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REPORT NO. R 1 6 - 0 0 5 8
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REPORT RE:

**RETENTION OF OUTSIDE COUNSEL
ON CONTINGENCY COMPENSATION BASIS ONLY
FOR JUDGMENT COLLECTION**

The Honorable City Council
of the City of Los Angeles
Room 395, City Hall
200 North Spring Street
Los Angeles, CA 90012

On August 24, 2015, the City Attorney's Office (Office) issued a Request for Proposals (RFP) for outside counsel to pursue post-judgment collection remedies against persons who owe the City money because they were defendants in nuisance abatement lawsuits related to gang and/or narcotics properties they own in the City.

Because of the highly-specialized nature of judgment collection practice, the RFP was issued to explore whether qualified firms would be interested in accepting this collection work on a contingency basis and to advance the costs. Retaining outside counsel to recover on the outstanding nuisance abatement judgments would, in other words, be cost-neutral to the City, as the fees would be paid entirely based on a pre-established percentage of monies the law firm recovers from collection of our judgments.

Presently, there are approximately ten defendants that owe the City approximately one million dollars.¹ In most of these instances, this Office has secured liens against real property owned by the defendants. Thus, collectable assets have already been identified. In addition to obtaining the recovery of monies owed to the City, a significant collateral benefit of this work to be performed by outside counsel is that long-standing nuisance properties will be auctioned by the Sheriff through the

¹ We anticipate that three defendants will be added to this list annually with an amount collectively owed of roughly \$300,000.

judgment collection process. Accordingly, not only will the City recoup its costs, but more importantly, long-standing nuisance properties will be brought back into productive use.

The Council previously approved the retention of Hackler Flynn & Associates to assist with this work. Our Office now requests the retention of a second firm for further and more detailed assistance.

Jonathan Cristall and Deputy City Attorney Steve Gold interviewed attorney Joshua P. Friedman and believe he would do an excellent job handling our judgment collection work. The focus of Friedman's practice is judgment collections and he has a thorough understanding of the process necessary to achieve our goals of not just collecting money owed but, more importantly, to bring these nuisance gang properties back into productive use. Friedman has been in practice since 2001, has strong credentials and experience and has expressed an interest in taking on this work.

The fee schedule Friedman has proposed is as follows:

- 40% for any matters \$25K or less
- 33.3% for any matters above \$25K
- If the matter goes into bankruptcy, 45% if \$25K or less and 40% if above \$25K
- City to advance all court-related and sheriff costs estimated at approximately \$3K per location

It is our opinion that this fee schedule is eminently reasonable and is within industry standards for judgment collection work which typically ranges between 25-50%. Further, Friedman is aware of the inherent risks in working with the debtor population at issue – often times gang members and their families.

Recommendations

- 1) Authorize the City Attorney to enter into a contract with Joshua P. Friedman, Esq., for the purpose of collecting judgments related to the work of SAO on a contingency fee basis as outlined above;
- 2) Authorize the City Attorney or designee to prepare Controller instructions for any necessary technical adjustments, subject to the approval of the CAO, and authorize the Controller to implement the instructions.

If you have any questions regarding this matter, please contact the undersigned at (213) 978-7009. A member of this Office will be present when you consider this matter to answer any questions you may have.

Very truly yours,

MICHAEL N. FEUER, City Attorney

By  ANNE HALEY
Assistant City Attorney

AH:pj