



DAVID CHIU
City Attorney

RICHARD ELLIS ROBINSON
Deputy City Attorney

Direct Dial: (415) 554-3954
Email: richard.e.robinson@sfcityattorney.org

June 20, 2024

VIA ELECTRONIC MAIL

Greg Wagner, Controller
City and County of San Francisco
1 Dr. Carlton B. Goodlett Place
City Hall, Room 316
San Francisco, CA 94102
Email: greg.wagner@sfgov.org

Re: Updated Suspension and Debarment Status of Florence Kong; Kin Wo Construction, Inc.; Kwan Wo Ironworks, Inc.; and SFR Recovery, Inc.

Dear Mr. Wagner:

This letter serves as notice that the City Attorney as Charging Official has reached a settlement agreement (the "Settlement") with Florence Kong; Kin Wo Construction, Inc.; Kwan Wo Ironworks, Inc.; and SFR Recovery, Inc. concerning the allegations set forth in the City's related suspension order. A copy of the Settlement and the related approval of the San Francisco Board of Supervisors are enclosed as Exhibits A-B to this letter.

The Settlement, and Kwan Wo Ironworks, Inc.'s subsequent performance of obligations under that Settlement, require the following updates to the Controller's list of suspended and debarred contractors.

- As of April 24, 2024, **Kwan Wo Ironworks** is not suspended and is free to do business with the City.
- **Florence Kong, Kin Wo Construction, Inc. and SFR Recovery, Inc.** are debarred. As such, they are disqualified from participating in the competitive process for contracts with, or from entering into contracts with the City, directly or indirectly, through March 1, 2026. (See Exhibit A, §6.)

Please remove the March 1, 2021 Order Suspending Florence Kong, Kin Wo Construction, Inc., Kwan Wo Ironworks, Inc., and SFR Recovery, Inc. currently posted on the controller's website and replace it with this letter and exhibits. Kwan Wo Ironworks should no longer be posted on the Controller's webpage of Suspended and Debarred Contractors. Florence Kong; Kin Wo Construction, Inc.; and SFR Recovery, Inc. should be listed as debarred until March 1, 2026.

Please do not hesitate to contact me if you have any questions.

Very truly yours,

DAVID CHIU
City Attorney

Richard Ellis Robinson
Deputy City Attorney

Letter to Greg Wagner, Controller
City and County of San Francisco
Page 2
June 20, 2024

cc: Carmen Chu, City Administrator (carmen.chu@sfgov.org)
Yvonne Meré, Chief Deputy City Attorney (yvonne.mere@sfcityatty.org)
Keslie Stewart, Chief of Public Integrity & Investigations (keslie.stewart@sfcityatty.org)
Jessica Nall (jessica.nall@bakermckenzie.com)

EXHIBIT A

CONFIDENTIAL SETTLEMENT NEGOTIATIONS
SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) is entered into by and between the City and County of San Francisco and Florence Kong; Kin Wo Construction, Inc.; Kwan Wo Ironworks, Inc.; and SFR Recovery, Inc. The City and County of San Francisco are referred to herein collectively as the “City.” Florence Kong; Kin Wo Construction, Inc.; Kwan Wo Ironworks, Inc.; and SFR Recovery, Inc. are referred to herein collectively as the “Kong Parties.” The City and each of the Parties are individually referred to herein as a “Party” or collectively as the “Parties.” This Agreement is effective on the date that this Agreement has been duly executed by all Parties shown on the signature lines at the end of this Agreement, and the City has finally enacted the ordinance approving the Agreement (the “Effective Date”). Final enactment of the ordinance occurs following passage by the Board of Supervisors, when the Mayor signs the ordinance, when the Mayor returns the ordinance unsigned or does not sign the ordinance within ten days of receiving it, or when the Board of Supervisors overrides the Mayor’s veto of the ordinance.

RECITALS

WHEREAS, until at least June 1, 2020, Florence Kong was the Chief Executive Officer, Secretary, Chief Financial Officer, and sole Director for Kwan Wo Ironworks, Inc. (“Kwan Wo”);

WHEREAS, Kwan Wo was a San Francisco vendor that participated in the procurement process and obtained contracts with the City;

WHEREAS, until at least June 1, 2020, Florence Kong was the Chief Executive Officer and the sole Director of SFR Recovery, Inc. (“SFR Recovery”);

WHEREAS, SFR Recovery was a San Francisco vendor that participated in the procurement process and obtained contracts with the City;

WHEREAS, Florence Kong incorporated Kin Wo Construction, Inc., (“Kin Wo”) in 1996 and has served since then as its Chief Executive Officer, Chief Financial Officer, and Secretary;

WHEREAS, on June 1, 2020, Florence Kong was federally charged with the crime of falsely denying that she had provided gifts to the former Director of San Francisco Public Works, Mohammed Nuru, in connection with her efforts to obtain contracts from the City for Kwan Wo and SFR Recovery;

WHEREAS, on or about October 8, 2020, Florence Kong pled guilty in federal court to bribery, in violation 18 U.S.C. § 666(a)(2), for bribing former Director Nuru, in exchange for preferential treatment in City procurement decisions (the “Criminal Case”);

WHEREAS, on March 1, 2021, based in part on the allegations in the criminal complaint, the City Attorney, acting as an authorized Charging Official under Chapter 28 of the San Francisco Administrative Code, suspended Florence Kong, Kwan Wo, and SFR Recovery from participation in any procurement process for contracts or from entering into contracts or grants at any tier, directly or indirectly, with the City;

WHEREAS, the City alleges and for purposes of settlement the Kong Parties do not contest that Florence Kong’s criminal conduct violated the San Francisco Campaign and Governmental Conduct Code Section 3.216(a) (Prohibition on Bribery);

WHEREAS, the Parties would like to resolve the counts and allegations by the City Attorney under San Francisco Administrative Code Chapter 28 without an administrative hearing;

WHEREAS, the Parties are interested in resolving the City's claims for restitution, disgorgement, civil penalties and fees, injunctive relief, and administrative relief under State and local law without litigation or administrative hearing;

WHEREAS, the Parties are entering into a settlement voluntarily on the terms set forth in this Agreement to avoid the risks, burdens, distractions, expense, uncertainties, and diversion of resources from litigation or administrative proceeding; and

WHEREAS, through arm's length settlement negotiations, the matter between the Parties has been resolved on the terms set forth in this Agreement;

NOW, THEREFORE, the City and the Kong Parties agree as follows:

TERMS OF AGREEMENT

1. Settlement Amount: The Parties agree that the monetary value of this Agreement to the City, including both restitution and civil penalties, is \$750,000.

2. Settlement Payments: The Kong Parties shall pay the City the amount of \$400,000 within 10 business days of the Effective Date ("First Settlement Payment"). The Kong Parties shall pay the remaining \$350,000 of the total Settlement Amount in any number of additional payments prior to March 1, 2026.

3. Method of Payment: The First Settlement Payment and any subsequent payments shall be made by wire transfer pursuant to instructions to be provided by the City within one week of the Effective Date.

4. Default regarding the First Settlement Payment: If the Kong Parties do not pay the First Settlement Payment within 10 business days of the Effective Date, Kwan Wo will not contest that it is an irresponsible bidder and that it engaged in willful misconduct as defined in San Francisco Administrative Code § 28.3. Kwan Wo will further agree that it is disqualified from participating in the competitive process for contracts with, or from entering into contracts with the City, directly or indirectly, through March 1, 2026. Kwan Wo will not contest its listing as a debarred contractor on the San Francisco Controller's Office Website.

5. Default regarding payment of the Settlement Amount in full by March 1, 2026: If the Kong Parties do not pay the remaining Settlement Amount prior to March 1, 2026, the Kong Parties will be in breach of this Settlement Agreement. The Parties jointly agree that if the Kong Parties do not pay the Settlement Amount prior to March 1, 2026, Kwan Wo will agree not to contest its suspension and will remain suspended, and listed as suspended on the Controller's website, until March 1, 2031.

6. Florence Kong, Kin Wo, and SFR Recovery Stipulate to Immediate Debarment: For purposes of settlement, Florence Kong, Kin Wo, and SFR Recovery do not contest that they are irresponsible bidders and that they, or their affiliates, engaged in willful misconduct as defined in San Francisco Administrative Code § 28.3. Florence Kong, Kin Wo, and SFR Recovery further agree that, pursuant to Administrative Code §28.1, they are disqualified from participating in the competitive process for contracts with, or from entering into contracts with the City, directly or indirectly, through March 1, 2026. Florence Kong, Kin Wo, and SFR Recovery further stipulate and agree not to contest that they will be listed as debarred contractors on the San Francisco Controller's Office Website for the maximum term until March 1, 2026.

7. Kwan Wo Agrees Not to Seek City Contracts: For purposes of settlement, the Kong Parties stipulate that until payment in full of the Settlement Payment or until March 1, 2024, whichever comes later, Kwan Wo and its affiliates, and the corporate officers, responsible managing employees, and other owners or officers of Kwan Wo and their affiliates (the "Kwan

Wo Parties”) agree not to participate or seek to participate in any contract or grant at any tier, directly or indirectly, with or for the City and County of Francisco. For the purposes of this Agreement, participation shall mean submission of a qualification statement, proposal, bid, quote, grant request, or other submittal seeking to contract directly or indirectly with the City for the purpose of providing any goods or services or construction work (including tenant improvement work) to or for the City including, without limitation, as any grantee, contractor, subcontractor, consultant, subconsultant or supplier at any tier. Participation shall also include assistance to another contractor in the preparation of any such submittal. The Kong Parties agree that, if any of the Kwan Wo Parties submits any such qualification statement, proposal, bid, quote, grant request, or other submittal similar prior March 1, 2024 and prior to payment of the full Settlement Payment, the City may immediately and without hearing, briefing, or other process, find the Kwan Wo Parties non-responsible and refuse to award any related contract(s) or grant(s) and list them as debarred on the Controller’s website until March 1, 2026, the maximum term under Chapter 28 of the San Francisco Administrative Code. Nothing in this Agreement shall prevent the Kong Parties from seeking to contract with other public entities, so long as those contracts do not involve the City.

8. Florence Kong Has No Ownership Interest or Control: The Kong Parties represent and warrant that Florence Kong does not have any ownership interest in or control over the operations of Kwan Wo and that Kwan Wo does not have any ownership interest in or control over the operations of Kin Wo or SFR Recovery.

9. Release by the Kong Parties: The Kong Parties hereby release and forever discharge the City and its boards, departments, commissions, and all of its respective officers, agents, members, employees, authorized representatives, assignees, and transferees from any and all liability, claims, demands, actions, or causes of action of whatever kind or nature arising out of or in any way connected with the allegations in the Criminal Case.

10. Release by the City: Except as reserved below, the City hereby releases and forever discharges the Kong Parties and their respective officers, agents, members, employees, authorized representatives, assignees, and transferees from any and all liability, claims, demands, actions, or causes of action of whatever kind or nature arising out of or in any way connected with the allegations in the Criminal Case.

11. Waiver: Except for those obligations that are specifically reserved or are otherwise stated in this Agreement, and with respect to those matters specifically released herein, the Parties waive the provisions of California Civil Code Section 1542, which provides as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

12. Reserved: Notwithstanding anything in this Agreement to the contrary, nothing in this Agreement releases or excuses any of the Kong Parties from:

- i. Any municipal or state tax liabilities or claims;
- ii. Any other state or municipal administrative, civil, or government claim or liability unrelated to the matters alleged in the Criminal Case;
- iii. Any criminal liability;
- iv. Any obligations under this Agreement; and

- v. Any violations of state or municipal law occurring after the Effective Date of this Agreement.

Additionally, this Agreement does not release or excuse any of the Kong Parties from administrative liability under Appendix C of the San Francisco Charter. In light of the payment of penalties under the Campaign and Governmental Conduct Code described above in paragraph 1, the Ethics Commission Enforcement Staff has closed their investigation of the Campaign and Governmental Conduct Code violations related to the allegations in the Criminal Case, and the Ethics Commission's Enforcement Regulations provide that "[n]o further action will be taken by the Commission to review or investigate the allegations contained in the complaint."

13. **Enforceability:** The provisions of this Agreement are contractual in nature and not mere recitals and shall be considered independent and severable, and if any such provision or any part thereof shall be at any time held invalid in whole or in part under any federal, state, county, municipal or other law, ruling or regulations, then such provision, or part thereof, shall remain in force and effect to the extent permitted by law, and the remaining provisions of this Agreement shall also remain in full force and effect, and shall be enforceable. This Agreement may be enforced pursuant to Code of Civil Procedure Section 664.6 by motion or by any other means available under applicable law.

ADDITIONAL PROVISIONS

14. **Governing Law:** The laws of the State of California shall govern the Parties' rights and obligations under this Agreement.

15. **Advice of Counsel:** The Parties acknowledge that they have had an opportunity to be advised by their own independently selected legal counsel and other advisors in connection with this Agreement and enter into the Agreement solely on the basis of that advice, if any, and on the basis of their own independent investigation of all the facts, law, and circumstances material to this Agreement or any provision thereof, and not in any manner or to any degree based upon any statement or omission by any other party or its legal counsel. By executing this Agreement, each of the Parties acknowledges that it has read the Agreement and understands its terms and provisions.

16. **Authorization:** Each of the Parties to the Agreement represents and warrants that (1) it is authorized to enter into this Agreement; (2) the individual signing on behalf of such party is authorized to execute the Agreement on its behalf; and (3) it is the lawful owner of all right, title, and interest to every claim and every other matter which it purports to release in this Agreement.

17. **Counterparts:** This Agreement may be signed in one or more counterparts, each of which shall be deemed an original, with the same force and effect as if all signatures appeared on the same document. A photocopy will serve in place of an original. Likewise, a copy of this Agreement with a signature transmitted by facsimile or by email or other electronic means, shall be deemed to be and may be relied upon as an original, executed counterpart.

18. **Binding:** This Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective heirs, executors, administrators, trustees, beneficiaries, predecessors, successors, assigns, partners, partnerships, parents, subsidiaries, affiliated and related entities, officers, officials, directors, principals, agents, servants, employees, and representatives.

19. **Modification:** This Agreement may not be modified, amended, or supplemented except by written instrument specifically identifying this Agreement and signed by each of the Parties.

20. Headings: Titles and headings of sections of this Agreement are for convenience only and shall not affect the construction of any provision of this Agreement.

21. Fees and Costs: The Parties agree each to bear its own costs and fees associated with or arising from the matters covered in this Agreement.

22. No Presumption Against Drafting Party: This Agreement and its wording are the result of mutual arm's-length negotiation, and in the event of a dispute concerning the meaning of any term contained herein, no adverse inference or presumption shall be drawn against any Party as a result of that Party's role in drafting this agreement.

23. Notice of IRS Form 1098: The Kong Parties acknowledge that applicable law requires the Kong Parties to furnish their federal taxpayer identification numbers to the City for inclusion on IRS Form 1098-F and that the Kong Parties may be subject to a penalty for failure to furnish taxpayer identification numbers. The Kong Parties agree to furnish such numbers by providing the City completed IRS Forms W-9, Request for Taxpayer Identification Number and Certification. The Kong Parties further agree to provide such other information as may be requested by the City to enable the City to comply with any reporting requirements for payments made pursuant to this Agreement that are imposed by applicable law.

24. For purposes of any obligations or rights of the Parties that arise from the making of payments under this Agreement including any IRS reporting requirements of the City, the amounts due to be paid under this Agreement are hereby identified as follows: \$109,500 civil penalties for violation of the Campaign and Governmental Conduct Code; and \$640,500 for restitution. The City makes no representation or warranty as to any tax consequences of the amounts to be paid under this Agreement.

IT IS SO AGREED:

CITY AND COUNTY OF SAN FRANCISCO

Dated: 6/20/2024

By: David Chiu
Name: David Chiu
Title: City Attorney

FLORENCE KONG

Dated: 11/27/23

By: [Signature]
Name: Florence Kong

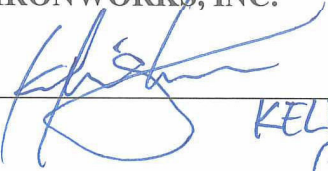
KIN WO CONSTRUCTION, INC.

Dated: 11/27/23

By: [Signature]
Name: Florence Kong
Title: Chief Executive Officer


KWAN WO IRONWORKS, INC.

Dated: 11/27/2023

By: 
Name: KELVIN SHUM
Title: CEO

SFR RECOVERY, INC.,


Dated: 11/27/2023

By: 
Name: ERIC MAO
Title: President

Approved as to form:

CITY AND COUNTY OF SAN FRANCISCO

Dated: June 20, 2024

By: 
Name: Yvonne R. Mere
Title: Chief Deputy City Attorney


FLORENCE KONG

Dated: November 29, 2023

By: 
Name: Jessica Nall
Title: Counsel for Florence Kong

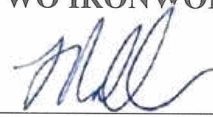
KIN WO CONSTRUCTION, INC.

Dated: November 29, 2023

By: 
Name: Jessica Nall
Title: Counsel for Kwan Wo

KWAN WO IRONWORKS., INC.

Dated: November 29, 2023

By: 
Name: Jessica Nall
Title: Counsel for Kwan Wo

SFR RECOVERY, INC.,

Dated: November 29, 2023

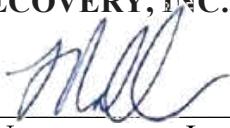
By: 
Name: Jessica Nall
Title: Counsel for SFR Recovery

EXHIBIT B

1 [Settlement of Unlitigated Claims - Florence Kong; Kin Wo Construction, Inc.; Kwan Wo
2 Ironworks, Inc.; and SFR Recovery, Inc. - San Francisco to Receive \$750,000]

3 **Resolution approving settlement of unlitigated claims against Florence Kong; Kin Wo**
4 **Construction, Inc.; Kwan Wo Ironworks, Inc.; and SFR Recovery, Inc. (collectively “the**
5 **Kong Parties”)** for restitution and civil penalty payments totaling \$750,000; the claims
6 involve allegations that Florence Kong provided gifts to a City official with the intent to
7 unlawfully influence City officials in award of City contracts to the Kong Parties; other
8 material terms of the settlement are that all of the Kong Parties will be debarred except
9 for Kwan Wo Ironworks, Inc., which will remain suspended for a minimum term of three
10 years and until full payment of the settlement amount of \$750,000.

11
12 WHEREAS, The City Attorney has investigated claims against Florence Kong; Kin Wo
13 Construction, Inc.; Kwan Wo Ironworks, Inc.; and SFR Recovery, Inc. (collectively “the Kong
14 Parties”) under state and local law; and

15 WHEREAS, The claims of the City and County of San Francisco (“City”) against the
16 Kong Parties involve allegations that Florence Kong on behalf of her affiliated companies
17 provided gifts to a City official in exchange for the unlawful award of City contracts to the Kong
18 Parties in violation of federal, state, and local law; and

19 WHEREAS, San Francisco Public Works has recommended settlement of the claims
20 by payments to the City by the Kong Parties of \$750,000 representing restitution and ethics
21 penalties and by debarring or suspending the Kong Parties from doing business with the City
22 for five years (except Kwan Wo Ironworks, Inc., which will remain suspended for a minimum
23 term of three years); now, therefore, be it

24 RESOLVED, That pursuant to Administrative Code, Section 10.22, the Board of
25 Supervisors hereby authorizes the City Attorney to settle and compromise the unlitigated

1 claims by payments from the Kong Parties to the City totaling \$750,000 and suspension
2 and/or debarment of each of the Kong Parties.

3
4 APPROVED AS TO FORM AND
5 RECOMMENDED:

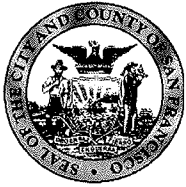
RECOMMENDED:

6 DAVID CHIU
7 City Attorney

SAN FRANCISCO PUBLIC WORKS

8 /s/
9 KESLIE STEWART
10 Chief of Public Integrity and Investigations

/s/
11 CARLA SHORT
12 Director



City and County of San Francisco

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

Tails
Resolution

File Number: 240037

Date Passed: February 27, 2024

Resolution approving settlement of unlitigated claims against Florence Kong; Kin Wo Construction, Inc.; Kwan Wo Ironworks, Inc.; and SFR Recovery, Inc. (collectively "the Kong Parties") for restitution and civil penalty payments totaling \$750,000; the claims involve allegations that Florence Kong provided gifts to a City official with the intent to unlawfully influence City officials in award of City contracts to the Kong Parties; other material terms of the settlement are that all of the Kong Parties will be debarred except for Kwan Wo Ironworks, Inc., which will remain suspended for a minimum term of three years and until full payment of the settlement amount of \$750,000.

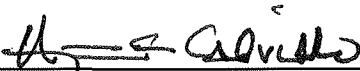
February 15, 2024 Government Audit and Oversight Committee - RECOMMENDED

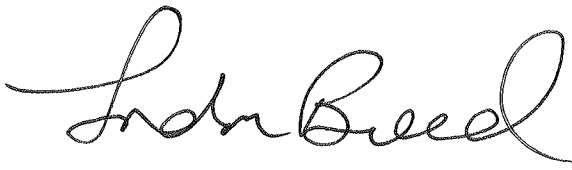
February 27, 2024 Board of Supervisors - ADOPTED

Ayes: 11 - Chan, Dorsey, Engardio, Mandelman, Melgar, Peskin, Preston, Ronen, Safai, Stefani and Walton

File No. 240037

I hereby certify that the foregoing Resolution was ADOPTED on 2/27/2024 by the Board of Supervisors of the City and County of San Francisco.


Angela Calvillo
Clerk of the Board


London N. Breed
Mayor

3/7/24
Date Approved