

W11, 12 13, & 14

ADDENDUM

May 9, 2022

TO: Coastal Commissioners and Interested Parties

FROM: Lisa Haage, Chief of Enforcement
Heather Johnston, Headquarters Enforcement Analyst
Alex Helperin, Assistant General Counsel
Aaron McLendon, Deputy Chief of Enforcement

SUBJECT: ADDENDUM TO ITEMS NO. W11, 12, 13 & 14 CEASE AND DESIST ORDERS NO. CCC-22-CD-01, CCC-22-CD-02 AND ADMINISTRATIVE PENALTY NOS. CCC-22-AP-01, CCC-22-AP-02 (1205-1207 WOOSTER STREET LLC & HEADLAND PROPERTY ASSOCIATES, LLC) FOR THE COMMISSION MEETING OF MAY 11, 2022.

The main purpose of this addendum is to inform the Commission and interested parties that, as will be discussed at the hearing, one of the parties subject to the combined hearing items listed above, **1205-1207 WOOSTER STREET LLC, has indicated a willingness to settle their Coastal Act liabilities, so agenda items 11 and 12, regarding the Cease and Desist Order and Administrative Penalty that Commission staff had recommended be issued to that party, are being postponed** to allow further time to pursue a potential settlement. This addendum includes a number of changes to the Staff Report and findings for this matter ("Staff Report") to reflect the fact that these items will not be heard at this hearing.

In addition, because the Cease and Desist Order (CDO) and Administrative Penalty (AP) involving the other party, HEADLAND PROPERTY ASSOCIATES, LLC, et al (Headlands), had terms related to and affected by the CDO and AP for Wooster, we are providing some minor changes to the proposed CDO and AP for the remaining party,

Headlands, as well, and Commission staff hereby amends its recommended findings accordingly.

Finally, this addendum also updates the record by supplementing it with correspondence that Commission staff received after the April 28, 2022, Staff Report for this matter was issued, and provides some minor corrections to the Staff Report.

I. Changes to the Staff Report and Findings With Respect to 1205-1207 WOOSTER STREET LLC

(1) The "Proposed Resolution" section on pages 9-10 refers to recommendations for Commission action pertaining to Wooster, and these are struck from the Staff Report, including in the second full paragraph ("~~and Cease and Desist Order No. CCC-22-CD-01 and Administrative Penalty No. CCC-22-AP-01 to Wooster (collectively 'Wooster Orders').~~") and in the paragraph running from page 9 to 10 ("~~Similarly, the Wooster Orders would require that they 1) cease and desist from undertaking any unpermitted development and development in violation of the previously issued GDP, as amended; 2) comply with the GDP, as amended, including by opening and cleaning the restrooms and remainder of the Trailhead Property and maintaining the Property until transfer to an appropriate entity is made, 3) take all steps necessary to ensure that title to the Trailhead Property is vested in the City or another CCC-22-CD-01 (Wooster), CCC-22-CD-02 (Headlands), CCC-22-AP-01 (Wooster) and CCC22-AP-02 (Headlands) May 11, 2022 Page 10 of 74 public or not-for-profit entity approved by the Commission's Executive Director and 4) pay penalties for violations of the public access provisions of the Coastal Act on the Trailhead Property.~~").

These are deleted.

(2) The first two motions on pages 13-14, pertaining to Wooster, are also struck in their entirety:

~~Motion 1: Cease and Desist Order (Wooster)~~

~~I move that the Commission issue Cease and Desist Order No. CCC-22-CD-01 to 1205-1207 Wooster Street LLC and Henri Levy pursuant to the staff recommendation.~~

~~Staff recommends a YES vote on the foregoing motion. Passage of this motion will result in adoption of the resolution immediately below and issuance of the Cease and Desist Order. The motion passes only by an affirmative vote of a majority of Commissioners present.~~

~~Resolution to Issue Cease and Desist Order: The Commission hereby issues Cease and Desist Order No. CCC-22-CD-01, as set forth below, and adopts the finding set forth below on the grounds that 1205-1207 Wooster Street LLC and Henri Levy, has undertaken development without the requisite permit and in violation of CDP No. A-381-78, as amended, and has otherwise acted in a manner inconsistent with that permit, in violation of the Coastal Act, and that the requirements of the Cease and Desist Order are necessary to ensure compliance with the Coastal Act and the Coastal Development Permit.~~

~~Motion 2: Administrative Civil Penalty Action (Wooster)~~

~~I move that the Commission find that the various actions and failures to act by 1205-1207 Wooster Street LLC and Henri Levy, as described in the Commission's findings, are in violation of the public access provisions of the Coastal Act, and that the Commission impose upon them an administrative civil penalty in the amount of \$1,250,00, or if they take all necessary steps to remedy the situation as outlined in the Order then no penalty, pursuant to the staff recommendation and Administrative Civil Penalty Order No. CCC-22-AP-01.~~

~~Staff recommends a YES vote on the foregoing motion. Passage of this motion will result in the assessment of an administrative penalty against 1205-1207 Wooster Street LLC and Henri Levy in the amount of \$ 1,250,000, or if they take CCC-22-CD-01 (Wooster), CCC-22-CD-02 (Headlands), CCC-22-AP-01 (Wooster) and CCC-22-AP-02 (Headlands) all necessary steps to remedy the situation as outlined in the Order then no penalty, as indicated in proposed Administrative Civil Penalty No. CCC-22-AP-01. The motion passes only by an affirmative vote of a majority of Commissioners present.~~

~~Resolution to Issue Administrative Civil Penalty Order: The Commission hereby imposes an administrative civil penalty against 1205-1207 Wooster Street LLC and Henri Levy in the amount of \$1,250,000, or if they take all necessary steps to remedy the situation as outlined in the Order then no penalty, and adopts the findings set forth below on the grounds that they have undertaken development without a permit and inconsistent with, and otherwise acted in a manner inconsistent with, CDP No. A-381-78, as amended, and the Coastal Act, and these activities have limited or precluded public access and violated the public access provisions of the Coastal Act.~~

~~These paragraphs are deleted.~~

- (3) ~~The discussions of the penalty factors and penalty recommendation only with regard to Wooster (on pages 55- 56) are also struck.~~

~~Wooster~~

~~Finally, Section 30820(c)(5) requires evaluation of the entity or individual that undertook and/or maintained the violation; whether the violator has a previous history of violations, whether they financially benefited from the violation, the degree of culpability, and whether they undertook any voluntary remedial measures. Wooster does not appear to have any history of Coastal Act violations, nor have they yet financially benefited from the violation, though they insist on their right to do so. Additionally, because of the circumstances under which they purchased the Trailhead Property, the degree of culpability is relatively low. While Wooster did in fact open and unlock the gate that completely blocked access to the Trailhead Property, as discussed above, that element of the case is not being considered as the violation upon which these penalties are predicated. On the other hand, rather than re-keying the locked restroom, which would be a nominal cost, Wooster has left it closed and/or unmaintained and unavailable to the public for three years.~~

~~The purchase of property at tax auction can result in less up-front familiarity with the limitations relating to the property, but it does not obviate the need for a prospective buyer to do proper due diligence—simply visiting the property would have shown an active and heavily used public parking lot and restroom facility. The situation here was not hidden—the fact that the trailhead property was a public access facility was actually posted on signs in the parking lot and bathroom. It was not a subtle, hidden defect in title. The obvious physical condition of the property gave every notice that there was something profoundly wrong in this offering and certainly would trigger an inspection of the legal issues and permit history on the parcel.~~

~~In fact, the Trailhead Property had been purchased at tax auction previously, and that buyer had the sale voided and their money refunded because they saw the public facilities and nature of the property (Exhibit 31). When confronted with this same reality, however, Wooster has instead dug in and demanded that they be able to make a profit CCC-22-CD-01 (Wooster), CCC-22-CD-02 (Headlands), CCC-22-AP-01 (Wooster) and CCC-22-AP-02 (Headlands) May 11, 2022 Page 56 of 74 if they were to give the property back to the public, as is required by the CDP, as amended. Thus, while initial claims of ignorance of the condition of, and restrictions upon, the Trailhead Property could be a mitigating factor, Wooster's subsequent actions have, for the most part, nullified this. Importantly, Wooster—by their own admission—contacted the City to direct them to terminate maintenance on the Trailhead Property (Exhibit 32) and subsequently failed to maintain the property themselves, causing and allowing it to fall into a state of total disrepair.~~

~~Wooster has not undertaken any steps to rectify this violation, and in fact, they indicated that any transfer of the Trailhead Property to an appropriate entity would require that they be paid \$1,000,000 more than they originally paid for the property (in the context of their litigation this demand has been increased to over \$2,000,000). Furthermore, even after being explicitly reminded of the permit~~

~~conditions relating to the Trailhead Property, Wooster failed to take any steps to ensure that the Trailhead Property was compliant while the enforcement matter was being resolved. In fact, over the eight years now since the City stopped maintaining it, Wooster has indicated that they have had it cleaned two times. In totality, the Commission finds that application of this factor warrants imposition of a moderate penalty amount.~~

~~Aggregating the findings with respect to all of the factors listed above, the Commission finds that imposition of a lower-range penalty to Wooster would be appropriate. A low range penalty (between 10% and 25% of the maximum daily penalty) would equate to an assessment of between \$2,055,375 and \$5,138,438. Instead, the Commission imposes on Wooster a penalty that is just 6% percent of the maximum penalty (\$684 per day) for the pendency of the violation, which, at 1,827 days, would equate to a total penalty of \$1,250,000.~~

II. Changes to the Proposed CDO and AP for HEADLAND PROPERTY ASSOCIATES, LLC

In light of the potential resolution with Wooster and in light of the need to ensure that the public amenities are in good repair and useable as was envisioned by the permit for this property, the proposed CDO and AP for Headlands Property Associates is amended to require that Headlands take additional steps to ensure that the public amenities are in good repair and useable until such time as the property is transferred and another party accepts responsibility for such repair and maintenance.

Staff made four changes to the proposed orders. The main change is to sections 2.b and c. The original structure provided an incentive (in the form of a reduced penalty) for Headlands to work with Wooster to ensure that title to the property was vested appropriately, pursuant to the permit condition. With Wooster now indicating its willingness to rectify that situation on its own, the change now requires Headlands to maintain the site as a precondition for the penalty reduction.

The three other changes are minor. One is a conforming change, to ensure that the language of Section 1.b matches that of Section 1.d. One is the correction of a typographical error in Section 1.f. And the final change is to Section 9, simply to correct the reference to the staff report and add a reference to the addendum.

The revised proposed CDO and AP for Headland Property Associates are attached as Attachment A to this Addendum.

III. Documents Received after the Staff Report:

The documents received by Commission staff since issuance of the Staff Report on April 28, 2022, and included in this addendum as Attachment A, are:

1. Letter of Support from Gilbert Dembo, Temescal Canyon Association, May 5, 2022
2. Letter of Support from Laura Walsh, Surfrider Foundation, May 6, 2022

IV. Corrections and Clarifications

Commission staff recommends changes to the staff report dated April 28, 2022, to make the following modifications and corrections. Language to be added by this addendum is shown in **bold underlined text**, and language to be deleted is identified in **~~bold strikethrough text~~**.

- a) Page 17, 1st full paragraph.

At just under half of an acre in size, the Trailhead Property is situated at the northeast periphery of the Palisades Highlands and is developed with two public bathrooms, trash receptacles, and a 12-car public parking lot (Exhibit 23). These public access amenities were constructed by Headlands pursuant to requirements of the CDP (A-381-78), as amended, and as part of a larger public access and conservation plan to mitigate for the resource impacts the creation of the Palisades Highlands had on public access and the environment. As described below, the Commission found that without this mitigation, including the development of the Trailhead Property for public access and recreational purposes and its transfer to a public or not-for-profit entity for continued management, **~~Proposition 20, the developers performed some initial grading on the site. They then continued to work after the effective date without Coastal Act authorization, claiming that the work was~~** the Palisades Highlands development would not be consistent with the Coastal Act. Currently, the record owner of the Trailhead Property is a private entity known as 1205-1207 Wooster Street, LLC, (hereinafter, "Wooster") a limited liability company that was formed in 2008 for the purpose of real estate development. Henri Levy is the sole manager of the limited liability company.

- b) Page 17, 2nd paragraph, final sentence.

Immediately prior to the effective date of **Proposition 20, the developer undertook extensive grading, subsequently asserting that the grading and development writ large was** exempt **from Proposition 20 permitting requirements** on the basis that they had a vested right to complete the project.

- c) Page 24, last full paragraph.

This claim was approved, and the Tax Assessor transferred **\$333,114.65** ~~**\$329,521.79**~~ to Headlands in June 2016 (Exhibit 15). So not only did Headlands fail to comply with the original requirements of the CDP, as amended, but they reaped six-figure profits from their illegal activities.

- d) Page 32 Second paragraph

CCC-22-CD-01 & CCC-22-AP-01 (1205-1207 Wooster Street LLC)
CCC-22-CD-02 & CCC-22-AP-02 (Headland Property Associates LLC)
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After leaving a voicemail on August 25, 2020 for Mr. Miller checking in on progress with his interactions with Wooster, staff sent a follow up letter on August 26, 2020 (Exhibit 69), reminding him that this matter would be going to hearing before the Commission and inquiring as to whether his attorney had spoken with Mr. Krishel regarding the return to Wooster of the \$333,114.65 ~~\$329,521.79~~ Excess Proceeds Refund that Headlands had received.

e) Page 62 First Paragraph

On March 31, 2016, Headlands was "refunded" \$333,114.65 ~~\$329,521.79~~ from the tax sale of the Trailhead Property.

V. Attachment B: Revised CEASE AND DESIST ORDER NO. CCC-22-CD-02 AND ADMINISTRATIVE PENALTY NO. CCC-22-AP-02 (HEADLAND PROPERTY ASSOCIATES, LLC).

CCC-22-CD-01 & CCC-22-AP-01 (1205-1207 Wooster Street LLC)
CCC-22-CD-02 & CCC-22-AP-02 (Headland Property Associates LLC)
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**CCC-22-CD-02 & CCC-22-AP-02 (Headland Properties Associates LLC)
May 9, 2022**

**ATTACHMENT A
LETTERS OF SUPPORT**

Re: Public Comments on May 11, 2022 meeting _ Agenda Items W11-W14
(location: 16701 Via La Costa, Pacific Palisades, CA)

Dear California Coastal Commission:

The Temescal Canyon Association (TCA) is the oldest environmental organization in the Pacific Palisades. For over 50 years, the TCA has maintained hiking trails, built bridges, led hikes for all, and encouraged people to enjoy the great outdoors.

The California Coastal Commission must ensure that the developer complies with the conditions of the original permits to develop the Highlands to build and maintain a parking lot and restroom facility at 16701 Via La Costa. The original developers of the Palisades Highlands have never fulfilled their obligation to deed the property to a non-profit to maintain the facilities.

Countless visitors of all ages, socioeconomic and racial backgrounds enjoy this trail into the Santa Monica Mountains. The regional park visitors need a parking lot and bathrooms that are properly maintained. TCA strongly supports the re-opening of the facilities as soon as possible.

Please take action on this matter.

Sincerely,

Gilbert Dembo
President, Temescal Canyon Association



May 6, 2022

To: Donne Brownsey, Chair, California Coastal Commission
Cc: John Ainsworth, Executive Director, California Coastal Commission

Re: Items W11, W12, W13 & W14, Pacific Palisades

Dear Chair Brownsey and Commissioners,

The Surfrider Foundation (Surfrider) is a nonprofit grassroots organization dedicated to the protection and enjoyment of the world's ocean, waves and beaches, for all people, through a powerful activist network. We would like to briefly express our formal appreciation for you and your staff for taking on Items W11, W12, W13, and W14 on next week's agenda.

Collectively, these enforcement items address egregious Coastal Act violations at the Temescal Ridge Trailhead. While the details of this case are particularly dramatic, the occurrence of property owners realizing the benefits of their permits and not the burdens is sadly familiar. In this instance, 2,000 residential properties (many of which are multi-million dollar homes) were built in a special area with the —some would say, underwhelming — tradeoff that the public would get a network of trails and open space as mitigation. The Temescal Canyon Trailhead provides access to that network and the closing of this trailhead and related subterfuge surrounding its ownership and management is totally unacceptable.

Los Angeles is the largest County in the nation with few accessible outdoor recreation spaces. As climate change drives increased temperatures, more Angelinos will go outdoors and look to cool off in coastal places. The impact of this decision will be felt.

Sincerely,

A handwritten signature in black ink that reads "Laura Walsh". The signature is written in a cursive, flowing style.

Laura Walsh
California Policy Manager
Surfrider Foundation

CCC-22-CD-01 & CCC-22-AP-01 (1205-1207 Wooster Street LLC)
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**CCC-22-CD-02 & CCC-22-AP-02 (Headland Properties Associates LLC)
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ATTACHMENT B

**REVISED CEASE AND DESIST ORDER NO. CCC-22-CD-02 AND
ADMINISTRATIVE PENALTY NO. CCC-22-AP-02 (HEADLAND PROPERTY
ASSOCIATES, LLC)**

**CEASE AND DESIST ORDER NO. CCC-22-CD-02 AND
ADMINISTRATIVE CIVIL PENALTY ASSESSMENT NO. CCC-22-AP-02
(Headlands)**

1. CEASE AND DESIST ORDER CCC-22-CD-02

Pursuant to its authority under California Public Resource Code (“PRC”) Section 30810, the California Coastal Commission (“the Commission”) hereby orders and authorizes Headland Properties Associates LLC, Headland Properties Associates LP, Cal Coast Companies, Headland Properties Inc, and Edward Miller and Joseph Guarrasi, in their individual capacities and in their roles related to the foregoing entities, and all of their successors in interest, assigns, employees, agents, contractors, and anyone acting in concert with any of the foregoing (hereinafter collectively referred to as “Headlands”) to take all actions required by this Cease and Desist Order, in compliance with its terms, including by complying with the following:

- a.** Cease and desist from engaging in any development, as that term is defined in the Coastal Act (PRC Section 30106), that requires a Coastal Development Permit (“CDP”) on any of the property identified in Section 4, below (“the Property”), unless authorized pursuant to the Coastal Act (PRC Sections 30000 to 30900), which includes pursuant to this Cease and Desist Order.
- b.** Fully and completely comply with CDP No. A-381-78, as amended (“the CDP”), including by complying with Special Condition 7 of CDP amendment No. A-381-78-A1, Special Condition 2 of CDP amendment No. A-381-78-A9, and Special Conditions 2 and 4 of CDP amendment No. A-381-78-A11, by, among other things, taking any and all steps within its power to resolve any and all outstanding issues regarding the title to the Property and ensure that title is held by the City of Los Angeles Department of Recreation and Parks (“City”) or another public or not-for-profit entity approved by the Commission’s Executive Director in compliance with the explicit conditions of the CDP, as described in more detail in Section 1.d, below.
- c.** Operation and Maintenance: If Headlands comes to have any claim to holding any legal interest in the Property sufficient to allow Headlands to manage the Property, including, but not necessarily limited to, via a conveyance from the current record owner, 1205-1207 Wooster Street LLC (“Wooster”), or based on the issuance of a court order directing conveyance of the Property to Headlands or ruling that Headlands is the owner, then, within ten (10) days from the date of obtaining such control, Headlands shall take the steps listed in subsections i through iii, immediately below; and within twenty (20) days of regaining such control of the Property, Headlands shall take the step listed in subsection iv; and it shall continue to maintain the property as indicated below, and to provide evidence, every ninety (90) days and upon demand, demonstrating that it is doing so, for the duration of the period during which Headlands holds such an interest:

Cease and Desist Order CCC-22-CD-02
Administrative Penalty Assessment CCC-22-AP-02
Headlands

- i. Remove any impediments to the public's vehicular and pedestrian access to the Property and take no new action that prevents the public from parking in and using the public parking lot and facilities on the Property.
 - ii. Remove all trash and debris from the Property, including from the public parking lot and public restrooms, and do so on a continuing basis until such time as the transfer of the Property is finalized pursuant to the CDP and this Cease and Desist Order.
 - iii. Clean and sanitize the public restrooms on the Property, ensure that toilets and sinks are fully functional and make any plumbing or other repairs that are needed, fully stock the restrooms with all necessary amenities, such as toilet paper, hand soap, and paper towels, and continue to clean and stock the restrooms until such time as the transfer of the Property is finalized pursuant to the CDP and this Cease and Desist Order. If the locks on the restroom doors are non-functional at the time that Headlands re-acquires the Property, Headlands shall also repair both locks and keep them unlocked from dawn to dusk.
 - iv. Submit, to the address provided below in Section 5, or to whatever updated address the Commission may subsequently indicate has become the current address, photographic evidence documenting that the Property has been cleaned and maintained in accordance with Section 1.c.i through iii.

- d. Title: Within one hundred and twenty (120) days of the effective date of this Cease and Desist Order, Headlands shall take any and all steps within its power (including working with Wooster, as necessary) to ensure that title is held by the City, as required by and consistent with the CDP, at no cost to the City, including by providing an executed quitclaim deed to the City. If, at any point in the future, subsequent developments may suggest that Headlands may once again possess any ownership interest in the Property, within sixty (60) days thereof, Headlands shall once again quitclaim any interest it may have in the Property to the City or other entity approved by the Executive Director. In carrying out either of the requirements listed immediately above, Headlands shall take any and all steps necessary to ensure that the City has all of the physical and legal effects necessary to actuate ownership, operation, and maintenance as required by the CDP.
 - i. If Headlands is unable to effectuate a transfer to the City only because the City elects not to accept the Property, Headlands shall, within 60 days of the City's election not to accept the Property or 180 days of the effective date of this Cease and Desist Order, whichever occurs first, submit, for the Executive Director's review and approval, the name and specifications of a government entity or not-for-profit entity that Headlands proposes as an alternative recipient of the Property, consistent with the CDP. Within 30 days of receiving approval of the entity by the Executive Director Headlands shall ensure the transfer of the Property to the approved entity.

Cease and Desist Order CCC-22-CD-02
Administrative Penalty Assessment CCC-22-AP-02
Headlands

- e. Headlands shall not undertake any actions that interfere with or otherwise delay compliance with Cease and Desist Order CCC-22-CD-01, issued to 1205-1207 Wooster Street LLC and Henri Levy.
- f. Submit documentation evidencing compliance with Section 1 of this Cease and Desist Order to the addresses listed below in Section 5, or to whatever updated address the Commission may subsequently indicate has become the current address, within one hundred and thirty (130) days of the effective date of this Cease and Desist Order.

2. ADMINISTRATIVE CIVIL PENALTY ASSESSMENT CCC-22-AP-02

- a. Pursuant to its authority under PRC Section 30821, the Commission hereby imposes on Headlands an administrative civil penalty of \$3,000,000.
- b. To maximize the likelihood of (i) expeditious compliance with the requirements in these orders and (ii) the rectification of the Permit violation associated with the title to the Property, if (1) Headlands complies with the requirements of Section 1.d, above (other than the perpetual requirements in the second sentence) within the time frames allotted therein; (2) the pending quiet title claim, as well as the other claims against the Commission, in *Levy, et al. v. City of Los Angeles, et al.*, Los Angeles County Superior Court Case number 21SMCV00964, have, within the same timeframes, been dismissed or resolved through a stipulated judgment not inconsistent with the requirements and goals listed above and in the CDP for the disposition of the Property, as confirmed by the Executive Director; and (3) if it is allowed to do so despite not having any claim to any legal interest in the Property sufficient to allow Headlands to manage the Property, Headlands nevertheless undertakes the actions listed in Sections 1.c.ii-iv, above, within the timeframes listed in Section 1.c., but running from the date such authorization is provided; one third of the administrative civil penalty, i.e., \$1,000,000, shall be stayed for as long as Headlands continues to do so. If Headlands continues to perform this function until the vesting of title to the Property is completed, including any necessary acceptance of the title and the recordation of documentation with the County Recorder's Office, such that the Property is unambiguously and unassailably vested in the City or a public or not-for-profit entity approved by the Commission's Executive Director, as confirmed by the Executive Director, that remaining third of the penalty shall be waived, so that the penalty shall be reduced to \$2,000,000.
- c. Within one hundred and thirty five (135) days of the effective date of this Administrative Penalty Assessment (if the City has accepted the Property) or one hundred and ninety five (195) days (if the City elects not to accept the Property), Headlands shall submit a plan for the review and approval of the Commission's Executive Director for the payment of the applicable penalty amount, as follows:

Cease and Desist Order CCC-22-CD-02
Administrative Penalty Assessment CCC-22-AP-02
Headlands

The initial payment deadline shall be one year from the effective date of this Administrative Civil Penalty Assessment or within 60 days of issuance of any final judgment upholding the requirement for payment of this penalty, whichever comes first. If, upon reaching that initial deadline, the vesting process, as described in that paragraph, is complete, and one third of the original penalty amount was stayed continuously pursuant to the prior paragraph until that vesting process was completed, so that the penalty amount has been reduced to \$2,000,000, Headlands shall, by that initial deadline, pay that reduced penalty amount of \$2,000,000. If, by the initial deadline, one third of the original penalty amount has been stayed pursuant to the prior paragraph, but the vesting process, as described in that paragraph, is not complete, Headlands shall, by that initial deadline, pay the initial \$2,000,000 penalty, and it shall pay the remaining \$1,000,000 upon the expiration of the stay unless that amount has been eliminated as indicated in the prior paragraph. If however, at any point prior to the expiration of the stay. Headlands takes any steps that would interfere with the vesting process, as described in the prior paragraph, or that could call into question the successful disposition of the Property pursuant to the requirements and goals listed above and in the CDP, including any attempt to transfer the Property to another entity without the Executive Director's approval, the stay of the remaining one third of the penalty shall immediately expire, the penalty amount shall not be reduced, and Headlands shall be required to pay any remaining penalty amount to bring the full payment up to \$3,000,000. Headlands shall implement the approved version of the plan.

- d. The monetary penalty shall be deposited in the Violation Remediation Account administered by the California State Coastal Conservancy (see PRC Section 30823) and as designated by the Executive Director. The monetary penalty shall be submitted to the Commission's Ventura Office, at the address provided in Section 11, to the attention of Heather Johnston of the Commission, payable to the account designated under the Coastal Act, and include a reference to this Administrative Penalty by number.

PROVISIONS COMMON TO BOTH THE CEASE AND DESIST ORDER AND ADMINISTRATIVE PENALTY¹

3. PERSONS SUBJECT TO THIS CEASE AND DESIST ORDER AND ADMINISTRATIVE PENALTY ASSESSMENT

The persons and entities subject to this Cease and Desist Order and Administrative Penalty Assessment (hereinafter collectively referred to as "these Orders") are Headland Properties Associates LLC, Headland Properties Associates LP, Cal Coast Companies, Headland Properties Inc, Edward Miller and Joseph Guarrasi, in their individual capacities and as members of the foregoing entities; all of their successors in interest,

¹ The following provisions apply to both the Cease and Desist Order and the Administrative Penalty assessment unless specifically stated otherwise.

Cease and Desist Order CCC-22-CD-02
Administrative Penalty Assessment CCC-22-AP-02
Headlands

assigns, employees, agents, and contractors, and anyone acting in concert with the foregoing.

4. PROPERTY SUBJECT TO THIS CEASE AND DESIST ORDER AND ADMINISTRATIVE PENALTY ASSESSMENT

The term “the Property,” as used throughout these Orders, refers to the property at 16701 Via La Costa, City of Los Angeles, Los Angeles County, also identified by the Los Angeles County Assessor’s Office as APN 4431-039-029, and on Tract Map 32184A (recorded with the Los Angeles County Recorder’s Office on November 12, 1991, as Book 1182 Page 20, Document Number 91 1788234) as Parcel 77.

5. SUBMITTAL OF DOCUMENTS

All documents and funds submitted to the Commission pursuant to these Orders shall be sent to both of the following addresses, with the original sent to the Ventura office, unless and until Commission staff informs Headlands of an updated mailing address:

California Coastal Commission
Attn: Heather Johnston
89 S. California Street, Ste 200
Ventura CA 93001

California Coastal Commission
Attn: Andrew Willis
301 E. Ocean Blvd, Ste 300
Long Beach CA 90802

6. REVISION OF DELIVERABLES

The Executive Director may require revisions to deliverables under these Orders, as necessary to satisfy the requirements established in these Orders, and Headlands shall revise any such deliverable consistent with the requested specifications and resubmit it for review and approval by the Executive Director, by the deadline established by the modification request from the Executive Director.

7. COMMISSION JURISDICTION

The Commission has jurisdiction to issue the Cease and Desist Order pursuant to PRC Section 30810, and jurisdiction to impose the Administrative Civil Penalties pursuant to PRC Section 30821.

8. EFFECTIVE DATE AND TERMS OF THIS CEASE AND DESIST ORDER AND ADMINISTRATIVE PENALTY

The effective date of these Orders is the date the Commission votes to issue these Orders. This Cease and Desist Order and Administrative Penalty Assessment shall remain in effect permanently unless and until either is rescinded or modified by the Commission.

9. FINDINGS

This Cease and Desist Order and Administrative Penalty Assessment are issued on the basis of the findings adopted by the Commission, as set forth in the document entitled “STAFF REPORT: RECOMMENDATIONS AND FINDINGS FOR CEASE AND DESIST ORDERS AND ADMINISTRATIVE CIVIL PENALTY ASSESSMENTS,” as amended by the addendum thereto. The Commission has ordered and authorized the activities required in this Cease and Desist Order and Administrative Penalty Assessment and has determined them to be consistent with the resource protection policies set forth in Chapter 3 of the Coastal Act, if carried out in compliance with the terms of this Cease and Desist Order and Administrative Penalty.

10. COMPLIANCE OBLIGATION

Strict compliance with this Cease and Desist Order and Administrative Penalty Assessment by all parties subject hereto is required. Failure to resolve violations addressed herein or comply with any term or condition of this Cease and Desist Order, including any deadline contained herein, will constitute a violation of said Cease and Desist Order, and may result in the imposition of civil penalties under PRC Section 30821.6 of up to SIX THOUSAND DOLLARS (\$6,000) per day for each day in which each violation persists. In addition, failure to comply with any terms or conditions of these Orders may result in the Commission seeking judicial relief and additional penalties as authorized under Chapter 9 of the Coastal Act, including PRC Sections 30820, 30821(d), and 30822.

11. SITE ACCESS

Headlands shall take no action to prevent access to the Property by staff of the Coastal Commission, staff of any agency having jurisdiction over the work being performed under this Cease and Desist Order, or staff of any entity having an ownership interest in, or maintenance obligation with respect to, the Property. If Headlands comes to acquire the Property, Headlands shall provide access to the Property for staff of the Coastal Commission, staff of any agency having jurisdiction over the work being performed under this Cease and Desist Order, and staff of any entity having an ownership interest in, or maintenance obligation with respect to, the Property. Nothing in this Cease and Desist Order (or in the penalty assessment) is intended to limit in any way the right of entry into, or inspection of, the Property that any agency may otherwise have by operation of any law.

12. GOVERNMENT LIABILITY

Neither the State of California, nor the Commission, nor its employees shall be liable for injuries or damages to persons or property resulting from acts or omissions by Headlands in carrying out activities required and/or authorized under these Orders; nor shall the

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State of California, the Commission or its employees be held as a party to any contract entered into by Headlands or their agents in carrying out activities pursuant to these Orders.

13. DEADLINES

The Executive Director may extend deadlines specified herein. Any extension request must be made in writing to the Executive Director and received by Commission staff ten (10) days prior to the expiration of the subject deadline. Any such request shall be sent to the attention of the staff and to the addresses listed in Section 5, above.

14. SEVERABILITY

Should any provision of these Orders be found invalid, void, or unenforceable, such illegality or unenforceability shall not invalidate the whole, but these Orders shall be construed as if the provision(s) containing the illegal or unenforceable part were not part thereof.

15. SUCCESSORS AND ASSIGNS

This Cease and Desist Order shall bind Headlands and all its successors in interest, newly created LLCs and corporations, heirs, and assigns.

16. MODIFICATIONS AND AMENDMENTS

Except as provided in Section 13 of these Orders, or for ministerial corrections, these Orders may be amended or modified only in accordance with the standards and procedures set forth in Section 13188(b) of Title 14 of the California Code of Regulations.

17. APPEAL

Pursuant to PRC Section 30803(b), any person or entity against whom this Cease and Desist Order, under Section 1, is issued may file a petition with the Superior Court for a stay of this Cease and Desist Order.

18. GOVERNMENT JURISDICTION

These Orders shall be interpreted, construed, governed, and enforced under and pursuant to the laws of the State of California.

19. NO LIMITATION OF AUTHORITY

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Except as expressly provided herein, nothing herein shall limit or restrict the exercise of the Commission's enforcement authority pursuant to Chapter 9 of the Coastal Act (PRC Sections 30800 to 30824), including the authority to require and enforce compliance with these Orders.

20. COMPLIANCE WITH OTHER LAWS

All work to be done under this Cease and Desist Order shall be done in compliance with all other applicable laws.

Executed in _____ on behalf of the California Coastal Commission.

By: _____

Date: _____

John Ainsworth,
California Coastal Commission
Executive Director