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Louisiana Pension Lawyer Pleads Guilty to Defrauding Police

By Elliot Blair Smith - Feb 2, 2011 11:01 PM CT

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A former lawyer for the [Louisiana Municipal Police Employees' Retirement System](#) admitted defrauding the statewide pension and five other victims out of \$1.2 million over five years.

Randy P. Zinna, 53, faces as much as 20 years in prison under the criminal plea agreement unsealed last week in U.S. District Court in Baton Rouge, Louisiana. He agreed to a restitution order covering the \$1.2 million plus \$340,393 owed to another state pension that wasn't part of the criminal case, according to court papers.

"It shocked us, and it is still at times hard to fathom why he would do this," said Jeffrey Yates, administrator for the [East Baton Rouge City-Parish Employees' Retirement System](#), one of Zinna's former clients, in an interview yesterday.

The documents offer glimpses of how state and federal investigators attempted to gain control of a scandal that touched three statewide pension plans and contributed to losses at the \$1.2 billion retirement system for more than 10,000 local police officers.

Known as MPERS, the police pension had unfunded liabilities to pay future retirement benefits of \$836.3 million as of June 30, a 3 1/2-fold increase from two years earlier, according to the plan's actuarial report.

Zinna diverted funds from clients and business vendors from about November 2004 through October 2009, in part to pay sports gambling debts, prosecutors said.

Cooperating With Prosecutors

Assistant U.S. Attorney Patricia Jones filed the criminal complaint alleging mail fraud on July 2, 2010. In placing the complaint under seal, she wrote that Zinna was cooperating with prosecutors and "knowledge of his cooperation with authorities may compromise the integrity of the investigation," according to court papers.

Zinna signed the agreement on June 17 and entered his plea on Oct. 26, according to the unsealed records.

Both Jones and Richard Crane, one of Zinna's defense lawyers, based in Nashville, [Tennessee](#), declined to comment. Randy Roche, an attorney for the police retirement system, didn't

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immediately return a telephone call requesting comment.

According to the plea agreement, Zinna was interviewed "several times" by the [Federal Bureau of Investigation](#) and by the State Inspector General's office.

In August, Louisiana Legislative Auditor Daryl Purpera linked Zinna to financial irregularities at three statewide pensions that he had served as a contract attorney.

Zinna "diverted or held" \$5.1 million from a real estate subsidiary of the police pension to his private law firm's escrow account, keeping \$934,705 for himself, according to the auditor.

Widow's Money

Some of the money Zinna used to repay the diverted funds came from \$570,000 that an unidentified 83-year-old widow gave him to invest for her in 2009, according to court papers. While Zinna repaid the police pension \$4.2 million, according to the state auditor's report, prosecutors said he still owes the widow \$546,352 and the police pension \$434,164.

Other victims were a police-owned real estate developer, Olde Oaks Development LLC, owed \$136,614, and three vendors owed a total of \$116,515, according to the plea agreement.

The state auditor found that the East [Baton Rouge](#) City- Parish Employees' Retirement System carried a \$300,000 receivable on its books for almost a decade, unaware that Zinna obtained the funds in June 2001 and apparently never turned it over to the plan that employed him.

"During our interview with Mr. Zinna, he indicated that he does not know what happened" to the money, according to the legislative auditor's report. Under the criminal plea agreement, Zinna will repay the money even though prosecutors didn't accuse him of misappropriating the funds.

Court Clerks

Another of Zinna's clients, the Louisiana Clerks of Court Retirement and Relief Fund, received two lawsuit settlement checks of about \$114,500 each from the WorldCom Settlement Fund in December 2006, the auditor said. While Zinna said the payments weren't duplicative, he deposited one check into his private law-firm account and said the clerks were owed only \$36,026 of it, the auditor said.

Debbie Hudnall, the clerks fund's executive director, said yesterday she had no comment.

Zinna resigned from the Louisiana police pension in October 2009 after state officials raided his office. The Louisiana Supreme Court suspended Zinna's law practice in an order dated July 29 and effective Oct. 5.

The case is [United States of America v. Randy P. Zinna](#), 10-98-RET-DLD, U.S. District Court, Middle District of Louisiana (Baton Rouge).

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