

**ATTACHMENT C**

**RESPONDENT(S) ARGUMENT(S)**

1 Michael J. Carrozzo



4 Respondent

8 **BOARD OF ADMINSTRATIVE APPEALS**  
9 **CALIFORNIA PUBLUC EMPLOYEES' RETIREMENT SYSTEM**

11 In the Matter of the Appeal Regarding Military  
12 Service Credit Purchase and Retirement Benefits  
13 of:

14 JUDGE MICHAEL J. CARROZZO,  
15 Respondent.

Agency Case No: 2025-1413

**RESPONDENT'S ARGUMENT**

Hearing Date: February 26, 2026

Hearing Location: Los Angeles

REQUEST FOR NON-  
PRECEDENT DECISION

19 **I. INTRODUCTION**

20 Respondent respectfully requests that the Board designate this matter as nonprecedential  
21 and unpublished. Respondent further requests that the Board adopt the proposed decision of the  
22 Administrative Law Judge, with one modification: CalPERS should calculate the monthly  
23 military service credit installment payments pursuant to the terms set forth in the CalPERS letter  
24 dated November 13, 2024 (Exhibit 10).

25 The November 13, 2024, determination should control because CalPERS improperly  
26 denied Respondent the opportunity to commence installment payments in June 2025 despite  
27 previously authorizing such payments and despite the absence of any intervening change in law,  
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1 regulation, or material fact. In the alternative, CalPERS should calculate the installment payment  
2 terms based on the circumstances existing as of June 1, 2025, when Respondent formally  
3 requested to begin monthly payments for the authorized military service credit purchase.

## 4 II. ARGUMENT

5 This matter presents a straightforward issue of administrative fairness and detrimental  
6 reliance. For more than two years, CalPERS repeatedly represented to Respondent that he was  
7 eligible to retire under the JRS II 60/15 retirement provisions and that his approved military  
8 service credit purchase could be paid through monthly installment payments extending beyond  
9 separation from judicial employment.

10 CalPERS confirmed these representations in formal written correspondence, including  
11 letters dated April 11, 2024 (Exhibit 9), and November 13, 2024 (Exhibit 10). Both letters  
12 expressly described installment payment options extending beyond retirement, including  
13 deductions from Respondent's retirement allowance if a balance remained outstanding.  
14 California courts have consistently recognized that public employees are entitled to rely upon  
15 official representations made by retirement agencies concerning retirement rights and benefits.  
16 Pension statutes are to be liberally construed in favor of the pensioner, and retirement benefits  
17 constitute vested rights protected under the California Constitution. See *Betts v. Board of*  
18 *Administration* (1978) 21 Cal.3d 859; *Kern v. City of Long Beach* (1947) 29 Cal.2d 848.

19 At all relevant times, CalPERS was fully aware that Respondent would no longer receive  
20 judicial compensation after September 2025. Nevertheless, CalPERS repeatedly affirmed the  
21 availability of installment payments and never advised Respondent that retirement would  
22 invalidate the approved purchase arrangement.

23 In June 2025, however, CalPERS abruptly reversed its position without identifying any  
24 change in governing law, regulation, or material fact. Such conduct violates fundamental  
25 principles of administrative fairness and due process. California law does not permit a public  
26 agency to induce reliance through repeated official representations and then repudiate those  
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1 representations after the employee has materially relied upon them in making retirement  
2 decisions.

3 The record further demonstrates that CalPERS' reversal was influenced by improper  
4 consideration of Exhibit 16, which had no lawful bearing on Respondent's entitlement to  
5 retirement benefits or service credit payments.

6 A. Evidence Supports Adoption of the Administrative Law Judge's Decision

7 The testimony presented by CalPERS was inconsistent, contradictory, and lacked  
8 credibility, as reflected in the Administrative Law Judge's findings. By contrast, Respondent  
9 presented substantial documentary evidence establishing that CalPERS repeatedly approved both  
10 the retirement eligibility determination and the installment payment structure.

11 CalPERS failed to present reliable evidence supporting its reversal of position. Instead,  
12 the testimony established that CalPERS employees repeatedly communicated incorrect  
13 information to Respondent through formal letters, emails, and telephone communications over an  
14 extended period.

15 Respondent demonstrated that he reasonably relied upon these official representations in  
16 making retirement decisions. The evidence further established that CalPERS denied  
17 Respondent's June 2025 request to commence installment payments without identifying any  
18 statutory or regulatory authority for doing so.

19 Accordingly, the Administrative Law Judge correctly determined that Respondent's  
20 appeal should be granted.

21 B. CalPERS Witness Testimony Was Internally Inconsistent

22 At hearing, CalPERS witness Ms. Martinez acknowledged for the first time that multiple  
23 letters, emails, and communications issued by CalPERS contained incorrect information.  
24 (Exhibits 9, 10, 23.) Ms. Martinez further conceded that CalPERS members rely upon official  
25 CalPERS correspondence when making retirement decisions. This testimony directly supports  
26 Respondent's detrimental reliance claim.  
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1 Ms. Martinez also provided inconsistent testimony regarding Exhibit 16 and the extent to  
2 which it influenced the denial of Respondent's service credit request. Under cross-examination,  
3 her testimony varied regarding how she obtained Exhibit 16, how it was circulated internally,  
4 and whether it was considered in the decision-making process. Ms. Martinez additionally  
5 acknowledged that she shared Exhibit 16 with another CalPERS witness, Mr. Clement.

6 The evidence demonstrated that Ms. Martinez knew Respondent would cease receiving  
7 judicial compensation after September 2025. Nevertheless, CalPERS denied Respondent's  
8 requests to begin installment payments in June, July, and August 2025, despite previously  
9 authorizing installment payments extending into retirement.

10 Ms. Martinez initially testified that the request was denied because processing would take  
11 too long but later conceded that the request could have been processed more quickly. This  
12 testimony further undermined the credibility of CalPERS' stated rationale for denying  
13 Respondent's request.

14 Similarly, Mr. Clement was unable to provide a coherent explanation as to how the  
15 reason for retirement affected the calculation of service credit purchases. His testimony  
16 confirmed that retirement dates—not the reasons underlying retirement—control the calculations  
17 at issue. The evidence therefore demonstrated that Exhibit 16 had no legitimate relevance to  
18 Respondent's eligibility or benefit calculations.

### 20 III. CONCLUSION

21 CalPERS' conduct created enforceable reliance interests arising from repeated written  
22 authorizations and official representations concerning Respondent's retirement eligibility and  
23 installment payment rights. The record further establishes detrimental reliance, administrative  
24 unfairness, and violations of due process principles.

25 Respondent honorably served both the United States military and the California judiciary.  
26 The military service credits at issue were earned through honorable service, formally approved  
27 by CalPERS, and repeatedly confirmed through official agency communications.  
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1           The Board possesses both the authority and the obligation to correct these errors. Title 2,  
2 California Code of Regulations, section 571.5 expressly authorizes installment payments for  
3 service credit purchases extending up to 180 monthly payments.

4           For these reasons, Respondent respectfully requests that the Board:

- 5           1.     Reverse the July 7, 2025 determination;
- 6           2.     Confirm Respondent's eligibility for JRS II 60/15 retirement benefits;
- 7           3.     Reinstate the authorized installment payment terms reflected in the November 13,  
8                 2024, CalPERS letter;
- 9           4.     Correct the erroneous recalculation of service credit payments; and
- 10          5.     Grant such other relief as the Board deems just and proper.

11           Fundamental fairness, due process, and the integrity of the public retirement system  
12 compel this result.

13  
14  
15   May 23, 2026

*Michael Carrozzo*  
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Michael J. Carrozzo  
Respondent