

# Daily Journal

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## Judge Rules Sheppard Mullin Must Return South Gate Fees

By John Ryan

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Sheppard, Mullin, Richter & Hampton has to pay back the money it earned defending former South Gate city treasurer Albert Rubles in criminal grand jury proceedings, Los Angeles Superior Court Judge Gregory Alarcon has ruled.

Alarcon's decision is a victory for South Gate in its attempts to recoup some of the millions that the former City Council members voted to spend on themselves and other city officials during a frenzy of corruption allegations.

In a prepared statement, Mayor Henry Gonzalez called Alarcon's ruling "a major win in our efforts to recover taxpayer dollars that were misspent by the prior City Council"

Last year, the city sued Sheppard Mullin, claiming that Raul Model, the mayor at the time of the 2001 criminal investigation/never signed an agreement with the firm to represent Robles, who was considered the city's political power-broker. *City of South Gate v Sheppard, Mullin, Richter & Hampton*, BC304634

(LA Super CL, filed Oct. 21, 2003).

Weighing summary judgment motions in the case, Alarcon agreed

"There is no genuine issue of material fact in dispute that Sheppard Mullin failed to obtain Mayor Moriel's signature on the retainer agreement prior to its decision to undertake the representation of Albert Robles," Alarcon wrote.

Alarcon said the law firm's denial of the missing signature was "patently false."

"Therefore, if the contract is void," Alarcon continued, "then all payments made to the law firm of Sheppard Mullin must be returned."

That amounts to \$517,000, according to representatives for South Gate. Lawyers for Sheppard Mullin did not return phone calls.

Thomas Brown and Fred Puglisi of Sheppard Mullin have represented the firm in the civil fee disputes regarding Robles.

Richard Amador of Sanchez & Amador is representing South Gate in the fee disputes.

Alarcon also ruled against the law firm's bid to toss out South Gate's allegations, under the False Claims Act, that Sheppard Mullin increased its billing rates without telling the city.

"It does not appear that Sheppard Mullin communicated with the City of South Gate the rate increases it charged to the City in representing former city officials," Alarcon said in the 12-page ruling. "The City of South Gate also persuasively asserted that Defendant violated the False Claims Act by not promptly crediting the City all or part of the \$20,000 retainer fee." Alarcon said the False Claims Act allegations raise triable issues. The trial is scheduled for next year.

In a separate case, South Gate is pursuing \$500,000 in fees paid to Sheppard Mullin for the firm's defense of Robles against charges of allegedly threatening to rape and kill people.

A jury deadlocked on the charges, and a judge dismissed the counts. However, Robles later pleaded guilty to misdemeanor weapons violations.

Robles faces state charges for allegedly mishandling public funds.

While South Gate wants the \$500,000 spent on the defense returned, Sheppard Mullin claims it is due additional fees for its work. That case, *Salazar v. City of South Gate*, BC280158 (LA. Super. Ct. filed Aug. 22, 2002), is scheduled to go to trial in December.

In 2003, voters recalled Robles as well as City Council members Moriel, Xochilt Ruvalcaba and Maria Benavides. The city is trying to clean up the mess left by the former politicians.

According to the ruling, Sheppard Mullin claimed that one-time Mayor Ruvalcaba signed the retainer agreement for the Robles' grand-jury representation.

However, Alarcon added, Ruvalcaba was not the city's mayor when the agreement was signed in 2001.

"As stated in Ms. Ruvalcaba's declaration, she was only the mayor of the City of South Gate since April 2002," Alarcon wrote.