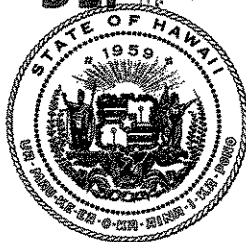


STATE OF HAWAII
OFFICE OF THE AUDITOR
465 S. King Street, Room 500
Honolulu, Hawaii 96813-2917



MARION M. HIGA
State Auditor
(808) 587-0800
FAX: (808) 587-0830

January 7, 2008

The Honorable Colleen Hanabusa
President of the Senate
State Capitol, Room 409
Honolulu, Hawaii 96813

Dear Madam President:

I transmit to you a copy of our report, *Sunrise Analysis: Destination Clubs*.

Destination clubs offer the ultra-rich consumer a choice of vacation accommodations in multi-million dollar properties, in Hawaii and around the world, with all the amenities typical of luxury hotels and none of the responsibilities of home ownership. Although Senate Bill No. 675 was developed, proposed and submitted by a working group that included representatives from the destination clubs and time share industries, we found that it did not meet sunrise criteria requiring evidence of actual or potential consumer harm. We found that it would be inappropriate for the Department of Commerce and Consumer Affairs to regulate destination clubs under our time share laws.

We hope that the report will assist you in reviewing the issues examined. We will place the report on our website, www.state.hi.us/auditor, and release it to the public and press, on Tuesday, January 8, 2008.

Sincerely,

Marion M. Higa
State Auditor

Enclosure

c: ✓ Carol Taniguchi, Senate Clerk