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Deloitte
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February 20, 2004

CONFIDENTIAL

Board of Directors
Majuro Resort, Inc.

Dear Board Members:

In planning and performing our audit of the financial statements of Majuro Resort, Inc. (MRI) for the year ended December 31, 2003, on which we have issued our report dated February 20, 2004, we developed the following recommendations concerning certain matters related to MRI's internal control and certain observations and recommendations on other accounting, administrative and operating matters. Our principal recommendations are summarized below:

(1) Purchases/Disbursements

Of twenty-five cash disbursements tested, supporting invoices and purchase orders/payment vouchers for three disbursements (check #s 531, 1328 and 2530) were not made available. Additionally, two voided checks (#s 1761 and 1306) and one cancelled check (# 2371) were not made available. We recommend that management ensure that all disbursements are supported by appropriate documentation. This matter was discussed in our previous letters dated January 31, 2003 and March 26, 2002.

(2) Revenue/Receipts

Of twenty-five food and beverage sales tested, (amounting to $35,624), seventeen related cash summary reports included cash overages and shortages. The total net variance amounted to a shortage of $1,510. The ticket dates included the following: January 5; February 24; April 4 and 17; May 23; June 13; July 29 and 30; August 8, 22 and 26; September 1 and 7; October 31; November 11 and 24; and December 7, 2003. Although shortages/overages are indicated in the cash summary reports, such appear to occur frequently and on several occasions, in significant amounts. We recommend that management establish policies and procedures to ensure that daily cash collections are properly compiled and reconciled. This matter was discussed in our previous letter dated January 31, 2003.

(3) Revenue/Receipts

Of twenty-five food and beverage items tested, two daily transaction reports (January 5, 2003 and August 26, 2003) did not indicate management review. We recommend management review all daily transactions reports and indicate evidence of that review.

(4) Payroll

Of twenty-five payroll disbursements tested, four payroll (check #s 13397, 14855, 14754 and 14083) allotment authorizations were not made available. We recommend management ensure all payroll allotments and related changes be supported by employee authorization forms and be properly maintained.

(5) Payroll

Of twenty-five payroll disbursements tested, twenty-one timecards did not indicate evidence of management review. Although department managers summarize the hours on the timecards, we recommend they evidence such by initializing the timecards.

(6) Payroll

Of twenty-five payroll disbursements tested, one disbursement (check # 12490) indicated RepMar withholding tax was not properly calculated. We recommend management review all payroll withholding tax calculations to ensure all taxes are properly withheld. This matter was discussed in our previous letter dated January 31, 2003.

(7) Cash - (A/c # 1065-000)

Of deposits in transit of $11,428 at December 31, 2003, approximately $6,787 relate to deposits from October through November 2003 that have not cleared the bank. We understand these are credit card related. We recommend management perform follow-up procedures with the respective institutions to determine ultimate collectibility of these amounts.

(8) Receivables

During the year ended December 31, 2003, MRI wrote-off approximately $37,631 in bad debts. No formal approval of this write-off was obtained from the Board. We recommend that such approval be obtained for write-offs. This matter was discussed in our previous letter dated January 31, 2003.

(9) Receivables

During the year ended December 31, 2003, schedules of accounts receivable were provided for all general ledger accounts. However, the schedules also included payments that were made by customers that were applied to the overall total. As such, the schedules do not depict the proper aging of the individual accounts. We recommend management implement policies and procedures to ensure payments are properly applied to respective invoices to determine the proper aging of all receivables.

(10) Capitalization Policy

During our testing of property, plant and equipment, acquisitions of approximately $65,905 were made during the year. Currently, the Company does not have a formal capitalization policy. We recommend management establish a formal capitalization policy for the recording of capital assets.

(11) Compensated Absences

At December 31, 2003, MRI recorded accrued annual leave totaling $24,940, which included one employee with more than 200 leave hours. The current mandatory vacation policy sets a maximum of 200 hours of unused vacation leave that may be accrued. Further, accrued vacation balances at year end are calculated based on average rates throughout the year. We recommend that MRI adhere to the mandatory vacation policy and compute accrued vacation based on year end rates. This matter was discussed in our previous letters dated January 31, 2003, March 26, 2002 and July 25, 2001.

(12) Payroll Taxes

During our testing of payroll taxes, we noted MRI recorded both Federal Insurance Contributions Act (FICA) and Marshall Islands Social Security Administration (MISSA) taxes. The employee is being paid out of OPI's Honolulu office. We have been advised that such arrangement with the taxes may have been part of the original offer made to the employee at the time of hire; however, supporting documents were not made available. We recommend management ensure all terms of employment are included in the respective employee personnel files.

(13) Board Minutes

During the year ended December 31, 2003, the Board of Directors held three meetings. Of the three meetings, none of the Board minutes were signed. We recommend that management ensure all Board minutes are signed indicating approval.

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We have communicated one matter noted during our audit of the financial statements of MRI for the year ended December 31, 2003, which we considered to be a reportable condition, in our letter to the Board of Directors dated February 20, 2004.

This report is intended solely for the information and use of management and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

We would like to thank the accounting staff and management for their assistance during the course of our audit. Should you have any questions regarding the matters discussed herein, please contact our office at your convenience.

Very truly yours,

Deloitte & Touche LLP