#### Memorandum 93-26

Subject: Study H-501 - Quieting Title to Personal Property (Objections of State Bar Committee on Administration of Justice)

#### BACKGROUND

The Commission's recommendation on quieting title to personal property would make clear that title to personal property may be acquired by adverse possession. The recommendation has been introduced in the Legislature by the Assembly Committee on Judiciary as AB 2205. A copy of the bill is attached as Exhibit pp. 1-3.

AB 2205 will be expanded to deal with miscellaneous other noncontroversial civil practice matters that the Judiciary Committee wishes to address. The Commission's process of circulating the quiet title recommendation for comment, as well as the Committee's process, indicated that the quiet title recommendation would be noncontroversial and therefor proper for inclusion in the Committee bill.

#### CAJ OPPOSITION

have now received a memorandum in opposition to Commission's recommendation from the State Bar Committee Administration of Justice. See Exhibit pp. 4-10. The thrust of the CAJ opposition is that a possessor of personal property should not get title by prescription in a case where the possession is covert, since the owner has not had notice and an opportunity to recover it. points out that adverse possession of personal property differs from adverse possession of real property in that the fact of adverse possession of personal property is more easily concealed and may be unknown to the property owner. There are statutory protections for real property owners against secret adverse possession; similar protections should be available for personal property owners.

The staff agrees that the mere lapse of three years since possession was transferred should not confer title on the possessor. It is the running of the three-year (or other relevant) statute of

limitations that confers title on the possessor. The statute of limitations does not even begin to run in the case of fraud until the discovery of the fraud, or in the case of a consensual transfer of possession until the character of the possession changes and becomes a wrongful conversion. The Commission's proposal merely states that once the statute of limitations has run and the owner may no longer legally recover possession, the prescriptive owner may acquire good title.

#### STAFF PROPOSAL

There is nothing wrong with the statute proposed by the Commission. However, the Comment is misleading in that it seems to imply that lapse of three years after a change in possession is sufficient to trigger a change in ownership. We have proposed to CAJ that this be rectified by expansion of the Comment, thus:

### CIV. CODE § 1007 (amended). TITLE BY PRESCRIPTION

COMMENT. Section 1007 is amended to make explicit the rule previously implicit in the statutes—that title to personal property may be based on adverse possession. See Sections 14(1) ("property" includes real and personal property), 1000 (property, how acquired); see also 4 B. Witkin, Summary of California Law Personal Property § 99, at 95 (9th ed. 1987). This overrules a contrary query in San Francisco Credit Clearing House v. Wells, 196 Cal. 701, 239 P. 319 (1925). See also Section 1006 (title by occupancy); Code Civ. Proc. §§ 760.020(a) (quieting title to real or personal property), 761.020(b) (quieting title to property based on adverse possession).

The main prescription period for, or statutory bar of an action for recovery of, personal property is three years. Code Civ. Proc. § 338(c). Section 1007 does not provide an absolute or independent three-year prescription period for personal property, however; it is dependent on the actual running of the relevant statute of limitations. It should be noted that the limitations period for recovery of personal property does not begin to run while the possessor holds the property with the consent of the owner as bailee or in another fiduciary capacity so long as the possessor fails to indicate an intent to deprive the owner of the right to possession of the property, or during the time the possessor fraudulently conceals from the owner the facts that constitute the cause of action. See, e.g., Bennett v. Hibernia Bank, 47 Cal, 2d 540, 305 P. 2d 20; Niiya v. Goto, 181 Cal. App. 2d 682, 5 Cal. Rptr. 642 (1960); Sears, Roebuck & Co. v. Blade, 139 Cal. App. 2d 580, 294 P. 2d 140 (1956). If the owner has lost possession by fraud or mistake, the cause of action does not accrue until the owner's discovery

of the facts constituting the fraud or mistake. See Code Civ. Proc. § 338(d). All other relevant conditions and limitations on the accrual, tolling, and running of the relevant statute of limitations, whether provided by case law or statute, also apply.

The other changes in this section are technical.

The full text of the staff letter to CAJ on this matter is attached as Exhibit pp. 11-13.

Although it is not the Commission's practice to write "law review notes" in its Comments, it may be useful here. If CAJ misconstrued the proposed statute, it is likely others will as well. We had hoped that CAJ would have an opportunity to react to the staff letter before the Commission meeting, but CAJ did not take it up because the person on CAJ who is primarily interested was not in attendance at CAJ's last session. Meanwhile, the staff requests Commission approval to add the proposed language to the Comment.

#### ALTERNATE APPROACH

Alternatively, the Commission may want to put something in the statute itself. We sent a copy of this material to Gerald B. Hansen of San Jose, the lawyer whose suggestion got us involved in this issue. Mr. Hansen considers it clearly advisable that the clarification be made by inserting direct language in the statutes. "When such a committee would think that your use of the term "prescription" might mean simply the passage of three years without the other required elements, then I believe express language in the sections is really required." Mr. Hansen's letter is attached as Exhibit pp. 14-15.

Mr. Hansen suggests specifically that Civil Code Section 1000 be revised to state that acquisition of property by occupancy "includes acquisition of personal property by adverse possession". Civil Code Section 1007 would be amended to provide that prescriptive title may be obtained only if "all the elements required for adverse possession are established as provided by law, including that continuously during the period the property be occupied or possessed under a claim of right without the consent of the owner, openly and notoriously so as to put on notice an owner, if any, normally occupying or possessing said property as to what might be an adverse claim, and such other requirements as might be required by law".

The staff believes it would be unwise to try to spell out the law of adverse possession in the statute. And, if the Commission wishes to do so, this should not be done in the context of the legislative process but only on a careful review of the substantive elements of adverse possession following the Commission's usual procedure.

#### CONCLUSION

The personal property quiet title recommendation can remain in the Judiciary Committee bill only if we are able to remove the State Bar opposition. To this end the staff requests Commission approval of explanatory language in the Comment, hoping this will better enable CAJ to understand the basic recommendation. If, instead, the Commission wishes to codify standards in the statute, we need to withdraw the recommendation and do more work on it.

Respectfully submitted,

Nathaniel Sterling Executive Secretary

# ASSEMBLY BILL

No. 2205

Introduced by Committee on Judiciary as presented by Assembly Member Connolly on behalf of the committee (Archie-Hudson, Caldera, Collins, Epple, Goldsmith, Horcher, Isenberg, Snyder, Speier, Statham, and Weggeland)

# March 5, 1993

An act to amend Sections 1000, 1006, and 1007 of the Civil Code, relating to property.

#### LEGISLATIVE COUNSEL'S DIGEST

AB 2205, as introduced, Committee on Judiciary. Property.

Existing law prescribes the modes in which property may be acquired. Existing law provides that an occupant may acquire title to real property by prescription, where that occupant satisfies statutory requirements for title by prescription.

This bill would specify that acquisition of property by occupancy includes acquisition of personal property by possession. This bill would also provide that in an action to quiet title to personal property based on possession, the person bringing the action must satisfy statutory requirements for title by prescription.

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 1000 of the Civil Code is 2 amended to read:
- 3 1000. Property is acquired by the following means: 4 1.
- 5 (a) Occupancy; . Acquisition of property by 6 occupancy includes acquisition of personal property by 7 possession.
- 8 <del>2.</del>
- 9 (b) Accession;
- 10 <del>3.</del>
- 11 (c) Transfer;
- 12 4-
- 13 (d) Will;  $\frac{\partial}{\partial x}$ .
- 14 <del>5.</del>
- 15 (e) Succession.
- 16 SEC. 2. Section 1006 of the Civil Code is amended to 17 read:
- 18 1006. Occupancy (a) Subject to subdivision (b), 19 occupancy for any period confers a title sufficient against 20 all except the state and those who have title by 21 prescription, accession, transfer, will, or succession; but 22 the
- 23 (b) The title conferred by occupancy is not a sufficient 24 interest in real or personal property to enable the 25 occupant or the occupant's privies to commence or 26 maintain an action to quiet title, unless the occupancy has 27 ripened into title by prescription.
- 28 SEC. 3. Section 1007 of the Civil Code is amended to 29 read:
- 30 1007. Occupancy (a) Subject to subdivision (b), 31 occupancy for the period prescribed by the Code of Civil 32 Procedure as sufficient to bar any action for the recovery 33 of the real or personal property confers a title thereto, 34 denominated a title by prescription, which is sufficient 35 against all; but no.
- 36 (b) No possession by any person, firm, or corporation 37 no matter how long continued of any land, water, water 38 right, easement, or other property whatsoever dedicated

- 1 to a public use by a public utility, or dedicated to or
- 2 owned by the state or any public entity, shall ever ripen
- 3 into any title, interest, or right against the owner thereof.

TOt Larry Doyle, Chief Legislative Counsel Committee on Administration of Justice PROM: DATES **Pebruary 25, 1993** 22: Assembly Judiciary Committee on Civil Practice Bill, Proposal 1: Quiet Title to Personal Property SECTION/CONSITTED POSITION: Proces Support if Amended Oppose Unless Amended \_X\_\_ Oppose No Position/Recommended amendments only Date position recommended: Section/Committee vote: Ayes: Noes: N.V.:

## (1) Brief description of the bill's provisions.

This proposal from the California Law Revision

Commission would change the substantive law regarding acquisition

of title to property to provide that title to personal property

may be acquired by prescription. It would so by amending Civil

Code section 1000 to add that "[a]cquisition of property by

occupancy includes acquisition of personal property by

possession" and by amending Civil Code sections 1006 and 1007.

# (2) Reasons for recommending the position noted above.

Adverse possession is a means of acquiring title to property by continued possession over a period of time. Civ. Code § 1007. The concept is commonly defined as the open and notorious possession and occupation of real property under a claim or color of right. The person who claims title by adverse possession "must actually occupy the property and his possession must be such as to constitute reasonable notice to the owner.

MALYSIS:

Actual possession 'is established not alone by the assertion of title, but it must be coupled with acts of ownership which proclaim to the world, and bring notice to the owner, that a right is claimed in the land over which the claimant is seeking to exercise dominion.'\* 4 Witkin, Summary of California Law, Real Property, § 96, p. 320 (9th ed. 1987) [citations omitted].

Where real property is concerned, actual occupation of property in a form hostile to the true owner is more than mere possession. For example, a few visits to land are not sufficient (Narcham v. Randolph, 184 Cal. App. 2d 218, 224, 7 Cal. Rptr. 483 (1960)); a buyer under an executory contract does not hold adversely to the vendor (Witkin, supra, 5 99, p. 323).

statutory requirements for possession under color of title to real property are found in Code of Civil Procedure sections 322 and 323. The land must be actually occupied, or usually cultivated or improved, or protected by a substantial enclosure, or used for supply of fuel, timber, or pasturage. Even if it is not inclosed, it may have been used "for the ordinary use of the occupant."

If the adverse possessor claims possession under a claim of right, instead of color of title, Code of Civil Procedure sections 324 and 325 are even more stringent. The land must actually be occupied, or substantially inclosed, or usually cultivated or improved.

In real property, the adverse occupancy must have been continuous and uninterrupted for five years. Code Civ. Proc. 58 318, et seq. The adverse possessor must have paid all of the

taxes levied and assessed upon the property during that period. Code Civ. Proc. § 325.

Thus, with real property, there are objective standards by which a claim of adverse possession can be confirmed or be rebutted. Here possession is not enough. More must be shown.

Presently, Civil Code section 1000 provides that
property is acquired, inter alla, by "occupancy." Section 1006
provides that occupancy for any period confers a title sufficient
against all except the state or against those who have title by
prescription, accession, transfer, will, or succession. However,
it also states that title conferred by occupancy is not a
sufficient interest in real property to enable the occupant to
commence an action to quiet title, unless the occupancy has
ripened into title by prescription.

Code of Civil Procedure section 1007 states that title by prescription may be acquired by occupancy for the period prescribed by the Code of Civil Procedure as sufficient to bar any action for the recovery of the property.

In 1925, the Supreme Court pointed out the difference between the effect of statutes of limitation and adverse possession. In San Francisco Credit Clearing Rouse v. Wells, 196 Cal. 701, 239 Pac. 319 (1925), a vendor sued a subsequent purchaser for replevin of personal property, a piano and bench. The Supreme Court held that the statute of limitations applicable to conversion barred the action. However, because the evidence failed to show the relevance of adverse possession, the Supreme Court refused to consider the applicability to personal property of the provision in Code of Civil Procedure section 1007 that

occupancy sufficient to bar an action to recover property confers a title sufficient against all. The property had not been held by the defendant "openly, or notoriously, continuously and uninterruptedly for the statutory period . . . . " Id., 196 Cal. at 705. Instead, the possession was clandestine. Therefore, the court found it unnecessary to decide whether the legislation intended Section 1007 to apply to personalty. However, it stated that a "careful examination of the decisions of this state has failed to disclose to our investigation a single case which Section 1907 of the Civil Code has been applied to the acquisition of title to personal property." Id., 196 Cal. at 708. The Court pointed out that, although the right of action to recover personal property might be barred by the statute of limitations, title would not be in the possessor. The California Law Revision Commission characterizes this statement as dictum. The Law Revision Commission recommends that the law "be made clear that it is permissible to quiet title to personal property on the basis of adverse possession."

The Law Revision Commission proposal would define the "occupancy" sufficient to acquire title by prescription to include the acquisition of personal property by mere possession. In so doing, the Commission ignores the differences between real and personal property and would create dangerous risks for owners of personal property which have not been analyzed in the report of the Law Revision Commission.

The flaws in the proposal come from the difference between real and personal property. The mobility of personal property prevents the transfer of the concept of adverse

possession from real property to personal property. In contrast with the "open and notorious" and similar prerequisites for the application of the doctrine of acquisition of real property by adverse possession, personal property can be possessed in secret. Conversely, merely walking by a lot on which a house sits can disclose that it is occupied.

San Francisco Gredit Clearing House v. Wella, subra, is illustrative. The piano had been sold in New York. After normal payments were made, both it and the buyer disappeared. It was found in San Francisco, where the defendant had bought it at auction. After plaintiff demanded possession, the defendant successfully must the vendor for the purchase price, recovered judgment, and collected part of the judgment. If the Supreme Court had not reversed the judgment that the buyer was the owner and entitled to possession, the buyer could have kept the piano and still could have continued to collect on his judgment. Should the law permit a buyer to acquire title for free?

Obviously not, but the remedies of the original seller of personalty are found in such laws as Division 9 of the Commercial Code, not in the law of adverse possession. They should not be cut off by a false analogy to real property.

has another example, the thief of a share certificate may possess it for many years, without the owner even knowing that the share certificate is missing. The owner, for example, may still receive proxy notices, vote the shares, and receive dividends, not knowing that a thief has possessed the share certificate by having purloined it so long ago that the statute of limitations against conversion would bar an action for

conversion or for the recovery of the certificate. Once the theft is discovered, the owner is entitled to issuance of a replacement share certificate. Corp. Code # 419. However, a consequence of bringing personal property within the doctrine of prescriptive acquisition of title would be to foreclose that right.

As yet another example, if a tenent has left personal property behind, the landlord can only claim ownership of it by serving notice of belief of abandonment and complying with other statutory prerequisites. Code Civ. Proc. § 1174. Civ. Code §§ 1980-1991. Passing the proposed legislation would cut off the tenant's rights by transferring title to the property merely by the passage of time.

Suppose an accountant has embessled \$100,000 from her employer. The books have been maintained by the accountant in such a fashion that the employer does not know that the employer has lost possession of the money. The employer does not discover the loss until five years after the accountant has left her position. An action for breach of fiduciary duties may be barred. Should the accountant have acquired title to the cash by this illegal possession?

The protections of Chapter 2 of the Code of Civil Procedure apply only to actions for recovery of real property, not for the recovery of personal property. The silent possession of personal property ought not to confer title, even if a cause of action, such as one for conversion, or relief such as claim and delivery, might be barred by a period of limitations.

Many other examples can be cited but are not necessary. Title to different types of personal property can be transferred in different ways or lost in different ways. A global change in the law of divers forms of personal property will out off well reasoned legislative and judicial protections for all concerned. It may even be void under the Due Process Clause.

(3) Proposed mandments.

None.

(1:9130.04:43:4y)

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## CALIFORNIA LAW REVISION COMMISSION

4000 MIDDLEFIELD ROAD, SUITE D-2 PALO ALTO, CA 94303-4739 (415) 494-1335



March 3, 1993

Larry Doyle
State Bar of California
915 L Street, Suite 1260
Sacramento, Ca 95814

Re: Quieting title to personal property

Dear Larry:

Thank you for the copy of the Committee on Administration of memorandum opposed to the Law Revision recommendation on quieting title to personal property. The essence of the CAJ opposition is that a possessor of personal property should not get title by prescription in a case where the possession is covert, since the owner has not had notice and an opportunity to recover it. CAJ points out that adverse possession of personal property differs from adverse possession of real property in that the fact of adverse possession of personal property is more easily concealed and may be unknown to the property owner. There are statutory protections for real property owners against secret adverse possession; similar protections should be available for personal property owners.

These points are well-taken. The Commission does not intend by this recommendation to deprive the personal property owner of other statutory and case law protections that exist. The recommendation fails to address this issue—the Comment to Civil Code Section 1007 states without qualification that, "The prescription period for, or statutory bar of an action for recovery of, personal property is three years. Code Civ. Proc. § 338(c)." An implication might be drawn from this language that other protections are overruled. We do not intend this, and I believe the matter should be clarified.

I propose to revise the Comment to incorporate specifically the major statutory and case law protections of the property owner. Certainly we need to refer to the fact that a cause of action for recovery of converted personal property does not accrue, and the statute of limitations does not begin to run, during the time the possessor holds the property with the consent of the owner as bailee or in another fiduciary capacity, so long as the possessor fails to indicate an intent to deprive the owner of the right to possession of the property, until such time as the owner has actual notice of the conversion. See, e.g., Bennett v. Hibernia Bank, 47 Cal. 2d 540, 305 P. 2d 20; Niiya v. Goto, 181 Cal. App. 2d 682, 5 Cal. Rptr. 642 (1960). Likewise, the owner is protected by the general rule that fraudulent concealment of the facts constituting a cause of action tolls the statute of limitations as to that cause. See, e.g., Sears, Roebuck & Co. v. Blade, 139 Cal. App. 2d 580, 294 P. 2d 140 (1956).

And, if the owner has lost possession by fraud or mistake, the cause of action does not accrue until the owner's discovery of the facts constituting the fraud or mistake. See Code Civ. Proc. § 338(d); see also Code Civ. Proc. § 338(c) (in case of theft of article of historical, interpretive, scientific, or artistic significance, cause of action does not accrue until discovery of whereabouts of article).

These rules should be specifically incorporated or referred to in the Comment. It is probably unnecessary to burden the Comment with references to other protections against the running of the statute without the owner's knowledge, such as the owner's incapacity or other disability, absence from the jurisdiction, and the like. See, e.g., Code Civ. Proc. §§ 350-358.

The Commission's recommendation is not intended to impose a separate rule of prescription that works independently of the statute of limitations. It is intended only to make clear that prescriptive title applies if the statute of limitations for recovery of personal property, with all its built-in limitations and protections, has run and the owner is barred by law from maintaining an action for recovery of the property. Secret possession does not confer title on the independently of the operation of the statute of possessor limitations. If there is a due process issue (as CAJ suggests in its memorandum), the issue goes to the operation of the statute of limitations that deprives the owner of the right to recover possession of the property. Prescriptive title is merely derivative and answers the question, if the owner does not have the right to the property, who does?

The specific language I propose is attached and underscored. A reference to this language should also be included in the Comment to Civil Code Section 1006. With this clarification, I hope CAJ will remove its opposition to the recommendation. The proposed language is subject to approval by the Commission at its next meeting, but I am confident the Commission will approve it since it is consistent with and clarifies Commission's intent in making this recommendation.

I think the CAJ comments are to the point and will result in clarification of the recommendation. I'm sorry we did not have the CAJ comments earlier in the process. As you know, I am taking steps to ensure that this situation does not arise in the future.

Sincerely,

Nathaniel Sterling Executive Secretary

NS66 File: H-501 Enc.

cc: Monroe Baer David Long

### Proposed Revision of Comment to Section 1007

## CIV. CODE § 1007 (amended). TITLE BY PRESCRIPTION

- 1007. Geeupaney (a) Subject to subdivision (b), occupancy for the period prescribed by the Code of Civil Procedure as sufficient to bar any action for the recovery of the real or personal property confers a title thereto, denominated a title by prescription, which is sufficient against all\_-but-ne.
- (b) No possession by any person, firm, or corporation no matter how long continued of any land, water, water right, easement, or other property whatsoever dedicated to a public use by a public utility, or dedicated to or owned by the state or any public entity, shall ever ripen into any title, interest or right against the owner thereof.

COMMENT. Section 1007 is amended to make explicit the rule previously implicit in the statutes—that title to personal property may be based on adverse possession. See Sections 14(1) ("property" includes real and personal property), 1000 (property, how acquired); see also 4 B. Witkin, Summary of California Law Personal Property § 99, at 95 (9th ed. 1987). This overrules a contrary query in San Francisco Credit Clearing House v. Wells, 196 Cal. 701, 239 P. 319 (1925). See also Section 1006 (title by occupancy); Code Civ. Proc. §§ 760.020(a) (quieting title to real or personal property), 761.020(b) (quieting title to property based on adverse possession).

The main prescription period for, or statutory bar of an action for recovery of, personal property is three years. Code Civ. Proc. § 338(c). Section 1007 does not provide an absolute or independent three-year prescription period for personal property, however; it is dependent on the actual running of the relevant statute of limitations. It should be noted that the limitations period for recovery of personal property does not begin to run while the possessor holds the property with the consent of the owner as bailee or in another fiduciary capacity so long as the possessor fails to indicate an intent to deprive the owner of the right to possession of the property, or during the time the possessor fraudulently conceals from the owner the facts that constitute the cause of action. See, e.g., Bennett v. Hibernia Bank, 47 Cal. 2d 540, 305 P. 2d 20; Niiya v. Goto, 181 Cal. App. 2d 682, 5 Cal. Rptr. 642 (1960); Sears, Roebuck & Co. v. Blade, 139 Cal. App. 2d 580, 294 P. 2d 140 (1956). If the owner has lost possession by fraud or mistake, the cause of action does not accrue until the owner's discovery of the facts constituting the fraud or mistake. See Code Civ. Proc. § 338(d). All other relevant conditions and limitations on the accrual, tolling, and running of the relevant statute of limitations, whether provided by case law or statute, also apply.

The other changes in this section are technical.

RICHARD V. BRESSANI (1894-1959)

### LAW OFFICES OF GERALD B. HANSEN SUITE 1905

12 S. PIDST STREET SAN JOSE, CALIFORNIA 95113 TELEPHONE (408) 994-0868

GERALD B. HANSEN

Law Revision Commission RECEIVED

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Key:_			

March 9, 1993

### VIA FAX TRANSMISSION to (415) 494-1827

Nathaniel Sterling, Executive Secretary CALIFORNIA LAW REVISION COMMISSION 4000 Middlefield Road, Suite D-2 Palo Alto, California 94303-4739

> RE: Quieting Title to Personal Property by Adverse Possession

Dear Mr. Sterling:

I have reviewed thoroughly the report of the Committee on Administration of Justice opposing your recommendation and have reviewed your proposed revision and letter to Larry Doyle thereon.

I consider it clearly advisable that the clarification you set forth as part of a Comment, be made by inserting the direct language in §§1000 and 1007, themselves. When such a committee would think that your use of the term "prescription" might mean simply the passage of three years without the other required elements, then I believe express language in the sections is really required. I would keep every word you have in the Comment, but I propose that the language to be added to \$1000 read:

"[a]cquisition of property by occupancy includes acquisition of personal property by adverse possession as permitted by law with reference to real property."

I would keep your language for an amended \$1007(a), and I would add on thereto, so that the subsection would read as follows:

#1007. Occupancy (a) Subject to subdivision (b). occupancy for the period prescribed by the Code of Civil Procedure as sufficient to bar any action for the recovery of the real or personal property confers a title thereto, denominated a title by prescription, which is sufficient against all, but no, provided all the elements required for adverse possession are established

PAGE TWO
Nathaniel Sterling,
Executive Secretary
California Law Revision Commission
March 9, 1993

as provided by law, including that continuously during the period the property be occupied or possessed under a claim of right without the consent of the owner, openly and notoriously so as to put on notice an owner, if any, normally occupying or possessing said property as to what might be an adverse claim, and such other requirements as might be required by law."

Please use this material as you see fit. Please pardon my lack of precise amendment drafting as I never got a copy of the final Commission Recommendation.

I would be most happy to do anything you would ask and I really want to appear at hearings to explain this if we don't get the CAJ to remove its opposition.

May I hear from you?

Very truly yours

GERALD B. HANSEN

GBH:jo