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UNITED STATES SETTLES MOONLIGHT FIRE ACTION AGAINST ALL DEFENDANTS

*Sierra Pacific Calls for Legislative Reform to Reign-In Bounty Hunter Mentality,
Provide Clear Guidelines for Damage Assessments*

SACRAMENTO – Three years after filing a lawsuit to exploit ambiguities in California law on fire damages, the United States settled its claims against Howell's Forest Harvesting, Sierra Pacific Industries, and numerous private landowners regarding the Moonlight Fire, a large forest fire that began on Labor Day, 2007, and burned approximately 45,000 acres of National Forest Service land in Plumas County.

The United States initially sought over \$791 million in damages from the named defendants, plus interest, but after three years of contentious litigation and numerous defense discoveries revealing investigative misconduct, ultimately agreed to accept a settlement payment of \$55 million from all parties, along with 22,500 acres in property that Sierra Pacific agreed to contribute for the public's enjoyment.

Sierra Pacific attorney William Warne of Downey Brand in Sacramento said, “We were able to expose numerous facts that were never supposed to see the light of day, and we believe that this evidence and other facts would have caused the jury to reject the government’s findings. Sierra Pacific’s refusal to simply accept as true the investigators’ findings into what caused the fire changed the case.”

“Typically, a settlement signifies the end of a dispute, but this is just the beginning,” Warne stated.

Despite the settlement, the government’s press release still attempts to blame the fire on Sierra Pacific’s operations. “The government’s lawyers were at the same depositions that we were; they saw the same investigative mistakes, the same hidden photographs and diagrams, and the same buried or altered witness statements, so when the government tries to say today that Sierra Pacific’s operations started the fire, I am not sure what fire they are referring to,” said Sierra Pacific’s lawyer William Warne.

The US Attorney’s effort to put a higher monetary value on this settlement by publicly proclaiming that it is “worth \$122.5 million” and that it is “the largest recovery ever” proves what Sierra Pacific and others have been saying for months – that a “bounty hunter” mentality has set in which is corrupting the investigative process and the law.

Sierra Pacific’s decision to provide environmentally valuable land as opposed to cash dramatically altered the settlement discussions and forced the US Attorney’s hand – either accept the offer as environmentally valuable, or expose the lawsuit for what it was: a misguided effort to collect exorbitant cash damages that could be boasted about later. Obviously, in light of Sierra Pacific’s offer of land, the US Attorney’s office had no choice but to accept. Today, however, the US Attorney is attempting to recast the

settlement in a way that Sierra Pacific believes is consistent with what is presently motivating such actions.

“The US Attorney’s immediate effort to put a price tag on land that the United States Forest Service has not even identified yet is revealing. The primary focus of any federal prosecution for fire damages should be focused on finding the truth, not on attempting to obtain ever larger or “record” settlements which you then attempt to exaggerate about later,” said Sierra Pacific Director of Corporate Affairs, Mark Pawlicki.

“California law allowing overzealous prosecutors to go after private citizens is in need of serious reform,” Pawlicki said. “Current law is being misused in an effort to ignore the actual value of property, highlighted here by the fact that the Federal Government initially demanded an amount eight times the pre-fire value of the property.”

Sierra Pacific was looking forward to trying this matter in federal court, but ultimately chose to resolve it for a small fraction of what the government initially sought because of a last minute ruling by the trial judge which indicated that the defendants might be liable for a fire they did not cause. “Ultimately, the pretrial ruling that the defendants could be liable for someone else’s fire is unprecedented and baseless and we believe any such ruling would be contrary to California law and public policy,” said Pawlicki.

“State law says that private landowners are not liable for the acts of those who recreate on their lands whereas the judge’s ruling says that in theory they can be if landowners or operators fail to adequately watch for fire—even if that fire were caused by an arsonist or recreational user.”

Pawlicki also warned, "The lethal combination of biased investigations, mission-driven prosecutors, and an unprecedented ruling creates an intolerable condition that will result in landowners sealing off their lands to the public."

Thousands of hunters, fishermen, mountain bikers, horse riders and hikers use Sierra Pacific's property on a regular basis. But any holding which would make Sierra Pacific and other landowners liable for fires caused by others seriously threatens the California Legislature's stated goal of encouraging public recreation on millions of acres of private property in California.

Because of what it has learned through discovery in this action, and because of the federal government's ongoing misuse of California law and the litigation process, Sierra Pacific is now itself mission driven to expose what actually happened regarding the Moonlight Fire investigation and the resulting federal lawsuit and to open a dialogue with the public so that we can assure what happened here never happens again.

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The defendants in this case include Eunice Howell, Howell's Forest Harvesting, Sierra Pacific Industries, W.M. Beaty and Associates, and various land owners. Downey Brand's William Warne represents Sierra Pacific Industries

Sierra Pacific Industries is a third-generation family-owned forest products company based in Anderson, California. The firm owns and manages nearly 1.9 million acres of timberland in California and Washington, and is the second largest lumber producer in the United States. Sierra Pacific Industries is committed to managing its lands in a responsible and sustainable manner to protect the environment while providing quality wood products and renewable power for consumers.

For more information, please visit www.spi-ind.com.

