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16 SUPERIOR COURT OF THE STATE OF CALIFORNIA
17 FOR THE COUNTY OF LOS ANGELES

19 LOS ANGELES COUNTY EMPLOYEES
RETIREMENT ASSOCIATION, an
20 independent agency,

21 Plaintiff,

22 vs.

23 CARMELO MARQUEZ, an individual;
SAFESEC, LLC, a Wyoming limited liability
24 company; and DOES 1–10, inclusive,

25 Defendants.

Case No: **25NNCV03240**

**COMPLAINT FOR DAMAGES,
EQUITABLE RELIEF, AND CIVIL
PENALTIES FOR:**

- (1) VIOLATION OF CONFLICT OF INTEREST LAW (GOV. CODE § 1090, ET SEQ.)
- (2) VIOLATION OF POLITICAL REFORM ACT (GOV. CODE § 87100, ET SEQ.)
- (3) VIOLATION OF POLITICAL REFORM ACT (GOV. CODE § 87200, ET SEQ.)
- (4) BREACH OF FIDUCIARY DUTY
- (5) AIDING AND ABETTING BREACH OF FIDUCIARY DUTY
- (6) FRAUD
- (7) DECLARATORY RELIEF

1 Plaintiff Los Angeles County Employees Retirement Association (“LACERA”), an
2 independent governmental entity, brings this complaint for damages, equitable relief and civil
3 penalties against Carmelo Marquez (“MARQUEZ”), an individual; SafeSec, LLC, a Wyoming
4 limited liability company (“SAFESEC”); and Does 1-10, inclusive (collectively referred to as
5 “Defendants”), and alleges as follows:

6 **GENERAL ALLEGATIONS**

7 1. At all times mentioned herein, LACERA was, and now is, an independent
8 governmental entity that has a fiduciary responsibility to administer benefits and manage the
9 retirement funds for the current and former employees of the County of Los Angeles and other
10 special districts not part of the County government, including the Los Angeles Superior Courts,
11 Los Angeles County Office of Education, Local Agency Formation Commission for the County
12 of Los Angeles, South Coast Air Quality Management District, and Little Lake Cemetery
13 District.

14 2. In March 2021, LACERA engaged MARQUEZ as an independent contractor in
15 the position of Information Security Architect in the information security office at LACERA.

16 3. MARQUEZ began working at LACERA in this capacity on or around April 12,
17 2021.

18 4. In or about February 2023, LACERA elevated MARQUEZ in his contractor role
19 to the position of Interim Information Security Officer (“ISO”).

20 5. In his capacity as Information Security Architect and Interim ISO, MARQUEZ
21 was authorized by LACERA to engage in contracting on behalf of LACERA, and in fact did so.
22 In addition, when he was promoted to the position of Interim ISO, MARQUEZ became a
23 manager of LACERA and reported directly to LACERA’s Deputy Chief Executive Officer.
24 Thus, MARQUEZ had management responsibilities and reported directly to the LACERA
25 Executive Office. In his tenure with LACERA, MARQUEZ: provided Information Security
26 updates to LACERA’s Executive Office and LACERA’s Boards; handled the procurement
27 process for all required departmental purchases; initiated, maintained, and managed vendor
28 relationships; and served as an advisor to LACERA on all cybersecurity matters, new technology

1 and business processes to be implemented, and new vulnerability management and remote access
2 management tools, products, and services to be purchased by LACERA, including by identifying
3 and recommending the vendors or Value-Added Resellers (“VARs”) who would supply the
4 products and services, and by negotiating the contracts with such vendors and VARs.

5 6. Consistent with general commercial practice for the purchase of information
6 technology goods and services, LACERA commonly uses VARs to obtain security products
7 instead of contracting directly with the companies that manufacture such products. LACERA’s
8 Policy for Purchasing Goods and Services requires a minimum of three written bids/proposals
9 for procurements over \$5,000—and thus three or more vendors or VARs compete to sell a
10 particular good or service. LACERA generally awards the contract to the VAR with the lowest
11 bid for the best available good or service suited to LACERA’s needs unless a compelling reason
12 exists to select a VAR with a higher bid.

13 7. In September 2022, while working at LACERA, MARQUEZ formed SAFESEC,
14 a Wyoming limited liability company.

15 8. On information and belief, at all relevant time periods, MARQUEZ served as the
16 sole member and owner of SAFESEC, and MARQUEZ acted through SAFESEC as an alter ego.

17 9. In or about October 2022, MARQUEZ sought guidance from a representative of a
18 cybersecurity company, Tenable Inc. (“Tenable”), on how a company could become a VAR of
19 Tenable products. In a written communication to the representative, MARQUEZ explained that
20 he was “asking for a close friend who recently started a Cyber Security consulting company.”

21 10. On information and belief, Marquez’s efforts led to SAFESEC becoming a VAR
22 of Tenable products in or about October 2022.

23 11. In or about October and November 2022, while working at LACERA,
24 MARQUEZ recommended, directed, and secured the onboarding of SAFESEC as a VAR with
25 which LACERA could contract.

26 12. MARQUEZ achieved the onboarding of SAFESEC as a VAR by, among other
27 things, requesting guidance from a LACERA employee regarding what steps he needed to take
28 and what information was required to establish SAFESEC in LACERA’s procurement system.

1 13. After SAFESEC was onboarded as a VAR in LACERA’s procurement system at
2 MARQUEZ’s recommendation and instruction, MARQUEZ recommended to LACERA the
3 purchase of certain products and services through SAFESEC, including vulnerability
4 management and remote access management products and services.

5 14. MARQUEZ recommended and oversaw the contracting of LACERA with
6 SAFESEC for the purchase of products and services offered by Tenable. MARQUEZ ensured
7 the purchase of Tenable products and services through SAFESEC by using insider information to
8 submit the lowest bid.

9 15. The invoices SAFESEC issued to LACERA for the purchase of Tenable products
10 and services were in the sum of \$78,447.11 for an initial purchase and \$12,798.73 for a Tenable
11 Add-On, for a total sum of \$91,245.84. LACERA paid SAFESEC for these invoices in full at
12 Marquez’s request and with his approval.

13 16. On information and belief, MARQUEZ solicited quotes from two other vendors
14 of the Tenable products in order to provide the appearance of a competitive process when, in
15 fact, he made certain that SAFESEC would offer the lowest quote for the products in order to
16 guarantee that LACERA would elect to contract with SAFESEC for the Tenable products,
17 consistent with LACERA’s policy to contract with the lowest bidder absent a reasonable
18 justification that supported deviating from that policy.

19 17. MARQUEZ likewise recommended and oversaw the contracting of LACERA
20 with SAFESEC for the purchase of products offered by Banyan Security (“Banyan”). As with
21 the Tenable purchase, MARQUEZ also ensured the purchase of Banyan products through
22 SAFESEC by using insider information to submit the lowest bid.

23 18. On information and belief, MARQUEZ solicited quotes from two other vendors
24 of the Banyan products in order to provide the appearance of a competitive process when, in fact,
25 he made certain that SAFESEC would offer the lowest quote for the products in order to
26 guarantee that LACERA would elect to contract with SAFESEC for the Banyan products,
27 consistent with LACERA’s policy to contract with the lowest bidder absent a reasonable
28 justification that supported deviating from that policy.

1 because the contracts between SAFESEC and LACERA were made and performed in the County
2 of Los Angeles and the liability of SAFSEC has arisen in the County of Los Angeles.

3 **COMPLIANCE WITH POLITICAL REFORM ACT**

4 27. As required by Government Code section 91007, on January 14, 2024, LACERA
5 referred its investigation into MARQUEZ and SAFESEC to the Los Angeles County District
6 Attorney (“DA”) George Gascón and to the Enforcement Division Chief of the Fair Political
7 Practices Commission (“FPPC”) James Lindsay.

8 28. On December 13, 2024, LACERA sent a follow up letter to DA Nathan
9 Hochman, as required by Government Code section 91007, requesting that the DA commence a
10 civil action under the Political Reform Act.

11 29. By letter dated January 17, 2025, the DA informed LACERA that LACERA may
12 initiate its own civil action against MARQUEZ and SAFESEC.

13 **FIRST CAUSE OF ACTION**

14 **(For Violation of Cal. Gov. Code § 1090, *et seq.*)**

15 **Against Defendants Carmelo Marquez, SafeSec and DOES 1–10**

16 30. LACERA incorporates herein by reference and realleges the allegations stated in
17 Paragraphs 1 through 29, inclusive, of this Complaint.

18 31. California Government Code section 1090 prohibits a public officer, employee, or
19 agency from participating in making any government contract in which that officer, employee, or
20 agency has a financial interest and also prohibits aiding and abetting a violation of section 1090.

21 32. The term “officer” in California Government Code section 1090 has been
22 interpreted broadly to apply to “outside advisors [independent contractors, including corporate
23 consultants] with responsibilities for public contracting similar to those belonging to formal
24 officers.” (*See People v. Superior Court (Sahlolbei)* (2017) 3 Cal.5th 230, 237–240.)

25 33. Under California Government Code section 1092, contracts and the approval of
26 payments made in violation of California Government Code section 1090 may be avoided at the
27 request of any party to the contract other than the financially interested officer. Among other
28 remedies, all of the payments made by a public entity pursuant to a contract tainted by a conflict
must be refunded to the public entity.

1 42. MARQUEZ, in his role as Interim ISO at LACERA, was also serving in a
2 position subject to the conflict-of-interest provisions of the Political Reform Act and thus was
3 required to file Form 700s with LACERA.

4 43. Pursuant to LACERA's Conflict of Interest Code, MARQUEZ was required to
5 disclose all business positions (regardless of whether the position is compensated or not),
6 investments in, or income (including gifts, loans and travel payments) received from business
7 entities that manufacture, provide, or sell services and/or supplies of a type utilized by LACERA
8 and associated with the job assignment of the ISO.

9 44. MARQUEZ had a financial interest in SAFESEC as, based on information and
10 belief, its sole member and owner.

11 45. SAFESEC provides and sells services and/or products of a type utilized by
12 LACERA and associated with the job assignments MARQUEZ held during his tenure with
13 LACERA.

14 46. MARQUEZ had a financial interest in the governmental decisions regarding
15 procurement and payment by LACERA for products and services provided through SAFESEC,
16 including for the goods and services for which SAFESEC submitted invoices to LACERA,
17 totaling \$123,645.84, which LACERA paid.

18 47. MARQUEZ made, participated in making, attempted to use, and/or did use his
19 official position to influence governmental decisions regarding procurement and payment by
20 LACERA for goods and services procured from SAFESEC for his personal financial benefit and
21 gain.

22 48. MARQUEZ knew or should have known that LACERA's contracting with
23 SAFESEC would have a reasonably foreseeable material financial effect on his financial interest.

24 49. MARQUEZ purposefully concealed his financial interest in SAFESEC, including
25 by failing to disclose his financial interest in SAFESEC on the Form 700 Assuming Office
26 Statement that he was required to file, and which he did file on March 29, 2023, and on the Form
27 700 Leaving Office Statement that he was required to file, and which he did file on August 8,
28 2023.

1 to apply for contracts with LACERA, by securing information from LACERA to obtain such
2 contracts on behalf of SAFESEC and himself, and by impersonating another individual, “Carlos
3 Rodriguez,” in order to further the fraudulent scheme by representing “Carlos Rodriguez” as a
4 SAFESEC representative in lieu of himself and by failing to disclose MARQUEZ’s interest in
5 SAFESEC on the Form 700s filed with LACERA

6 76. MARQUEZ intended that LACERA rely on these representations to enter into the
7 contracts between it and SAFESEC.

8 77. LACERA reasonably relied on MARQUEZ’s representations that “Carlos
9 Rodriguez” was a person distinct from MARQUEZ himself.

10 78. LACERA was harmed by entering into the contracts with SAFESEC.

11 79. LACERA would not have entered into the contracts with SAFESEC had
12 MARQUEZ not represented himself to be a different person, “Carlos Rodriguez,” to LACERA
13 when contracting on behalf of SAFESEC.

14 80. As a proximate result of MARQUEZ’s conduct, LACERA has been damaged in
15 an amount to be determined at trial.

16 81. The actions of MARQUEZ were done with malice, fraud, oppression, and
17 reckless disregard for the rights of LACERA within the meaning of California Civil Code section
18 3294 as demonstrated, among other things, by his use of the alias “Carlos Rodriguez,” and by his
19 omission of his interest in SAFESEC from the Form 700s filed with LACERA. Therefore,
20 LACERA is entitled to recover punitive damages against MARQUEZ.

21 **SEVENTH CAUSE OF ACTION**

22 **(Declaratory Relief)**

23 **Against Defendants Carmelo Marquez and SafeSec**

24 82. LACERA incorporates herein by reference and realleges the allegations stated in
25 Paragraphs 1 through 81, inclusive, of this Complaint.

26 83. An actual and present controversy exists between LACERA and Defendants as to
27 their rights and duties with respect to another under the contracts between LACERA and
28 SAFESEC and the applicable statutes.

1 **PRAYER FOR RELIEF**

2 Plaintiff, on behalf of itself, prays for judgment against Defendants as follows:

3 1. That under Government Code section 1092, and the Court's inherent equitable
4 power, the Court find that Defendant MARQUEZ has violated the California conflict of interest
5 statutes, Government Code sections 1090 and 87100, *et seq.*, and that all of his actions on behalf
6 of LACERA in relation to procurement from or through SAFESEC for his personal financial
7 gain and benefit are void and set aside;

8 2. For a declaration that LACERA's contracts with, and purchase orders and
9 payments to, SAFESEC are void and an order that Defendants MARQUEZ and SAFESEC repay
10 to LACERA all payments previously made by it to SAFESEC;

11 3. For damages, in an amount according to proof, including disgorgement by
12 MARQUEZ and SAFESEC of all other gains received as the result of their violation of conflict-
13 of-interest laws applicable to their transactions with LACERA, with pre- and post-judgment
14 interest;

15 4. For a mandatory injunction against MARQUEZ pursuant to Government Code
16 section 91003 to compel compliance with Government Code section 87200, *et seq.*;

17 5. For a determination that MARQUEZ, aided and abetted by SAFESEC, breached
18 his fiduciary obligations to LACERA by engaging in a scheme to defraud LACERA, resulting in
19 damages to LACERA in an amount to be determined in accordance with proof;

20 6. For a determination that MARQUEZ and SAFESEC committed fraud on
21 LACERA while MARQUEZ was serving as LACERA's Information Security Architect and
22 Interim ISO, resulting in damages to LACERA in an amount to be determined in accordance
23 with proof;

24 7. For civil penalties against MARQUEZ under Government Code section 91004 for
25 the amount not properly reported on his Form 700 Assuming Office and Leaving Office
26 statements, according to proof at trial;

