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July 18, 2000

**VIA FACSIMILE/U.S. MAIL**

Richard Lee Sax, Esq.  
2192 Palomar Airport Rd., 2d Floor  
Carlsbad, CA 92008

Audray Powers Thornton, Esq.  
6343 Paseo Carone  
Carlsbad, CA 92009

Re: Hollifield v. Braun et. al.  
Case No.: GIN003700

Dear Mr. Sax and Ms. Thornton:

This letter constitutes a confidential settlement communication pursuant to Evidence Code Section 1152 and White v. Western Title, (1985) 40 Cal.3d 870, 221 Cal.Rptr. 508.

This letter is to confirm that Plaintiff, Rick Hollifield, will dismiss Argonaut and Kvaas Construction Company without prejudice from the above-referenced matter. The dismissal of our clients from this case will render our pending demurrer moot.

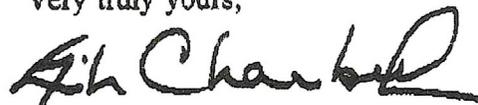
Dismissal of the Argonaut and Kvaas Construction Company from this case will not waive or alter any of the parties' respective rights, whatever they may be, including any rights under the Worker's Compensation laws. Likewise the parties are not precluded from asserting any applicable rights in the future. In this regard, Argonaut understands that Mr. Hollifield's Workers' Compensation claim against Argonaut and Kvaas is still open. It was not closed by the Third Party Compromise and Release attached as Exhibit "A" to the Complaint in the pending civil action since the Release was not approved by the Workers' Compensation Appeals Board.

CHARLSTON, REVICH & WILLIAMS LLP

Richard Lee Sax, Esq.  
Audray Powers Thornton, Esq.  
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Please execute where indicated if this letter comports with your understanding of our agreement. Thank you for your cooperation in this matter.

Very truly yours,



Kirk C. Chamberlin

KCC/ff

cc: J. Michael Nolan, Esq.  
Ms. Rhonda Ijams  
Robert A. Kanonik, Esq.

APPROVED AND AGREED UPON.

Dated: July \_\_\_, 2000

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Richard Lee Sax or  
Audrey Powers Thornton