

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
(WESTERN DIVISION - LOS ANGELES)

LA ALLIANCE FOR HUMAN RIGHTS,) CASE NO: 2:20-CV-02291-DOC-KESx
ET AL.,)
)
Plaintiffs,) CIVIL
)
vs.) Los Angeles, California
)
) Friday, April 5, 2024
CITY OF LOS ANGELES, ET AL.,) (3:41 p.m. to 3:43 p.m.)
) (3:49 p.m. to 3:55 p.m.)
Defendants.) (3:56 p.m. to 4:04 p.m.)

HEARING RE:

MOTION TO ENFORCE THE SETTLEMENT AGREEMENT
AND FOR SANCTIONS [DKT.NO.668]
(REVIEW OF MOU);

STATUS CONFERENCE RE DEFENDANT COUNTY OF LOS ANGELES' PROGRESS
IN COMPLYING WITH THEIR OBLIGATIONS UNDER THE SETTLEMENT
AGREEMENT

BEFORE THE HONORABLE DAVID O. CARTER,
UNITED STATES DISTRICT JUDGE

APPEARANCES: SEE PAGE 2

Court Reporter: Recorded; CourtSmart

Courtroom Deputy: Karlen Dubon

Transcribed by: Exceptional Reporting Services, Inc.
P.O. Box 8365
Corpus Christi, TX 78468
361 949-2988

Proceedings recorded by electronic sound recording;
transcript produced by transcription service.

APPEARANCES:**For Plaintiffs:****MATTHEW UMHOFFER, ESQ.
Umhofer Mitchell & King
767 S. Alameda Street, Suite 270
Los Angeles, CA 90021
213-394-7979****For Defendants:****SCOTT D. MARCUS, ESQ.
Los Angeles City Attorney's Office
200 N. Main St.
7th Floor, Room 675
Los Angeles, CA 90012
213-978-7558****For Intervenor:****SHAYLA R. MYERS, ESQ.
Legal Aid Foundation of LA
7000 S. Broadway
Los Angeles, CA 90003
213-640-3983****Also present:****SPECIAL MASTER MICHELE MARTINEZ**

1 Los Angeles, California; Friday, April 5, 2024; 3:41 p.m.

2 --oOo--

3 **THE COURT:** So this is 20-02291, *LA Alliance for*
4 *Human Rights versus the City of Los Angeles.*

5 And if you'd just have a seat for just a moment.
6 It's okay. And just make your appearances.

7 **MR. UMHOFFER:** Good afternoon, Your Honor. Matthew
8 Umhofer on behalf of the Plaintiffs LA Alliance.

9 **THE COURT:** Thank you.

10 **MR. MARCUS:** Good afternoon, Your Honor. Scott
11 Marcus on behalf of the City of Los Angeles.

12 **MS. MYERS:** Good afternoon, Your Honor. Shayla Myers
13 on behalf of the Intervenors.

14 **THE COURT:** I want to have a very limited discussion
15 with you for a moment about the auditors who made their
16 presentation yesterday. You don't have to respond to this
17 question but I would be interested in what your impression was,
18 who you believe the auditor is most capable of carrying out
19 these audits.

20 **MR. UMHOFFER:** On the Plaintiffs' side, Your Honor, it
21 appears Alvarez is really the only one that could under the
22 circumstances. That's our view of it, subject to the City's as
23 well.

24 **THE COURT:** Let me turn to Scott on behalf of the
25 City.

1 **MR. MARCUS:** Your Honor, at the -- after the initial
2 presentation, I would say that the Alvarez and the Horne firms
3 appear to be well-versed in the matters and would be capable of
4 performing the audit. I have since --

5 **THE COURT:** And just if the judge has to make a
6 decision, which one?

7 **MR. MARCUS:** Well I've been since provided additional
8 information about the Horne firm that I think would render them
9 less desirable to the Court; and had we known that, we could
10 have maybe even saved them a trip to the courtroom. That being
11 said, the third firm I don't think was capable of performing
12 the audit that the Court has in mind.

13 **THE COURT:** So which firm?

14 **MR. MARCUS:** That would leave Alvarez.

15 **THE COURT:** Okay. And Alvarez. Shayla?

16 **MS. MYERS:** Your Honor, the Intervenors agree. We
17 had provided some information to other folks that we could
18 share with you regarding the Horne firm's involvement and so we
19 think the Alvarez firm would be the best firm of the three.

20 **THE COURT:** Okay. I'll be back with you then in just
21 a moment.

22 **(Recess from 3:43 p.m. to 3:49 p.m.)**

23 **THE COURT:** Folks have a seat.

24 And Michele Martinez has brought me up to date and
25 obviously you're far ahead of the Court with what's been

1 occurring. So I'm going to turn this over to any of you and I
2 think probably, Mr. Marcus, it's your option of making a
3 statement.

4 **MR. MARCUS:** Yes, Your Honor, Scott Marcus for the
5 City.

6 As the Court requested yesterday for me to come back
7 and report on city council action and response to what was
8 discussed yesterday.

9 The city council has approved paying for the audit as
10 ordered by the Court in a range of 1.5 to 2.2 million dollars.
11 That's the range that was approved which we think is workable
12 with the proposals that we've seen.

13 The council also approved the payment of the fees to
14 the LA Alliance of the \$725,000.

15 **THE COURT:** Okay. Matt, is that your understanding
16 as well?

17 **MR. UMHOFFER:** It is my understanding, Your Honor.

18 And our understanding of this resolution, as
19 reflected in the stipulation, is that this is a stipulation to
20 resolve the sanction's issue. So it is a stipulated sanction's
21 sanction in the form of both the audit and the payment of the
22 attorneys' fees.

23 **THE COURT:** So in other words, the Court would not be
24 going forward on the sanction's issue.

25 **MR. UMHOFFER:** That is correct.

1 **THE COURT:** Is that your understanding?

2 **MR. MARCUS:** That is my understanding as well.

3 **THE COURT:** Shayla, what's your understanding?

4 Weren't you consulted in this? Originally you objected to
5 sanctions to begin with but I want you to be involved in this.

6 **MS. MYERS:** I mean we were not involved at all in the
7 discussions. I have no idea what the \$725,000 is tied to.
8 That's a significant amount of taxpayer money so it would be
9 helpful I think for the public to know if that was attorneys'
10 fees or what that -- what that money is --

11 **THE COURT:** I'm assuming it's attorneys' fees but ...
12 All right. Now, let me ask each of you this:

13 I want to make certain that the audit is finalized
14 and the eventual decision is the Court's. So while I respect
15 the council's limitation, that's what they've approved so far.
16 I want to make certain that this audit is thorough.

17 And I also independently believe that Alvarez was at
18 this point anyway, tentatively, the firm that the Court wanted
19 to talk to but I don't want to finalize that until we bring
20 Alvarez back in. I don't want any surprises. If they're going
21 to charge more or they're going to say to the council it's
22 another \$500,000, I don't think that's fair to the council in
23 good faith.

24 By the same token, ultimately, that's my decision.
25 How you pay for that, I'd like to keep the costs down but with

1 10 billion dollars, probably 30 million dollars running through
2 the homeless issues in the state; quite frankly, a couple
3 hundred thousand dollars doesn't make much of a difference.
4 We're dealing with huge amounts of homeless money or money
5 devoted to homelessness in this state, 25 to 30 billion dollars
6 probably, and Los Angeles probably receiving I'm going to guess
7 10 or 11 million -- billion dollars of that. So what I don't
8 want to see is incompleteness.

9 And I want to have the auditor come in on Monday.
10 I'd like Michele to talk to the auditor over the weekend.
11 Scott, with your help, Shayla's help, Matt, your help, we can
12 work this weekend.

13 And if there's going to be a concern on the auditor's
14 part, we need to know that. So do we have contact with the
15 Alvarez firm?

16 **MR. MARCUS:** Your Honor, I had had the contact with
17 the Alvarez firm via email in response to the submission, the
18 solicitation we sent out. I can share that email contact
19 information with the Special Master so that she can then reach
20 out and conduct those conversations.

21 **THE COURT:** Then I think we simply need to finalize
22 the audit so the city council knows with finality what the
23 auditor's position is.

24 Shayla, Matt, you need to be involved obviously in
25 the scope of this.

1 **MS. MYERS:** Yes, Your Honor.

2 **THE COURT:** And we need to complete this by Monday
3 because it would be my understanding then that you're not going
4 forward with sanctions.

5 **MR. UMHOFFER:** That's correct, Your Honor.

6 **THE COURT:** The Court will then not be making a final
7 decision concerning the City.

8 **MR. UMHOFFER:** That's correct.

9 **THE COURT:** All right. What time Monday? In other
10 words --

11 **MR. UMHOFFER:** Your Honor, I think we're due here at
12 4:00 p.m. on Monday anyway. Am I correct on that? I see
13 Special Master Martinez nodding. And so we could make it at
14 that time.

15 **THE COURT:** Is that comfortable for everybody?
16 4:00 p.m.?

17 **MR. MARCUS:** That was already calendared so that was
18 already on my schedule.

19 **THE COURT:** Yeah. Comfortable? I just want to
20 verify that.

21 **MR. MARCUS:** Yes, Your Honor.

22 **THE COURT:** Shayla?

23 **MS. MYERS:** Yes, Your Honor.

24 **THE COURT:** Okay then is there anything further
25 today?

1 **MR. UMHOFFER:** Not from the Plaintiffs, Your Honor.

2 **MR. MARCUS:** Not from the City.

3 **THE COURT:** Okay. All right. Well then, counsel,
4 we'll get you on your way and you have a wonderful weekend,
5 okay?

6 **MR. MARCUS:** Thank you, Your Honor, you too.

7 **MS. MYERS:** Thank you, Your Honor.

8 **THE COURT:** Now, Michele, anything else that you can
9 think of?

10 **SPECIAL MASTER MARTINEZ:** No.

11 **THE COURT:** Thank you very much.

12 (Pause)

13 Oh and by the way, counsel, Matt, there's one more
14 thing.

15 You also have an additional stipulation you submitted
16 to the Court. It was an additional stipulation. I'm going to
17 accept that stipulation in light of the prior stipulation.
18 Keep both of them but docket that stipulation as well. Docket
19 it.

20 **MR. MARCUS:** That's fine, Your Honor. The
21 stipulation the -- from yesterday, it has been docketed. We
22 filed it on the docket, yes.

23 **THE COURT:** It has. Okay. I didn't check this
24 morning. Thanks. Okay. Thank you very much.

25 //

1 **(Off case at 3:55 p.m.; resume at 3:56 p.m.)**

2 **THE COURT:** Yeah. I want to see you folks again.

3 Matt, I want to see you again.

4 **(Pause)**

5 I want to go back on the record just for a moment.

6 Sorry, Shayla; sorry Scott.

7 **(Pause)**

8 So the first portion, I somewhat knew through Michele
9 what was being discussed but I didn't know until a few moments
10 ago, Scott, with finality although Michele attempted to tell me
11 in chambers.

12 So with the motion for sanctions being resolved, I
13 don't want to make that decision today because I want to make
14 certain that the audit is final. And if we don't have a final
15 audit, and I don't want the Court to rule on this and we still
16 have a case in controversy, in a sense, because we haven't --
17 we don't have an auditor.

18 But I would think, from your standpoint on behalf of
19 LA Alliance, that this puts the City on notice that
20 transparency in communications would be critical in making sure
21 that they fulfill their promises under the settlement
22 agreement. And I believe last month that the parties really
23 took a very meaningful step in that direction and I really
24 believe that they collaborated in good faith with each other
25 and that's a compliment to you. And I think we reached that

1 because the mayor was actually here in court and made decisions
2 at the highest level, all (inaudible) in the presence of the
3 council.

4 I don't know how intimately Judge Andre Birotte's
5 been involved and late hours he's been keeping with you folks
6 and the Special Master but they bilked (phonetic) some out the
7 well with me. In other words, I know certain things but I
8 don't know everything. In fact I'm surprised at some of the
9 things I didn't know. I think they did that to protect me and
10 the ethics involved so don't assume that I'm a part of those
11 negotiations.

12 I know you were making some progress but this
13 resolution on the sanctions issue and the compensation to the
14 attorneys for these past, let's say -- as Scott put it -- could
15 have communicated better. I don't want to destroy that when
16 you've taken these really unprecedented steps towards more
17 transparency. I don't want to let the perfect get in the way
18 of very good.

19 And I do want to maintain that optimism that the
20 mayor has tried to install initially with Janice Hahn and Paul
21 Krekorian. That's this County has been bickering with the City
22 for so long. It goes back to the 1980s. And there's
23 cooperation at that level, that's the leadership that the City
24 needs because this is a divided city in terms of who's really
25 in control of the city. The mayor doesn't even have a vote on

1 the council.

2 And if the City is continuing to take these I think
3 unprecedented steps towards more transparency, and agreeing as
4 they did to an audit concerning the homeless programs, and now
5 creating a website which now the County is following, then the
6 public can scrutinize the homeless spending.

7 And I think that if you're going to withdraw the
8 sanctions motion and this money can be devoted to homeless
9 people, then that could be a very good resolution instead of
10 potentially sanctions, and we could get children housing to
11 keep and hope people come inside.

12 My only reason -- and I want to reiterate this as of
13 delay is although the council has set a limit, which may be
14 reasonable from the council's standpoint, I can't have a
15 substandard audit. And I need to talk to Alvarez about the
16 scope of this audit because I don't want to be \$100,000 short
17 or even a million dollars short. And they had a range of 2.9,
18 I believe, to 4.2 -- We really need -- million. We really need
19 to talk to those folks.

20 And then if you're all involved along with the Court,
21 if they're asking for more, we need to know why, what that
22 scope is, et cetera. I need you, particularly, Shayla, in this
23 area at this point, and that it may have to go back to the
24 council. It may not, it may not.

25 But I reiterate, the council does not control the

1 amount. I have to be reasonable in that. I'm dealing with
2 tens of billions of dollars. I appreciate the council's
3 limitation but I want you folks who represent the mayor, et
4 cetera, and the council, I'm not bound by that limit, okay?

5 And what I can't do is fall short in terms of
6 resources. That's why I need to get those auditors back in
7 here, see if we can create a conversation with them, try to
8 reach this 2.2, okay? But I don't want to be surprised later
9 on.

10 So that's my forewarning, that's why I'm not making
11 that final decision this evening because if that audit falls
12 through and we don't have the resources, then we're back to
13 litigation. Okay?

14 Okay. Now you go have a nice weekend. Thank you.

15 **(Attorneys thank the Court)**

16 **(Proceeding adjourned at 4:03 p.m.)**

17

18

19

20

21

22

23

24

25

CERTIFICATION

I certify that the foregoing is a correct transcript from the electronic sound recording of the proceedings in the above-entitled matter.

April 6, 2024

Signed

Dated

TONI HUDSON, TRANSCRIBER