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October 23, 2019

blnr.testimony@hawaii.gov

Honorable Chairperson and Members  
Board of Land and Natural Resources  
State of Hawaii  
Honolulu, Hawaii

Edward R. Underwood  
Administrator  
Division of Boating & Ocean Recreation  
State of Hawaii Department of Land & Natural Resources  
Honolulu, Hawaii 96819

Re: **Opposition to October 25, 2019  
Agenda Item J2 Respecting Lease No. LH-19-002  
To Pacific Marine Partners LLC**

Ladies and Gentlemen:

My client, Jonas Ikaika Solliday is the 50% owner of Pacific Marine Partners LLC (referred to herein as “the LLC”). The proposal that is before you represents an outrageous effort by Mr. Jason Ho`opai to steal my client’s interest in the LLC and the lease under the auspices of your Board action. The Board should reject this effort.

1. **JONAS IKAIKA SOLLIDAY OWNS 50% OF PACIFIC MARINE PARTNERS LLC, THE LESSEE, ON LEASE LH 19-002.**

Submitted herewith is a true and correct copy of the Operating Agreement of the LLC. This operating agreement provides, that Jonas Solliday is the 50% owner of the LLC.

Jason Ho`opai’s signature appears on page 14 of the Operating Agreement. Throughout the Operating Agreement, both Jason Ho`opai and Jonas Solliday evidence their intent to each

owning an equal share of the LLC. **Your attention is directed to the following sections of the LLC's Operating Agreement:**

- a. Section 6. Capital Contributions of each Member are equal.
- b. Section 7. Net Profits and Losses accrue to and are borne by the Members equally. That is, 50-50.
- c. Section 8. Each Member will receive an equal share of any Distribution
- d. Section 9. No Member will have priority over any other Member for the distribution of Net Profits or Losses
- e. Section 14 Any advance of money to the LLC by any Member .. will be deemed a debt due from the Company rather than an increase in the Capital Contribution of the Member.
- f. Section 17. Management of the LLC is vested in both members.
- g. Section 23. Each Member has an equal vote on every matter.
- h. Section 38. A member's financial interest in the LLC can only be assigned to another Member and cannot be assigned to a third party except with the unanimous consent of the remaining Members, which in this case has not been given.
- i. Section 40. Each member has an equal financial interest in the LLC

2. **MR. HO'OPAI HAS MADE THE SAME FALSE REPRESENTATIONS REGARDING OWNERSHIP TO SEVERAL BANKS. UPON LEARNING THE TRUTH, THE BANKS HAVE FROZEN THE ACCOUNTS UNTIL A COURT MAKES THE APPROPRIATE DETERMINATION.**

Central Pacific Bank and Bank of Hawaii were both provided the Operating Agreement and both responded by freezing the LLC's bank accounts pending further direction from both Members or a court.

3. **MY CLIENT HAS REQUESTED AN ACCOUNTING IN ORDER TO DETERMINE WHAT MR. HO'OPAI HAS DONE WITH ALL THE REVENUES AND EXPENSES.**

Enclosed is a copy of my letter to Mr. Ho`opai's counsel suggesting that the parties engage an independent accountant to conduct an accounting of all the revenues from the lease and all expenses. Mr. Ho`opai rejected that proposal and the parties will be going to litigation.

The leased premises should be generating more than sufficient revenue to cover the LLC's rent obligation. Where those funds have gone – and what has been done with the amounts Mr. Ho`opai (without the knowledge or consent of my client) borrowed against the LLC's assets from Kabbage Loans and QuickBooks -- will be determined when the Court orders an accounting.

My client is willing to agree to any reasonable arrangement that gets the state's rent paid.

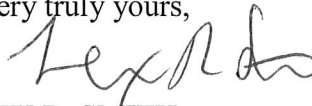
It is true that my client has collected some rents that (1) have not been cashed nor deposited because the LLC's accounts are frozen; and (2) **my client has offered to account for all rents collected as part of a mutually agreed accounting**. Additionally, it is true that my client has approximately \$19,000 of the LLC's funds **to pay the LLC's expenses**. My client stands ready to account for every penny of these funds as well. We are fine with a mutually agreed arrangement that the rents my client possesses can be used to pay the State's rent.

Attorney Duane Fisher was in the process of negotiating a resolution with the DLNR. However, Mr. Fisher has withdrawn and my client now has no communication from the State at all. We do not know the details of Mr. Fisher's representation.

We are aware that there is a document entitled "shareholder agreement" purporting to create a 95-5 ownership percentage. That has nothing to do with the lease because: (1) the lessee is an LLC; (2) LLC's do not have shareholders; (3) the LLC is a separate entity from any entity that issues shares and is therefore separate and distinct from the LLC. The LLC is governed by the Operating Agreement enclosed herewith, which bears the signature of Mr. Ho`opai.

For the foregoing reasons, any transfer of the DLNR lease is improper. Accordingly, my client requests the Board deny its consent to assign the above-referenced lease, effectively taking my client's 50% interest in the lease.

Very truly yours,



LEX R. SMITH

for

KOBAYASHI, SUGITA & GODA, LLP

cc: Sunny Lee, Esq.  
Duane Fisher, Esq.  
Jason Wong, Esq.



**OPERATING AGREEMENT**  
of  
**Pacific Marine Partners, LLC**

This Operating Agreement (the "Agreement") made and entered into this 10th day of July, 2018 (the "Execution Date"),

**BETWEEN:**

International and Pacific Ent. LLC of 348 Puuhale Rd. #339, Honolulu HI. 96819, and  
Jonas Solliday of P.O. BOX 492713, Keaau HI 96749

(individually the "Member" and collectively the "Members").

**BACKGROUND:**

- A. The Members wish to associate themselves as members of a limited liability company.
- B. The terms and conditions of this Agreement will govern the Members within the limited liability company.

**IN CONSIDERATION OF** and as a condition of the Members entering into this Agreement and other valuable consideration, the receipt and sufficiency of which is acknowledged, the Members agree as follows:

**Formation**

- 1. By this Agreement, the Members form a Limited Liability Company (the "Company") in accordance with the laws of the State of Hawaii. The rights and obligations of the Members will be as stated in the Hawaii Revised Limited Liability Company Act (the "Act") except as otherwise provided in this agreement.

**Name**

- 2. The name of the Company will be Pacific Marine Partners, LLC.

**Purpose**

- 3. Marine Storage.

**Term**

- 4. The Company will continue until terminated as provided in this Agreement or may dissolve under conditions provided in the Act.

**Place of Business**

- 5. The Principal Office of the Company will be located at 74-380 Kealakehe Parkway, Kailua-Kona, HI 96740 or such other place as the Members may from time to time designate.

**Capital Contributions**

- 6. The following is a list of all Members and their Initial Contributions to the Company. Each of the Members agree to make their Initial Contributions to the Company in full, according to the following terms:

<b>Member</b>	<b>Contribution Description</b>	<b>Value of Contribution</b>
International and Pacific Ent. LLC	Member has contributed financial support, business planning and procurement.	\$100.00
Jonas Solliday	Member has contributed administrative support, research and development making this partnership possible.	\$100.00

**Allocation of Profits/Losses**

- 7. Subject to the other provisions of this Agreement, the Net Profits or Losses, for both accounting and tax purposes, will accrue to and be borne by the Members in equal proportions.

8. Each Member will receive an equal share of any Distribution.
9. No Member will have priority over any other Member for the distribution of Net Profits or Losses.

#### Nature of Interest

10. A Member's Interest in the Company will be considered personal property.

#### Withdrawal of Contribution

11. No Member will withdraw any portion of their Capital Contribution without the unanimous consent of the other Members.

#### Liability for Contribution

12. A Member's obligation to make their required Capital Contribution can only be compromised or released with the consent of all remaining Members or as otherwise provided in this Agreement. If a Member does not make the Capital Contribution when it is due, he is obligated at the option of any remaining Members to contribute cash equal to the agreed value of the Capital Contribution. This option is in addition to and not in lieu of any others rights, including the right to specific performance that the Company may have against the Member.

#### Additional Contributions

13. Capital Contributions may be amended from time to time, according to the business needs of the Company. However if additional capital is determined to be required and an individual Member is unwilling or unable to meet the additional contribution requirement within a reasonable period, the remaining Members may contribute in proportion to their existing Capital Contributions to resolve the amount in default. In such case, the allocation of Net Profits or Losses and the distribution of assets on dissociation or dissolution will be adjusted accordingly.
14. Any advance of money to the Company by any Member in excess of the amounts provided for in this Agreement or subsequently agreed to, will be deemed a debt due from the Company rather than an increase in the Capital Contribution of the Member. This liability will be repaid with interest at such rates and times to be determined by a majority of the Members. This liability will not entitle the lending Member to any increased share of the Company's profits nor to a greater voting power. Repayment of such debts will have priority over any other payments to Members.

**Capital Accounts**

15. An individual capital account (the "Capital Account") will be maintained for each Member and their Initial Contributions will be credited to this account. Any Additional Contributions made by any Member will be credited to that Member's individual Capital Account.

**Interest on Capital**

16. No borrowing charge or loan interest will be due or payable to any Member on their agreed Capital Contribution inclusive of any agreed Additional Contributions.

**Management**

17. Management of this Company is vested in the Members.

**Authority to Bind Company**

18. Only the following individuals have authority to bind the Company in contract: Managing Member.

**Duty of Loyalty**

19. While a person is a Member of the Company, and for a period of at least two years after that person ceases to be a Member, that person will not carry on, or participate in, a similar business to the business of the Company within any market regions that were established or contemplated by the Company before or during that person's tenure as Member.

**Duty to Devote Time**

20. Each Member will devote such time and attention to the business of the Company as the majority of the Members will from time to time reasonably determine for the conduct of the Company's business.

**Member Meetings**

21. A meeting may be called by any Member providing that reasonable notice has been given to the other Members.
22. Regular meetings of the Members will be held monthly.



**Voting**

23. Each Member will have a single equal vote on any matter.

**Admission of New Members**

24. A new Member may only be admitted to the Company with a unanimous vote of the existing Members.
25. In addition to the required vote of existing Members to admit a new Member, the following conditions must be satisfied:
- New members require the unanimous vote from all existing members to be admitted. Any other conditions deemed necessary at the time of admitting a new member shall be determined at that time, shall be at the sole discretion of its existing members and shall not be unreasonably withheld.
26. The new Member agrees to be bound by all the covenants, terms, and conditions of this Agreement, inclusive of all current and future amendments. Further, a new Member will execute such documents as are needed to effect the admission of the new Member. Any new Member will receive such business interest in the Company as determined by a unanimous decision of the other Members.

**Voluntary Withdrawal of a Member**

27. Any Member will have the right to voluntarily withdraw from the Company. Written notice of intention to withdraw must be served upon the remaining Members at least six months prior to withdrawal.
28. The voluntary withdrawal of a Member will have no effect upon the continuance of the Company.
29. It remains incumbent on the withdrawing Member to exercise this dissociation in good faith and to minimize any present or future harm done to the remaining Members as a result of the withdrawal.

**Involuntary Withdrawal of a Member**

30. Events leading to the involuntary withdrawal of a Member from the Company will include but not be limited to: death of a Member; Member mental incapacity; Member disability preventing reasonable participation in the Company; Member incompetence; breach of fiduciary duties by a Member; criminal conviction of a Member; Operation of Law against a Member or a legal judgment against a Member that can reasonably be expected to bring the business or societal reputation of the Company into disrepute. Expulsion of a Member can also occur on application by the Company or another Member, where it has been judicially determined that the Member: has engaged in wrongful conduct that adversely and materially affected the Company's business; has willfully or persistently committed a material breach of this Agreement or of a duty owed to the Company or to the other Members; or has engaged in conduct relating to the Company's business that makes it not reasonably practicable to carry on the business with the Member.
31. The involuntary withdrawal of a Member will have no effect upon the continuance of the Company.

**Dissociation of a Member**

32. In the event of either a voluntary or involuntary withdrawal of a Member, if the remaining Members elect to purchase the interest of the withdrawing Member, the remaining Members will serve written notice of such election, including the purchase price and method and schedule of payment for the withdrawing Member's Interests, upon the withdrawing Member, their executor, administrator, trustee, committee or analogous fiduciary within a reasonable period after acquiring knowledge of the change in circumstance to the affected Member. The purchase amount of any buyout of a Member's Interests will be determined as set out in the Valuation of Interest section of this Agreement.
33. Valuation and distribution will be determined as described in the Valuation of Interest section of this Agreement.
34. The remaining Members retain the right to seek damages from a dissociated Member where the dissociation resulted from a malicious or criminal act by the dissociated Member or where the dissociated Member had breached their fiduciary duty to the Company or was in breach of this Agreement or had acted in a way that could reasonably be foreseen to bring harm or damage to the Company or to the reputation of the Company.

35. A dissociated Member will only have liability for Company obligations that were incurred during their time as a Member. On dissociation of a Member, the Company will prepare, file, serve, and publish all notices required by law to protect the dissociated Member from liability for future Company obligations.
36. Where the remaining Members have purchased the interest of a dissociated Member, the purchase amount will be paid in full, but without interest, within 90 days of the date of withdrawal. The Company will retain exclusive rights to use of the trade name and firm name and all related brand and model names of the Company.

#### **Right of First Purchase**

37. In the event that a Member's Interest in the Company is or will be sold, due to any reason, the remaining Members will have a right of first purchase of that Member's Interest. The value of that interest in the Company will be the lower of the value set out in the Valuation of Interest section of this Agreement and any third party offer that the Member wishes to accept.

#### **Assignment of Interest**

38. A Member's financial interest in the Company can only be assigned to another Member and cannot be assigned to a third party except with the unanimous consent of the remaining Members.
39. In the event that a Member's interest in the company is transferred or assigned as the result of a court order or Operation of Law, the trustee in bankruptcy or other person acquiring that Member's Interests in the Company will only acquire that Member's economic rights and interests and will not acquire any other rights of that Member or be admitted as a Member of the Company or have the right to exercise any management or voting interests.

#### **Valuation of Interest**

40. In the event of a dissociation or the dissolution of the Company, each Member will have an equal financial interest in the Company.
41. In the absence of a written agreement setting a value, the value of the Company will be based on the fair market value appraisal of all Company assets (less liabilities) determined in accordance with generally accepted accounting principles (GAAP). This appraisal will be conducted by an independent accounting firm agreed to by all Members. An appraiser will be appointed within a reasonable period of the date of withdrawal or dissolution. The results of the appraisal will be binding on all Members. The intent of this section is to ensure the survival of the Company

despite the withdrawal of any individual Member.

42. No allowance will be made for goodwill, trade name, patents or other intangible assets, except where those assets have been reflected on the Company books immediately prior to valuation.

### Dissolution

43. The Company may be dissolved by a unanimous vote of the Members. The Company will also be dissolved on the occurrence of events specified in the Act.
44. Upon Dissolution of the Company and liquidation of Company property, and after payment of all selling costs and expenses, the liquidator will distribute the Company assets to the following groups according to the following order of priority:
- a. in satisfaction of liabilities to creditors except Company obligations to current Members;
  - b. in satisfaction of Company debt obligations to current Members; and then
  - c. to the Members based on Member financial interest, as set out in the Valuation of Interest section of this Agreement.

### Records

45. The Company will at all times maintain accurate records of the following:
- a. Information regarding the status of the business and the financial condition of the Company.
  - b. A copy of the Company federal, state, and local income taxes for each year, promptly after becoming available.
  - c. Name and last known business, residential, or mailing address of each Member, as well as the date that person became a Member.
  - d. A copy of this Agreement and any articles or certificate of formation, as well as all amendments, together with any executed copies of any written powers of attorney pursuant to which this Agreement, articles or certificate, and any amendments have been executed.

e. The cash, property, and services contributed to the Company by each Member, along with a description and value, and any contributions that have been agreed to be made in the future.

46. Each Member has the right to demand, within a reasonable period of time, a copy of any of the above documents for any purpose reasonably related to their interest as a Member of the Company, at their expense.

#### **Books of Account**

47. Accurate and complete books of account of the transactions of the Company will be kept in accordance with generally accepted accounting principles (GAAP) and at all reasonable times will be available and open to inspection and examination by any Member. The books and records of the Company will reflect all the Company's transactions and will be appropriate and adequate for the business conducted by the Company.

#### **Banking and Company Funds**

48. The funds of the Company will be placed in such investments and banking accounts as will be designated by the Members. All withdrawals from these accounts will be made by the duly authorized agent or agents of the Company as appointed by unanimous consent of the Members. Company funds will be held in the name of the Company and will not be commingled with those of any other person or entity.

#### **Audit**

49. Any of the Members will have the right to request an audit of the Company books. The cost of the audit will be borne by the Company. The audit will be performed by an accounting firm acceptable to all the Members. Not more than one (1) audit will be required by any or all of the Members for any fiscal year.

#### **Fiscal Year End**

50. The fiscal year end of the Company is the 31st day of December.

#### **Tax Treatment**

51. This Company is intended to be treated as a partnership, for the purposes of Federal and State Income Tax.

**Tax Matters Partner**

52. The tax matters partner will be International and Pacific Ent. LLC (the "Tax Matters Partner"). The Tax Matters Partner will prepare, or cause to be prepared, all tax returns and reports for the Company and make any related elections that the Members may deem advisable.
53. A Tax Matters Partner can voluntarily withdraw from the position of Tax Matters Partner or can be appointed or replaced by a majority of the Voting Members. In the event of a withdrawal of the Tax Matters Partner from the Company, the remaining Members will appoint a successor as soon as practicable.

**Annual Report**

54. As soon as practicable after the close of each fiscal year, the Company will furnish to each Member an annual report showing a full and complete account of the condition of the Company including all information as will be necessary for the preparation of each Member's income or other tax returns. This report will consist of at least:
- a. A copy of the Company's federal income tax returns for that fiscal year.
  - b. Income statement.
  - c. Balance sheet.
  - d. Cash flow statement.
  - e. A breakdown of the profit and loss attributable to each Member.

**Goodwill**

55. The goodwill of the Company will be assessed at an amount to be determined by appraisal using generally accepted accounting principles (GAAP).

**Governing Law**

56. The Members submit to the jurisdiction of the courts of the State of Hawaii for the enforcement of this Agreement or any arbitration award or decision arising from this Agreement.

**Force Majeure**

57. A Member will be free of liability to the Company where the Member is prevented from executing their obligations under this Agreement in whole or in part due to force majeure, such as earthquake, typhoon, flood, fire, and war or any other unforeseen and uncontrollable event where the Member has communicated the circumstance of the event to any and all other Members and where the Member has taken any and all appropriate action to satisfy his duties and obligations to the Company and to mitigate the effects of the event.

**Forbidden Acts**

58. No Member may do any act in contravention of this Agreement.
59. No Member may permit, intentionally or unintentionally, the assignment of express, implied or apparent authority to a third party that is not a Member of the Company.
60. No Member may do any act that would make it impossible to carry on the ordinary business of the Company.
61. No Member will have the right or authority to bind or obligate the Company to any extent with regard to any matter outside the intended purpose of the Company.
62. No Member may confess a judgment against the Company.
63. Any violation of the above forbidden acts will be deemed an Involuntary Withdrawal and may be treated accordingly by the remaining Members.

**Indemnification**

64. All Members will be indemnified and held harmless by the Company from and against any and all claims of any nature, whatsoever, arising out of a Member's participation in Company affairs. A Member will not be entitled to indemnification under this section for liability arising out of gross negligence or willful misconduct of the Member or the breach by the Member of any provisions of this Agreement.

**Liability**

65. A Member or any employee will not be liable to the Company or to any other Member for any mistake or error in judgment or for any act or omission believed in good faith to be within the scope of authority conferred or implied by this Agreement or the Company. The Member or

employee will be liable only for any and all acts and omissions involving intentional wrongdoing.

**Liability Insurance**

66. The Company may acquire insurance on behalf of any Member, employee, agent or other person engaged in the business interest of the Company against any liability asserted against them or incurred by them while acting in good faith on behalf of the Company.

**Life Insurance**

67. The Company will have the right to acquire life insurance on the lives of any or all of the Members, whenever it is deemed necessary by the Company. Each Member will cooperate fully with the Company in obtaining any such policies of life insurance.

**Actions Requiring Unanimous Consent**

68. The following actions will require the unanimous consent of all Members:
- a. Incurring Company liabilities over \$10,000.00.
  - b. Endangering the ownership or possession of Company property including selling, transferring or loaning any Company property or using any Company property as collateral for a loan.
  - c. Releasing any Company claim except for payment in full.

**Amendment of this Agreement**

69. No amendment or modification of this Agreement will be valid or effective unless in writing and signed by all Members.

**Title to Company Property**

70. Title to all Company property will remain in the name of the Company. No Member or group of Members will have any ownership interest in Company property in whole or in part.

**Miscellaneous**

71. Time is of the essence in this Agreement.
72. This Agreement may be executed in counterparts.



73. Headings are inserted for the convenience of the Members only and are not to be considered when interpreting this Agreement. Words in the singular mean and include the plural and vice versa. Words in the masculine gender include the feminine gender and vice versa. Words in a neutral gender include the masculine gender and the feminine gender and vice versa.
74. If any term, covenant, condition or provision of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, it is the Members' intent that such provision be reduced in scope by the court only to the extent deemed necessary by that court to render the provision reasonable and enforceable and the remainder of the provisions of this Agreement will in no way be affected, impaired or invalidated as a result.
75. **This Agreement contains the entire agreement between the Members.** All negotiations and understandings have been included in this Agreement. Statements or representations that may have been made by any Member during the negotiation stages of this Agreement, may in some way be inconsistent with this final written Agreement. **All such statements have no force or effect in respect to this Agreement. Only the written terms of this Agreement will bind the Members.**
76. This Agreement and the terms and conditions contained in this Agreement apply to and are binding upon each Member's successors, assigns, executors, administrators, beneficiaries, and representatives.
77. Any notices or delivery required here will be deemed completed when hand-delivered, delivered by agent, or seven (7) days after being placed in the post, postage prepaid, to the Members at the addresses contained in this Agreement or as the Members may later designate in writing.
78. All of the rights, remedies and benefits provided by this Agreement will be cumulative and will not be exclusive of any other such rights, remedies and benefits allowed by law.

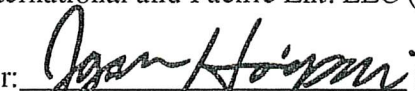
### Definitions

79. For the purpose of this Agreement, the following terms are defined as follows:
- a. "Additional Contribution" means Capital Contributions, other than Initial Contributions, made by Members to the Company.
  - b. "Capital Contribution" means the total amount of cash, property, or services contributed to the Company by any one Member.

- c. "Distributions" means a payment of Company profits to the Members.
- d. "Initial Contribution" means the initial Capital Contributions made by any Member to acquire an interest in the Company.
- e. "Member's Interests" means the Member's collective rights, including but not limited to, the Member's right to share in profits, Member's right to a share of Company assets on dissolution of the Company, Member's voting rights, and Member's rights to participate in the management of the Company.
- f. "Net Profits or Losses" means the net profits or losses of the Company as determined by generally accepted accounting principles (GAAP).
- g. "Operation of Law" means rights or duties that are cast upon a party by the law, without any act or agreement on the part of the individual, including, but not limited to, an assignment for the benefit of creditors, a divorce, or a bankruptcy.
- h. "Principal Office" means the office whether inside or outside the State of Hawaii where the executive or management of the Company maintain their primary office.
- i. "Voting Members" means the Members who belong to a membership class that has voting power. Where there is only one class of Members, then those Members constitute the Voting Members.

IN WITNESS WHEREOF the Members have duly affixed their signatures under hand and seal on this 10th day of July, 2018.

International and Pacific Ent. LLC (Member)

Per:  (SEAL)

EXECUTED ON BEHALF OF ITS MANAGING MEMBER, JASON HOOPAI

A handwritten signature in black ink, appearing to read 'Jonas Solliday', is written over a horizontal line.

Jonas Solliday (Member)





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Attorneys at Law

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October 9, 2019

Sunny Sun Joong Lee, Esq.  
Bronster Fujichaku Robbins  
1003 Bishop Street, Suite 2300  
Honolulu, Hawaii 96813

Re: Jason Hoopai, et al vs. Jonas Ikaika Solliday  
Civil No. 3CC19100211K

Dear Sunny:

I represent Ikaika Solliday in the above referenced case. I understand that mediation/arbitration have previously been proposed and rejected by you. If your client rejects the proposal below, I am authorized to accept service of your complaint. This letter is subject to Rule 408.

My proposal is that (1) we stipulate to have an "accounting" of Pacific Marine Partners LLC conducted by a mutually-agreed neutral accountant, with the cost borne 50-50 by each party; and (2) agree on a procedure whereby all expenses needed to perform PMP's obligations under the DLNR lease are kept current while the accounting is conducted.

At this point, you have only heard your client's version of events and I have only heard from my client. Regardless of who turns out to be right (and I am sure you agree with me that in most cases both parties turn out to be part-right), both parties are going to need the accounting. Both parties need to know how much rent the tenants at the harbor have paid, and what the expenses have been, since the start of the lease. I understand that your client (on behalf of PMP) may have taken two or more bank loans secured by PMP's assets in amounts totaling in excess of \$100,000. Of course, there is also the matter of the \$19,000 that my client has withdrawn. The disposition of these amounts is something both parties are entitled to, and need to know in order to properly understand, and evaluate, their positions. Likewise, a neutral, reliable party needs to determine the amount of rent that has been collected since the outset of the lease. I will tell you now that my client has several thousand dollars in rents that have been paid, which he is unable to deposit because of the "freeze" the banks have placed on the accounts. Additionally, we are not able to reconcile the revenues PMP has reported to the State Tax Office with the rents

Sunny Sun Joong Lee, Esq.  
October 9, 2019  
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that we know have been collected. For these, and a number of other reasons, it seems to us that an accounting is needed as soon as possible.

Similarly, it is obviously important that the PMP lease be performed. The parties need to reach an agreement to assure that this happens and I am ready to meet with you today or tomorrow to as my client is willing to agree to any reasonable arrangement that assures this is done.

If your client chooses not to accept this proposal (or something similar), we both know what will happen. The same information will be produced, but it will take several months of discovery and motions practice, with the accompanying service of the complaint, counterclaim and bills to our clients.

Thanks for your consideration of this proposal. Based on my review of my client's files, I don't think this dispute will be efficiently resolved by the litigation process. If you and your client feel otherwise, I am ready to accept the complaint.

Very truly yours,



LEX R. SMITH

for

KOBAYASHI, SUGITA & GODA, LLP

cc: Bank of Hawaii, 111 S. King Street, Honolulu, HI 96813 (re: Acct No. 0097-407649)  
Central Pacific Bank, 220 S. King Street, Honolulu, HI 96813 (re: Acct No. 8900664544)