

# CHICAGO TITLE INSURANCE COMPANY

6601 FRANCES STREET, OMAHA, NE 68106 • TEL: (402) 498-7000 • (888) 453-4095

May 23, 2012



Kale and Dianne Gumapac  
HC2 Box 9607  
Kea'au, HI 96749

RE: Claim Number: **433707**  
Policy/Escrow No: T76-000020391, 200023300  
Insureds: Kale Kepekaio Gumapac and Dianne Dee Gumapac  
Property: 15-1716 Second Avenue, Kea'au, HI 96749 ("Property")

Dear Mr. and Mrs. Gumapac:

Please be advised that I am the claims counsel assigned to your claim on behalf of Chicago Title Insurance Company ("Company"), the successor in interest to Tigor Title Insurance Company. The Company has had an opportunity to review the claim and based upon the facts as the Company currently understands them, the Company respectfully denies the claim, as stated below.

On February 24, 2003 you purchased the above-referenced property ("Property"). On that date, Title Guaranty of Hawaii, on behalf of the Company, issued to you a 1998 Hawaii Standard Owner's Policy of Title Insurance ("Policy"). On January 18, 2011, you retained Momilani Glushenko of Hawaiian Alliance, LLC, to "investigate" your title to the Property. In a report dated January 21, 2011, Momilani Glushenko stated as follows:

Defect in Title Summary:

Owner's deed was not lawfully executed according to Hawaiian Kingdom law.

Total Claim:

\$178,000.00

The report states further that as the notaries public and the Bureau of Conveyance weren't part of the Hawaii Kingdom, that the documents in your chain of title were not lawfully executed.

You have submitted a claim to the Company requesting payment of Policy limits and referencing the "1893 Executive Agreement, being the *Lili'uokalani assignment* and the *Agreement of restoration*" ("1893 Executive Agreements") of which the Hawaiian courts have taken judicial notice.

In order for the Company to have a responsibility with respect to this claim, the claim must fall within the purview of the insuring clause of the Policy and must not be excluded by any of the limiting provisions found therein.

The Company has reviewed the report of Momilani Glushenko and can find no merit to the position that your title is somehow defective as a State of Hawai'i notary acknowledged the documents of conveyance in the chain of title to the Property and as these documents were recorded at the State of Hawai'i Office of the Assistant Registrar of the Land Court.

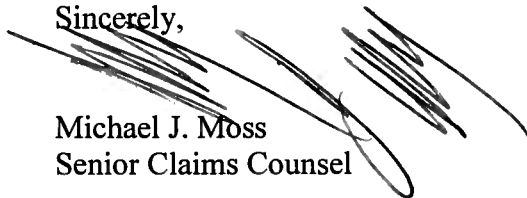
Regarding the 1893 Executive Agreements, the Company acknowledges that in 1993 the United States Government recognized the illegality of the overthrow of the Hawaiian Kingdom and the role of the United States in that event. (See P.L. 103-150, 107 Stat. 1510 (1993)). Further, the Company acknowledges that the Hawaiian Courts have taken judicial notice of the 1893 Executive Agreements. However, that recognition does not appear to be tantamount to a recognition that the Kingdom continues to exist. *State v. Lorenzo*, 883 P.2d 641, 643 (Haw. Ct. App. 1994). In addition, the Hawaiian Courts have consistently found that that the Kingdom of Hawai'i is no longer recognized as a sovereign state by either the federal government or by the State of Hawai'i. See *State v. Lorenzo*, 77 Hawai'i 219, 221, 883 P.2d 641, 643 (Haw.App.1994); accord *State v. French*, 77 Hawai'i 222, 228, 883 P.2d 644, 649 (Haw.App.1994); *Baker v. Stehura*, CIV 09-00615 ACK-BMK, 2010 WL 3528987 (D. Haw. Sept. 8, 2010).

As the Kingdom of Hawai'i is no longer recognized as a sovereign state by either the federal government or by the State of Hawai'i, your claim including the existence of the 1893 Executive Agreements, does not fall within the purview of an insuring provision of the Policy including Covered Risk No. 2, pertaining to defects or encumbrances upon the title.

Finally, even assuming that the 1893 Executive Agreements were somehow considered a defect or encumbrance upon your title, the Company is unaware of any challenge to the title to your Property at this time based upon the 1893 Executive Agreements or otherwise. In light of the above, your claim is respectfully denied.

Please note that reference to any particular provision of the policy in this letter shall not be construed as a waiver of any other term or provision. The Company retains the right to supplement this letter. Also, please be advised that the Company reserves the right to deny this claim based on additional grounds. If you feel that I have failed to take into consideration facts or authorities in reaching this conclusion, or you believe that certain causes of action fall within coverage, please resubmit your request with your own analysis, and it will be reviewed again. You may contact me at (402) 970-3838 or by e-mail, [Michael.moss@fnf.com](mailto:Michael.moss@fnf.com).

Sincerely,



Michael J. Moss  
Senior Claims Counsel