

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

LA ALLIANCE FOR HUMAN RIGHTS,) CASE NO: 2:20-CV-02291-DOC-KES
ET AL.,)
) CIVIL
Plaintiffs,)
) Los Angeles, California
vs.)
) Friday, March 8, 2024
CITY OF LOS ANGELES, ET AL.,) (9:04 a.m. to 9:18 a.m.)
) (9:28 a.m. to 9:34 a.m.)
Defendants.)

HEARING RE:

MOTION TO ENFORCE THE SETTLEMENT AGREEMENT
AND FOR SANCTIONS

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

APPEARANCES: SEE PAGE 2

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Also present: KENNETH MEJIA, CITY CONTROLLER

SERGIO PEREZ

Special Master: MICHELE MARTINEZ

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WITNESS TESTIMONY

PAGE

KENNETH MEJIA

COURT INQUIRY

5

1 Los Angeles, California; Friday, March 8, 2024; 9:04 a.m.

2 (Call to Order)

3 **THE COURT:** Please be seated. Thank you very much.
4 That's awfully nice of you. First of all, it's very much
5 appreciated but --

6 Well, first of all, good morning.

7 **MR. MARCUS:** Good morning, Your Honor.

8 **MS. SPEAKER:** Good morning, Your Honor.

9 **THE COURT:** I hope all of you are well. I received a
10 text this morning about 7:30 from Mayor Bass who is in Paris
11 and Counsel President Paul Krekorian. I'm, first of all, going
12 to ask the Comptroller if he's here.

13 **MR. MARCUS:** He is, Your Honor.

14 **THE COURT:** Thank you. If you'd come forward, sir.
15 It's a pleasure.

16 Is Sergio here also?

17 Sergio, why don't you come on up also? We'll swear
18 the Comptroller at this time.

19 **THE CLERK:** Please raise your right hand.

20 **KENNETH MEJIA, CITY COMPTROLLER, SWORN**

21 **THE COURT:** All right. Thank you, sir. If you'd
22 take the stand.

23 And, Sergio, if you'd like to stand next to him as
24 his able advisor, it's appreciated.

25 **MR. PEREZ:** Appreciate it.

1 **THE COURT:** And before I begin, I think much of this
2 has been alleviated this morning. So I want to disclose to you
3 the conversation that the Mayor has. And I'm going to begin my
4 complimenting the Mayor and the Council President on their
5 leadership in this matter.

6 So, Michele, would you --

7 **SPECIAL MASTER MARTINEZ:** Can you --

8 **THE COURT:** Well, we'll swear him in just a moment.

9 So, Sergio, just have a seat for a moment. I want
10 you to hear this first before we swear you. Okay?

11 Or you want -- maybe take the testimony first?

12 **SPECIAL MASTER MARTINEZ:** First, yes.

13 **THE COURT:** All right. We'll take your testimony
14 first and I think that this may have been resolved but -- first
15 of all, sir, would you state your full name, please?

16 **MR. MEJIA:** City Comptroller Kenneth Mejia.

17 **THE COURT:** It's a pleasure to meet you. I've talked
18 to you by phone and I've talked to Sergio. So it's nice to see
19 you.

20 Have we sworn the gentleman?

21 **THE CLERK:** Yes.

22 **THE COURT:** Okay. Does the Mayor have control over
23 your budget?

24 **MR. MEJIA:** Yes.

25 **THE COURT:** And if the homeless programs are

1 centralized in the Mayor's office, does the Comptroller have
2 the authority to audit that program?

3 **MR. MARCUS:** Again, Your Honor, Scott Marcus for the
4 City objecting that that calls for a legal conclusion.

5 **MR. MEJIA:** Yes, the City Comptroller's office --

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

7 **MR. MEJIA:** -- can audit City programs.

8 **THE COURT:** And would you state that again?

9 **MR. MEJIA:** Yes, the City Comptroller can audit City
10 programs.

11 **THE COURT:** Matt Szabo testified yesterday that the
12 Comptroller cannot audit a program under the control of the
13 Mayor and that he can't audit elected officials. Do you
14 disagree with that?

15 **MR. MEJIA:** When it comes to a City program,
16 especially those housed under elected officials, we have
17 disagreements with the Mayor and the City Attorney's office but
18 we believe there's nothing in the charter that prohibits the
19 Mayor or the City Council from voluntarily submitting
20 themselves to an audit by our office. So we disagree.

21 **THE COURT:** If you can audit these programs, have you
22 done so -- these homeless programs?

23 **MR. MEJIA:** Not yet, due to our limited resources.

24 **THE COURT:** Do you have any future plans that you've
25 announced to audit these programs?

1 **MR. MEJIA:** Yes.

2 **THE COURT:** When?

3 **MR. MEJIA:** Depending on when availability for our
4 resources free up.

5 **THE COURT:** I asked the Special Master to check back
6 and we didn't find -- and I want you to correct me -- any
7 public officials or their programs that had been audited. And
8 could you help me with what all you've conducted as a public
9 official?

10 **MR. MEJIA:** Yes. So, so far -- and I want to preface
11 this. Due to our limited resources, we have about six
12 performance auditors for --

13 **THE COURT:** Sure.

14 **MR. MEJIA:** -- 40-plus departments. We have
15 completed an audit on interim housing data, shelter beds. In
16 addition, we've completed an audit on the LAPD's helicopter
17 program. We also have audits in progress such as homelessness,
18 Pathways to Permanent Housing. We also have a -- our auditing
19 is working on the LAPD's compliance with military equipment
20 policies on the State level. In addition, we have two other
21 audits such as the City's Housing Department's Tenant Anti-
22 harassment Ordinance and, in addition, the City's Affordable
23 Housing efforts.

24 **THE COURT:** I'm going to represent to you and state
25 that I don't know but there's an arguable position that at

1 least \$600 million -- long before you were auditor -- flowed
2 through the provider programs in the City of Los Angeles -- and
3 that's a minimum number -- between 2017 and 2019.

4 Many of those documents, by the way, I have -- some
5 of those I have seen. And often they would come from a
6 particular provider or providers without even a date and simply
7 a request for, hypothetically, \$248,000 with no data, no
8 documents that would support what services were performed.

9 So a person like you diligently couldn't give input
10 back whether this was overstaffed or whether the person was
11 reaching out with whatever services. There was no comparison
12 or ability to know who was benefiting, folks on the street who
13 needed services desperately.

14 And there's been now a representation that in the
15 future, all the invoices coming to you will have the supporting
16 data so that you'll know what services are being performed.
17 And that way, you'll be able in the future to give input back
18 to the Council President and the Mayor and show what data each
19 provider is providing with services.

20 And ultimately the goal, of course, is getting folks
21 into shelter and housing. No matter how many services, we've
22 got a desperate need on the street for just services with
23 mentally ill and other people, obviously. But, ultimately, we
24 need to get these folks into some kind of shelter and housing.

25 My concern had been if the Comptroller is unable to

1 audit any program run by the Mayor's office, which you say you
2 are, although there's a disagreement it seems between you and
3 the CAO --

4 **MR. MEJIA:** Yes.

5 **THE COURT:** -- and the City Attorney --

6 **MR. MEJIA:** Yes.

7 **THE COURT:** -- I know in the past, my fear -- that I
8 was concerned if we went from a district-by-district approach
9 to a citywide approach, if we didn't have that ability that
10 there wouldn't be any accountability.

11 I think that that's been set aside. So I want you to
12 hear some very pleasant news in just a moment and I think it
13 will be a benefit for everybody because of the Mayor's
14 leadership in this regard and Paul Krekorian.

15 So, Michele, as much as you can remember and then
16 I'll fill in.

17 **SPECIAL MASTER MARTINEZ:** Thank you, Your Honor, and
18 just very quickly, I will say on behalf of the Mayor and the
19 Council President, based on a discussion this morning, they
20 have offered for the City of Los Angeles to pay for an
21 independent audit of the choosing of the judge. And so that is
22 what's going to take place and so just wanted to inform
23 everyone that they have offered to pay for an audit and the
24 judge will work with the City Attorney and whoever at staff.
25 But it will be through the Court and who that independent

1 auditor will be and what they will be auditing.

2 **THE COURT:** I'm going to be even more complimentary
3 because the conversation was at least, what, half an hour or
4 more?

5 **SPECIAL MASTER MARTINEZ:** Yes, 20 minutes or more.

6 **THE COURT:** First of all, the Court didn't suggest
7 this. When the Court received the phone call, this came from
8 the Mayor and from Paul Krekorian, the President. I, frankly,
9 have complimented them privately and I compliment them publicly
10 on their leadership. This is an issue that should have never
11 come to the Court's attention but they have absolutely stepped
12 up and they have recognized -- not any insinuation but a
13 potential conflict because it comes -- you saw it basically
14 comes from the Mayor's office. Okay.

15 The second is they want that independence also for
16 credibility purposes and that's absolutely commendable and
17 absolutely what the public needs.

18 The second thing we've talked about is the link of
19 the MOUs and how long they're taking. That's on the table but
20 there's a recognition on their part that these MOUs have to
21 come more quickly, whether it's 30 days or 60 days. I think
22 there's a genuine concern that at the present time, without
23 this MOU, the County is paying -- or strike that -- the City is
24 paying for services through Inside Safe.

25 There's \$250 million that we're -- came out of the

1 Tobacco Fund, or that settlement. I'm going to leave that to
2 the County and the City to work out but I'm requesting and
3 probably will order that this MOU be completed within 30 days
4 and so, therefore, between the City and the County -- and this
5 has been dragging out for 14 months.

6 There were some other things discussed but I'll speak
7 to the parties in private through Michele about that. But I've
8 represented that I will recess today so that the Mayor can
9 return from Paris and pay her the courtesy of being here next
10 Thursday and that Paul Krekorian will be discussing these
11 matters with the Council.

12 And we'll try to centralize this and we're also
13 concerned about -- not you, Mr. Marcus, but the City Attorney
14 disseminating information to the Council. I'm not certain
15 whether now I should be counseling every Council member on my
16 docketing and/or the Board of Supervisors because the
17 information, through no fault of yours, is not getting out to
18 your Council members. And the Council President is very
19 concerned that we've got this -- not to review points of the
20 Council but a lack of centralization because a lack of
21 information getting out.

22 So I'm probably going to docket, Michele, this point
23 forward -- and Carlen -- every Council member so they are
24 aware.

25 Now, I may be forgetting something, Michele. What am

1 I forgetting?

2 **SPECIAL MASTER MARTINEZ:** (Indisc.)

3 **THE COURT:** Okay. All right. Now, Mr. Marcus.

4 **MR. MARCUS:** Thank you, Your Honor, Scott Marcus for
5 the City of Los Angeles. If I could be heard on just a couple
6 of those items?

7 **THE COURT:** Please.

8 **MR. MARCUS:** The first is --

9 **THE COURT:** Oh, by the way, I've also represented --
10 I apologize for cutting you off. That wasn't the complete
11 conversation. I've already also indicated to the Mayor that
12 I've already reached the decision that the Plaintiffs were
13 misled. This is bad faith. And that there's basically a
14 stipulation and if not, the parties are welcome to call
15 Mercedes Marquez, et cetera, or Daniel Conway or whomever. You
16 can fill in the record.

17 And I've also become concerned that there seems to be
18 some finger-pointing going on because Michele and my clerk
19 called to attention an article which is simply hearsay at this
20 point but it was in *L.A. First* yesterday. And that article
21 was, Mercedes Marquez told *L.A. First* over text messages that,
22 "She does not want to be anybody's scapegoat."

23 She wrote that it was not the Mayor's office but a
24 different City office, that of the City Administrator Officer
25 Matt Szabo who managed the outreach contractor during -- hiring

1 that didn't come to fruition.

2 Now, I choose not to recall Matt today. I'm going to
3 slow this process down until next Thursday to see if there can
4 be some thoughtful discussion concerning this.

5 Now, Mr. Scott -- I'm -- Mr. Marcus -- I'm sorry.

6 **MR. MARCUS:** That's a good thing. Before I begin,
7 Your Honor, if the Court is done with Comptroller Mejia, may he
8 step down?

9 **THE COURT:** Oh, first of all, my apologies. If I can
10 buy you a cup of coffee in the future, I'd love to. I'd love
11 to come back over to your office someday. I -- first of all,
12 thank you for your courtesy and I'm really humbled that you
13 respond so quickly. You're a true public servant and very much
14 appreciated. Thank you for, sir.

15 **MR. MEJIA:** Thank you, Your Honor.

16 **THE COURT:** Thank you for your service, sir.

17 And, Sergio, thank you very much. It's always a
18 pleasure.

19 Thank you, Mr. Marcus.

20 **MR. MARCUS:** Thank you. If I may address a few
21 items. First, Your Honor, in terms of scheduling, Council
22 President Krekorian has also requested to be present at the
23 next hearing. He is not available on the 14th but is available
24 on the 21st. And the Mayor said that the 21st also is a good
25 date. So --

1 **THE COURT:** Well, let me ask you something. Hold on.
2 It was my concern on each of your part that you were going to
3 budget on April 20th. That's why I pressed to know where the
4 County was and where you were because the City had a budget
5 that Matt Szabo was pressing on the 20th. Would you go back to
6 talk to Mr. Newman and your Homeless Director back there for
7 just a moment?

8 I'm happy to do that. I want Paul present but by the
9 -- or the Council President present but by the same token, I
10 don't want this to be a concern or conflict with the City
11 because this was a request from the City that this get
12 resolved. So go have a talk with them.

13 **MR. MARCUS:** Okay.

14 **THE COURT:** And if you need to, Paul is available in
15 Paris right now. So is the Mayor and so if you need to press,
16 that's fine but what I don't want to do is set a date, flip a
17 date. Let me pay you the courtesy. I'm going to take a recess
18 so you can coordinate it.

19 And once again, I want you to -- for you to hear. I
20 really want to -- I want you to hear this. Are you ready? I
21 really want to compliment the Mayor and Council President for
22 their leadership. This is exactly what we're looking for.
23 They've stepped up and they've taken this issue which they
24 should have before but they've taken it from the Court. That's
25 leadership. Thank you.

1 **(A recess is taken from 9:19 a.m. to 9:28 a.m.)**

2 **THE COURT:** Okay. Then we're back on the record.
3 All counsel are present.

4 Well, thank you for your courtesy. If you'd be
5 seated. It's very much appreciated.

6 Mr. Marcus, I'm sorry, if you'd like to continue.

7 **MR. MARCUS:** Thank you, Your Honor. As I was stating
8 before the recess, Council President Krekorian did ask to be
9 present. I believe we have all agreed on March 18th as the
10 next hearing date.

11 **THE COURT:** Okay. March 18th then is acceptable to
12 the Plaintiffs and to Shayla Myers and the County wishes to be
13 present. Okay. All right.

14 **MR. MARCUS:** Thank you.

15 **THE COURT:** March 18th then which is a Monday at 9:00
16 o'clock.

17 **MR. MARCUS:** Thank you. If I could just address two
18 other items that the Court raised this morning. The first was
19 with respect to the MOU between the City and the County. I
20 understand the Court is not making any orders today with
21 respect to that.

22 **THE COURT:** I'm going to pay the courtesy of letting
23 the Mayor and Paul Krekorian return, have them have a chance to
24 talk to the present Chair of the Board along with counsel. But
25 I'm prepared to make that order. I want to forewarn you. I'm

1 not trying to trap anybody. It's gone on long enough, 14
2 months now.

3 **MR. MARCUS:** I under --

4 **THE COURT:** I'm not going to make it today.

5 **MR. MARCUS:** -- I understand. Thank you, Your Honor.
6 I was going to suggest potentially if the Court was planning on
7 scheduling a hearing addressing the County Alliance settlement,
8 the Court could schedule at the same time a status conference
9 on the status of the MOU to take place on that same date.

10 **THE COURT:** I don't understand that. I'm sorry.

11 **MR. MARCUS:** You referenced yesterday that the Court
12 was planning on scheduling a hearing in the first or second
13 week of April to address --

14 **THE COURT:** I've already done that. I just have it
15 on the docket April 4th.

16 **MR. MARCUS:** Yes. So what the Court could also do is
17 at the same -- for that same date, schedule a status conference
18 on the status of the City/County MOU with that to be addressed.

19 **THE COURT:** And that would give the courtesy to the
20 Chairperson of the Board and also the Mayor to hopefully
21 resolve this.

22 **MR. MARCUS:** It --

23 **THE COURT:** Excellent suggestion, I'll do that.

24 **MR. MARCUS:** Thank you. The last item, Your Honor, I
25 would like to address is the Court's intention to find that the

1 City misled the Plaintiffs.

2 **THE COURT:** I'm going to find bad faith, Counsel.

3 **MR. MARCUS:** Which is what I would like to address.
4 The City did stipulate to the facts. We are not contesting the
5 facts but as I stated yesterday, we are not stipulating to the
6 legal effect of those facts.

7 **THE COURT:** I understand that and I'm not indicating
8 what remedy yet.

9 **MR. MARCUS:** And I just want to make clear that at
10 the time that that representation was made, that was the plan.
11 The RFQ had been issued. That was the plan for the City to
12 conduct the assessments which would then feed into establishing
13 the milestones. That did --

14 **THE COURT:** Now, let me be very clear. I'm not
15 trying to trap you. That's why I'm doing this. I'm telling
16 you that based upon that stipulation, I'm going to find bad
17 faith. If you want to present additional evidence, if you want
18 to call witnesses, if you want to call Mercedes Marquez, you're
19 welcome to do that. You're welcome to fill in those blanks but
20 right now I'm indicating to you that this will be a finding of
21 bad faith based upon that. Now, what the remedy is, I don't
22 know.

23 **MR. MARCUS:** Understood, Your Honor. I don't think
24 any additional facts are necessary but, again, the finding of
25 bad faith indicates some sort of intent to mislead and I am

1 arguing based on those facts, those facts are not sufficient to
2 make that finding. And I just want to point out that the fact
3 -- that there is no bad faith. Yes, the City was not prompt
4 enough or efficient enough in communicating the change in plans
5 to the Alliance. I admitted that yesterday. I will admit that
6 today.

7 But the parties met and conferred. We got
8 milestones. We provided the milestones to the Alliance based
9 on the numbers they requested. We kept saying yes.

10 **THE COURT:** I don't think that the Mayor and Paul
11 Krekorian want this to go any farther. You might consult with
12 your client before you make these representations because if
13 you continue, I'm going to order Mercedes Marquez in here and
14 I'm going to order you to take the stand because right now I'm
15 indicating based upon this record and if we're not satisfied,
16 I'm going to find bad faith because that's what you've
17 stipulated to basically.

18 Now, if you disagree with that, you have all the
19 latitude to call anybody you'd like to but I'm warning you
20 about this. Now, you can take it up on appeal and I might get
21 reversed but I'm offering you the opportunity to indicate --
22 and not by argument now -- that this is -- I believe this has
23 led to bad faith.

24 So if you want to go further, that's fine and we can
25 go further today but if so, let's go find Mercedes Marquez and

1 let's get Mr. Szabo back up on the stand today which is
2 everything that I hoped we didn't have to do after talking to
3 the Mayor. And I think you better talk to your client, the
4 Mayor.

5 **MR. MARCUS:** I don't need to talk to them. I agree
6 with the Court, Your Honor. We do not believe any additional
7 evidence is necessary. I simply wanted to make the record
8 based on --

9 **THE COURT:** Here's my order. Mercedes Marquez is to
10 be present so that we have no disagreement -- just present.
11 Somebody go out and find her for next Thursday. Hopefully,
12 she'll never be called.

13 You're to be available, Paul, and so is Daniel
14 Conway. Understood? Okay.

15 And that way, if I need to fill in this record and if
16 I'm wrong, I'll take testimony from the stand. But I believe
17 the record is sufficient but I'm not going to take a chance on
18 appeal and if we want to go through that process, which is
19 exactly what I don't think your client wants to, I would just
20 suggest you reach out to your client before we have to go down
21 that route.

22 **MR. MARCUS:** Understood.

23 **THE COURT:** Okay. All right.

24 **MR. MARCUS:** Thank you.

25 **THE COURT:** Now, anything else? Otherwise, I think

1 we should be in recess now.

2 **MR. MARCUS:** Nothing else from the City. Thank you,
3 Your Honor.

4 **MS. MITCHELL:** Nothing from Plaintiffs.

5 **MS. SPEAKER:** Nothing, Your Honor.

6 **MS. MYERS:** Nothing from the Intervenors.

7 **(Proceeding adjourned at 9:34 a.m.)**

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CERTIFICATION

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



March 9, 2024

Signed

Dated

TONI HUDSON, TRANSCRIBER