THELEN, MARRIN, JOHNSON & BRIDGES
ATTORNEYS AT LAW
SEVENTEENTH FLOOR
333 WEST SAN CARLOS STREET
SAN JOSE, CALIFORNIA 95110-2701
(408) 292-5800

FAX (408) 287-8040

SAN FRANCISCO
LOS ANGELES

NEW YORK
SAN JOSE

January 29, 1996

Randolph H. Goodman, SPPA
The Greenspan Company
400 Oyster Point, Suite 519
South San Francisco, CA 94080

Dear Randy:

As we discussed on the telephone, enclosed is a copy of the court of appeal's January 10, 1996 opinion in Waters vs. USAA. It appears that even though Judge and Mrs. Waters made good witnesses, the court ruled that "emotional distress damages are recoverable in first and third party bad faith cases only when the insureds have suffered a financial loss," and there was no evidence of any "financial loss" presented by the insureds. The opinion includes a broad and very interesting discussion of the availability of emotional distress damages against an insurance company. Although the outcome was not favorable to the insureds, I am sure you will want to read the opinion.

I also would like to take this opportunity to once again express my appreciation for the fine job you and your firm did in helping us achieve such a successful settlement with Atlantic Mutual/Centennial on behalf of First United Methodist Church of San Jose. Your insight, knowledge and experience were invaluable to our better understanding of industry practices, policy coverages, the standard of care, and even the personality traits of the major players on the other side. I am convinced that your deposition testimony and written report about the adjuster's bad faith towards the insured were also important factors in convincing the defendants to settle the case. We were better prepared, better equipped, and more committed than Atlantic, and that is why we obtained such a great result. My only regret is that we did not get to present the evidence to a jury as you and I had eagerly anticipated we would.

I will also mention that your staff and colleagues at the Greenspan Company, particularly Sandy Raz and Bill Burns, were always knowledgeable, responsive, professional and very personable. It was a pleasure to work with you and the Greenspan Company, and you can repeat that to anyone you would like. I hope we can do it again soon.

Very truly yours,

Richard O. McDonald

ROM:jms:

Enclosure
DOCS_SJ #25713 v1 /J%901!.DOC

THELEN, MARRIN, JOHNSON & BRIDGES
ATTORNEYS AT LAW
SEVENTEENTH FLOOR
333 WEST SAN CARLOS STREET
SAN JOSE, CALIFORNIA 95110-2701
(408) 292-5800
FAX (408) 287-8040

SAN FRANCISCO
LOS ANGELES
NEW YORK
SAN JOSE

December 20, 1995

Randy Goodman
The Greenspan Company
400 Oyster Point, Suite 519
South San Francisco, California 94080

Re: First United Methodist Church of San Jose v. Centennial Insurance Co., et al.

Randy

Dear Mr. Goodman:

As I told you on the telephone, First Church has settled the litigation with Atlantic Mutual. We are very pleased with the outcome. Thank you for your help and support throughout this very difficulty lawsuit. Please feel free to use me as a reference any time.

Very truly yours,

Richard O. McDonald

ROM:val:24301

cc: Jim Crawford