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Steverson v. GlobalSantaFe Corporation United States Court of Appeals for the Fifth Circuit 508 F.3d 300 (Filed November 15, 2007)

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DISTRICT COURT ABUSED ITS DISCRETION IN FAILING TO CONDUCT EVIDENTIARY HEARING

The United States Court of Appeals for the Ninth Circuit found that the district court abused its discretion when it failed to conduct an evidentiary hearing on a seaman's motion to vacate an order of dismissal.

Steverson v. GlobalSantaFe Corporation
United States Court of Appeals for the Fifth Circuit
508 F.3d 300
(Filed November 15, 2007)

Plaintiff James Steverson was injured on October 11, 2003 while working as a Derrickman on a semi-submersible drilling rig. He was asked to investigate overflow in a mud ditch along with another worker. After his supervisor refused his request to slow or stop the pumps, Steverson attempted to remove the plug in the mud ditch himself and lost his balance, falling a distance of fifteen to twenty-five feet. It is undisputed that the plaintiff suffered significant injuries and required extensive surgery. Steverson submitted evidence of his injuries and his inability to participate in gainful employment.

After Steverson's attorney was unsuccessful at her attempt to mediate a settlement, Steverson filed suit against GlobalSantaFe seeking recovery for his injuries under the Jones Act and general maritime law. After discovery commenced and a second mediation session failed, Steverson's lawyer requested a settlement conference, which was held on August 5, 2005 in front of a magistrate judge. At the conference GlobalSantaFe agreed to pay \$350,000. This sum included \$50,000 for an annuity that would pay Steverson \$150,000 at the age of 55. While the judge entered a dismissal, the court did not record the settlement.

Eight days after the conference, Steverson terminated the services of his lawyer and told her that he was rejecting the settlement. GlobalSantaFe filed a motion to compel settlement upon hearing that Steverson would not sign the release. In response Steverson filed a Rule 60(b) motion to vacate the judgment of dismissal and a motion for an evidentiary hearing. "Rule 60(b) allows a court to relieve a party from final judgment based on: (1) mistake, inadvertence, surprise, or excusable neglect; (2) newly discovered evidence which by due diligence could not have been discovered in time to move for a new trial under Fed. R. Civ. P. 59(b); (3) fraud, misrepresentation, or other misconduct of an adverse party; (4) the judgment is void; (5) the judgment has been satisfied, released, or discharged; or (6) any other reason justifying relief."¹

Steverson claimed that he did not authorize the acceptance of the settlement and that he was under the impression that he had 30 days to decide whether or not to accept the settlement offer. Steverson's attorney filed a response claiming that Steverson authorized the acceptance of the \$350,000 offer, but she did support Steverson's evidentiary hearing request.

On December 12, 2005, the magistrate judge filed a report which rejected the Rule 60 motion and evidentiary hearing request. Despite Steverson's objection, on March 28, 2006, the district court followed the magistrate judge's recommendation. Steverson appealed the ruling.

Rule 60(b) is to be used to achieve justice in exceptional circumstances.² A decision to vacate a final judgment pursuant to Rule 60(b) is left to the "sound discretion of the district court and will only be reversed if there is an abuse of that discretion."³ A seaman's rights are subject to careful scrutiny with regard to a release or settlement.⁴ In reaching its decision in this case, the court afforded

¹ Fed. R. Civ. P. 60.

² Stipelcovich v. Sand Dollar Marine, Inc., 805 F.2d 599, 604-05 (5th Cir. 1986).

³ Id. at 604.

⁴ Id. at 606.

considerable weight to whether Steverson had a complete understanding of his rights and understood the consequences of his actions.⁵ The burden in this case was on the shipowner to prove that Steverson's release was valid.⁶

In arriving at a decision, the court found that the order of dismissal was worded in a confusing manner making it reasonable for a lay person to believe, as Steverson claimed he did, that he had 30 days to decide whether or not to accept the settlement offer. Additionally, Steverson supplied affidavits from two witnesses supporting his position. Steverson was not in the chambers where the attorneys were when they were discussing the settlement. The court did not ask Steverson whether he agreed to the settlement, the court did not produce a record of the settlement and there was no written authorization for Steverson's attorney to accept the \$350,000 settlement agreement. Although Steverson's attorney claimed her client supported the acceptance of the agreement, she provided no evidence to support her claim.

The court found that the plaintiff's motion was made within a reasonable time. The court vacated the district court's denial of Steverson's Rule 60 (b) motion and remanded for an evidentiary hearing finding that the district court abused its discretion in rejecting Steverson's motion.

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⁵ Garrett v. Moore-McCormack Co., 317 U.S. 239, 248 (1942).

⁶ Simpson v. Lykes Bros., 22 F.3d 601, 602 (5th Cir. 1994).