

CHOI & ITO
Attorneys at Law

CHUCK C. CHOI
ALLISON A. ITO
700 Bishop Street, Suite 1107
Honolulu, Hawaii 96813
Telephone: (808) 533-1877
Facsimile: (808) 566-6900
E-Mail: cchoi@hibklaw.com
aito@hibklaw.com

Attorneys for Association of Apartment Owners of
Kauai Beach Villas, Debtor and Debtor-in-Possession

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF HAWAII

In re

Association of Apartment Owners for
Kauai Beach Villas,

Debtor and
Debtor-in-Possession.

Allan Rouhier, et al,

Plaintiffs.

vs.

Association of Apartment Owners of
Kauai Beach Villas, et al;
Defendants.

Case No. 25-01103
(Chapter 11)
(Subchapter V)

Adv. Pro. No. 26-_____

NOTICE OF REMOVAL OF STATE
COURT CIVIL ACTION [*Allan Rouhier,*
et al, v. AOA Kauai Beach Villas, et al,
Civil No. 5CCV-22-0000029 (5th Cir.
Haw.)]

NOTICE OF REMOVAL OF STATE COURT CIVIL ACTION

TO THE HONORABLE ROBERT J. FARIS, UNITED STATES BANKRUPTCY JUDGE; ALL PARTIES IN THE ABOVE-CAPTIONED STATE COURT CIVIL ACTION HEREBY REMOVED; THE CLERK OF THE CIRCUIT COURT OF THE FIFTH CIRCUIT, STATE OF HAWAII; AND THE CLERK OF THE UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF HAWAII:

PLEASE TAKE NOTICE that the Debtor and Debtor-in-Possession Association of Apartment Owners of Kauai Beach Villas (the “Debtor”) submits this Notice of Removal in accordance with Rule 9027 of the Federal Rules of Bankruptcy Procedure, LR1070.1(c), 28 U.S.C. § 1452(a), and 28 U.S.C. § 157(a), and respectfully represents as follows:

1. On December 5, 2025, the Debtor, filed a voluntary petition pursuant to Subchapter V of Title 11 of the United States Code (the “Bankruptcy Code”), commencing a bankruptcy case before the United States Bankruptcy Court for the District of Hawaii (the “Bankruptcy Court”), designated as Case No. 25-01103.

2. The Debtor is a non-profit corporation which was formed pursuant to a Declaration of Horizontal Property regime dated June 5, 1981 (as amended and restated from time to time, the “Declaration). The Declaration created a plan for development and establishment of a condominium for the resort known as the Kauai Beach Villas. The resort is managed, maintained and administered by the Association.

3. On April 30, 2022, Allan Rouhier and certain other plaintiffs commenced a breach of contract / tort action (Civil No. 5CCV-22-0000029) (the “Civil Action”) in the Circuit Court of Fifth Circuit, State of Hawaii (the “State Court”) against the Debtor and other defendants.

4. The Civil Action, until the filing of this Notice of Removal and the filing of a copy of this Notice of Removal with the Clerk of the State Court, was pending before the State Court.

5. The Civil Action, including all claims and causes of action asserted therein, is a civil action other than a proceeding before the United States Tax Court; it is not a civil action by a governmental unit to enforce such governmental unit’s police or regulatory power.

6. The Bankruptcy Court, pursuant to the general reference with respect to title 11 cases in effect in the Federal Judicial District of Hawaii and 28 U.S.C. § 157(a), has jurisdiction of each and every cause of action asserted in the Civil Action under 28 U.S.C. § 1334.

7. The Civil Action seeks damages for breach of contract against the Debtor. All claims raised in the Civil Action are either core proceedings under 28 U.S.C. § 157(b)(2)(A), (B), (K) and (O) or non-core claims that arise under or are related to the underlying bankruptcy case, and therefore the Bankruptcy Court has jurisdiction pursuant to 28 U.S.C. § 157(a).

8. Resolution of the claims asserted in the Civil Action will significantly affect the administration of the estate and would involve the allowance or disallowance of claims against the estate, counterclaims by the estate or its assignee, attempts to obtain property of the estate, determination of the validation, extent or priority of lien(s), and/or proceedings affecting the liquidation of assets of the estate and the adjustment of the debtor-creditor relationships and the nature and the extent of any discharge to be entered.

9. The Debtor consents to entry of final orders by the Bankruptcy Court.

10. This Notice of Removal is timely filed pursuant to Rule 9027 (a)(2) in that this Notice has been filed within 90 days after the order for relief in the case.

11. Removal of each claim and cause of action of the Civil Action to the Bankruptcy Court is authorized by 28 U.S.C. §§ 1452, 1334, and 157, and the General Order of the District Court for the Federal Judicial District of Hawaii referring bankruptcy matters to the United States Bankruptcy Court.

12. Removal is in accordance with Rule 9027 of the Federal Rules of Bankruptcy Procedure, and Local Bankruptcy Rule 9027-1.

NOW THEREFORE, all parties to the Civil Action pending in the District Court of the Fifth Circuit, State of Hawaii as *Allan Rouhier, et al. v. Association of Apartment Owners of Kauai Beach Villas, et al*, Civil No. 5CCV-22-0000029 are

HEREBY NOTIFIED, pursuant to Rule 9027(e) of the Federal Rules of Bankruptcy Procedure, as follows:

NO ORDER OF REMOVAL REQUIRED: Removal of the Civil Action and all claims and causes of action therein is effected upon the filing of a copy of this Notice of Removal with the Clerk of the State Court pursuant to Rule 9027(c) of the Federal Rules of Bankruptcy Procedure. The Civil Action is removed from the State Court to the Bankruptcy Court presiding over the bankruptcy case. ***The parties to the Civil Action shall proceed no further in the State Court unless and until the action is remanded by the Bankruptcy Court.***

RESPONSIVE STATEMENT [FED. R. BANKR. PRO. R. 9027(e)(3), LBR 9027-1]: Any party who has filed a pleading in connection with the removed claim or cause of action, other than the party filing the notice of removal, shall file a statement (a) admitting or denying any allegation in the notice of removal that upon removal of the claim or cause of action the proceeding is core or non-core; and (B) the party does or does not consent to entry of final orders or judgment by the bankruptcy judge. The statement shall be signed pursuant to Rule 9011 of the Federal Rules of Bankruptcy Procedure and shall be filed not later than 14 days after the filing of the notice of removal. Any party who files such statement shall mail a copy to every other party to the removed claim or cause of action. *See* Rule 9027(e)(3).

APPLICABILITY OF PART VII OF THE BANKRUPTCY RULES:

The rules of Part VII of the Bankruptcy Rules apply to a civil action or proceeding removed to a district court from a federal or state court and referred to the bankruptcy court, and govern procedure in the bankruptcy court after removal. Repleading is not necessary unless the court so orders. In a removed action in which the defendant has not answered, defendant shall answer or present the other defenses or objections available to defendant under service or otherwise of a copy of the initial pleading setting forth the claim for relief upon which the action is based, or within 21 days after the service of summons upon such initial pleading, then filed, or within 7 days after the filing of the application for removal, whichever period is longest. Fed. R. Bankr. Pro. Rule 9027 (g).

DATED: Honolulu, Hawaii, January 16, 2026.

/s/ Allison A. Ito
CHUCK C. CHOI
ALLISON A. ITO
Attorneys for Debtor and Debtor-in-
Possession

ADVERSARY PROCEEDING COVER SHEET (Instructions on Reverse)	ADVERSARY PROCEEDING NUMBER (Court Use Only)
PLAINTIFFS Allan Rouhier, James Barkley, Don Hazelquist, Margaret Zacharias, Robert Hall, Janet Grogan, Steve and Sandy Anderson, Bruce and Lynne Gascoigne, Saeed Abousaeedi, Gary and Sharlene Schmauch, Richard Leach and Susan Budzien, Judy Dalton, Chuck Ashton, Carole Hinck, Samuel and Christine Riley, Jerome Roache and Lynn C. Tuttle, and 49-50 Properties LLC, and Craig Moller,	DEFENDANTS Association of Apartment Owners of the Kauai Beach Villas; PAHIO Resorts, Inc., Wyndham Destinations, Inc. dba Wyndham Destinations and/or Wyndham Destinations; PAHIO at Kauai Beach Villas Interval Owners Association, Larry Warner; Linda Lee Kolstad, Mark Twardzicki, George Keeney, Jim Derose, John Does 1-25; Jane Does 1-25; and Doe Entities 1-25
ATTORNEYS (Firm Name, Address, and Telephone No.) Richard Wilson, Esq. Terrance M. Revere, Esq. 735 Bishop Street, 970 N. Kalaheao Ave., Suite 306 Suite A301 Honolulu, HI 96813 Kailua, HI 96734 (808) 545-1311 (808) 791-9550	
PARTY (Check One Box Only) ☐ Debtor ☐ U.S. Trustee/Bankruptcy Admin ☒ Creditor ☐ Other ☐ Trustee	PARTY (Check One Box Only) ☒ Debtor ☐ U.S. Trustee/Bankruptcy Admin ☐ Creditor ☐ Other ☐ Trustee
CAUSE OF ACTION (WRITE A BRIEF STATEMENT OF CAUSE OF ACTION, INCLUDING ALL U.S. STATUTES INVOLVED) Plaintiffs claim that defendants, particularly the Association, failed to properly maintain Buildings F-H, which deteriorated due to the alleged uneven allocation of maintenance resources to Buildings A-E where timeshare participants are in the majority.	
NATURE OF SUIT (Number up to five (5) boxes starting with lead cause of action as 1, first alternative cause as 2, second alternative cause as 3, etc.)	
FRBP 7001(a) - Recovery of Money/Property ☐ 11-Recovery of money/property - §542 turnover of property ☐ 12-Recovery of money/property - §547 preference ☐ 13-Recovery of money/property - §548 fraudulent transfer ☐ 14-Recovery of money/property - other FRBP 7001(b) - Validity, Priority or Extent of Lien ☐ 21-Validity, priority or extent of lien or other interest in property FRBP 7001(c) - Approval of Sale of Property ☐ 31-Approval of sale of property of estate and of a co-owner - §363(h) FRBP 7001(d) - Objection/Revocation of Discharge ☐ 41-Objection / revocation of discharge - §727(c),(d),(e) FRBP 7001(e) - Revocation of Confirmation ☐ 51-Revocation of confirmation FRBP 7001(f) - Dischargeability ☐ 66-Dischargeability - §523(a)(1),(14),(14A) priority tax claims ☐ 62-Dischargeability - §523(a)(2), false pretenses, false representation, actual fraud ☐ 67-Dischargeability - §523(a)(4), fraud as fiduciary, embezzlement, larceny (continued next column)	FRBP 7001(f) - Dischargeability (continued) ☐ 61-Dischargeability - §523(a)(5), domestic support ☐ 68-Dischargeability - §523(a)(6), willful and malicious injury ☐ 63-Dischargeability - §523(a)(8), student loan ☐ 64-Dischargeability - §523(a)(15), divorce or separation obligation (other than domestic support) ☐ 65-Dischargeability - other FRBP 7001(g) - Injunctive Relief ☐ 71-Injunctive relief - imposition of stay ☐ 72-Injunctive relief - other FRBP 7001(h) Subordination of Claim or Interest ☐ 81-Subordination of claim or interest FRBP 7001(i) Declaratory Judgment ☐ 91-Declaratory judgment FRBP 7001(j) Determination of Removed Action ☒ 01-Determination of removed claim or cause Other ☐ SS-SIPA Case - 15 U.S.C. §§78aaa <i>et seq.</i> ☐ 02-Other (e.g. other actions that would have been brought in state court if unrelated to bankruptcy case)
☒ Check if this case involves a substantive issue of state law	☐ Check if this is asserted to be a class action under FRCP 23
☒ Check if a jury trial is demanded in complaint	Demand \$
Other Relief Sought	

BANKRUPTCY CASE IN WHICH THIS ADVERSARY PROCEEDING ARISES		
NAME OF DEBTOR Association of Apartment Owners of Kauai Beach Villas		BANKRUPTCY CASE NO. 25-01103
DISTRICT IN WHICH CASE IS PENDING District of Hawaii	DIVISION OFFICE Honoulu	NAME OF JUDGE Hon. Robert J. Faris
RELATED ADVERSARY PROCEEDING (IF ANY)		
PLAINTIFF	DEFENDANT	ADVERSARY PROCEEDING NO.
DISTRICT IN WHICH ADVERSARY IS PENDING	DIVISION OFFICE	NAME OF JUDGE
SIGNATURE OF ATTORNEY (OR PLAINTIFF)		
<u>/s/ Allison A. Ito</u> <u>Allison A. Ito, Esq.</u>		
DATE January 16, 2026	PRINT NAME OF ATTORNEY (OR PLAINTIFF) Chuck C. Choi, Esq. / Allison A. Ito, Esq.	

INSTRUCTIONS

The filing of a bankruptcy case creates an "estate" under the jurisdiction of the bankruptcy court which consists of all of the property of the debtor, wherever that property is located. Because the bankruptcy estate is so extensive and the jurisdiction of the court so broad, there may be lawsuits over the property or property rights of the estate. There also may be lawsuits concerning the debtor's discharge. If such a lawsuit is filed in a bankruptcy court, it is called an adversary proceeding.

A party filing an adversary proceeding must also complete and file Form 1040, the Adversary Proceeding Cover Sheet, unless the party files the adversary proceeding electronically through the court's Case Management/Electronic Case Filing system (CM/ECF). (CM/ECF captures the information on Form 1040 as part of the filing process.) When completed, the cover sheet summarizes basic information on the adversary proceeding. The clerk of court needs the information to process the adversary proceeding and prepare required statistical reports on court activity.

The cover sheet and the information contained on it do not replace or supplement the filing and service of pleadings or other papers as required by law, the Bankruptcy Rules, or the local rules of court. The cover sheet, which is largely self-explanatory, must be completed by the plaintiff's attorney (or by the plaintiff if the plaintiff is not represented by an attorney). A separate cover sheet must be submitted to the clerk for each complaint filed.

Plaintiffs and Defendants. Give the names of the plaintiffs and defendants exactly as they appear on the complaint.

Attorneys. Give the names and addresses of the attorneys, if known.

Party. Check the most appropriate box in the first column for the plaintiffs and the second column for the defendants.

Demand. Enter the dollar amount being demanded in the complaint.

Signature. This cover sheet must be signed by the attorney of record in the box on the second page of the form. If the plaintiff is represented by a law firm, a member of the firm must sign. If the plaintiff is pro se, that is, not represented by an attorney, the plaintiff must sign.