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July 29, 1997

VIA FAX & U.S. MAILPeter H. Kaufman, Esq.
Supervising Deputy Attorney General
State of California
Department of Justice
110 West A Street
Suite 1100
Post Office Box 85266
San Diego, California 92101Via Fax (619) 645-2012Re: Mancuso v. California State Coastal Conservancy
Los Angeles Superior Court Case No. BS 040197

Dear Mr. Kaufman:

Yesterday, when we spoke you informed me that your client had been unable to reach consensus regarding our July 23rd proposal at its meeting last week, but that it is still very interested in settlement and would like to engage in further discussions. You also indicated that while you were authorized to discuss outstanding issues with me, you had not been delegated any settlement authority by your client. You asked that I advise you of our response once I had consulted with my client.

Frankly, we are disappointed at the lack of a clear response from the Conservancy, particularly given the many, many months which have been devoted to negotiations to date. This situation is all the more frustrating, since we have been consistent in our settlement approach, and had thought that the July 23rd proposal was a fair and reasonable one, which reflected many points of mutual agreement.

Given this troubling state of affairs, I have been instructed to bring closure to our settlement negotiations by September 2, 1997, when our opening brief in the above referenced action is due. Accordingly, I have been authorized

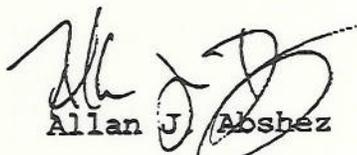
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to meet with Conservancy officials to make a good faith effort to reach agreement during the time which remains. I must stress that if the Conservancy wishes to pursue such discussions, it is essential that an official with appropriate negotiating authority be designated.

I am aware that you will be vacationing during some of the period concerned, but hopefully the Conservancy's staff counsel, which is familiar with this matter, can cover any meetings that take place. Please let me know if any such meetings can be arranged. If I do not hear from your office or the Conservancy directly, we will assume that the Conservancy has rejected our offer and that settlement negotiations should be considered closed. This letter is a confidential offer of compromise inadmissible pursuant to Evidence Code Section 1152.

Very truly yours,


Allan J. Abshez

cc: Mr. Frank Mancuso
James Pierce, Esq.