

MINUTE ITEM

The Calendar Item No. 34  
with the title of Item  
No. 34 State Lands  
Commission File No. 3  
p. 1/20/77  
meeting

CALENDAR ITEM

34.

1/77  
KS

W 503.784

SETTLEMENT OF FERMA CORP. V.  
STATE OF CALIFORNIA, ET AL.

This item recommends settlement of this case for the sum of \$5,000. The suit arose out of certain activities in connection with the conversion of a beached ship (the La Jenelle) into a fishing jetty. Basically, Ferma Corporation has alleged (by way of nine causes of action) that the State used its concepts and plans for converting the ship without compensation. The State Lands Commission and the State Lands Division are among the named defendants.

While there is a chance the State could prevail in this case, liability exposure ranges from \$10,000 to over \$1,000,000. Further, litigation would be prolonged and the costs thereof would far exceed the settlement figure.

The Director of Finance has approved settlement at \$5,000, payment to be charged to the General Fund. Staff and the Attorney General have concluded that settlement at this time is prudent.

IT IS RECOMMENDED THAT THE COMMISSION:

1. APPROVE SETTLEMENT OF THE CASE OF FERMA CORP. V. STATE OF CALIFORNIA ET AL., NO. 25502 IN AN AMOUNT NOT TO EXCEED \$5,000.
2. AUTHORIZE THE STAFF OF THE DIVISION AND/OR THE OFFICE OF THE ATTORNEY GENERAL TO TAKE ALL ACTION NECESSARY TO IMPLEMENT THE FOREGOING.

EXHIBIT: A. Location Map.

A 36

S 18