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FOR IMMEDIATE RELEASE
MAY 17, 2016

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SEVEN FORMER BEAUMONT CITY OFFICIALS CHARGED IN PUBLIC CORRUPTION CASE

RIVERSIDE – Today, May 17, 2016, District Attorney Mike Hestrin announced that charges have been filed against seven former City of Beaumont officials in connection with a public corruption case in which nearly \$43 million was taken.

Charges have been filed against the following: Alan Charles Kapanicas, DOB: 7-7-52, of Palm Desert; David William Dillon, DOB: 8-19-53, of Temecula; Deepak Moorjani, DOB: 11-14-46, of Yorba Linda; Ernest Alois Egger, DOB: 12-21-56, of Mendocino; William Kevin Aylward, DOB: 1-13-63, of Cherry Valley; Joseph Sandy Aklufi, DOB: 10-5-46, of Riverside; and Francis Dennis Coe Jr., DOB: 8-3-64, of Redlands.

The total amount of money taken in this case is alleged to be \$42,967,421.90.

The following counts have been filed: one count each of Government Code section 1090, conflict of interest, against Dillon, Egger, and Moorjani; six counts each of Penal Code sections 504 and 514, embezzlement of public funds, against Kapanicas, Aylward, Aklufi, Dillon, Eggers, and Moorjani; 24 counts each of Penal Code section 424, misappropriation of public funds against Kapanicas and Aylward; two counts of misappropriation of public funds against Coe; two counts each of Penal Code section 182, conspiracy, against Kapanicas and Aylward; and one count of conspiracy against Coe.

If convicted as currently charged, the seven would be barred from ever holding public office and each face the following potential maximum sentences: Kapanicas and Aylward, 26 years in prison; Dillon, Egger, and Moorjani, 16 years in prison; Aklufi, 15 years and four months in prison; and Coe, five years in prison.

Aklufi was arrested about 7:30 a.m. on Tuesday, May 17, 2016; Aylward, Dillon, Kapanicas, and Moorjani were arrested about 9 a.m. the same date, and Coe was arrested in the afternoon. Egger has been contacted and is expected to surrender to authorities on Wednesday, May 18. Bail has been set at \$5 million for Kapanicas, Dillon, Moorjani, Egger, Aylward, and Aklufi, and Coe's bail is set at \$100,000.

Arraignments for all but Egger, should they remain in custody, are expected on Thursday at the Hall of Justice in Riverside.

Based on the evidence obtained during a lengthy investigation by DA investigators assigned to the DA's Public Integrity Team, what follows is a synopsis of the case.

In the early 1990s, the City of Beaumont brought in Urban Logic Consultants principals David Dillon, Ernest Egger, and Deepak Moorjani to serve as heads of its planning, economic development, and public works departments. Alan Kapanicas was brought in as City Manager, William Aylward as City Finance Director, and Joseph Aklufi as City Attorney. It is alleged in this case that the defendants used their positions as Beaumont city officials to funnel work to their own companies. Dillon, Egger, and Moorjani are charged with violating Government Code section 1090 for their role in advising the city to issue new bonds while at the same time making payments to their own company

out of the money generated from the bond sales. Section 1090 prohibits public officials from participating in the making of a contract in which they have a financial interest.

In 2003, the City of Beaumont adopted an ordinance mandating that the city collect the Transportation Uniform Mitigation Fee (TUMF) on all new development. Under the law adopted by the city, the TUMF was required to be sent to the Western Riverside Council of Governments (WRCOG) to be pooled with fees from other areas of Riverside County and used on regionally significant transportation projects. Although the defendants caused the city to collect the TUMF, they are accused of failing to give the money over to the regional program as required by the law. Instead, evidence shows they maintained control of the TUMF and used the money on projects in Beaumont, awarding the work to their own companies. In the process, the defendants manipulated documents and made misrepresentations to WRCOG in order to illegally maintain \$36,606,190 in collected TUMF. Dillon, Egger, Moorjani, Kapanicas, Aylward, and Aklufi are charged with multiple counts of embezzlement of public funds by a public officer, Penal Code sections 504 and 514, as well as an aggravated white collar crime enhancement and an enhancement for excessive loss.

From 2010 to 2013, Kapanicas, Aylward, and Francis Coe, who was the Beaumont Police Chief at that time, came up with a way to loan then-Chief Coe \$45,000 of city money, interest free. In total, the defendants loaned \$113,773 of city money -- interest free -- to members of the Beaumont Police Department. The defendants never asked the Beaumont City Council for approval of these interest free loans. Kapanicas, Aylward, and Coe are charged with conspiracy and misappropriation of public funds, Penal Code sections 182 and 424, for lending the public's money in a manner not authorized by law.

From 2009 to 2015, Kapanicas and Aylward falsely inflated sales tax in the City of Beaumont by lending the city's resale tax permit to a private business, Beaumont Electric. The scheme required that the defendants lend city funds to Beaumont Electric to make purchases for electrical equipment. The private company was never required to sign a contract, never required to agree to any terms for the timely repayment of the debt, and never required to pay any interest. The defendants never asked the Beaumont City Council for approval before loaning a total of \$6,247,458.86 of city money to a private company. Kapanicas and Aylward are charged with conspiracy and misappropriation of public funds, Penal Code sections 182 and 424, for misusing the public's money.

The case, RIF1602262, is being prosecuted by Deputy District Attorney Amy Barajas and Deputy District Attorney Emily Hanks.

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