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March 12, 2007

**Via Certified Mail, U.S. Mail, and
Hand Delivery**

Carol Nelson
990 Cupids Knoll
Monmouth, OR 97361

Dear Ms. Nelson and Sands of Kahana Owners Committee:

We have been retained by the Board of Directors (the "Board") of the Sands of Kahana Vacation Club (the "Club") to investigate and evaluate the activities of the purported Sands of Kahana Owners Committee (the "Committee"). The Board has a contractual and fiduciary duty to protect its members and the general public from potentially misleading and/or deceptive information or solicitation concerning the Club, and to protect the Club's trademark and reputation. To this end, the Board demands that you cease and desist operation of the Committee and its website under the Sands of Kahana name.

First, while the Board recognizes the owner's right to form a group, and you are welcome to do that, you and the Committee are violating the Club's governing documents by misrepresenting to the Club's members and the public at large that you represent, or are somehow affiliated with, the Club. Neither you nor the purported Committee are authorized to represent the Club, and must therefore cease and desist your illegal activities immediately. Pursuant to the Sands of Kahana Vacation Plan recorded with the State of Hawaii Bureau of Conveyances, the Club's Board is the only entity authorized to adopt, delegate, promulgate, and instigate rules and policies for the Club or to request donations from its members. Indeed, the Club by-laws, with which you and all members are contractually obligated to abide, state that "[n]o member has the

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right, without the approval of the Board, to exercise any of the powers or to perform any of the acts delegated to the Club or the Board." Furthermore, the by-laws expressly prohibit the creation or operation of any committee on behalf of the Club without authority and supervision from the Board.

Second, you and the Committee are violating state and federal trademark laws by using the Sands of Kahana trademark. The Lanham Act (15 U.S.C. §§ 1051 - 1127) protects trademark owners, like the Club, from potential dilution and other harmful effects of trademark misappropriation. Your use of the www.sandsofkahanaowners.com website and the name "Sands of Kahana Owners Committee" are clear violations of the Lanham Act because they are likely to confuse members of the consuming public or members of the Club to believe that your group represents the Club or is somehow affiliated with the Club. Moreover, your use of the Club's trademark dilutes and harms the value and goodwill of the Club and its members. The Committee's website is also in violation of the Anticybersquatting Consumer Protection Act of 1999 by operating a misleading website. Finally, the Sands of Kahana Owners Committee name is not registered with the State of Hawaii as required by law.

Due to the Committee's illicit and illegal use of the Sands of Kahana name and goodwill, the Committee is commanded to cease and desist all such illegal activities immediately. If the Committee refuses to change its name and internet address site, and refuses to cease misrepresenting to the public and the members that they somehow represent the Club, the Board will file a lawsuit to obtain a temporary restraining order ("TRO") and preliminary injunction to remove your website and disband the Committee. This will be followed by a lawsuit for all monetary damages caused by the Committee and for all attorneys' fees and costs expended by the Club in being compelled to bring such an action.

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Be assured that the Club and its Board are very serious about this matter and are prepared to immediately file suit against you in the proper legal forum. The Board has an obligation to protect and preserve the Club's assets and property, including the name of the Club. If you have any questions about this, call me at any time.

Sincere regards,

HUTCHISON & STEFFEN



C. Drew Stagg
For the Firm

CDS:re

cc: Michael Kaplan
John T. Steffen, Esq.
Joseph R. Ganley, Esq.