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August 6, 1997

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WRITER'S DIRECT DIAL NUMBER

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:

On Monday when we spoke, you informed me that you had further consulted with the Conservancy staff, and that the Conservancy would require a five year period before it could determine whether it desired to close the transaction underlying our settlement agreement (the basic terms of which are outlined in my July 23, 1997 letter to the Conservancy Board).

Yesterday, I consulted with my client regarding the feedback I received from you. In response, I have been directed to inform you that an extended period of time beyond December 31, 1998 is unacceptable. Moreover, we are concerned by your indication that even if we were to agree to an extended time period, the Conservancy might reserve the option to back-out of the deal if it encounters opposition to its use of the settlement funds. Our view is that this approach is one-sided and unfair. We believe that how, when and where, the Conservancy chooses to use the funds received is a matter for the Conservancy and the Coastal Commission to determine; and that the owners should have no role, responsibility or entanglement in such matters.

Given the apparent acknowledgment throughout our discussions that the deficiencies of the easements make their

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Peter H. Kaufman, Esq.
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development undesirable, as well as our agreement as to price, we do not see the need for an extended period. The December 31, 1998 time frame provides about a year-and-a-half for the Conservancy to determine, in consultation with the Coastal Commission, the many beneficial uses to which the funds received may be put.

Since you are on vacation, I have copied this letter directly to Conservancy staff counsel. As I informed you in my previous letter of July 29, 1997, I have no authority to engage in further settlement negotiations with the Conservancy after September 2, 1997, when our opening brief in the above-referenced action is due. In response, you indicated that the Conservancy Board might convene a special meeting to review this topic. I am hopeful that this can be done; however, if I do not hear from your office or the Conservancy directly, we will assume that settlement negotiations are closed, and the Conservancy should consider our offer of July 23, 1997 withdrawn. 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. ✓

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Multiple Facsimile Cover Sheet

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James Pierce, Esq.

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