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August 25, 2003

Mr. Justin W. Schuck,
Case Manager
American Arbitration Association
6795 North Palm Avenue, 2nd Floor
Fresno, California 93704

VIA FACSIMILE ONLY:
559/490.1919

RE: Mary Lou Woo, Trustee v. Bobby N. Harmon
Case No. 74 166 00491 03 JUSC

Dear Mr. Schuck:

I acknowledge receipt of letters dated August 23, August 25, and three letters dated August 19, 2003, addressed to you and Ms. Shermehorn from Mr. Harmon. My letter to you dated August 19, 2003, responded to two of the three August 19th letters.

As to Mr. Harmon's commentary concerning my letter dated August 18, I note that Mr. Harmon concedes "that the Insurance Division does not have authority, nor are they being asked, to make a **coverage decision**." (*emphasis in the original*). Although Mr. Harmon states that he wants to delay the AAA proceedings while he is "still in the process of contesting the validity of the insurance company's denial of coverages," his own letter acknowledges that the Insurance Division will not address the issue of whether his own intentional actions fall within the parameters of the insurance "coverages". As I previously stated, there is no legitimate basis to postpone the arbitration.

In light of the many letters sent by Mr. Harmon to the AAA, I am astonished by his comment that the delay in this matter is due to my "insistence upon selecting an arbitrator who would appear not to meet AAA's requirements for experience and neutrality that has been the real cause of these delays." As you know, I've written letters objecting to your decision not to appoint various individuals based upon false claims of conflict made by Mr. Harmon. AAA has presented the names of various individuals who "meet AAA's requirements for experience and neutrality" and it has been Mr. Harmon's unique perspective on the world that resulted in various individuals not being selected as the arbitrator and the fact that a date for the arbitration has still not been assigned.

I reiterate my prior comments as to Mr. Harmon's correspondence regarding Ms. Neustadter and the AAA proceeding with the arbitration. There is nothing in any of his letters which establishes that Ms. Neustadter has any conflict regarding this case.

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The objective reality is that the Hale O Kaula case, referenced in letters from Mr. Harmon, has absolutely nothing to do with the parties to this arbitration or the claims being presented. Further, there is no correlation between the concern of Special Master Robert Richards quoted in Mr. Harmon's August 23 letter and Ms. Neustadter serving as the arbitrator in this matter.

Similarly, there is no correlation between the "high-profile donor" discussed in the article Mr. Harmon references in his August 25, 2003 letter or any of the other parties named in the subject *Honolulu Advertiser* article of July 12, 2003. The issues presented in the recent Hawaii criminal investigation of campaign donations are not relevant to this arbitration.

Due to Mr. Harmon's letter writing campaign, the arbitration has been substantially delayed. We have elected to not respond to every misstatement made by Mr. Harmon as the cost to my client would be excessive. Similarly, we don't keep reiterating our objection to Mr. Harmon's decision to continue to violate the subject settlement agreement by sending correspondence to various third parties. The arbitrator needs to review the actions of Mr. Harmon and despite his delaying tactics, proceed to adjudicate the merits of the case.

We continue to see nothing in the volume of correspondence being generated by Mr. Harmon that in any way raises a legitimate issue regarding Ms. Neustadter being a neutral party who is qualified to be the arbitrator in this case. We look forward to having the case move forward with Ms. Neustadter as the arbitrator.

Sincerely,



STEVEN GUTTMAN

cc: Ms. Julie A. Shermerhorn (via facsimile only to 559.490-1836)
Mary Lou Woo, Trustee
Mr. Bobby Harmon
Ms. Thereza Harmon