

April 26, 2007

CONFIDENTIAL

Mr. James Plasman  
Chairman  
Marshall Islands Nuclear Claims Tribunal

Dear Mr. Plasman:

In planning and performing our audit of the financial statements of the Marshall Islands Nuclear Claims Tribunal (the Tribunal) for the year ended September 30, 2006, on which we have issued our report dated April 26, 2007, we developed the following recommendations concerning certain matters related to the Tribunal's internal control and certain observations and recommendations on other accounting, administrative and operating matters. Our principal recommendations are summarized below:

(1) Payables

Many of the accounts payable balances have not changed since the prior year. These amounts relate to unidentified payables of the Tribunal. We recommend that the Tribunal consider identifying what these amounts relate to, or write them off as payment does not appear likely.

(2) Local Noncompliance

At September 30, 2006, the Tribunal owed the Government of the Republic of the Marshall Islands (RepMar) \$7,713 in income tax withholdings from contract payments to U.S. contractors from May 16, 2001 to August 3, 2002. The Income Tax Act 1989 Part VI, Non-Resident Income Tax, Section 18 "Liability of the Client" states, "the tax so deducted shall be paid on or before the last day of the month following each quarter." As of April 26, 2007, no portion of the \$7,713 had been paid. In addition, there were variances in the general ledger and sub-ledger of RMI withholding tax and social security tax payables of \$2,538 and \$664, respectively, which the Tribunal was not able to identify.

We recommend that the Tribunal comply with local tax laws. We also recommend that the Tribunal resolve variances in the RMI withholding tax and social security tax payables. The matter regarding compliance with local tax laws was discussed in our previous letters dated May 27, 2006 and October 6, 2005.

(3) Clerk of the Tribunal

Section 119 of the Marshall Islands Nuclear Claims Tribunal Act, 1987, requires that employment of a Clerk be approved by the Cabinet. Although management advised us that such approval was obtained at the commencement of operations of the Tribunal, no Cabinet Minute was made available.

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(3) Clerk of the Tribunal, Continued

We recommend that the Tribunal obtain a copy of the Cabinet Minute approving the employment of the Clerk by the Tribunal. This matter was discussed in our previous letters dated May 27, 2006, October 6, 2005, February 26, 2004, January 18, 2003, February 25, 2002, March 9, 2001, March 24, 2000, January 25, 1999 and December 2, 1997.

(4) Transfer of Funds

At September 30, 2006, the transfer of funds from the Compensation Fund did not agree with corresponding amounts recorded in the Operations Fund. Audit adjustments were proposed to correct amounts recorded as transfers from the Compensation Fund to the Operations Fund. We recommend that the Tribunal ensure that transfer accounts are reconciled at year-end. This matter was discussed in our previous letters dated May 27, 2006, October 6, 2005 and February 26, 2004.

(5) Personal Injury Expenditure

Of sixty-four claim files reviewed, we noted three claims, # 23-00729, 23-02025 and 23-04336 that did not have an acknowledgement of receipt form signed by the claimant as evidence that the disbursement was received. We recommend that management ensure that acknowledgement of receipt forms are signed and maintained on file.

(6) Personal Injury Expenditure

Of sixty-four claim checks reviewed during our testing, we were unable to sight cancelled six cancelled check #s 1003, 1004, 1005, 1006, 1007, and 1014. Check #s 1008 and 14398 were issued out of the Bank of Guam account, and the bank prints copies of the cleared checks and attach them to the bank statement, however, these checks were left blank in the statement. We recommend for management to ensure that cancelled checks are maintained and that information in the bank statements are complete to provide evidence that no discrepancies occurred between when the check was issued and when it cleared the bank.

(7) Journal Vouchers

Journal vouchers should be reviewed and approved by the Chairman before posting to the general ledger. We recommend for management to ensure that journal vouchers are reviewed and approved before posting.

(8) Bank Reconciliation

During tests of the claims and operations fund bank reconciliations as of September 30, 2006, we noted bank errors dated November 28, 2005 and March 3, 2006, respectively, that have not been cleared, which total \$100 and \$940, respectively. We recommend that management ensure that long outstanding reconciling items are cleared.

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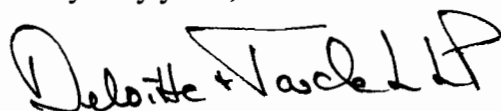
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This report is intended solely for the information and use of management, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

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,

A handwritten signature in black ink, appearing to read "Deloitte + Touche LLP". The signature is written in a cursive, flowing style with a large initial 'D' and 'T'.