

**Second Supplement to Memorandum 99-23****Confidentiality of Settlement Negotiations:  
Comments of Civil and Small Claims Advisory Committee**

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The Civil and Small Claims Advisory Committee of the Judicial Council has provided new comments on the Commission's proposal on the admissibility, discoverability, and confidentiality of settlement negotiations. (Exhibit pp. 1-4.) (A seven-page letter by Justice Aldrich was attached to the new comments, but is not included here because it was previously distributed to the Commission (Memorandum 98-62, Exhibit pp. 1-7).)

Importantly, the Committee "share[s] the Law Revision Commission's concerns with preserving the confidentiality of settlement negotiations and placing a high value on the use of alternative dispute resolution methods." (*Id.* at 2.) A working group of the Committee also concluded that "the Law Revision Commission has done a good job in responding to prior criticisms and suggestions in modifying the language of the proposed legislation ...." (*Id.* at 3.)

Nonetheless, the Committee continues to oppose the Commission's proposal. The Committee concurs in the working group's assessment that the recommended legislation is not necessary. (*Id.* at 2.) As the working group explains:

It appears to be the stated purpose of the legislation ... to encourage more frank and open settlement discussions. It is our shared experience that this is not a significant problem in either settlement conferences or mediations, and it is highly unlikely that the proposed legislation would improve this. For one thing, it is doubtful that the litany of exceptions to the confidentiality of settlement discussions will provide litigants with more comfort in engaging in frank and open discussions with a view toward settlement. It is submitted it would have just the opposite effect.

(*Id.* at 3.)

We will discuss these comments further at the Commission's meeting.

Respectfully submitted,

Barbara S. Gaal  
Staff Counsel

## Judicial Council of California

HON. RONALD M. GEORGE  
Chief Justice of California  
Chair of the Judicial Council

June 21, 1999

WILLIAM C. VICKREY  
Administrative Director of the Courts

By Facsimile  
(650-494-1827)



Civil and Small Claims  
Advisory Committee  
455 Golden Gate Avenue  
San Francisco, CA 94102-3660

HON. JAMIE JACOBS-MAY  
Chair

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Mr. Albert Y. Balingit  
Hon. Richard Best  
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Hon. Cecily Bond  
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Hon. Arthur E. Wallace  
Ms. Judith B. Warren  
Hon. Elaine M. Waters

COMMITTEE STAFF  
Mr. Patrick O'Donnell  
415-865-7665  
Fax 415-865-7664  
TDD 415-865-4272

MICHAEL BERGEISEN  
General Counsel

California Law Revision Commission  
4000 Middlefield Road, Room D-1  
Palo Alto, California 94303-4739  
Attention: Ms. Barbara Gaal, Staff Counsel

Re: Proposed Legislation Relating to Admissibility, Discoverability  
and Confidentiality of Settlement Negotiations

Dear Commission Members:

I am writing as chair of the Civil and Small Claims Advisory Committee of the Judicial Council of California. The purpose of this letter is to inform you of the Committee's views on the latest draft of the Commission's recommendations relating to the *Admissibility, Discoverability, and Confidentiality of Settlement Negotiations*. The views expressed in this letter are those of the Committee and not those of the Judicial Council which has not considered the matter.

The Committee has closely followed the development of the Law Revision Commission's proposals. On February 13, 1998, Justice Richard D. Aldrich, former chair of this Committee, wrote a letter to the Commission expressing several of the Committee's concerns, including its concern that the proposed legislation might be premature. A working group of the Committee was formed to conduct an analysis of the proposals and report back to the Committee. On April 15, 1998, the working group spoke with Ms. Barbara Gaal by telephone to express its concerns. After further study and discussion, the Committee voted unanimously to oppose the proposed changes. The reasons for the Committee's position were summarized in Justice Aldrich's letter to the Commission dated September 14, 1998 (a copy of which is attached as Exhibit 1.)

Subsequently, the staff of the Law Revision Commission made further revisions to the recommended legislation. For instance, in response partially to Justice Aldrich's comments, proposed Evidence Code Section 1141 (on the admissibility and discoverability of evidence of settlement negotiations) was revised. The effect of this revision was to provide a more balanced approach and give courts a greater degree of discretion.

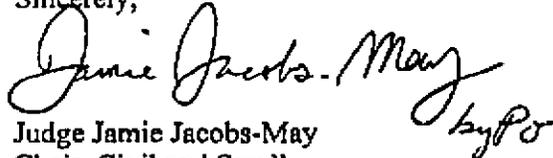
California Law Revision Commission  
June 21, 1999  
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The Civil and Small Claims Advisory Committee has continued to follow the Commission's revised draft proposals. In April 1999, a working group chaired by Judge Arthur Wallace reviewed the Commission staff's Memorandum 99-23 dated March 24, 1999 and the staff's Draft Recommendation. The working group also re-reviewed earlier memoranda and correspondence on this matter. Although the working group felt that the Commission has done a good job of responding to prior criticisms and suggestions, the group concluded that the Committee's previous position should not be changed. The group thought that the proposed legislation was unnecessary and might have the opposite effect from that which was intended. (A copy of the working group's letter dated April 23, 1999 is attached as Exhibit 2.)

On April 26, 1999, the full Committee considered the working group's recommendations. The Committee shared the Law Revision Commission's concerns with preserving the confidentiality of settlement negotiations and placing a high value on the use of alternative dispute resolution methods. Nevertheless, after reviewing the latest proposals, the Committee concurred with the working group that the recommended legislation is not necessary. Hence, the Committee recommends against its adoption.

Thank you for your attention to this matter. I hope that the Committee's comments have been helpful. On behalf of the Committee, I look forward to working together with the Law Revision Commission in the future.

Sincerely,



Judge Jamie Jacobs-May  
Chair, Civil and Small  
Claims Advisory  
Committee

Enclosures

cc: Hon. Marvin Baxter, Chair  
Policy Coordination and Liaison Committee  
Ms. Bettina Redway, Attorney  
Office of Governmental Affairs

**THE SUPERIOR COURT**  
OF THE STATE OF CALIFORNIA  
IN AND FOR THE  
COUNTY OF KERN

**ARTHUR E. WALLACE**  
Judge

**April 23, 1999**

**Judicial Council of California  
Administrative Office of the Courts  
Council and Legal Services Division  
455 Golden Gate Avenue  
San Francisco, CA 94102-3660  
Via Fax 415-865-7664**

**Attention: Mr. Patrick O'Donnell  
Attorney**

**Re: Legislation Relating to Settlement Negotiations**

**Dear Patrick:**

After receipt of your letter of March 29, 1999, our working group individually reviewed its enclosures and re-reviewed Tab 21 in the binder for the January 29, 1999 meeting of the Advisory Committee. We recently had a telephonic meeting and came to the same general conclusions.

It is felt that while the Law Revision Commission has done a good job in responding to prior criticisms and suggestions in modifying the language of the proposed legislation, they have nevertheless not convinced our working group that the position taken by our Committee should be changed. None of the three of us have experienced any particular problem in dealing with settlement negotiations, their discoverability or admissibility, that the proposed legislation would remedy.

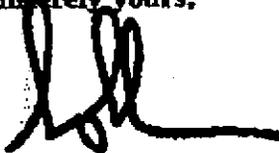
It appears to be the stated purpose of the legislation is to encourage more frank and open settlement discussions. It is our shared experience that this is not a significant problem in either settlement conferences or mediations and it is highly unlikely that the proposed legislation would improve this. For one thing, it is doubtful that the litany of exceptions to the confidentiality of settlement discussions will provide litigants with more comfort in engaging in frank and open discussions with a view toward settlement. It is submitted it would have just the opposite effect.

It is therefore the recommendation of our working group that the Advisory Committee reaffirm its position to the effect that the proposed legislation is unnecessary and may well have an opposite effect to that intended in the stated purpose for the proposed legislation.

Judicial Council of California  
Attn: Mr. Patrick O'Donnell, Attorney  
April 23, 1999  
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Thank you for your kind attention to this matter.

Sincerely yours,



ARTHUR E. WALLACE  
Judge of the Superior Court

AEW:js

cc: Ms. Melissa McKeith, Esq.  
Via Fax (213) 688-3460

Mr. Peter Ostroff, Esq.  
Via Fax (213) 896-6600

Hon. Jamie Jacobs-May  
Via Fax (408) 298-0582