Jim Neil Responds to City of San Diego Lawsuit
City Attorney misrepresents facts and misinterprets the law

San Diego (Wednesday, Aug 11) – Today the legal team representing real estate broker Jim Neil, released the following statement in response to the recent lawsuit filed by the San Diego City Attorney:

“Last week, the San Diego City Attorney issued a press release that misrepresents the facts and misinterprets the law in the matter relating to Mr. Neil’s work with the San Diego Housing Commission. The City Attorney’s release contains a long series of accusations rife with omissions of critical facts to support their flawed narrative of Jim Neil’s work on behalf of the City of San Diego.”

Mr. Neil, a Real Estate Broker with Kidder Mathews who has enjoyed a longstanding positive professional reputation in the San Diego Community, spent ten years successfully working as a contract broker for the City of San Diego. For Mr. Neil, an important part of his work has always been about being a helpful partner to the Housing Commission, assisting his community, and creating housing opportunities for those who need it most.

To ensure the public is fully appraised of the true facts in this case, below are corrections of fact and law, to counter the claims by the City Attorney:

City Attorney Contentions and Neil’s Factual Responses

Senior Staff at the Housing Commission Gave Approval for the Stock Purchase
The City Attorney’s Office asserted that Mr. Neil “engineered a stock-market windfall” relating to stock shares he acquired during the time he was under contract by the
The Housing Commission to locate and purchase the Residence Inn Kearny Mesa and the Circle in Mission Valley. However, Mr. Neil informed the Housing Commission of his intention to purchase the stocks before the transaction and he was told there would be no issue with these actions by senior Housing Commission staff. The City Attorney’s office and the Housing Commission were aware of this fact before issuing their press release.

The Contract Between Kidder Mathews and the City Explicitly Allowed the Hotel Circle Commission Amount.
The City Attorney said Mr. Neil “earned commissions on both deals that exceeded the $250,000 limit set in the signed Broker Agreement.” However, the Broker Agreement in question between Kidder Mathews and the City is perfectly clear and specifically states that commissions over $250,000 can be paid by the City to the broker if it is approved by the Housing Commission. The Housing Commission voted to approve the Hotel Circle commission on September 15, 2020 and the City Council, with the advice of the City Attorney approved it on October 13, 2020.

The City Insisted They Pay the Commission on the Hotel Circle Property.
It was the City who proposed that Mr. Neil’s commission on the Hotel Circle purchase be paid by the City, in order to benefit the City. Mr. Neil followed the City attorney’s direction as to who would pay the commission and how it would be paid. The City has clear documentation of this but chose to ignore it.

The Contract Puts no Caps on Commissions Paid by Sellers, Such as the Residence Inn Kearny Mesa Commission.
The Broker Agreement between Kidder Mathews and the City places no limits on the commissions paid to the broker by the seller of the property. The $592,500 commission paid to Kidder Mathews was completely permissible.

Jim Neil Proactively Disclosed Ownership Stake in Parent Company Prior to Transaction.
The City Attorney’s Office stated that Mr. Neil “failed to comply with disclosure requirements set out in the Broker’s Agreement that would have revealed the conflicts and allowed the Housing Commission to use a different broker.” However, the City Attorney fails to mention that Mr. Neil had proactively disclosed his holdings to senior staff at the Housing Commission prior to the transaction. Housing Commission senior staff informed him he could proceed with the stock purchase. The City Attorney’s office was again fully aware of this before issuing its press release.
The Law Provides a Clear Conflict of Interest Exception in this Situation.
The City Attorney incorrectly states that Mr. Neil violated Government Code Section 1090, which “prohibits public officials from participating in making contracts in which they have a financial interest.” This assertion is simply false. A plain reading of the law reveals that in situations in which an individual owns less than three percent of the stock of a company, no financial interest is present and there can be no 1090 violation. Mr. Neil did not have any ownership interest in the company that directly owned the Hotel Circle property. That company was a subsidiary to Chatham Lodging Trust (CLDT), a publicly traded Real Estate Investment Trust (REIT), which owns numerous properties across the country. Mr. Neil’s ownership stake in the CLDT only comprised 0.085%, which falls clearly within the exception. (See California Government Code Section 1091.5 (a)(1).)

The City Attorney’s office was aware of all of these facts before filing their civil suit and issuing their press release.

Over the course of his long career in San Diego, Mr. Neil has demonstrated an unwavering commitment to operating with the highest level of integrity and ethical standards. Mr. Neil intends to vigorously contest this civil suit and defend his excellent professional reputation.

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