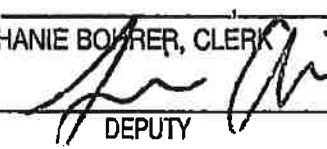


**SUMMONS  
(CITACION JUDICIAL)**

FOR COURT USE ONLY  
(SOLO PARA USO DE LA CORTE)  
**RECEIVED**  
2026-06-04 16:00:49

**JUN 04 2026**

Filed  
STEPHANIE BOHRER, CLERK

By  DEPUTY

**NOTICE TO DEFENDANT:  
(AVISO AL DEMANDADO):**

CITY OF LODI, and DOES 1-100, inclusive

RECEIVED

JUN 05 2026

**YOU ARE BEING SUED BY PLAINTIFF:  
(LO ESTÁ DEMANDANDO EL DEMANDANTE):**

SCOTT R. CARNEY

CITY CLERK

NOTICE! You have been sued. The court may decide against you without your being heard unless you respond within 30 days. Read the information below.

You have 30 CALENDAR DAYS after this summons and legal papers are served on you to file a written response at this court and have a copy served on the plaintiff. A letter or phone call will not protect you. Your written response must be in proper legal form if you want the court to hear your case. There may be a court form that you can use for your response. You can find these court forms and more information at the California Courts Online Self-Help Center ([www.courtinfo.ca.gov/selfhelp](http://www.courtinfo.ca.gov/selfhelp)), your county law library, or the courthouse nearest you. If you cannot pay the filing fee, ask the court clerk for a fee waiver form. If you do not file your response on time, you may lose the case by default, and your wages, money, and property may be taken without further warning from the court.

There are other legal requirements. You may want to call an attorney right away. If you do not know an attorney, you may want to call an attorney referral service. If you cannot afford an attorney, you may be eligible for free legal services from a nonprofit legal services program. You can locate these nonprofit groups at the California Legal Services Web site ([www.lawhelpcalifornia.org](http://www.lawhelpcalifornia.org)), the California Courts Online Self-Help Center ([www.courtinfo.ca.gov/selfhelp](http://www.courtinfo.ca.gov/selfhelp)), or by contacting your local court or county bar association. **NOTE:** The court has a statutory lien for waived fees and costs on any settlement or arbitration award of \$10,000 or more in a civil case. The court's lien must be paid before the court will dismiss the case. **¡AVISO! Lo han demandado. Si no responde dentro de 30 días, la corte puede decidir en su contra sin escuchar su versión. Lea la información a continuación.**

**Tiene 30 DÍAS DE CALENDARIO después de que le entreguen esta citación y papeles legales para presentar una respuesta por escrito en esta corte y hacer que se entregue una copia al demandante. Una carta o una llamada telefónica no lo protegen. Su respuesta por escrito tiene que estar en formato legal correcto si desea que procesen su caso en la corte. Es posible que haya un formulario que usted pueda usar para su respuesta. Puede encontrar estos formularios de la corte y más información en el Centro de Ayuda de las Cortes de California ([www.sucorte.ca.gov](http://www.sucorte.ca.gov)), en la biblioteca de leyes de su condado o en la corte que le quede más cerca. Si no puede pagar la cuota de presentación, pida al secretario de la corte que le dé un formulario de exención de pago de cuotas. Si no presenta su respuesta a tiempo, puede perder el caso por incumplimiento y la corte le podrá quitar su sueldo, dinero y bienes sin más advertencia.**

**Hay otros requisitos legales. Es recomendable que llame a un abogado inmediatamente. Si no conoce a un abogado, puede llamar a un servicio de remisión a abogados. Si no puede pagar a un abogado, es posible que cumpla con los requisitos para obtener servicios legales gratuitos de un programa de servicios legales sin fines de lucro. Puede encontrar estos grupos sin fines de lucro en el sitio web de California Legal Services, ([www.lawhelpcalifornia.org](http://www.lawhelpcalifornia.org)), en el Centro de Ayuda de las Cortes de California, ([www.sucorte.ca.gov](http://www.sucorte.ca.gov)) o poniéndose en contacto con la corte o el colegio de abogados locales. AVISO: Por ley, la corte tiene derecho a reclamar las cuotas y los costos exentos por imponer un gravamen sobre cualquier recuperación de \$10,000 ó más de valor recibida mediante un acuerdo o una concesión de arbitraje en un caso de derecho civil. Tiene que pagar el gravamen de la corte antes de que la corte pueda desechar el caso.**

The name and address of the court is:  
(El nombre y dirección de la corte es): San Joaquin County Superior Court  
Stockton Courthouse, 180 E. Weber Avenue, Stockton, CA, 95202

CASE NUMBER:  
(Número del Caso):  
**STK-CV-UOE-2026-0004713**

The name, address, and telephone number of plaintiff's attorney, or plaintiff without an attorney, is:  
(El nombre, la dirección y el número de teléfono del abogado del demandante, o del demandante que no tiene abogado, es):  
Therese Y. Cannata; Cannata O'Toole & Olson LLP, 100 Pine St., Ste. 350, San Francisco, CA 94111 (415) 409-8900.

DATE: 2026-06-04 Clerk, by Stephanie Bohrer Deputy  
(Fecha) (Secretario) (Adjunto)

(For proof of service of this summons, use Proof of Service of Summons (form POS-010).)  
(Para prueba de entrega de esta citación use el formulario Proof of Service of Summons, (POS-010)).



**NOTICE TO THE PERSON SERVED: You are served**

- as an individual defendant.
- as the person sued under the fictitious name of (specify):
- on behalf of (specify):  
under:  CCP 416.10 (corporation)  CCP 416.60 (minor)  
 CCP 416.20 (defunct corporation)  CCP 416.70 (conservatee)  
 CCP 416.40 (association or partnership)  CCP 416.90 (authorized person)  
 other (specify): CCP 416.50 (public entity)
- by personal delivery on (date):

<p>ATTORNEY OR PARTY WITHOUT ATTORNEY STATE BAR NUMBER:</p> <p>NAME: <b>Therese Y. Cannata (SBN 88032); Vincent C. Lee (SBN 310313)</b></p> <p>FIRM NAME: <b>Cannata, O'Toole &amp; Olson, LLP</b></p> <p>STREET ADDRESS: <b>100 Pine Street, Ste 350</b></p> <p>CITY: <b>San Francisco</b> STATE: <b>CA</b> ZIP CODE: <b>94111</b></p> <p>TELEPHONE NO.: <b>(415) 409-8900</b> FAX NO.: <b>(415) 409-8904</b></p> <p>EMAIL ADDRESS: <b>tcannata@cofolaw.com; vlee@cofolaw.com</b></p> <p>ATTORNEY FOR (name): <b>Petitioner Scott R. Carney</b></p>	<p><i>FOR COURT USE ONLY</i></p> <p><b>Electronically Filed Superior Court of California County of San Joaquin 2026-06-04 16:00:49 Clerk: Liana Arduim</b></p> <p><b>Case Management Conference 2026-12-01 8:30AM in 11B</b></p>	
<p><b>SUPERIOR COURT OF CALIFORNIA, COUNTY OF SAN JOAQUIN</b></p> <p>STREET ADDRESS: <b>180 E. Weber Avenue</b></p> <p>MAILING ADDRESS: <b>180 E. Weber Avenue</b></p> <p>CITY AND ZIP CODE: <b>Stockton, CA 95202</b></p> <p>BRANCH NAME: <b>Stockton Courthouse</b></p>		
<p>CASE NAME: <b>Scott R. Carney v. The City of Lodi</b></p>		
<p><b>CIVIL CASE COVER SHEET</b></p> <p><input checked="" type="checkbox"/> <b>Unlimited</b> (Amount demanded exceeds \$35,000)</p> <p><input type="checkbox"/> <b>Limited</b> (Amount demanded is \$35,000 or less)</p>	<p><b>Complex Case Designation</b></p> <p><input type="checkbox"/> Counter <input type="checkbox"/> Joinder</p> <p>Filed with first appearance by defendant (Cal. Rules of Court, rule 3.402)</p>	<p>CASE NUMBER: <b>STK-CV-UOE-2026-0004713</b></p> <p>JUDGE: DEPT.:</p>

*Items 1–6 below must be completed (see instructions on page 2).*

1. Check one box below for the case type that best describes this case:

<p><b>Auto Tort</b></p> <p><input type="checkbox"/> Auto (22)</p> <p><input type="checkbox"/> Uninsured motorist (46)</p> <p><b>Asbestos</b></p> <p><input type="checkbox"/> Asbestos (04)</p> <p><b>Other PI/PD/WD (Personal Injury/Property Damage/Wrongful Death) Tort</b></p> <p><input type="checkbox"/> Product liability (24)</p> <p><input type="checkbox"/> Medical malpractice (45)</p> <p><input type="checkbox"/> Other PI/PD/WD (23)</p> <p><b>Non-PI/PD/WD (Other) Tort</b></p> <p><input type="checkbox"/> Business tort/Unfair business practice (07)</p> <p><input type="checkbox"/> Civil rights (08)</p> <p><input type="checkbox"/> Defamation (13)</p> <p><input type="checkbox"/> Fraud (16)</p> <p><input type="checkbox"/> Intellectual property (19)</p> <p><input type="checkbox"/> Professional negligence (25)</p> <p><input type="checkbox"/> Other non-PI/PD/WD tort (35)</p> <p><b>Employment</b></p> <p><input type="checkbox"/> Wrongful termination (36)</p> <p><input checked="" type="checkbox"/> Other employment (15)</p>	<p><b>Contract</b></p> <p><input type="checkbox"/> Breach of contract/warranty (06)</p> <p><input type="checkbox"/> Rule 3.740 collections (09)</p> <p><input type="checkbox"/> Other collections (09)</p> <p><input type="checkbox"/> Insurance coverage (18)</p> <p><input type="checkbox"/> Other contract (37)</p> <p><b>Real Property</b></p> <p><input type="checkbox"/> Eminent domain/Inverse condemnation (14)</p> <p><input type="checkbox"/> Wrongful eviction (33)</p> <p><input type="checkbox"/> Other real property (26)</p> <p><b>Unlawful Detainer</b></p> <p><input type="checkbox"/> Commercial (31)</p> <p><input type="checkbox"/> Residential (32)</p> <p><input type="checkbox"/> Drugs (38)</p> <p><b>Judicial Review</b></p> <p><input type="checkbox"/> Asset forfeiture (05)</p> <p><input type="checkbox"/> Petition re arbitration award (11)</p> <p><input type="checkbox"/> Writ of mandate (02)</p> <p><input type="checkbox"/> Other judicial review (39)</p> <p><b>Employment Development Department (EDD)</b></p> <p><input type="checkbox"/> EDD decision review (48)</p>	<p><b>Provisionally Complex Civil Litigation (Cal. Rules of Court, rules 3.400–3.404)</b></p> <p><input type="checkbox"/> Antitrust/Trade regulation (03)</p> <p><input type="checkbox"/> Construction defect (10)</p> <p><input type="checkbox"/> Mass tort (40)</p> <p><input type="checkbox"/> Securities litigation (28)</p> <p><input type="checkbox"/> Environmental/Toxic tort (30)</p> <p><input type="checkbox"/> Comprehensive groundwater adjudication (47)</p> <p><input type="checkbox"/> Insurance coverage claims arising from the above listed provisionally complex case types (41)</p> <p><b>Enforcement of Judgment</b></p> <p><input type="checkbox"/> Enforcement of judgment (20)</p> <p><b>Miscellaneous Civil Complaint</b></p> <p><input type="checkbox"/> RICO (27)</p> <p><input type="checkbox"/> Other complaint (not specified above) (42)</p> <p><b>Miscellaneous Civil Petition</b></p> <p><input type="checkbox"/> Partnership and corporate governance (21)</p> <p><input type="checkbox"/> Other petition (not specified above) (43)</p>
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2. Is this case complex under rule 3.400 of the California Rules of Court?  Yes  No

If the case is complex, mark the factors requiring exceptional judicial management:

- a.  Large number of separately represented parties
- b.  Extensive motion practice raising difficult or novel issues that will be time-consuming to resolve
- c.  Substantial amount of documentary evidence
- d.  Large number of witnesses
- e.  Coordination with related actions pending in one or more courts in other counties, states, or countries, or in a federal court
- f.  Substantial postjudgment judicial supervision

3. Remedies sought (check all that apply):

- a.  monetary
- b.  nonmonetary; declaratory or injunctive relief
- c.  punitive

4. Number of causes of action (specify): Two (2); Violation of Labor Code Section 1102.5(b); 1102.5(c)

5. Is this case a class action suit?  Yes  No

6. If there are any known related cases, file and serve a notice of related case. (You may use form CM-015.)

Date: June 4, 2026

Therese Y. Cannata  
 \_\_\_\_\_  
 (TYPE OR PRINT NAME)

  
 \_\_\_\_\_  
 (SIGNATURE OF PARTY OR ATTORNEY FOR PARTY)

**NOTICE**

- Plaintiff must file this cover sheet with the first paper filed in the action or proceeding (except small claims cases or cases filed under the Probate Code, Family Code, or Welfare and Institutions Code). (Cal. Rules of Court, rule 3.220.) Failure to file may result in sanctions.
- File this cover sheet in addition to any cover sheet required by local court rule.
- If this case is complex under rule 3.400 et seq. of the California Rules of Court, you must serve a copy of this cover sheet on all other parties to the action or proceeding.
- Unless this is a collections case under rule 3.740 of the California Rules of Court or a complex case, this cover sheet will be used for statistical purposes only.

**INSTRUCTIONS ON HOW TO COMPLETE THE COVER SHEET**

**To Plaintiffs and Others Filing First Papers.** If you are filing a first paper (for example, a complaint) in a civil case, you **must** complete and file, along with your first paper, the Civil Case Cover Sheet contained on pages 1 and 2. This information will be used to compile statistics about the types and numbers of cases filed. You must complete items 1 through 6 on the sheet. In item 1, you must check **one** box for the case type that best describes the case. If the case fits both a general and a more specific type of case listed in item 1, check the more specific one. If the case has multiple causes of action, check the box that best indicates the **primary** cause of action. To assist you in completing the sheet, examples of the cases that belong under each case type in item 1 are provided below. A cover sheet must be filed only with your initial paper. Failure to file a cover sheet with the first paper filed in a civil case may subject a party, its counsel, or both to sanctions under rules 2.30 and 3.220 of the California Rules of Court.

**To Parties in Rule 3.740 Collections Cases.** A "collections case" under rule 3.740 of the California Rules of Court is defined as an action for recovery of money owed in a sum stated to be certain that is not more than \$35,000, exclusive of interest and attorney's fees, arising from a transaction in which property, services, or money was acquired on credit. A collections case does not include an action seeking the following: (1) tort damages, (2) punitive damages, (3) recovery of real property, (4) recovery of personal property, or (5) a prejudgment writ of attachment. The identification of a case as a rule 3.740 collections case on this form means that it will be exempt from the general time-for-service requirements and case management rules, unless a defendant files a responsive pleading. A rule 3.740 collections case will be subject to the requirements for service and obtaining a judgment in rule 3.740.

**To Parties in Complex Cases.** In complex cases only, parties must also use the Civil Case Cover Sheet to designate whether the case is complex. If a plaintiff believes the case is complex under rule 3.400 of the California Rules of Court, this must be indicated by completing the appropriate boxes in items 1 and 2. If a plaintiff designates a case as complex, the cover sheet must be served with the complaint on all parties to the action. A defendant may file and serve no later than the time of its first appearance a joinder in the plaintiff's designation, a counter-designation that the case is not complex, or, if the plaintiff has made no designation, a designation that the case is complex.

**SEE PAGE 3 FOR INFORMATION PURPOSES ONLY.**



## CASE TYPES AND EXAMPLES

**Auto Tort**

Auto (22)—Personal Injury/Property Damage/  
Wrongful Death

Uninsured Motorist (46) *(if the case involves  
an uninsured motorist claim subject to  
arbitration, check this item instead of Auto)*

**Asbestos**

Asbestos (04)

Asbestos Property Damage

Asbestos Personal Injury/Wrongful Death

**Other PI/PD/WD (Personal Injury/****Property Damage/Wrongful Death) Tort**

Product Liability *(not asbestos or toxic/  
environmental)* (24)

Medical Malpractice (45)

Medical Malpractice—Physicians &  
Surgeons

Other Professional Health Care

Malpractice

Other PI/PD/WD (23)

Premises Liability (e.g., slip and fall)

Intentional Bodily Injury/PD/WD (e.g.,  
assault, vandalism)

Intentional Infliction of Emotional Distress

Negligent Infliction of Emotional Distress

Other PI/PD/WD

**Non-PI/PD/WD (Other) Tort**

Business Tort/Unfair Business Practice (07)

Civil Rights (e.g., discrimination, false arrest)  
*(not civil harassment)* (08)

Defamation (e.g., slander, libel) (13)

Fraud (16)

Intellectual Property (19)

Professional Negligence (25)

Legal Malpractice

Other Professional Malpractice *(not  
medical or legal)*

Other Non-PI/PD/WD Tort (35)

**Employment**

Wrongful Termination (36)

Other Employment (15)

**Contract**

Breach of Contract/Warranty (06)

Breach of Rental/Lease Contract *(not  
unlawful detainer or wrongful eviction)*

Contract/Warranty Breach—Seller Plaintiff  
*(not fraud or negligence)*

Negligent Breach of Contract/Warranty

Other Breach of Contract/Warranty

Collections (e.g., money owed, open book  
accounts) (09)

Collections Case—Seller Plaintiff

Other Promissory Note/Collections Case

Insurance Coverage *(not provisionally  
complex)* (18)

Auto Subrogation

Other Coverage

Other Contract (37)

Contractual Fraud

Other Contract Dispute

**Real Property**

Eminent Domain/Inverse Condemnation (14)

Wrongful Eviction (33)

Other Real Property (e.g., quiet title) (26)

Writ of Possession of Real Property

Mortgage Foreclosure

Quiet Title

Other Real Property *(not eminent  
domain, landlord-tenant, or  
foreclosure)*

**Unlawful Detainer**

Commercial (31)

Residential (32)

Drugs (38) *(if the case involves illegal drugs,  
check this item; otherwise, report as  
Commercial or Residential)*

**Judicial Review**

Asset Forfeiture (05)

Petition re Arbitration Award (11)

Writ of Mandate (02)

Writ—Administrative Mandamus

Writ—Mandamus on Limited Court Case  
Matter

Writ—Other Limited Court Case Review

Other Judicial Review (39)

Review of Health Officer Order

Notice of Appeal—Labor Commissioner  
Appeals

**Employment Development Department (EDD)**

EDD Decision Review (48) *(if the case  
involves an Employment Development  
Department decision, check this item  
instead of Wrongful Termination or Other  
Employment)*

**Provisionally Complex Civil Litigation (Cal.  
Rules of Court, rules 3.400–3.403)**

Antitrust/Trade Regulation (03)

Construction Defect (10)

Claims Involving Mass Tort (40)

Securities Litigation (28)

Environmental/Toxic Tort (30)

Comprehensive Groundwater Adjudication  
(47)

Insurance Coverage Claims *(arising from  
provisionally complex case type listed  
above)* (41)

**Enforcement of Judgment**

Enforcement of Judgment (20)

Abstract of Judgment (Out of County)

Confession of Judgment *(non-domestic  
relations)*

Sister-State Judgment

Administrative Agency Award *(not unpaid  
taxes)*

Petition/Certification of Entry of Judgment  
on Unpaid Taxes

Other Enforcement of Judgment Case

**Miscellaneous Civil Complaint**

RICO (27)

Other Complaint *(not specified above)* (42)

Declaratory Relief Only Injunctive Relief  
Only *(non-harassment)*

Mechanic's Lien

Other Commercial Complaint Case *(non-  
tort/non-complex)*

Other Civil Complaint *(non-tort/non-  
complex)*

**Miscellaneous Civil Petition**

Partnership and Corporate Governance (21)

Other Petition *(not specified above)* (43)

Civil Harassment

Workplace Violence

Elder/Dependent Adult Abuse

Election Contest

Petition for Name Change

Petition for Relief From Late Claim

Other Civil Petition

# SUPERIOR COURT OF CALIFORNIA

County of San Joaquin  
180 E Weber Avenue  
Stockton, CA 95202

## NOTICE OF CASE ASSIGNMENT AND NOTICE OF HEARING

Case Number: **STK-CV-UOE-2026-0004713**

A Case Management Conference has been scheduled for your case as indicated below. A copy of this information must be provided with the complaint or petition, and with any cross-complaint that names a new party to the underlying action. Disregard hearing date if that date has expired.

<b>Hearing: Case Management Conference</b>	<b>Date: 12/01/2026</b>	<b>Time: 8:30 AM Department: 11B</b>
<b>JUDGE</b>	<b>COURT LOCATION</b>	<b>PHONE Numbers:</b>
THIS CASE HAS BEEN ASSIGNED TO JUDGE ROBERT T. WATERS IN DEPARTMENT 11B FOR ALL PURPOSES, INCLUDING TRIAL.	Stockton	Stockton: 209-992-5693 Lodi: 209-992-5522

[ X ] ADR & Scheduling Information is available on court website @ [sjcourts.org/self-help](https://www.sjcourts.org/self-help)

1. You must:
  - a. **Serve** all named defendant's and file proofs of service on those defendants with the court Within 60 days of the filing of the complaint. (CRC 3.110)
  - b. **File and serve** a completed Case Management Conference Statement (use of JC form CM-110 is mandatory) at least 15 days before the Case Management Conference.
  - c. **Meet and Confer**, in person or by telephone, to consider each of the issues identified in CRC 3.727 no later than 30 calendar days before the date set for the Case Management Conference. (CRC 3.724)
  - d. **Collection cases** are managed pursuant to CRC 3.740.
2. Case Management Conferences, Law and Motion and Ex Parties will be held remotely unless ordered otherwise. For telephonic appearance phone numbers, information and instructions visit @ <https://www.sjcourts.org/divisions/civil/> .
3. If this case was eFiled, the plaintiff/petitioner or their attorney must access their copy of this notice and the issued summons for service from the court's case management system at the following link: [cms.sjcourts.org/fullcourtweb/start.do](https://cms.sjcourts.org/fullcourtweb/start.do).
4. Courtesy Copies: Courtesy copies must be submitted as outlined in Local Rule 3-117. Courtesy copies (only) may be placed in the drop boxes located on the 10th and 11th floor. Courtesy copies can also be placed in the drop box located outside of the courthouse.

Visit our website @ [www.sjcourts.org](https://www.sjcourts.org) for more information regarding civil cases, local rules and forms.

Date: 06/04/2026

\_\_\_\_\_  
Liana Arduim, Deputy Clerk

**NOTICE OF CASE ASSIGNMENT AND NOTICE OF HEARING**

1 THERESE Y. CANNATA (SBN 88032)  
VINCENT C. LEE (SBN 310313)  
2 CANNATA O'TOOLE & OLSON LLP  
100 Pine Street, Suite 350  
3 San Francisco, California 94111  
Telephone: (415) 409-8900  
4 Facsimile: (415) 409-8904  
Email: [tcannata@cofolaw.com](mailto:tcannata@cofolaw.com)  
5 [vlee@cofolaw.com](mailto:vlee@cofolaw.com)

6 Attorneys for Plaintiff  
7 SCOTT R. CARNEY

8 SUPERIOR COURT OF THE STATE OF CALIFORNIA  
9 COUNTY OF SAN JOAQUIN COUNTY

10  
11 SCOTT R. CARNEY,  
12 Plaintiff,  
13 v.  
14 CITY OF LODI, and DOES 1-100,  
inclusive,  
15 Defendants.

CASE NO. STK-CV-UOE-2026-0004713

**COMPLAINT FOR DAMAGES**

- 1) Violation of California Labor Code Section 1102.5(b)
- 2) Violation of California Labor Code Section 1102.5(c)

JURY TRIAL DEMANDED

CANNATA, O' TOOLE & OLSON LLP  
100 Pine Street, Suite 350  
San Francisco, CA 94111

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1 Plaintiff SCOTT R. CARNEY, former City Manager for the City of Lodi, hereby alleges  
2 against Defendants, CITY OF LODI, and DOES 1 through 100 inclusive as follows:

3 **PARTIES**

4 1. Plaintiff, SCOTT CARNEY (“Plaintiff” or “Mr. Carney”) is an individual residing  
5 in Davis, California, County of Yolo. Plaintiff is a former employee of Defendant City of Lodi.  
6 Mr. Carney, at the time of his employment, lived in Lodi, California.

7 2. Defendant CITY OF LODI (the “City”) is a local, public agency and is located in  
8 San Joaquin County.

9 3. The true names, identities, or capacities, whether individual, corporate, associate,  
10 or otherwise of Defendants DOES 1 through 100 inclusive, are unknown to Plaintiff, who,  
11 therefore, sues said Defendants by such fictitious names. When the true names, identities, or  
12 capacities of such fictitiously designated Defendants are ascertained, Plaintiff will ask leave of  
13 this Court to amend the Complaint to insert such names, identities, and capacities together with  
14 the proper charging allegations.

15 4. Plaintiff is informed and believes, and thereon alleges, that each of the Defendants  
16 sued herein as DOES 1 through 100 are responsible and in some manner are liable herein for  
17 negligent, wanton, reckless, tortious conduct, and strict liability; and by such wrongful conduct,  
18 proximately caused Plaintiff’s injuries and damages.

19 **JURISDICTION**

20 5. This Court has unlimited jurisdiction over this matter because this controversy  
21 exceeds \$35,000.

22 6. Venue is proper in the Superior Court of California for the County of San Joaquin,  
23 because the acts giving rise to this dispute occurred in San Joaquin.

24 **GENERAL ALLEGATIONS**

25 7. Mr. Carney commenced his work as the City of Lodi’s (“City”) City Manager on  
26 June 3, 2024. Mr. Carney arrived in Lodi with nearly forty (40) years of public service  
27 experience having served at all levels of California government: state, county, and city. Mr.  
28 Carney possessed the requisite undergraduate degree and preferred master’s degree in

1 management and planning. Over the course of his career, Mr. Carney served in a variety of  
2 positions that include library clerk, social worker, finance analyst and manager, program policy  
3 executive, and as a civilian employee for multiple law enforcement agencies where he was  
4 subject to thorough background investigations. Since 2004, Mr. Carney served at the executive  
5 level in either state or local government and was appointed to three different roles by two  
6 California Governors.

7 8. Mr. Carney came to the City with a strong background in public administration,  
8 public finance, policy development, and implementation. Mr. Carney is familiar with aspects of  
9 managing a full-service city having served as Deputy City Manager for the City of Stockton.  
10 Mr. Carney was recruited to the City of Stockton to assist with bankruptcy recovery because of  
11 his experience managing multi-billion-dollar budgets while at the State. Mr. Carney oversaw  
12 Administration and Finance activities and reforms that made Stockton one of the most fiscally  
13 healthy cities in the country.

14 9. During the interview process, Mr. Carney met with members of the City Council  
15 and representatives of the business community to discuss their concerns and priorities. A  
16 common theme in these meetings was the need to improve budget management and lead  
17 organizational change to resolve the existing structural deficit, to prepare a balanced budget  
18 going forward, and to address outstanding questions about a lack of services.

19 10. On May 1, 2024: the Lodi City Council agendized and voted to adopt a resolution  
20 appointing Mr. Carney to the position of City Manager. At that meeting, two community  
21 members approached Mr. Carney and raised concerns about mismanagement of City programs  
22 and resources. Specific concerns related to the City staff in the Community Development  
23 Department and Public Works Department use of their positions to impede projects they did not  
24 favor and the Electric Utility failure to plan for growth and being at capacity.

25 11. On, or about May 13, 2024: Council Member Ramon Yepez met Mr. Carney for  
26 lunch in Sacramento, California. At the meeting, Mr. Yepez raised concerns about public  
27 corruption and called for an audit of the City of Lodi. Mr. Yepez claimed he was aware of  
28

1 information that clearly indicated wrongdoing but would not reveal specific details to Mr.  
2 Carney.

3 12. On June 3, 2024: Scott Carney commenced as the City Manager. Lisa Craig-  
4 Hensley was the Mayor at the time, and Mr. Carney had her full support to do the work he was  
5 hired to do. In December 2024, Council Member Cameron Bregman rotated in as the Mayor of  
6 the five-person City Council. As alleged herein, Mr. Carney experienced increasing resistance  
7 to his inquiries about the City's financial operations after Mr. Bregman became the mayor.

8 13. Beginning in August 2024 and continuing over a period of many months, Mr.  
9 Carney alerted the City Council to his concerns regarding the City's accounting and procurement  
10 practices, a director's attempts to hire a relative in violation of the City's nepotism policy, staff  
11 failure to comply with the California Public Records Act, and potentially criminal acts  
12 committed by an employee before Mr. Carney's tenure began. Mr. Carney also initiated two  
13 investigations into alleged criminal conduct by employees in two City departments and multiple  
14 assessments of operations, internal controls, and financial records. These inquiries were in  
15 response to allegations of extortion and theft from a vendor (reported by the vendor), reports by  
16 City employees, who welcomed the shift to transparency and improved fiscal practices, and  
17 reports from the Interim Assistant City Manager. Mr. Carney then received reports from two (2)  
18 outside auditors and additional accounting analysis, which disclosed the following:

- 19 a. failure to reconcile accounts for multiple years;
- 20 b. significant backlog of the City's accounting department financial data
- 21 collection, inputting, and reporting;
- 22 c. accounting irregularities in excess of \$1 million and cash handling issues;
- 23 d. multiple employees were misusing City credit cards for personal loans; and
- 24 e. more than \$700,000 of utility customer deposits the City could not account
- 25 for properly.

26 14. Based upon this information, Mr. Carney initiated multiple accounting department  
27 projects to bring the day-to-day books and records into compliance with basic public accounting  
28 processes. Due to a shortage of qualified accounting staff, he further recommended that the City

1 hire outside accounting staff to determine the extent and impact of past and present accounting  
2 irregularities.

3 15. As part of this review of the City's Finance Department operations, Mr. Carney  
4 also became aware of questionable City purchasing and procurement. The specific concerns  
5 were, *inter alia*:

6 a. In February 2024, a Public Works Department employee purchased 100  
7 doses of Narcan nasal spray on a City-issued credit card. The February purchases were routed  
8 for approval in June or July after Mr. Carney arrived. Based on follow-up with the Assistant  
9 City Manager (Keys) and Public Works Director (Swimley) there was no approved program or  
10 policy to distribute Narcan. Mr. Carney requested follow-up, but none was provided. This City  
11 employee was a subject in a later investigation for potential criminal conduct.

12 b. In July 2024, a recycling vendor at the Lodi Municipal Services Yard came  
13 forward to report that a "pay to play" system existed within the City's Public Works Department.  
14 The vendor was previously approached by his neighbor (a City employee) to provide recycling  
15 services at the City of Lodi Municipal Services Yard. No procurement was completed, and the  
16 vendor never had a contract or written agreement. Allegedly, certain City Public Works  
17 employees directly asked the vendor for cash payments. The vendor was told to collect his bins  
18 from the Yard after he refused to make cash payments. The matter was referred to District  
19 Attorney for further investigation.

20 c. A City Technology Manager made significant purchases during his last  
21 month of employment that exceeded his purchasing authority. Based on follow-up with the then  
22 Assistant City Manager (Keys) and later verified, the City of Lodi had a policy that allows  
23 employees to request temporary exemption from credit card spending limits. Several purchases  
24 were between \$5,000 and \$10,000, and one purchase exceeded \$50,000. Mr. Carney  
25 recommended further investigation into these purchases as well as the City's procurement  
26 processes.

27 d. In or about February 2025, Mr. Carney was informed that a Parks and  
28 Recreation Department management-level employee reimbursed the City of Lodi over \$500 for

1 personal expenses (family airline tickets) that was charged in October 2024 to a City-issued credit  
2 card. The Accounting Department had caught the charge and asked the employee for  
3 reimbursement. Mr. Carney had previously counseled the same management-level employee in  
4 2024 for using a City-issued credit card for approximately \$20 of personal expenses and provided  
5 explicit direction not to use the City-issued credit card for any personal expenses (small or large).

6 e. Mr. Carney later learned that use of credit cards for personal expenses was  
7 a recurring problem within the City and that it was widespread. There were hundreds of instances  
8 in which employees charged personal expenses on the City-issued cards, and many employees,  
9 including executives, did this repeatedly. The full extent of employee use of City-issued credit  
10 cards for personal expenses was unknown. In some instances, the Accounting Department  
11 noticed the charge several months after the charge and asked for reimbursement. In other instances,  
12 the employee self-reported and reimbursed. The City only had record of personal expenses that  
13 were caught or reimbursed on the “honor system.” Only an audit of credit card statements would  
14 disclose the full extent of this unlawful custom and practice in the City of Lodi.

15 f. In or about March 2025, the Interim Assistant City Manager, who Mr.  
16 Carney hired in December 2024, reported that multiple employees brought him further evidence  
17 of misuses of City-issued credit cards. For example, the City Attorney and City Clerk, used their  
18 City-issued credit cards for personal purchases. The first-level investigation further disclosed 332  
19 charges totaling approximately \$15,000 for personal purchases were made over six years (2020-  
20 2025). This search, however, only included transactions using an accounting code (140 Code),  
21 which was established to track instances where employee reimbursement was required. A further  
22 inquiry found approximately twenty-nine (29) individuals made purchases totaling approximately  
23 \$2,500 that were not coded appropriately. These findings were based on a preliminary review of  
24 the credit card records and justify the need for complete audit. Since Mr. Carney’s departure, the  
25 City staff conducted their own review and found more than \$8,000 of expenditures that were not  
26 even approved.

27 g. Multiple staff members reported that the prior City administrations had  
28 encouraged the use of City-issued credit cards for personal expenses as long as reimbursement

1 was provided. The total number of employees misusing credit cards and providing  
2 reimbursement is unknown. The extent of charges neither discovered nor self-reported was  
3 unknown. No matter the circumstances, a charge sitting on a City-issued credit card balance may  
4 collect interest, and any delay in repayment is a presumptive interest-free loan to the employee.  
5 Short-term loans inappropriately obligate public funds for personal expenses and limit the City's  
6 ability to conduct other activities until reimbursement is provided. Ultimately, there are  
7 additional costs to reconcile, account for, and track the personal use of City-issued credit cards  
8 that are never recovered. As City Manager, Mr. Carney was responsible for reviewing and  
9 "approving" all such charges months after purchases were made and, as herein alleged, he was  
10 unwilling to ignore the issue, no matter the potential for pulling back the curtain on instances of  
11 misappropriation of public funds by City employees. Given the number of City-issued credit  
12 cards, Mr. Carney concluded that an outside audit would be necessary to know the extent of such  
13 misuses of City-issued cards as well as the amount of personal credit card charges not yet noticed  
14 or recovered. Relatedly, Mr. Carney determined that staff did not have the current capacity to  
15 complete a proper audit to determine the extent of employee use of City-issued credit cards where  
16 there was no reimbursement.

17 h. Mr. Carney was also alerted in December 2024 that the City had failed to  
18 reconcile the utility accounts to the General Ledger for approximately nine years and that the City  
19 had failed to disclose these accounting deficiencies to the City's auditor or when filing the Annual  
20 Comprehensive Financial Report with the State Controller. The City Manager, as the chief  
21 administrative officer of the City of Lodi, had a legal duty to follow all laws and ensure proper  
22 certification of the accuracy of the report to the State Auditor.

23 i. In February and March 2025, Mr. Carney received the draft internal  
24 controls assessment from Moss Adams, and the City's Auditor LSL presented findings in draft,  
25 and staff were raising accounting and purchasing concerns to the interim Assistant City Manager.  
26 The twenty-six (26) findings and twelve (12) recommendations from Moss Adams as well as six  
27 (6) material weaknesses identified by LSL during the annual audit revealed significant issues to  
28 be addressed. Moss Adams identified eighteen (18) areas with a high likelihood of a negative

1 occurrence, and twelve (12) of those presented the potential of a significant negative event. The  
2 six (6) material weaknesses identified by LSL listed below are consistent with the internal control  
3 deficiencies identified by Moss Adams and resulted in modified opinions of the City's financial  
4 statements. However, the material weaknesses identified by LSL and the internal control  
5 deficiencies identified by Moss Adams are not consistent with the clearly political assertion of  
6 "no fraud" prior to any investigation and instead demonstrate risk and vulnerability to fraud. The  
7 material weaknesses identified by LSL include:

- 8 i. Untimely financial statement closing process;
- 9 ii. Utility revenue and receivables reconciliation;
- 10 iii. Lack of timely review of purchasing card transactions;
- 11 iv. Timely preparation, review, and approval of bank statement reconciliations;
- 12 v. Incomplete schedule of expenditures of federal awards; and
- 13 vi. Incorrect reporting of cash-out activity to Cal-PERS.

14 j. The confirmation by two independent outside auditors of deficient internal  
15 control processes in combination with the evidence of misuse of public funds for personal  
16 expenses increased the significance and urgency of completing forensic due diligence review.

17 Mr. Carney received further information on April 7, 2025, which underscored the legitimacy of  
18 Mr. Carney's disclosures to the City Council on April 1, 2025, as alleged below. He received the  
19 Baker Tilly report disclosing the Utility Deposit and Holding Account problem, on April 7, 2025.  
20 Baker Tilly had been engaged because the Interim Assistant City Manager was attempting to  
21 reconcile a \$1.1 million irregularity in the Utility Billing Deposit account. Baker Tilly identified  
22 a specific concern that \$700,000 of utility deposits had been disassociated from the customers  
23 who had supposedly made them. The potential for misuse or illicit funds urgently required  
24 further investigation.

25 16. Mr. Carney knew that he had an ethical and legal obligations to report, investigate,  
26 and correct each of these financial operations deficiencies. Mr. Carney alerted Mayor Bregman  
27 and outside legal counsel on March 19, 2025 that the Interim Assistant City Manager reported  
28 the misuse of public funds and potentially illegal behavior. Mr. Carney and the Interim Assistant  
City Manager tried repeatedly to schedule time to brief the City Council about the concerns. Mr.

1 Carney knew that the City Attorney, Katie Lucchesi, and the Mayor, Cameron Bregman, did not  
2 agree with his views.

3 17. The matter came to a head on the Friday before the April 1, 2025 City Council  
4 Meeting. As background, in the Council-Manager form of city government, as incorporated into  
5 the Lodi City Ordinance as follows: Under that form of local government, neither the Mayor nor  
6 any member of the City Council can interfere with the duties and powers of the City Manager.  
7 These rules are clearly set forth in the Lodi City Municipal section 2.12.060. Further, the City  
8 Attorney and the City Clerk report to the City Manager per Lodi City Municipal Code  
9 2.12.060C. The City Manager is responsible for the final approval of a Meeting Agenda for  
10 publication. Others can have input, but the final decision belongs to the City Manager. The  
11 process is that the City Manager receives input from elected officials and senior management.  
12 Then, the City Manager approves the final version of the Meeting Agenda and delivers it to the  
13 City Clerk, who must give public notice of the Meeting Agenda. The City Clerk has no  
14 authority to edit or alter the Meeting Agenda once the City Manager deems it final and ready for  
15 public notice.

16 18. Mr. Carney communicated with the City Attorney, Katie Lucchesi, about her  
17 attempts to edit the April 1, 2025 Agenda, Item B.1, which was the Staff Report on 2024/2025  
18 Mid-Year Budget Adjustments. Mr. Carney made it clear to Ms. Lucchesi that he did not consent  
19 to her proposed edits and deletions. On Friday, March 28, Mr. Carney learned the City  
20 Attorney's version of the April 1, 2025 Agenda would be published, without his consent or  
21 permission. Among the changes was Ms. Lucchesi's deletion of the reference to the findings by  
22 the external auditor, Moss Adams in the February 24 Draft Report "City-Wide Internal Controls  
23 Review: "An internal controls assessment is pending and will be presented to City Council in the  
24 coming weeks by Moss Adams. The FY 2023-24 audit is now complete, and the external auditor  
25 will present audit findings to City Council as well. The assessment will include recommendations  
26 to address deficiencies, and the audit will include material findings. Additional positions may be  
27 requested to address deficiencies contingent on the availability of resources. The proposed  
28 annual salary for the position is as follows." The purpose of Mr. Carney's inclusion of the Moss

1 Adams report was to explain to the City Council and Lodi residents that the City urgently needed  
2 to fund and establish the position of Administrative Services Director-Chief Financial Officer,  
3 and why the additional positions may be requested to address these deficiencies. This is a budget  
4 reporting issue, and this was an agendized budget report. Neither the City Attorney, the City  
5 Clerk, nor Mayor Bregman had the legal authority to edit and delete text from the April 1, 2025  
6 Council Meeting Agenda.

7 19. When it became apparent that the Mayor and City Attorney were delaying and  
8 disrupting the reasonable and required inquiries into City operations related to the oversight and  
9 use of public funds, Mr. Carney was frankly alarmed. Their resistance to investigation and  
10 transparency seemed out of proportion to the issues presented. Mr. Carney therefore had every  
11 right to be concerned these changes to the Agenda without his consent. The edits/redactions,  
12 standing alone, were notable. Added to that was the fact that Mr. Carney was not permitted  
13 earlier to inform the full City Council about what he had discovered in his further accounting  
14 operations inquiries.

15 20. On April 1, 2025, Mr. Carney reported directly to the City Council and the citizens  
16 of Lodi about what had happened to the agenda, what he had discovered, and his intent to initiate  
17 a forensic audit. This was consistent with the direction previously provided by Council, which is  
18 that the issue (i.e., the City's accounting and financial operations) was his to fix.

19 21. As he read a written statement he had prepared, then Mayor Bregman became  
20 visibly agitated. Mr. Carney was unable that day to read his fully statement. For context,  
21 attached hereto as **Exhibit A** is a true and correct copy of Mr. Carney's original written  
22 statement, which is near word for word what he said that day until he was cut off. What follows  
23 is what Mr. Carney would have read, from his written statement, if he had been permitted to  
24 continue speaking:

25 ["Some staff and former staff regularly comment . . . *Mr. Carney is cut off at this*  
26 *point*]. . . that Lodi is a small town that does not need all the bureaucracy. But the  
27 evidence is clear that the City of Lodi is failing its duties as stewards of public  
28 resources and the public trust. The City of Lodi is a \$280 million a year operation  
with more than 400 employees, we are a full-service city and have our own electric  
utility. Appropriate internal controls are a necessity, not an option. Past frugality  
prevented investments in conventional financial controls and resources, and left

1 material weaknesses, created internal control deficiencies, prevented timely filing of  
2 accurate annual financial statements, and left the City vulnerable to fraud and theft as  
3 the Interim Assistant City Manager described on February 11, 2025. If the City  
4 organization is to evolve to meet our future challenges, roles and responsibilities must  
5 be clarified, professional standards and systems implemented, and individual  
6 accountability established. We will only be able to invest in Lodi's future if we  
7 provide the transparency, accountability and the resources needed to support the many  
8 earnest employees who work diligently to deliver efficient and proper stewardship.”

9 22. On April 9, 2025, Mr. Carney prepared a further memorandum copied to the City  
10 Council, elaborating still further on what he was trying to disclose to the Council on April 1,  
11 2025. Attached hereto as **Exhibit B** is a true and correct copy of Mr. Carney's memorandum,  
12 dated April 9, 2025.

13 23. On the afternoon of April 9, 2025, shortly before 5:00 p.m., outside counsel for the  
14 City notified Mr. Carney that he was being placed on administrative leave and that he was no  
15 longer permitted to access his emails or speak with any employees. In written follow-up from  
16 outside legal counsel on April 10, 2025, the reason given to Mr. Carney for being placed on  
17 administrative leave was: “you have been placed on paid administrative leave in order to prevent  
18 organizational disruption while the City investigates the concerns you raised during the April 1,  
19 2025 City Council meeting and through your subsequent correspondence.”

20 24. Mr. Carney reasonably believed that the City's multiple deficiencies and  
21 irregularities in accounting and procurement violated multiple local and state laws. The  
22 California Constitution and the California Government Code define these legal obligations.  
23 Article XVI, Section 6 of the Constitution prohibits the gift or lending of public funds for  
24 personal benefit. Employees are barred from using City-issued credit cards for short-term  
25 personal loans and permitting such use could be a violation of Penal Code section 424.  
26 Government Code sections 53234, *et seq.* clearly outlines the requirements for ethics training,  
27 which commonly covers the use of public funds. The appointed City Treasurer was required to  
28 fulfill his responsibilities under Government Code sections 41001, *et seq.* to “receive and safely  
keep all money the treasurer receives,” and comply with applicable laws. In so doing, the City  
Treasurer (Interim Assistant City Manager) had a responsibility to investigate the issues raised  
by staff and in turn report these findings to Mr. Carney, who, in turn, had the legal duty to direct

1 further investigation and report to the City Council. Regarding the instances of multiple  
2 questionable procurement practices and the recycling yard “pay to play” scheme, Mr. Carney’s  
3 duties were clear. Government Code section 36522 states “any officers or employee collecting  
4 or receiving any money belonging to . . . the city shall deposit it immediately in the treasury.”  
5 The City Manager has a legal responsibility to complete his investigation of these specific  
6 instances and determine the operational vulnerabilities that potentially contributed to the alleged  
7 misconduct.

8 25. After Mr. Carney made his April 1, 2025 statement (which was fully in alignment  
9 with the agendized matter and contained publicly available, nonconfidential information), the  
10 Mayor shifted his strategy; instead, he successfully advocated to place Mr. Carney on  
11 administrative leave, effective April 9, 2025. As noted, Mr. Carney was ordered to make no  
12 further public statements, he was cut off from his emails and all communications with City staff,  
13 and most importantly, he could no longer oversee the investigation of the City’s accounting and  
14 procurement deficiencies and what he had reasonable cause to believe were multiple violations  
15 of law that. A few months later, the City terminated the contract for the Interim Assistant City  
16 Manager, who was assisting Mr. Carney with these investigations.

17 26. Based on credible reports, Mr. Carney learned that Mayor Bregman was plotting  
18 with his allies to stop Mr. Carney’s inquiry and return the City to business as usual. On  
19 information and belief, these efforts date back to late-March 2025. The initial plan was to  
20 terminate Mr. Carney, and that he would thereafter appoint Charlie Swimley (then head of  
21 Public Works) to serve as the interim City Manager. The revised plan, which had evolved  
22 slightly after April 1, 2026 given Mr. Carney’s protected disclosures, was as follows:

- 23 a. stop the full investigation by suspending the City Manager and  
24 terminating the services of the City’s Treasurer;
- 25 b. discredit the now suspended (and silenced) City Manager and the  
26 City staff who assisted him in identifying significant financial mismanagement issues,  
27 including some activities that the Mr. Carney reasonably believed constituted violations of  
28 law; and

1 c. conduct a few surface levels inquiries, implement some light  
2 reforms, and then close it all out by terminating Mr. Carney.

3 27. The City's decision to suspend Mr. Carney from performing his duties as City  
4 Manager, a mere eight (8) days after making his public report, in combination with his reports  
5 during meetings with the Mayor and others, was unlawful retaliation, and presumptively a  
6 violation of, *inter alia*, Labor Code sections 1102.5(b) and 1102.5(c).

7 28. In the months to follow, Mr. Carney was portrayed as an alarmist. Mr.  
8 Carney, in the meantime, fully participated in the investigation into his conduct and  
9 continued to report about, in greater detail and with supporting documents, all that he had  
10 learned while permitted to investigate and urging the City to complete the investigation.

11 29. As of the September 2025 meeting, it was apparent that the City had spent  
12 over a half-million dollars on a failed effort to discredit Mr. Carney's reported concerns  
13 about ongoing misuse of public funds and bury credible reports about the City's deep  
14 rooted fiscal mismanagement. In summary, Mr. Carney had accurately identified and  
15 documented serious financial issues that required immediate corrective action, and the City  
16 had to reluctantly admit that many of these problems would have to be fixed, including:

17 a. Multiple City employees, including management level employees, were  
18 effectively taking interest-free loans on City-issued credit cards. The City lacked appropriate  
19 internal controls to prevent misuse, had insufficient staff to review purchases thoroughly, and  
20 relied upon an "honor system" for repayments. The City was forced to admit that its practice of  
21 providing City-procurement credit cards to so many City employees is a very risky practice.

22 b. The City had to investigate and resolve the Utility Deposit and Holding  
23 Account problems to resolve the \$1.1 million accounting irregularity, including \$700,000 of  
24 utility deposits that had disassociated from the customers.

25 c. The City had to investigate and resolve its persistent failure to reconcile the  
26 utility accounts to the General Ledger for nine (9) years and failure to disclose these accounting  
27 deficiencies to the City's auditor or when filing the Annual Comprehensive Financial Report  
28 with the State Controller.

1           30.     However, under Mayor Bregman’s leadership, the City hired a consultant to  
2     conduct what can best be described as light-handed, spot audits intended to minimize the extent  
3     of the City’s serious accounting deficiencies and practices, and thereby avoid the full-scale  
4     accountability and reform needed to protect the citizens of Lodi from further and future  
5     internally-derived financial malfeasance and waste. More specifically, notwithstanding all that it  
6     had learned, the City requisitioned mere surface level assessment and a handful of operational  
7     changes. The goal was to quickly conclude the inquiry. In choosing only to lightly explore  
8     accounting records and financial transactions to determine what future policy changes are  
9     required, the City failed its legal and fiduciary responsibilities to appropriately and fully account  
10    for the public’s money. The reason is that it was *highly improbable* that a spot audit and a few  
11    new policy memoranda will resolve widespread and deeply rooted deficiencies in the City’s  
12    financial and accounting practices.

13           31.     In late September 2025, Mr. Carney, though suspended, was still the Lodi City  
14    Manager. In fulfillment of his duties, though uncertain of his future, he spoke publicly again,  
15    through his counsel. In a letter to the City Council dated September 30, 2025, Mr. Carney  
16    continued to report, challenged the “business as usual” mentality and urged the City to have the  
17    courage to hold wrongdoers accountable and adopt meaningful institutional reform.

18           32.     However, under the continued misguided leadership of Mayor Bregman and his  
19    allies, the City had no appetite for accountability and deep-rooted reform. It would correct only  
20    that which it could not plausibly ignore and close its eyes to whatever scandals were still buried  
21    in the City’s accounting records. The intended messages were clear: these practices existed for a  
22    select group of public employees for personal benefit; the countless other hard-working and  
23    responsible City employees were supposed to keep their head low; and those who speak up  
24    would be punished. When the City Council decided to place Mr. Carney on leave on April 9,  
25    2025 and ultimately terminate him on November 6, 2025, it reinforced the City’s code of silence.

26           33.     On October 9, 2025, while he was still on administrative leave, Mr. Carney  
27    provided a notice of claim to the City for damages arising from the City’s unlawful retaliation  
28    against him. On May 5, 2026, after he had been unlawfully terminated, Mr. Carney filed a

1 further notice of claim, in an abundance of caution, for the City's continuing retaliation and  
2 wrongful termination in response to his multiple disclosures of financial malfeasance and  
3 violations of law.

4 **FIRST CAUSE OF ACTION**  
5 **Violation of California Labor Code section 1102.5(b)**  
6 **(Against All Defendants)**

7 34. Mr. Carney refers to and incorporates by reference the allegations of paragraphs 1  
8 to 33 of this Complaint.

9 35. At all times relevant herein, the City was Mr. Carney's employer.

10 36. By repeatedly reporting and objecting to the violations of state, federal, and local  
11 laws and regulations by certain City employees, and by refusing to engage in unlawful activity by  
12 surrendering his authority and/or abandoning his duties as City Manager, Mr. Carney has engaged  
13 in protected activity. He was thereafter subjected to retaliation by the City when it first  
14 suspended him and placed him on administrative leave, which prevented Mr. Carney from  
15 performing his as City Manager and interfered with his ongoing investigation of multiple  
16 instances of misuse of public funds and violations of local, state, and federal law The City  
17 continued its retaliation against Mr. Carney when it terminated him as City Manager on  
18 November 6, 2025. Mr. Carney has suffered substantial damages including lost wages and  
19 benefits and emotional distress.

20 37. At all relevant times, and as herein alleged, Mr. Carney had reasonable cause to  
21 believe that the information he reported disclosed a violation of local, state, and federal laws or  
22 regulations.

23 38. The City's conduct proximately caused damage, including lost wages and benefits,  
24 as well as emotional distress to Mr. Carney.

25 39. The City's conduct was a substantial factor in causing Mr. Carney's harm.

26 40. WHEREFORE, Mr. Carney prays for judgment against Defendants as set forth  
27 below.

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**SECOND CAUSE OF ACTION**  
**Violation of California Labor Code section 1102.5(c)**  
**(Against All Defendants)**

41. Mr. Carney refers to and incorporates by reference the allegations of paragraphs 1 to 40 of this Complaint.

42. At all times relevant herein, the City was Mr. Carney's employer.

43. In refusing to allow Mr. Carney to investigate instances of City employees charging personal expenses on City-issued credit cards, to reconcile and audit the utility billing records, to pursue the remaining open criminal investigation, and to implement policy changes to restrict access to City-issued credit cards, to improve internal controls, and to require stronger tracking systems for all such charges, the City urged Mr. Carney to take actions that would have violated federal, state, and/or local laws. When Mr. Carney refused to do so, the City retaliated against him and engaged in a pattern of hostility and harassment, all in an attempt to either force his cooperation or force him to resign.

44. Mr. Carney participation in such activities would have resulted in a violation of a state and/or federal statute and/or a violation of a local, state, and/or federal rule or regulation, including, *inter alia*:

a. Employees are barred from using City-issued credit cards for short term personal loans, and doing so could be a violation of Penal Code section 424;

b. California Constitution Article XVI, Section 6 of the Constitution prohibits the gift or lending of public funds for personal benefit;

c. Government Code sections 53234, *et seq.* clearly outlines the requirements for ethics training, which commonly covers the use of public funds. The appointed City Treasurer was required to fulfill his responsibilities under Government Code sections 41001, *et seq.* to "receive and safely keep all money the treasurer receives," and comply with applicable laws. In so doing, the City Treasurer had a responsibility to investigate the issues raised by staff and in turn report these findings to Mr. Carney, who, in turn, had the legal duty to direct further investigation and report to the City Council;

1 d. Regarding the instances of multiple questionable procurement practices  
2 and the recycling yard “pay to play” scheme, Mr. Carney’s duties were clear. Government Code  
3 section 36522 states “any officers or employee collecting or receiving any money belonging  
4 to...the city shall deposit it immediately in the treasury”; and

5 e. Lodi City Ordinance section 2.12.060 provides that the City Manager had a  
6 duty and legal responsibility to complete his investigation of potential unlawful activity. The City  
7 Manager was also required to determine and resolve the operational vulnerabilities that  
8 contributed to the alleged misconduct.

9 45. Because he was informed and believed that such activities were unlawful, Mr.  
10 Carney refused to turn away from and ignore these issues, as alleged, or take part in any course of  
11 conduct that downplay, cover up, conceal, or leave unresolved such financial malfeasance.

12 46. Because of Mr. Carney refusal to take such action, the City undermined his  
13 authority as the executive officer of the City by first suspending him in April 2025. The City  
14 continued its retaliation by later terminating him in November 2025.

15 47. The City’s conduct actually and proximately caused damage to Mr. Carney.

16 48. Mr. Carney suffered lost wages and benefits. He also suffered emotional distress  
17 due to this unlawful retaliation, as herein alleged, which had the effect of challenging his  
18 integrity, competency, and performance as a public servant.

19 49. The City’s conduct was a substantial factor in causing Mr. Carney’s harm.

20 50. WHEREFORE, Mr. Carney prays for judgment against Defendants as set forth  
21 below.

22 **PRAYER FOR RELIEF**

23 WHEREFORE, Plaintiff prays for judgment against Defendants CITY OF LODI and  
24 DOES 1-100, inclusive, as follows:

25 1. As to each cause of action, for general and special damages according to proof; for  
26 the loss of earnings and earning capacity according to proof; and for prejudgment interest and  
27 penalties to the extent allowed by law.

28 2. As to each cause of action, for civil penalties according to law.

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- 3. For attorney's fees in prosecuting this action.
- 4. For costs of suit.
- 5. For such other and further relief as the Court deems just and proper.

Dated: June 4, 2026

CANNATA, O'TOOLE & OLSON LLP



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THERESE Y. CANNATA  
VINCENT C. LEE  
Attorneys for Plaintiff  
SCOTT R. CARNEY

# **EXHIBIT A**

## **City Manager Comments on the Mid-Year Budget Adjustments Published for April 1 and April 2, 2025.**

The Mid-Year staff reports as published are not the staff reports I reviewed and approved last week. On Friday, the City Clerk and City Attorney coordinated to publish edited versions of the staff reports contrary to direction.

Lodi Municipal Code clearly outlines the reporting structure for all staff, including the other Council Appointees, and failure to follow direction is an act of insubordination in violation of the Lodi Municipal Code. Although City Council is aware of and working to respond to expressed concerns about roles and responsibilities, I am speaking out because the redacted staff reports clearly prioritize protecting some City staff from scrutiny over the public interest.

In hiring a City Manager from the outside City Council wanted a fresh review of City operations, transparency and accountability. The edited reports redact public disclosures related to over spending the City's limited General Fund, internal control deficiencies, and material findings from the annual audit. The redactions reduce the transparency and accountability contained in the original staff reports.

### **Cost Allocation**

Staff determined that the City failed to allocate allowable cost in recent years and over-spent limited General Fund resources.

- Staff originally estimated that there would be approximately \$4.6 million more in available General Fund resources if the City had appropriately allocated costs during the last five years.
- Budget staff continue to review records and the good news is that the total amount overspent may be significantly less than originally estimated.
- However, it does not make the problem go away. Evidence remains that allowable costs were not appropriately allocated for mid-year changes in the last three years.

Regardless of the revised downward estimate, the City has not updated its cost allocation plan in many years and the City's existing cost allocation plan was not developed consistent with federal standards.

Cost allocation plans must meet federal standards to be able to allocate costs to federally funded projects in addition to allocating allowable costs of doing business for enterprise activities. Lack of a federally acceptable plan limits cost recovery and compliance with federal funding requirements. Budget staff are still reviewing to determine if indirect costs were inappropriately charged.

When redacting information in the original report, the City Attorney noted that the cost allocation plan must only meet the reasonable standard defined in California law and that it is very common for cities to go more than 10 years without changing their plans.

This perspective stands in stark contrast to the Government Finance Officers Association guidance that an indirect cost allocation plans should be evaluated annually to ensure the accuracy of factors that can have a significant effect on the allocation (e.g. changes to cost centers, involvement of new funds). The basis and methodology for the cost allocation should be reviewed regularly to ensure the allocation is fair, consistent, reasonable and rational.

Consistent with GFOA guidance, staff engaged a fiscal consultant to develop a Uniform Guidance-compliant plan that will improve cost efficiency, compliance, reimbursement potential, and reduce financial strain on the General Fund. This transition will strengthen budget flexibility, minimize audit risks, and ensure consistent cost allocation throughout the year. Improved stewardship will allow the City to better fund essential services.

In reviewing and updating the cost allocation plan, staff are protecting the City's limited General Fund resources for community priorities.

## Internal Controls

The City Attorney also redacted language related to poor internal controls asserting that the language was unrelated to the Mid-Year budget adjustments. The specific language was:

*“An internal controls assessment is pending and will be presented to City Council in the coming weeks by Moss Adams. The FY 2023-24 audit is now complete, and the external auditor will present audit findings to City Council as well. The assessment will include recommendations to address deficiencies and the audit will include material findings. Additional positions may be requested to address deficiencies contingent on the availability of resources.”*

Additional resources are included in the Mid-Year budget adjustments to improve finance and human resources operations policies, procedures and systems. Highlighting the internal controls assessment and anticipated recommendations along with the material findings made during the annual audit are related to the need for additional resources in Finance as requested.

It was also important to be transparent that the resources requested in the Mid-Year adjustments are unlikely to resolve all deficiencies, but we are limited by what we can afford.

Unfortunately, the City Attorney repeatedly attempted to redact or reword staff reports to diminish transparency and the significance of how the City’s stewardship failures were characterized. Similar attempts were made in January and February when assessments of the Library, Finance, and Human Resources operations were brought forward.

The recharacterizations and redactions are concerning given that the City Attorney is aware that:

- An employee was terminated and charged criminally for stealing thousands of dollars from the City in 2021 using a City credit card.
- No policies, procedures, or centralized controls were changed after the 2021 incident.
- Another employee was terminated for stealing power from the City in 2024 after I started.
- A third investigation of potential criminal activity by City employees was initiated in 2024 after I started and is ongoing.

In the last two weeks, internal reviews of purchasing activity revealed evidence of widespread misuse of public funds and use of City credit cards to purchase personal items.

- According to City policy, City credit cards should never be used for personal expenses.
- The Institute for Local Government provides clear guidance and warning that public officials have been removed from office for misuse of City credit cards.
- Reimbursement of personal expenses was found not to be a defense in court.
- A forensic audit will be initiated to determine the full extent of the misuse of public funds.

The internal resistance to examining existing practices and implementing professional standards felt disproportionate to the proposed changes in the last 10 months. This resistance raised concerns about what the assessments would find.

Some staff and former staff regularly comment that Lodi is a small town that does not need all the bureaucracy. But the evidence is clear that the City of Lodi is failing its duties as stewards of public resources and the public trust. The City of Lodi is a \$280 million a year operation with more than 400 employees, we are a full-service city, and have our own electric utility. Appropriate internal controls are a necessity, not an option.

Past frugality prevented investments in conventional financial controls and resources, and left material weaknesses, created internal control deficiencies, prevented timely filing of accurate annual financial statements, and left the City vulnerable to fraud and theft as the Interim Assistant City Manager described on February 11, 2025. If the City organization is to evolve to meet our future challenges, roles and responsibilities must be clarified, professional standards and systems implemented, and individual accountability established.

We will only be able to invest in Lodi’s future if we provide the transparency, accountability and the resources needed to support the many earnest employees who work diligently to deliver efficient and proper stewardship.

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# **EXHIBIT B**

## **Memorandum to City Council Regarding City Manager Comments on the Mid-Year Budget Adjustments**

Attached please find a copy of the prepared statement that I read at the April 1, 2025, Special Meeting regarding Mid-Year Budget Adjustments for your reference. In the last week there have been public comments that I spoke to items that were not agendaized and may have revealed confidential information. As is clear in my statement, I spoke directly to the staff report that was on the agenda and I revealed no confidential or identifying information. Both assertions are incorrect.

My actions on April 1 were extraordinary and uncomfortable, but necessary for two reasons. First, the sanitized staff reports diminish both the significance of the issues facing the City and the argument to provide the required resources to implement and oversee proper internal controls. This persistent pattern of recharacterizing staff reports has long seemed odd and became more concerning recently.

On March 18, 2025, Interim Assistant City Manager Magee reported to me evidence that multiple employees, including both the City Attorney and City Clerk, used their City issued credit cards for personal purchases. Although the limited evidence currently available suggests that reimbursements were provided, use of a City credit card followed by reimbursement of personal expenses is not permitted and is not a defense for violating City policy or California Penal Code 424. Contrary to City policy and state law, multiple staff report that the prior administration encouraged the use of City credit cards for personal expenses as long as reimbursement was provided. The total number of employees misusing credit cards and providing reimbursement is unknown and staff does not have the capacity to determine if credit cards are being misused without reimbursement. Further, the amount of time required to reconcile statements, ensure repayments are identified, and reimbursements processed for what are effectively personal loans is a misuse of public funds.

Second, the Mayor and outside Counsel Gillick were made aware of these facts on March 19, but neither I nor Mr. Magee were allowed to bring the matter to Closed Session. In my separate discussions with the Mayor and Ms. Gillick I requested to bring the matter to Closed Session on April 1 or April 2, to obtain authority for a confidential contract under the authority of outside Counsel for a forensic audit of City credit cards. I could not process a confidential forensic audit contract through the City Attorney's Office given her own violations. On March 20, 2025, Ms. Gillick requested copies of the documentation to evaluate the matter. I shared my discussions with Mr. Magee and asked him to compile electronic copies of the documentation, which were shared with Ms. Gillick the following week. Mr. Magee had his own conversations with Ms. Gillick about attending Closed Session as well.

On March 28, Mr. Magee contacted me shortly after 4 pm to alert me to delays in publishing the agendas for April 1 and April 2. A final staff report was approved by me on Wednesday, March 26 for the April 1 study session. In my review of the report, I considered the City Attorney's comments, questions, and concerns and finalized the

report. I previously shared concerns raised by the City Attorney in my one-on-one meetings with Council Members and addressed them specifically. The approved report was to be replicated with recommended action, rather than study, for the April 2 regular meeting. This plan was discussed with both the City Clerk and the City Attorney.

On March 28, the City Attorney and City Clerk again sanitized the reports to remove references to the General Fund cost of not performing regular accounting practices, upcoming recommendations to address internal control deficiencies, material findings that are forthcoming in the annual audit, and that additional positions beyond those requested in the Mid-Year Budget Adjustments will likely be needed to address all deficiencies. I provided clear direction to publish the reports as had been approved. The Mayor was alerted to the delay in publishing the agenda and that I was working to resolve the issue. I specifically told him that I wanted him to be aware but was not asking him to do anything.

The Mayor later informed me that he talked to the City Attorney and City Clerk and the reports would be published as edited by the City Attorney. When asked about Closed Session, he conveyed to me that outside Counsel informed him that "the credit card issues are the City Manager's to resolve." He further informed me that he would tell Council in Closed Session about the credit card violations under performance review and that he would direct Council Members to talk with me separately in one-on-one meetings for more information. It was clear that my request to have either Mr. Magee or myself present in Closed Session was not approved.

The City Attorney's and City Clerk's decision to engage the Mayor to publish altered versions of the staff reports represented a fundamental violation of the authorities of the Office of the City Manager and the entire process was in my view a violation of the Lodi Municipal Code. This undermines my ability to perform my duties. Most recently, multiple Council Members publicly expressed their intention to consult staff and labor partners before deciding whether to approve the addition of an Administrative Services Director/Chief Financial Officer position despite the body of evidence methodically prepared and presented to Council in public meetings that began in February. No one could successfully perform the duties of the City Manager under these conditions.

Unfortunately, there have been many examples of unprofessional and unethical behavior since I started. Revelations include a failure to comply with statutory timelines for Public Records Act requests and evidence of lies to justify delayed response, being sent to collections by PERS, failure to manage the Granicus contract and being sent to collections, two businesses that threatened litigation due to a lack of response from the Public Works Department over years, questionable purchases on the City Amazon account that need to be reviewed, accounting record formulas were overwritten to force accounts to balance, the former Accounting Supervisor's City laptop and working files are missing, and the human resources and finance deficiencies that have been discussed. There are many pre-existing deficiencies that limit our ability to achieve the objectives outlined in the Strategic Vision, and they must be resolved. Any one of these deficiencies is unacceptable, but mistakes do happen. However, in totality the evidence

of unethical and potentially illegal behavior combined with longstanding internal control deficiencies demonstrate a failure of public stewardship.

Ethically and legally, I cannot ignore or stay silent about the issues that have been discovered. I have an obligation and fiduciary responsibility to reveal the issues that create liability for the City, City Council and me professionally and personally. Recognizing the vulnerabilities of our current systems and internal controls and the evidence of potentially illegal conduct it would be a dereliction of duty to not address these deficiencies. Per California Labor Code, I cannot be intimidated or compelled to allow these activities to continue. Liability is not created in speaking the truth, but in the wrong decisions and accepted behaviors that violate the rules.

I am prepared to discuss these and previously reported issues with Council publicly or privately. I would hope for the endorsement and support to correct these issues so that we might achieve all of the potential opportunity that lies ahead for Lodi. This would require a commitment to support the Council-Manager form of government and agreement to work through the lack of trust that has been fomented by others and evident for months. I would engage a seasoned city management professional to assist us with principles of good governance and an organizational specialist to help us understand how to work together effectively.

If Council is uninterested in these changes, has determined our differences to be irreconcilable, or reached the point where my services are not welcome here I am open to negotiating a mutually agreeable separation agreement for a termination without cause.

If Council intends to pursue termination for cause, I will defend my name and reputation. As such, I am prepared to request a public hearing consistent with the process outlined in Lodi Municipal Code 2.12.050 and as I am entitled under Government Code 54957.