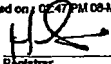
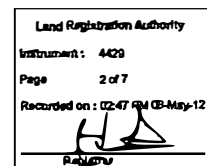


THE TERMINATION OF  
THE 1990 EASTERN GATEWAY LEASE  
ON REMEJON AND WOTJE WETOS

Land Registration Authority  
Instrument: 4429  
Page 1 of 7  
Recorded on: 02:47 PM 08-May-12  
  
Registrar

www.legislation.com/No-7120  
**PLAINTIFF'S  
EXHIBIT**  
P-7

**NO TRESPASSING**  
**NO PERSON IS ALLOWED ON THIS PREMISES**  
**AFTER APRIL 20, 2012**  
**WITHOUT THE EXPRESS WRITTEN CONSENT**  
**OF**  
**IROIJ JURELANG ZEDKAIA**  
**ANYONE VIOLATING THIS ORDER**  
**WILL BE PROSECUTED FOR TRESPASS**



**David M. Strauss, P.C.**  
Attorney at Law

P.O. Box 534  
Majuro, MH 96960 (Marshall Islands)

Phone: (692) 625-3391  
Fax: (692) 625-3398  
email: [dstrauss48@gmail.com](mailto:dstrauss48@gmail.com)

March 20, 2012

Republic of Nauru  
Nauru Local Government Council  
Eigugu Holdings Corporation  
c/o Ruben Tsitsi  
Box 106  
Majuro, MH 96960

Re: Notice of Termination of Lease Agreement for the Eastern Gateway Hotel

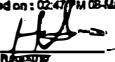
Dear Mr. Tsitsi on behalf of the above:

On behalf of the Lessors/landowners of Remejon and Wotje wetos and pursuant to Section 17(a) of the Lease Agreement for the Eastern Gateway Hotel (the "Lease"), you are hereby notified of the cancellation and termination of the Lease as of April 6, 2012, for the Lessee's failure to cure all of the defaults listed in the notice of February 15, 2012.

Sincerely,

  
David M. Strauss

cc: Jurelang Zedkaia  
Hilda Samuel  
Yolanda Lodge

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 Registrar	

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email: [dstrauss48@gmail.com](mailto:dstrauss48@gmail.com)

February 15, 2012


Republic of Nauru  
Nauru Local Government Council  
Eigugu Holdings Corporation  
c/o Ruben Tsitsi  
Box 106  
Majuro, MH 96960

Re: Default of Lease Agreement for the Eastern Gateway Hotel

Dear Mr. Tsitsi:

The purpose of this letter is to again inform you, on behalf of the current landowners of Remejon and Wotje wetos, to-wit: Jurelang Zedkaia, Hilda Samuel, Frances Laninbit, and Barbara Laninbit-Lobje, that the lessee is in default of the terms and conditions of the August, 1990, Lease Agreement for the Eastern Gateway Hotel, in that the lessee:

1. Failed to pay the annual rent on the premises on July 15 of each year (from July 15, 2004, to July 15, 2011) as required by Section 3(b) of the lease;
2. Failed to comply with all national and local government statutes, ordinances, and regulations as required by Section 5 of the lease;
3. Failed to prevent the commission of waste or nuisance on the premises as required by Section 6 of the lease;
4. Failed to diligently prosecute to completion the construction of the hotel complex on the premises, keep the hotel open for business, and manage the hotel in an efficient, orderly, and lawful manner as required by Section 12(a) of the lease;
5. Failed to keep and maintain the premises and improvements thereon, including adjacent walkways, in good, tenantable, sanitary, and neat order, condition, and repair as required by Section 13(a) of the lease;
6. Failed to promptly repair and restore damage or partial destruction of buildings and improvements on the premises to a condition as good or better than that which existed prior to such damage or partial destruction as required by Section 13(b) of the lease;

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Registrar

7. Failed to keep all improvements on the premises insured for full replacement value against loss or damage due to fire, vandalism, typhoons, and wave damage as required by Section 14(a) of the lease;

8. Failed to maintain personal injury liability insurance covering the premises and the improvements in the amounts of \$500,000 for injury or death to any one person, \$500,000 for injury or death of any number of persons in one occurrence, and \$500,000 property damage liability as required by Section 14(b) of the lease; and

9. Failed to maintain worker's compensation insurance in the form and amounts as is required under the laws of Guam as required by Section 14[c] of the lease.

Additionally, the landowners have received a copy of the October 12, 2010, letter from the Honorable Nauru Minister of Foreign Affairs Dr. Kieren Keke to the Honorable Marshall Islands Minister of Foreign Affairs John Silk relinquishing the land lease on the Eastern Gateway Hotel site.

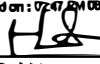
Please be advised that the landowners demand that all of the above defaults be cured no later than Monday, March 19, 2012. If you have any questions, do not hesitate to contact me.

Sincerely,



David M. Strauss

cc: Jurelang Zedkaia  
Hilda Samuel  
Yolanda Lodge

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Instrument: 4428
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Ask Michael how you can track your packages!

See page 16



Susan Jieta of Mejit (pictured) is one of six expert weavers taking part in a 'jaki-ed' (special mat) workshop at the University of the South Pacific's Marshall Islands Campus, which is designed to prove how important the art of weaving is to the Marshallese culture.

USP Director Dr. Irene Taafaki said Raitok Elementary teacher Brooke Abraham has been recording the conversations of the weavers.

"When Brooke was teaching at Enwetak, she began to see how the children from weaving families did better at school than those who weren't.

"We began to see weaving as more than a handicraft or a money-maker, instead it's at the heart of cultural survival itself. It's a place where cultural knowledge is transmitted."

The other weavers are Airine Keju of Mejit, Patsy Herman of Nambik, Meja Katil of Arno, Terse Timothy of Ait-inglaplap, and Ashkin Binet of Arno.



# Nauru to end hotel lease

After a nearly 40-year presence on prime Delap real estate, Republic of Nauru officials have told RMI leaders they want out of the lease for the former Eastern Gateway Hotel in Majuro.

Nauru Foreign Minister Kieren Keke spoke with RMI Foreign Minister John Silk and other officials during their visit to New York City last month, when Nauru President Marcus Stephens and RMI President Jurelang Zedkaia delivered speeches to the United Nations. Zedkaia is the iroij for the property in Delap.

Landowners recently filed suit through Micronesian Legal Services alleging that Nauru has failed to pay the \$20,000 annual rent for three years and putting Nauru on notice of its intent to take over the facility on the basis that Nauru violated the terms of the lease.

Continued page 2

## RMI negotiates for two ships

The Marshall Islands is negotiating with the Japanese government to provide two new ships to support its troubled outer island shipping service in the RMI.

Foreign Minister John Silk said this project is in progress with Japan.

A Japan Embassy official confirmed that a Japanese International Cooperation Agency team will visit Majuro in January to meet with the Honorable Ministers of Transportation and Communications and the Marshall Islands Shipping Corporation to review the project.

Continued page 2

Recorded on: 02:47 PM 08-May-10



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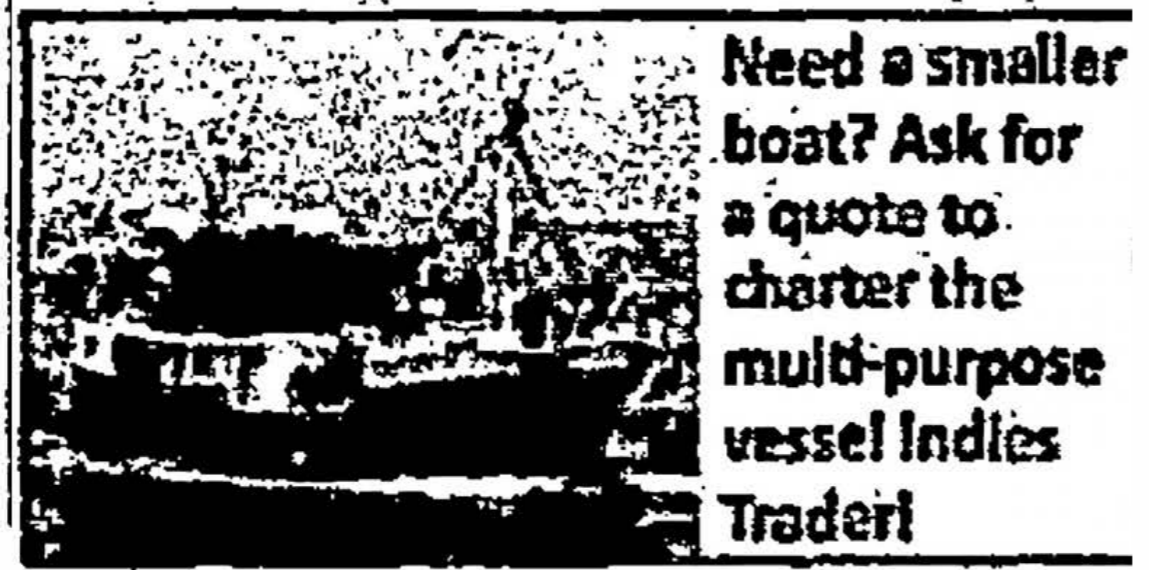
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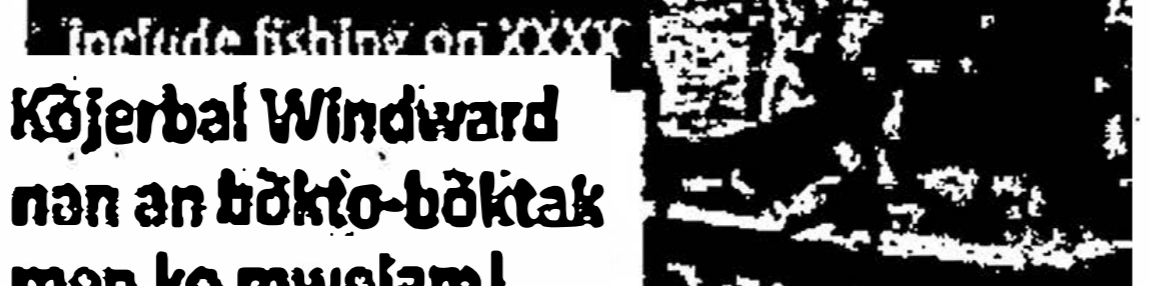
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# KALGov fails in bid to delay MISSA trial

GIFF JOHNSON

An effort by the Kwajalein Atoll Local Government to delay a trial on what it owes the Marshall Islands Social Security Administration was unsuccessful Tuesday as MISSA's \$4.5 million claim against the local government was heard by Judge James Plasman.



Plasman dismissed a motion by KALGov attorney Rosalie Konou that sought to disqualify him, saying her points did not have merit. A second motion filed by Konou the morning of Tuesday's trial sought to have Plasman refer the case to Cabinet for resolution. While he encouraged the parties to seek an out-of-court resolution, the judge said the trial Tuesday was about establishing the liability, if any, that KALGov owes to MISSA.

MISSA attorney David Strauss put MISSA tax examiner Brian Edejer on the stand and he testified that KALGov had filed tax forms with MISSA but has not paid most of the 33 quarters in question. He said as of October 12, KALGov owed MISSA \$4.5 million, which included \$1.3 million in penalties.

KALGov paid \$183,000 to MISSA in 2004, and then the amounts declined each year to 2007, when it paid \$17,000 and it has not paid taxes since, though it has filed its tax returns.

Konou was critical of MISSA's ability to demand a 100 percent penalty and repeatedly asked Edejer about MISSA's ability and past practice of waiving penalties.

The three-hour trial was peppered with argument between Konou and Strauss who, despite repeated warnings from Judge Plasman, continued interrupting him and each other. At

one point late morning Tuesday, Plasman jumped to his feet, yelled "that's it, counsels in chamber," and strode to his office with the two lawyers in tow. After a 10-minute break, the attorneys calmed, but didn't quit their exchange of caustic remarks.

Strauss also put MISSA Administrator Saane Aho on the witness stand. Strauss asked her to explain his attorney fee situation, saying that Konou had issued misleading statements about this. After various objections, argument between the two attorneys and a short break, Aho said Strauss' annual pay from MISSA is limited to \$24,000 and he is paid on an hourly basis.

Konou questioned Aho about whether MISSA was following the law regarding how it pays its attorney and attempted to show that it was in violation by the way it paid Strauss. When Strauss objected to this line of questioning, Plasman said Strauss was the one who opened up the discussion about attorney's fees and Konou was merely continuing it.

After Aho's testimony, the trial recessed until late afternoon to allow Konou time to talk to her clients and for her to put on her witnesses. On

returning to trial at 3:30pm, KALGov chose not to present a defense, and the two lawyers made their closing arguments to the judge.

"We're not saying that we don't owe," said Konou. "We owe only \$1.7 million in principal — not \$4.5 million as claimed (by MISSA)."

Konou likened KALGov to other outer island local governments — dependent on national government subsidies. KALGov may be viewed as having money because it's Kwajalein but KALGov does not have control of Compact funding. "The central government has the power to tap into these funds," said Konou. "Remedies are with the central government. We jumped too quickly to trial when there were other opportunities."

Strauss said that MISSA has met repeatedly with KALGov to offer several options to addressing KALGov's debt but despite numerous options, "KALGov's counsel has refused to accept MISSA's offers."

The suggestion of forgiving KALGov's debts to MISSA is not an option, Strauss reminded the court because both present and former employees are in a situation now where they will not be able to retire. "It's not about KALGov being rich," said Strauss. "KALGov has maintained the same number of employees at the same salary levels without paying their taxes to MISSA, the health fund or the RMI. The problem is a lack of proper budgeting."

Strauss said KALGov owes 15 years worth of contributions "which is why KALGov employees can't retire."

Judge Plasman took the case under advisement and will issue a ruling at a future date.

## Nauru to pull out of Gateway

From page 1  
"Nauru officials approached us in New York City and said they want to get out of the lease," Silk told the Journal this week.

He said he told Keke and other officials that the government was happy to be the go-between to the landowners.

The unfinished hotel property, which is located on the only sandy beach in the downtown area of Majuro, has been turned into retail and wholesale food stores, apartments, offices, auto repair and taxi businesses, and beach dumpsites. It

has been in Nauru hands since the early 1970s.

Silk said he asked Keke to send an official communication stating Nauru's intentions with the lease so the next steps can be taken. "I sent a diplomatic note last week saying that we are awaiting their formal notice," Silk said. Foreign Affairs staff followed this up on Tuesday with a communication to Nauru and Nauru officials confirmed receiving the "dip note," Silk said.

Silk said he would like to see the government discuss use of the property with the landowners.

## Two new ships from Japan?

From page 1  
for two vessels. After this visit, a final decision will be made on the aid project, the official said.

Silk said the Cabinet will be meeting later in the week to discuss the next priority aid projects to be submitted to Japan for consideration.

He noted that a library project for the College of the Marshall Islands had been designed and built two years ago when the RMI took it off its priority list. "It's something the Cabinet will look at," he said. He pointed out that not only would construction of a new CMI library benefit students and faculty but would also provide needed employment to help the econ

Authority

09-May-12

