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September 13, 2007

Joint Senate-House Investigative Committee
to Investigate the Bureau of Conveyances
Hawai'i State Capitol
415 South Beretania Street
Honolulu, Hawai'i 96813

✓ Co-Chair Senator Jill Tokuda; Co-Chair Representative Joseph Souki; and Members of the Committee, Senator Carol Fukunaga; Senator David Ige; Senator Russell Kokubun; Senator Mike Gabbard; Representative Sharon Har; Representative Karl Rhoads; Representative James Tokioka; and Representative Cynthia Thielen:

I was involved in a real estate transaction that closed late last year through recordation at the Bureau of Conveyances of the State of Hawaii. That transaction is among others being investigated by your committee. I reviewed certain documents on the website allegedly describing the role played by Ms. Sandy Furukawa and Title Guaranty of Hawaii. I would like to address certain statements in your record of which I have personal knowledge and I would like to correct or dispute certain false statements. In summary, based on my involvement and the facts I am personally aware of, the correspondence I reviewed inaccurately portrays Ms. Furukawa's engagement and activities in connection with this significant real estate transaction.

The United States Congress included the Military Housing Privatization Initiative in the National Defense Authorization Act for Fiscal Year 1996. This initiative allows the Department of Defense to work with the private sector to build and renovate military housing. It was in connection with the closing of one of these military housing privatization transactions, one involving close to \$845,000,000 that I, Ms. Furukawa and Title Guaranty became involved. After the closing, there was a ceremony held at Ford Island where Senator Daniel Akaka and Representative Neil Abercrombie were the featured speakers. I mention this only to point out that this was a legitimate United States of America transaction.

The materials I reviewed swirled around problems at the Bureau of Conveyances and I am not in any position to speak of those. However, the materials I reviewed included correspondence or memos regarding alleged discussions between Mr. Brad Ishida of Island Title

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Corporation and Mr. Dennis T. Ihara concerning the role of Ms. Furukawa and Title Guaranty as well as the recordation of documents for this Navy and Marine Housing Privatization transaction that I can speak of.

I was not involved in and have no personal knowledge of the activities of correcting mistakes in the documents but I was involved in the hiring of Ms. Furukawa in the first place and would like to provide the accurate facts of the background of why and how Ms. Furukawa was retained and the valuable and proper services she provided in this complex and huge transaction. I have no first-hand knowledge of any favoritism or lack thereof but I do add a few comments about "leveling the playing field" at the end. Statements I make about my client in this transaction are public and non-confidential information.

In the summer of 2006, I was contacted by lawyers from a Philadelphia law firm and a Washington, D.C., law firm representing the lender for this transaction. They explained that the lender was involved in financing this huge military housing privatization transaction. They already had local counsel but wanted additional co-counsel because of the size of the transaction, the amount of dollars involved, the looming deadlines (having to do with Congressional authorizations that would sunset) and title issues that they were seriously concerned about. Their title company, Island Title Corporation, their local counsel, as well as the borrower's counsel appeared not to be sufficiently familiar with the issues or avenues of resolution to give these lawyers and Merrill Lynch the comfort that they were seeking.

After being retained as additional local counsel to the lender, I had several discussions with the mainland counsel and upon understanding the legal complications they were concerned about, explained that the problems were not insurmountable, that I had experience in resolving similar issues in the past with full compliance with Land Court laws. As my experience in resolving these issues had involved Title Guaranty and Ms. Furukawa and since Island Title was the title company for the transaction, I suggested that the lender hire Ms. Furukawa and Title Guaranty as consultants.

As an aside, I am currently working on a transaction where some of the same issues are presented. We are proceeding to address these issues in the same way as in the military housing transaction and no special favors or violating of rules are required. All that is required is the knowledge and experience as to how these matters have been traditionally handled to comply with Land Court regulations. So the basis for my recommending the hiring of Ms. Furukawa and Title Guaranty was their knowledge and experience in resolving problems for which Island Title was uncertain as to their resolution. Contrary to the statements I have read, they were not hired to speed things through the Bureau although certainly knowing the proper methods of resolving the title issues would certainly prevent rejection of the documents for recordation and expedite the recordation at the Bureau and the closing of the transaction. Neither

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were they hired because they could obtain special favors from Bureau personnel. See my comments at the end about how special favors in my experience are innocent helpfulness where there is no bribery involved and the ones seeking help are just pleasant and have interpersonal skills.

With the help of Ms. Furukawa, we were able to formulate for the lender and its mainland counsel alternative strategies depending on whether the several survey firms working on the project completed their work on a timely basis. We provided the lender with advice and assistance with proper documentation, which gave them the comfort and assurances that they required, and they proceeded to close the transaction before the closing deadline imposed by the United States Congress. While I was not involved with the recordation, I now understand that the multiple documents that had to be recorded had several blanks that required filling in and were incorrectly filled in. The filling in of blanks in the documents is customary as the information for the blanks, such as recordation document numbers, are often not available until recordation takes place. To those unfamiliar with this, it may appear that documents are being tampered with when they are not.

From reading the correspondence, I have become aware that there were mistakes made in filling in these blanks which mistakes were caught by the other Hawaii counsel for the lender. I recall these were complex documents that combined separately conveying elements of land and improvements on land and involved document numbers for both the regular system and the land court system of recordation. Perhaps these were mixed, I don't really know. However, I can understand how mistakes in document numbering and filling in of the blanks could take place. From reading the record, it appears that Island Title personnel, either together with Bureau personnel or with Bureau personnel's permission, performed the task of correcting the misinformation. Since I was not involved, I will not comment other than to say that, if all that happened is that mistakes were corrected, there is only the appearance of impropriety (with which people with their own agendas can use to suit their own interests) and no improper actions and no "manipulation".

The correspondence alleges that Ms. Furukawa was engaged specifically to use her relationship with the personnel at the Bureau to arrange for Island Title to perform the task of correcting the mistakes. Mr. Ihara writes that the corrections of the mistakes took place on November 13, 2006 and that it was around that time that the developer and their attorneys then hired Ms. Furukawa to "speed things through the Bureau". As I mentioned above, Ms. Furukawa was engaged as a consultant, long before the mistakes in the recordation were made. My records show that I recommended to the mainland lawyers by email on June 30, 2007 that they hire Ms. Furukawa as a consultant. Ms. Furukawa was not hired to "speed things through the Bureau". She was hired because she had the requisite knowledge as to how to solve the title issues and because she had experience in solving similar issues in the past.

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Unquestionably, as the former Assistant Registrar of the Land Court and as a person with relationship skills, Ms. Furukawa has good cooperative working existing relationships with Bureau personnel and as I will discuss later, such relationships in Hawaii have always been of immense value in dealing with all branches of government. It does not surprise me then that Ms. Furukawa would be called upon to assist in addressing the problem of the mistakes in filling in the blanks and that she would speak to Bureau personnel as to the proper means of fixing the mistakes. However, she was not hired for that purpose. She was hired and provided services as a consultant based on her knowledge and experience several months prior to November, 2006.

When I graduated from law school in 1974 and began practicing law as a real estate attorney, I intuitively knew (probably my parents taught me this) that it was important to cultivate good relationships with people who could be of assistance to me in my practice. I walked over and introduced myself to Mickey Adachi who was then Assistant Registrar of the Land Court (or did Charlie Neumann come before Mickey?). I also formed a relationship with Juanita Post who was Registrar of the Land Court, I think. When Archie Viela succeeded, I walked over and introduced myself to him and formed a relationship. I still say hello when I see Archie at UH basketball games. I also formed relationships with other bureau personnel. These were all professional relationships and the value I received from these relationships was that I could get questions answered as to procedures and often times answers as to department interpretation of rules and regulations. What did I have to give in return? I had to be nice, friendly, courteous and appreciative. These are traits we teach our children will pay dividends. They have for me.

Over my professional career, I have formed these professional working relationships with government personnel at the Department of Commerce and Consumer Affairs, the State Tax Office, the Department of Land and Natural Resources, the State Land Use Commission, the State Office of Historic Preservation, the State Transportation Department, the State Securities Commissioner's office, Office of State Planning, the Real Estate Commission staff, the Attorney General's office, the planning departments and public works departments and the corporation counsel of the various counties. I continue to work with all of these departments in my practice and I try to be nice, polite and friendly. You have to in order to be successful. While I call these professional relationships there is a touch of informal local-boy type relationships which I value.

In every instance when I sought favors through these relationships, never once did I ask for and never once did I receive any so-called favor that was outside the rules and regulations. I always expected that the State workers would not give such favors. The favors were simply in the form of assistance in helping me and my clients comply with the rules and regulations. If there is any preferential treatment, it is simply the result of human nature and the

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preferential treatment I have experienced is never illegal or beyond the rules. It is human nature for people to be more cooperative when dealing with someone who is nice. Yes, there are exceptions in the civil service ranks but these exceptions are few. There was a time when we used to speak about the attitude of lawyers who were Coast Haoles. They would have a difficult time dealing with government personnel. It was not a matter of race but simply a matter of common human decency and relationship skills.

If Ms. Furukawa maintains close, harmonious relationships with bureau personnel, she is in a better position to provide a valuable service to her clients and the customers of Title Guaranty. Unquestionably other title companies have personnel with similar relationship skills. In my more than 30-year career, I am not aware of any favors that violated any rules and regulations rendered to anybody by government personnel from all of the many governmental agencies that I work with but I am aware of friendly and cooperative responses to a humane, friendly, courteous approach.

The implications of something improper having gone on is not warranted. The result of having superior experience and knowledge and being just plain nice and having good relationships and knowing how to work with people is being cast as something illegal or evil. The result of having superior knowledge and experience is being used to accuse people of achieving their success through improper means.

What a sterile world Hawaii would become if "leveling the playing field" meant that skill in interpersonal relationships should be ignored as something bad and people who do not know how to relate to others should nonetheless be treated in exactly the same way as someone who is personable, likeable, friendly and courteous. So long as rules are not broken, human nature should be allowed to be natural and we should not attempt to require our government personnel to shed their human qualities. If there is real evidence of improper favors rendered in return for illegal contributions then these should be dealt with. I have no knowledge of those. But I have personal knowledge of false statements as I describe above and based on those, I wonder if Ms. Furukawa and Title Guaranty are being "railroaded".

There is a joke circulating by email about Congress passing the Americans With No Abilities Act that would require employers not to grant special favors to employees who do a better job. I know that this a serious matter and I apologize for this reference but I cannot help thinking that there is a parallel.

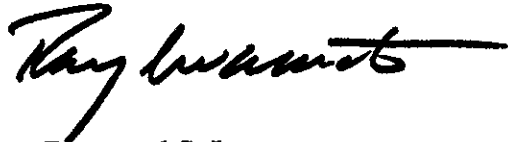
I am a member of the American College of Real Estate Lawyers, a past chairman of the Real Property section of the State Bar, former Staff Judge Advocate General for the Hawaii Army National Guard and am listed in the International Who's Who of Real Estate Lawyers, The Best Lawyers in America and Chambers USA America's Leading Lawyers, and truly believe that a large part of my success is attributable to the tremendous assistance I have

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received during my career from State employees working for various State departments. I view the statements in the materials about leveling the playing field when extended to my practice of law to be nothing more than asking to change our culture by asking State employees to shed their humanity and cease giving me the valuable assistance and advice I have received from them over the years.

Thank you for considering what I have written. I will be pleased to answer any questions or provide clarification.

Very truly yours,

A handwritten signature in black ink, appearing to read "Ray Iwamoto", with a long horizontal flourish extending to the right.

Raymond S. Iwamoto

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