

STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES
Land Division
Honolulu, Hawaii 96813

November 8, 2019

Board of Land and Natural Resources
State of Hawaii
Honolulu, Hawaii

Hawaii

Cancellation of Revocable Permit No. S-7901, Madeleine Krusche and Benjamin Jack Krusche, Permittees, Ocean View Lease Lots, Waiakea, South Hilo, Hawaii, Tax Map Key: (3) 2-1-007:033; and

Cancellation of Revocable Permit No. S-7902, Benjamin Krusche, Permittee, Ocean View Lease Lots, Waiakea, South Hilo, Hawaii, Tax Map Key: (3) 2-1-007:032.

PURPOSE:

Cancellation of Revocable Permit Nos. S-7901 (RP 7901) and S-7902 (RP 7902).

LEGAL REFERENCE:

Section 171-55, Hawaii Revised Statutes, as amended.

LOCATION:

Portion of Government lands of Ocean View Lease Lots situated at Waiakea, South Hilo, Hawaii, identified by Tax Map Keys: (3) 2-1-007:032 and 033, as shown on the attached map labeled Exhibit A.

AREA:

RP 7901 = 8,205 square feet, more or less.
RP 7902 = 8,114 square feet, more or less.

TRUST LAND STATUS:

Section 5(b) lands of the Hawaii Admission Act
DHHL 30% entitlement lands pursuant to the Hawaii State Constitution: NO

CHARACTER OF USE:

Residential purposes.

COMMENCEMENT DATE OF PERMIT:

Both revocable permits commenced on March 15, 2016.

MONTHLY RENTAL:

RP 7901 = \$263.45 per month; \$3,161.40 annually.

RP 7902 = \$339.78 per month; \$4,077.36 annually.

STATUS:

Pursuant to the provisions contained in Revocable Permits S-7901, Madeleine and Benjamin Jack Krusche, Permittees, and S-7902, Benjamin Krusche, Permittee were mailed a default notification letter dated June 18, 2019 for:

- X Failure to keep lease rental payments current
- ___ Failure to post required security deposit
- ___ Failure to post required fire insurance policy
- ___ Failure to post required liability insurance policy
- ___ Other: _____

This notice offered the Permittee a thirty-day cure period to correct the default. This cure period expired on July 17, 2019. As of October 15, 2019, this breach has not been cured.

As of October 15, 2019, the current status of all permit compliance items is as follows:

- RENT: The Permittees have a rental delinquency on:
RP 7901 of \$1,341.41 for the period 06/01/2019 to 10/01/2019 and
RP 7902 of \$3,046.58 for the period 03/01/2019 to 10/01/2019
- INSURANCE: The Permittees have posted the required liability insurance policy.
- DEPOSIT: The Permittees have posted the required security deposits.

REMARKS:

Historically, the Permittees have kept monthly rent current by sending periodic lump sums of money to maintain a credit balance on the permits. The last monies received were in January 2019, which paid through May 2019 (RP 7901) and February 2019 (RP 7902).

The Krusches have utilized the homes located on the properties as vacation homes; not permanent residences. They are Canadian residents, but, have refused to provide a permanent address in Canada to correspond to; they prefer to have correspondence sent to subject properties' addresses. Hawaii District Land Office (HDLO) has corresponded with Mr. Krusche through email fairly successfully over the years. The permittees have not been present on the properties since 2016.

In late 2017, HDLO began receiving complaints regarding people living on the subject properties. Through investigation and communication with Mr. Krusche, it was determined that a group of squatters had moved onto the properties. Mr. Krusche began working on having them removed. One group of squatters moved out and another group moved in. The resolution of the situation was drawn out as personal health problems plagued both permittees.

By the end of 2018, Mr. Krusche was scheduled to have the Sheriff's department serve notice to have the squatters removed. HDLO has had no further communication with Mr. Krusche. A woman that resides on the premises of RP 7901, states that she is the caretaker, but she has had no contact with Mr. Krusche since January 2019. Further, she states that Mr. Krusche told her that Madeleine had passed away.

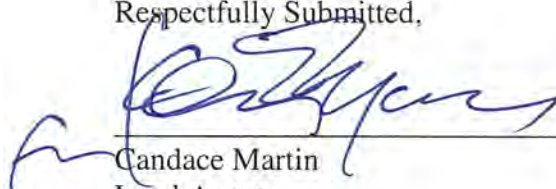
On September 20, 2019, at approximately 1:30 pm, HDLO received a phone call from the County of Hawaii Fire Department with notification there had been a fire on the premises. HDLO staff responded to the scene and determined that the garage structure at the streetside of RP 7902 was the source of the fire. The house located on the subject property was not involved. However, the adjacent property experienced substantial damage to its vinyl fence panels for quite a distance. Refer to attached Exhibit B for photos.

HDLO staff has been attempting to make contact with the permittees since February 2019. Attempts have been made via mail to all known addresses, as well as by phone and email. All attempts have been unsuccessful. Therefore, staff is recommending cancellation of both permits so that staff can secure the properties to avoid further squatting and other attendant problems.

RECOMMENDATION: That the Board:

1. Authorize the cancellation of Revocable Permit Nos. S-7901 & S-7902 in the manner specified by law;
2. Authorize the retention of all sums heretofore paid or pledged under Revocable Permit Nos. S-7901 & S-7902 to be applied to any past due amounts;
3. Terminate the permits and all rights of Permittees and all obligations of the Permitter effective as of November 8, 2019, provided that any and all obligations of the Permittees which have accrued up to said effective date or which are stated in the permit to survive termination shall endure past such termination date until duly fulfilled, and further provided that Permitter reserves all other rights and claims allowed by law; and
4. Authorize the Department of the Attorney General, the Department of Land and Natural Resources, or their agents to collect all monies due the State of Hawaii under Revocable Permit Nos. S-7901 & S-7902 and to pursue all other rights and remedies as appropriate.

Respectfully Submitted,



Candace Martin
Land Agent

APPROVED FOR SUBMITTAL:



Suzanne D. Case, Chairperson

The map is a detailed plat of land in Hilo, Hawaii. It shows a grid of land parcels, many of which are labeled with names and addresses. Key features include:

- RP 7902** and **RP 7901**: Two specific parcels are highlighted with blue boxes and labeled.
- Hilo Wharf**: A large area on the right side of the map is highlighted with a red box and labeled.
- Roads**: Ocean View Drive runs horizontally across the middle. Kalanianaʻole Street runs horizontally at the bottom. Keaukaha Rd. runs diagonally at the bottom right.
- Water Bodies**: Reeds Bay is on the left, and Kumu Bay is at the top.
- Other Labels**: Various other labels include "State of Hawaii", "Board of Harbor Commissioners", "ADDN TO KUMU WHARF", "Pier 1", "Pier 2", "Pier 3", "Pier 4", "Pier 5", "Pier 6", "Pier 7", "Pier 8", "Pier 9", "Pier 10", "Pier 11", "Pier 12", "Pier 13", "Pier 14", "Pier 15", "Pier 16", "Pier 17", "Pier 18", "Pier 19", "Pier 20", "Pier 21", "Pier 22", "Pier 23", "Pier 24", "Pier 25", "Pier 26", "Pier 27", "Pier 28", "Pier 29", "Pier 30", "Pier 31", "Pier 32", "Pier 33", "Pier 34", "Pier 35", "Pier 36", "Pier 37", "Pier 38", "Pier 39", "Pier 40", "Pier 41", "Pier 42", "Pier 43", "Pier 44", "Pier 45", "Pier 46", "Pier 47", "Pier 48", "Pier 49", "Pier 50", "Pier 51", "Pier 52", "Pier 53", "Pier 54", "Pier 55", "Pier 56", "Pier 57", "Pier 58", "Pier 59", "Pier 60", "Pier 61", "Pier 62", "Pier 63", "Pier 64", "Pier 65", "Pier 66", "Pier 67", "Pier 68", "Pier 69", "Pier 70", "Pier 71", "Pier 72", "Pier 73", "Pier 74", "Pier 75", "Pier 76", "Pier 77", "Pier 78", "Pier 79", "Pier 80", "Pier 81", "Pier 82", "Pier 83", "Pier 84", "Pier 85", "Pier 86", "Pier 87", "Pier 88", "Pier 89", "Pier 90", "Pier 91", "Pier 92", "Pier 93", "Pier 94", "Pier 95", "Pier 96", "Pier 97", "Pier 98", "Pier 99", "Pier 100".
- Title Block**: Located in the bottom right corner, it contains the text "THIRD DIVISION ZONE SECT PLAT 21107" and "CONTAINING PARCELS".

EXHIBIT B







