Chairperson and Members  
Board of Land and Natural Resources  
State of Hawai‘i  
Honolulu, HI

Land Board Members:

SUBJECT: Request for administrative enforcement and penalties for the alleged violations of Hawaii Administrative Rules Section 13-256-3 (Commercial use permit or catamaran registration certificate requirements) against Twogood Kayaks Hawaii, Inc., for allegedly conducting commercial activity without a commercial use permit on at least five separate occasions in Kailua ocean waters, on the Island of O'ahu.

The Board may go into Executive Session pursuant to Section 92-5(a)(4), Hawaii Revised Statutes, in order to consult with its attorney on questions and issues pertaining to the Board’s powers, duties, privileges, immunities, and liabilities.

SUMMARY:

This submittal requests that the Board of Land and Natural Resources (Board) find Twogood Kayaks Hawaii, Inc. (TKH), in violation of Hawai‘i Administrative Rules (HAR) Section 13-256-3 (Commercial use permit or catamaran registration certificate requirements), which requires all commercial operators (except for those operating out of a state commercial harbor) to obtain a commercial use permit (CUP) from the Department of Land and Natural Resources’ Division of Boating and Ocean Recreation (DOBOR) in order to engage in commercial activity in Hawai‘i ocean waters.

DOBOR recommends that the Board issue five separate administrative fines totaling twenty-five thousand dollars ($25,000.00) for its five violations of HAR Section 13-256-3, as authorized by Hawaii Revised Statutes (HRS) Section 200-14.5(c).

DOBOR hereby alleges violations of the HAR as follows:

Against: Twogood Kayaks Hawaii, Inc.

Dates of incidents: May 24, 2021,
May 26, 2021,
June 25, 2021,
July 7, 2021, and
August 20, 2021

Location of incidents: Kailua Ocean Waters, O‘ahu

Violations: Five (5) counts of engaging in illegal commercial activity in violation of HAR Section 13-256-3 (Commercial use permit or catamaran registration certificate requirements).

Recommended Penalty: Administrative fines totaling twenty-five thousand dollars ($25,000.00) for five separate violations of HAR Section 13-256-3, pursuant to HRS Section 200-14.5(c), broken down as follows:

<table>
<thead>
<tr>
<th>DATE OF VIOLATION</th>
<th>RECOMMENDED FINE</th>
</tr>
</thead>
<tbody>
<tr>
<td>May 24, 2021</td>
<td>$5,000.00</td>
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<tr>
<td>May 26, 2021</td>
<td>$5,000.00</td>
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<tr>
<td>June 25, 2021</td>
<td>$5,000.00</td>
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<tr>
<td>July 7, 2021</td>
<td>$5,000.00</td>
</tr>
<tr>
<td>August 20, 2021</td>
<td>$5,000.00</td>
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INTRODUCTION:

Pursuant to Section 13-256-3 of the Hawaii Administrative Rules (HAR), in order to conduct commercial activities in state ocean waters, an operator must obtain a valid Commercial Use Permit (CUP) issued by the Department of Land and Natural Resources. Twogood Kayaks Hawaii, Inc. (TKH) previously held a CUP allowing it to conduct the same activities underlying the violations described below, but that permit expired on April 30, 2021 (see EXHIBIT A). TKH failed to renew the CUP on or before April 30, 2021, so TKH’s commercial account with DOBOR was terminated. As of the date of this staff submittal, TKH has not attempted to obtain a new CUP that would authorize its activities. For each of the five separate instances constituting a violation alleged herein, TKH did not hold a valid CUP.

DOBOR’s O‘ahu staff and an Officer with the Division of Conservation and Resources Enforcement (DOCARE) (collectively, "State Officials") observed TKH conducting group kayak tours with indications of commercial activity on five separate occasions—on May 24 and 26, June 25, July 7, and August 20, 2021—without a valid CUP, as confirmed by DOBOR’s records. State Officials have additional reason to

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1 There is nothing to suggest that TKH was "operating out of a state commercial harbor" in connection with the subject offenses. See below for a note about jurisdiction over Kailua Beach Park itself.
believe that TKH has conducted similar commercial kayak tours on numerous other occasions after TKH's CUP expired. Because TKH has held a CUP applicable to Kailua ocean waters, and because it held that CUP a matter of weeks before the subject violations occurred, it is reasonable to expect that TKH employees had full knowledge of applicable restrictions when the alleged illegal commercial activity took place. Moreover, the Business Registration for TKH appears to have been renewed on or about June 21, 2021,\(^2\) which suggests that the entity has knowingly continued to conduct business in the State of Hawaii.

**FACTUAL BACKGROUND:**

TKH operates a kayak rental and tour business.\(^3\) TKH previously held a CUP with an expiration date of April 30, 2021. TKH did not renew this CUP within the timeframe provided by HAR regulations. Therefore, TKH's CUP expired and its commercial account with DOBOR was terminated.

The following timeline summarizes the incidents between May 24, 2021 and August 20, 2021, underlying the instant request for authorization to initiate violation proceedings against TKH and arising out of HAR Section 13-256-3. Pictures and staff documentation are included in the DOCARE report attached as **EXHIBIT C**.

- **May 24, 2021:** DOBOR staff and DOCARE Officer Paulele locate kayaks "staged" on Kailua Beach at approximately 9:00 a.m. and observe a guide with TKH assisting customers with launching the kayaks into Kailua ocean waters for the apparent purpose of engaging in a guided kayak tour (see **EXHIBIT C**; DOCARE report number OA-21-00394). DOBOR staff and Officer Paulele observed kayaks with the TKH logo and also witnessed the TKH employee providing instruction on Kailua Beach.

- **May 26, 2021:** DOBOR staff observes TKH employees using a TKH vehicle to unload kayaks at Kailua Beach Park at approximately 9:45am for TKH's employees to take customers on guided kayak tours in Kailua ocean waters (see **EXHIBIT D**, pages 2-3).

- **June 25, 2021:** DOCARE Officer Paulele observes TKH employees using a TKH vehicle to unload kayaks at Kailua Beach Park for TKH's employees to take customers on guided kayak tours in Kailua ocean waters (see **EXHIBIT D**, page 4).

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\(^3\)Supra n.2.
July 7, 2021: DOBOR staff observes TKH employees using a TKH vehicle to unload kayaks at Kailua Beach Park at approximately 9:25am for TKH's employees to take customers on guided kayak tours in Kailua ocean waters (see EXHIBIT D, pages 5-7). A member of the public also reported this instance of alleged illegal commercial operations to DOBOR.

August 20, 2021: DOBOR receives a report from a member of the public complaining that TKH employees were on that date using a TKH vehicle to unload kayaks at Kailua Beach Park at approximately 9:45 a.m. in order for TKH's employees to take customers on guided kayak tours in Kailua ocean waters (see EXHIBIT D, page 8).

As of October 4, 2021, TKH was still offering guided kayak tours for a fee through its website4 (see EXHIBIT D, page 1).

REGULATORY AUTHORITY FOR THE REQUESTED ENFORCEMENT:

A. Administrative Basis for Violation

Under Section 13-256-3, HAR (Commercial use permit or catamaran registration certificate requirements), all persons engaging in commercial activity on state ocean waters are required to obtain a commercial use permit (CUP) from DOBOR:

All operators of commercial vessels, water craft or water sports equipment or activities conducting commercial tours or instruction on State ocean waters must obtain a commercial use permit or where applicable a catamaran registration certificate to be issued by the department, except for those operating out of a commercial harbor. The applicant for such permit shall comply with the applicable provisions stated in sections 13-231-50 to 13-231-70.

The HAR further establishes that,

"Commercial activity" means to engage in any action or attempt to engage in any action designed for profit, which includes, but is not limited to, the exchange or buying and selling of commodities; the providing of services relating to or connected with trade, traffic, or commerce in general; any activity performed by the commercial operator or its employees or agents in connection with the delivery of such commodities or services; and the soliciting of business, including the display or distribution of notices, business cards, or advertisements for commercial promotional purposes.

4 TKH's website is available at https://twogoodkayaks.com and was last accessed by DOBOR staff on October 4, 2021 for the purposes of this enforcement action.
B. Administrative Penalties

Fines for violations of the administrative rules identified above are set forth in Section 200-14.5 of the Hawaii Revised Statutes (HRS), as provided by the rules:

Except as otherwise provided by law, the board is authorized to set, charge, and collect administrative fines and to recover administrative fees and costs, including attorney’s fees and costs, or bring legal action to recover administration fines, fees and costs, including attorney’s fees and costs, or payment for damages or for the cost to correct damages resulting from violation of subtitle 8 of title 12 or any rule adopted thereunder in accordance with section 200-14.5, Hawaii Revised Statutes. Each day or instance of violation shall constitute a separate offense.


Under HRS § 200-14.5(a), the Board is authorized to "set, charge, and collect administrative fines and to recover administrative fees and costs, including attorney's fees and costs, or bring legal action to recover administrative fines and fees and costs, including attorney's fees and costs." And like HAR § 13-230-4(b), the HRS also provides that "[e]ach day or instance of violation shall constitute a separate offense." Haw. Rev. Stat. § 200.14.5(a).

For any violation that does not involve pollution of the waters of the State, the HRS sets the limitations on fine amounts for all violations as follows:

1. For a first violation or a violation beyond five years of a previous violation, a fine of not more than $5,000;

2. For a second violation within five years of a previous violation, by a fine of not more than $10,000; and

3. For a third or subsequent violation within five years of the last violation, by a fine of not more than $15,000.

HRS § 200-14.5(c).

Additionally, HAR Section 13-231-1 (General statement and restrictions on mooring dormant vessels) provides, in relevant part,
(d) The department reserves the right to restrict the use of state facilities to those who are in compliance with all state and federal laws and rules and make full and timely payment of their fees and charges. Failure to comply with this section shall be cause for termination of any use permit and for refusal or withholding the granting of any future use permit requests.


Under HAR § 13-231-1(d), the Board therefore has the authority to prevent a person from obtaining a future DOBOR use permit if the person is not in compliance with state and federal laws and rules, and the Board may determine the amount of time this restriction will be in place.

APPLICATION OF LAW AND RECOMMENDED PENALTY:

A. **TKH operated kayak tours for hire, thereby engaging in "commercial activity".**

The activities that TKH engaged in without a valid CUP, in violation of HAR Section 13-256-3, involve unauthorized commercial activity (guided kayak tours) in state ocean waters.

There is substantial and well-documented evidence showing that TKH employees repeatedly staged kayaks in Kailua Beach Park and guided customers into and around Kailua ocean waters in exchange for commercial gain during the period of May 24, 2021 to August 20, 2021 because (1) TKH is offering commercial kayak tours on its website (see **EXHIBIT D**, page 1), and (2) the volume of individuals being led on each of the observed kayak tours is much more than just family or friends. There is also an extensive history of complaints from the public of TKH's alleged illegal commercial activities in state ocean waters, and the instances of alleged violation in this submittal are the result of DOBOR and DOCARE coordinating to observe Kailua Beach for commercial activity violators.

DOBOR's jurisdiction is only over state ocean waters and does not include Kailua Beach Park. While it is the jurisdiction of the City and County of Honolulu to enforce commercial activity violations on land, DOBOR is bringing this enforcement action against TKH alleging commercial activity without a valid CUP in Kailua ocean waters. It is presently unknown whether DOBOR's Honolulu counterparts will also take enforcement action against TKH for these activities.

One critical issue is whether TKH has been engaged in "commercial activity" as defined in the administrative rules. Although our investigation has not yet uncovered any clear documentation of money being exchanged for these tours, the term "commercial activity," as defined by the Hawaii Administrative Rules, is not limited to situations
involving the exchange of money, *per se*. The definition also includes activities such as the "providing of services relating to or connected with trade, traffic, or commerce in general." There is also circumstantial evidence that TKH is engaged in a commercial venture involving payment of compensation, as TKH's website continues to offer a "Guided Kayak Tour" for purchase, starting at $115.00 (see EXHIBIT D, page 1).

Although the "commercial" nature of TKH's activities could become an issue during enforcement proceedings for the subject violations, staff is confident that TKH's services constitute "commercial activity" because customers are being taken on guided kayak tours for hire.

**B. TKH failed to comply with legal permitting requirements and therefore engaged in illegal commercial activities, as described above.**

TKH's most recent commercial use permit (CUP) expired on April 30, 2021. By all accounts, TKH has not obtained another CUP from the Department, as required by HAR Section 13-256-3 in order to operate a commercial vessel in state ocean waters.

All evidence suggests that TKH has repeatedly violated HAR Section 13-256-3. Specifically, TKH employees were witnessed by DOBOR O'ahu staff, a DOCARE officer, and at least one concerned member of the public allegedly operating commercial kayak tours without a valid CUP in Kailua ocean waters on at least five (5) separate occasions.

**C. Administrative Penalties are authorized by Hawaii Revised Statutes for each of TKH’s five alleged violations.**


As evidenced by the attached reports and other exhibits, as well as other authorities cited to in this submittal, TKH was observed on at least five (5) occasions conducting unauthorized commercial activity in state ocean waters in violation of HAR Section 13-256-3. Pursuant to HRS Section 200-14.5(c), TKH can be fined five thousand dollars ($5,000.00) for each violation.

There are no mitigating factors that DOBOR staff believes would justify a lesser fine for the violations listed above. TKH had full notice of the applicable regulations, having previously held a CUP for identical commercial activities that expired only weeks before the alleged violations. TKH also chose to violate those regulations in multiple instances even after being given multiple verbal notifications by DOBOR staff of the violations. TKH also can be expected to know about CUP requirements because it held a CUP that had expired when TKH engaged in the illegal commercial activity alleged herein. It is essential that DOBOR (and the Department generally) follow through with
imposing consequences for violations of the HRS and HAR, particularly when there are repeated violations that appear to be on-going.

Due to TKH's blatant disregard for the Department's rules, and in order to curb any temptation to further violate the rules in the future, staff recommends that the Board issue administrative fines to TKH in the total amount of twenty-five thousand dollars ($25,000.00) for its five (5) alleged violations of HAR Section 13-256-3 described herein.

Pursuant to HRS Section 200-14.5(c), DOBOR has calculated the recommended fines as follows:

<table>
<thead>
<tr>
<th>DATE OF VIOLATION</th>
<th>RECOMMENDED FINE</th>
<th>COMMENT</th>
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</thead>
<tbody>
<tr>
<td>May 24, 2021</td>
<td>$5,000.00</td>
<td>first violation</td>
</tr>
<tr>
<td>May 26, 2021</td>
<td>$5,000.00</td>
<td>second violation</td>
</tr>
<tr>
<td>June 25, 2021</td>
<td>$5,000.00</td>
<td>third violation</td>
</tr>
<tr>
<td>July 7, 2021</td>
<td>$5,000.00</td>
<td>fourth violation</td>
</tr>
<tr>
<td>August 20, 2021</td>
<td>$5,000.00</td>
<td>fifth violation</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$25,000.00</td>
<td></td>
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</tbody>
</table>

Staff's additional requested penalty under HAR Section 13-231-1(d) — Prohibit Twogood Kayaks Hawaii, Inc., from obtaining any type of use permit from DOBOR, including, but not limited to, mooring permits and CUPs, for twenty-four (24) months from the date of this submittal — is also warranted here because of the egregiousness of TKH's violations. TKH employees violated commercial operation regulations after being notified of the illegality of its activity and also violated commercial operation regulations on several occasions even after TKH's CUP expired. DOBOR believes that preventing issuance of use permits, and thereby preventing many types of boating and ocean recreation activities, will serve as a sufficient deterrent to anyone considering engaging in illegal commercial activity.

RECOMMENDATIONS:

DOBOR requests that the Board:

1. Find that Twogood Kayaks Hawaii, Inc., committed five (5) administrative violations of HAR Section 13-256-3, as described above, and authorize the issuance of a Notice of Violation for the five violations;

2. Authorize the following penalties for these violations:
   a. Issue administrative fines totaling twenty-five thousand dollars ($25,000.00) against Twogood Kayaks Hawaii, Inc., for the five
alleged violations of HAR Section 13-256-3, pursuant to HRS Section 200-14.5(c).

b. Prohibit Twogood Kayaks Hawaii, Inc., from obtaining any type of use permit from DOBOR, including, but not limited to, mooring permits and CUPs, for twenty-four (24) months from the date of this submittal, pursuant to HAR Section 13-231-1(d).

3. Delegate authority to the Chairperson to take further action as is determined to be in the best interests of the State in furtherance of enforcing the subject violations.

4. All of the foregoing shall be subject to review and approval by the Department of the Attorney General.

Respectfully submitted,

______________________________
EDWARD R. UNDERWOOD, Administrator
Division of Boating and Ocean Recreation

APPROVED FOR SUBMITTAL:

______________________________
SUZANNE D. CASE, Chairperson
Board of Land and Natural Resources

Attachments:

A. CUP to Twogood Kayaks Hawaii, Inc., expired 4/30/2021 (including notices of expiration);

B. DCCA-BREG Information for Twogood Kayaks Hawaii, Inc.;

C. DOCARE Report Documenting Alleged Commercial Activity; and

D. DOBOR Documentation of Alleged Commercial Activity
STATE OF HAWAII  
DEPARTMENT OF LAND AND NATURAL RESOURCES  
DIVISION OF BOATING AND OCEAN RECREATION  
COMMERCIAL OPERATIONS PERMIT

Type of Commercial Operations:  
[x] Commercial Use Permit  
[ ] Commercial Ramp Permit  
[ ] Vessel Moored Elsewhere (VME)

Date: 07/16/2020  
Permit No.:  
Account No.:  

This permit authorizes TWOGOOD KAYAKS HAWAII, INC. (hereinafter referred to as the Permittee) to conduct the describe commercial activities (on signature page) on the ocean waters of the State of Hawaii located on the island of Oahu, the Ocean recreation management area or non-designated management area, to commence on 05/01/2020 and expires on 04/30/2021 unless terminated for cause.

Copies of the following exhibits are submitted for review and the record (if applicable):

[ ] Vessel Documentation and/or Vessel Registration  
[ ] Vessel Inspection or Approved Marine Surveyor  
[x] General Excise Tax License  
[x] DCCIA Certificate of Good Standing  
[x] Letter of Permission from Land Owner for Access to the State Ocean Waters  
[x] Certificate of Commercial Insurance policy naming the State of Hawaii as an additional insured, containing sufficient coverage limits and meeting all other requirements as outlined in Hawaii Administrative Rules §13-231-65  
[x] Certificate of Compliance from the Hawaii Department of Taxation  
[ ] Partnership, Joint Venture, Corporate Exhibits  
[ ] PUC for vehicle(s), if applicable  
[ ] Certificate of Inspection for any vessels used in your commercial operation, if applicable.

1. The Permittee agrees to abide by all applicable Federal, State, and County laws and all boating and shore water rules promulgated by the Department of Land and Natural Resources (referred to as the Department). In addition to any fines or penalties a court of law may impose, any violation(s) of the provisions of the aforementioned laws or rules may cause this permit to be terminated by the Department of Land and Natural Resources Division of Boating and Ocean Recreation (the “Department) by written order of its Representative, and the vessel or operation shall immediately cease commercial activity. Issuance of a commercial use permit from DOBOR does not grant you transit rights to access the shoreline or conduct commercial activities on shore.

2. The Permittee agrees to operate the vessel or equipment described in this permit in accordance with all applicable rules and regulations regarding passenger-carrying capacity and commercial vessel activities.

3. When applicable, the Permittee agrees to present proof, upon request, of Coast Guard certification for the vessel(s) registered with the Department.

4. The fee for this commercial use permit will be as follows:
   a. Commercial permittees operating from state land: The cost for a commercial use permit shall be $300.00 per month or 3% of your gross receipts, whichever is greater.
   b. Commercial permittees operating from a private or county facility or land and said operation does not involve the use of state fast land or land within a shoreline area: $300.00 per month due and payable by the first day of each month.

Exhibit A
c. Commercial permittees possessing a harbor commercial use permit and a commercial use permit for state ocean waters or a navigable stream or a catamaran registration certificate, who are paying their mooring fee or 3 per cent of gross receipts per month (whichever is greater) under the harbor commercial use permit, shall not be required to pay an additional 3 per cent of gross receipts per month under the commercial use permit for state ocean waters or a navigable stream or a catamaran registration certificate, provided that the payment made to the department is based on the total of gross receipts acquired under the harbor commercial use permit and the commercial use permit for state ocean waters or a navigable stream or a catamaran registration certificate.

The foregoing fees are subject to change based upon amendments made to Hawaii Revised Statutes and/or Hawaii Administrative Rules.

5. The fees stated above are due and payable to DOBOR in advance of the first day of the month. Not later than 30 days following the end of the month, the Permittee shall submit to the Division a report of gross receipts for the month plus payment of any additional amount required by the percentage of the gross receipts specified in paragraph 4. Failure to submit the report of gross receipts as required shall be cause for termination of the commercial use permit.

6. During scheduled events pursuant to a marine event permit or other official permission and authorized by the State or U.S. Coast Guard, vessel(s) or operations issued commercial use permits may be required to adjust their schedules or temporarily cease activity as directed by the Department.

7. The Permittee agrees to notify the Department in writing of any changes concerning ownership, address, vessel inventory or operator(s) of a vessel(s) within 7 days of the date of change. Failure to promptly notify the Department of any changes may cause this permit to be terminated by the Department.

8. The Permittee shall at all time use due care for public safety and shall defend, hold harmless and indemnify the State of Hawaii, its officers, agents and employees from and against all claims or demands, including claims for property damage, personal injury or death arising out of or incident to the operation of said vessel or operation.

9. The permit charges are for the privilege of operating a commercial vessel or operation in state navigable waters in the manner stated above. Any other use of harbor/ramp facilities or services must be requested and approved separately.

10. The duration of this commercial operating area use permit shall not exceed the period of 1 year from the date of commencement.

11. The Department may immediately revoke a commercial use permit without a hearing for activity that endangers or may endanger the health or safety of passengers or the public, and may suspend or revoke a commercial use permit for violation of any rules of the Department, if the activity or offense is not corrected following seventy-two (72) hours notice by the Department of the violation. The permit holder shall have ten (10) days from receipt of the notice of suspension or revocation to request in writing an administrative hearing. The administrative hearing is solely for the purpose of allowing the permit holder to contest the basis for suspension or revocation of the permit.

12. This commercial use permit shall be kept in the immediate possession of the Permittee or its agent(s), or at a place of safekeeping in the immediate vicinity of the permitted activity at all times when operating under this commercial use permit and Permittee or its agent(s) shall display the same upon the demand of a Federal, State, or County Enforcement Officer, or representative of the Department.

13. Gross Receipts Defined. Gross receipts shall include all receipts, whether by coin or currency, on account, by check or credit card, derived or received by the Permittee as a result of its operation herein granted and shall include the sales prices received or billed by the Permittee from the sale or rental of its equipment/services of: See signature page. The Permittee shall not be credited with, nor allowed to have any reduction in the amount of the gross receipts, as herein above defined, which results from any arrangements for illegal rebates or kickbacks or hidden credits given or allowed to customers.
14. **Business Practices & Records:** In connection with the obligations of the Permittee, Permittee hereby agrees to:

a. Prepare and keep for a period of not less than three (3) years following the end of each permit year adequate records which shall show daily receipts from all sales and other transactions by the Permittee. The Permittee shall record at the time of sale, in the presence of the customer, all receipts from sales or other transactions, whether for cash or credit. The Permittee shall issue to each customer a receipt or sales slip for each transaction and must be recorded on serially-numbered receipts or sales slips. The Permittee further agrees to keep in storage for at least one (1) year following the termination, suspension, or revocation of the permit, all pertinent original sales records, serially-numbered sales slips and such other sales records, as would normally be examined by an independent accountant pursuant to accepted auditing standards in performing an audit of the Permittee’s sales and gross receipts.

b. Submit to the Department on or before the 30th day of each and every month following each permit month (including the 30th day of the month following the end of the term) at the place fixed for payment of permit fees, a written statement using forms prescribed by the Chairperson of the Department of Land and Natural Resources to be certified as correct by the Permittee or by a person duly authorized by the Permittee to so certify showing in accurate detail, the amount of gross receipts for the preceding month and shall further submit to the Department on or before the 60th day following the end of each permit year at the place fixed for payment of fees, a written statement certified as correct by the Permittee or by a person duly authorized by the Permittee to so certify showing in accurate detail the amount of gross receipts during the preceding year duly verified by an independent Certified Public Accountant. The statements referred to herein shall be in such a form and style and contain such detail and breakdowns as the Department may require. Without any prejudice to any remedies herein provided for such default, if the Permittee shall fail to promptly furnish any such monthly report or Certified Public Accountants Annual Verification report, the Department may have such report prepared on the Permittee’s behalf by an accountant to be selected by the Department, at the expense of the Permittee. The Permittee shall furnish to such accountant all records requested for the purpose of preparing such reports, and the Permittee shall pay to the Department all expenses incurred by the Permittee in securing such reports. Furthermore, the Department may make assessments upon the Permittee by recourse to such procedures selected by the Department which would produce reasonable gross receipts expectation upon which percentage charges may be computed.

In the event that records have not been prepared and kept in accordance with the provisions set forth herein, the Department shall, in addition to all other payments required herein, be entitled to demand and receive an additional payment of ten percent (10%) of the applicable fee if the Permittee is paying fees based on percentage for the period or periods involved. Permittee shall grant unto the Department at all reasonable times access to all books, accounts, records and reports, including gross income tax reports, showing daily sales and at any reasonable times on twenty-four (24) hours notice will permit a complete audit to be made by the Department’s Account or by a Certified Public Accountant of the Permittee’s entire business affairs and records relating to the business authorized by this permit for the term of this permit.

The Permittee will cooperate fully in the making of any inspection, examination or audit. Should such audit by the Department’s Accountant or by a Certified Public Accountant disclose that rental has been underpaid by two percent (2%) or more for any period under examination, the Department shall, in addition to the remedies provided in the above, be entitled to reimbursement of the reasonable cost of any such audit in addition to the deficiency. If such audit by the Department’s Accountant or by a Certified Public Accountant shall disclose that rent has been underpaid by five percent (5%) or more for the period under examination, the Department shall have the right, upon ten (10) days written notice to terminate this permit.

15. **Time of Payment:** The minimum monthly guaranteed fee required herein, shall be paid monthly, in advance, without notice, on the first day of each and every month of each and every year of the term hereof.

16. **This permit does not grant any property rights or exclusive privileges.**

17. **The Department reserves the right to impose further restrictions.**
18. **Vessel Information:**
   - **Vessel Name:**
   - **Vessel Registration:**
   - **Vessel Length:**

19. **Restrictions:**

   **Sites:**
   - Kailua and Lanikai Ocean Waters only

   **Activity:**
   - Kayak Tours only
   - The ratio of client to tour guide shall be (8) to (1) at all times.

This permit does not give authorization to use Kailua or Lanikai Beach. All kayaks shall enter and exit the ocean water through the designated ingress/egress zone in Kailua Beach Park.

- The permittee shall follow all County laws regarding commercial activity in Kailua and Lanikai.

This permit does not authorize use of the DOFAW Islands in Kailua and Lanikai ocean waters. Permit shall be obtained through DLNR-DOFAW.

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I AGREE TO THE TERMS, CONDITIONS AND CHARGES:

Address: 134 Hamakua Dr #B  
Kailua, HI 96734

Email Address: __________________________

Business Phone: (808) 262-5656  
Cellular Phone: __________________________

Signed by (Authorized Representative) __________________________

Print Name: Robert C. Twogood  
Date Signed: 7-16-2020

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STATE OF HAWAII  
DEPARTMENT OF LAND AND NATURAL RESOURCES  
DIVISION OF BOATING AND OCEAN RECREATION

BY: Bruce L. Swartz  
Printed Name

BY:  
Signature

Date: 7/16/20
May 03, 2021

Twogood Kayaks Hawaii, Inc.
Robert C. Twogood, Owner
134 B. Hamakua Drive
Kailua, HI 96734

Dear Mr. Robert C. Twogood,

SUBJECT: Expired Commercial Use Permit No. 20-17105, Account No. 17891.

You are hereby notified that your company is in violation of the Hawaii Administrative Rules, Section 13-256-3, and/or 13-256-4, and Hawaii Revised Statutes, Sections 200-10.

The above subject permit canceled on April 30, 2021. Therefore, we are extending the deadline to renew your permit until June 01, 2021. If you do not renew the permit, you will be subject to late permit renewal fees.

In accordance with the Hawaii Administrative Rules, Part I, Section 13-231-5, if a permittee fails to renew a use permit on or before the date on which it expires, that person may be granted a thirty (30) calendar day period to reinstate the use permit as long as all the conditions and covenants of the original issuance, including the requirement of prompt monthly payment of charges in advance, have been met and the rules governing the use permit of the Department of Land and Natural Resources have been fully complied with. The person shall pay a one-time penalty fee of $250.00 as well as all other applicable fees.

Therefore, all conditions or covenants, including all fees due shall be submitted on or before June 01, 2021.

Should you have any questions regarding this matter, please contact our office at (808) 832-3520.

Sincerely,

[Signature]
Bruce L. Swartz
Oahu District Manager

SENT BY REGULAR & CERTIFIED MAIL – RETURN RECEIPT REQUESTED
**SENDING COMPLETE THIS SECTION**

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. **Article Addressed to:**
   **TWOGOOD KAYAKS HAWAII, INC.**
   **ROBERT C. TWOGOOD, OWNER**
   **134 B. HAMAKUA DRIVE**
   **KAILUA, HI 96734**

2. **Article Number (Transfer from service label):**
   7017 0190 0000 7111 4515

---

**COMPLETE THIS SECTION ON DELIVERY**

A. **Signature**

B. **Received by (Printed Name)**

C. **Date of Delivery**

D. **Is delivery address different from item 1?**
   - [ ] Yes
   - [x] No

---

**Service Type**

- [ ] Adult Signature
- [ ] Adult Signature Restricted Delivery
- [ ] Certified Mail®
- [ ] Certified Mail Restricted Delivery
- [ ] Collect on Delivery
- [ ] Collect on Delivery Restricted Delivery
- [ ] Mail Restricted Delivery
- [ ] Priority Mail Express®
- [ ] Registered Mail™
- [ ] Registered Mail Restricted Delivery
- [ ] Return Receipt for Merchandise
- [ ] Signature Confirmation™
- [ ] Signature Confirmation
- [ ] Restricted Delivery

---

**Domestic Return Receipt**

**PS Form 3811, July 2015 PSN 7530-02-000-9053**
July 02, 2021

Twogood Kayaks Hawaii, Inc.
Robert C. Twogood, Owner
134 B. Hamakua Drive
Kailua, HI 96734

Dear Mr. Robert C. Twogood:

EXPIRED COMMERCIAL USE PERMIT NO. 20-17105.

On April 30, 2021, the commercial use permit for Twogood Kayaks Hawaii, Inc., failed to renew their annual permit. An expired commercial use permit letter was sent by certified mail to your last known address on May 03, 2021, with a deadline to renew by June 03, 2021.

Per Hawaii Administrative Rule, Section 13-231-5 (a), states “Upon expiration of the period stated therein, the use permit and all rights of the permittee thereunder shall automatically terminate. No type of use permit shall be renewed unless all the conditions or covenants of the original issuance, including the requirement of prompt monthly payment of charges in advance, have been met and the rules governing small boat harbors and navigable waters managed of the department of land and natural resources have been fully complied with.”

YOU ARE HEREBY NOTIFIED THAT ACCOUNT 17891 HAS BEEN CLOSED EFFECTIVE APRIL 30, 2021.

Should you have any questions regarding this matter, please feel free to contact us at 832-3520. Our office hours are from 7:45 a.m. to 4:00 p.m. on Monday through Friday. We are closed on Saturday, Sunday, and state holidays.

Sincerely,

Bruce L. Swartz
Oahu District Manager

SENT BY REGULAR & CERTIFIED MAIL - RETURN RECEIPT REQUESTED
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<th>USPS Tracking/Article Number</th>
<th>Addressee (Name, Street, City, State, &amp; Zip Code)</th>
<th>Postage (Extra Service Fee)</th>
<th>Handling Charge</th>
<th>Actual Value if Registered</th>
<th>Insured Value</th>
<th>Due Sender if COD</th>
<th>ASR Fee</th>
<th>ASROG Fee</th>
<th>RD Fee</th>
<th>RR Fee</th>
<th>SC Fee</th>
<th>SCRD Fee</th>
<th>SH Fee</th>
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</table>
| 1. 7017 0190 0000 7111 4638 | TWOGOOD KAYAKS HAWAI`I, INC.  
ROBERT C. TWOGOOD, OWNER  
134 B. HAMAKUA DRIVE  
KAILUA, HI 96734 | $0.51 | $3.60 | | | | | | | | | | |
| 2. | | | | | | | | | | | | |
| 3. | | | | | | | | | | | | |
| 4. | | | | | | | | | | | | |

**Certificate Of Mailing**

This Certificate of Mailing provides evidence that mail has been presented to USPS® for mailing. This form may be used for domestic and international mail.

**From:**
DLNR / Boating Division  
Oahu District Office  
4 Sand Island Access Road  
Honolulu, Hawaii 96819

**To:**
TWOGOOD KAYAKS HAWAI`I, INC.  
ROBERT C. TWOGOOD, OWNER  
134 B. HAMAKUA DRIVE  
KAILUA, HI 96734

**PS Form 3817, April 2007 PSN 7530-02-000-9065 BOR-O 078.21**
Complete this section

1. Article Addressed to:
   TWOGOOD KAYAKS HAWAI'I, INC.
   ROBERT C. TWOGOOD, OWNER
   134 B. HAMAKUA DRIVE
   KAILUA, HI 96734

   BOR-O 078.21 ACCT. CANCELLATION

   9590 9402 4539 8278 4679 55

2. Article Number (Transfer from service label)
   7017 0190 0000 7111 4638

---

COMPLETE THIS SECTION ON DELIVERY

A. Signature
   [Signature]

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1?
   □ Yes
   □ No

If YES, enter delivery address below:

---

3. Service Type
   □ Adult Signature
   □ Adult Signature Restricted Delivery
   □ Certified Mail®
   □ Certified Mail Restricted Delivery
   □ Collect on Delivery
   □ Collect on Delivery Restricted Delivery
   □ Priority Mail Express®
   □ Registered Mail™
   □ Registered Mail Restricted Delivery
   □ Return Receipt for Merchandise
   □ Signature Confirmation™
   □ Signature Confirmation Restricted Delivery
DCCA State of Hawaii

Downloaded on October 8, 2021.
The information provided below is not a certification of good standing and does not constitute any other certification by the State.
Website URL: http://hbe.ehawaii.gov/documents

Business Information

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<th>MASTER NAME</th>
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<td>STATUS</td>
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<td>PURPOSE</td>
<td>RETAIL / WHOLESALE SALES &amp; RENTAL OF KAYAK EQUIPMENT</td>
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<td>PLACE INCORPORATED</td>
<td>Hawaii UNITED STATES</td>
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<td>PER</td>
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Officers

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<td>TWOGOOD,ROBERT</td>
<td>P/V/T/S/D</td>
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Exhibit B
## Stocks

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Incident and Report Control

A. COMPLAINT

Taken By: PAULELE, ROBERT A  Reported Date/Time: 5/24/2021 9:00:00 AM

How Taken: OTHER

Incident Summary: SYNOPSIS

Pending investigation regarding Twogood Kayak Co. Potential un-authorized use of commercial activity.

Location: KAILUA BEACH PARK

B. REPORT CONTROL

Branch: OAHU

District: ODIV

Lead Investigator: PAULELE, ROBERT A

C. NOTES/DISPOSITION/OTHER INFO

Disposition: PENDING FURTHER ACTION

Exhibit C
SYNOPSIS

Pending investigation regarding Twogood Kayak Co. Potential un-authorized use of commercial activity.

ASSIGNMENT/ARRIVAL:
I am currently employed by the Division of Conservation Resources Enforcement, State of Hawaii Department of Land and Natural Resources, (DOCARE/DLNR).
On May 24, 2021 / at approximately 0900 hours, I was assigned by Branch Chief TANIGUCHI to investigate any possible unauthorized commercial activity at Kailua Beach.

COMPLAINT:
DOCARE has been receiving numerous complaints regarding possible unauthorized commercial activity on Kailua Beach. The complaints relate to Kayak excursions and staging of equipment on the beach and or around the high water mark. This includes teaching, marketing/soliciting and giving instruction to customers/clients.

SCENE:
The Kailua Beach area fronting the near the second lifeguard tower.
Address: 526 Kawaiola Rd.
        Kailua, HI 96734
Location commonly known as Kailua Beach.

DIVISION OF INVESTIGATION:
State of Hawaii, Managed by Division of Boating Ocean Recreation (DBOR).

WEATHER CONDITION and LIGHTING:
Early morning, post-sunrise with clear skies.

VANTAGE POINTS:
Upon arrival to the location, at an approximate distance of twenty (20) yards, I observed the approximately (8) kayaks with what appeared to be customers staged on the beach with an instructor/tour guide assisting to launch the kayaks into the water.

OBSERVATION:
Approximately (8) kayaks staged near the high water mark. These kayaks were set in the sand in with customers waiting for assistance to be helped and directed into the water.
During this observation, I noticed one (1) female who was wearing what appeared to be a black in color long sleeve with a white forward facing hat pull each kayak one by one into the water and assist paired customers onto the kayaks while also proving instruction.

I also noticed that once all kayaks entered in the water, the female instructor/guide entered into the water with her own kayak to further provide instruction and direction.

SUSPECT COMPANY AND OWNER IDENTIFIED:
Company: Twogood
Owner: Bob Twogood
        DOB: N/A
        Age: N/A
        Height: N/A  Weight: N/A

Business Address: 132 Hamakua Dr
VIDEO/PHOTOS
See photographic report attached and reference video sent via email chain of command.

EVIDENCE:
None taken.

INVESTIGATION:
This surveillance action was done due to on-going complaints. The complaints consisted of an illegal commercial activity that was occurring on Kailua Beach. The suspect business was operating commercial activity on and near the high water mark that not been cleared by Department of Land and Natural Resources. The complaints mentioned that the suspected operator of the commercial business was seen staging several kayaks on the beach as well as guided tours at this location.

During this investigation, I observed (8) kayaks in row staged on the beach. There was one (1) female present providing assistance in launching, teaching, instructing and giving directions.

I then proceeded to video the potential violation. After documenting the violation via video, I then turned my attention to the suspected owner of the business which I identified him as Twogood Kayaks.

I left the location and got in my state vehicle. I then contacted DOBAR representative Ed UNDERWOOD to brief him on what I had observed and the interaction with the suspect. I informed UNDERWOOD that I would open a case in regard to my observations and would submit to Branch Chief TANIGUCHI.

DISPOSITION:
Pending review.
R. PAULELE #228 / May 24, 2021 / 1000 hrs.
Kayaks observed in Bob Twogood’s truck

Continued

Bob Twogood identified in this photo near his truck w/Kayaks
Bob Twogood's truck observed near the unloading area of the Kayaks.
Ready for a day of adventure on Oahu? Then look no further! Select a tour and come kayaking with us in Hawaii!

- **Guided Kayak Tour**
  This guided kayak tour was created specifically for those who enjoy being outdoors and want to experience Hawaii’s exciting and tropical ocean environment.
  
  [BOOK NOW] [LEARN MORE]

- **Self-Guided Kayak Adventure Package**
  Land your kayak on a tropical pristine white-sand beach for swimming, hiking, snorkeling, and sunning.
  
  [BOOK NOW] [LEARN MORE]

- **Kailua Beach Turtle Safari**
  Your self-guided Kailua beach adventure starts when we pick you up from your hotel in Waikiki and comfortably drive you over to our ship in world-famous Kailua.
  
  [BOOK NOW] [LEARN MORE]