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PRESS RELEASE

FOR IMMEDIATE RELEASE:

\$12.5 MILLION SETTLEMENT REACHED BETWEEN THE OWNERS OF EIGHT DESTROYED HOMES, THE LACOSTA DE MARBELLA HOMEOWNERS ASSOCIATION AND THE CITY OF CARLSBAD

City of Carlsbad, CA - August 9, 2007

Summary – A settlement was reached between the owners of 8 destroyed homes in the La Costa de Marbella condominium complex, the La Costa de Marbella HOA (both parties are the plaintiffs) and the City of Carlsbad and the Carlsbad Municipal Water District (both parties are the defendants). After the failure of a slope adjacent to the Marbella complex in March of 2005, several homes and garages were evacuated and listed as uninhabitable. A settlement of \$12.5 million was finally achieved in late July 2007. The settlement will be paid for by the defendants or their insurance carriers.

In March of 2005, a landslide occurred on a hillside slope in the area of the La Costa de Marbella condominium complex in Carlsbad, California. As a result of the slope failure, eight homes were evacuated, redlined and destroyed, and 58 others in the complex were threatened. A dispute arose between the owners of the eight destroyed homes, the La Costa de Marbella Homeowners Association (hereinafter “plaintiffs”) and the City of Carlsbad and the Carlsbad Municipal Water District (CMWD) (defendants). The plaintiffs alleged that the City and CMWD were responsible for their losses and employed the services of the Law Offices of Patrick E. Catalano and John Schroeder and Associates to represent them in this action.

After the slide, the City spent approximately \$2 million in an attempt to repair the hillside and to stabilize the slope, to ensure that both lanes of La Costa Avenue remained reopened. These efforts were insufficient.

The settlement consisted primarily of a \$12,500,000 payout by the defendants. In the settlement, the homeowners of the eight destroyed homes received monies sufficient to pay for their properties, and the Homeowners Association obtained ownership of the eight vacant lots. The value of these properties amounted to approximately \$2,000,000 in additional monies for the association. In addition, the settlement provides for additional repair of the hillside and the common areas.

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In conjunction with this suit, a separate action was filed by the La Costa de Marbella Homeowners Association against State Farm Insurance Company, the insurer that denied the claim at the time that the loss occurred. Currently a trial date is of September 2007 is set.

The Law Offices of Patrick E. Catalano is primarily a plaintiff's firm with extensive litigation work in the areas of construction defect, insurance bad faith, landslide and inverse condemnation. The firm is experienced in complex litigation, including multi-plaintiff, class action and legal malpractice cases. A significant portion of the firm's practice involves landslide cases where we representing homeowners throughout California and counsel clients in actions against associations and municipalities, including counties, cities and other state entities.

We are committed to serving the needs of our clients and to achieving the best possible result for them in their case.

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