

**LOS ANGELES COUNTY  
UNCONSTITUTIONAL  
“SUPPLEMENTAL” BENEFITS  
&  
TAX FRAUD**

# LA COUNTY CORRUPTION

- Los Angeles Judges are state employees, not county employees
- State Controller reimburses county only for state salaries
- Supplemental Judicial Benefits / Luxury Allowances are the additional payments made by L.A. County to the judges – A Kickback for Judicial Favors
- In spite of significant cuts to court services LA County has contributed approx. **One Billion** to fund luxury allowances to judges
- The County misappropriation of your tax dollars has literally funded greater imbalance in our courts.

# IRS FRAUD

- Judges are not county employees, no employment contract exists
- 1099-form appropriate, not W-2
- Addition payment/tax fraud occurring through creative use of medical benefit and deferred compensation deductions
- The Supplemental Benefits are in violation of both IRS and FPPC rules, See Pages 7-12

# ATTORNEY GENERAL / COMMISSION ON JUDICIAL PERFORMANCE (CJP) – COUNTY PAYMENTS UNCONSTITUTIONAL

The Attorney General rulings against trying to use county payments to increase judicial compensation span over 50 years...

**In 1956**, the Attorney General issued an opinion<sup>2</sup> concluding that superior and municipal court judges and certain personnel of the superior courts were not county employees and were thus ineligible for county-sponsored health insurance. (27 Ops.Cal.Atty.Gen. 338 (1956).) **In 1976**, the Attorney General issued another opinion, specifically stating that the version of Government Code section 53200.3 then in effect was unconstitutional, insofar as it ran afoul of the provision in California Constitution, article VI, section 19, which states that "[t]he Legislature shall prescribe compensation for judges of courts of record...." Citing the

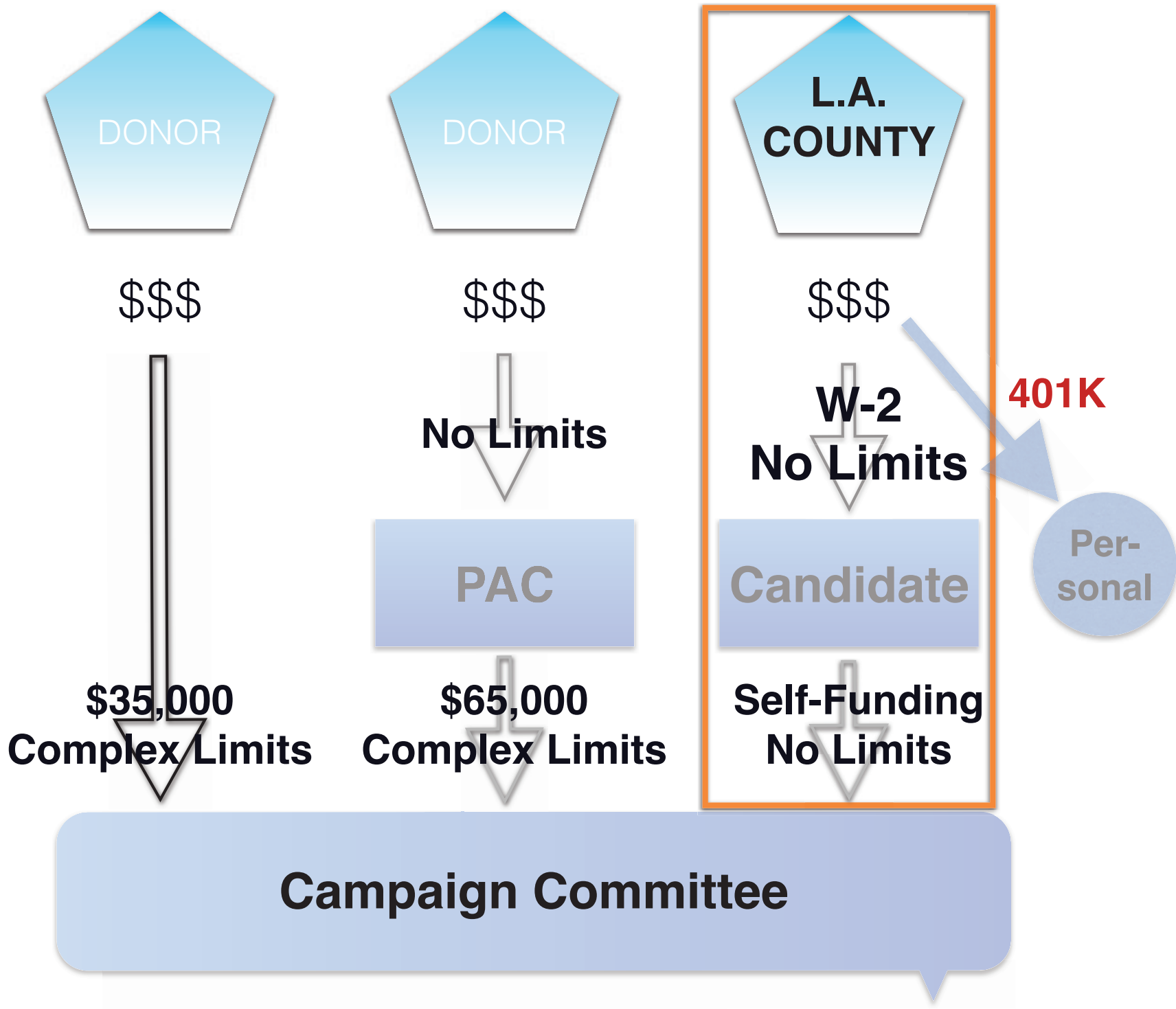
**1967** Judicial Council Report to the Governor and the Legislature on this provision and the opinion in *County of Madera v. Superior Court, supra*, 39 Cal. App.3d at page 670, the Attorney General stated: "Because of the use of 'prescribe' the Legislature cannot delegate the authority granted to it by Article VI, section 19 of the Constitution. Any attempt to make such a delegation would be constitutionally invalid." (59 Ops.Cal.Atty.Gen. 496, 497 (**1976**)). The opinion concluded that "that section [Gov. Code, § 53200.3] is an unconstitutional attempt on the part of the Legislature to delegate a nondelegable duty." (Id., at p. 501.) [ **222 Cal.App.3d 1145** ]

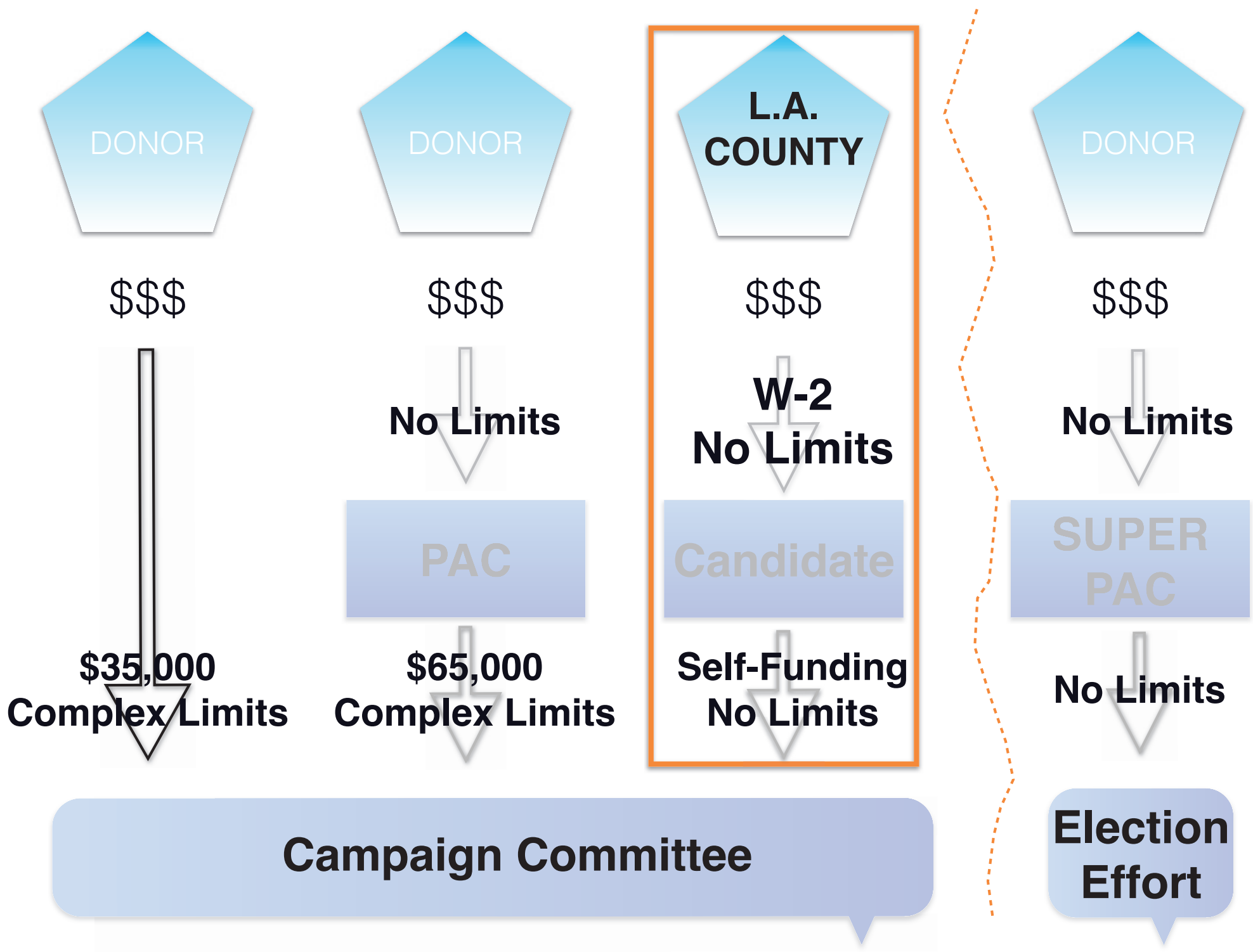
—Subsequently, the statute was amended by the Legislature to its present form, in an attempt to meet the concerns of the Attorney General. (Stats. 1977, ch. 106, § 1, pp. 537-538.) In **1978**, the Attorney General issued another opinion on the statute, stating that the Legislature had again failed to remove those deficiencies in the original section that had rendered it unconstitutional. (61 Ops.Cal.Atty.Gen. 388, 390(1978)).

The analysis of recent legislation (SBX2 11) by the Commission on Judicial Performance (CJP) have determined that SBX2 11 is unconstitutional. The SBX2 11 Section 5 immunity is

unconstitutional, has not been challenged in the Appellate Court and preserved the status quo ante Sturgeon I. The attempted immunity is unconstitutional under California Constitution, ARTICLE 1, SECTION 9, which states “A bill of attainder, ex post facto law, or law impairing the obligation of contracts may not be passed.” Furthermore, SBX2 11 Section 5 legislation conflicts with the constitutional responsibilities of the Commission on Judicial Performance (CJP) (AA-187:Issues Presented #1.). The extensive CJP analysis and arguments shows the legislature’s attempt to usurp constitutional powers.

The California Constitution includes many citations regarding the unconstitutionality of the County supplemental benefits including California Government Code Section 68206.6 - Nothing in this section, and no procedure adopted pursuant to this section, shall increase or decrease any compensation or benefits available to, or received by, superior court judges as a result of being paid from a state payroll.





DONOR

\$\$\$

\$35,000  
Complex Limits

Campaign Committee

DONOR

\$\$\$

No Limits

PAC

\$65,000  
Complex Limits

L.A.  
COUNTY

\$\$\$

W-2  
No Limits

Candidate

Self-Funding  
No Limits

DONOR

\$\$\$

No Limits

SUPER  
PAC

No Limits

Election  
Effort



# LEGISLATIVE PROHIBITION

- 1985 Legislature explicit prohibition of “supplemental” benefits in Senate Bill (SB) 1248, new code section §68206.6.

**“Nothing in this section, and no procedure adopted pursuant to this section, shall increase or decrease any compensation or benefits available to, or received by, superior court judges as a result of being paid from a state payroll.”**

(Chapter 1060, Statutes of 1985, added code section §68206.6)

- SB 1248 only authorized a third-party payroll service
- 1988 Los Angeles County resolution only authorized payroll service
  - The June 27, 1988 agreement between LA County and LA Superior Court does not comply with the Supervisor’s resolution.
- The \$1,000,000 is going to individual judges, not administering a payroll service
  - The “agreement” identifies additional costs of “\$490,000 to \$1,000,000”

**With the current complement of 224 judges, the additional annual cost to the County of this single payroll plan will be approximately \$490,000 to \$1,000,000, depending on participation in the 401K Savings Plan. Funds to meet this additional expense have been requested for the Court's 1988-89 Budget.**

- Calif Attorney General ruled multiple times **against** supplemental benefits

# “DEVIL IS IN THE DETAILS”

- Defendant Supervisors claim legislative immunity, but Appendix D shows that the “devil is in the details”. The immunity protected legislative “resolution” and its included “agreement” both appear to comply with §68206.6 but the county implementation as recommended by the Superior Court also shown in Appendix D is corrupt and violates the second sentence of §68206.6 (Appendix B). Nowhere is it acknowledged in Appendix D that the Defendant Supervisors OWN SALARY is increased.

27 PASEO LOMITA  
SAN JUAN CAPISTRANO, CA

**Earnings Statement**

Period Beginning: 1/1/2014  
Period Ending: 7/31/2014  
Pay Date: 8/31/2014

Earnings	rate	hours	this period
Regular			
Holiday Pay			
Professional Development		6,000	
Cafeteria Plan		26,300	
Success Share 401 (K)/457		12,100	
<b>GROSS PAY</b>			<b>44,400</b>

45 NEWPORT COAST VIEWS  
ORANGE COUNTY, CA 92659

**Deductions Statutory**

Federal Income tax	-250.00
Social Security tax	-250.00
Medicare Tax	-250.00
CA Income Tax	-250.00

**Important Notes**

W-2 will be provided in January 2015  
Pre-tax Success Share funds deposited into 401(K)/457 accounts currently on file  
Pre-tax Health funds deposited into Health Spending Accounts currently on file

**Other**

Holiday Pay	
Health Spending Acct	-12,500
Success Share	-12,100

**NET PAY 18,800**

TECHNICAL SERVICES  
27, PASEO LOMITA  
SAN JUAN CAPISTRANO, CA

Advice number 4512689  
Pay Date 8/31/2014

Deposited to the account of \_\_\_\_\_ account number \_\_\_\_\_ transit \_\_\_\_\_ ABA \_\_\_\_\_ amount \_\_\_\_\_  
34000000X 3894 2893 \$18,800

THIS IS NOT A CHECK

**NON-NEGOTIABLE**

To demonstrate the tax fraud a fictitious business is used to pay Judge X as an example.