

April 10, 2008

CONFIDENTIAL

Mr. Gregory Danz
Acting Chairman
Marshall Islands Nuclear Claims Tribunal

Dear Mr. Danz:

In planning and performing our audit of the financial statements of the Marshall Islands Nuclear Claims Tribunal (the Tribunal) as of and for the year ended September 30, 2007, on which we have issued our report dated April 10, 2008, 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) Personal Injury Awards

Of eighty-nine claim files examined, the admission letter for one claim (#23-07413) was not available. We recommend that management ensure that admission letters are signed and are maintained on file.

(2) Cash

The claims and operations fund bank reconciliations at September 30, 2007 included bank errors which total \$100 and \$940, dated November 28, 2005 and March 3, 2006, respectively, that have not been cleared. We recommend that management ensure that long outstanding reconciling items are cleared. This matter was discussed in our previous letter dated April 26, 2007.

(3) Receivables

At September 30, 2007, the Tribunal recorded receivables from RepMar and employees amounting to \$30,666 and \$16,862, respectively. The receivable from RepMar and the receivables from employees totaling \$1,202 are over a year old and are fully allowed for. We recommend that management consider writing these amounts off as collection does not appear likely.

(4) Fixed Assets

As of September 30, 2007, total asset costs of \$70,335 did not reconcile with the \$65,303 stated per the subsidiary fixed asset register. We recommend that fixed assets be periodically reconciled to the subsidiary fixed asset register.

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(5) Accounts Payable

At September 30, 2007, accounts payable (A/c # 2010) reflected a debit balance of \$11,543, which resulted from unposted expenditures that were incorrectly debited to the account. Additionally, journal entries to accrue year end unpaid invoices were incorrectly posted as expenditures instead of as accounts payable. Audit adjustments were proposed to correct these errors. We recommend that management ensure that expenditures are properly recorded and accounts payable are reconciled in a timely manner.

(6) Claims Payable

At September 30, 2007, claims payable included unpaid balances of \$563 each for claim #s 23-03975 and 23-04733 despite overpayments in prior years against the claims of \$1,188 and \$1,688, respectively. The total owed the Tribunal for these claims at September 30, 2007 was \$1,750, which is not expected to be collected. We recommend that management correct these claims.

(7) Local Noncompliance

At September 30, 2007, 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 10, 2008, no portion of the \$7,713 had been paid.

We recommend that the Tribunal comply with local tax laws. This matter was discussed in our previous letters dated April 26, 2007, May 27, 2006, and October 6, 2005.

(8) Local Noncompliance

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.

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 April 26, 2007, 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.

(9) Journal Vouchers

General journal entries should be supported by journal vouchers that have been reviewed and approved by the Chairman before posting to the general ledger. We recommend that management ensure that general journal entries are supported by reviewed and approved journal vouchers before posting. This matter was discussed in our previous letter dated April 26, 2007.

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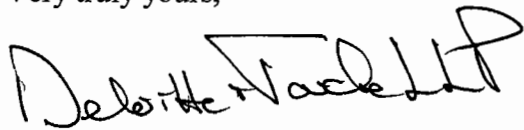
This report is intended solely for the information and use of management, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

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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 stylized and written in a cursive-like font.