't see it not happening...

UC Sure

RC but you never know. And I can't go into an agreement with you saying, 'you give, you know, you do this, and I'll do that'...because I, I can't promise you.

UC Sure.

RC You know. So...and it's something...it's something that...I was gonna do anyway...you know.

UC No, I appreciate that, because it's gonna make, help my business.

RC Yeah. Okay. Great.

37. On July 19, 2012, RONALD CALDERON and his son, Zachary Calderon, met with the UC and [REDACTED] at the UC studio. While the UC and RONALD CALDERON were alone in the UC's office, the UC signed the employment agreement RONALD CALDERON had prepared.⁵ When the UC asked RONALD CALDERON what amount he should write on JESSICA CALDERON's first paycheck, RONALD CALDERON said, "I think we said three, which would help me cover the tax and all the other liabilities." When the UC asked RONALD CALDERON what date he should write on the employment agreement, RONALD

⁵ On July 17, 2012, Ana Calderon, RONALD CALDERON's wife, received an email from RONALD CALDERON in which he asked her to draft the employment agreement RONALD CALDERON later provided to the UC and to date the agreement July 1, 2012.

CALDERON said to the UC, referring to the employment agreement, "Is it okay if we back-date this to July 1st?" as the date it was signed (presumably to justify full payment of the \$3,000 for that month).

38. The one-page agreement RONALD CALDERON prepared was a "Studio Services Agreement" that said the UC would "retain" JESSICA CALDERON on a "monthly retainer" for "an indefinite period of time" to provide services, including, but not limited to, "meeting with existing and future clients, set design consulting, advertising and marketing design consulting, and general film production assistance and consulting."

39. RONALD CALDERON explained to the UC during their meeting at the UC studio that JESSICA CALDERON could not attend the meeting because she was working on a project, but that she was "done today." RONALD CALDERON told the UC he would have JESSICA CALDERON sign the agreement and give the UC a copy.

40. On August 1, 2012, the UC contacted RONALD CALDERON over the telephone to confirm RONALD CALDERON's residential home address. After confirming RONALD CALDERON's address and setting up a dinner meeting, the UC asked RONALD CALDERON about the tax credit legislation, resulting in the following exchange:

UC What the- what's the situation with, uh, the tax credit bill? He [the UC's investor ("UC-3")] says he's just curious what's going on right now and where it's at.

RC We are going to, uh, we are going to hear it in Appropriations possibly Monday, this Monday

UC This Monday?

RC Yeah, I'm gonna try and get it out on Appropriations Monday. And then we've already put the, uh, we already put the plan in motion for, uh, raising the, uh, the production cost for Indies, uh, to...I'm sorry. Raising the appropriation to 15%, and the threshold level to \$500,000.

UC Okay, fantastic. So what do you think, that's gonna happen on Monday?

RC No, no, no. What's gonna happen is, we're gonna get it out of Appropriations and then, then we go over to the Assembly. So, we'll have time on the Assembly side 'cause they'll have two committee hearings and then it goes to the floor, and then without amendment it will come back to our house for concurrence. So, that all has to happen, uh, you know, in August. So, we're uh, you know, we're working on it. But we don't want- we don't want to blow it up before we get it out of, uh, Appropriation.

UC Okay.

RC Alright.

UC So, the-the amendment won't happen in Appropriations then?

RC No. No, no, no. Because then we may, we may piss off uh, too many people. We gotta lay, you know, we gotta...it's gotta be delicate to affect your situation.

UC Okay.

RC Yeah.

UC So you...

RC We have a plan.

UC When do you think the amendment will take place?

RC Ummm. When we get to, um, as soon as we get our bill out of Appropriations, uh, it will probably go to the floor, uh, to our floor, uh, within that same week. Which means the following week, which should be the week aft-the week after, so let's say mid August it will be on the, uh, on the Assembly side, uh, and that's, and when it goes over there we'll add the amendment.

UC Okay, so it's mid August we're talking about.

RC Yes, so a couple of weeks, we should have the amendment in and, uh, 'cause we wanna work with, we wanna work with the, uh, labor guys, we wanna just, we don't wanna just drop it on them, we wanna work with them, the labor guys, uh, the Indie film people, and then, um, and then the big five, just, you know. And the reason why I think we'll be able to get it through is that there's only 15, the...right now is a 10% appropriation for indies, from the tax credit, I'm asking to go to 15, and then lower the threshold from 1000, up - from a million to 500,000. So, that way you just spreading out, you know, you're just widening the piece of pie for the Indie's, uh, so the only one that might be upset are the big guys, so if they are, we will have some wiggle room there, we can lower it, you know, we can lower everything a little bit more.

UC Okay.

RC You know what I'm saying?

UC All right.

RC Give me wiggle room on a million, and then wiggle room on the uh, on the appropriation.

UC Okay, I guess, uh, I'll tell you, it's been a major issue over years as part of this, uh delicate negotiation with, uh, [the UC's business investor]. But, I'll tell him more about it, um.

RC Yeah.

UC 'Cause, I'm sure you saw that New York, obviously you did, you...

RC Yeah

UC Sent me the article.⁶

RC Yeah, I did, yeah, yeah.

UC All right. We know what's going on, and certainly, you know, I think it's gonna help our case, uh, 'cause I certainly don't wanna, you know, lose ground.

RC Right.

RC And I think because...I think that article...I mean, what's going on in New York is gonna help us with our negotiations because the industry is not gonna wanna blow this up over a few million dollars.

UC Right.

RC They're just not gonna blow it up. So, I think it's on our side, you know, everything is on our side and we got the momentum to do it, and of course there's always, there's- there is the minority aspect of it. You know, getting more minority film producers, they are usually smaller, you know in that smaller, 500,000, to \$750,000 range.

UC Okay, all right. Look, uh, I gotta get off the phone here. But, definitely keep-keep a look out for the check in the mail tomorrow. Shoot me an email when you get it, just so I know that you got it.

⁶ On or about July 31, 2012, the UC had received an email from RONALD CALDERON containing a newspaper article published in the Daily Variety. The article explained how the State of New York had recently passed legislation giving film producers a tax credit.

RC

Okay.

41. Shortly after this meeting, the UC caused a check in the amount of \$3,000 with JESSICA CALDERON's name written on it as the payee to be mailed via United States mail to RONALD CALDERON's residence in Montebello, California.

42. On August 2, 2012, after the check was mailed, the UC received an email from RONALD CALDERON saying, "Package received. Ty." At that point, although RONALD CALDERON had invited the UC to have dinner with JESSICA CALDERON and several others on July 31, 2012, to discuss a project JESSICA CALDERON was working on involving Nike sports, a dinner which the UC did not ultimately attend, JESSICA CALDERON had done no work for the UC studio or the UC. Nor has JESSICA CALDERON done any work for the UC studio or the UC as of the date of this affidavit despite receiving payments totaling \$27,000.

43. On August 2, 2012, the UC invited RONALD CALDERON to have dinner on August 9, 2012 at a restaurant in downtown Los Angeles. RONALD CALDERON asked the UC if he should bring JESSICA CALDERON along to the meeting. The UC responded, "Not necessary, want to focus on this week with my investor and tax legislation."

44. On August 10, 2012, the UC, his girlfriend, UC-2, RONALD CALDERON, and RONALD CALDERON's wife, Ana Calderon, attended the Imagen Awards ceremony at the Beverly Hilton hotel.

RONALD CALDERON had previously invited the UC and UC-2 to join him at the event. During this event, RONALD CALDERON told the UC, "Nobody will ever know that the reason this happened is because of you. I would not have pushed this hard if it wasn't for you." RONALD CALDERON further told the UC that he would be introducing the amendment in the California Senate on Tuesday (August 14, 2012) and that it would hit the Assembly floor by Thursday (August 16, 2012).

iii. Proposition 26 and the Letter to the UC's Investor

45. On August 14, 2012, the UC received an email from RONALD CALDERON titled "We were just thrown a curveball." The email, which was originally sent to RONALD CALDERON from john.scribner@sen.ca.gov and then forwarded to the UC, stated that Legislative Counsel to the California Senate had just opined that under the provisions of Prop 26 any amendment lowering the threshold for the tax credit legislation to \$750,000 would require two-thirds vote.⁷ The rationale for Prop 26 being triggered by the proposed amendment was that "we have a capped amount available for the independents (10 million) we would potentially be lowering the tax credit some might once

⁷ The website www.govbuddy.com/directory/staff/CA/, lists John Scribner as a Legislative Director. I searched Scribner's name using the California State Bar website www.members.calbar.gov and he does not appear to be an attorney licensed in the State of California.

again qualify for." The email also said that RONALD CALDERON should "drop the payroll service issue" if he (RONALD CALDERON) no longer intended to introduce the \$750,000 amendment, since this would make it "unnecessary to placate labor."

46. Shortly thereafter, the UC received a second email from RONALD CALDERON. This time the email began, "We are Screwed!" [REDACTED]

[REDACTED]

47. The UC wrote back to RONALD CALDERON, "This is bullshit, Ron. We gotta make this work. Even if the proposed amendment is shot down, We win. If we don't even propose the amendment, then I'm done. So is [the UC studio] in CA. All [the investor] needs is for CA to introduce/demonstrate a willingness."

48. The response the UC received from RONALD CALDERON was, "I haven't given up but now we are walking a very fine line. I'm working with legislative council on this to see if there any way around this. Also looking into maybe having leg council delivery on official opinion on the amendments that you can show [the UC' investor]. Worst case scenario. Maybe, maybe...we take the amendments up for a vote on the floor, let them die, then take up the tax credits as is. Let me get back to you."

49. The UC and RONALD CALDERON had one telephone conversation on August 14, 2012 and another telephone conversation on August 15, 2012. During both conversations, the UC and RONALD CALDERON discussed RONALD CALDERON's various strategies for getting the \$750,000 amendment passed without triggering Prop 26. At the outset of the first conversation the UC told RONALD CALDERON, "Hey, I wanted to make sure you understood that uh the e-mail about it being bullshit and all, that wasn't directed at you. That was just me being off the cuff and frustrated with this whole process, 'I know... [Interrupted]' and You're getting a lot of stuff from me and I've done stuff for you and we've helped each other out tremendously and I know we're on the same page."

50. RONALD CALDERON responded to the UC's apology by saying, "Yeah, you didn't-you didn't hear my uh [chuckles] lecture this morning either, so... I know how you feel uh we're,

um, we're working on it, not gonna - I'm not gonna - I'm not gonna say anything to you yet till I have all the facts but, there might be a way around it the problem is, is, uh, it's a continuing tax credit..."

51. The two strategies that RONALD CALDERON shared with the UC were, in substance, as follows: (a) have RONALD CALDERON argue to Legislative Counsel that Prop 26 would not be triggered by the proposed amendment and that Legislative Counsel's earlier opinion that lowering the threshold to \$750,000 was a "taking away" for some (a tax) was just a wrong interpretation of Prop 26 and (b) have RONALD CALDERON's bill include a "sunset" provision so that it was no longer an extension of an existing program but rather a new tax credit, which would make it clear that the amendment was something "given" to taxpayers and not "taken away."

52. On August 17, 2012, the UC and RONALD CALDERON met at the UC studio after RONALD CALDERON failed to introduce the \$750,000 amendment in the California Senate. The UC began the meeting by telling RONALD CALDERON that he brought JESSICA CALDERON on the payroll with the goal of helping RONALD CALDERON and had hoped RONALD CALDERON would help him in return by introducing the \$750,000 amendment to the tax credit legislation. The UC told RONALD CALDERON that he if he could not introduce the amendment to the tax credit legislation it was

"not a big deal" and that he did not want to put pressure on RONALD CALDERON. The UC said, however, that he had made representations to his investor based on what RONALD CALDERON told him at the Imagen Awards about introducing the amendment.

53. After RONALD CALDERON gave the UC a brief explanation of why the amendment could not be introduced as planned, the UC asked RONALD CALDERON if there was anything RONALD CALDERON could still do for the UC to help (with UC-3). RONALD CALDERON responded, "Certainly... I mean, I am happy to talk to them and tell them I am interested. Uh, there are shortcomings that we need to overcome and we need to bring those to light... I think I can still help the industry, you know ... I am all about ... I am the Chair of the Latino Caucus next year. I want to help my people. And, they are all, they are all small businesses." RONALD CALDERON told the UC he wanted to hold public hearings and encouraged the UC and his investor to testify at them.

54. RONALD CALDERON reminded the UC that Senator Steinberg had supported lowering the threshold amount: "That is why it is all about relationships. I mean, just to get [Senator Steinberg] to have been behind this, [your investor] needs to know that. Just the fact that [Senator Steinberg] is behind pushing lowering the threshold, is huge. It's huge. And he did it because of our relationship. And, I helped him, he helped me...It

was important to me. I did something that I knew was important to him. It is all about relationships."

55. The UC told RONALD CALDERON he did not want to put any pressure on him to do anything. RONALD CALDERON said, "My...my commitment is as strong, if not stronger, than yours. So, don't ever feel like you are pressuring me, okay? All you are doing is sharing your frustration with me."

56. On September 5, 2012, approximately two weeks after their meeting at the UC studio, the UC received an email from RONALD CALDERON asking, among other things, "should Jessica expect a check this month." The UC responded that there was a small "hiccup" with the check that the UC would explain when they met up.

57. On September 10, 2012, the UC and RONALD CALDERON met for dinner again at the Pico Rivera restaurant. During the meeting, the UC asked RONALD CALDERON if he would be willing to write a letter to his investor stating his commitment to introducing legislation that would lower the threshold for the tax credit legislation to \$750,000. RONALD CALDERON immediately agreed to write the letter but told the UC that he would need to direct the letter to a broader audience, like an association or a commission. RONALD CALDERON told the UC it would be fine for them to make up an association or commission, so long as they were the ones to whom the letter was addressed.

58. To demonstrate his continued willingness to take official action to get the amendment introduced, RONALD CALDERON told the UC how he had purchased two VIP tickets to a Giants baseball game for Senator Steinberg the week before. RONALD CALDERON said he also gave two tickets to oil industry executives so they could meet Senator Steinberg at the game and help support his campaign. RONALD CALDERON said that after the game he placed a call to Senator Steinberg and discussed the tax credit bill.

59. At around this point in the conversation, RONALD CALDERON asked the UC what the hiccup was with JESSICA CALDERON's check for the month of September. The UC told RONALD CALDERON he wanted to pay JESSICA CALDERON from his personal bank account as opposed to the UC studio's bank account from now on. The UC said he wanted to do this because revenues were down and he did not want the checks to attract the attention of [REDACTED] his partner in the UC studio. The UC said he wanted to first ask RONALD CALDERON if switching the source of the payments was a problem, since RONALD CALDERON was a public official and the payments to JESSICA CALDERON could now be linked directly to the UC.

60. RONALD CALDERON told the UC that switching the source of the payments was fine and that they could simply draw up another contract listing JESSICA CALDERON as the UC's personal

assistant. The UC gave RONALD CALDERON a third check for \$3,000 with JESSICA CALDERON's name written on it at the restaurant, who still had done no work for the UC. RONALD CALDERON told the UC that someday JESSICA CALDERON would be a star for the UC.

61. The next morning, September 11, 2012, the UC received an email from RONALD CALDERON asking, "[UC]. So which name do you like? California Independent Film Producers, California Coalition of Independent Film Producers, California Association of Independent Film Producers, United Independent Film Producers of California. Feel free to add to or make suggestions!"

62. The UC responded, "Can it be United Pacific Independent Producers of California? That will signal to [UC-3] that you are helping us on this project. I haven't thought of what address to use, any ideas? Lastly, once we have a final draft, can you FedEx to me on your letterhead before I take off for Spain?"

63. The UC received a response from RONALD CALDERON saying, "Not necessary. [Your investor] will know the connection. Better to go with, United Independent Film Producers of California or United California Independent Film Producers." The UC received a separate email from RONALD CALDERON saying, "Let's use your studio address and your name as Executive Director?"

64. Shortly thereafter, the UC received an email from RONALD CALDERON containing the first draft of the letter:

Dear [UC], It is with great pleasure that I inform you that my Senate Bill SB 1197 passed both legislative houses and is awaiting signature by Governor Jerry Brown. **However, it is with regret that I was not successful this time in lowering the film production budget threshold to below \$1,000,000.** That's the bad news, but the good news is that I have made great progress in moving this agenda forward with the support of the movie and television industry. I greatly value the contribution that smaller independent films add to the California jobs market and to the California economy. Small businesses are the backbone of this economy and I believe the legislature should make great effort in recognizing this fact. **Therefore, it is with great enthusiasm that I share with you my commitment to providing smaller budget film tax incentive in the form of production tax credits. This will be my primary focus over the next 2 year legislative session.** I thank you for your support in advance in carrying this agenda forward and look forward to working with your organization in the future. (Emphasis added.)

65. Before making any changes to the first draft of the letter, the UC wrote back, "I am ok with not using [the UC studio's name] in the title if you list [my investor] and I as the Executive Director. I was just a little concerned about being sure no one else is using the names you mentioned. I know for [the UC studio], I am the only one..."

66. The response from RONALD CALDERON was, "Ok. Will make the changes. Did you read the draft?"

67. The UC responded, "Ron, I made a few slight changes. As we discussed last night, your willingness to propose

legislation that would bring it down to \$750,000 is very important to [my investor]. [He] understands and I have made it clear in the letter that you are not promising it will pass. The fact that you propose it, is what is important. If we can keep these changes, it will be exactly what I need. Thanks RC!"

68. The response contained the following revisions to the first draft of the letter:

Dear [UC], It is with great pleasure that I inform you that my Senate Bill SB 1197 passed both legislative houses and is awaiting signature by Governor Jerry Brown. *Although I was not successful this time in lowering the film production budget threshold to \$750,000 for independent films, I have made great progress in gathering the support of the movie and television industry for such legislation.* I know lowering this threshold will greatly benefit smaller production companies in California and increase the number of jobs added to the California economy. Small businesses are the backbone of California's economy and I believe the legislature should make great effort in recognizing this fact. *Therefore, it is with great enthusiasm that I share with you my commitment to proposing legislation that would either directly or indirectly lower the film production budget thresholds for independent films to \$750,000.* The economic benefit this will bring to California's economy has made this my primary focus over the next two year legislative session. I thank you for your support in advance in carrying this agenda forward and look forward to working with your organization in the future. (Emphasis added.)

69. The UC received an email from RONALD CALDERON saying, "[UC], I will have letter ready tomorrow afternoon. Do you want to just pick it up from me or mail to you?" After a series of emails with RONALD CALDERON, the UC and RONALD CALDERON

eventually agreed to have JESSICA CALDERON drop off the letter in an envelope at the UC's apartment in Los Angeles.

70. On September 12, 2012, the UC received a forwarded email from RONALD CALDERON. The email was originally sent from RONALD CALDERON to RONALD CALDERON's secretary and niece, Michelle Pyne (Michelle.Pyne@sen.ca.gov) on September 11, 2012, with the following instructions: "For the letter use United Independent Film Producers of California. And address letter to [UC] and [UC's investor], both Executive Directors. I will next forward you the mailing address."

71. On September 12, 2012, RONALD CALDERON sent an email instructing Pyne to make the following correction to the letter: "Correction to who to address in letter. Address letter to [UC] as Chairman and CC [UC's investor] as Executive Director. Please acknowledge."

72. On September 28, 2012, the UC mailed a check for \$3,000 with JESSICA CALDERON's name written on it to RONALD CALDERON's residence in Montebello, California.

73. On October 2, 2012, the UC received an email from RONALD CALDERON stating that JESSICA CALDERON was on hand "24/7" if the UC needed her. On or about October 4, 2012, the UC sent

an email to RONALD CALDERON saying, among other things, "we can definitely discuss [JESSICA CALDERON] when I get back."⁸

74. On October 23, 2012, the UC received an email from jessicacalderon@aol.com stating, among other things, "Just want to thank you for all you are doing and also want to set up a meeting with you and [a celebrity's son] for future possible opportunities to collaborate with your studio for future projects. Also wanted to reach out to you about wanting to be a possible contributor of our Skate World Revolution...Would love to come by the studio and help out in any way that I can. I am available Mondays, Thursday, Fridays... Sincerely [JESSICA CALDERON]."

75. The following day, on October 24, 2012, the UC met RONALD CALDERON for dinner at a restaurant located in downtown Los Angeles. During the meeting, RONALD CALDERON asked the UC if he could give JESSICA CALDERON a task just so that she had something to do. The UC reminded RONALD CALDERON that he did not hire JESSICA CALDERON to do work and had hired her for the tax credit legislation. The UC said there was no work for JESSICA CALDERON to do at the studio. RONALD CALDERON asked the UC if she could just do something for the purpose of "legitimizing the whole thing." RONALD CALDERON said he was

⁸ The UC was in Spain at the time of this email exchange and had informed CALDERON.

feeling guilty and that just having her run something across town would be enough, just so something was on record. The UC told RONALD CALDERON he would keep an eye out for upcoming work and would let RONALD CALDERON know. The UC asked RONALD CALDERON how he should respond to the email he had received from JESSICA CALDERON. RONALD CALDERON told the UC to tell JESSICA CALDERON that he wanted to meet the celebrity's son and to say he (the UC) wanted more information about the skate park.

76. On October 26, 2012, the UC received an email from JESSICA CALDERON, which she sent using the email account icumanana@aol.com. JESSICA CALDERON told the UC that if he was interested in purchasing a liquor license for the UC studio, the type of license he was looking for was a "Type 48" license.⁹ JESSICA CALDERON explained that "[b]y going to design school [she had] gained the knowledge and the resources on building and regulations for creating commercial restaurants/bars/night clubs." She added, "Please use this to your advantage since I work for you." The UC responded, "Hi [JESSICA CALDERON], I already have someone looking into this issue, thanks."

⁹ The UC had previously told RONALD CALDERON and THOMAS CALDERON that he was interested in obtaining a liquor license for the UC studio, but it was not something he had shared with JESSICA CALDERON.

iv. The Trips to Las Vegas

77. On October 16, 2012, the UC met RONALD CALDERON and THOMAS CALDERON for dinner. Before their meeting, the UC received an email from RONALD CALDERON stating, "I have a surprise guest meeting us tonight." When the UC arrived to the dinner, RONALD CALDERON explained that the surprise guest was supposed to be Senator de Leon. However, after speaking with Senator de Leon on the telephone, RONALD CALDERON informed the UC that Senator de Leon would not be joining them for dinner.

78. On October 24, 2012, RONALD CALDERON and the UC had lunch in downtown Los Angeles. During the meeting, RONALD CALDERON told the UC that he was upset that Senator de Leon had not shown up for dinner on October 16, 2012. RONALD CALDERON said that Senator de Leon wanted to be the next Senate Pro Tem and that the UC would want to have a good relationship with him as the next leader of the Senate. The UC asked RONALD CALDERON if helping Senator de Leon would help RONALD CALDERON. RONALD CALDERON said that it would because Senator de Leon could be extremely helpful in getting RONALD CALDERON several appointments, such as an appointment to the Unemployment Board or the Board of Equalization.

79. On October 25, 2012, the UC met RONALD CALDERON and Senator de Leon for dinner at a restaurant in downtown Los Angeles. During the meeting, they discussed the tax credit

legislation and an amendment that would lower the threshold to \$750,000. At the end of the meeting, after Senator de Leon had left, RONALD CALDERON told the UC that Senator de Leon liked the UC. The UC asked RONALD CALDERON whether donating to Senator de Leon would help RONALD CALDERON. When RONALD CALDERON indicated that it would, the UC told RONALD CALDERON that because it sounded like Senator de Leon supported the legislation the UC would support Senator de Leon.

80. On October 29, 2012, the UC received an email from RONALD CALDERON asking if the UC was having any luck arranging a trip to Las Vegas for RONALD CALDERON to celebrate Halloween. After exchanging several emails regarding the trip to Las Vegas and the UC's ability to attend, the UC wrote back, "I'll call you tonight with more details but I have a VIP table for you at the Bank for Wednesday. Nelly is hosting/performing and you've got a front row seat on the action!"

81. On October 30, 2012, the UC contacted RONALD CALDERON on the telephone and told RONALD CALDERON that he had paid \$4,000 to reserve the VIP table for RONALD CALDERON at the Bank, a nightclub in Las Vegas, on Halloween night. The UC told RONALD CALDERON that he would not be able to attend the trip. Towards the end of their conversation, RONALD CALDERON asked about JESSICA CALDERON's paycheck by asking the UC, "And then uh as far as the monthly thing, you're going to take care of that

or you want to give it to me Friday?" The UC responded, "Yeah. Yeah. Uh, you know what, I didn't even think about it. We're already coming up on it aren't we?" The UC asked RONALD CALDERON if he could bring "it" with him to their next meeting (November 2, 2012) and RONALD CALDERON said, "Why don't you bring it Friday, that way you don't have to mess with the mail."

82. Shortly after their telephone conversation ended, the UC received an email from RONALD CALDERON. The email said, "[UC], I'm feeling really bad about you not being at the club at so much expense! The check for [JESSICA CALDERON] is much more of a priority for me. Please don't hesitate to cancel. I totally understand. Let me know what you decide." The UC responded, "Hey [RONALD CALDERON], seriously not a big deal. You've done so much for [the UC studio], I was feeling bad that they didn't have a better table. Nevertheless, if you feel uncomfortable, I can still cancel. Just let me know." The UC later received an email from RONALD CALDERON saying, "Ok well I forgot I had talked it up to some friends Saturday and now they are looking forward to it so I sheepishly will take you up on your offer and take the table at the Bank."

83. On November 1, 2012, the UC received several emails from RONALD CALDERON containing photographs apparently taken from the VIP table at the Bank, including a photograph taken with two individuals who appear to be rappers Nelly and T.I.

(Exhibit 1.) One of the emails said, "Our view from our table."¹⁰

84. On November 2, 2012, the UC met RONALD CALDERON for dinner at a restaurant in downtown Los Angeles. During the meeting, RONALD CALDERON told the UC that none of the people he had invited to Las Vegas showed up, so he flew one of his employees out to meet him. RONALD CALDERON said that Senator de Leon was "onboard" with the tax credit legislation and that "if we want to get it through next year we are gonna need his help and he will support it." However, California Governor Jerry Brown had asked RONALD CALDERON not to bring up the tax credit legislation until after the election was over because of Proposition 30, a ballot measure sponsored by the Governor that sought voter approval for a different tax increase. After having dinner, the UC and RONALD CALDERON walked back to the UC's apartment to have a cigar. The UC gave RONALD CALDERON a check for \$3,000 with JESSICA CALDERON listed as the payee. The UC told RONALD CALDERON he was trying to be discreet. RONALD CALDERON thanked the UC.

85. On November 20, 2012, the UC met RONALD CALDERON for dinner at a restaurant in downtown Los Angeles. At one point

¹⁰ On November 8, 2012, the UC received an email from the Director of VIP services for the Light Group, an entertainment group which owns a series of clubs in Las Vegas. It contained an itemized copy of the charges incurred at the Bank on October 31, 2012, which totaled \$3,939.56 for the entire evening.

during the meeting, RONALD CALDERON advised the UC to have lunch with JESSICA CALDERON sometime or to invite her to tour the UC studio. The UC reminded RONALD CALDERON that hiring JESSICA CALDERON was never about that. RONALD CALDERON said, "I know, I know, it never was, but you know you can understand how she feels. She's the recipient of most of that and she's like 'I feel guilty cuz I'm not doing anything' you know, but just to make her feel, recognize what she does." Afterwards, the UC provided RONALD CALDERON with another check for \$3,000 with JESSICA CALDERON listed as the payee.

86. On December 4, 2012, RONALD CALDERON contacted the UC over the telephone and told him that Senator de Leon was having a fundraiser in connection with the Manny Paquiao fight in Las Vegas on December 8, 2012. RONALD CALDERON said that in exchange for a donation of \$10,000, the donor would receive two tickets to the fight and VIP accommodations at a Las Vegas hotel. RONALD CALDERON asked the UC if he was interested in paying for RONALD CALDERON and the UC to attend the event and said, "if you can't go I'll take my brother Tom or somebody, but I'd rather - I'd rather you first take a shot at it." The UC told RONALD CALDERON he would have to get back to him with an answer.

87. Later that day, the UC sent an email to RONALD CALDERON saying, "As [you] know, we have the \$750K legislation

coming up, and it's probably the businessman in me, but I think we can get something in return for supporting [Senator de Leon] in this event. Inasmuch as I would love to just send you and [THOMAS CALDERON] to Vegas this weekend, I want to make sure that [Senator de Leon] knows we expect his support for the legislation if you attend. Is there any way we can do that? It just doesn't make good business sense if we do not get some assurances from [Senator de Leon] before we commit. I don't want to put too much in an email...."

88. The UC received an email from RONALD CALDERON that said, "[UC]! It doesn't work that way. You cannot have a quid pro quo discussion with a legislator. However, I am sure he will appreciate your support very very much. Also, keep in mind he has always been supportive of anything that will further opportunities for minorities. At the end of the day you are investing in the future leader of the Senate whom you are building a very good relationship. He is also my very good friend and has always supported me and my efforts. Also keep in mind [Senator Steinberg] is still leader and is on the same page. Therefore, I recommend yes. But it's your call."

89. The UC responded, "I guess I just want to feel more comfortable that [Senator de Leon] knows who I am, what [the UC studio] is about, and that he's on the same page."

90. The UC received another email from RONALD CALDERON that said, "I will make sure you get some quality time with [Senator de Leon] this weekend. It takes more than one meeting to get to know someone. Look at us! This is a way of showing [Senator de Leon] you want to develop a solid relationship. I need to know ASAP. Just trust me. He hangs tough with his friends!"

91. On December 5, 2012, the UC met RONALD CALDERON for dinner at an event honoring a California State Assemblyman. The UC asked RONALD CALDERON when there would be hearings on the \$750,000 amendment to the tax credit legislation. RONALD CALDERON said the only agreement they had with Governor Brown was not to hold any hearings until after the election, so now they could do whatever they wanted. RONALD CALDERON told the UC he had until January 28, 2013 to get the bill in, but after that he could still introduce a spot bill. RONALD CALDERON explained that spot bills were bills you could set aside as a vehicle for legislation. RONALD CALDERON said he felt they probably would not need to use a spot bill.

92. The UC apologized about his earlier emails regarding Senator de Leon's fundraiser and said it was not about the money. RONALD CALDERON told the UC that he was using RONALD CALDERON's capital with Senator de Leon and that Senator de Leon would be onboard with the tax credit legislation because the UC

was with RONALD CALDERON. RONALD CALDERON said Senator de Leon would not do anything to hurt the \$750,000 amendment, but that "he's got a lot of people asking for favors, not just [RONALD CALDERON]." RONALD CALDERON said he received a call from Senator de Leon's fundraiser and they needed to know the UC's answer by the following day. Later that evening, RONALD CALDERON told the UC that THOMAS CALDERON did not know RONALD CALDERON was helping the UC and indicated that THOMAS CALDERON would be upset if he knew because the UC had not returned THOMAS CALDERON's calls regarding hiring THOMAS CALDERON as a consultant. RONALD CALDERON said he told THOMAS CALDERON the UC was not saying no and that it was just a matter of when.

93. The following day, on December 6, 2012, the UC told RONALD CALDERON over the telephone that he would buy one ticket to Senator de Leon's fundraiser (i.e., make a \$5,000 donation), but not two tickets as RONALD CALDERON had originally mentioned. Later that day, the UC received emails from two individuals who identified themselves as partners for a consulting firm hired by Senator de Leon. They gave the UC instructions on how to make the \$5,000 donation, which the UC followed before sending them a check for \$5,000.

94. On December 18, 2012, the UC met RONALD CALDERON for breakfast at a restaurant in downtown Los Angeles. During the meeting, RONALD CALDERON gave the UC a box of cigars and a

coffee maker as gifts for the holidays. RONALD CALDERON told the UC that the coffee maker, which was still wrapped at the time, was from JESSICA CALDERON. RONALD CALDERON told the UC, "Well, you know, she knows that you and I are working together and she is still the beneficiary of our relationship and she feels, you know, like wow, you know, I want to do something..."

95. On January 2, 2013, the UC received an email from RONALD CALDERON. In it, RONALD CALDERON asked the UC if he had sent the \$3,000 check for JESSICA CALDERON. The UC said he had not and asked RONALD CALDERON if he should mail it or bring it with him to their next meeting. The UC received an email back from RONALD CALDERON saying the UC should just mail the \$3,000 check, which the UC did on January 3, 2013.

v. The Spot Bill

96. On January 11, 2013, the UC met RONALD CALDERON for lunch at a restaurant in downtown Los Angeles. During the meeting, RONALD CALDERON told the UC that he could get a bill number and possibly hearings scheduled for the tax credit legislation by the end of January 2013.

97. On January 15, 2013, FBI SA [REDACTED] who was assigned to the FBI's Sacramento Field Office, met with [REDACTED] [REDACTED] who is unaware of the FBI's ongoing undercover investigation, told SA [REDACTED] among other things, [REDACTED]

that the UC, as well as other smaller production studios, were "clamoring" for the \$1 million threshold in the tax credit legislation to be lowered so that smaller productions could benefit from the program.

98. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

99. [REDACTED]

[REDACTED]

[REDACTED]

100. On March, 11, 2013 RONALD CALDERON called the UC and left a voicemail to advise the UC that he just arrived in Sacramento and was driving to the Capitol. The UC then called RONALD CALDERON and told him that his (the UC's) father had just been diagnosed with cancer and that UC would be gone for an extended period of time.¹¹ The UC told RONALD CALDERON that UC-3 wanted to meet with RONALD CALDERON on March 21st in Miami, Florida. The UC explained that UC-3 was willing to hire THOMAS CALDERON to handle things while the UC was away. The UC said that UC-3 was also willing to include the \$3,000 previously being paid to JESSICA CALDERON in his payments to THOMAS CALDERON.

101. On March 21, 2013, RONALD CALDERON and THOMAS CALDERON met with UC-3 in Miami to discuss UC-3 hiring THOMAS CALDERON. UC-3 asked RONALD CALDERON if he would still support the tax credit legislation if UC-3 did not hire THOMAS CALDERON. RONALD CALDERON said, "Absolutely, you have my support even if you don't hire TOM." However, RONALD CALDERON advised UC-3 that if he did hire THOMAS CALDERON, it would make the tax credit legislation happen faster. RONALD CALDERON told UC-3 that he needed to make

¹¹ The UC, who was first introduced to RONALD CALDERON in February 2012, was in the process of being reassigned to a different FBI Field Office located overseas when he placed this telephone call.

the tax credit legislation look like it benefitted everyone.

102. On March 26, 2013, UC-3 met with RONALD CALDERON in Miami. While they were meeting, THOMAS CALDERON called RONALD CALDERON on his cellular telephone and RONALD CALDERON allowed UC-3 to hear part of his conversation with THOMAS CALDERON using his speaker phone. UC-3, RONALD CALDERON and THOMAS CALDERON tentatively agreed to allow THOMAS CALDERON's consulting fee to be paid through Californians For Diversity. Once the telephone call ended, RONALD CALDERON told UC-3 that he needed JESSICA CALDERON's payment for her school. RONALD CALDERON told UC-3 that legally it was a problem for UC-3 to pay RONALD CALDERON for the tax credit legislation, so he needed the payments to go through JESSICA CALDERON. UC-3 and RONALD CALDERON discussed ways in which they could make the payments look legitimate. RONALD CALDERON asked UC-3 if he would be willing to pay \$10,000 (instead of just \$5,000 for THOMAS CALDERON) per month to Californians for Diversity. In other words, add JESSICA CALDERON's \$3,000 payment to THOMAS CALDERON's payment plus \$2,000 because THOMAS CALDERON would have to pay taxes on that additional money. RONALD CALDERON told UC-3 that THOMAS CALDERON had control over the Californians for Diversity account. UC agreed to

think about it. While UC-3 was taking RONALD CALDERON back to the airport to catch his (RONALD CALDERON's) flight to California, UC-3 gave RONALD CALDERON a white envelope containing \$3,000 in cash.

103. On April 2, 2013, RONALD CALDERON contacted UC-3 via telephone and suggested that UC-3 should have the \$10,000, including the \$3,000 payments previously going to JESSICA CALDERON, go through THOMAS CALDERON's company, the Calderon Group, instead of Californians for Diversity:

RC: I had gone around and around with different options in my head since you and I had talked. And I thought I had a solution and then I got hit with a... uh, you know, blindsided. The Latino Caucus, you know, we meet every couple of weeks or so, the Caucus meets and the Executive Board meets on different days, but they had a meeting and they had a vote on amending the bylaws. And there was also a vote on, you know the Chair is changing some policy, and he wants to be a little more autonomous than having to get a 2/3 vote for every move that we make. So on consultants for committees, so they have 3 committees and I have the one committee, but the 1 committee that you and I have been discussing, the Californians for Diversity, is tied into the Latino Caucus in terms that it's being sanctioned by them and that's why I'm able to raise the money for the purpose of promoting numbers in the Caucus. So, the bylaw was changed that he's got authority on any consultants that are hired that are paid over \$5K a month. So anything under 5 there's no vote involved and there's no... the Chair's not involved.

UC-3: Wait, who has authority? Tom or you?

RC: No, the Chair of the Caucus. In other words, he has to authorize anything over \$5K. So right now, Tom is already getting \$5K a month from the Caucus, from our committee. For us to add to that - number one, it's going to bring too much attention to us in what we're doing and right now we're in a fundraising mode. And number two, then I have to go and get permission from the Chair to get more and I don't want to have to do that. So doing any more...that, that - it just brings too much attention. So the other option I had... So then I figure I got to talk to Tom and I got to let Tom know what our arrangement is. The arrangement I had with [the UC], in terms of Jessica and if he would be willing to pay her from that. So we went back and forth and he said if he does, and he gives her cash, there's some tax liability on his part that he's going to have to absorb. He'll probably just say, I'm making "X" amount a month and he's going to pay taxes on that regardless of what he gives to Jessica. So you and I had talked...Tom and I talked about 5, he mentioned expenses and maybe an additional 1,500 or 2,000 on top of that. And then the 3 that Jessica was already making on contract comes out to an even 10. The cleanest thing would be, you have direct contract as a consultant on the film making... on the film credit project. You could do it anyway you want to do it monthly or 6 months, he doesn't care. Make it a straight 10 to him, he'll do the 3 directly to Jessica and it's all clean. It's all up and up. It's business. I know you were hoping for the non-profit side... it's just not...

UC-3: Yeah, I would have enjoyed the tax break. Honestly, I was prepared to do the quarterly at 10 with you on that. I really wanted to have that little bit of distance between you and I. You understand what I'm saying? Just to keep things - the appearance of things to be a little more clean.

RC: Your contract is with Tom and I have nothing to do with his company and his consulting firm. And he does consulting in the healthcare industry, in the insurance industry, the water industry. He's just an all around business consultant.

UC-3: So now, he's on board with the Jessica thing. So I can talk freely with him about that now?

RC: Yes, yes.

UC-3: Ok, alright... I'm looking out for you brother. I didn't want to step on any toes. And I didn't know how he was going to feel about that. So as long as everything's out in the open... That makes me feel a lot better, by the way, that we're all on the same page and we don't have to keep any secrets, because, obviously this is important to all of us.

RC: It's all out now. For me, it's nothing against my brother. I love my brother, but it was none of his business. It was something that me and [the UC] negotiated directly and it had nothing to do with Tom. I didn't see any reason to bring it up, but since I couldn't find any other options I thought, ok, well let's lay it all out and make it (UI) so we could make it work.

UC-3: Alright, so where exactly are we with the legislation? I know last time we talked you said something would happen through a subcommittee in April, right?

RC: Yeah, we don't have a committee. It's not assigned to the committee yet, so it's not on the (UI) to be heard yet cause I'm still working on it. So all I've been doing between - since I saw you and now is talking to - trying to get some people together. Get the coalition together. Get leadership behind me, so that when I hear the bill I

get the support I need to get out of committee. And that's going well. I'll be able to get it out of committee, that won't be a problem.

104. RONALD CALDERON has advised UC-3 that he is attempting to have Senator Ted Lieu add the \$750,000 amendment to a bill (SB 370) Senator Lieu recently introduced in the California Senate, which would create a tax incentive for companies that produce commercials in California. On April 26, 2013, I visited the website www.leginfo.ca.gov, a website hosted by the State of California, and learned that on February 19, 2013, RONALD CALDERON introduced Senate Bill ("SB") 317 ("the spot bill"). As of this date, substantive language has not been added to the bill. I further learned that no language relating to the \$750,000 amendment to the tax credit legislation has been added to Senator Lieu's SB 370. On May 2, 2012, I again visited www.leginfo.ca.gov and learned that a previously scheduled committee hearing on the bill had been cancelled by the bill's author on May 1, 2013.

D. RONALD CALDERON HIRING UC-2 AS A LEGISLATIVE STAFFER

i. The \$50,000 Special Fund

105. On June 21, 2012, when RONALD CALDERON and the UC were having dinner at a restaurant in Pico Rivera and RONALD CALDERON first asked the UC to hire JESSICA CALDERON

as an employee, see supra ¶ 24, RONALD CALDERON had indicated that he was willing to hire the UC's girlfriend (UC-2) if the UC hired JESSICA CALDERON. RONALD CALDERON told the UC he would do this because "[i]t helps both of [them]." Id. RONALD CALDERON made similar offers to hire UC-2 after this meeting.

106. On October 16, 2012, as they were leaving dinner, see supra ¶ 77, the UC took RONALD CALDERON up on his offers. The following is an excerpt from the draft transcript of that recorded conversation:

UC You remember when we talked last time where...my place.

RC Yeah.

UC And you talked about the potential for bringing her in.

RC Right, right, right.

UC Do you still have any availability in your office?

RC Well, I had a spot. And, I... There is a will, there is a way. So, put it that way.

UC Okay.

RC So. If you wanna give her a shot in the district, I will see what I can do.

UC Okay. Let me kind of spell it out.

RC Yeah.

UC So, her modeling thing...

RC Yeah.

UC ...isn't working out the way she wanted
it to.

RC Okay.

UC She is a little discouraged.

RC Yeah.

UC And, it would mean, I think, a
wonderful world to her if you talk to
her on the 28th and were able to say,
hey, we'd love to have you. Come in,
work for us.

RC Okay. All right.

UC She comes with, you know, issues.

RC Yeah.

UC It is not a big thing. But, if you are
willing to take that on...

RC Every girl has issues.

UC And, I don't want you to think that I
am forgetting about you for
doing...cause this is huge for me. That
letter was tremendous.

RC Oh, good.

UC I am... I am flush right now.

RC It's a good idea right? Good idea!

UC It was outstanding. Your idea was
spectacular.

RC At some point, you're gonna have to
form that association.

UC I am sure I will.

RC [Laugh].

UC [Laugh].

RC We will have to make it legit.

UC I'll tell you how good it is. I told you about how they were willing to pad the budget little bit for potential consulting or whatever it is...

RC Yeah, yeah, yeah. Right.

UC So, three picture deal gives me \$50,000 for each year for three years. To do whatever I want.

RC Oh, nice.

UC Whatever I want for that \$50,000. So, I wanna talk to you about what I can do with that \$50,000.

RC Okay.

UC So....

RC You mean, on top of what you are already doing for us.

UC Absolutely.

RC Okay.

UC I mean, if there is something that you think that I can do to help you out with that fifty each year, you tell me. And, I will set it up.

RC Right.

UC If it means taking care of whatever it is. Think about it.

RC Yeah.

UC But, doing this for [UC-2]...

RC Yeah.

UC ...is a huge, huge deal for me. And, it would help me out tremendously.

RC Okay. [REDACTED]

UC Okay.

RC Cause, it is kind of a, kind of a business trip, too.

UC Okay.

RC So, I will work out a strategy and will make it happen.

UC You think...this is still that same job with...

RC Yeah, yeah, yeah.

UC ...with benefits and all that stuff?

RC Yeah. No. I will just have to. Look, I am in so tight with the pro-tem to do... He will do whatever I want. But, you know, I gotta make [UI]...make it happen. But, I think [UI] do it.

UC I will make it worthwhile. I appreciate it.

RC No problem, man.

UC I do. I really do.

RC Okay. [Laugh].

UC All right. All right.

RC All right, man.

107. On October 24, 2012, when RONALD CALDERON and the UC met at a restaurant in downtown Los Angeles, see supra ¶ 78, RONALD CALDERON told the UC what progress he had made on getting UC-2 a job. RONALD CALDERON said [REDACTED] [REDACTED] it would have to be a "special ask" made to Senator Steinberg. RONALD CALDERON said he did not think it would be an issue. RONALD CALDERON told the UC that UC-2's salary would be part of the budget and that there had been an article in the newspaper about how RONALD CALDERON was paying staff that did not meet very often.¹² The UC told RONALD CALDERON that getting UC-2 a job would be a huge favor and in return the UC had the "special fund" that he was still looking for ideas from RONALD CALDERON on how to spend.

108. On October 29, 2012, the UC sent an email to RONALD CALDERON advising that he (the UC) may have a meeting with his investor and receive the first \$50,000 transfer he had previously mentioned. See supra ¶ 106. RONALD CALDERON responded, "Nice! I have a 'small ask' of you in that regard next time we have a chance to meet."

¹² On August 12, 2012, a Sacramento newspaper published an article pointing out that California's Senate Select Committee on International Business Trade was staffed with three employees whose combined salaries cost taxpayers more than \$170,000 a year, yet it had not met even once in the past two years, and its only member was its chairman, RONALD CALDERON. See "California Legislature's 'Select Committees' Cost A Lot With Little Accountability," Sacramento Bee (August 12, 2012).

ii. The \$5,000 Payment for Zachary Calderon's Tuition

109. At their next meeting, which took place on November 2, 2012, see supra ¶ 84, RONALD CALDERON brought up the \$50,000. RONALD CALDERON told the UC, "this particular semester coming up, for Zach, um, they raised the fees and my salary is going down in December another five percent...I was gonna ask you one of two things. One, um, I need 5, I'm gonna be short 5..." RONALD CALDERON then told the UC, "we could do a loan, that would be easy, and I could pay you back in March, the other is, this, this 50,000 that you, you're trying to set aside for whatever purposes maybe we could... maybe we can get a \$5,000 check to Berklee College of Music and Zach just turns it in."

110. The UC told RONALD CALDERON that he was okay with paying the \$5,000 towards the tuition, but said it would only put a small dent in the \$50,000. RONALD CALDERON mentioned several different accounts into which he was considering having the UC deposit the remaining money (Californians for Diversity, Senator de Leon, Ronald Calderon for Controller, Ronald Calderon Officeholder, and a Los Angeles City Councilman). The UC told RONALD CALDERON to spell out where he wanted the money to go on a piece of paper and the UC would do it. It was around this time that RONALD CALDERON told the UC he should be able to get UC-2 a job in January 2013.

111. On November 20, 2012, when the UC met with RONALD CALDERON for dinner at a restaurant in downtown Los Angeles, see supra ¶ 85, the UC asked RONALD CALDERON about UC-2's job and gave RONALD CALDERON a \$5,000 check for Zachary Calderon's tuition with the payee portion left blank. RONALD CALDERON asked the UC if the money was coming out of "the fund" and the UC said yes. The UC asked RONALD CALDERON what UC-2 would be doing when she came to work for RONALD CALDERON. RONALD CALDERON said that Michelle Pyne, one of his staff members, would take UC-2 "under her wing." The UC asked if there was anything UC-2 had to do in order to prepare herself for the job and RONALD CALDERON said no.

iii. The Lady Gaga Concert Fundraiser

112. On December 5, 2012, while at the dinner event honoring a California State Assemblyman, see supra ¶ 91, RONALD CALDERON told the UC that he was still working on getting UC-2's job and that Senator Steinberg had recently opened up a committee, which RONALD CALDERON described as a placeholder.

113. On December 18, 2012, when the UC met RONALD CALDERON for breakfast in downtown Los Angeles, see supra ¶ 94, the UC asked RONALD CALDERON whether UC-2 needed to consider the possibility of starting a job with RONALD CALDERON when making her holiday travel plans. RONALD CALDERON said he was still waiting to hear back from Senator Steinberg regarding his "wish

list," but he did not think it would be an issue and felt UC-2 should just enjoy her holiday vacation.

114. On January 2, 2013, the UC received an email from RONALD CALDERON inviting him to a Lady Gaga concert fundraiser to benefit "Ronald Calderon for Controller 2014" and "Senator Lara for Senate 2016." The email said the fundraiser would be held on January 20, 2013 and that RONALD CALDERON was hoping the UC and UC-2 could attend.

115. On January 8, 2013, the UC received an email from RONALD CALDERON regarding UC-2's job with RONALD CALDERON. The email stated that RONALD CALDERON needed UC-2's resume. After receiving this email, the UC contacted RONALD CALDERON via the telephone and asked if UC-2 genuinely needed a resume and, if so, what should be on it. RONALD CALDERON told the UC he would send the UC an application for UC-2 to fill out and that a resume was not necessary.

ALJAZEERA

iv. The \$25,000 Payment to Californians For Diversity

116. On January 11, 2013, when the UC and RONALD CALDERON met for lunch in downtown Los Angeles, see supra ¶ 96, RONALD CALDERON told the UC that he should be able to hire UC-2 by the end of the month. RONALD CALDERON and the UC discussed the remaining money in the \$50,000 fund. RONALD CALDERON told the UC he should use part of that money to pay \$3,900 for the Lady Gaga concert fundraiser on January 20, 2013, and contribute \$25,000 to a non-profit organization named Californians For Diversity, which RONALD CALDERON said was managed by Yolanda Miranda. RONALD CALDERON told the UC to save some of the remaining money for a trip to Miami, which the UC and RONALD CALDERON had previously discussed making so that RONALD CALDERON could meet UC-3. See supra ¶ 103. RONALD CALDERON gave the UC an envelope setting forth what information RONALD CALDERON needed in order to hire UC-2, including, among other things, her work history. Afterwards, RONALD CALDERON invited the UC to Sacramento, California to meet Senator Steinberg.

117. On January 12, 2013, the UC received an email from Yolanda Miranda, the accountant and Treasurer for both the Diversity PAC and Californians for Diversity. The email said, "Per Senator Ron Calderon here is an invoice from the Californians for Diversity Organization. Please let me know if

the invoice was for [the UC Studio]." An invoice for \$25,000 was attached to the email. The invoice identified Californians for Diversity as a 501(c)(4) Nonprofit Public Benefit Organization.

118. On January 15, 2013, the UC mailed a letter referencing the Lady Gaga fundraiser and a check for \$3,900 to Ronald Calderon for State Controller, 550 South Hope Street, Suite 1900, Los Angeles, California. The UC also mailed a check for \$25,000 to Californians for Diversity, 728 West Edna Place, Covina, California. Two days before the UC mailed the checks, he spoke with RONALD CALDERON on his cellular telephone and told RONALD CALDERON that before he mailed out the checks he wanted to make sure there would be no "curveball" regarding UC-2's job. RONALD CALDERON told the UC there would not be and that the UC should mail out the checks. On January 15, 2013, the UC left RONALD CALDERON a voice mail on his cellular telephone notifying him that the checks were in the mail. That same day, between approximately 8:00 p.m. and approximately 9:30 p.m., RONALD CALDERON exchanged 12 text messages with THOMAS CALDERON over his cellular telephone. The following day, THOMAS CALDERON left a voicemail for the UC stating that he wanted to personally thank the UC for his contribution to the Californians for Diversity and that the money would be used to promote members of

the Latino Caucus and to do some outreach for them as well as some issue oriented events.

119. On March 9, 2013, the UC received an email from RONALD CALDERON saying, "[UC]. Can you write a \$3200 check to my State Senate Office Holder account from your special funds account so I can cover my air fare to Miami?" On March 10, 2013, the UC mailed a \$3,200 check to RONALD CALDERON's office holder account via United States mail.

120. [REDACTED]

[REDACTED] he [REDACTED] also disclosed, among other things, the following:

a. Californians for Diversity is a charitable arm of the Diversity Political Action Committee ("PAC").

b. [REDACTED] the money it receives is supposed to be used for outreach and to draw new members to the Latino Caucus.

c. The money that Californians for Diversity receives basically goes to THOMAS CALDERON in exchange for THOMAS CALDERON doing the work.¹³

¹³ [REDACTED]

[REDACTED] reiterated his belief that the \$25,000 was provided in exchange for RONALD CALDERON agreeing not to fight for the Chairmanship of the Latino Caucus and allow Senator Lara to become Chair, which has been corroborated. See infra ¶¶ 123 (b) and (c).

d. [REDACTED] he believed that Senator Lara was the one who approved the transfer of money (\$25,000) from the Diversity PAC to Californians for Diversity. [REDACTED] believed this had happened even though political candidates like Senator Lara are not supposed to control how a PAC spends its money and can only make recommendations.¹⁴

e. The reason for having the money (\$25,000) sent to Californians for Diversity was so that RONALD CALDERON and THOMAS CALDERON could build up the funds in that account and take the money out later. [REDACTED]

[REDACTED]

[REDACTED]

f. THOMAS CALDERON has the ability to withdraw money from Californians for Diversity because he is the Executive Director. In fact, THOMAS CALDERON had already withdrawn money from Californians for Diversity and said it was for services rendered.

ALJAZEERA

¹⁴ On April 1, 2013, I reviewed California Bank and Trust bank records for Californians for Diversity. I observed a check was deposited from "Yes We Can, 400 Capitol Mall, 22nd Floor, Sacramento, 95814," and was made for \$25,000 to the Californians for Diversity. The check was dated January 2, 2013. Handwritten on the check was "ID 1334930." The memo section noted "Latino Caucus Member Development."

g. In addition to the \$25,000 payment from Senator Lara, over the past month, [REDACTED]

h. UC-2 had no public service experience and her last three jobs were modeling, working for the UC studio, and working at a fashion studio in New Orleans, Louisiana. [REDACTED]

[REDACTED]

i. [REDACTED]

[REDACTED]

[REDACTED]

j. [REDACTED]

[REDACTED]

g. In addition to the \$25,000 payment from Senator Lara, over the past month, RONALD CALDERON had been encouraging STEVE to secure a position for UC-2 on RONALD CALDERON's staff.

h. [REDACTED]

[REDACTED] All of this made [REDACTED] reluctant to hire UC-2, because she would clearly have no idea what she was doing if hired. Moreover, there were currently no positions on RONALD CALDERON's staff and [REDACTED] could not simply manufacture one.

i. On Friday (January 11, 2013), RONALD CALDERON told [REDACTED] that he was having lunch with the UC (see supra ¶¶ 96, 116) and asked [REDACTED] what information he [REDACTED] would need in order to hire UC-2. Then, on Sunday (January 13, 2013), RONALD CALDERON forwarded UC-2's work history to [REDACTED] and told [REDACTED] to put in the necessary paperwork to hire UC-2 immediately. [REDACTED] asked RONALD CALDERON if Senator Steinberg had cleared hiring UC-2 and RONALD CALDERON said yes.

j. On Monday (January 14, 2013), [REDACTED] asked [REDACTED]

[REDACTED] whether the \$25,000 Senator Lara had contributed to Californians for Diversity came from the Latino Caucus or the Diversity PAC. [REDACTED] that the \$25,000 came from the PAC and that, in addition to that \$25,000

[REDACTED]

k.

[REDACTED]

15

16

ALJAZEERA

¹⁵ According to FBI Analyst [REDACTED] \$5,000 was paid from Californians for Diversity to THOMAS CALDERON's company, the Calderon Group Inc.; however, approximately \$25,000 remained in the account after this transaction took place [REDACTED]

16

[REDACTED]

121. On February 5, 2103, the UC and UC-2 received an email from RONALD CALDERON saying, "[UC-2]. Congratulations! Looking forward to working with you. I know you'll prove to be an invaluable asset to this office!"

122. On February 15, 2013, UC-2 received a direct deposit of \$684.77 into her bank account. According to UC-2's bank records, the payment came from "Senate st CA des: legpayroll I'd: 0000006995 INDN: [UC-2] co I'd: 9888883698 PPD." UC-2 has done no work for RONALD CALDERON or the California Senate.¹⁷

123. In addition to the \$684.77 payment to UC-2, the following events, which took place during my investigation of RONALD CALDERON, corroborated several key aspects of [REDACTED]

[REDACTED]

[REDACTED]

17 [REDACTED]

[REDACTED]

(RONALD CALDERON's and THOMAS CALDERON's
Control Over Californians for Diversity)

a. On October 16, 2012, when the UC first mentioned paying RONALD CALDERON an additional \$50,000 in exchange for getting UC-2 a job, see supra ¶¶ 77, 106, RONALD CALDERON told the UC about Californians for Diversity:

Okay. Yeah. We have this non-profit. It is called Californians for Diversity. So, we are gonna build this thing up and what it does mainly is issue oriented marketing. So, we want to talk about, you know...whether Prop-32 or Prop-33 or you know, it is a good thing for people, we can put money into that. We wanna talk about just in general, you know, a budget plan or whatever we can do...issue stuff. Uh... And, then Tom and I down the road, we build that up, we can pay ourselves. Just kind of make, you know, part of living. So, that's something we are probably gonna do.

(The Deal RONALD CALDERON Had With Senator
Lara Over the Latino Caucus Chairmanship)

b. During their meeting on November 20, 2012, see supra ¶¶ 85, 111, RONALD CALDERON told the UC how Senator Lara had previously agreed to step down from being Chairman of the Latino Caucus to allow RONALD CALDERON to succeed him. Senator Lara later changed his mind and wanted to remain as the Chairman. This disappointed RONALD CALDERON and he told the UC, "Your word is your bond." RONALD CALDERON said the final vote would not be until January 2013 and he was coming up with a strategy for how to deal with the situation.

c. On December 5, 2012, while at the dinner

event honoring a California State Assemblyman, see supra ¶¶ 91, 112, RONALD CALDERON told the UC that it appeared Senator Lara would remain as the Chairman of the Latino Caucus. RONALD CALDERON told the UC how he had brokered a deal with Senator de Leon. Although RONALD CALDERON was upset about not becoming the Chairman, Senator de Leon told RONALD CALDERON that if he allowed Senator Lara to keep the position as Chairman, he (Senator de Leon) would do the following for RONALD CALDERON: (1) give RONALD CALDERON a paid political appointment after he left the Senate; (2) give RONALD CALDERON his own consultant/fundraiser, who would remain on the executive committee; and (3) give RONALD CALDERON \$25,000 in seed money from one of the accounts so that RONALD CALDERON could hire consultants and do presentations. RONALD CALDERON told the UC he accepted the deal.

d. According to Senator Lara's website (sd33.senate.ca.gov), he recently "was elected Chair of the 23 member Latino Legislative Caucus with a supermajority vote."

E. THE SPINAL SURGERY LEGISLATION

i. Summary

124. My investigation has developed probable cause to believe that RONALD CALDERON and THOMAS CALDERON were involved in a separate bribery scheme with MICHAEL D. DROBOT, the Chief

Executive Officer of Pacific Hospital of Long Beach ("PHLB").

In summary, there is probable cause to believe that beginning on a date unknown and continuing through to the present, in return for payments from DROBOT, RONALD CALDERON and THOMAS CALDERON were helping DROBOT enrich himself and PHLB by supporting legislation that would delay or limit changes in California's worker's compensation laws, particularly those laws relating to the amount of money medical care providers are reimbursed for performing spinal surgeries.

125. DROBOT was willing to pay RONALD CALDERON and THOMAS CALDERON to delay or limit changes in California's worker's compensation laws because DROBOT and others had conspired to use the existing provisions in the worker's compensation laws, as well as several other means, to commit widespread health care fraud, including paying illegal kickbacks (or bribes) to surgeons performing spinal surgeries at PHLB, to the substantial benefit of DROBOT, PHLB, and the surgeons who received the kickbacks.¹⁸

126. In exchange for supporting legislation beneficial to DROBOT's financial interests, RONALD CALDERON received

¹⁸ On April 4th and 5th, 2013, federal agents from the FBI, IRS, USPS, and DCIS executed search warrants at the executive offices of PHLB and at other locations related to the health care fraud scheme. The search warrants were authorized by United States Magistrate Judge Jean P. Rosenbluth on April 3, 2013. See supra ¶ 10.

approximately \$28,000 in bribes from DROBOT. The bribes were disguised as payments to RONALD CALDERON's son, Zachary Calderon, who, according to RONALD CALDERON, purportedly worked for one of DROBOT's companies each summer and was paid a salary of \$10,000 each summer. There is probable cause to believe those payments were actually bribes directed to RONALD CALDERON. For instance, for the last two years those payments (totaling approximately \$18,000) were deposited directly into the bank account RONALD CALDERON shared with his wife, Ana Calderon; and shortly before the most recent payments, RONALD CALDERON sent DROBOT two emails, one, dated June 18, 2012, saying, "Hi Mike! Thanks again for the ride up and lunch! So this is a reminder for you to arrange ... to divide pay into 2 payments. First one due July 19th and second one due August 16th which will be his last day of work. Thanks." and the second, also dated June 18, 2012, saying, "Mike. Just in case you forgot or didn't know the total amount is 10k."

127. DROBOT has also been paying THOMAS CALDERON \$10,000 per month in connection with the bribery scheme. Although the payments are purportedly for THOMAS CALDERON to acts as DROBOT's consultant in connection with the spinal surgery legislation,

[REDACTED]

[REDACTED]

Moreover, RONALD CALDERON has made it clear to the UC that he

and THOMAS CALDERON have been working together to help DROBOT with the spinal surgery legislation.

128. I discuss in more detail in the four sub-sections below: (a) in subsection ii DROBOT's health care fraud scheme and the importance to that scheme of the California worker's compensation laws governing reimbursement for implantable devices used during spinal surgeries; (b) in subsection iii, three bills relating to these California worker's compensation laws that there is probable cause to believe were influenced by RONALD CALDERON and THOMAS CALDERON; (c) in subsection iv, statements by RONALD CALDERON supporting probable cause to believe that he and THOMAS CALDERON sought to influence these bills in return for payments from DROBOT; and (d) [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

ii. DROBOT's Spinal Surgery Health Care Fraud Scheme

129. According to the website www.phlb.com, DROBOT is the Chief Executive Officer of PHLB, which is located in Long Beach, California.

130. According to the Wall Street Journal, PHLB primarily services California's workers' compensation patients who require spinal fusion, a surgical procedure that joins two or more of

the patient's vertebrae. See "In Small California Hospitals, the Marketing of Back Surgery," Wall Street Journal (February 9, 2012). Between 2008 and 2010, PHLB performed more workers' compensation related spinal fusion surgeries than any other California hospital, beating out much larger and more reputable hospitals such as Cedars Sinai Medical Center in Los Angeles. Id.

131. On or about August 9, 2010, the FBI began investigating DROBOT for health care fraud. On or about November 30, 2012, I spoke with FBI SA [REDACTED] the agent assigned to the DROBOT investigation, and learned the following:

a. One of the reasons PHLB became a leader in spinal fusion surgeries was because DROBOT and others known and unknown to the government had conspired to, among other things, pay illegal kickbacks (or bribes) to the surgeons performing the spinal fusion surgeries at PHLB.

b. Spinal fusion surgeries paid for under California's workers' compensation program were extremely profitable to DROBOT because California's workers' compensation laws allowed DROBOT to seek separate reimbursement from the State Compensation Insurance Fund ("SCIF") and other insurance providers for the costs of the implantable medical devices used during the spinal surgery. Rather than requiring DROBOT and others to submit a single reimbursement form for the overall

cost of the spinal fusion surgery, California law permitted DROBOT to submit separate reimbursement forms for the surgery itself and for the costs of the implantable devices used during that surgery.

c. Under California law, the cost of the implantable devices was viewed as a "pass through" expense. As a result, SCIF and other insurance providers would reimburse for the implantable devices at no more than \$250 over the cost of what the hospital paid to purchase the implantable devices, as documented by an invoice for the implantable devices submitted by the hospital.

d. DROBOT used this aspect of California's worker's compensation law, as well as several other means, to commit large scale health care fraud. In summary, DROBOT and others would submit inflated invoices for up to ten times the actual costs of the implantable devices used in the spinal surgeries. These inflated invoices purported to be from third party vendors. In actuality, however, DROBOT and others purchased the devices from related persons and entities who inflated the costs of the devices so that the inflated invoices could be submitted for reimbursement to SCIF and other insurance providers. When the claims for reimbursement for inflated costs were paid, DROBOT used a portion of the proceeds to pay the physicians

performing the spinal fusion surgeries kickbacks of approximately \$10,000 to \$20,000 per surgery.¹⁹

e. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

20

[REDACTED]

[REDACTED]

¹⁹ DROBOT's financial interest in spinal surgery legislation was evidenced in the Wall Street Journal article. It states that the California Workers' Compensation Institute, an insurer's group, estimated that the provision of the workers' compensation law that allowed separate billing for implantable medical devices, hardware, and instrumentation added \$55 million to the cost of the workers' compensation program in 2008 alone. In 2010, California's Workers' Compensation Institute ("CWCI") estimated that spinal implant pass-through payments topped \$67 million in 2010, up 22 percent from 2008.

20

[REDACTED]

iii. Three Pieces of Legislation and Their Potential Impact on DROBOT's Health Care Fraud Scheme

132. I have been able to identify three pieces of legislation introduced in the California legislature relating to the DROBOT bribery scheme.²¹ I have researched these pieces of legislation using the website www.leginfo.ca.gov and have had several conversations relating to these pieces of legislation with [REDACTED] a detective for the California Department of Insurance. Detective [REDACTED] has been assisting SA [REDACTED] in his health care fraud investigation and works regularly with California's worker's compensation laws. Based on my research, and my conversations with Detective [REDACTED] and SA [REDACTED] I have learned the following regarding these three pieces of legislation:

Bill #1

a. On February 28, 2011, Senator de Leon introduced a piece of legislation ("Bill #1"). As originally drafted, Bill #1 would have eliminated the ability to seek separate reimbursement for the cost of implantable devices used during spinal surgery, thus eliminating a primary basis of DROBOT's health care fraud scheme. In particular, as originally drafted, Bill #1 would have amended Section 5318 of the Labor Code, the provision of the workers' compensation law that allowed DROBOT

²¹ My investigation is still ongoing and thus I may uncover other legislation related to the DROBOT bribery scheme.

and others to seek separate reimbursement for implantable medical devices used during spinal fusion surgeries, as follows:

Section 5318 of the Labor Code is amended to read:
5318. (a) Implantable Spine surgeries with implantable medical devices, hardware, and instrumentation for Diagnostic Related Groups (DRGs)... shall be reimbursed to the performing hospital at the rate of 1.8 times the applicable DRG rate, with no separate reimbursement for any implantable devices, hardware, or instrumentation. (Emphasis added.)

b. On April 27, 2011, Senator de Leon amended Bill #1 to remove the language eliminating separate reimbursements for implantable devices. The amended Bill #1 would have continued to allow separate reimbursements for implantable devices so long as, in most cases, the total reimbursement to the provider did not exceed two times a specified reimbursement rate for the surgery as a whole. In particular, as amended, Bill #1 would have amended Section 5318 to read as follows, retaining language authorizing separate reimbursement based on documented costs of implantable devices:

Spinal surgeries with implantable medical devices, hardware, and instrumentation as defined by Medical Severity Diagnostic Related Groups (MSDRGs)...shall be separately reimbursed at the provider's documented paid cost, plus an additional 10 percent of the provider's documented paid cost, not to exceed a maximum of two hundred fifty dollars (\$250), plus any sales tax and shipping and handling charges actually paid. Unless the case qualifies for outlier reimbursement, total payment to the provider shall not

exceed 2 times the applicable MSDRG rate.²² (Emphasis added.)

c. Based on the evidence discussed in subsections iv and v below, there is probable cause to believe that Senator de Leon amended Bill #1 to remove the language eliminating separate reimbursements at the request of THOMAS CALDERON. As discussed in subsection iv below, there is probable cause to believe that Senator de Leon allowed Bill #1, as amended at the request of THOMAS CALDERON, to become inactive because Senator de Leon was not receiving sufficient "help" in return for his backing Bill #1.

Bill #2

d. — On March 15, 2012, Senator Ted Lieu introduced a piece of legislation ("Bill #2"). Bill #2 would have repealed Section 5318 of the Labor Code, thus eliminating separate reimbursement for implantable devices. It is not certain why Senator Lieu introduced Bill #2, but I have learned that one of Senator Lieu's committees had requested a study that showed that spinal implant pass-through payments had topped \$67 million in 2010 and were up 22 percent from 2008. According to SA [REDACTED] if Bill #2 were enacted, it would have disrupted DROBOT's health care fraud scheme.

²² According to the website www.leginfo.ca.gov, Bill #1 was never passed or enacted and remains in an inactive status.

e. [REDACTED]

[REDACTED] RONALD CALDERON and THOMAS CALDERON went with DROBOT to Senator Lieu's office and put enough pressure on Senator Lieu that he dropped his sponsorship of Bill #2. On August 31, 2012, Bill #2 was placed in an inactive status at the request of then Assembly Member Charles Calderon, RONALD CALDERON's oldest brother.

Bill #3

f. On August 24, 2012, Senator de Leon took over authorship of another piece of legislation ("Bill #3"), which Senator Lieu had originally introduced in the Senate. When Senator de Leon took over authorship of Bill #3, he added language calling for the repeal of separate reimbursement for implantable devices used during spinal surgery. Unlike Bill #2, however, Bill #3 did not immediately eliminate separate reimbursement for implantable devices. Instead, Bill #3 provided, in pertinent part, as follows:

On or before July 1, 2013, the administrative director shall adopt a regulation specifying an additional reimbursement for MS-DRGs Medicare Severity Diagnostic Related Groups (MS-DRGs) 028, 029, 030, 453, 454, 455, and 456 to ensure that the aggregate reimbursement is sufficient to cover costs, including the implantable medical device, hardware, and instrumentation. This regulation shall be repealed as of January 1, 2014, unless extended by the administrative director.

As a result, Bill #3 allowed DROBOT and others to continue seeking separate reimbursement for the cost of implantable

medical devices through December 31, 2013, by requiring the administrative director, who was responsible for paying reimbursements for those devices, to adopt regulations providing for such separate reimbursements that would be in force through December 31, 2013.

g. On August 31, 2012, Bill #3 passed in both houses of the California Legislature by overwhelming majorities. It took effect on January 1, 2013. RONALD CALDERON was one of the few Senators to vote against the measure. As discussed in subsection v below, however, RONALD CALDERON has told the UC that he and THOMAS CALDERON helped get in to Bill #3 the language that was more favorable to DROBOT.

iv. RONALD CALDERON's Statements Relating to the Legislation

133. On December 5, 2012, when explaining to the UC why he should make a \$5,000 or \$10,000 donation towards Senator de Leon's Manny Paquiao fundraiser in Las Vegas, see supra ¶ 93, 109, RONALD CALDERON used one of THOMAS CALDERON's clients (DROBOT) as an example, making the following statements:

a. RONALD CALDERON told the UC that 80% of the client's business was in spinal implants and that every single year there had been some kind of legislation to reduce the rates for the spinal surgery. RONALD CALDERON told the UC that THOMAS CALDERON was trying to get an exception in the legislation by

working with the Director of Labor Relations, and that THOMAS CALDERON eventually got Senator de Leon involved in trying to get an exception in the legislation. RONALD CALDERON said that Senator de Leon had a relationship with labor and labor was strongly opposed to any exceptions, but that despite this Senator de Leon initially agreed to do the language for the legislation. (Based on my knowledge of this investigation and my research relating to the legislation discussed in subsection ii above, I believe that these statements relate to Senator de Leon's initial agreement to support Bill #1.)

b. RONALD CALDERON said Senator de Leon ultimately dropped his support of this legislation and passed the legislation to Senator Lieu. According to RONALD CALDERON, what Senator de Leon told RONALD CALDERON in connection with dropping his support of this legislation was, "I don't mind helping, but I haven't seen any help." (Based on my knowledge of this investigation and my research relating to the legislation discussed in subsection ii above, I believe that these statements relate to Senator de Leon's decision to drop his support of Bill #1, and the subsequent introduction by Senator Lieu of Bill #2.) Given the context of this conversation (whether the UC should make a political contribution to Senator de Leon) and my training and experience, I believe that what RONALD CALDERON was conveying to the UC was that Senator de Leon

dropped his support of the legislation (Bill #1) because he had not received any money (i.e., "help").

c. RONALD CALDERON told the UC that Senator de Leon would "freak out" if he were involved in the sort of conversations RONALD CALDERON and the UC had with one another. Based on my training and experience, I know that bribes and discussions regarding bribe payments in exchange for official action are usually conducted through middlemen or individuals with whom you have long-standing relationships built on trust. Therefore, I believe that what RONALD CALDERON was conveying to the UC by this statement was that Senator de Leon would "freak out" if he knew RONALD CALDERON was telling the UC that Senator de Leon had asked for money in connection with supporting Bill #1.

d. On June 18, 2012, RONALD CALDERON sent an email to DROBOT saying, "Hi Mike! Thanks again for the ride up and lunch! So this is a reminder for you to arrange ... to divide pay into 2 payments. First one due July 19th and second one due August 16th which will be his last day of work. Thanks." That same day, RONALD CALDERON sent DROBOT another email saying, "Mike. Just in case you forgot or didn't know the total amount is 10k." Ten days later, on June 28, 2012, RONALD CALDERON sent DROBOT an email saying, "Reminder" and forwarded the initial email.

e. The following day, on or about June 29, 2012, RONALD CALDERON told the UC that his son, Zachary Calderon, was working for RONALD CALDERON's friend, who owned a hospital in Long Beach, California. On or about November 2, 2012, RONALD CALDERON clarified this further and told the UC that Zachary Calderon worked for his friend, who owned several surgery centers in Long Beach, and made \$10,000 each summer.

f. FBI Analyst [REDACTED] has examined the bank account records for RONALD CALDERON and his wife, Ana Calderon. According to [REDACTED] between 2011 and 2012, RONALD CALDERON and his wife deposited four checks from two companies known to be affiliated with DROBOT into their joint bank account. All of the checks were payable to Zachary (or "Zachery") Calderon and totaled approximately \$18,000.

g. The first check, which was deposited on July 27, 2011, was from International Implants LLC and was in the amount of \$5,000. The second check, which was deposited on August 29, 2011, was also from International Implants LLC and was also in the amount of \$5,000. The third check, which was deposited on August 1, 2012, was from First Medical Management and was in the amount of \$1,490.95. The fourth check, which was deposited on August 14, 2012, was also from First Medical Management and was in the amount of \$7,018.10.

h. On or about February 21, 2013, IRS SA [REDACTED]

██████████ reviewed Zachary Calderon's individual tax returns for the 2010 and 2011 tax years. According to SA ██████████ during both tax years Zachary Calderon claimed \$10,000 in business receipts and the IRS received 1099s for that amount from International Implants LLC. On both tax returns, Zachary Calderon listed "research" as his principal business/profession/services. In tax year 2010, Zachary Calderon deducted \$6,826 in business expenses and only reported \$3,174 in income. The business expenses included, among others, \$1,265 in "supplies," \$240 in "utilities" and \$1,821 in "office expense." In tax year 2011, Zachary Calderon deducted \$6,805 in business expenses and only reported \$3,195 in income. The business expenses included, among others, \$1,420 in "supplies," \$280 in "utilities" and \$1,768 in "office expense." The business address listed on both tax returns was 908 North 2nd Street, Montebello, California, which I know to be RONALD CALDERON's and Zachary Calderon's personal residence. I believe based on my training and experience and knowledge of this investigation that RONALD CALDERON's son Zachary Calderon received an inflated salary from DROBOT for work he may or may not have actually performed over the summer and, in exchange for those payments, RONALD CALDERON took official action that would delay or limit changes in California's workers' compensation laws relating to DROBOT's health care fraud scheme, particularly

the amount of money medical care providers are reimbursed for performing spinal surgeries. Although Zachary Calderon reported the money he received from DROBOT on his personal tax returns, he did so in a way that made the payments appear to be legitimate and to minimize the amount of taxes that would be paid on the bribe.

i. On August 21, 2012, RONALD CALDERON sent an email to Senator Steinberg saying, "Darrell. Rumor has it that there is a deal and the language will be placed in Ted [Lieu's] bill tomorrow. I though[t] u told us the chamber flew it up. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

j. On November 2, 2012, RONALD CALDERON met with the UC at his apartment in downtown Los Angeles and said the following with respect to the spinal surgery legislation and his friend who owns a hospital in Long Beach:

We've been keeping him in business now for the last four years, because the governor kept pushing these regs to cut the funding on these spinal surgeries for workers' comp. All we've been trying to do is hold off that cut so they continue paying for that. The

way it is now, they are leaving it up to the administrator at workers' comp to decide how much they pay for these implants and if they get cut out of that they are out of business. So that's what we've been working the last four or five years. You know...we've kept them going. We've pushed it off, pushed it off, pushed it off... (emphasis added.)

134. On April 30, 2013, RONALD CALDERON spoke with Zachary Calderon over the telephone regarding the likelihood of Zachary Calderon's continued employment with DROBOT's company for the upcoming summer. The conversation came after FBI agents executed search warrants at locations related to DROBOT's health care fraud scheme on April 4, 2013 and April 5, 2013, which RONALD CALDERON had read about in the newspaper. During the conversation, RONALD CALDERON indicated to Zachary Calderon that he would likely still be able to work for DROBOT over the summer, but would not be paid such a high salary:

ZC: Did you hear from Tom [Calderon]? Is it a go for the summer job?

RC: Nah I haven't heard from him. I mean I've heard from him but I don't think he's talked to Mike [Drobot].

ZC: Oh, ok.

RC: I wouldn't worry. I mean the businesses are still running. They still need people there, so nothing's changed.

ZC: And they probably won't be able to offer as much though.

RC: Oh, yeah. All they're doing is investigating records...computer records.

ZC: Oh, ok.

RC: Cause there's some allegation by some disgruntled doctor, a surgeon, who said he was bribing physicians and what do you call it...kickback money to physicians. Mike doesn't do that. He doesn't work that way. But he's made a lot of money, so you know they gotta check it out.

ZC: Ah, got it.

v. DROBOT's Statements Relating to the Legislation

135. [REDACTED]

[REDACTED]

23

²³ According to one newspaper, THOMAS CALDERON's financial reports indicated that up until December 31, 2011, he had pulled in more than \$152,000 in campaign contributions and accumulated nearly \$31,300 in campaign expenses. The bulk of these early contributions came from political committees and healthcare corporations, including "\$27,300 from administrators at Pacific Hospital of Long Beach alone." See "Marquez Faces Crowded Field In Assembly Race" The Downey Patriot (March 15, 2012).

[REDACTED]

[REDACTED]

136. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

137. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

²⁴ On February 8, 2011, Lisa Middleton, retired former Vice President of Internal Investigations of the State Compensation Insurance Fund (SCIF), was interviewed by FBI SA [REDACTED] and California Department of Insurance Detective [REDACTED]. Middleton advised that between 2002 and early 2004, DROBOT and THOMAS CALDERON were part of negotiations between the SCIF and DROBOT'S various business entities including Healthsmart Pacific, Inc., and Pacific Hospital of Long Beach, CA for monies DROBOT believed were owed to his companies from SCIF for unpaid liens. DROBOT brought THOMAS CALDERON into the negotiations as his consultant. Middleton advised that during the negotiation process she never met THOMAS CALDERON face-to-face. However, THOMAS CALDERON'S name was specifically mentioned to Middleton as the source of several queries. SCIF settled with DROBOT in early 2004 for \$27.5 million. Middleton said DROBOT once told her, "Of course I'm milking the system." According to subpoenaed bank records for THOMAS CALDERON'S company, the Calderon Group, Inc., on July 28, 2004, it received a check from West Coast Surgery Center Management, LLC, a company known to be affiliated with DROBOT, for \$1 million dollars. In the memo section of the check were typed the words "SCIF Settlement."

[REDACTED]

138.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

ALJAZEERA

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

139.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

140.

[REDACTED]

[REDACTED]

[REDACTED]

141.

[REDACTED]

142.

[REDACTED]

143.

[REDACTED]

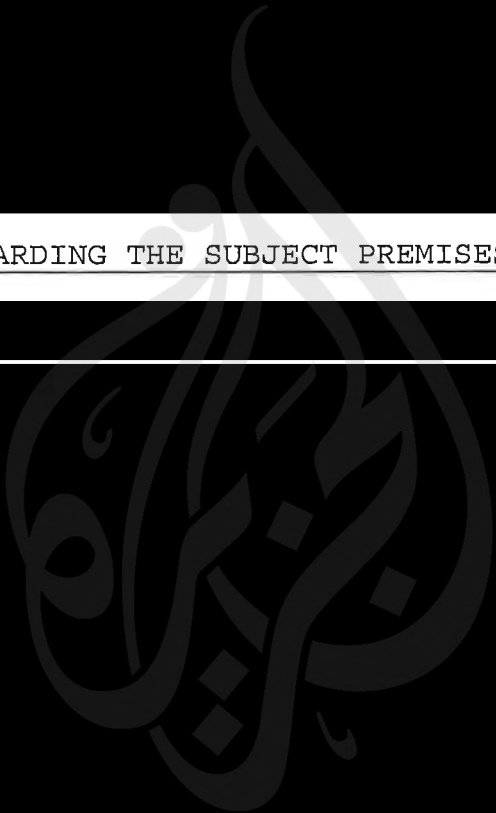
144.

[REDACTED]



VI. BACKGROUND REGARDING THE SUBJECT PREMISES

145.



ALJAZEERA

VII. SEARCH AND SEIZURE OF COMPUTER/ELECTRONIC/DIGITAL DATA

A. TRAINING AND EXPERIENCE

146. This application seeks permission to search for and seize evidence (and contraband) of the crimes described above stored on computers and electronic/digital devices (collectively, "digital devices"), as well as any digital devices that constitute (fruits and) instrumentalities of the crimes.

147. I have spoken with SA [REDACTED] who has training in the forensic examination of computers and digital devices. SA [REDACTED] related various information to me and/or confirmed various information for me as noted below.

148. Based upon my training and experience, and information related to me by agents and others involved in the forensic examination of computers and digital devices including SA [REDACTED] I know that data in digital form can be stored on a variety of systems, storage devices, or media including hard

disk drives, floppy disks, compact disks, magnetic tapes, flash drives, and memory chips. Some of these devices can be smaller than a thumbnail and can take several forms, including thumb drives, secure digital media used in phones and cameras, personal music devices, and similar items.

149. Based upon my training and experience, and the investigation to date, I believe that computer(s) and digital device(s) will be found at the premises.

150. Based upon my training and experience, and information related to me by agents and others involved in the forensic examination of computers and digital devices including SA [REDACTED] I know that computers and digital devices are often used to store information, very much the same way paper, ledgers, files and file cabinets are used to store information. I know that it is common today for businesses to utilize computers to conduct their business and to store information related thereto. I also know that it is common for individuals to have personal computers and to use these computers to conduct their personal affairs, their business affairs, and to store information related thereto. I know based on my training and experience, including prior investigations specifically related to the investigation of public corruption and bribery, that subjects who are engaged in corruption commonly store

information related to their activities on computers and digital devices.

151. In addition, there are a number of indicia that the SUBJECT PREMISES has computer(s) and/or digital devices at the premises. [REDACTED]

B. REMOVAL OF DATA STORAGE DEVICES FOR REVIEW IN A LABORATORY SETTING MAY BE REQUIRED

152. Based upon my training and experience, and information related to me by agents and others involved in the forensic examination of computers and digital devices including SA [REDACTED] I know that a forensic image is an exact physical copy of a data storage device. A forensic image captures all data on the subject media without viewing or changing the data in any way. Absent unusual circumstances, it is essential that a forensic image be obtained prior to conducting any search of data for information subject to seizure pursuant to the warrant. I also know that during the search of the premises it is not always possible to create a forensic image of or search digital

devices or media for data. I also know that it is frequently necessary to remove digital devices or media for later laboratory evaluation off-site under controlled circumstances. This is true for a number of reasons, including the following:

a. Searching digital devices can be a highly technical process that requires specific expertise and specialized equipment. Because there are so many different types of digital devices and software in use today, it is difficult to anticipate all of the necessary technical manuals, specialized equipment, and specific expertise necessary to conduct a thorough search of the media to ensure that the data will be preserved and evaluated in a useful manner.

b. Searching digital devices can require the use of precise, scientific procedures designed to maintain the integrity of the evidence. The recovery of such data may require the use of special software and procedures, such as those used in a law enforcement laboratory.

c. The volume of data stored on many digital devices is typically so large that it will be highly impractical to search for data during the execution of the physical search of the premises. Storage devices capable of storing 500 gigabytes of data are now commonplace in desktop computers. It can take several hours, or even days, to image a single hard drive. The larger the drive, the longer it takes. Depending upon the

number and size of the devices, the length of time that agents must remain onsite to image and examine digital devices can become impractical.

d. Since digital data may be vulnerable to inadvertent modification or destruction, a controlled environment, such as a law enforcement laboratory, may be essential to conduct a complete and accurate analysis of the digital devices from which the data will be extracted. Software used in a laboratory setting can often reveal the true nature of data. Moreover, a computer forensic reviewer needs a substantial amount of time to extract and sort through data that is concealed or encrypted to determine whether it is evidence, contraband, or an instrumentality of a crime.

e. Analyzing the contents of a computer or other electronic storage device, even without significant technical difficulties, can be very challenging, and a variety of search and analytical methods must be used. For example, searching by keywords, which is a limited text based search, often yields thousands of hits, each of which must be reviewed in its context by the examiner to determine whether the data is within the scope of the warrant. Merely finding a relevant hit does not end the review process. The computer may have stored information about the data at issue which may not be searchable text, such as: who created it; when and how it was created,

downloaded, or copied; when it was last accessed; when it was last modified; when it was last printed; and when it was deleted. The relevance of this kind of data is often contextual. Furthermore, many common email, database, and spreadsheet applications do not store data as searchable text, thereby necessitating additional search procedures. To determine who created, modified, copied, downloaded, transferred, communicated about, deleted, or printed data requires a search of events that occurred on the computer in the time periods surrounding activity regarding the relevant data. Information about which users logged in, whether users shared passwords, whether a computer was connected to other computers or networks, and whether the users accessed or used other programs or services in the relevant time period, can help determine who was sitting at the keyboard.

f. Searching digital devices can require the use of precise, scientific procedures designed to recover latent data. The recovery of such data may require the use of special software and procedures. Data that represents electronic files or remnants of such files can be recovered months or even years after it has been downloaded onto a hard drive, deleted, or viewed via the Internet. Even when such files have been deleted, data can be recovered months or years later using readily available forensic tools. Normally, when a person

deletes a file on a computer, the data contained in the file does not actually disappear; rather, that data remains on the hard drive until it is overwritten by new data. Therefore, deleted files, or remnants of deleted files, may reside in space on the hard drive or other storage media that is not allocated to an active file. In addition, a computer's operating system may keep a record of deleted data in a swap or recovery file or in a program specifically designed to restore the computer's settings in the event of a system failure.

153. This warrant seeks authority to seize contextual data, that is, evidence of how a digital device has been used, what it has been used for and who has used it. It can be very important in criminal cases to seek "attribution" data so that an event or communication can be associated with a person. Based upon my training and experience, and information related to me by agents and others involved in the forensic examination of computers and digital devices including SA [REDACTED] this authority is sought for a number of reasons:

a. In some instances, the computer "writes" to storage media without the specific knowledge or permission of the user. Generally, data or files that have been received via the Internet are automatically downloaded into a temporary Internet directory or cache. The browser typically maintains a fixed amount of hard drive space devoted to such data or files,

and the files are only overwritten as they are replaced with more recently viewed Internet pages. Thus, the ability to retrieve artifacts of electronic activity from a hard drive depends less on when the file was downloaded or viewed than on a particular user's operating system, storage capacity, and computer usage. Logs of access to websites, file management/transfer programs, firewall permissions, and other data assist the examiner and investigators in creating a "picture" of what the computer was doing and how it was being used during the relevant time in question. Given the interrelationships of the data to various parts of the computer's operation, this information cannot be easily segregated.

b. Digital data on the hard drive that is not currently associated with any file may reveal evidence of a file that was once on the hard drive but has since been deleted or edited, or it could reveal a deleted portion of a file (such as a paragraph that has been deleted from a word processing file). Virtual memory paging systems can leave digital data on the hard drive that show what tasks and processes on the computer were recently used. Web browsers, email programs, and chat programs store configuration data on the hard drive that can reveal information such as online nicknames and passwords. Operating systems can record additional data, such as the attachment of

peripherals, the attachment of USB flash storage devices, and times the computer was in use. Computer file systems can record data about the dates files were created and the sequence in which they were created. This data can be evidence of a crime, can indicate the identity of the user of the digital device, or can point toward the existence of evidence in other locations (or on other devices).

c. Further, evidence of how a digital device has been used, what it has been used for, and who has used it, may be learned from the absence of particular data on a digital device. Specifically, the lack of computer security software, virus protection, malicious software, evidence of remote control by another computer system, or other programs or software may assist in identifying the user indirectly and may provide evidence excluding other causes for the presence or absence of the items sought by this application. Additionally, since computer drives may store artifacts from the installation of software that is no longer active, evidence of the historical presence of the kind of software and data described may have special significance in establishing timelines of usage, confirming the identification of certain users, establishing a point of reference for usage and, in some cases, assisting in the identification of certain users. This data can be evidence of a crime, can indicate the identity of the user of the digital

device, or can point toward the existence of evidence in other locations. Evidence of the absence of particular data on the drive is not generally capable of being segregated from the rest of the data on the drive.

C. SEARCH PROCEDURE

154. In searching for data capable of being read, stored, or interpreted by a computer or storage device, law enforcement personnel executing the search warrant will employ the following procedure:

a. On site search, if practicable. Law enforcement officers trained in computer forensics (hereafter, "computer personnel"), if present, may be able to determine if digital devices can be searched on site in a reasonable amount of time and without jeopardizing the ability to preserve data on the devices and conduct such a search if deemed practicable. Any device searched on site will be seized if it contains any data falling within the list of items to be seized as set forth in the warrant and in Attachment B.

b. On site imaging, if practicable. If a digital device cannot be searched on site as described above, the computer personnel, if present, will determine whether the device can be imaged on site in a reasonable amount of time without jeopardizing the ability to preserve the data and conduct such imaging if deemed practicable.

c. Seizure of digital devices for off-site imaging and search. If no computer personnel are present at the execution of the search warrant, or if they determine that a digital device cannot be searched or imaged on site in a reasonable amount of time and without jeopardizing the ability to preserve data, the digital device will be seized and transported to an appropriate law enforcement laboratory for review.

d. Law enforcement personnel (potentially including, but not necessarily limited to, computer personnel) will examine the digital device to determine if it contains any data that falls within the list of items to be seized as set forth in the warrant and in Attachment B.

e. Law enforcement personnel will use procedures designed to identify items to be seized under the warrant. These procedures may include, without limitation, the use of a "hash value" library to exclude normal operating system files that do not need to be searched. In addition, law enforcement personnel may search for and attempt to recover deleted, hidden, or encrypted data to determine whether the data falls within the list of items to be seized under the warrant.

f. If the original digital device was seized, law enforcement personnel will perform an initial search of the original digital device within a reasonable amount of time not

to exceed 120 days from the date of execution of the warrant. If, after conducting the initial search, law enforcement personnel determine that an original digital device contains any data falling within the list of items to be seized pursuant to this warrant, the government will retain the original digital device to, among other things, litigate the admissibility/authenticity of the seized items at trial, ensure the integrity of the copies, ensure the adequacy of chain of custody, and resolve any issues that potentially might be raised regarding changed conditions of the evidence. If the government needs additional time to determine whether an original digital device contains any data falling within the list of items to be seized pursuant to this warrant, it may seek an extension of the time period from the Court within the original 120-day period from the date of execution of the warrant.

g. If an original digital device does not contain any data falling within the list of items to be seized pursuant to this warrant, the government will: return that original digital device to its owner within a reasonable period of time, if it can be lawfully possessed; seal any image previously made of the device; and not review the sealed image absent further authorization from the Court.

D. DATA TO BE SEIZED

155. Based upon my training and experience, and information related to me by agents and others involved in the forensic examination of computers and digital devices, I know that, in order to search for data that is capable of being read or interpreted by a computer, law enforcement personnel will need to seize, image, copy, and/or search the following items, subject to the procedures set forth herein:

a. Any computer equipment or digital devices that are capable of being used to commit or further the crimes outlined above, or to create, access, or store (evidence, contraband, fruits, or instrumentalities) of such crimes, as set forth in Attachment B;

b. Any computer equipment or digital devices used to facilitate the transmission, creation, display, encoding, or storage of data, including word processing equipment, modems, docking stations, monitors, printers, plotters, encryption devices, and optical scanners that are capable of being used to commit or further the crimes outlined above, or to create, access, process, or store (evidence, contraband, fruits, or instrumentalities) of such crimes, as set forth in Attachment B;

c. Any magnetic, electronic, or optical storage device capable of storing data, such as floppy disks, hard disks, tapes, CD ROMs, CD Rs, CD RWs, DVDs, optical disks,

printer or memory buffers, smart cards, PC cards, memory calculators, electronic dialers, electronic notebooks, personal digital assistants, and cell phones capable of being used to commit or further the crimes outlined above, or to create, access, or store (evidence, contraband, fruits, or instrumentalities) of such crimes, as set forth in Attachment B;

d. Any documentation, operating logs, and reference manuals regarding the operation of the computer equipment, storage devices, or software;

e. Any applications, utility programs, compilers, interpreters, and other software used to facilitate direct or indirect communication with the computer hardware, storage devices, or data to be searched;

f. Any physical keys, encryption devices, dongles, or similar physical items which are necessary to gain access to the computer equipment, storage devices, or data;

g. Any passwords, password files, test keys, encryption codes, or other information necessary to access the computer equipment, storage devices, or data; and

h. All records, documents, programs, applications, or materials created, modified, or stored in any form, including in digital form, on any computer or digital device, that show the actual user(s) of the computers or digital devices during any time period in which the device was used to commit the

crimes referenced above, including the web browser's history; temporary Internet files; cookies, bookmarked, or favorite web pages; email addresses used from the computer; MAC IDs and/or Internet Protocol addresses used by the computer; email, instant messages, and other electronic communications; address books; contact lists; records of social networking and online service usage; and software that would allow others to control the digital device such as viruses, Trojan horses, and other forms of malicious software (or alternatively, the lack of software that would allow others to control the digital device).

i. All records, documents, programs, applications, or materials created, modified, or stored in any form, including in digital form, on any computer or digital device, that show evidence of counter-forensic programs (and associated data) that are designed to eliminate data from the computer or digital device.

j. All records, documents, programs, applications, or materials created, modified, or stored in any form, including in digital form, on any computer or digital device, that show contextual information necessary to understand the evidence, contraband, fruits, or instrumentalities described in this attachment.

E. RETENTION OF IMAGE

156. The government will retain a forensic image of each digital device subjected to analysis for a number of reasons, including proving the authenticity of evidence to be used at trial; responding to any potential questions regarding the corruption of data; establishing the chain of custody of data; refuting any potential claims of fabrication, tampering, or destruction with/of data; and addressing potential exculpatory evidence claims where, for example, a defendant claims that the government avoided its obligations by destroying data or returning it to a third party.

F. INVENTORY AND RETURN

157. With respect to the seizure of electronic storage media or the seizure or imaging of electronically stored information, the search warrant return to the Court will describe the physical storage media that were seized or imaged.

Prior Efforts to Obtain Evidence

158. The government has made prior efforts in other judicial fora to obtain evidence possibly covered in the requested warrant. See supra ¶¶ 8-11.

VIII. REQUEST FOR SEALING

159. The government's investigation of RONALD CALDERON and the bribery schemes set forth above is still ongoing. If this affidavit is filed publicly, there would be the obvious risk that RONALD CALDERON or other individuals referenced in the search warrant would learn of its existence and attempt to destroy evidence of criminal activity before the warrant could be executed and that persons identified as being under suspicion of criminal activity might destroy evidence, coordinate their stories before being interviewed by law enforcement or called to testify, or might even flee the jurisdiction. Accordingly, I request that this affidavit be filed and kept under seal until further order of the Court. The government requests that the Court's order not limit its ability to provide copies of the Court's search warrant authorization at the time the warrant is executed as required by Federal Rule of Criminal Procedure 41(f). I further request that the Court's order not limit my ability to provide copies of the affidavit to other law enforcement officers and attorneys assisting with this investigation.


IX. CONCLUSION

160. Based on the foregoing, I believe there is probable cause to believe that RONALD CALDERON has committed the Subject Offenses and that the SUBJECT PREMISES will contain evidence, contraband, fruits, or instrumentalities of those crimes.



Federal Bureau of
Investigations

Sworn before me under penalty of perjury,
May 2, 2013.


KENDALL J. NEWMAN
U.S. MAGISTRATE JUDGE

Approved: 

ALJAZEERA