

HUGHES & TAOSAKA

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November 11, 1997

Mr. Dexter Ego
Island Insurance Companies
1165 Bethel Street
Honolulu, Hawaii 96813

Re: Insured: Bobby N. Harmon
Claimant: P&C Insurance Company Inc.,
et al.
Claim No.: 000000002051712
Date of Loss: December 29, 1996

Dear Mr. Ego:

As you know, we previously submitted Requests for Answers to Interrogatories to each of the Plaintiffs in this case to determine what the damages are that they claim they have sustained as a result of Mr. Harmon's alleged acts. Each of the Plaintiffs (including P & C Insurance) made the same response as to their various claims:

Incorporated herein by reference are the various motions and memoranda associated with Plaintiffs' Motion for Preliminary Injunction filed February 14, 1997, and Emergency Motion to Enforce Order Granting Plaintiffs' Motion for Preliminary Injunction filed August 21, 1997, and opposition memoranda to Defendant's Motion to Dissolve or Modify the Order Granting Plaintiffs' Motion for Preliminary Injunction.

In addition, respondent avers that the theft of KSBE property, including confidential and privileged information and documents, has a continuing injury to KSBE given Defendant's admitted intent to use such information against the interests of KSBE. KSBE has had to expend a substantial amount of resources, in both man-hours and expenses, to recover its property and to protect its relationship with its insurance carriers, agents and adjusters, because of the breach of Defendant's fiduciary duties.

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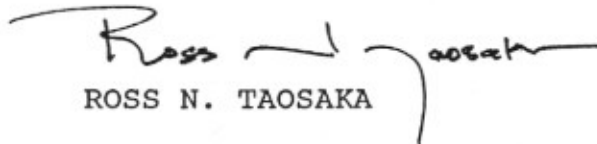
Plaintiffs have also had to incur a substantial amount of cost in legal fees and court costs to protect KSBE's interests and to recover its property.

Discovery is presently ongoing and the injury suffered by KSBE is a continuing one. Plaintiffs will supplement this request as they gather evidence on the injury that KSBE has suffered and additional evidence of its continuing injury caused by Defendant.

As to interrogatories on the specific amount of damages sustained, Plaintiffs note that discovery is still continuing. They have not yet retained any expert witnesses, and the only two witnesses they list having information regarding their damages/injuries are Nathan Aipa and Bobby Harmon.

If for some reason you wish to receive copies of the Plaintiffs' Interrogatory responses, please let us know. Further reports will follow. Feel free to call us with any questions.

Very truly yours,



ROSS N. TAOSAKA

RNT:lko

cc: Mr. Bobby N. Harmon

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