



**DEPARTMENT OF FAIR EMPLOYMENT
AND HOUSING
ENFORCEMENT DIVISION
*DIRECTIVE***

**DIRECTIVE
NUMBER
404**

**DISTRIBUTION
DATE
October 1, 1998**

1. **SUBJECT: SETTLEMENT MONEY**
2. **PURPOSE:** To set forth the procedures for handling money received as a result of a settlement agreement.
3. **BACKGROUND:** As a part of its responsibilities, the Department of Fair Employment and Housing (DFEH) routinely acts as a conduit between parties involved in settlement negotiations. In doing so, DFEH disburses settlement funds received from respondents to complainants. The DFEH has the responsibility for ensuring that such monies are handled appropriately.
4. **PROCEDURES:**
 - A. **Handling of Cash:**
 - 1) Settlement payments in the form of cash are to be avoided.
 - 2) If acceptance is unavoidable, the respondent will be instructed to present the cash to the District Office in person to the individual designated to receive cash. That individual will count the cash in front of the respondent, prepare a receipt signed by the respondent, provide a copy to the respondent, and include a copy in the case file. **Under no circumstances is a Consultant to accept cash in settlement of a complaint.**
 - 3) The "Settlement Money Log" (DFEH 600-29) will be used to record the receipt of all settlement money. The log will be maintained by the individual responsible for handling money and be available for review. Whenever cash is received, an entry of the exact amount will be recorded in the log. The instructions for handling money in District Offices, as contained in Accounting Section 2014 of the DFEH Administrative Manual, will be followed.

- 4) A photocopy of the receipt will be forwarded to the Accounting Office with a written request that a check be issued in the name of the complainant.
- 5) The check, issued by the Accounting Office, will be forwarded to the District Office. Its receipt will be entered in the space entitled "Date Returned" on the Settlement Money Log. Delivery instructions as described in Section 4(B)(6) below will be followed.

B. Handling of Checks:

- 1) Settlement checks from respondents will be made payable to the complainant. Respondents should be so advised before any agreement is signed.
- 2) **Under no circumstances should a settlement check be made payable to a DFEH employee.**

Exception:

Where a DFEH employee is an individual complainant, he/she may receive a check in settlement of his/her complaint.

- 3) Immediately upon receipt of a check, a photocopy will be made and placed in the case file.
- 4) Where acceptance of a settlement check showing the payee as the Department of Fair Employment and Housing is unavoidable:
 - a) The check will be given to the individual responsible for handling money for the District Office, who will deposit it in accordance with instructions contained in the DFEH Administrative Manual, Accounting Section 2014.
 - b) Receipt of the check will be entered in the Settlement Money Log (DFEH-600-29).
 - c) A photocopy of the check will be forwarded to the Accounting Office with a written request that a check be issued in the name of the complainant.
 - d) When the check is issued by the Accounting Office and returned to the District Office, its receipt will be entered

in the space entitled "Date Returned" on the log and the delivery instructions described in Section 4(B)(6) will be followed.

- 5) For checks received made payable to the complainant:
 - a) The person responsible for handling money in the District Office will ensure the original check is maintained in a location which is secured by a lock.
 - b) The Consultant responsible for the case will ensure proper delivery of the check.
- 6) The process for delivery of checks will be handled as follows:
 - a) Settlement checks will not be released until the settlement agreement is signed by the complainant, the respondent (or authorized respondent representative) and a representative of the Department. The complainant should be the first signatory to the settlement agreement.
 - b) Before disbursing the check to the complainant, the assigned Consultant will ensure that the complainant has complied with any conditions contained in the settlement agreement which may limit or affect its disbursement.
 - c) A "Standard Receipt" (DFEH-400-01) will be signed by the complainant.
 - d) The check may be conveyed through any of the following methods:
 - Personal delivery in the District Office. This is the preferred method of disbursement. (Only in rare circumstances approved by the District Administrator should settlement checks be disbursed in the field.)
 - Mail (Certified/Return Receipt). When this method is used, the case may not be closed *until receipt of the check is verified*. Where the complainant does not cooperate, a certified mail receipt (green card) signed by the complainant, will suffice. Where the green card is signed by a person other than the

complainant, personal contact by telephone should be made to verify receipt. All attempts to contact and verify receipt must be noted in the Case Diary, including the name of the person contacted, the date, the time, and telephone number.

- A complainant may receive a settlement check directly from the respondent. (Verification is needed from the complainant prior to case closure.)

C. Liability:

Any employee who misplaces a check and/or does not handle a settlement check in accordance with this Directive may be subject to an adverse action.

5. APPROVAL:

Nancy C. Gutierrez, Director

Date