

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

|                                 |                                |
|---------------------------------|--------------------------------|
| LOS ANGELES HOMELESS SERVICES ) | CASE NO: 2:26-cv-07056-DOC-AJR |
| AUTHORITY, )                    |                                |
|                                 | CIVIL                          |
| Plaintiff, )                    |                                |
|                                 | Los Angeles, California        |
| vs. )                           |                                |
|                                 | Wednesday, September 30, 2026  |
| DONALD J. TRUMP, ET AL., )      |                                |
|                                 | ( 9:24 a.m. to 9:50 a.m.)      |
| Defendants. )                   | (10:43 a.m. to 11:00 a.m.)     |

STATUS CONFERENCE

RE COMPLETION OF THE ADMINISTRATIVE RECORD

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

APPEARANCES: SEE PAGE 2

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For HUD:

BILL DOOLITTLE, ESQ.  
MICHAEL ROSS, ESQ.  
DANE DERODE

1 Los Angeles, CA; Wednesday, September 30, 2026; 9:24 a.m.

2 (Call to Order)

3 THE COURT: And I strongly recommend that the LA  
4 Alliance folks listen to this conversation as well. Let me  
5 start with your appearances. And I'd just remain seated or go  
6 to the lectern. It's probably easier if you just remain  
7 seated, because I want you to be closer to the microphone or go  
8 to the lectern. But don't stand up and then create the  
9 distance between you and the microphone. So I don't mind  
10 playing like we're back in state court. You're seated, okay?

11 MS. AXEL: I may forget, Your Honor. I'm used to  
12 standing, but I'll try. Keri Axel, I represent LAHSA from  
13 Waymaker, and this is my partner, Scott Malzahn, and, of  
14 course, Gita O'Neill here with LAHSA. I'll let Norton Rose  
15 make their own appearance.

16 MR. PELHAM: Good morning, Your Honor. Christopher  
17 Pelham and Alex Scandroli with Norton Rose for LAHSA.

18 MR. SCANDROLI: Good morning, Your Honor. Alex  
19 Scandroli for LAHSA.

20 THE COURT: Okay. Thank you. And counsel.

21 MR. BECK: Good morning, Your Honor. Assistant U.S.  
22 Attorney Daniel Beck for the defendants.

23 MR. FARRELL: Assistant United States Attorney  
24 Alexander Farrell for the Government.

25 THE COURT: Okay.

1           **MR. ESSAYLI:** And First Assistant U.S. Attorney Bill  
2 Essayli, Your Honor, for the Government.

3           **THE COURT:** Okay. Excellent. Thank you. And thank  
4 you for your appearance. I personally compliment you on that.

5           **MS. MYERS:** Good morning, Your Honor. Shayla Myers  
6 on behalf of Plaintiff Intervenor, Los Angeles Continuum of  
7 Care.

8           **MR. ROSENBAUM:** Good morning, Your Honor. Mark  
9 Rosenbaum from Public Counsel on behalf of Intervenor.

10          **MS. OROZCO:** Good morning, Your Honor. Abigail Falk  
11 Orozco of Steptoe on behalf of Plaintiff Intervenor.

12          **UNIDENTIFIED SPEAKER:** Your Honor, we do also have  
13 counsel from HUD here. Do you want to introduce?

14          **THE COURT:** Please.

15          **UNIDENTIFIED SPEAKER:** Do you want to introduce  
16 yourselves?

17          **THE COURT:** Folks, why don't you come up to the  
18 lectern? I met you before, but I don't have a record.

19          **MR. DOOLITTLE:** Thank you, Your Honor. Bill  
20 Doolittle from the Office of General Counsel at HUD.

21          **THE COURT:** Nice having you here. Pleasure.

22          **MR. DOOLITTLE:** Thank you.

23          **MR. DERODE:** Good morning, Your Honor. Dane DeRode  
24 (phonetic) for HUD.

25          **THE COURT:** It's a pleasure.

1           **MR. ROSS:** Good morning, Your Honor. Michael Ross,  
2 Senior Counsel with HUD.

3           **THE COURT:** Excellent. Nice seeing you. Before we  
4 get into oral arguments on the APA administrative record, I  
5 want to discuss the status of the federal funding for the Los  
6 Angeles region for just a moment.

7           And, Karlen, can I have a Kleenex by any chance? A  
8 couple. Thank you very much.

9           I want to make clear that I've not changed my mind  
10 about anything that I've said in the past about LAHSA's  
11 performance in administering the funds that were intended to  
12 assist the thousands of people in Los Angeles City and the LA  
13 County region who are experiencing homelessness.

14           I listened to the oral arguments, and as Judge Wynn  
15 recognized during the oral argument on the stay at the Ninth  
16 Circuit, this Court has written repeatedly about LAHSA. In  
17 those writings, which HUD is using, quite frankly, as part of  
18 your record, this Court has made it clear that HUD and LAHSA  
19 failed in their mission here. The parties seem to agree, and  
20 LAHSA has even now conceded that it is time to move on from  
21 LAHSA.

22           And this Court concurs that it is time to move on to  
23 another entity to administer federal funding for homelessness  
24 in Los Angeles. However, I've also become convinced that this  
25 is a process, and this process needs to take place in some time

1 frame so that people aren't harmed. I've said to my clerks  
2 repeatedly, no matter what we do, don't cause death, don't  
3 cause unnecessary misery. Whatever the Circuit does, they'll  
4 do their best legally, but one criteria we have to have is just  
5 the humanness of this tragedy that's upon us.

6 I don't know what the merits panel will do, but  
7 they've taken a position, I believe, two to one at the  
8 emergency -- on the emergency writ. There doesn't appear to  
9 simply be enough time, as I wrote for the collaborative  
10 applicant, to be chosen within what the Ninth Circuit called  
11 the, quote, quickly shrinking runway, end of quote, before  
12 October 14th application deadline. And that was moved back, of  
13 course, from September.

14 And when I wrote the opinion, I had a September  
15 deadline. I didn't know that you would move that back another  
16 14 days. So we're going to have to live with LAHSA for at  
17 least some period of time. And the question may be how  
18 much. So I'm going to throw out some ideas. They're not  
19 orders. I'm just going to ask you some questions and have you  
20 think about it between now and October 27th to maybe try to  
21 start down a road of resolving some of this in a positive way.

22 If there's a period of time, if the City and County  
23 are to receive the millions of dollars in federal funds that  
24 have been allocated by Congress to assist people who are  
25 currently experiencing homelessness, I'm not particularly happy

1 about that. But I understand that that process, as I said,  
2 needs to take place. So we all have to make the best of  
3 that. And I'm going to ask you this morning and in the future,  
4 if you can help the Court and the Circuit find a way to deal  
5 with this dilemma.

6 I want the City and the County to succeed because if  
7 you succeed, then people experiencing homelessness, in fact,  
8 the entire LA region, the citizens, have a benefit. And I  
9 think that's our challenge and our goal. So I'm looking at  
10 three separate things and I want to keep them apart for a  
11 moment.

12 First, you've referred to the funding as 2026-  
13 2027. What's unclear to me is when the actual -- I'm going to  
14 use a poor word, distribution takes place and I've started to  
15 form the opinion that -- is the funding, for instance, from  
16 April to April? Is it from January to January? Because we  
17 have different budget cycles and so I didn't quite know if when  
18 you say 2026-2027, if it's -- we'd lump those together because  
19 the application was due by September, which we moved back to  
20 October, but the actual funding stream came on on January 1st  
21 and went to January 1st.

22 So before I begin, I'd like just kind of a uniform  
23 explanation of when the actual distributions takes place. And  
24 if we're running together when we say 2026-2027, not only the  
25 application process, but the funding itself. Or if we're on a

1 cycle from April of 2026 to April of 2027. So could you just  
2 conference amongst yourselves and help me?

3 We've got an expert. Okay. Thanks.

4 **MR. ROSS:** Mr. Doolittle may be able to provide some  
5 further detail, but at a high level, Your Honor, these are  
6 appropriations that are fiscal year 2026. They get awarded at  
7 least for this year by December 1st and they will be  
8 distributed across the course of 2027. We have multiple  
9 thousands of grants.

10 **THE COURT:** Got it. But the point is the actual,  
11 what I'm going to call distribution, January to December 31st.

12 **MR. ROSS:** Yes, in broad strokes.

13 **THE COURT:** Excellent. Well, I guessed that right  
14 then. Okay.

15 **MS. AXEL:** Well, to be clear, actually, Your Honor,  
16 on behalf of LAHSA, I would refer the Court back to our first  
17 redeclaration to really kind of get in the weeds on this  
18 issue. But the grants are awarded on a service provider by  
19 service provider basis.

20 **THE COURT:** I understand that.

21 **MS. AXEL:** Okay, but for that reason, like for  
22 example, we're still receiving -- LAHSA is still receiving  
23 fiscal year '24 grants. So what actually happens is the fiscal  
24 year 2026 grants, depending on when the prior one expires,  
25 would begin to be funded in 2027. But for example, Your Honor,

1 the planning grant itself expires in the end of the second  
2 quarter. That then would pay, the fiscal year 2026 would pay  
3 from the third quarter of 2027 through the third quarter of  
4 2028. Literally the grants drop off month by month.

5 **THE COURT:** I think I understand that.

6 **MS. AXEL:** Okay.

7 **THE COURT:** I think I understood that before now.  
8 Now we're going to have more input.

9 **MR. DOOLITTLE:** Well, just one thing that I think  
10 helped me as I came to understand this program. So the fiscal  
11 year designation tells you which fiscal year's competition the  
12 funds were awarded in. The period of performance, as counsel  
13 suggests, is a grant agreement by grant agreement issue. So  
14 that's why it's broad strokes. But those labels tell us which  
15 year the appropriations happened and then which year the  
16 competition happened.

17 **THE COURT:** Okay.

18 **MR. DOOLITTLE:** Thank you, Your Honor.

19 **THE COURT:** Michelle? Yeah, I want to thank you for  
20 that answer.

21 Okay. Shayla? Okay. So first, the fiscal year 2026  
22 collaborative application, which is now due by October  
23 14th. The Ninth Circuit left LAHSA in place as to the  
24 collaborative applicant and the Court recognized and originally  
25 wrote that it was too late to change that. And that's because

1 I wrote about the arbitrariness of the approval in April and  
2 then the June letter.

3 Second, the Court's considering who administers the  
4 fiscal year 2026 funds after the collaborative application when  
5 the funds are distributed in accordance with the 2026  
6 Appropriations Act.

7 And third, there is LA CoC's request for  
8 qualifications process for the 2027 collaborative application  
9 and system rules, which is a separate tract and I'll return to  
10 that in just a moment.

11 So the Court's concern at this moment is in that  
12 second process. In the Court's preliminary injunction, which  
13 remains in effect until October 27th, 2027, I plan to revisit  
14 this at that time depending upon how quickly you reacted to my  
15 ruling. And I make no assumption about what HUD may do and HUD  
16 retains whatever remedies are available to it under the law.

17 Roughly at the time of writing 241 million but now  
18 239 million has been designated but will not be dispersed until  
19 after the application is submitted and HUD will then disperse  
20 these funds to quote the Ninth Circuit when, quote, they would  
21 otherwise be due, in accordance with the 2026 Appropriation  
22 Act. And I'm quoting there the Ninth Circuit's decision on the  
23 stay at Docket 30 at 9.

24 So there's a crucial window between LAHSA filing the  
25 fiscal year 2026 collaborative application and disbursement of

1 these funds in the ordinary course. And HUD has made it clear  
2 it's absolutely uncomfortable sending money through LAHSA  
3 because of your efforts to bring this corruption to the  
4 forefront and thank you.

5 I want to know whether LA CoC and LAHSA can act on  
6 their own during this window of time in a way that answers  
7 HUD's concern without disrupting the providers and if we could  
8 accomplish that, we would all be moving in the same direction.

9 I'm aware from news reporting that before -- I'll  
10 make this a matter of record it's the mynewsLA.com LA CoC board  
11 okays approval to designate county as lead applicant for HUD  
12 funds contributing at or September 23rd, 2026.

13 I'm aware that before the Ninth Circuit issued its  
14 ruling on the stay, the CoC board proposed the County as a 2026  
15 applicant to meet the NOFO deadline. I'm reading from this LA  
16 News article that LA CoC board okays proposal to designate  
17 County as the lead applicant for HUD funds. So LA CoC approved  
18 the County to be the collaborative applicant. Can I ask LA  
19 CoC, Shayla, can you verify that your board approved the County  
20 as the collaborative applicant for the fiscal year 2026? Yeah,  
21 please. And the other underlining is mine. You're welcome to  
22 look at the article if you want to.

23 **MS. MYERS:** Yes, Your Honor. Shayla Myers on behalf  
24 of the plaintiff Intervenor LA CoC.

25 In response to HUD's representation to the Ninth

1 Circuit for the first time and I think this was clear at the  
2 oral argument, HUD represented for the first time that the LA  
3 CoC could replace potentially the collaborative applicant and  
4 replace LAHSA as the collaborative applicant.

5 The CoC moved with all due haste to designate the LA  
6 County as a potential collaborative applicant, but only in the  
7 event that the Ninth Circuit continued to stay the preliminary  
8 injunction or that the replacement was possible or  
9 necessary. It was a protective measure, Your Honor.

10 The CoC has been working diligently to ensure that it  
11 can proceed with the consolidated application because as the  
12 CoC's position has been clear throughout this process, the  
13 consolidated application is the best way to promote stability  
14 and coordination of the region. That's the whole purpose of  
15 the CoC program so this was entirely protective, Your Honor.

16 **THE COURT:** I see.

17 **MS. MYERS:** And, Your Honor, I do want to clarify the  
18 way that they proceeded, the CoC proceeded, because I think  
19 Your Honor made a very smart move in ensuring that the process  
20 for choosing a new collaborative applicant was transparent,  
21 that this was not done at the whim of politicians sending  
22 letters or making representations, but rather there was a  
23 transparent process.

24 So, to be proactive, the CoC asked as part of the  
25 2027 request for qualifications if applicants applying for the

1 2027 position would, in the event necessary, be willing to  
2 serve as the 2026 collaborative applicant.

3 So, the county came forward and agreed and offered to  
4 serve as the FY 2026 collaborative applicant. The board  
5 reviewed that pursuant to their charter and moved  
6 forward. Again, this was protective, but, Your Honor, it was  
7 part of a transparent and open process to ensure that the CoC  
8 could protect the region's consolidated application.

9 That may not have been in the news article, but happy  
10 that we could share that.

11 **THE COURT:** And therefore, your process now is -- or  
12 involves interviews tomorrow and the next day, as I understand  
13 your timeline.

14 **MS. MYERS:** That is with regards to the FY 2027  
15 collaborative applicant, which is being chosen pursuant to a  
16 fairly robust request for qualifications process.

17 **THE COURT:** Okay.

18 **MS. MYERS:** And happy to answer any questions about  
19 that process.

20 **THE COURT:** Well, now that I think I understand that  
21 this was a protective measure in case the emergency writ was  
22 granted.

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

24 **THE COURT:** Then the board was literally prepared to  
25 approve LA County as the collaborative applicant.

1           **MS. MYERS:** Exactly, Your Honor. I mean, I think  
2 what is incredibly important about the CoC and about the LA  
3 region is that the LA region, through the CoC process, is  
4 working extremely diligently to preserve the stability of  
5 funding for the homeless services that serve 11,000  
6 people. This is all about preserving stability, and the CoC  
7 throughout this process has been incredibly committed to  
8 ensuring that stability remains, despite the suspension of  
9 LAHSA, despite the investigation into LAHSA, and despite HUD's  
10 immediate actions. That is the sole goal of the CoC in the  
11 actions that it has taken so far.

12           **THE COURT:** Thank you. Then I think I understand now  
13 that the board's approval of LA CoC was contingent on the Ninth  
14 Circuit maintaining its stay of the preliminary injunction. So  
15 now LAHSA remains -- let me strike that.

16           I'm going to toss out a thought. It's just a  
17 thought. You don't need to react to it immediately, but I  
18 won't tell you what I would have done on October 27th, but I  
19 expected my timelines that I set down to be complied with by LA  
20 CoC, and I appreciate that. I wouldn't say that my remedy was  
21 draconian, but it wouldn't be something that you would have  
22 appreciated.

23           If, now that I understand, LAHSA has voluntarily  
24 stepped aside in the future, that should resolve one concern  
25 that HUD has. It's this interim period of time where you may

1 be very uncomfortable giving money to LAHSA for distribution  
2 when you have corruption charges against certain entities, or  
3 you even have an investigation that nobody should be aware of  
4 where money might be distributed. That is a real issue, and  
5 I've been struggling with that, and I think the circuit will  
6 struggle with that.

7           On the other hand, if the City has been the primary  
8 target of this, much of this provider corruption, there are  
9 over 80 other regional cities, in a sense, as I wrote, that  
10 would be unfairly punished, where those funds would be removed.  
11 And it ought also not take into account those providers who  
12 have done a good job, in a sense, that if you had direct  
13 liaison, you might approve. And those might be providers that  
14 provide a tremendous number of homeless, as I wrote, the  
15 11,000, because the last thing that this Court wants is  
16 anything precipitous that causes a movement of that 11,000, not  
17 only because of the homeless, but also just the citizens of Los  
18 Angeles, all of a sudden absorbing 11,000 people in their  
19 neighborhoods. How are we going to deal with that?

20           I want to assume, hypothetically, since in this  
21 emergency, without prejudicing any of your evaluation, that the  
22 County of Los Angeles was the next collaborative applicant,  
23 that they were best suited because they have the whole region,  
24 in a sense, and not just a city. Now, later on, Los Angeles  
25 may scramble and try to create their own CoC, et cetera, but

1 that's for the future.

2 Right now, we have to deal with how do we move  
3 forward, protect the homeless, the citizens of LA, and also  
4 take into account the fraud and the corruption that's been  
5 noted for so many years. As I said before, where was  
6 everybody? When the collaborative applicant is in place,  
7 hypothetically, the County of Orange, I'd originally thought  
8 why couldn't the fiscal administration of those funds be moved  
9 from LAHSA? Why are we waiting for the completion of this  
10 distribution cycle? Why can't those funds be transferred to  
11 the collaborative applicant? And it takes some period of time.  
12 I understand that. It doesn't happen just because the judge  
13 makes an order and it happens overnight. But in weeks or  
14 months, that collaborative applicant is going to have to absorb  
15 that fiscal responsibility anyway.

16 And my guess is that whoever that collaborative  
17 applicant has a good chance of being the collaborative  
18 applicant the year after because you've got to give that  
19 collaborative applicant an opportunity to demonstrate can they  
20 perform or not, and that's going to take more than one  
21 year. So I just toss out to you the simple question that I've  
22 been mulling over and didn't know how to deal with when I wrote  
23 the original opinion, but I think Judge Wynn really asked a  
24 very knowledgeable question about that, and it's the same  
25 question I've been asking. Once we have that collaborative

1 applicant in place after October, can't we work together to  
2 give you the comfort level that that money is going to that new  
3 collaborative applicant, hypothetically the county or whomever?  
4 Can't we make the distribution?

5 Now, I can order that and probably send it up to the  
6 circuit with a new ripe issue to decide, but I'm just wondering  
7 if that's something. Now, I know LAHSA probably isn't going to  
8 be in favor of this in a few moments. I understand that. But  
9 I'm only talking to LA CoC. I'm talking to you also about why  
10 we couldn't accomplish that, that just change in some modicum  
11 period of time so that distribution doesn't take place  
12 throughout the entire year. That should give you a comfort  
13 level of a new entity that you're dealing with. It would also  
14 preserve the local funding, and I'll tell you my great  
15 concern.

16 If the insinuations by LA CoC and LAHSA are correct,  
17 that this direct distribution goes to the administration who  
18 might either cut back the funding for the Los Angeles region or  
19 put Los Angeles at the end of the chain, in a sense, of this  
20 \$239 million, then a whole city and a whole region is suffering  
21 because we have a few well-taken indictments, possibly.

22 I'm not the judge of that, so well-taken indictments,  
23 let's say. Okay? Why can't we accomplish that?

24 Now, I'm going to hear from LAHSA in a moment. I  
25 expect them to be opposed. I expect them to say, well, Judge,

1 you know, you said the 2026-2027, but my intent always was  
2 there's not enough time for any other applicant to come forward  
3 at that time, which would have caused all of these funds to  
4 disappear. But once we have that new collaborative applicant,  
5 as long as it's not LAHSA, and they bowed out except for this  
6 one year, why can't we transfer that funding, let's say in  
7 December or January, to give you the comfort level that you're  
8 not distributing this money?

9 But, by the way, I think LAHSA is on hyper-alert  
10 right now because of the notoriety in your efforts. I doubt  
11 that if LAHSA is doling out any money, they've got an A-plus  
12 beside their name. Now, these are prior providers, and they  
13 may not, but none of us know the investigations you're  
14 undertaking also.

15 So I'm going to take a recess. You don't have to  
16 discuss this, but I need to recess anyway, okay? But I'd like  
17 you to really think about that because I think it's a way out  
18 for this Court, the Circuit, but most importantly you and the  
19 public and the homeless to create the least possible harm to  
20 make that transition but to give you the comfort that we're not  
21 giving this money to LAHSA because of this past, you know,  
22 inability from your perspective to manage it.

23 I've been saying this for years, so I'm really  
24 pleased to see that there's finally action by the United States  
25 Attorney's Office, and I'm going to say that on the

1 record. Thank you.

2 I'll be in 15-minute recess.

3 **(Recessed at 9:50 a.m.; to reconvene at 10:43 a.m.)**

4 **THE COURT:** Just a couple more thoughts that I meant  
5 to convey to you. I don't know what the LA CoC is going to do,  
6 you know, in terms of your final determination, but it's  
7 obvious in the emergency situation you were going to, in case  
8 the writ was granted, you were going to come forward with LA  
9 County.

10 One of the things I'd ask you folks to consider is  
11 what I dealt with and started reading in editorials from the LA  
12 Times in the 1980s. We always had this conflict between the  
13 City and the County, and so think of the City roughly as the  
14 architecture we're going to build and the County that was going  
15 to provide services. And one of the reasons it was created by  
16 the folks was, I think, a good faith and noble effort to create  
17 LAHSA to solve this bickering between two county entities that  
18 couldn't solve their problem. And I'll give you an example.

19 I literally stood in the parking lot on one clearance  
20 and watched the City and the County fight over the  
21 following. And it wasn't your City and your County, another  
22 one. I was at the LA Riverbed, and it was Anaheim, all out  
23 them, and the County of Orange. And what happened is they were  
24 debating, when we had about 114 people inside a motel from that  
25 clearance, what the acuity was, and I'm using the wrong label,

1 of this mental illness. And the City was saying in Anaheim,  
2 oh, this guy belongs to you because it's hypothetically a  
3 seven, and I've got the wrong number. And the County pushed  
4 back and said, no, no, belongs to you. It's not quite high  
5 enough. And they both walked away. Now you can't make that  
6 up.

7 So here's the homeless person who needs mental  
8 health, and the disagreement is, and I've always said, you  
9 know, it's like two millionaires in the parking lot at  
10 McDonald's bickering over who's going to buy the hamburger, and  
11 the person never gets the food.

12 So the end result is, it was just kind of a way of  
13 portraying to you this age-old dispute and bickering that's  
14 gone on to stop services because the City and the County  
15 couldn't sort out their jurisdiction and it was over money.  
16 Who was going to pay for that?

17 So when you consider the collaborative applicant, I  
18 can't give you directions, but please consider one  
19 collaborative applicant, somebody that we can put  
20 responsibility back on so the governor can start governing,  
21 because I don't think governor meant to stop governing, but  
22 they did stop governing. And when they took LAHSA, which was a  
23 noble effort, they used them as the punching bag. And then  
24 LAHSA pointed back, they're defenseless, et cetera, and around  
25 the circle went, so the City and the County are just as

1 responsible as LAHSA. Although it seems to be heaped upon  
2 LAHSA today, it's really the failure of government that  
3 occurred. And it's the failure of, quite frankly, HUD in terms  
4 of not supervising with all this. And I wrote about that, and  
5 I'm pretty blunt. It's on both sides. The watchdog wasn't  
6 watching, and the money got dispersed without accountability.  
7 And we've been saying this for four years. That's why I thank  
8 you for finally bringing some action, however that turns out.

9           So those are my thoughts, and I'm going to turn it  
10 back to you. And this is just a feeble thought. This is not  
11 direction, but I'm looking for a way to move forward, you know,  
12 on this, mollify your fears.

13           **MR. ESSAYLI:** Yes, Your Honor, and we had some really  
14 productive conversations during the recess. Before I get into  
15 it, I just, on behalf of HUD, I just want to correct one thing  
16 for the record. I know there were allegations made in some of  
17 the litigation pleadings and arguments that there was a threat  
18 to the funding to the LA County area. And we just want to be  
19 clear from our perspective, there was never a threat to the  
20 amount of funds that would be granted or distributed to  
21 LA. HUD always intended to preserve the amounts. It was just  
22 going to be the method of which the grants would be granted.  
23 So I just want to put that on the record. That's important for  
24 HUD. They wanted the Court to know and the record to reflect  
25 that there was never any intention to deprive LA of the money

1 allocated for the region.

2           **THE COURT:** But you have to understand the concern,  
3 and that is --

4           **MR. ESSAYLI:** Yes, Your Honor.

5           **THE COURT:** -- if that application hadn't been filed,  
6 Los Angeles was never in line to get the money. And so  
7 therefore that \$241 or \$239 disappeared.

8           **MR. ESSAYLI:** Well, HUD was going to distribute it  
9 directly. And so, but I just, we don't have to litigate it,  
10 Your Honor. I just, it was important for HUD to reflect that  
11 there was never an attempt or an intention to take that money  
12 away that's -- that they recognize is very needed.

13           **THE COURT:** But regardless, you understand the  
14 concern and that --

15           **MR. ESSAYLI:** Yes.

16           **THE COURT:** -- whatever that representation is, that  
17 I've written that this was the mandate of Congress. This is a  
18 congressional intent and statute. I've written strongly about  
19 that. In the future, by the way, after this new process.

20           **MR. ESSAYLI:** Yes, Your Honor.

21           **THE COURT:** You see what I mean? It's -- I think  
22 what we're dealing with right now is just the immediacy of  
23 making certain that this money doesn't disappear for the Los  
24 Angeles region, and that whatever those targets are that you  
25 have also don't carry over to a lot of good providers, and that

1 we don't have 11,000 people literally dumped on the  
2 streets. And I think I took issue with the one page that you  
3 could carry this out. I was concerned that you couldn't  
4 actually do this, quite frankly.

5 **MR. ESSAYLI:** Yes. Yes, Your Honor.

6 **THE COURT:** And so, quite frankly, I met with a lot  
7 of -- you meet with a lot of skepticism in that regard. So  
8 it's just that transition period. And I'm trying to work out  
9 something that works for all of us to move forward so we don't  
10 spend millions of dollars in attorney's fees that we can use,  
11 quite frankly, for the homeless.

12 **MR. ESSAYLI:** Yes, Your Honor. And we're --

13 **THE COURT:** We've been through that process with the  
14 City already with about \$10 million.

15 **MR. ESSAYLI:** And we are committed to moving  
16 forward. I just wanted to reflect that for the record.

17 **THE COURT:** Okay. You have.

18 **MR. ESSAYLI:** We had some very productive  
19 conversations with the CoC. I believe your roadmap, your  
20 suggestions in concept is something that we can come to  
21 agreement on. I think the devil's in the details on what the  
22 exact transition terms are going to look like. We believe  
23 between now and the next court date, we may be able to have  
24 that worked out. I'll let the CoC speak for themselves.

25 **THE COURT:** By the way, no new promises. I'm just

1 asking you to consider it, okay? And I agree with you. I'm  
2 not going to make any precipitous ruling today. I've  
3 oftentimes wondered if I couldn't just make the ruling and take  
4 the chance with the Circuit if I believe that this  
5 transition. But I don't know, in theory, what harm I would be  
6 causing by that kind of precipitation. And I've got a good  
7 chance of getting reversed, but it's occurred before, so fine.

8 But by the same token, I think we're all in the same  
9 boat. How do we get that money transitioned over so you're  
10 comfortable with a new collaborative? How do we not wait until  
11 the end of the fiscal cycle that year? And how can that be  
12 accomplished in a thoughtful way so no harm or death  
13 comes? And mainly, you know, 67,000, 76,000 people can't cover  
14 10 million.

15 **MR. ESSAYLI:** Right.

16 **THE COURT:** Okay. Whenever we talk about the  
17 homeless, we really have to talk about all of the citizens of  
18 Los Angeles. So we have, you know, both in play. And if we  
19 ever lose the good faith of the taxpayers, which is rapidly  
20 maybe disappearing, remember the American public makes this  
21 possible because they vote these bonds. They believe in us.  
22 And when we fail in government, we take that faith away. And  
23 they voted magnificent sums and huge sums of money recently to  
24 try to solve this problem. I don't want to see that further  
25 harm occur. Okay?

1 But if it does, then you're in an adversarial  
2 system. So what do I do now? In other words, I can leave that  
3 on the table, and then we can also get into the APA. And once  
4 we get into the APA, now we're in a very confrontational  
5 situation. We're into, you know, is HUD required to give more?  
6 Is there going to be reciprocal discovery under the federal  
7 rules of civil procedure, et cetera? You tell me how you want  
8 me to proceed today. And I'm ready to go into the APA today,  
9 but I can also delay that APA decision.

10 So that's really a conference that all of you need to  
11 decide how confrontational you want to be, because once we get  
12 into that, it will be confrontational. Okay? So why don't you  
13 just have a little discussion about what you want the Court to  
14 do first, and see if we want to get into --

15 **MR. ESSAYLI:** I think we've had those conversations,  
16 Your Honor, and I think the parties, at least on behalf of the  
17 United States, and I'll let the other parties speak for  
18 themselves, we'd like to focus on reaching some sort of  
19 agreement, and not focus on litigation.

20 **THE COURT:** Then if that's the case, give me a date  
21 that I would put over the decision with the APA. In other  
22 words, if you can reach that, maybe I take that up on October  
23 27th when you're already here. Does that make sense? That  
24 gives you a lot of time just to consult with the folks. I  
25 could do it next week, but I think October 27th is becoming

1 what I call our decision-making date on so many issues.

2 So why don't you just make certain, Shayla, what's  
3 your situation?

4 **MS. MYERS:** Your Honor, we think that that makes  
5 sense given the conversations that we've had so far today.

6 **THE COURT:** Okay. October 27th?

7 **MR. ESSAYLI:** Yes, Your Honor.

8 **THE COURT:** Now let's turn to LAHSA, folks.

9 **MS. O'NEILL:** Yes, LAHSA concurs as well, Your  
10 Honor.

11 **THE COURT:** Thank you for being here. I want to  
12 recognize you also, and let me tell you, I think that you've  
13 made every effort, okay? You've just been the recipient of a  
14 whirlwind, quite frankly, and I just want to say to you, I  
15 reach out to you because I think you have been really making  
16 it, maybe too little too late, unfortunately. So now the  
17 question is this.

18 I brought up initially, based upon the County's  
19 report, a 50.3 or 50.8 million dollar amount that was  
20 distributed without any guidelines or any milestones way back  
21 when, and you've been kind enough to bring me up to date, and  
22 you'd said before that about, we were down to 32 million, in  
23 other words, about X amount, and I asked you before, was this  
24 cash or in-kind? Justice Goethals and I were talking, and  
25 we're not certain you understood that question.

1           We were really questioning if these providers could  
2 come up with, let's just say 51 million minus 32, help me, 19  
3 million dollars in cash, because they're claiming that they're  
4 cash short, or whether this was an in-kind distribution, and we  
5 weren't sure you answered correctly or understood the question.

6           Is this an in-kind repayment back, or is this cash  
7 coming back into our coffers from this no milestone, no  
8 contract, here's you're 50 point --

9           **MS. O'NEILL:** Right, that measure, yes. So it is  
10 coming back in cash. So we work closely with the County, who  
11 is also here, to get that, those funds back from those  
12 providers. It has taken a while because they are cash poor,  
13 but we are working on getting that repaid.

14           **THE COURT:** Bring you up to date. We start seeing  
15 strings. Strings that we were suspicious of in 2021, 2022. We  
16 start raising the problems. We can't find the money. We're  
17 not far enough down the line to make accusations, as we do  
18 later on, and spontaneously say where's the 600 million, and  
19 also, we've taken the position in court that unless you have  
20 invoices, I'm going to assume that the work wasn't done.

21           Unless you have work product that backs up these  
22 invoices, because we were getting invoices, for instance, for  
23 \$248,000, one line, no date, nothing, but the City is paying,  
24 and a controller saying, I'm writing a blank check. Don't know  
25 where it's going.

1           Some of these folks may not exist anymore, but I have  
2 constantly raised the question, just using this as an example,  
3 where did that money go, and how could these milestones and  
4 contracts allegedly not take place when we're just giving out  
5 50 point some million dollars, and thanks to the LA Times, and  
6 Nick Gerda over at LAS, and some other people, they got onto it  
7 about the same time we're seeing it with two frantic law  
8 clerks.

9           I leave that to you, because that's what cannot occur  
10 in the future, and that's one of the most blatant examples of  
11 this.

12           So tell me what to do. Do I continue this hearing  
13 till October 27th, so in good faith we can try to work this out  
14 and move forward positively, or do I go into the APA today,  
15 which I'm prepared to do if you want.

16           Now, let me turn to LAHSA. What would you like me to  
17 do?

18           **MS. AXEL:** Your Honor, we're comfortable putting over  
19 the APA issues till October 27th as well. I will say on your,  
20 you know, high-level questions that the Court raised earlier,  
21 and the Court is kind of moving ahead to if LAHSA is not  
22 applying to be the collaborative applicant for --

23           **THE COURT:** Well, I understood from the press that  
24 they're not.

25           **MS. AXEL:** They're not, they're not. I'm sorry, this

1 was just a -- I was just, yeah.

2 **THE COURT:** I'm not dealing with the future, I'm  
3 dealing with 2026-2027.

4 **MS. AXEL:** Yeah, if that's the case, then, you know,  
5 what is the transition plan for other things like grant  
6 administration? And I understand the Court is going there, and  
7 I think the Court anticipated that LAHSA would be opposed to  
8 that conversation, and we are not. Your Honor, I just want you  
9 to know, in fact, we just this week raised these questions with  
10 the CoC and with HUD, and said that we want to be on the table  
11 and have a conversation.

12 Our -- my client does have the subject matter  
13 experts, really, for this. As the Court knows, you've heard  
14 from some of these people. They are hard-working public  
15 servants. They want to ensure that this transition happens  
16 fairly, appropriately, that, you know, that things are  
17 transitioned so that all of the programs that are currently  
18 funded remain funded, that the best staffing is in place. And  
19 so, in that vein, Your Honor, having not applied, I think we  
20 understand the grants need to move as well, and so we've  
21 already begun to have conversations with people about,  
22 ultimately, the CoC will decide who is the grant administrator  
23 person that comes in, and how that happens. They will make  
24 that decision, but we can provide information, and we can  
25 provide infrastructure and timeline, and we are here to do

1 that, and we're happy to have these conversations with HUD and  
2 with the CoC.

3 **THE COURT:** Make the transitions smooth, but make  
4 them as quick as possible.

5 **MS. AXEL:** We do think, as Mr. Essayli said, and I  
6 think HUD agrees, and the CoC agrees, that the devil is in the  
7 details here. There are a lot of moving parts to this. Even  
8 particular grants may need to be dealt with in particular ways.

9 So, we would also ask, I think, Your Honor, that we  
10 have until the 27th to continue conversations that have already  
11 begun. Thank you.

12 **THE COURT:** That's fair enough. Does the Government  
13 agree?

14 **MR. ESSAYLI:** Yeah, I think our request, Your Honor,  
15 is that we put this hearing over to the 27th, that we stay any  
16 other discovery, proceedings, discussions, until we have an  
17 opportunity to reach a settlement agreement. I do believe, in  
18 speaking with the parties, that everyone, he is prepared to  
19 engage in that good faith.

20 CoC counsel had a great suggestion, which is that, in  
21 the event that we were to reach some sort of impasse or have  
22 some roadblocks, that -- to see if Judge Birotte would be  
23 available to help mediate some of those conversations, should  
24 we need it.

25 **THE COURT:** Also, Justice Goethals, he is so

1 knowledgeable. I'm literally talking to he and Michelle every  
2 day. In fact, you folks, if they were billing for the hours we  
3 spent, trust me, your billing would not be what it is. It  
4 would be sky-high, probably double. They're just not putting  
5 down all the personal conversations, et cetera.

6 **MR. ESSAYLI:** But there's a lot of details we're  
7 going to have to discuss, and one thing that's important to the  
8 Government, Your Honor, is that whoever is going to be the  
9 grantor is a good steward of tax dollars and we want to have  
10 some assurance that there's going to be anti-fraud measures,  
11 new procedures put in place, so that way the money's never  
12 stolen again the way that it was in the past.

13 **THE COURT:** And we preserve that money for the  
14 Southern California region.

15 **MR. ESSAYLI:** Yes.

16 **THE COURT:** I'm deathly afraid that what happens is  
17 that this process puts LA minimally at the end of the train, if  
18 you will, you know, picking up crumbs and we desperately need  
19 those finances.

20 So, Shayla, you in agreement as to the Intervenor?

21 **MS. MYERS:** Absolutely, Your Honor, and we do think  
22 and, and appreciate your guidance on this in terms of the  
23 transition. The single most important aspect of this for the  
24 CoC is that the stability that the Continuum of Care provides  
25 to the region is maintained. We appreciate the space that Your

1 Honor has given to ensure that, you know, HUD, as it moves  
2 forward with its, you know, proceedings against LAHSA or  
3 however it proceeds, that the region is not affected and we  
4 really appreciate Your Honor's guidance and your role in  
5 ensuring that that has happened here.

6 **THE COURT:** It's a thought, anyway, and if we're  
7 successful, we've all moved together, you know, we've got a  
8 resolution, we've mollified your concerns concerning corruption  
9 evident it interfered with your investigation, we haven't  
10 displaced 11,000 people or harmed or killed people, and we  
11 preserve that much needed money, quite frankly, that Congress  
12 is involved in for the Southern California region without all  
13 of our population suffering and all of the other cities that  
14 may not be involved in some of these issues because this is  
15 a regional issue, not just a city issue. And I want to thank  
16 you. I'll see you on October 27th.

17 You might find the next proceeding interesting, you  
18 might not, but I would recommend that somebody from each of  
19 your sides remains for the next, because it's got potentially  
20 some carryover, not to your decision, but some carryover in  
21 just a moment, okay? So we'll call the LA Alliance matter back  
22 into session.

23 And by the way, all of you, thank you for your  
24 efforts, however this turns out, just humbly on behalf of the  
25 public, thank you.

(Proceedings concluded at 11:00 a.m.)

CERTIFICATION

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



October 1, 2026

Signed

Dated

*TONI HUDSON, PRESIDENT*