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IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF CALIFORNIA

MARCIANO PLATA, et al.,
Plaintiffs,
v.
ARNOLD SCHWARZENEGGER,
et al.,
Defendants.

NO. C01-1351 TEH

ORDER FOR FURTHER
PROCEEDINGS RE: RECEIVER'S
MOTION FOR CONTEMPT

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This matter came before the Court on October 6, 2008, on the Receiver's motion for an order adjudging Defendants Governor Arnold Schwarzenegger and Controller John Chiang in contempt for failure to fund the Receiver's remedial projects and/or an order compelling Defendants to fund such projects. At the hearing, the Receiver proposed that the Court set this matter for a further hearing, in approximately two weeks, at which Defendants would be required to "explicitly explain . . . exactly how and when the \$250 million needed to get to . . . the end of the year will be supplied by the State." Tr. at 18:22-25. The Receiver has represented that the \$250 million in question has already been appropriated by Assembly Bill 900 ("AB 900") and is unencumbered. *Id.* at 18:9-11; Hagar Reply Decl. ¶ 13. Defendants offered no response to either the Receiver's proposal or his contention that \$250 million of appropriated, unencumbered funds is currently available under AB 900.

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With good cause appearing, the Court adopts the Receiver's suggestion and HEREBY ORDERS, as an intermediate step short of a contempt finding, further proceedings to determine the availability of, and the procedures for transferring to the Receiver for the purpose of continuing his capital projects, \$250 million in unencumbered funds appropriated by AB 900.

1 In addition, the Receiver proposed at the October 6, 2008 hearing that he be allowed
2 to depose three officials from the Department of Finance. Tr. at 19:1-4. As noted in the
3 Court's July 10, 2008 order, formal discovery is permitted for purposes of exploring
4 available options for funding the remedial plan in this case. Such discovery may, as
5 appropriate, include both written discovery and deposition testimony.

6 This matter is HEREBY CONTINUED to **Monday, October 27, 2008, at 10:00 AM.**
7 At that time, Defendants shall inform the Court of their specific plans to transfer \$250
8 million of previously appropriated and unencumbered AB 900 funds to the Receiver.

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10 **IT IS SO ORDERED.**

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12 Dated: 10/08/08



THELTON E. HENDERSON, JUDGE
UNITED STATES DISTRICT COURT