



# BOARD OF SUPERVISORS COUNTY OF LOS ANGELES

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**KATHRYN BARGER**  
SUPERVISOR, FIFTH DISTRICT

July 13, 2022

Mr. Don Henry  
President  
Agua Dulce Town Council  
33201 Agua Dulce Canyon Road  
Box Number 8  
Agua Dulce, CA 91390

Dear Mr. Henry:

I want to thank you for your May 19, 2022 letter and for the detailed research contained in the accompanying presentation. I appreciate the time and effort that went into this research and the importance of this issue to the entire Agua Dulce community. Having read through your research, I take seriously the concerns you have expressed about the potential for violations of County, State, or federal laws related to the proposed development and the project's developer.

Accordingly, I asked appropriate County departments, in consultation (and in conjunction) with County Counsel, to investigate these concerns and to provide my office with their findings. After conducting research and consulting with certain State and federal agencies and their available resources, County staff advises me that they are not aware of any evidence that any party (identified as being) involved with or related to RTG Inc., or their partners or subsidiaries, or banks providing letters of credit for the development is prohibited by local, State, or federal law from entering into transactions with Los Angeles County I have also enclosed County staff's responses to the specific issues you identified in the letter.

In addition, my office was made aware of additional concerns related to an agreement between the developer and a private citizen related to water service. Appropriate County departments, in consultation with County Counsel, have reviewed the agreement and determined that the agreement in question is between two private parties and does not involve the County. Enforcement of the provisions of the agreement are a civil, private matter.

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Finally, the Department of Public Works has indicated that the construction of the water main and associated infrastructure, as required by the conditions of approval for the project, are not necessarily inconsistent with, or preclusive of, the two private parties constructing future additional water service improvements as contemplated in their private agreement, so long as appropriate application is made to Waterworks District No. 37, Acton, and its relevant standards are satisfied.

Finally, I want to make you aware that the Department of Public Works issued a grading permit for the Agua Dulce Residential Project this week, in accordance with the recorded Final Map. I have asked all County departments involved in the permitting and oversight of this project to keep my office and the Town Council apprised of any relevant updates.

Thank you again for your partnership and your efforts to protect the Agua Dulce community. Should you have any questions, please contact Mr. Anish Saraiya, my Planning Deputy, at [asaraiya@bos.lacounty.gov](mailto:asaraiya@bos.lacounty.gov) or at (213) 974-5555.

Sincerely,



KATHRYN BARGER  
Supervisor, Fifth District

KB:aso

Enclosure

**May 19, 2022 Letter from the Agua Dulce Town Council:**

- **Response to the contention that RTG Investment LLC, is an indirectly held subsidiary of Moscow based Rutsog Invest.**

With respect to the potential connection of RTG to Rutsog Invest, we examined records from the California Secretary of State and found no connection between the two entities.

The County does not have the ability, records or resources to investigate relations between developers and non-United States entities. Even if the County were able to confirm (which the County was not able to do) from the records available to it that RTG is related to Russian entities or persons, such a connection alone would not be a legally recognized basis for denying RTG its vested development rights. However, if RTG or any entities to which it may be related are identified on a list of “banned persons”, the County would have to examine what effect that ban would have on RTG’s development rights. To that end, we consulted the Specially Designated Nationals (“SDN”) List maintained by the Department of the Treasury’s Office of Foreign Assets Control (“OFAC”). The SDN List identifies Russian entities and individuals with whom United States persons cannot engage in any transactions. Repeated searches—as the SDN List is periodically updated—show that none of the individuals or entities identified below are on the SDN List:

- Credit Suisse
  - Ruben Tsolakovich Grigoryan
  - Ruben Grigoryan
  - Ruben T. Grigoryan
  - RTG Investment LLC
  - Vinette Trading Company Limited (a Holding Company of RTG Investment, LLC)
  - RTG Invest LLC (a Wyoming company)
  - Rutsog Invest (a Russian company)
  - Agua Construction LLC
  - Artavazd Stepanayn
- 
- **Response to contention that some funding for bond(s) required by the County for the project appear to be originating in Switzerland.**

To determine whether to accept a letter of credit offered through a bank, County staff consult three ratings agencies: Moody's, Standard & Poor and Fitch Ratings. Credit Suisse meets the criteria for a responsible bank from whom a letter of credit may be accepted. That Credit Suisse is located in Switzerland does not disqualify it from providing a letter of credit. Among other criteria that the LOC must meet, the LOC must be in the County’s name and the LOC must be irrevocable.

- **Response to the contention that the County may be circumventing Federal financial sanctions.**

The Society for Worldwide Interbank Financial Telecommunication (SWIFT) is a system used for the processing of interbank transactions and facilitating international payments. Restrictions on the use of SWIFT by Russian banks is intended to disconnect those banks from the international financial system and harm their ability to operate globally. The ban is self-executing and imposes no obligations on any persons to investigate or determine whether a party to a transaction banks at a banned Russian bank. Based on the record the County has before it—a single letter of credit—there is no evidence that any banned Russian banks are involved in the LOC being offered by RTG to secure its grading or other obligations. Additionally, the County *will* be able to obtain payment based on letters of credit provided to the County by RTG because:

- LOC is maintained by Credit Suisse, which is not prohibited from using SWIFT;
- Credit Suisse cannot issue an LOC unless it has in its possession the full sum of money identified in the LOC; thus, it should not need to obtain any additional funds from any other entity to pay to the County any amounts under the LOC that the County may require; and
- The LOC only comes into play if RTG does not perform the actions required of it under the RMA and/or abandons the project.

- **Response to the contention that the County may breach US Russia OFAC sanctions.**

*OFAC regulations—Banned Categories of Transactions.* Apart from prohibiting transactions with identified Russian entities or individuals, other Presidential Executive Orders (14071 and 14024) ban categories of transactions such as the provision of "accounting services, trust and corporate formation services, and management consulting services" by a United States person to a Russian entity or individual. RTG has offered a letter of credit (LOC) to the County to guarantee RTG's performance of grading work on Tract 50385-01. The letter of credit does not fall within any of the categories of banned transactions; therefore, it is not prohibited.

Additionally, the two Executive Orders only ban United States persons providing such services to a Russian entity or individual. No US person is providing or will provide any accounting, trust, corporate formation or management consulting services to a Russian entity or individual under the letter of credit because the letter of credit is not for the benefit of the developer; it is required to protect County taxpayers. The County inspects a development to make sure the developer is meeting its obligations under the RMA and the improvements are constructed as required. If they are not, or if the developer abandons the project, the County may use the funds provided via a letter of credit to take over completion of the project or the improvements that the developer is required to build. No actions by the County to enforce the RMA or to use funds from an LOC to complete a project are for the benefit of the developer. Rather, County enforcement of an RMA and use of LOC funds are for the benefit of the public alone.

**Waterworks District No. 37, Acton, Infrastructure:**

- **How the permit to install the 20” main water line along Sierra Hwy and Valley Sage Road was approved without consideration for the requirements of the May 10, 2002 recorded Memo and related agreement?**

The agreement is a contract between two private parties. Neither the County nor Waterworks District No. 37, Acton (District), are parties to this agreement. Approval of the 20" water main was granted in accordance with the District's standard procedures and processes.

- **How the County plans to ensure that the terms of the recorded Memo and associated agreement are honored with respect to the Valley Sage residents getting municipal water supply along Valley Sage BEFORE any municipal water can be used for The Agua Dulce Residential Project, including for grading etc.?**

Neither the County nor the District are parties to the agreement, and are not subject to its provisions. The District expects to provide water service to the Agua Dulce Residential project once the project has complied with the requirements that were established for this purpose.

- **How the County plans to solve the location of the municipal water connection points along Valley Sage Road as required in the 2002 recorded Memo?**

The District has notified both Mr. Estes and the project developer that applications for water service are required to be submitted for the District's review. The District can then determine the water connection points and requirements for service to the properties along Valley Sage Road.