December 14, 2009

DELIVERY CONFIRMATION

(b) (6)

SUBJECT: Second and Final Notice of Payment Due Pursuant to Derelict Vessel Removal and Disposal for the Vessel Named "KED," Formerly Known as the Fletcher J, USCG Doc #1044161, DVRP #KP05-005

Dear Mr. (b) (6)

I received your November 30, 2009 letter regarding ownership of the Ked. At your request, I contacted Kim Marine Documentation; I also requested and received copies of the Abstract of Title, Preferred Mortgage, and other more recent Claim of Liens/Release of Liens listed in the Abstract of Title from the US Coast Guard Vessel Documentation Center. After reviewing the issues you brought up and reading the relevant documents and discussing the situation with Kim Marine Documentation, it appears that whether or not you and (b) (6) stopped paying on the Ked/Fletcher J, if (b) (6) did not formally re-claim the vessel for non-payment, as described in the mortgage, by publishing a notice in the newspaper (page 2 of the mortgage) then he did not legally reclaim the vessel. Additionally, (b) (6) did not file a release of the preferred mortgage or a change in ownership with the United States Coast Guard. If you have documentation demonstrating that (b) (6) re-claimed the vessel then please provide it. At this time it is my determination that you are the owner of the vessel and were the owner at the time the state took action against the vessel. Additionally you did not refute ownership when we provided you with notice of the state's custody action against the vessel. While I understand that this will create a considerable financial hardship for you, I also know that it caused considerable expenditure of taxpayer funds which I am committed to recovering.

The Washington State Department of Natural Resources (the "State") removed and disposed of an abandoned or derelict vessel and has identified you as the party responsible for that vessel. RCW 79.100.060 provides that:

> (1) The owner of an abandoned or derelict vessel is responsible for reimbursing an authorized public entity for all reasonable and auditable costs associated with the removal or disposal of the owner's vessel under this chapter. These costs include, but are not limited to, costs incurred exercising the authority granted in RCW 79.100.030, all administrative costs incurred by the authorized public entity during the procedure set forth in RCW 79.100.040, removal and disposal costs, and costs associated with environmental damages directly or indirectly caused by the vessel.
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> (2) Reimbursement for costs may be sought from an owner who is identified subsequent to the vessel's removal and disposal.

(3) If the full amount of all costs due to the authorized public entity under this chapter is not paid to the authorized public entity within thirty days after first notifying the responsible parties of the amounts owed, the authorized public entity or the department may bring an action in any court of competent jurisdiction to recover the costs, plus reasonable attorneys' fees and costs incurred by the authorized public entity.

You are hereby notified that you owe the State **$434,017.93** in association with the removal and disposal of the Vessel Named "KED," USCG Doc #1044161, DVRP #KP05-005 per the provisions of RCW 79.100. A detailed accounting of these charges is enclosed.

Total Due: Four-hundred-Thirty-four Thousand Seventeen Dollars and Ninety-three Cents
($434,017.93)

You must satisfy this debt by paying the total due in full to the State or by setting up a payment plan with the State no later than January 15, 2009. If you would like to set up a payment plan please let me know. Per RCW 43.17.240 all past due amounts are subject to interest of one percent (1%) per month. If you fail to pay the debt or fail to make arrangements with the State for payment by the due date, the State has and will take the option of referring the debt to a collection agency pursuant to RCW 19.16.500. Please note that the collection agency will add up to 50% to the amount due, for which you will also be responsible. In addition, the Department has the option of bringing an action in court to recover the debt, plus reasonable attorneys' fees and costs incurred by the authorized public entity.

Please make checks payable to Department of Natural Resources and send to:

Department of Natural Resources – Aquatic Resources Div.
Attn: Derelict Vessel Removal Program
1111 Washington St SE
PO Box 47027
Olympia, WA 98504-7027

If you have any questions about this letter, please contact me at 360-902-1574 or .

Sincerely,

Melissa Ferris
Derelict Vessel Removal Program
Aquatics Division

Enclosure