

# San Ysidro settles with law firm over malpractice



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By [Christine Huard \(/staff/christine-huard/\)](#) | 6:16 p.m. Sept. 25, 2015

SAN YSIDRO — A \$1.8 million settlement has been reached between the San Ysidro School District and the law firm it accused of malpractice in a case that brought to light corruption at the highest level in the district.

Trustees voted unanimously Thursday to approve an agreement with Stutz Artiano Shinoff & Holtz, the law firm that represented San Ysidro in a breach-of-contract case brought against the district by solar energy company EcoBusiness Alliance. It was while being deposed for the solar lawsuit that former Superintendent Manuel Paul admitted to taking \$2,500 cash from a contractor who wanted work from the district.

Paul said the money was to pay for campaign signs for trustees. He was indicted on a state corruption charge in connection to the South County "pay-to-play" investigation, but his confession about the contractor payment led to a federal investigation and charge. He pleaded guilty last August to deprivation of benefit for political gain, and spent two months in federal prison early this year. The district is suing him to recover more than \$200,000 paid out to him in severance when he stepped down in 2013.

San Ysidro filed the malpractice lawsuit against its former lawyers in February, and accused partner Dan Shinoff of professional negligence for withholding a settlement proposed by the solar power contractors. The lawsuit alleged Shinoff avoided a settlement to fraudulently draw out the case and drive up legal fees.

The district, which at the time was facing money problems so severe it was on the brink of bankruptcy, spent about \$1.3 million in defending itself. The district hired EcoBusiness Alliance in 2008 to build solar-energy systems on campuses, but abruptly canceled the contract in 2011. The solar firm filed its lawsuit in 2012.

Board members testified under oath that they were not made aware of specific developments in the solar case, such as settlement offers. Stutz Artiano Shinoff & Holtz denied any wrongdoing, and released a February 2013 letter to the district with details of a settlement being offered.

In June, the district was ordered by Judge Richard Strauss to settle the case out of court. He ruled that there was an arbitration agreement in place with San Ysidro that covers the dispute, and that the district is bound by the agreement. Both sides met with a mediator for the first time Sept. 16 and hashed out the deal. The school board unanimously rejected a previous offer from the law firm in a closed session March 27.

San Ysidro lost the solar case last year and was handed a \$12 million judgment. At the time, the district was struggling to make ends meet. It also was trying to negotiate a new contract with teachers. But bargaining between the administration and the teachers union broke down. Educators walked out in October rather than accept drastic cuts school officials said were necessary to balance the budget. Parents supported the strike and pulled their children out of school in droves, crippling the district.

William Trejo, an attorney representing San Ysidro, said the settlement can help the district heal old wounds and put the past behind it. He said the settlement will be paid with malpractice insurance.

Douglas Butz, who represented Stutz Artiano Shinoff & Holtz, could not be reached for comment.

Stutz Artiano Shinoff & Holtz represents a majority of San Diego County's school districts in certain liability cases through the San Diego County Schools Risk Management Joint Powers Authority, which is administered through the county Office of Education. Shortly after the malpractice suit was filed, the Office of Education suspended the law firm from taking on new assignments until the suit and a state bar complaint the San Ysidro district filed against Shinoff were resolved. The JPA'S executive committee overturned the suspension in May.

Details of the agreement between the district and the law firm are not yet available, but the settlement is another step forward for the district. Earlier this year, the solar case judgment was set aside when San Ysidro reinstated the contract with EcoBusiness Alliance, now called Manzana Energy Inc., to build solar energy installations throughout the district. It has recently hired a new superintendent, reorganized the district office and put its finances in order. Trustees also approved a 6 percent salary increase for teachers during Thursday's board meeting.

Board President Antonio Martinez said it's time to move on.

"We decided to close this chapter and move forward in a positive way," he said. "This was a David and Goliath story, and David won in the end. I'm very happy."

