



Michael S. Waterson

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## VERIFIED DELIVERY

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- Dear Michael S. Waterson:

This letter is an alert to you about a ~~state sponsored racket~~ that is causing great financial harm to you, other citizens in California and citizens across the nation.

One of the ringleaders of this racket is Napa Valley District Attorney Gary Lieberstein and his Assistant District Attorney Daryl Roberts.

This racket uses California's liberal **Unfair Competition, False Advertising and Proposition 65** laws and processes to extort money from hundreds of businesses each year in California and across the nation. In many cases, these companies go out of business, causing the loss of tens of thousands of jobs.

This racket harms you in many ways including:

1. Jeopardizing your job.
2. Lowering your paycheck because it reduces competition in the job marketplace due to high unemployment.
3. Increases your tax burden because lost jobs means lost revenues to your state which have to be made up in higher taxes.
4. Depriving you of beneficial products that could improve your life.
5. Making you pay more for products and services because of reduced competition and the extra expense of businesses having to pay for this racket.
6. Reduces your property values because people who lose their jobs in California likely lose their homes or move out of the state, causing a housing glut.
7. Reduces your investments and retirement benefits because these are affected by economic downturns.

We are a group of over 800 employees of a company that is being threatened by this racket along with millions of employees of many other companies. Our company is Suarez Corporation Industries (SCI) located in Canton, Ohio. We not only stand to lose our jobs, but, our company is a profit sharing company that shares nearly half of its profit with us, its employees. Therefore, we also stand to lose a great deal of needed income from profit sharing if our company has to pay a great amount of demanded money. We could also lose our jobs if the extorted money payout being demanded puts our company out of business, as it has in many cases with other companies.

Rather than sit helplessly by while our jobs and livelihood are unjustly taken from us, we have formed a non-profit legal foundation, The Association of American Business Employees (AABE), to inform the public about this racket and to take legal and political action against this racket. Thousands of other employees from many other companies have also joined us in AABE. We will also take legal and political action against all other corrupt regulators who threaten our jobs.

This California District Attorney racket has greatly contributed to the recession and to unemployment in

California and across the nation.

Here is how this racket works.

In 1933, California passed The Unfair Competition Law (UCL) and later The False Advertising Law (FAL) which allowed anyone in California to file a class action consumer protection lawsuit without proving damages. About 20 years ago California passed Proposition 65 which put unreasonable low levels on substances which can be put into products, especially lead. These low levels totally conflict with FDA standards. In all other states only federal regulators and states attorneys general could file consumer protection lawsuits on behalf of the public.

These laws resulted in frivolous lawsuits by California citizens, plaintiff attorneys and a number of local government officials. Then, about 15 years ago, the number of these lawsuits escalated. In 2004, California passed a law that citizens and plaintiff attorneys had to prove damages. But the new law did not apply to the D.A.s, so they continued to file the lawsuits in high volume.

The most egregious and destructive lawsuits have been perpetrated by a group of 10 county district attorneys from California. This **rogue** 10 D.A.s organized a systematic racket under the guise of consumer protection. Their mission was not consumer protection, but, rather, **revenue generation for their county and offices which would provide them with a great deal of extra perks and advance their political careers.**

Our research shows that a small percentage of the companies in which these Rogue 10 D.A.s took action were guilty of law violations. However, the vast majority were not guilty of any law violations.

These rogue 10 D.A.s' racket is doing more damage to businesses and the U.S. economy than all the federal regulators and all of the other 49 state regulators combined. We estimate that this racket has resulted in the loss of millions of jobs over the past 10 years.

These rogue 10 D.A.s are: 1) Napa County District Attorney Gary Lieberstein; 2) Alameda County District Attorney Nancy O'Malley; 3) Monterey County District Attorney Dean Flippo; 4) Sonoma County District Attorney Stephan Passalacqua; 5) Santa Clara County District Attorney Dolores Carr; 6) Shasta County District Attorney Gerald Benito; 7) Marin County District Attorney Edward Berberian; 8) Orange County District Attorney Tony Rackauckas; 9) Solano County District Attorney David Paulson; and 10) Santa Cruz County District Attorney Bob Lee.

One of the ringleaders of this Rogue 10 D.A.s' racket is Napa County D.A., Gary Lieberstein, who uses his Assistant D.A., Daryl Roberts, as the administrator and henchman for this racket.

Roberts uses other assistants in the Napa County D.A.s office as well as outside consultant experts depending on the product field involved.

The following is the M.O. for Daryl Roberts in carrying out this Rogue 10 D.A. racket:

1. The advertising mediums of television, radio, the Internet, newspapers, magazines and direct mail are monitored to find pigeon companies. Pigeon companies are ones that sell products to consumers, utilize advertising and generate enough revenue to be able to pay a large amount of money.
2. The ad or ads that are initially found on the pigeon company are then sent to the respective expert consultant who then proceeds to invent hypothetical law violations.
3. Even if Roberts has no consumer complaints or evidence of consumer harm concerning the pigeon company, he then contacts the company and follows up with an investigatory demand. This investigatory demand asks for details on the ads such as the number of sales made in California and the revenue generated. He also asks for any other ads on any product the company has run in California, and also demands the same sales and revenue information.
4. Roberts then sends the additional ads, if any, to the respective expert consultant for more hypothetical law violations.
5. When all of this information is gathered, Roberts then takes all of the violations times the number

of sales for each violation times a fine per violation amount. For most companies, this comes out to exorbitant amounts of money, tens of millions of dollars and, many times, hundreds of millions of dollars. This amount of fines would, of course, put the companies out of business.

6. Roberts then threatens to file a lawsuit in which the pigeon company knows that they will have to go into a California court with liberal judges and liberal juries. But what Roberts really wants is an out of court settlement for a less but very large amount of money. The company is then repeatedly hounded with threats of more imminent timelines for filing of the lawsuit. Roberts also threatens to sue the business owner personally and take the business owner's personal assets.
7. Most companies pay the out of court settlement money. Some companies are offered to pay a yearly amount of money.
8. If the yearly money is not in place, Roberts continually goes back for more money from the pigeon company whenever they run new ads or sell new products in California.
9. All of the money collected is then divided up amongst the Rogue 10 D.A.s.

But this racket goes far beyond the money in the way of destruction for other states. The pigeon company then loses a great deal of profits and thus pays much less taxes to their state. In many cases, they lay off a great number of employees, causing more revenue losses to the states. Many companies are put out of business causing massive permanent job losses.

Here are more specifics on what we have been able to find so far on the extent of the Rogue 10 California D.A. racket.

California is the most populous state in the Union. Its 37 million residents represent over 12% of the people in the United States. No national advertising campaign by any company in this country can avoid California, but California is to business what a Venus Fly Trap is to flying insects. It lures them in and then attempts to kill them. The liberal UCL and Proposition 65 laws of California have driven out of the state over 204 businesses in 2010 alone. Unemployment in California has reached 12.5%. California's UCL and infamous Proposition 65 laws have caused more companies from other states to be financially crippled or destroyed than either federal regulation or the regulation of all the other states combined. While California reaps financial windfalls from its predatory practices, extorting enormous sums from businesses headquartered in other states, each other state must cope with the fallout. Each experiences higher unemployment, lower taxable revenues, and greater outlays in state spending to cope with job loss and dislocation.

This racket has cost millions of lost jobs to employees of innocent companies across the nation. It has caused many of these employees to lose their homes, their children go hungry and cry everyday, suicides and homelessness. These ruthless D.A.'s like Lieberstein and Roberts do not care. They live a life of luxury off of this racket.

Efforts are now underway for a Congressional investigation of this racket and to enact federal laws that will repeal the unconstitutional laws and court decisions supporting this racket.

There is also something residents of Napa County can do. Although Napa County District Attorney Gary Lieberstein was recently elected to a 4-year term, there is a recall provision in California law. We are working with our California AABE members on a recall campaign against Gary Lieberstein in which you can contribute if you wish. You can help stop this destructive Rogue 10 D.A.s racket with this recall. Please see the enclosed AABE Membership Sign Up Form.

You can also join AABE and help stop corrupt regulators nationwide who degrade our standard of living. Again, see the enclosed AABE Membership Sign Up Form.



David Calevski  
Executive Director  
The Association of American Business Employees (AABE)