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CITY ATTORNEY

REPORT NO. R 15 - 0 2 9 2
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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, California 90012

Honorable Members:

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.

Prosecutors assigned to Federal and Local Special Abatement Operations (SAO) filed civil property abatement lawsuits on behalf of The People of the State of California to stop criminal activity from occurring at real property owned or controlled by gang members and drug dealers. The property owners are an indispensable party to these lawsuits, as they are legally responsible for the nuisance activity that occurs on their property.

SAO prosecutors typically obtain injunctions requiring property owners to make significant physical and managerial improvements to their residential or commercial properties. If they are unable or unwilling to comply with the injunction and the gang/narcotics activity continues at the property, closure is sought. Additionally, in most cases, prosecutors are authorized to recover attorney's fees, law enforcement costs of investigation and up to a \$25,000 penalty per defendant. The property

owners/defendants who owe the City money as a result of these abatement lawsuits are being targeted for judgment collection pursuant to this request.

Because of the highly-specialized nature of a 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 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 the judgments. If monies are not collected, then the law firm does not get paid.

Presently, there are approximately ten defendants who owe the City approximately \$1 million. In most of these instances, our 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 collateral benefit of this work to be performed by outside counsel is that nuisance properties that have been closed by our Office will be auctioned by the Sheriff through the 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.

One firm, Hackler Flynn & Associates, submitted a proposal in response to the RFP. Hackler Flynn & Associates demonstrated significant experience in performing judgment collection work. They also expressed an understanding and willingness to collect judgments relating to nuisance properties owned by persons who may directly or indirectly be connected to a criminal enterprise. Also, their proposed 28 percent contingency fee is below market value for comparable work, and they are willing to advance all costs.

Recommendations

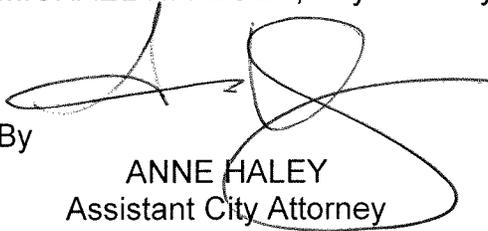
1) Authorize the City Attorney to enter into a contract with Hackler Flynn & Associates LLP, for the purpose of collecting judgments related to the work of SAO on a contingency fee basis of 28 percent of the net recovery after deduction of costs on a per-case basis;

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