LIKE MOST OF HIS NEIGHBORS IN THE BAJA BEACH RESORT IN PUNTA BANDA, MEXICO, B. J. ADAMS KNEW THE MEXICAN *FEDERALES* WERE COMING BUT NOT EXACTLY WHEN. "WE LEARNED OF THE [MEXICAN] SUPREME COURT'S DECISION THROUGH AN ASSOCIATED PRESS NEWS RELEASE," ADAMS SAYS. "WE WERE NEVER SENT A COPY OF THE DECISION ITSELF." NOR WERE THE 400 HOMEOWNERS IN THIS SEASIDE COMMUNITY SOUTH OF ENSENADA SERVED WITH ANY FORMAL EVICTION NOTICES.

ON THE NIGHT OF OCTOBER 29, 2000, ADAMS AND ABOUT 20 OTHER HOMEOWNERS MET WITH THE LIEUTENANT GOVERNOR OF BAJA, THE MEXICAN LANDOWNERS WHO HAD CLAIMED RIGHTS TO THEIR BEACHFRONT PROPERTY, AND OFFICIALS FROM THE MEXICAN AGRARIAN REFORM MINISTRY. FOR THE AMERICANS THE MEETING WAS THEIR LAST HOPE FOR A REPRIEVE. BUT INSTEAD OF SYMPATHY OR COMPROMISE, THEY RECEIVED AN ULTIMATUM: THE EVICTIONS WOULD OCCUR WITHIN A FEW HOURS OR A FEW DAYS. THEY WERE TOLD TO BE READY TO MOVE THEIR BELONGINGS.

"THE MEETING WAS VERY OPEN AND CIVIL," RECALLS GUADALUPE LIMON, A HOMEOWNER FROM LAVERNE, CALIFORNIA. "ONE LANDLORD GOT UP AND SAID THE ONLY WAY TO STOP THE PROCESS IS TO BRING A LOT OF MONEY TO THE DOOR. THEY WERE TALKING ABOUT HUNDREDS OF THOUSANDS OF DOLLARS. NONE OF US HAD THAT MUCH."

AT 7:00 A.M. THE NEXT MORNING A LOOKOUT SOUNDED A TRUCK HORN, SIGNALING THAT THE EVICTIONS HAD BEGUN. NO ONE WAS PREPARED FOR THE SHOW OF FORCE THAT FOLLOWED. NEARLY 500 FEDERAL PREVENTIVE POLICE DEPLOYED FROM A FLEET OF BUSES. USING A BULLDOZER, THEY EASILY BROKE THROUGH A DIRT BERM ERECTED OUTSIDE THE RESORT'S ENTRANCE. THE POLICE THEN COMMANDEERED THE RESORT'S HOTEL, SEPARATED INTO SQUADS, AND FANNED OUT THROUGH THE STREETS. BY MIDMORNING THE SQUADS, ALONG WITH AGRARIAN REFORM PERSONNEL AND THE MEXICAN LANDLORDS, HAD OCCUPIED THE AREA.

ADAMS REMEMBERS THE SCENE WITH A SENSE OF UNREALITY. "IT WAS LIKE AN INVASION," HE SAYS. "WE WERE SURROUNDED BY SPECIAL FORCES." REPRESENTATIVES FROM THE AMERICAN EMBASSY IN MEXICO CITY AND THE U.S. CONSUL GENERAL FROM TIJUANA WERE ON HAND TO MONITOR THE SITUATION BUT WERE POWERLESS TO INTERVENE. THE HOMEOWNERS LOADED THEIR POSSESSIONS INTO PICKUP TRUCKS AND CALLED MOVING COMPANIES IN ENSENADA. BY NIGHTFALL ON OCTOBER 31 THE BAJA BEACH RESORT WAS EMPTY. ●

Homeowner Mary Hayes pleads with Mexican federal officers.

Previous spread and this page (right): Michael Goulding/The Orange County Register; this page (left): Charlie Neuman/The San Diego Union-Tribune

Tijuana attorney Dennis J. Peyton, a native Midwesterner, is one of only a handful of U.S. citizens who are licensed to practice law in Mexico. When he agreed to represent a group of Punta Banda homeowners in September 1999, he anticipated trouble but nothing like the international legal storm that has raged since then. By 1999, Punta Banda had achieved a well-deserved reputation as a real estate deal gone bad. Nevertheless, Peyton threw himself into a complex ownership dispute that reached back to the Mexican Revolution. "I filed almost a hundred injunctions to stop the evictions, but they were all denied," Peyton recalls. He also sought to intervene in Mexican Supreme Court proceedings, filing the equivalent of an amicus brief. And in November 1999 he attended the first of several high-level mediation sessions hastily convened by the Mexican government after news of an earlier eviction attempt had reached the United States.

"At first we had high hopes that a settlement could be reached," Peyton says. He did not challenge claims by a group of Mexican nationals that they were the true owners of the beachfront property. Instead, he sought a resolution that would allow his clients to keep their homes for the duration of their real estate contracts. He even advised his

Bill Blum is a Los Angeles–based administrative law judge and freelance writer.

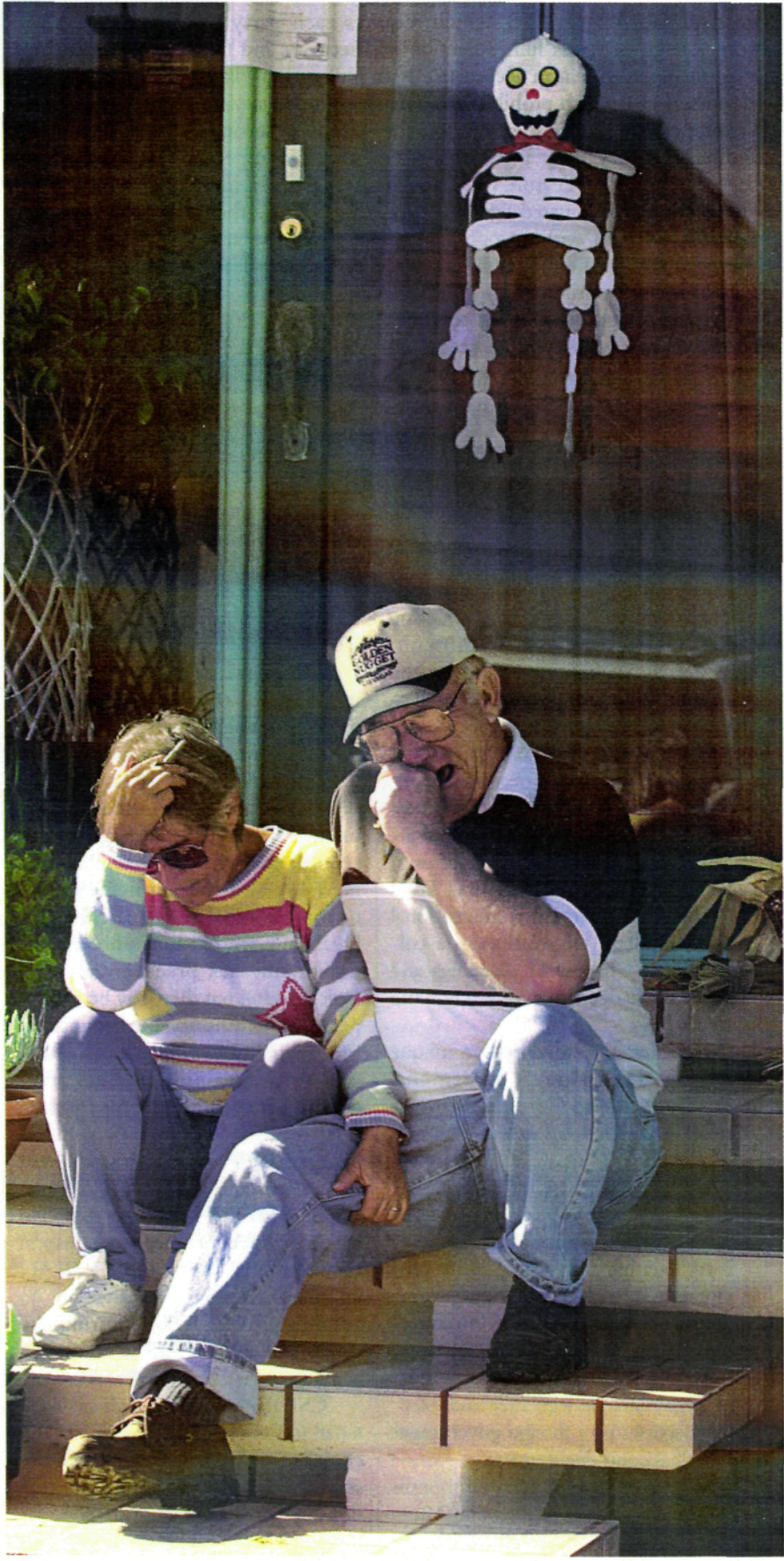
clients to offer the Mexican group $7 million to settle the matter. But negotiations in Mexico City broke down, as did a last-ditch appeal to the transition team of newly elected Mexican president Vicente Fox.

Referring to the events of last October as an "expropriation," Peyton has concluded that his clients cannot receive justice in the Mexican legal system. "I had to find a way to get the case out of Mexico," he says. Peyton chose an unlikely means for redress—the North American Free Trade Agreement (NAFTA) of 1992. Under the "investor-state" provisions in Chapter 11 of that agreement, private investors in Canada, the United States, or Mexico may bring claims against either of the other two signatories for damages related to governmental actions. Only 16 NAFTA cases have been filed so far, and all of them by corporations. (See sidebar, "Through the Looking Glass: A Primer on Filing NAFTA Claims," p 36.)

Using private arbitration proceedings, Chapter 11 cases have alleged damages to investment property or the loss of anticipated profits. In the best-known case, Metalclad Corp. of Newport Beach was awarded $16.7 million in August 2000 for actions taken by local officials to stop operations of a toxic-waste treatment plant in the Mexican state of San Luis Potosí. *Metalclad Corp. v United Mexican States,* No. ARB (AF) 97/1. The award was the first to establish that NAFTA's arbitration provision applies to state and municipal actions as well as federal regulation.

But no one before has sought a Chapter 11 arbitration hearing solely on behalf of unincorporated individual investors. Last November Peyton notified the Mexican Secretaria de Economía of his intent to seek such a hearing under rules set forth by the United Nations Commission on International Trade Law. Ninety days later he filed a formal arbitration claim on behalf of 134 Americans evicted from Punta Banda, demanding $75 million in damages.

Peyton contends that his clients' rights were violated under at least three sections of Chapter 11: article 1102, which requires each signatory party to treat foreign investors no less favorably than their



John Gibbins/The San Diego Union-Tribune

Pat McIntyre (left) comforts her husband, Thom, after their eviction.

own nationals; article 1105, which requires each party to accord foreign investors full protection and security, and fair and equitable treatment in accordance with international law; and article 1110, which prohibits any party from nationalizing or expropriating property, except for a public purpose on a nondiscriminatory basis and on payment of fair compensation. According to Peyton, the Baja Beach Resort homeowners were discriminated against not simply because their property was taken without compensation but also because they were excluded from all domestic court proceedings leading up to the expropriations.

Although Mexico has yet to file a formal response, Peyton's claim could alter the scope and reach of NAFTA arbitrations by redefining who qualifies as an investor and by bringing a new openness to the traditionally closed and secretive proceedings. Jack Coe, a professor at Pepperdine Law School in Malibu who served as co-counsel in the *Metalclad* arbitration, says Peyton's claim may prove to be an important test of the NAFTA arbitration mechanism. "If the little guy—the small investor—doesn't have some place to go under NAFTA," Coe says, "there will be a lot of people with no recourse but the domestic courts of Mexico."

Even Public Citizen's Global Trade Watch, a Washington, D.C., group fiercely opposed to NAFTA arbitrations, acknowledges the importance of the Punta Banda case. In a backhanded endorsement of Peyton's claim, research director Patrick Woodall says, "This may be the one example where the plaintiffs are actually sympathetic."

Through the Looking Glass: A Primer on Filing NAFTA Claims

Entering the world according to NAFTA isn't for the fainthearted. Under Chapter 11 there is no public registry of cases or published official compendium of decisions, making legal research especially difficult. Unless otherwise agreed to by the parties, arbitrations remain confidential. The decisions are subject to limited judicial review and can be set aside only for gross procedural errors. The proceedings are closed unless both sides agree to make them public. "At times, it's impossible to know if an arbitration even exists," says Todd Weiler, a Toronto-based international law consultant who maintains a collection of Chapter 11 pleadings and arbitration decisions at www.naftaclaims.com.

Chapter 11 procedures are unique among multilateral agreements on investment. Unlike arbitrations governed by other chapters of NAFTA, Chapter 11 claims are brought by private investors rather than governments. Claims may be filed by any investor of a signatory party asserting a breach of treaty provisions as a result of a foreign governmental action, known as a "measure," undertaken by another NAFTA party. NAFTA, articles 201, 1101. A measure may include legislative and executive actions by a foreign government as well as court decisions.

An investor must wait six months from the date of the offending measure before filing a claim with the opposing party's NAFTA secretariat. Investors must serve the opposing party with a notice of intent at least 90 days prior to filing a claim. Once an arbitration commences, the parties file briefs, called memorials, and countermemorials. Claims are heard by international tribunals consisting of three arbitrators—one selected by the investor, one by the respondent nation, and a third, who serves as president, chosen by mutual agreement. The panel decides disputes in accordance with the provisions of NAFTA and the applicable rules of international law. Article 1131. Decisions are binding only on the parties and lack precedential value (article 1136), but they may be cited as persuasive authority by tribunals in later arbitrations.

The complaining investor must choose between arbitration rules set forth by the World Bank's International Centre for the Settlement of Investment Disputes (ICSID) in Washington, D.C., or those published by the United Nations Commission on International Trade (UNCITRAL) in Vienna, Austria. The latter has no administrative body, requiring the parties and their arbitrators to assume administrative tasks themselves.

ICSID operates through a secretariat and offers a staff of lawyers and clerks to provide case-management services and facilitate communications between the parties. It provides hearing rooms for arbitrations at its headquarters. The center maintains an internal registry of cases and performs an initial screening of claims to identify those considered patently frivolous. Since Mexico is not a member of the ICSID convention, cases involving Mexico are technically conducted under the center's Additional Facility rules.

ICSID maintains a fee schedule, according to which the center receives administrative payments and arbitrators are paid a per diem of $1,500. UNCITRAL has no published fee schedule, leaving arbitrator fees to be set by the parties.

Whichever rules the parties select, investors must (with limited exceptions relating primarily to motions for injunctive relief) waive their rights to initiate or continue any domestic lawsuits against the offending NAFTA signatory concerning the measure under dispute. Article 1121. Chapter 11 also provides rules for consolidating arbitrations that present similar issues of fact and law and permits the parties to designate a juridical venue, or "situs," for the arbitration. Articles 1126, 1130. Normally, the uninvolved country in the three-nation NAFTA agreement is selected as the situs. Although the actual arbitration hearing need not be held in the situs, the choice of nation is important because its laws define the extent to which an arbitral award may be set aside on appeal.

—*Bill Blum*

Robert Glickman hastily loads possessions from his Punta Banda home.

Michael Goulding/The Orange County Register

AT FIRST IMPRESSION, DENNIS PEYTON SEEMS AN UNLIKELY candidate to lead a NAFTA-based battle against Mexico. He and partner David Connell maintain a thriving practice with offices in Tijuana, Mexico City, Puerto Vallarta, and Zihuatanejo. They specialize in corporate and real estate transactions and, like most attorneys representing foreigners in Mexico, they rarely bring cases to trial. The Punta Banda filing is Peyton's first and only NAFTA claim.

Born and raised in Wisconsin, Peyton originally planned to attend law school in the United States and follow his father—a lawyer in Racine—into private practice. After receiving his B.A. from the University of Wisconsin, he decided to learn Spanish in Mexico while waiting for responses to his law school applications. He met his future wife at the University of the Americas in Puebla, Mexico, and ended up, as he says, "taking the long way home."

Settling in Mexico City, Peyton at first taught English at night to Mexican executives and attorneys. "I realized," he says, "it would be a perfect fit to have a lawyer who understood Spanish and English and both cultures." He decided to become that perfect fit. In 1984 he earned a graduate degree in Mexican corporate and economic law from La Universidad Panamericana and, two years later, a law degree from La Universidad Tecnológica de México.

Peyton spent the remainder of the 1980s working for a top Mexican law firm, specializing in multinational joint ventures, real estate development, and foreign investment. In 1989 he moved to Tijuana, drawn by the *maquiladora* boom in the border area. In 1994 he decided to start his own firm. Since then Peyton has carved out a niche practice serving the needs of American investors, retirees, and tourists. "It's nearly impossible," he says, "for most Americans to understand the Mexican legal system. They tend to believe what they hear. If you don't get good advice, you're likely to stumble."

The Punta Banda case, however, took Peyton deep into Mexican history. Land reform was one of the central goals of the 1910 revolution, which led to the redistribution of privately owned haciendas to peasant farming cooperatives known as *ejidos*. The expropriation process is outlined and authorized in article 27 of the Mexican Constitution, adopted in 1917 and amended in 1934 and 1992.

By the mid-1960s the Mexican government had transferred more than 100 million acres from private landowners to the *ejidos*. In 1973 Mexican president Luis Echeverria granted 15,000 hectares (about 37,000 acres) to the Ejido Coronel Esteban Cantú along the Punta Banda peninsula. The Baja Beach Resort was constructed on part of the peninsula along a narrow sand spit (the *lengueta arenosa* or "little sandy tongue") that juts into the Bahia de Todos Santos.

The resort project began in 1986 as a joint venture between the *ejido* and Mexican land developer Carlos Teran, who operated through Grupo Koster, a Mexican

corporation; CETA, a Cayman Islands company; and the Baja Beach and Tennis Club, a California nonprofit mutual benefit corporation. The project was registered with the Mexican secretary of agrarian reform and approved, which enabled Teran to secure financing from Mexico's Bancomer and other lenders.

Teran refurbished an abandoned hotel as the resort's centerpiece, complete with tennis courts, an oversized pool, saunas, and *palapas* (shade huts) on the beach. Shortly thereafter he built a small marina and planned to add a golf course. Teran and Grupo Koster also subdivided the beachfront property and began an advertising campaign in Baja and San Diego newspapers.

By 1992 Grupo Koster had sold more than 350 lots, mostly to retirees from Southern California who built luxury homes costing as much as $1 million. By the mid-1990s the resort ranked among the most fashionable in northern Baja, with time-share offerings listed by industry leader Interval International.

"It was just a paradise," recalls B. J. Adams, a retired navy captain and inactive member of the California bar. "My wife and I couldn't believe a spot like this existed just 92 miles from San Diego." In 1989 Adams purchased two lots for $98,000 each. By 1991 he had completed construction on a 5,000-square-foot home.

Adams's paradise, however, came with hidden dangers. Under Mexican law foreigners may not buy residential property in a "restricted zone" along the coastline. They can, however, acquire real estate trusts, known as *fideicomisos,* held by a Mexican bank. Peyton describes the trusts as similar to those in the United States involving a minor. Property title does transfer to the trustee, but it is held in irrevocable trust. The foreigner cannot, by law, own the property, but he or she may lease or sublet it. At the expiration of the trust, the property reverts to the seller unless a new trust agreement is negotiated. Until 1993 *fideicomisos* were limited to 30-year terms. The current maximum is a 50-year term, which may be renewed.

Unfortunately, not everyone agreed the *ejido* had clear title to the Punta Banda property. In 1987 a group of seven Mexican landowners, all claiming ownership of parts of the *lengueta*, brought several *amparo* ("refuge") lawsuits in Tijuana against the Agrarian Reform Ministry. Contending their constitutional rights had been violated, the landowners sought recovery of their property. Among other allegations, they claimed the original survey map used by the Mexican government in 1973 to make its land grant did not include the *lengueta.*

The homeowners also discovered that prior to passage of a constitutional amendment in 1992, title to *ejido* property remained vested in the federal government. *Ejido* members before that date were permitted to use land granted to them but not to sell or lease it.

These factors made it impossible for the homeowners to obtain normal bank trusts. Most Punta Banda residents never received any trust documents. A few were given administrative trusts, issued by Bancomer, that placed in trust the rights set forth in the purchase contracts each buyer signed with Grupo Koster. The arrangement was "so bogus, it's absurd," Peyton charges. "In a normal *fideicomiso,* title to the property actually transfers to the bank. Here, all you did was transfer personal contractual rights into an administrative trust."

In 1991 Bancomer pulled out of all Punta Banda trust agreements, prompting a suit in Los Angeles by a group of twelve American homeowners. *Riley v Bancomer, S. A.* (Los Angeles Super Ct) Civ No. BC 093285. The *Riley* case was settled in 1998 on terms "very favorable to the bank," according to Bancomer attorney Michael J. Finnegan of Pillsbury Winthrop in Los Angeles.

Whether the 1973 *ejido* map included the *lengueta* remains in dispute, at least from the perspective of the homeowners. In 1974 the Agrarian Reform Ministry adopted an official development plan for the area that excluded the *lengueta* from the grant; in 1987 the ministry reversed its position. A year later the ministry sent a letter to Teran and Grupo Koster that affirmed "the absolute legality and legal safety of the ... agreements" Teran had entered into with the *ejido* before launching his development.

Both sides in the dispute have theories to explain why the ministry reversed itself. But Jorgé A. Vargas, a professor at the University of San Diego School of Law, discounts any alleged conspiracies. "The problem here arose because of negligence in the demarcation of the property," Vargas says. "Property records in Mexico need to be revamped completely. You can multiply the [Punta Banda] problem a thousand times throughout Mexico."

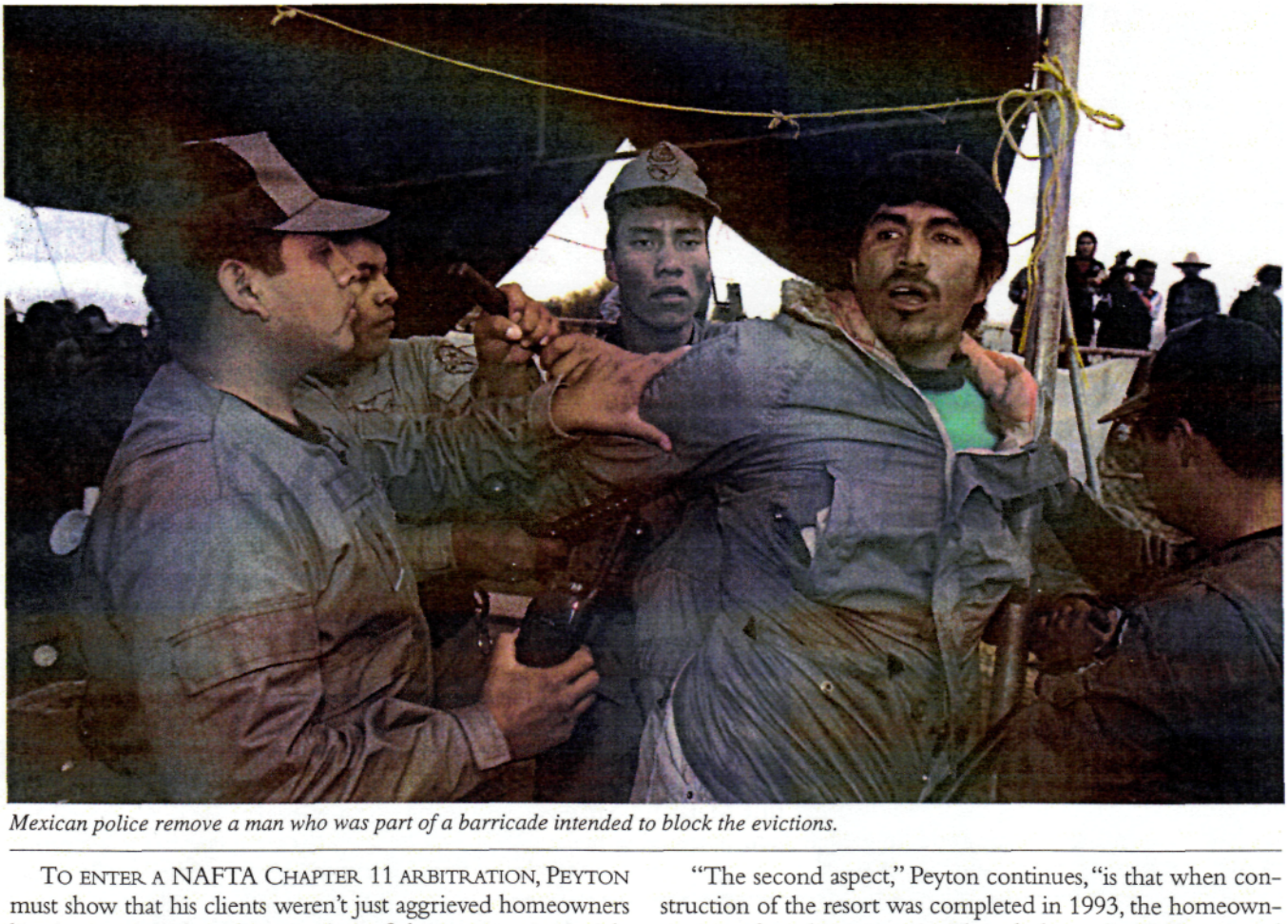
Meanwhile, the *amparo* lawsuits filed in 1987 were working their way through the courts. In 1991 the Mexican district court ruled in favor of the *amparistas,* leading to a protracted round of appeals that would last another decade. Peyton charges that the homeowners, who were interested third parties during the appeals, were "never given any formal notice of the legal proceedings and were never brought to court and given an opportunity to be heard."

"Getting court files in Mexico is virtually impossible," explains Raoul D. Magaña, a Baja Beach Resort homeowner and retired principal in the Los Angeles firm of Magaña Cathcart McCarthy. "I felt like a Puritan in Babylon whenever I tried to look at one."

In 1993 Teran and Grupo Koster became insolvent, forcing the Punta Banda residents to form the Baja Beach Homeowners Association and assume all responsibility for running the resort. The homeowners pooled their resources to obtain necessary municipal permits and environmental impact reports, and completed installation of electrical, water, and sewage services, as well as a security system.

Last October the Mexican Supreme Court—in its third decision on Punta Banda—unequivocally endorsed the *amparo* actions. *Pura Punta Estero,* File No. 163/97. The social good of the nation, the court held, required that the property be restored to its rightful owners. It gave the Agrarian Reform Ministry ten days to enforce the judgment, which the ministry interpreted as an order to evict the homeowners or face contempt proceedings.

"I never thought the Mexican government would do something like this," Peyton says. "If it weren't for NAFTA, this case would be over."



Mexican police remove a man who was part of a barricade intended to block the evictions.

Charlie Neuman/The San Diego Union-Tribune

TO ENTER A NAFTA CHAPTER 11 ARBITRATION, PEYTON must show that his clients weren't just aggrieved homeowners but investors within the meaning of the agreement. Article 1139 of NAFTA defines an investor as a national of a party who "seeks to make, is making, or has made an investment." The same article defines an investment to include "real estate or other property, tangible or intangible, acquired in the expectation or used for the purpose of economic benefits or other business purposes."

It's not clear whether Peyton's homeowners will pass muster. "The purpose of NAFTA," says the University of San Diego's Vargas, "is to promote international trade. Trade is closely associated with business, and usually the question [of standing] turns on large foreign investments, such as the *maquiladoras*." In Vargas's view, for a plaintiff to qualify as a NAFTA investor, the investment must not only be substantial but must also be made with the expectation of economic gain. Simply buying a retirement home, he contends, does not meet this test. "The Punta Banda investors," Vargas says, "are subject to Mexican domestic law. To suggest that NAFTA applies in this case shows tremendous ignorance on the part of the legal practitioner," referring to Peyton.

"There are two aspects to the investment issue," Peyton responds. "First, these people did not have the homes as their principal residences. They bought and built vacation homes as an investment with the potential for income." Many buyers, according to Peyton, planned to rent out their homes. Others bought leases on more than one lot, with the intention of building second homes that could be leased on a long-term basis.

"The second aspect," Peyton continues, "is that when construction of the resort was completed in 1993, the homeowners were forced into running the whole works. Under normal circumstances in Mexico, you would never be saddled with development expenses unless you ran the place. The intent of NAFTA is that if you come into Mexico, you're going to have security in your investment. I don't believe that such security applies only to certain kinds of investment."

No one, of course, knows how an arbitration panel will rule. "The investment question would be a jurisdictional issue for the panel," says William Dodge, a professor at Hastings College of the Law in San Francisco. "I would expect Mexico to raise the argument that these people only bought vacation homes, that there is no investment here, and therefore no NAFTA jurisdiction."

Assuming that some or all of his clients qualify, Peyton is optimistic about his chances of prevailing on the merits. "In the end this case hinges on the illegal expropriation of property," in violation of NAFTA article 1110, he says. "The homeowners were sold a bill of goods. The Agrarian Reform Ministry's [1988] letter was written to quell the fears of potential investors who had just started to trickle in, to put the official stamp of approval on a document that could be shown to American investors who would know no better than to take it at face value. The Mexican government caused the problem but refuses to accept responsibility."

Not everyone agrees, however, that the American homeowners were innocent good faith purchasers. As the *Riley* litigation showed, by 1993 some homeowners were aware that

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the contracts they signed with Grupo Koster were questionable, if not unenforceable. "Some of the Americans were good faith purchasers who were victims of the situation," says Vargas. "Others knew they were getting into a very complicated and dubious situation under Mexican law. They knew in advance they were getting into unlawful, illicit arrangements."

At least one prominent Mexican jurist thinks the facts of Punta Banda are so complicated that the dispute should be settled rather than arbitrated in a formal proceeding. "This is not an easy case, because there are so many involved parties," says Luis Diaz, Mexican director of the U.S.-Mexican Conflict Resolution Center in Las Cruces, New Mexico. "You have communal property [the *ejido*], the government, different American investors, and private Mexican landowners. The normal NAFTA case involves only government officials and foreign investors." Diaz notes that article 1118 of NAFTA calls on the parties to an investor dispute to seek settlement before resorting to arbitration.

Peyton says he would like nothing better than to settle the dispute. But Clyde C. Pearce, a Salinas attorney who is lead counsel for Metalclad in its Chapter 11 arbitration, says Peyton should be prepared for a long and expensive case. "Mexico fights these NAFTA claims very aggressively," Pearce says. "They have given no quarter in *Metalclad*. Nor did they ever enter into any bona fide negotiations."

After filing a NAFTA claim in January 1997, Pearce says, he slogged through years of briefing and discovery, jurisdictional motions, and a two-week oral hearing in Washington, D.C. Mexico has filed a petition to set aside Metalclad's award to the Supreme Court of British Columbia, Canada, which the hearing panel had designated as the juridical venue of the case.

"Mexico is certainly in no hurry to move things along," Pearce says. "They have a treasury larger than any claimant's and can wait things out." He estimates that Metalclad has spent nearly $4 million prosecuting the case, while Mexico has spent twice that for its own lawyers and outside counsel in Washington, D.C., and Canada.

Thus far the Mexican government has refused to file a formal response to Peyton's claim. Instead, a representative of the Secretaria de Economía sent Peyton a letter asserting that the claim had to be dismissed because he had listed his firm's Tijuana address instead of the home addresses for each of his 134 clients (in apparent violation of article 1119) and because he had failed to provide powers of attorney for his clients, as required by Mexico's Administrative Procedures Act.

Although the Mexican government has no unilateral authority to dismiss a NAFTA Chapter 11 arbitration, Metalclad co-counsel Jack Coe isn't surprised at the government's assertion. "It would not be unusual for them to throw as many spanners in the works as possible," Coe says. "Theoretically, Mexico could decline to participate, but the arbitration would go on without them. And the ultimate award would be just as enforceable."

In any event, Mexico's refusal to arbitrate has given Peyton some breathing room. He can wait for a reversal or a settlement offer. In the meantime, he has has selected Pepperdine law professor Roger P. Alford to serve as his Chapter 11 arbitrator. He may now apply to the secretary-general of the World Bank's International Centre for the Settlement of Investment Disputes in Washington, D.C., to complete a panel of three.

Today, the Baja Beach Resort is a virtual ghost town. The hotel has been closed, its interior gutted by angry Mexican workers who had not been paid. About 18 homeowners have renegotiated leases with the *amparistas,* in some instances paying three or four times their original contract prices. Others have decided never to return, or cannot afford to move back. Two other adjacent beach communities, which were leased directly by the *ejido,* also are largely abandoned.

"I have every intention of going the distance on this," Peyton insists, noting that he has taken the case on a contingency basis. "A tremendous injustice has been done here, and I enjoy the challenge. There's plenty of support for what I'm doing." ❑