



OFFICE OF THE SECRETARY OF STATE
STATE OF MISSOURI
JEFFERSON CITY
65101

MATT BLUNT
SECRETARY OF STATE

SECURITIES DIVISION
(573) 751-4136

September 15, 2004

Mr. Bruce Hanson
Bruce Hanson, P.C.
1100 Main Street, Suite 2100
City Center Square
Kansas City, MO 64105

RE: Pahio at Bali Hali Villas Interval Ownership Plan (the "Plan")
File No. 2004-01006

Dear Mr. Hanson:

On September 3, 2004, you requested on behalf of your client, Bali Hai Villas Limited Partnership, an interpretive opinion by the Missouri Commissioner of Securities as to whether the offer and sale of timeshare fractional interests by Pahio to Missouri residents would constitute the offer and sale of securities within the meaning of the Missouri Securities Act of 2003.

You made the following representations, among others, in your correspondence:

1. Pahio owns resort condominiums in the State of Hawaii that are sold as fractional interests in real estate on a timeshare basis.
2. These transactions are regulated as sales of real estate by the State of Hawaii.
3. The purchaser receives an undivided interest as a tenant-in-common in a specific condominium unit with the exclusive right to possession and occupancy of the unit either during a stated week or during a floating week.
4. All sales are held in escrow until the timeshare interest is conveyed to the purchaser free and clear of all liens.
5. Upon the escrow closing, the purchaser receives a warranty deed evidencing the purchaser's interest in the timeshare property.

JAMES C. KIRKPATRICK STATE INFORMATION CENTER
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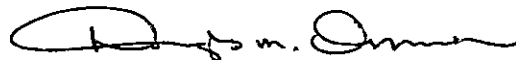
6. Pahio discloses to the potential purchaser that no rental income exists or will be established by Pahio, that rental pools are prohibited, that Pahio makes no representation that the timeshare interest is an investment, and that the timeshare interest should be purchased only with a view toward vacation use and not with an expectation of profit from a resale.
7. All prospective purchasers are provided written copies of Hawaii's seven-day right of rescission, and potential Missouri purchasers are provided copies of Missouri's five-day right of rescission.

The Commissioner refrains from issuing an interpretive opinion as to whether the timeshare interests offered and sold by Pahio in Missouri are securities as that term is defined under the Missouri Securities Act of 2003. However, based upon the foregoing representations, the Commissioner will not take enforcement action to require registration with respect to the offer and sale of the above-described timeshare interests by Pahio in the State of Missouri.

This opinion does not constitute an exclusion from the anti-fraud provisions of the Missouri Securities Act of 2003. This opinion is based on the facts presented in your September 3, 2004 correspondence and should the facts prove to differ from those presented the opinion of this office may differ.

Very truly yours,

MATT BLUNT
SECRETARY OF STATE



Douglas M. Ommen
Commissioner of Securities