

Dear NordhavnDreamers,

In recent weeks and months, there has been false information and innuendo about Nordhavn showing up on the YachtForum web site. Because PAE was not a “supporter” of the YachtForum site with paid advertising, we were blocked from the site and unable to respond, explain or defend ourselves. It has been very frustrating to sit on the sidelines and watch the misinformation multiply and feed on itself. The rule of thumb in these situations is to stay stoically quiet and let the truth and common sense prevail. However, against our attorney’s advice, Jim, Jeff and I have decided to jump in and make a public statement with the facts as we know them and open a dialog which will help cool down the rumor/gossip mill.

As I have done several times before, I am using the NordhavnDreamer’s group to release this statement. With over 1000 participants (which I know includes some competitors), I know that a post on NordhavnDreamers circles the world in minutes.

This statement will involve two subjects:

- “PAE has numerous lawsuits pending...”
- “N75 #2 had faults or deficiencies which caused the sinking in Cabo San Lucas Mexico...”

EYF75 #2 SINKING

See separate document written by Jim Leishman: “Sinking of Nordhavn 75 hull #2”.

LAWSUITS

PAE is currently involved in two situations which have active unresolved lawsuits. The simpler of the two is a case by PAE against the stevedore company which was handling the offloading of MS56 #5 in San Diego in 2009 when it was dropped and destroyed. PAE was paid by our insurance company within 30 days of the accident and our insurance company subsequently filed a subrogation lawsuit against the stevedore company and the shipping company. PAE is a small inactive party to that lawsuit because a claim for the loss of our \$17,000 deductible is bundled with the insurance company’s larger lawsuit.

There is only one active legal case in which PAE is the recipient of a lawsuit and it involves a gentleman by the name of Erik Andersen. Mr. Andersen is the owner of an N47 and verifies the expression “sometimes your best deal is the one you didn’t make..”. Mr. Andersen has been unhappy with his boat and PAE since even before he took delivery. His fierceness and the relentlessness of his attacks make him look like more than one lawsuit but in fact he is just one guy with what feels like to PAE to be a vendetta with an attorney who is happy to be making a lot of money in fees. His latest lawsuit involves his allegation that we used unsafe wiring loom on his boat. The post on Yacht Forums by Mr. Andersen’s attorney which was a fishing expedition for material to use against PAE is pretty much ground zero for this latest round of speculation that PAE has legal woes.

We are confident that this latest legal action by Mr. Andersen will go nowhere, but you never know when it comes to the legal system. In our last go around with Mr. Andersen, he prevailed on 3 of his many claims and was awarded a small token amount by the court. To help clear the air, a complete listing of all lawsuits that PAE has been involved in over the past 10 years is shown below. Additionally, the introduction statement to the judge filed in a motion to dismiss Mr. Andersen’s latest lawsuit is also shown below that.

Please feel free to pose questions to me openly on the NordhavnDreamers group or privately to Jim or I at Jim@Nordhavn.com or Dan@Nordhavn.com.

Thank you,

Dan Streech

LISTING OF LAWSUITS WHICH PAE HAS BEEN INVOLVED IN OVER THE
LAST 10 YEARS

1. Andersen; three lawsuits:
 - a. Rhode Island, dismissed by the court
 - b. Orange County Superior Court, Tried to a judgment before a jury in April and May of 2010. The judgment that Andersen obtained in the State Court action related mostly to:
 - i. The speed of his commissioning which was done at the Newport Shipyard in Newport, Rhode Island;
 - ii. The method of the mounting of his davit which was done by the Hinckley Shipyard near Newport, Rhode Island, and not by PAE
 - iii. The special contractual agreement relating to the understanding of his special numbering of his wiring agreed to between Mr. Andersen and Joe Meglen, a retired PAE officer.
 - iv. The amount awarded by the jury was less than 5% of the amount Mr. Andersen was seeking and PAE has paid all amounts awarded by the jury.
 - v. Mr. Andersen was dissatisfied with the jury award and subsequent judgment and has appealed that to the Court of Appeal in California. The briefing is not yet due on that appeal and no resolution is expected in that appeal for a significant period of time.
 - c. Federal District Court, Central District of California, Orange County action filed November 24, 2010 (amended on February 28, 2011) regarding the wire loom to which PAE has filed a motion to dismiss.
 - i. Federal Regulation have been promulgated regarding boating safety in the United States and they do not require any particular specifications regarding wire loom

ii. PAE is not aware of any actual incidents where wire loom played any part in starting or spreading a fire in any Mason or Nordhavn over the last 30 years.

iii. The issue of fire retardant wire loom is not known to be an issue that surveyors look for or affects insurance availability or premiums. Surveyors and insurance companies apparently do not see the issue as a significant risk.

2. Becket

a. Federal District Court action by PAE against contracted Buyer of an N86 for declaratory relief that contract was valid and enforceable when the Buyer defaulted.

b. Settled by agreement

3. Conconi

a. Orange County Superior Court action by Conconi against PAE arising out of the collision of an N72 with a freighter alleging negligent hiring of the captain by PAE.

b. Settled with Mr. Conconi buying a N86; Mr. Conconi is also the buyer of N120 #1

4. Fireman's Fund

a. Action against PAE alleging that PAE had not paid insurance premiums

b. Dismissed by Fireman's Fund when they realized they were mistaken and PAE had indeed paid the premiums

5. Markel Insurance Company

- a. Lawsuit against PAE, Hubble and others arising out of the engine room fire started by a defective Hubble electrical outlet on an N47.
 - b. Settled between insurance companies with no contribution by PAE
6. Pacific Seacraft
 - a. Lawsuit filed by PAE to collect loan amounts advanced by PAE to Pacific Seacraft
 - b. Settled with re-payment to PAE over time by Pacific Seacraft's guarantor
7. Pearson
 - a. Claim of personal assault off site, after hours, by PAE dockworker on dockworker's acquaintance.
 - b. Dismissed after motion by PAE showing no PAE responsibility for dockworker's after work activities; nothing paid by PAE
8. Siemens
 - a. Lawsuit filed by PAE for damages against Siemens for defective diesel electric systems installed in a N72 and a N76; systems had to be removed.
 - b. Settled to PAE's satisfaction with confidentiality agreement as to the terms of settlement; no lawsuits by owners; owners taken care of by PAE
9. Swayze
 - a. Collection action against Buyer who took advantage of PAE billing mistake on final invoice
 - b. Settled with payment by buyer

10.N56MS

- a. Action against longshoreman who negligently allowed the N56MS to drop from the slings while unloading in San Diego, causing a total loss of the vessel
- b. Filed by insurance company who paid claim, seeking to recover PAE's deductible payment as well

PAE'S ATTORNEY'S INTRODUCTION TO THE JUDGE WHO WILL RULE IN OUR MOTION TO DISMISS ERIK ANDERSEN'S MOST RECENT LAWSUIT

I. INTRODUCTION

This motion to dismiss is directed to the First Amended Complaint, filed February 28, 2011, after a motion to dismiss the original complaint was filed and set for a hearing. This First Amended Complaint attempts to state the same causes of action as the original complaint and does not add any material facts or allegations.

A. Multiple Lawsuit History

This is the third lawsuit filed by Mr. Andersen out of the same set of facts relating to his purchase, in 2003, of a Nordhavn 47 power yacht. The yacht was purchased from defendant Pacific Asian Enterprises, Inc., a California corporation ("PAE"), whose headquarters is in Dana Point. PAE contracted the construction of the yacht to defendant South Coast Marine Yacht Builders, Ltd. ("South Coast Marine"), an unrelated entity. The yacht was built by South Coast Marine at its yard in China and delivered to Mr. Andersen in Rhode Island in 2004. In the subsequent six years, Mr. Andersen has filed the following lawsuits:

1. In 2007 Mr. Andersen sued in Rhode Island on his claims. That lawsuit was dismissed by the Rhode Island court for violating a choice of forum clause in the parties' contract;
2. In late 2007, Mr. Andersen filed substantially the same action in the Orange County Superior Court. That matter went to trial on the merits before a jury in April

of 2010 and Mr. Andersen received a verdict and judgment in his favor at the conclusion of that trial. Mr. Andersen was not satisfied with the result and filed three appeals; of the judgment, the cost award and the attorney fee award. Those appeals are pending in the 4th District Court of Appeal; and

3. On November 24, 2010, Mr. Andersen filed this action.

B. The Substance of Mr. Andersen's Claims

Mr. Andersen has had a never ending list of complaints about his yacht, which has been ever changing. While none of his complaints have required expensive repairs, or substantially limited his use of the yacht, he has engaged in a vendetta against PAE in every forum available to him. The particular complaint in this action is that the flexible plastic tubing put around bundles of wires to protect those wires from chafe ("wire loom") does not meet certain safety recommendations made by a *non-governmental voluntary industry trade group* called the American Boat and Yacht Council ("ABYC"). (Mr. Andersen's contract *does not* specify construction of his yacht was to be in conformance with ABYC recommendations, nor does any governmental law or regulation require that such be followed.)

In about 1999 ABYC recommended that the plastic material from which the wire loom was made meet the flammability standards under an Underwriter's Laboratory UL94 V-2 testing standard, but for AC wiring only (generally higher voltage wiring). In 2002, the ABYC changed its recommendation so that the recommendation covered both AC wiring and DC wiring (generally high and low voltage wiring).

Manufacturing custom has become that wire loom meeting this standard, UL94 V-2, has a blue stripe on the black plastic loom material to identify its compliance. As the complaint alleges, in about 2003, after Mr. Andersen's yacht was constructed, PAE requested that its contract yards to use the wire loom with the blue stripe to indicate that the material met the UL94 V-2 standard.

PAE has obtained the materials reports from the manufactures of the wire loom materials that show that the non-blue strip wire loom material that PAE's yards used prior to 2003 nevertheless was rated to comply with the UL94 V-2 standard suggested

in the non-binding ABYC recommendations, thus it appears that Mr. Andersen's wire loom material actually does meet those standards."