

The Public Trust

Fiduciary Duty, Transparency, and Accountability

A Report of the Office of Hawaiian Affairs Board of Trustees on Internal Governance and Independent Investigations

November 2026

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STACY FERREIRA‘S
FORMAL COMPLAINT

Stacy Kealohalani Ferreira
Chief Executive Officer | Ka Pouhana

Kēhaulani Pu'u
Chief Operating Officer | Ka Pou Nui

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CONFIDENTIAL
Office of Hawaiian Affairs
Stacy Ferreira, Pouhana/CEO

Date: June 29, 2025

To: Board of Trustees, Office of Hawaiian Affairs
Cc: [redacted]

Subject: Formal Grievance Against Chair Kaialiʻi Kahele – Request for Reprieve and Independent Investigation

Aloha mai Trustees,

Pursuant to Hawaiʻi Revised Statute § 378-62 Whistleblower Protection: Reporting Violations of Law, and HRS Chapter 84 State Ethics Code, I submit this formal grievance to report severe concerns regarding the conduct of Chair Kaialiʻi Kahele. I respectfully request the Board and appropriate authorities to take immediate protective action and authorize an independent investigation into the following matters, potential breaches and violations:

1. Toxic Work Environment
2. Abuse of Authority
3. Workplace Conduct Unbecoming of a Trustee and Chair
4. Breach of Fiduciary Duty
5. Breach of Due Care
6. Breach of Prudence
7. Breach of Duty of Loyalty
8. Breach of Duty of Impartiality
9. Breach of Confidentiality
10. Violation of State Ethics Laws
11. Violations of OHA Executive Policies

Since assuming the Chairmanship of the Board of Trustees, Chair Kahele has repeatedly undermined, usurped, and circumvented my ability to fulfill the responsibilities of my position as Ka Pouhana/CEO. I have explicitly and on numerous occasions requested he route administrative and operational matters through my office in accordance with OHA's executive structure. Instead, he has continued to directly engage staff, issue directives, assign projects without supervisor

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awareness, and exert undue influence in ways that destabilize our reporting structures, create a power imbalance and governance integrity.

Staff [redacted] report feelings of fear, stress, and burnout. Some feel targeted and have been humiliated during public board meetings. Chair Kahele has created a toxic environment of coercion and intimidation, marked by unrealistic workloads, unreasonable deadlines, and micromanagement that interferes with leadership and staff well-being and job performance.

Coercion Regarding Budget Certification

Between June 20 and 24, 2025, Chair Kahele issued multiple directives to myself, [redacted] to certify his proposed biennium budget that had been developed outside of the Administration's participation and consultation. [redacted] CEO, having not been included in the formulation of the Chair's budget, expressed concern regarding material errors and the lack of a full and transparent vetting process. [redacted] informed Chair Kahele that [redacted] would violate professional standards.

On Friday, June 20, 2025, Chair Kahele emailed [redacted] (with me copied) requesting [redacted] certify the Chair's version of the FY26–27 budget by Monday morning, June 23, 2025. [redacted] declined and clearly stated [redacted] reasons for not certifying the proposed budget. (See copy of the email provided)

On Sunday, June 22, 2025 at 2:37 PM, Chair Kahele emailed me directly [redacted], issuing a directive to require [redacted] certify the budget by 9:00 AM Monday, an 18.5-hour turnaround. This directive placed me in an ethically compromising and coercive position. I believed my refusal could be construed as insubordination and possibly grounds for my removal as CEO. Against my professional judgment and ethics, I relayed the directive to [redacted]. [redacted] declined in an email response to Chair Kahele, reiterating the process was flawed and that the pressure [redacted] was under from the Chair's directives constituted harassment and intimidation. (See copy of the email provided)

On Tuesday, June 24, 2025 at 2:59 AM, Chair Kahele issued another directive via email to both me and [redacted] with the subject line "Certification of FY26–FY27 BOT Budget – Action Required by Today, 3:00 PM." Despite our repeated concerns, the Chair insisted that certification be completed that same day. I responded via email at 6:41 AM articulating serious concerns regarding his newest directive and reiterated the lack of integrity, transparency, and due diligence in the Chair's biennium budget process. I also stated my concerns of his overreach in circumventing the authority of the Budget & Finance Committee leadership and their responsibility by directing myself and [redacted] to sign off on the budget certification as the budget was still under the purview of the Budget and Finance Committee. (See copy of the email provided)

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Feeling pressured, [redacted] and I met to draft a conditional certification that we felt we could truthfully stand by. We submitted our certification language to [redacted] for review. However, [redacted] rejected our initial language saying it did not meet Chair's directive and reiterated his expectation. [redacted] continued to revise the certification language until it was approved by [redacted]. On that same day, more errors were identified in the Chair's proposed budget by his office. Subsequent corrections were made in the 6/23 budget version. This further validated [redacted] CEO's original concerns about the integrity and reliability of the proposed budget figures. The fact that a corrected 3rd version was being issued in the same email that certification pressure was being demanded by the Chair was egregious and continued to demonstrate that the proposed budget remained unstable and difficult to certify. These continued revisions to the budget brought into serious question the accuracy, fidelity, and confidence of the numbers presented in the version posted online on June 23, 2025, which was referenced as the final biennium budget for Trustees' review and approval. (See copy of the email provided)

These series of actions by Chair Kahele compounded by his coercion, undue pressure, and executive interference, compromised professional standards, placed the executive team in ethical and professional jeopardy, and erodes the public trust. It also confirmed that fiduciary safeguards meant to protect OHA's financial integrity had been overridden by Chair Kaialii Kahele through intimidation, raising serious ethical and legal concerns.

Confidentiality Breach
On Tuesday, June 17, 2025, at 4:15 PM (potentially on other dates/times to individuals, elected officials, and organizations) under Chair Kahele's direction, [redacted] sent out an email to a NH organization soliciting testimony in support of the Chair's proposed biennium budget and specific budget line item pertaining to that NH organization. (See copy of the email provided)

This email:

- Prematurely implied the budget would be approved by the end of the month;
- Disclosed confidential and non-public budget details;
- Potentially violated HRS § 84-12 (State Ethics Code) and OHA Executive Policy Manual Confidentiality 1.3(c-e).

Additional Detailed Chronology and Adverse Impacts

- **Tuesday, June 17, 2025 – 4:15 PM:** Acting on Chair Kahele's directive, [redacted], [redacted] emailed an external stakeholder organization with a pre-drafted (template) testimony letter, urging them to support the proposed biennium budget and their respective budget item as it pertained to their organization. The email implied that the budget "**will be approved**" by month-end, **divulged a still-confidential line-item budget entry**. The proposed biennium budget was not posted publicly until the following day,

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Wednesday, June 18, 2025. Chair Kahele's solicitation of budget testimony provided a select organization with confidential budgetary information before the proposed biennium budget was made public.

- **Friday, June 20, 2025 – 11:04 AM:** Chair Kahele emailed [redacted] (cc: CEO) demanding [redacted] certify the Chair-authored FY26-27 budget by Monday morning. [redacted] refused, citing [redacted] lack of involvement, material errors, and unreasonable timeline.

- **Sunday, June 22, 2025 – 2:37 PM:** Chair emailed the CEO [redacted] with a *Directive to Certify Availability of Funds* by **9:00 AM the next day** (an 18.5-hour turnaround). The coercive tone left the CEO [redacted] feeling that failure to comply would be deemed insubordination and grounds for dismissal.

- **Monday, June 23, 2025 – Budget & Finance Committee Meeting:** Trustees and Administration received a new "corrected" version of the Chair's budget, acknowledging prior errors, thereby validating [redacted] and CEO's concerns that a certification would have been false or misleading.

- **Tuesday, June 24, 2025 – 2:59 AM:** Chair sent another directive to the CEO and [redacted] to *certify by 3:00 PM the same day*. In the same early morning email sent by Chair Kahele, more errors were identified and corrections made in Chair's proposed budget, documents with the noted errors and changes were attached to the email. Once again, validating that a review and certification of the budget that had another round of identified errors made certification even more difficult. This brought into question the reliability, accuracy, fidelity, and overall confidence in the numbers being presented in the 6/23/2025 budget version that had been posted online and was being referenced as the final biennium budget for Trustees' review and approval.

  Despite grave reservations (emailed to the Chair at 6:41 AM), [redacted] were effectively forced to draft and agree to a certification that the [redacted] deemed to be acceptable and met Chair Kahele's demands.

Organizational Impact on Staff and Beneficiaries

• Continual [redacted] has created reporting confusion and eroded managerial authority.

• [redacted] are often unaware of Chair-assigned tasks, preventing proper oversight, quality control, and workload balancing.

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• Staff are juggling last-minute assignments *in addition* to regular workloads with unrealistic deadlines, leading to burnout, anxiety, feelings of disrespect, devaluing of professional experience and expertise, and micro-management.

• [redacted] have been publicly interrogated and humiliated during livestreamed Board meetings.

• The chaos and lack of transparency, accuracy and fidelity surrounding the budget process jeopardize OHA's credibility with our staff, government officials, collaborators, partners, and ultimately our beneficiaries.

• The actions listed above have "broken the agency and staff, and public trust, and what is deserved by our beneficiaries," undermining the lāhui's confidence in OHA governance.

Relief Requested

1. Immediate suspension of Chair Kahele's oversight authority over the CEO and a reassignment of supervisor;
2. Appointment of an independent investigator;
3. Written protections for all staff and leadership under HRS § 378-62;
4. Implementation of clear chain-of-command protocols between the Board of Trustees and the Administration;

As the sole employee of the Board of Trustees, I am compelled to act in the best interest of the Office and the Lāhui we serve. I request immediate and decisive action to restore the health, well-being, safe working environment and morale of our leaders and staff, and the integrity and professional respect to the operations of the Office of Hawaiian Affairs. I reserve all rights and remedies under applicable laws.

Mahalo for your prompt attention to this critical and urgent matter.

Me ka haʻahaʻa,

Stacy Ferreira
Kā Pouhana / Chief Executive Officer
Office of Hawaiian Affairs

CATHY CHIN‘S
EXECUTIVE SUMMARY

[redacted]

EXECUTIVE SUMMARY OF FINDINGS
Ms. Stacy Ferreira Complaint Investigation

The totality of credible and reliable findings of fact suggests there are insufficient direct findings of fact to demonstrate that Chair Kaialiʻi Kahele created a toxic or hostile work environment, abused authority or engaged in conduct unbecoming of a Trustee and Chair. Per the Board of Trustees Executive Policy Manual, this investigation includes the time period between May 30, 2025 to June 29, 2025.

Toxic or Hostile Work Environment:

There are insufficient facts to demonstrate that Chair Kahele created a hostile work environment. Ms. Ferreira did not allege that Chair Kahele based any of the complained-of-behaviors on any protected classification. Instead, Ms. Ferreira's complaint seems to be rooted in Chair Kahele's 'hands-on-approach' to his position as Board Chair. Nor did the investigation reveal any discriminatory conduct by Chair Kahele.

There are also insufficient facts to demonstrate that Chair Kahele created a toxic work environment for Ms. Stacy Ferreira. Instead, it appears Ms. Ferreira views her role as the CEO differently from Chair Kahele. This is a primary source of conflict. Ms. Ferreira's employment contract explicitly states the CEO is expected to carry out Board initiatives under the policies and direction of the Board, and to do so in close communication and cooperation with the Board Chair, especially regarding organizational priorities and execution of the strategic plan. (Atch 20, p. 7) One catch-all provision requires that the CEO, "shall also perform such other job-related services and duties as may be assigned by the Chairperson of the Board." (Atch 20, pps. 6-7) Her position is subordinate to the Chair.

Chair Kahele's conduct, when viewed in the context of the CEO's role as it is outlined in OHA guidelines, and in her employment contract, is consistent with expected oversight as the Board Chair. The conflict therefore appears to reflect a disconnect in role expectations rather than evidence of a toxic or hostile work environment.

The examples Ms. Ferreira raised contributing to a toxic work environment included micromanagement characterized by a high volume of additional work with short timelines. She also alleged Chair Kahele bullied her when he directed her to [redacted] certify the budget and subsequently facilitate the budget certification [redacted].

As is documented in the Budget Process Memorandum, dated August 12, 2025, the practice of certifying the budget has been in place for a number of years. (Atch 18, p. 6) Although Ms. Ferreira was not present for the last biennium budget process, [redacted] Further, the certification required is merely that the funds are available to effect the budget. [redacted] it is [redacted] responsibility to certify the availability of funds. [redacted] Although it was a very compressed timeline to certify the budget, it should not have been unexpected based on past practice. Rather, it seems that Ms. Ferreira [redacted]

[redacted]

took offense to the urgency of the request because they strongly opposed the Board's revised budget as a result of a lack of transparency in the process and a perceived negative impact on OHA programs. Ms. Ferreira consulted with Board Counsel, but ultimately made the decision to direct [redacted], then proceed with the certification with [redacted]. She stated it was not voluntary, and she felt her job was in jeopardy, however, the fact remains that she had a choice of whether to proceed or refuse.

It is substantiated that Chair Kahele said something to the effect of, "Well, if you don't like it, you can leave." However, this isolated incident does not rise to the level of creating a toxic work environment.

It is not substantiated that Chair Kahele engaged in hostile or inappropriate questioning at Board Meetings. Ms. Ferreira and other witnesses did not give any specific examples of Chair Kahele questioning [redacted] or anybody else inappropriately during the May 30, 2025 – June 29, 2025 timeframe. The example they gave outside of the timeframe also did not rise to the level of hostile or unprofessional behavior.

Accordingly, the claim that Chair Kahele created either a toxic or hostile work environment is unsubstantiated.

Abuse of Authority:

Ms. Ferreira's assertion that Chair Kahele usurped her authority appears to again be a lack of understanding that the roles and responsibilities of the CEO are at the discretion of the Board. It is not within the scope of this investigation to evaluate OHA's budget process. However, Ms. Ferreira's assertion that Chair Kahele overstepped his authority as the Board Chair to revamp the administration's budget proposal is without merit as outlined in Ms. Ferreira's employment contract and discussed above. There is nothing that prohibits the Chairperson from bringing forward a budget proposal different from what the administration originally submitted. This process is contemplated by the Fiscal Procedures Manual since the budget ultimately requires BOT approval. On the other hand, a lack of clarity regarding roles and responsibilities and an absence of communication surrounding the budget process may have contributed to gaps in alignment and transparency that gave rise to this complaint. It is also notable that the complaint was submitted the afternoon before the scheduled Board meeting to vote on the budget. Nevertheless, these issues do not constitute Abuse of Authority as Trustee or Chairperson.

Likewise, Chair Kahele did not abuse his authority by communicating or meeting directly with staff members without executive leaders. No explicit prohibition exists, and the Staff Interaction Policy was never officially adopted by the Board. As a practical effect, this approach has the potential to exclude the next level of leadership from certain communications, leaving them uniformed about information that was shared. Both 3.10.d of the Executive Policy Manual, and Ms. Ferreira's employment contract say that the CEO is to act as the conduit between the BOT and the administration staff. This raises a question of how the CEO can act as a conduit to the BOT when she is not included in interactions with administration staff. However, direct communication with the staff is not explicitly prohibited in his role as a Chair and a Trustee.

[redacted]

Conduct Unbecoming of a Trustee and Chair:

Ms. Ferreira did not present any additional examples but instead said that the two above allegations under 1. Creating a toxic or hostile work environment; and 2. Abuse of authority, constitute conduct unbecoming of a Trustee and Chair. As both of these allegations were not substantiated, there was no conduct unbecoming of a Trustee or Chair. The one other example that she raised regarding gifts was not within the scope of this investigation but was likewise found to be without merit by Board Counsel.

Summary:

Although there are insufficient facts to substantiate Ms. Ferreira's complaint, there are significant systemic issues that are preventing the OHA Board of Trustees and Administration from working together to achieve a shared vision. These include (1) a lack of clear roles and responsibilities, especially between the CEO and the Chairperson of the Board, the Board and Administration, as well as within Administration between [redacted] (2) unclear, unofficial or out of date policies, such as the Budget Policy and the Board of Trustees – Administration Staff Interaction Policy; (3) a significant strategic misalignment between the Board and Administration; and (4) conflicting leadership and communications styles. Unless these issues are directly addressed, OHA will continue to experience organizational dysfunction, limiting its effectiveness and diminishing its ability to achieve its mission.

CATHY CHIN‘S
INVESTIGATIVE REPORT

[redacted]

[redacted]

DATE: August 31, 2025

TO: [redacted]

FROM: Catherine Chin, Investigator
Chin Consulting, LLC

SUBJECT: Ms. Stacy Ferreira Complaint Investigation

I. BACKGROUND

On June 29, 2025, Ms. Stacy Ferreira, Office of Hawaiian Affairs (OHA) CEO submitted a formal grievance to the OHA Board of Trustees (BOT), alleging that Chair Kaialiʻi Kahele committed several workplace violations including the following allegations that are examined in this report:

1. Creating a Toxic or Hostile Work Environment
2. Abuse of Authority
3. Engaging in Workplace Conduct Unbecoming of a Trustee and Chair

Other allegations raised by Ms. Ferreira in her complaint at Atch 1 fall under the OHA Board of Trustees (BOT) Code of Conduct and will therefore be addressed by the Board.

It should be noted, that the BOT Executive Policy Manual requires that complainants file complaints within 30 days of the alleged violation. Therefore, allegations considered under this investigation only fall within the 30-day timeframe of May 30, 2025 – June 29, 2025. Other allegations are outside the scope of this investigation.

Ms. Ferreira has been the CEO of OHA since October 2023. Chair Kahele was elected as the Hawaiʻi Island Trustee in December 2024 and elected as Chairperson of the Board of Trustees the same month.

On July 14, 2025, the Office of Hawaiian Affairs [redacted] hired Chin Consulting, LLC, to investigate these incidents and allegations.

II. ISSUES

To factually determine whether there are sufficient findings of fact to substantiate allegations by Ms. Ferreira that Chair Kahele created a toxic or hostile work environment, abused his authority, or engaged in workplace conduct unbecoming of a Trustee and Chair.

III. DISCLOSURE

The undersigned investigator conducted a previous OHA investigation in May 2025 when she interviewed Ms. Ferreira, Chair Kahele and [redacted] as witnesses. OHA also previously hired her for a project as an independent consultant where she met with Chair Kahele and [redacted].

IV. SCOPE

The purpose of this investigation was to determine whether there are sufficient findings of fact to support allegations 1-3 above, as made by Ms. Ferreira. Other allegations made by Ms. Ferreira and contained in Atch 1 are not within the scope of this investigation.
It is not within the scope of this investigation to assess the validity of allegations included in any other current or previous investigations or any other reported alleged inappropriate behaviors other than listed above.

During the course of this investigation, Ms. Ferreira informally raised two additional complaints against Chair Kahele, however they do not fall within the scope of this investigation as they fell outside of the 30-day complaint window as proscribed by the Executive Policy Manual.[1]

Disputes regarding OHA's budget procedures and compliance or non-compliance with internal OHA policies, are also beyond the scope of this investigation. Facts are presented as reported for context and further action as deemed appropriate. Further detail regarding the scope of the investigation is contained in Atch 1.a.

V. METHODOLOGY

A. The following interviews were conducted:

1. Ms. Stacy Ferreira, CEO, began in October 2023 (Complainant) [redacted]
2. Chair Kaiali'i Kahele, began term in 2024 (Respondent) [redacted]
3. [redacted] (Witness)
4. [redacted] (Witness)
5. [redacted] (Witness)
6. [redacted] (Witness)
7. [redacted] (Witness)

[1] Ms. Ferreira alleged Chair Kahele "harassed" her by not allowing her to speak freely and at will during a recent meeting and that he allegedly presented illegal gifts to certain legislators at the beginning of the legislative session. These allegations were [redacted] subsequently found them to be without merit [redacted]

8. (Witness)
9. (Witness)
10. (Witness)
11. (Witness)
12. (Witness)

All interviews, with the exception of took place at the Office of Hawaiian Affairs, 560 Nimitz Hwy, Honolulu, Hawai'i.

interviews took place via Zoom video conference.

Ms. Ferreira recommended the following people be interviewed: Trustee Emerita Carmen "Hulu" Lindsey, Trustee Luana Alapa, Trustee Kalei Akaka, Vice Chair Keoni Souza, Trustee Brickwood Galuteria,

Chair Kahele said that focusing on the 30-day window, and probably Trustee Souza. He stated it might also be helpful to talk to Trustee Alapa

Others recommended talking to The Trustees and , and

Interviews were limited to the following: Complainant; Respondent; with the complainant and respondent during the period of the events in question and witnessed their interactions. Since the complainant and witnesses predominantly referenced behavior from Board of Trustees Meetings that are publicly available on YouTube, the investigator deemed it unnecessary to interview additional witnesses who attended the same meetings, who would not likely have additional facts that would inform the outcome of the investigation.

[redacted]

B. Review of Documents:

Documents reviewed are attached to this Report as Table 1 and incorporated herein.[2] Videos of BOT meetings between May 30, 2025 to June 29, 2025 that were reviewed are also listed at Table 1.

C. Factual Analysis and Conclusions; No Legal Analyses.

This Investigation Report is based on independent factual analyses and conclusions drawn by Chin Consulting, LLC, including the undersigned Investigator and any of its, directors, members, employees, contractors, affiliates, or assigns, from the statements and demeanor of witnesses, a review of the relevant documents, and any applicable laws, rules, policies, and guidelines. The analysis and conclusions drawn by Chin Consulting, LLC, in such a matter are subjective and therefore another person might reach different interpretations, opinions, or conclusions. This Report is not intended to provide or offer any legal findings, legal opinions, legal analyses or legal conclusions. Any reference to legal opinions, legal conclusions, legal guidelines or legal analyses discussed in this Report were considered only as references or interpretations to guide the fact-finding inquiry. Fact finding is made and conclusions are drawn using a preponderance of the evidence standard. Such references or interpretations are a non-lawyer's understanding of the applicable legal guidelines, policies, principles, laws, and rules requiring further legal analyses by The Office of Hawaiian Affairs and its own legal counsel.

D. Evidentiary Standard for Fact Finding:

Facts and allegations are determined either to be substantiated or unsubstantiated based on the preponderance of the evidence standard. "Preponderance of the evidence" means that the weight of evidence on one side is greater than the weight of evidence on the other (i.e. greater than 50%). Accordingly, a fact or allegation is likely to have occurred if the evidence indicates a greater than 50% chance that it occurred. On the other hand, a fact or allegation is not likely to have occurred if the evidence indicates a less than 50% chance that it occurred. Conclusions in this report are taken from a totality of the evidence and through an analysis of all the facts. Where necessary, the investigator has made determinations of character and credibility of witnesses.

VI. EXECUTIVE SUMMARY OF FINDINGS

The totality of credible and reliable findings of fact suggests there are insufficient direct findings of fact to demonstrate that Chair Kaiali'i Kahele created a toxic or hostile work environment, abused authority or engaged in conduct unbecoming of a Trustee and Chair. Per the Board of Trustees Executive Policy Manual, this investigation includes the time period between May 30, 2025 to June 29, 2025.

[2] Not all of the documents or videos reviewed are attached to this report. Documents deemed relevant are included as attachments.

[redacted]

Toxic or Hostile Work Environment:

There are insufficient facts to demonstrate that Chair Kahele created a hostile work environment. Ms. Ferreira did not allege that Chair Kahele based any of the complained-of-behaviors on any protected classification. Instead, Ms. Ferreira's complaint seems to be rooted in Chair Kahele's 'hands-on-approach' to his position as Board Chair. Nor did the investigation reveal any discriminatory conduct by Chair Kahele.

There are also insufficient facts to demonstrate that Chair Kahele created a toxic work environment for Ms. Stacy Ferreira. Instead, it appears Ms. Ferreira views her role as the CEO differently from Chair Kahele. This is a primary source of conflict. Ms. Ferreira's employment contract explicitly states the CEO is expected to carry out Board initiatives under the policies and direction of the Board, and to do so in close communication and cooperation with the Board Chair, especially regarding organizational priorities and execution of the strategic plan. (Atch 20, p. 7) One catch-all provision requires that the CEO, "shall also perform such other job-related services and duties as may be assigned by the Chairperson of the Board." (Atch 20, pps. 6-7) Her position is subordinate to the Chair.

Chair Kahele's conduct, when viewed in the context of the CEO's role as it is outlined in OHA guidelines, and in her employment contract, is consistent with expected oversight as the Board Chair. The conflict therefore appears to reflect a disconnect in role expectations rather than evidence of a toxic or hostile work environment.

The examples Ms. Ferreira raised contributing to a toxic work environment included micromanagement characterized by a high volume of additional work with short timelines. She also alleged Chair Kahele bullied her when he directed her to [redacted] certify the budget and subsequently facilitate the budget certification [redacted].

As is documented in the Budget Process Memorandum, dated August 12, 2025, the practice of certifying the budget has been in place for a number of years. (Atch 18, p. 6) Although Ms. Ferreira was not present for the last biennium budget process, [redacted] would have been aware of this requirement. Further, the certification required is merely that the funds are available to effect the budget. [redacted], it is [redacted] responsibility to certify the availability of funds. [redacted] Although it was a very compressed timeline to certify the budget, it should not have been unexpected based on past practice. Rather, it seems that Ms. Ferreira [redacted] took offense to the urgency of the request because they strongly opposed the Board's revised budget as a result of a lack of transparency in the process and a perceived negative impact on OHA programs. Ms. Ferreira [redacted] but ultimately made the decision to direct [redacted], then proceed with the certification [redacted] She stated it was not voluntary, and she felt her job was in jeopardy, however, the fact remains that she had a choice of whether to proceed or refuse.

It is substantiated that Chair Kahele said something to the effect of, "Well, if you don't like it, you can leave." However, this isolated incident does not rise to the level of creating a toxic

[redacted]

work environment.

It is not substantiated that Chair Kahele engaged in hostile or inappropriate questioning at Board Meetings. Ms. Ferreira and other witnesses did not give any specific examples of Chair Kahele questioning executive leaders or anybody else inappropriately during the May 30, 2025 – June 29, 2025 timeframe. The example they gave outside of the timeframe also did not rise to the level of hostile or unprofessional behavior.

Accordingly, the claim that Chair Kahele created either a toxic or hostile work environment is unsubstantiated.

Abuse of Authority:

Ms. Ferreira's assertion that Chair Kahele usurped her authority appears to again be a lack of understanding that the roles and responsibilities of the CEO are at the discretion of the Board. It is not within the scope of this investigation to evaluate OHA's budget process. However, Ms. Ferreira's assertion that Chair Kahele overstepped his authority as the Board Chair to revamp the administration's budget proposal is without merit as outlined in Ms. Ferreira's employment contract and discussed above. There is nothing that prohibits the Chairperson from bringing forward a budget proposal different from what the administration originally submitted. This process is contemplated by the Fiscal Procedures Manual since the budget ultimately requires BOT approval. On the other hand, a lack of clarity regarding roles and responsibilities and an absence of communication surrounding the budget process may have contributed to gaps in alignment and transparency that gave rise to this complaint. It is also notable that the complaint was submitted the afternoon before the scheduled Board meeting to vote on the budget. Nevertheless, these issues do not constitute Abuse of Authority as Trustee or Chairperson.

Likewise, Chair Kahele did not abuse his authority by communicating or meeting directly with staff members without executive leaders. No explicit prohibition exists, and the Staff Interaction Policy was never officially adopted by the Board. As a practical effect, this approach has the potential to exclude the next level of leadership from certain communications, leaving them uniformed about information that was shared. Both 3.10.d of the Executive Policy Manual, and Ms. Ferreira's employment contract say that the CEO is to act as the conduit between the BOT and the administration staff. This raises a question of how the CEO can act as a conduit to the BOT when she is not included in interactions with administration staff. However, direct communication with the staff is not explicitly prohibited in his role as a Chair and a Trustee.

Conduct Unbecoming of a Trustee and Chair:

Ms. Ferreira did not present any additional examples but instead said that the two above allegations under 1. Creating a toxic or hostile work environment; and 2. Abuse of authority, constitute conduct unbecoming of a Trustee and Chair. As both of these allegations were not substantiated, there was no conduct unbecoming of a Trustee or Chair. The one other example that she raised regarding gifts was not within the scope of this investigation but was likewise found to be without merit [redacted].

[redacted]

Summary:

Although there are insufficient facts to substantiate Ms. Ferreira's complaint, there are significant systemic issues that are preventing the OHA Board of Trustees and Administration from working together to achieve a shared vision. These include (1) a lack of clear roles and responsibilities, especially between the CEO and the Chairperson of the Board, the Board and Administration, as well as within Administration between [redacted] (2) unclear, unofficial or out of date policies, such as the Budget Policy and the Board of Trustees – Administration Staff Interaction Policy; (3) a significant strategic misalignment between the Board and Administration; and (4) conflicting leadership and communications styles. Unless these issues are directly addressed, OHA will continue to experience organizational dysfunction, limiting its effectiveness and diminishing its ability to achieve its mission.

VII. GUIDELINES AND POLICIES

In evaluating Ms. Ferreira's allegations, the investigator relied upon the following guidelines:

1. The U.S. Equal Employment Opportunity Commission's "Enforcement Guidance on Harassment in the Workplace" (the "EEOC Guidance")[3],
2. The Office of Hawaiian Affairs Board of Trustees Bylaws, updated as of March 20, 2025 (the "Bylaws"),
3. The Office of Hawaiian Affairs Board of Trustees Executive Policy Manual, updated as of May 31, 2025 (the "Executive Policy Manual"),
4. The Board of Trustees' Code of Conduct, found in Appendix 6 of the Bylaws (the "Code of Conduct"), and
5. The OHA Budget Policies and Procedures Memorandum, dated August 12, 2025 (the "Budget Memo").

While Hawai'i Revised Statutes do not directly address Hostile Work Environment, they are similar to the EEOC Guidance in that they only protect against harassment based on a protected characteristic (e.g. race, color, national origin, religion, sex, age, disability etc.).

According to EEOC Guidance, a Hostile Work Environment exists when a totality of the circumstances indicates that harassment based on a protected characteristic is so severe or pervasive that it creates an intimidating, hostile, or offensive working environment or interferes with an employee's ability to work.

Office of Hawaiian Affairs Board of Trustees Bylaws, updated as of March 20, 2025 were relied upon as the guidelines for evaluating Ms. Ferreira's allegations for this investigation. It states the following:

[3] https://www.eeoc.gov/laws/guidance/enforcement-guidance-harassment-workplace

[redacted]

ARTICLE XVII. ORDER AND DECORUM

A. While the chairperson is putting any question to, or addressing the Board, or when a person is speaking, all persons present are expected to conduct themselves with decorum and provide respect to the speaker. While a person is speaking, no one shall pass between such speaker and the chairperson.

B. When a Board member or other person properly before the Board wishes to speak, the speaker shall address the chairperson, be recognized before proceeding, and shall confine remarks to the question under discussion.

C. If a Board member or other person, in speaking or otherwise, transgresses these rules, any Board member may raise a question of order. The chairperson shall then decide the question of order without debate, subject to an appeal to the Board. In addition, the chairperson may call for the sense of the Board on any question of order.

D. Whenever any person is called to order while speaking, such person shall be in possession of the floor after the question of order is decided and may proceed with the matter under discussion within the ruling made on the question of order.

E. All persons attending Board meetings, including staff, witnesses, members of the media, and the general public, are expected to respect the dignity of the Board.

F. Board members who repeatedly violate any provision of any of the above sections of this Article shall be subject to disciplinary action, as set forth in Article XVIII herein.

G. Defamation. OHA is concerned that no defamatory material or statements are presented at Board and Committee meetings. In the event that this situation should develop, it will be necessary to call this to the attention of the persons making those statements, and request that they desist in their action. Such information may be stricken from the record.

H. Disorderly Conduct. A disruptive Board member or meeting attendee shall be called upon by the chairperson of the Board or Committee to cease and desist all willfully disruptive behavior that prevents and compromises the conduct of a meeting. If the disruption continues, the person may be removed from the meeting pursuant to HRS §92-3. Removal may include muting of a Board member's or testifier's microphone, removal from the interactive conference technology meeting platform, or removal of the disruptive person from the in-person meeting room.

[redacted]

ARTICLE XVIII. TRUSTEE CODE OF CONDUCT AND SANCTIONS FOR VIOLATION OF THE CODE OF CONDUCT

The professional conduct of a Board member shall be guided by the Code of Conduct and Sanctions for Violations of the Code of Conduct, hereinafter referred to as the "Code of Conduct," which shall be created as a stand-alone executive policy of the Board of Trustees and made part of the OHA Board of Trustees' Executive Policy Manual as a stand-alone policy.

The Sanctions for Violations of the Code of Conduct shall contain procedures that are fitting to the position of an elected Trustee and while ensuring that due process is afforded to a Trustee whose matter is being considered by the Board of Trustees.

The purpose of this Article is to establish guidelines relating to the Trustee Code of Conduct, including standards for the ways in which Board members interact with one another, staff, and beneficiaries in the pursuit of setting OHA policy and managing its trust.

The Office of Hawaiian Affairs Board of Trustees Executive Policy Manual Updated as of May 31, 2025 (the "Executive Policy Manual") was also relied upon to evaluate Ms. Ferreira's allegations.

Appendix 1 outlines delegation of authority and policy documentation (emphasis added):

APPENDIX 1: Policy Guidelines, Policy of Policies

IV. SCOPE AND DELEGATION OF AUTHORITY

A. Hawaii Revised Statutes, Chapter 10 [§10-1] Declaration of purpose. (a) The people of the State of Hawaii and the United States of America as set forth and approved in the Admission Act, established a public trust which includes among other responsibilities, betterment of conditions for Native Hawaiians. The people of the State of Hawaii reaffirmed their solemn trust obligation and responsibility to native Hawaiians and furthermore declared in the state constitution that there be an office of Hawaiian affairs to address the needs of the aboriginal class of people of Hawaii. (b) It shall be the duty and responsibility of all state departments and instrumentalities of state government providing services and programs which affect native Hawaiians and Hawaiians to actively work toward the goals of this chapter and to cooperate with and assist wherever possible the office of Hawaiian affairs.

B. Hawaii Revised Statutes, [§10-3] Hawaii Revised Statutes (HRS) Chapter 10 provides that OHA is meant to address the needs of the Native Hawaiian people, including: (1) The betterment of conditions of native Hawaiians; (2) The betterment of conditions of Native Hawaiians; (3) Serving as the principal public agency responsible for the performance, development, and coordination of

[redacted]

programs and activities relating to native Hawaiians and Hawaiians; except that the Hawaiian Homes Commission Act, 1920, as amended, shall be administered by the Hawaiian Homes Commission; (4) Assessing the policies and practices of other agencies impacting on Native Hawaiians and Hawaiians, and conducting advocacy efforts for Native Hawaiians and Hawaiians; (5) Applying for, receiving, and disbursing, grants and donations from all sources for native Hawaiian and Hawaiian programs and services; and (6) Serving as a receptacle for reparations.

C. Retention of Authority: The Board of Trustees retains all powers, duties and responsibilities as outlined in Chapter 10, subject to specific delegations of authority, documented in policy.

D. Delegation of Authority: The Board of Trustees may delegate policy development, implementation, monitoring and evaluation activities to the Administrator, who may then further delegate to operational functions, units and systems. **Both policy/authority delegations-BOT to Administrator and subsequently to Operations---shall be documented in policy and communicated and updated in accordance with the specific policy.**

The stand-alone Code of Conduct referenced in the Trustee Bylaws are contained in Appendix 6.

APPENDIX 6 – Code of Conduct and Sanctions for Violation of the Code of Conduct Policy states (in relevant part):

Part I. Board of Trustees' Code of Conduct

B. Standards of Conduct

1. In order to support the vision, mission, values and goals of OHA and fulfill its statutory obligations, the Board must function as a collegial unit. The Board functions well as a unit when its individual members act ethically, are committed to working together, operate in a non-partisan manner and speak with one voice. The Board creates a positive climate when it acts with integrity and civility, and uses its influence appropriately.

Part II. Sanctions for Violations of the Trustee Code of Conduct

B. Complaint Process

1. A Trustee who believes that a fellow Trustee has violated the Code of Conduct may seek resolution of the matter through appropriate conciliatory measures prior to commencing an official complaint under the Code of Conduct.

2. A Trustee or the OHA CEO who wishes to commence an official complaint under the Code of Conduct shall file a letter of complaint with the Board Chairperson within THIRTY (30) days of the alleged event occurring and indicate the nature of the complaint and the section or sections of the Code of Conduct that are alleged to have been violated

[redacted]

by the Trustee. The Trustee who is alleged to have violated the Code of Conduct and all other Trustees shall be forwarded a copy of the letter of complaint by the Board Chairperson, or where otherwise applicable in what follows, by the Vice-Chairperson, within FIVE (5) days of receipt by the Board Chairperson of the letter of complaint. If the complaint is with respect to the conduct of the Board Chairperson, the letter of complaint shall be filed with the Vice-Chairperson.

3. When a Trustee or the OHA CEO files a letter of complaint and a copy of that letter of complaint is forwarded to all Trustees, the filing, notification, content, and nature of the complaint shall be deemed to be strictly confidential, the public disclosure of which shall be deemed to be a violation of the Code of Conduct. Public disclosure of the complaint and any resulting decision taken by the Board may be disclosed by the Board Chairperson only at the direction of the Board, following the disposition of the complaint by the Board at a Code of Conduct hearing.

4. To ensure that the complaint has merit to be considered and reviewed, at least one other Trustee must provide to the Board Chairperson, within THREE (3) days of the notice in writing of the complaint being forwarded to all Trustees, a letter indicating support for having the complaint heard at a Code of Conduct hearing. Any Trustee who forwards such a letter of support shall not be disqualified from attending and deliberating upon the complaint at a Code of Conduct hearing convened to hear the matter, solely for having issued such a letter.

5. Where no letter supporting a hearing is received by the Board Chairperson in the THREE (3) day period referred to in section 5 above, the complaint shall not be heard. The Board Chairperson shall notify all other Trustees and the OHA CEO in writing that no further action of the Board shall occur.

6. Where a letter supporting a hearing is received by the Board Chairperson in the THREE (3) day period referred to in section 5 above, the Board Chairperson shall convene, as soon as is reasonably possible, a special meeting of the Board to allow the complaining Trustee to present his or her views of the alleged violation of the Code of Conduct.

OHA Budget Policies and Procedures Memorandum, August 12, 2025 outlines the OHA budget process and was relied upon for information regarding the budget process, chain of command and associated roles and responsibilities. (Atch 18) In relevant part, it summarizes:

> The purpose of this memorandum is to summarize applicable rules, policies and procedures regarding (1) the certification process for the biennial budget; (2) from whom [redacted] takes directive regarding financial matters; (3) the process of ensuring/reconciling/validating the budget before final approval; and (4) the chain of communication related to the budgeting verification and approval process.

[redacted]

The short answers are:
(1) There is no written policy/procedure requiring certification of the biennial budget.
However, the standard practice has included confirmation by [redacted] that there are sufficient funds available to fulfill the budget, as written.
(2) [redacted] takes [redacted] directives from the CEO.
(3) There is no written policy/procedure requiring verification of the budget before final approval.
(4) As explained below, there are rules, an employment contract, and written policies/procedure regarding the chain of communication related to the budget, but the rules, employment contract, and policies and actual practice have not always aligned. The Board has ultimate power over and may make policies and take actions as it thinks necessary or appropriate to carry out its powers. The Board may delegate to the CEO, its officers, and employees powers and duties, but it is always free to change the scope of any such delegation.

Relevant provisions of H.R.S. Chapter 10, quoted from the OHA Budget and Policy Memorandum are as follows (emphasis in memorandum):

[§10-14] There shall be an office of Hawaiian affairs constituted as a ***body corporate*** which shall be a separate entity independent of the executive branch. The office, ***under the direction of the Board of Trustees***, shall have the following general powers:
***
(3) To determine *the character of and the necessity for its obligations and expenditures*, and the manner in which they shall be incurred, allowed, and paid, subject to provisions of law specifically applicable to the office;
***
(9) To take such actions as may be necessary or appropriate to carry out the powers conferred upon it by law.

Emphasis added.
[§10-5] ***The Board shall have the power*** in accordance with law to:

(1) Manage, invest, and administer the proceeds from the sale or other disposition of lands, natural resources, minerals, and income derived from whatever sources for native Hawaiians and Hawaiians, including all income and proceeds from that pro rata portion of the trust referred to in section 10-3;

(2) Exercise control over real and personal property set aside to the office by the State of Hawaii, the United States of America, or any private sources, and transferred to the office for native Hawaiians and Hawaiians;

(3) Collect, receive, deposit, withdraw, and invest money and property on behalf of the office;

[redacted]

(4) Formulate policy relating to the affairs of native Hawaiians and Hawaiians, provided that such policy shall not diminish or limit the benefits of native Hawaiians under article XII, section 4, of the state Constitution;

(5) Otherwise act as a Trustee as provided by law;

(6) Delegate to the administrator, its officers and employees such powers and duties as may be proper for the performance of the powers and duties *vested in the Board*;

(7) Provide grants to individuals, and public or private organizations to better the conditions of native Hawaiians and Hawaiians consistent with the standards set forth in section 10-17.

VIII. ALLEGATIONS DISCUSSION

ALLEGATION ONE: It was alleged that Chair Kaiali'i Kahele created a toxic or hostile work environment by micromanaging, bullying, and/or by publicly interrogating and humiliating executive leaders.

Ms. Ferreira did not claim that Chair Kahele unlawfully discriminated against her as a part of any protected classification. When asked specifically whether she believed Chair Kahele discriminated against her on the basis of gender, she seemed to deny it saying, "I don't know if he has an issue with women." She said all she knows is that from "jump" he had an issue with her. [redacted] commented that they observed a difference in the way he treated women versus men in the boardroom. [redacted] However, when prompted, [redacted] could provide any specific examples of incidents that demonstrated he treated women materially differently than men in an adverse or discriminatory manner. [redacted] unequivocally stated [redacted] does not believe Chair Kahele discriminates against women. [redacted] When commenting on witness statements that he treated women less respectfully than men in the boardroom, he said, "That is someone's opinion. But it's good because you can watch it on the video. It's public, it's on YouTube." (Atch 3, p. 5) The investigator did not observe any discriminatory behavior described by witnesses in the Board of Trustees meetings that took place during the 30-day timeframe (see meeting list and associated video links at attached Table of Documents).

Instead, Ms. Ferreira made a variety of other claims not tied to any legally protected characteristics:

a. She stated Chair Kahele micromanaged her through the volume of additional work with short timelines.

   - She said that specifically, it is the volume of additional work, with short timelines – sometimes it is like "I need it today" or "ASAP" or "immediately." (Atch 2, p. 4) She feels he is trying to overwhelm her so that he can fire her. (Atch 2, p. 6)

- She noted that she reports to nine Trustees, but she feels like she reports to one. She still has requests from the other Trustees, but it's not that same level of "unreasonableness." (Atch 2, p. 4)

- She stated that [redacted] based on Chair Kahele's micromanagement when he directed [redacted] voiced frustration with Chair Kahele's decision [redacted], and said, "He's high. He needs to get off the crack." [redacted] explained that if they did that there would be [redacted]

- Ms. Ferreira stated that the level of micromanagement and stress it created during the budget process was "off the charts." (Atch 2, p. 4) (See detailed discussion below.)

- [redacted] observed that part of the challenge has been that the prior Chair, who was Ms. Ferreira's direct report, was comfortable delegating authority that normally sits with the Board Chair to Ms. Ferreira in her role as CEO. When Chair Kahele came on board, he held on to his authorities, not delegating them. [redacted] imagines to Ms. Ferreira that felt like a restriction. [redacted]

- Similarly, Chair Kahele stated that he continues to get pushback from the Admin side, because over the years at OHA, prior Board leaders relegated or acquiesced their authorities and power and oversight that belongs with the Board of Trustees and moved it to Admin. When he came in from day one, he immediately began to change those things and that has led them to where they are today. (Atch 3.1, p. 4)

- [redacted] observed that Chair Kahele takes his chairmanship seriously and wants to get as much impactful work done in the time he is in that role. [redacted] said the one thing he may take for granted is that other people approach their work with the same sense of urgency, sense of weightiness and capacity to deliver and do what he is able to do. [redacted]

b. Ms. Ferreira stated Chair Kahele was bullying her when he put pressure on her to certify the budget, for which she had significant concerns, within an unrealistic timeframe.

- On Friday, June 20, 2025, Chair Kahele emailed [redacted] at the time requesting [redacted] certify that "funds are available to effect the budget." [redacted]

- [redacted] wrote that [redacted] was not actively involved in the [redacted], and that Admin was not included in the process, review, or validation of the

[redacted]

biennium budget, therefore [redacted] was unable to review the underlying assumptions of the spending limit in the total operating budget. [redacted] further stated [redacted]. Therefore, [redacted] would not be certifying that there are funds available because it would be compromising [redacted] professional ethics. [redacted]

- [redacted] said [redacted] had also previously received a phone call from [redacted] on Wednesday, June 18, 2025 asking if she would certify the budget, to which she responded "No." [redacted]

- On Sunday, June 22, 2025 Chair Kahele sent Ms. Ferreira an email that said in the heading, "Directing you to direct [redacted] to certify." He gave a suspense of 9:00 a.m. Monday morning, the following day. [redacted] Ms. Ferreira stated that she was uncomfortable giving [redacted] that directive and she felt like Chair Kahele was bullying her into bullying [redacted] (Atch 2, p. 7) However, she said she did not feel like she had a choice. She consulted with [redacted]

- On that same date, she sent [redacted] an email directing [redacted] to certify that funds were available, or to provide in writing: the specific reason for [redacted] determination; the date and time [redacted] became aware of any such issue; and the steps [redacted] to notify the CEO and the Board of Trustees. She stated she did this against her will and better judgement. (Atch 2, p. 7) In a reply email, [redacted] stated that [redacted] would not certify the budget and reiterated [redacted] reasons. [redacted]

- At 3:00 a.m. on Tuesday, June 24, 2025, Chair Kahele sent a directive to the [redacted] to certify the budget by that afternoon at 3:00 p.m. with a cc to Ms. Ferreira. [redacted]

- Ms. Ferreira stated that she could tell him how much money they had, but could not say if the amount he is asking for in the budget is true and accurate. She stated they had already found errors and by the time the budget got to the Board table, it was on its fourth version due to errors. (Atch 2, p. 8)

- Ms. Ferreira worked with [redacted] to come up with a truthful statement that could get the document to move. When she sent it to [redacted] returned it stating it was not approved because it was not what the Chair had asked for. They went back and forth. Ms. Ferreira stated she felt that was bullying all the way to the end until [redacted] signed off. (Atch 2, p. 8)

- Although there is no written certification process of the biennium budget in either the Policy Manual or the Fiscal Procedures Manual, for a number of budget cycles, the practice has included written confirmation by [redacted] that there is

[redacted]

sufficient funding available for the proposed action. (Atch 18, p. 6)

- [redacted] stated that while there is no formal "budget accuracy" policy, it is considered an inherent expectation [redacted]. (Atch 18, pg. 7)

- Likewise, [redacted] stated that [redacted] to say there are funds available for the budget. [redacted] said, "It's your role and function." [redacted] stated at the time [redacted] was not the [redacted] However, because of the way the organization is structured, the accounting function was all external consultants. The next person to certify [redacted], so [redacted] was next in line to take on that responsibility. [redacted] stated that it was straightforward. They were just certifying funds were available and the funds were available. Certifying the sources of the funds was not a big deal because that was factual. The money was there. [redacted]

- [redacted] described the back and forth with [redacted] as based on the language. [redacted] inserted a disclaimer that [redacted] couldn't certify that funds from federal programs were available because of potential federal cuts from the current administration and then [redacted] was comfortable with it. [redacted] further observed that the biggest question mark was when the CEO was asked to give a directive and it wasn't followed. [redacted] said, "When certain directives aren't being followed in your chain of command that's a problem. That's where the issues are." [redacted]

c. Chair Kahele said in a meeting in Moloka'i on June 18, 2025, during a contentious discussion about the budget, "Well, if you don't like it, you can leave." (Atch 2, p. 3)

- In the meeting, Ms. Ferreira expressed her disappointment about Chair Kahele's intent to make the budget public before sharing it with her. Trustee Galuteria had suggested that he share it with her, so he said he would. They met, and Ms. Ferreira asked, if Trustee Galuteria hadn't asked him to share it with her, would he have done so? He said he would not have and she stated that was unacceptable. He then said, "Well, if you don't like it you can leave." (Atch 2, p. 3) She said, "That is his level of arrogance and heavy-handedness, the way that he talks and his consistent way of engaging." (Atch 2, p. 3)

- Chair Kahele corroborated Ms. Ferreira's account of their meeting. He stated that he found it problematic that Ms. Ferreira felt she could ask whether the only reason he was meeting with her was because Trustee Galuteria asked him to. He stated she is an employee. She has nine bosses, and he is one of them. He wouldn't talk that way to his boss, even if he felt that way. (Atch 3.1, p. 9)

- He confirmed that he said something like, "If you don't like the budget, if you don't like what is happening here, then you don't have to stay here." (Atch 3.1, p. 9) He said this is true for anyone, if they don't like the circumstances in which

they are working, they can make the decision to leave. He said there are two things he knows pretty clearly. He is elected and she is not. He is there until 2028, and she is there until October 31, 2026. He doesn't know if she needs to be reminded of that, but if she doesn't like the operating environment she is in then she has the free will to leave. (Atch 3, p. 4; Atch 3.1, p. 9)

- He said he doesn't know if he would take it back, but he did not feel good about that interaction. It wasn't just the way she talked to him, but that he brought himself to her level to talk to her. It's not how he likes to feel or operate as a human being. He said, "I'm never, ever having that conversation with her again. And if that means I never talk to her again, then that is fine, because we just can't. It's bad for both of us." (Atch 3, p. 4; Atch 3.1, p.9)

d. Chair Kahele created an environment of fear and intimidation by publicly interrogating and humiliating executive leaders during livestreamed Board meetings.

- Ms. Ferreira stated his behavior created a space of fear and intimidation because nobody wanted to be "that person." (Atch 2, p. 5) Other interviewees echoed this sentiment. However, the specific examples given did not fall within this 30-day timeframe.[4]

- Chair Kahele stated, "I ask tough questions. I come prepared. I do my homework. You are bringing something in front of this Board that we are going to take action on. We are held as the fiduciaries, not you. And if you cannot answer those questions, then it raises my suspicions of how you came to those conclusions, and that has been my style. I try to do it in a respectful way, but I'm gonna ask tough questions if it's an issue that I feel needs to be properly vetted." (Atch 3.1, p. 10)

- [redacted] further stated that Chair Kahele "weaponized" Robert's Rules during Board meetings. [redacted]

- Chair Kahele stated that he does not weaponize them. He follows them to a "T." It's not his fault if you don't follow the rules. (Atch 3, p. 4; Atch 3.1, p. 10) Similarly, [redacted] stated [redacted] has not seen him being unprofessional, saying, "It's not weaponizing if somebody else isn't adept at it. It's an unfair characterization to frame that kind of adeptness as weaponizing, when it's just fluency." [redacted]

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[4] [redacted] brought up an April 17, 2025 BOT Meeting where Chair Kahele interrupted [redacted] that he continued to "grill" [redacted] with questions and [redacted]. [redacted] stated that the primary reason [redacted] was based on the way that Chair Kahele treated [redacted] a lack of respect. The meeting was recorded and publicly available. After watching the video, it is the Investigator's opinion, that although the interchange was uncomfortable, Chair Kahele's behavior was not hostile or unprofessional. The interchange begins at https://www.youtube.com/watch?v=4YOgN4_a3hE&t=3784s

[redacted]

- After reviewing the videos between May 30, 2025 to June 29, 2025, the investigator did not find any instances of Chair Kahele engaging in hostile or unprofessional behavior. (See Table of Documents for meeting list and links) None of the witnesses interviewed provided any examples of Board meetings where this behavior is alleged to have occurred during this 30-day time period.

FINDING ON ALLEGATION ONE: The allegation that Chair Kaiali'i Kahele created a toxic or hostile work environment by micromanaging, bullying, and/or interrogating and humiliating executive leaders IS NOT SUBSTANTIATED.

Hostile work environment claims can only be supported when a totality of the circumstances indicates that severe or pervasive harassment was based on a protected characteristic of the complainant. Based on the numerous interviews, videos, and exchanges reviewed by this investigator, there is no evidence that any alleged harassment by Chair Kahele was based on any protected characteristic. Instead, Ms. Ferreira's complaint seems to be that Chair Kahele made her job as CEO more difficult, as opposed to any claim of illegal discrimination. In this way, Ms. Ferreira cited Chair Kahele's behavior as toxic.

A non-discriminatory, "toxic" work environment still has important Human Resources implications which affect the health of the organization as a whole. Accordingly, this report also analyzes Ms. Ferreira's claim that Chair Kahele created a toxic work environment.

Ms. Ferreira cited micromanagement as a factor that created a toxic work environment. She described micromanagement as overreach in addition to "the volume of additional work with short timelines," sometimes saying, "I need it immediately or ASAP." (Atch 2, p. 4) She pointed to the budget certification process as the primary example for her allegations of both micromanagement and of bullying.

Customarily, the budget certification process needs to be completed in order for the Board to meet its statutorily mandated deadline to pass a budget by June 30, 2025. As documented in the Budget Process Memorandum, the practice of certifying the budget has been in existence for a number of years and requires [redacted] to certify that the funds are available to effect the budget. (Atch 18, p. 6) While Ms. Ferreira was not present for the last biennium budget process, [redacted] Although Chair Kahele sent [redacted] the email requesting certification on Friday, June 20, 2025, [redacted] received a phone call from [redacted] on Wednesday, June 18, 2025, stating that certification was required. [redacted] it is [redacted] responsibility to certify the funds and the funds were there. [redacted] Although it was a very compressed timeline to certify the budget, it should not have been unexpected based on past practice. Rather, it seems that Ms. Ferreira [redacted] took offense to the urgency of the request because the Board changed the administration's budget and [redacted] strongly opposed the changes made due to what [redacted] described as a lack of transparency in the process and the negative impact of the changes on the organization. [redacted]

[redacted]

It appears Ms. Ferreira views her role as the CEO differently from Chair Kahele, which is a primary source of conflict. Her relationship and roles and responsibilities with Chair Emerita Lindsey, the previous Board Chair, gave her broad delegations and latitude. Chair Kahele sharply curtailed this latitude when he came in as Board Chair, which Ms. Ferreira has interpreted as overly restrictive or micromanaging. However, Ms. Ferreira's employment contract explicitly requires the CEO to "…perform such other job-related services and duties as may be assigned by the Chairperson of the Board." (Atch 20, pps. 6-7) Her position is subordinate to the Chair.

Ms. Ferreira's contract specifically states that The CEO of the Office of Hawaiian Affairs (OHA) is responsible for implementing the policies, rules, plans, and directives that are adopted by the Board of Trustees. (Atch 20, p. 2) The CEO manages the internal operations of OHA, provides leadership and executive oversight, and acts as the conduit between the Board and OHA's administrative staff (Atch 20, p. 18). In particular, the CEO is expected to carry out Board initiatives "under the policies and direction of the Board," and to do so in close communication and cooperation with the Board Chair, especially regarding organizational priorities and execution of the strategic plan. (Atch 20, pps. 6-7 and 18-19) The CEO is expressly charged to "effectively and efficiently perform [her] contractual duties as directed by and in cooperation with the Board Chairperson and Standing Committee Chairs…" (Atch 20, p. 7)

The facts indicate that Ms. Ferreira's allegations about micromanagement and bullying stem from an unclear understanding of her subordinate roles and responsibilities as the CEO. Chair Kahele's conduct, when viewed in the context of the CEO's role as it is outlined in OHA guidelines and in her employment contract, is consistent with expected oversight as a Board Chair. The conflict therefore appears to reflect a disconnect in role expectations rather than evidence of a toxic or hostile work environment.

It is substantiated that Chair Kahele said something to the effect of, "Well, if you don't like it, you can leave." However, this isolated incident does not rise to the level of creating a toxic work environment. Both Ms. Ferreira's and Chair Kahele's descriptions of the incident during their meeting in Moloka'i is consistent. Chair Kahele acknowledged that it wasn't a good meeting for either of them and he was dissatisfied with his own behavior, promising himself he would never have that discussion with her again. His statement to the investigator, that he is there until 2028, and Ms. Ferreira is there until October 31, 2026[5] seems to indicate he was not intending or threatening to fire Ms. Ferreira, but rather was saying she could leave voluntarily if she did not like the work environment.

It is not substantiated that Chair Kahele engaged in hostile or inappropriate questioning at Board Meetings. Ms. Ferreira and other witnesses did not give any specific examples of Chair Kahele questioning executive leaders or anybody else inappropriately during the May 30, 2025 – June 29, 2025 timeframe. The example they gave outside of the timeframe also did not rise to the level of hostile or unprofessional behavior by Chair Kahele.

[5] Ms. Ferreira's contract began on November 1, 2023 and ends October 31, 2026. There is no automatic extension of the contract. Extension requires a majority vote of all Board members. (Atch 20, p. 3)

[redacted]

ALLEGATION TWO: It was alleged that Chair Kaiali'i Kahele engaged in abuse of authority.

Ms. Ferreira stated that Chair Kahele's overreach has been happening since day one of him as Board Chair and that the chaos that was created with the budget was just a very public display of his overreach.

a. She stated he repeatedly "undermined, usurped, and circumvented her ability to fulfill the responsibilities as CEO by circumventing her and going directly to staff. She stated that in this way, he exerts undue influence in ways that destabilize their reporting structures, create power imbalance and governance integrity (Atch 1, pps. 1-2)

- In the six months he has been Board Chair, she stated he has diminished her role by going directly to the staff to request them to do things for him. (Atch 2, p. 3) In many of their departments, the staff is already overworked and overwhelmed. With the Board Chair, there is a level of intimidation. When he comes to you and says, "I want this done," they drop everything and do that. They do not feel like they can say no. (Atch 2, p. 4)

- She stated she has explicitly and on numerous occasions requested he route administrative and operational matters through her office, but he continues to engage directly with staff. This creates a disconnect between the leadership team and the Board and also between the staff member and their supervisor. There becomes this imbalance or confusion of, "Who am I reporting to?" (Atch 2, pps. 3-4)

- Ms. Ferreira stated that they have a communication policy documented in a memorandum which states that all communications and taskings should go through the CEO. She said she sent them the actual policy, so it isn't getting lost in translation. She concluded, "He just doesn't care." (Atch 2, p. 4; Atch 19)

- The Staff Interaction Policy, created by the Administration in 2012, and recirculated via memorandum throughout the years by various CEOs, states that all requests by Trustees shall be routed through the BOT Chair and/or the Chief of Staff, who shall communicate the request to the CEO. (Atch 19)

- Chair Kahele stated there is no clearly defined policy. There may be a desired policy. There are memos that have evolved from previous CEOs, but nothing baked into bylaws or an executive policy manual. He described the policy as "unenforceable" and said that none of the Trustees follow it. He further stated that if a Trustee needs to call someone to get information, then that is their duty as a duly elected Trustee. And there is no one in the administration that can tell them they can't do it. He believes this memo describes how Ms. Ferreira prefers the administration to be in relation to the Board. But he said, "That is just not this Board. Maybe it was the Board previously, hut it is not this Board under my

[redacted]

leadership." (Atch 3.1, p. 6)

- He is working on a policy that distinctively distinguishes a Trustee to a Trustee staff. They highly recommend going to the Board Chair's office, going to the Chief of Staff, including the CEO, especially if it's something big, that is going to require information or time. If it is something small, it is left to their discretion. He stated that as a duly elected Trustee, they need to be able to get information and use their discretion to do their jobs. (Atch 3, p. 3; Atch 3.1, pps. 6 and 11)

- Chair Kahele stated he thinks one of the failures of the selection committee when they posted for the CEO job and interviewed candidates, is that they need to make it explicitly clear that the CEO's role is to execute the policies or whatever comes from an affirmative vote from the Board. He said, "You may not like it, but once a decision is made, then you execute like it was the best idea in the world and it was your own idea…That is not Stacy…Whenever she doesn't agree with something, it is a fight where she tries to pick off votes when the Trustee Board requires a simple majority." (Atch 3.1, p. 6)

- Ms. Ferreira stated that as the CEO, her job is to ensure she is protecting the Trustees, sometimes even from themselves and she doesn't think he sees it that way. She thinks he sees her as somebody who is non-compliant and insubordinate. However, she sees her role as not to always say yes, but to be thoughtful and mindful of all of the policies, procedures and laws that guide their work. (Atch 2, p. 3)

b. She stated he cut the Administration out of the budget process

- Ms. Ferreira stated that Chair Kahele created a whole new budget process. He wanted to follow the legislative process, which Ms. Ferreira is very familiar with as a former Budget Chief for the State Senate. The divisions had been putting their budgets together starting at the end of January and they had until the end of March to submit the final proposals. At the end of April, they were told that everything they put into their budget requests was going to become public and would be presented at a public hearing in front of the Board of Trustees, and they had two weeks to prepare. This process had never been done before. (Atch 8, p. 6) They made 23 presentations to the Board over several days. Following the briefings, the Trustees followed up with a memo of their questions in writing for the administration to respond. The administration took the Board's feedback and revised the budget and brought it back to the Board. (Atch 2, p. 6)

- Ms. Ferreira said that Chair Kahele then took that budget behind closed doors with his staff, and over a three-week period, completely re-worked it. He [redacted] She stated that when he had questions, he went directly to the staff, not through her or the executive leadership. She said she was disappointed the administration was cut out of his budget process. There were organizational shifts,

[redacted]

moving departments around, new positions and program cuts. She said, "He was doing this as the Board Chair. He is not a member of administration..." (Atch 2, p.3)

- [redacted] Ms. Ferreira and her leadership team were very vested personally and professionally in the budget outcomes. [redacted] when you are that invested, even if you get 90% of what you want, if you don't get 100% of what you want, you are leaving feeling defeated or resentful. The competing budget proposals between the Administration and the Board were 80% identical. In context, the debate was about $2 million - $4 million of a $56 million budget. The message could have been framed that they were largely in agreement. However, if you are in a zero-sum frame of mind, then it's, "The Board rebuked our proposal. It's chaotic, it's dehumanizing for the Board not to adopt our budget verbatim on this $2 million to $4 million piece." [redacted]

- Chair Kahele called Ms. Ferreira on Friday, June 27th before the Board of Trustees Budget Meeting to discuss security. He also shared his plan to do a presentation on the budget, and to extend her the opportunity for the administration to present whatever she would like regarding the budget. He said they had not previously been talking, but he reached out to her and it was a good conversation. He was therefore surprised that this complaint dropped 48 hours later at 4:00 p.m. on that Sunday. (Atch 3, p. 4; Atch 3.1, p. 8)

- Chair Kahele noted that the timing of Ms. Ferreira's complaint, the evening before they were going to convene to vote on the budget, seems very suspicious. He referred to a separate investigation [redacted] He said there is a text message that says Ms. Ferreira was looking for ammunition against the Board's budget. Additionally, 45 minutes after Ms. Ferreira submitted her complaint, [redacted] Chair Kahele said that to him, it felt like a mini coup happening internally at OHA. (Atch 3.1, p. 6) He thinks this was all coordinated to make it as difficult as possible for him as the Board Chair to successfully lead the Board on Monday, June 30th to a positive outcome. Ms. Ferreira sent her complaint to all of the Trustees. He believes her plan was to prevent the first item on the agenda from passing, which was to waive the Budget and Finance Committee, to get to a point where they could put the budget on the table. He believes she levied this complaint to prevent that vote from passing; which it nearly did not, until Trustee Alapa had a change of heart and changed her vote. (Atch 3.1, p. 7)

- He asked, if all this was happening, why did she submit a complaint on that day? Why not before? He goes back to his opinion that it was meant to prevent him from doing his job as the Board Chair and prevent the Board from passing a budget that she vehemently opposed because she was not a part of its final development, and it took out many of the priorities she had placed in the budget. (Atch 3.1, p. 8)

[redacted]

c. Chair Kahele met with the staff members, but not the executive leadership team.

- When Chair Kahele first came in, he met with all of the staff members, but has yet to meet with the Executive Leadership Team. (Atch 3. p. 3) Ms. Ferreira said that was a very "CEO" thing to do. However, in his role as Board Chair it was unusual. (Atch 2, p. 3) [redacted] said some [redacted] directors would tell [redacted] certain things came up but there was only one occasion where Chair Kahele shared information with Ms. Ferreira. [redacted] commented that he met with their people, but that they were excluded and there was no follow up. [redacted] stated [redacted] communicated [redacted] felt like [redacted] were being "interrogated" and that [redacted] existence at OHA was being questioned, so [redacted] maybe would not have a job. [redacted] could not reassure them because [redacted] knew nothing. [redacted]

- Chair Kahele said when he arrived at OHA he had a plan for the first 30 days. That included sitting down with people and talking with them. He has met with the majority of the 100-something OHA staff. He met with the staff first because he wanted them to feel open and free to talk without the oversight of their directors. He dedicates 2-3 hours to meet with a group no larger than 7 people. He sends questions ahead of time, he has follow-up feedback for them afterwards, he takes deliberate notes on every single individual. Carving out the time is challenging. He plans to meet with everyone, but has not yet met with the directors. (Atch 3, p. 3; Atch 3.1, p. 5)

FINDING ON ALLEGATION TWO: The allegation that Chair Kaialiʻi Kahele engaged in abuse of authority IS NOT SUBSTANTIATED.

Abuse of Authority in Budget Approval:

The Bylaws and Hawaii Revised Statutes grant the Trustees broad powers to discharge their Constitutional and Statutory duties.

Ms. Ferreira's assertion that Chair Kahele has usurped her authority, again appears to be a lack of understanding that the roles and responsibilities of the CEO are at the discretion of the Board and the CEO is subordinate to the Chair. It is not within the scope of this investigation to evaluate OHA's budget process. However, Ms. Ferreira's assertion that Chair Kahele overstepped his authority as the Board Chair to revamp the administration's budget proposal is without merit as outlined in Ms. Ferreira's employment contract and discussed in the Finding on Allegation One above. There is nothing that prohibits the Board Chair from bringing forward a budget proposal different from what the administration originally submitted since the Board's approval is ultimately required.

Accordingly, Chair Kahele did not Abuse his Authority in the budget approval process.

[redacted]

Abuse of Authority in Unilaterally Meeting with Staff:

The Executive Policy Manual appears to support Chair Kahele's assertion that the existing Staff Interaction Policy is a desired policy, but not official. Appendix 1, Section IV explicitly states, "The Board of Trustees retains all powers, duties and responsibilities as outlined in Chapter 10, subject to specific delegations of authority, documented in policy." It further states, "Both policy/authority delegations – BOT to Administrator and subsequently to Operations – shall be documented in policy and communicated and updated in accordance with the specific policy." (Atch 16, p. 76) Accordingly, the absence of documentation of the Staff Interaction Policy in the Executive Policy Manual is evidence that it was never a formally adopted policy by the Board.

On the other hand, 1.2.b(1) of the Executive Policy Manual states the manner in which the BOT will lead OHA: "through its policy formulation and exercise control over OHA through its executive officer, the CEO." 1.3.k of the Executive Policy Manual makes clear that the BOT does not serve an executive function: "…the BOT is a policy-making or legislative body, and the CEO is the Chief Executive Officer for the BOT." Conversely, 1.2.e gives the BOT authority to approve stand-alone policies to address major areas of operation or importance.

There appears to be no explicit prohibition preventing Trustees from meeting with administration staff. Accordingly, Chair Kahele did not abuse his authority by meeting directly with staff members without executive leadership. However, as a practical effect, this approach has the potential to exclude the next level of leadership from communications and leave them uniformed about information that was shared.

To Ms. Ferreira's point, both 3.10.d of the Executive Policy Manual, and Ms. Ferreira's employment contract say that the CEO is to act as the conduit between the BOT and the administration staff. This raises a question of how a CEO can effectively act as a conduit when the Chair of the BOT is not including them in interactions with administration staff. The administration staff is directed by the CEO, not the BOT.

Accordingly, because the Trustees are not explicitly prohibited from meeting with administration staff, Chair Kahele did not abuse his authority in unilaterally meeting with them.

This investigator finds that while Chair Kahele's direct involvement in the budget and meeting with administration staff may have had the effect of limiting visibility within the leadership team and creating potential gaps in alignment and transparency, it was not an Abuse of Authority as a Trustee or Chairperson. As such, Allegation Two is not substantiated.

ALLEGATION THREE: It was alleged that Chair Kaiali'i Kahele Engaged in workplace conduct unbecoming of a Trustee and Chair.

When asked to describe the behaviors that Ms. Ferreira considered to be conduct unbecoming of a Trustee and Chair, she said, "Giving of gifts to legislators, asking her and others to certify things that they cannot state are true, but are certifying that they are true. The way he treats his

[redacted]

fellow colleagues in the boardroom in front of the general public and staff and how he treats them as leaders is unbecoming." (Atch 2, p. 9)

FINDING ON ALLEGATION THREE: The allegation that Kaialiʻi Kahele engaged in workplace conduct unbecoming of a Trustee and Chair IS NOT SUBSTANTIATED.

Ms. Ferreira did not present any additional examples but instead said that the two above allegations under 1. Creating a toxic work environment; and 2. Abuse of authority, constitute conduct unbecoming of a Trustee and Chair. As both of these allegations were not substantiated, there was no conduct unbecoming of a Trustee and Chair. The one other example that she raised regarding gifts was footnoted earlier and is not a part of this investigation, but was likewise found to be without merit. (See footnote [1] within this report above)

IX. <u>Stated Desired Outcomes:</u>

Ms. Stacy Ferreira would like the process to be respected, for there to be a realistic cadence and for everybody to be treated with respect. If Chair Kahele is going to remain the Board Chair, she would prefer not to report to him. She doesn't know if somebody can change if that is his leadership style. She doesn't think he can. She knows trustees followed up with him and told him their concerns and her concerns, but they still exist. To her that is a signal that he is who he is and that's how it's going to be. (Atch 2, p. 10)

Chair Kaialiʻi Kahele hopes the investigation will clarify the narrow 30-day window of allegations and determine whether they are substantiated. He would also like it to shed light on the timing of the complaint in relation to the budget process. Ultimately, his desired outcome is to be exonerated. (Atch 3, p. 5)

[redacted] said, "I don't know… I don't have a really good feeling about OHA anymore so part of me just doesn't care. [redacted] can do that by s[redacted] write ups and [redacted] emails and letting the investigator know about the Board meetings she should watch. The investigator can come to her own conclusion, because that's objective. [redacted]

[redacted] hopes that the Board and Admin leadership can work hand in hand toward the same goals and vision, and be aligned. When they are not aligned, problems happen. The challenge would be if there is another turnover, it becomes three steps back again, in terms of leadership on both sides. Not just one side, but both sides. [redacted]

[redacted] the governance is not aligned with existing policies. Typically, you want to review policies more frequently. [redacted] looked at policies that are very old and need to be updated. There should be a normal cadence of every two or three years. If things don't make sense or don't reflect current practice, then update it. Versus not being updated and not having a good playbook to understand what your roles and responsibilities are. [redacted]

[redacted] dream is pono leadership. [redacted] would like to see Ms. Ferreira treated with respect. [redacted] would like to see better collaboration, and not just [redacted], but even with fellow Board members. [redacted] would like to see openness to feedback and learning, especially in difficult times. It goes back to pono leadership. Maybe him being removed as the Chair, or at least [redacted] like to see him being held accountable. Even without whatever determination comes out of this investigation, some accountability. Like, who does he answer to when he's acting the way he does in meetings or when he treats people the way he does. It's like there's nobody to call him on it.

[redacted] like to see OHA be better for their staff, so that they can serve better. [redacted] realistic timelines, improved communication – all of the soft skills stuff. [redacted] to see that more as it relates to administration relationships. [redacted]

[redacted] said [redacted] wants Chair Kahele to wake up and be the good Hawaiian leader they need him to be. [redacted] like he should apologize to Ms. Ferreira and [redacted]

[redacted] wants transparency and accountability. [redacted] conflict is something natural that they do, even as indigenous people, and it's a state, meaning this is something to work through towards accountability, responsibility and transparency. [redacted] like to see their leadership and Admin recognize conflict for what it is, that it can be generative, that they don't have to be stuck in this state and that it is an opportunity and invitation for them to get toward transparency, accountability and responsibility, on all sides. [redacted]

[redacted] "That we work together as a team. We are on the same team. We are working toward the same goal. Maybe the way one person wants to execute is different from how another person wants to execute. Who is to say what is right, except when you are talking to your boss. Your boss is always right." [redacted] suggestions. [redacted] her input. It may be on paper, or maybe in a meeting. But at the end of the day, [redacted] get to decide. [redacted]

[redacted] Their structure made sense in simpler times, like when [redacted]. Everybody is busy and nobody has time, and it's [redacted] department. [redacted]

[redacted] doesn't want him to be the Chair anymore. [redacted] rather him not be a Trustee. [redacted] he plays the political game, and even as a Trustee, he'll still play it. But to be the Chair and to be in charge of this organization. He's already shown that he should not have the utmost, highest position in the organization, and be entrusted with the trust funds of the Office of Hawaiian Affairs. [redacted]

[redacted] The outcome [redacted] comfortable sharing is for their CEO and [redacted] to be empowered to [redacted] jobs and lead [redacted] over-stepping of job responsibilities and directives that come from the Board. [redacted] like the interactions from the Chair to be respectful and in alignment with their values. [redacted]

[redacted] like that those who participated in this investigation that may have open wounds – that they are resolved. That they can learn from this experience and [redacted] that when the findings come out and the facts are presented, people can feel confident in leadership enough that they won't be retaliated against. [redacted]

[redacted] First and foremost, [redacted] the investigation concludes that these claims are without merit. [redacted] hopes that the conclusions or recommendations help to clarify exactly what the role of the CEO is, separate and apart from what the role, not just of the Chair, but of what the Board is. Because [redacted] that kind of clarity could really shed light on the abuse of authority allegation, and what [redacted] is a byproduct of perceiving that there is abuse of authority, and creating a toxic environment. [redacted] that it would be beneficial if someone helped the CEO frame what it is that is expected of her in this role, especially when delegations of authority don't rest with her because a Chairperson has decided not to relinquish those things. [redacted]

An understanding that it doesn't matter under whose leadership, you know what your role is and where the limits are, and where you can really exercise your muscle, and where you have to come to terms that you are now encroaching on somebody else's authorities and kuleana. [redacted] that would be very helpful and would help clarify. [redacted] the Chair would welcome that kind of clarity too, and somebody facilitating that kind of clarity. [redacted] that they have ever had that discussion where it was made explicit. That would be a very helpful conversation. [redacted]

X. Comments of Others

- [redacted] described the work environment as "turbulent, unpredictable, ever-changing, and toxic." [redacted] had contemplated submitting [redacted] own toxic work environment complaint. [redacted]

- [redacted] stated morale is very fragile because [redacted] felt targeted from having [redacted] programs de-funded with no warning or explanation. [redacted], "No money, no job, no job, no job." [redacted] found out about the program changes at the same time as the public from the materials that were published. If [redacted] were told that these changes were occurring, and here are the reasons why, [redacted] would have been able to share the impacts, but that opportunity was never afforded. [redacted] that cancelling programs without justification, after months of negotiation damaged the relationships and credibility with beneficiaries [redacted] have worked so hard to build. [redacted]

- [redacted] noted the lack of organizational alignment. [redacted] said it was "like Mom and Dad fighting."

- Chair Kahele's leadership and communication style were described as "top-down," "militant" and "dictatorial."

- were nervous about sharing information and mentioned potential retaliation. described the investigation as "terrifying." observed that the fear of potential retaliation could be more effective than the actual retaliation itself.

- appeared to be concerned about accountability, asking where the report would go and whether the results would be censored and not passed on to the full Board. mentioned the close relationship between Chair Kahele and Vice Chair Souza, implying that information shared by witnesses might make its way to Chair Kahele; also wondered how impactful any findings might be.

- Although there were no specific examples cited during the 30-day period which was the subject of this investigation, brought up what they perceived to be disrespectful behavior toward during Board meetings. could no longer watch because it was too upsetting. Ms. Ferreira said, Nobody wants to be "that person." (Atch 2, p. 5) described hearing from the public that they are watching the OHA meetings to see "what crazies are going to happen."

- commented on the inaction of other Trustees in not calling out Chair Kahele's behavior in the boardroom. stated disappointed that sometimes Trustees "blindly go along" and that those who are opposed, don't know how to be assertive in their position.

- either were already leaving or stated they were considering leaving based on the work environment, specifically naming Chair Kahele as the reason. that the only way could reconcile staying is to accept opinion and experience is not valued, and need to just wait for the decision and get the "marching orders." (Atch 11, p. 7) stated they would leave if Ms. Ferreira were to leave OHA. a 25-30 percent vacancy rate. "No one wants to come work for the Office of Hawaiian Affairs. It is a revolving door."

- thought morale was improving as a result of recent pay increases and telework implementation.

- Note that not a representative sampling of all OHA employees, as interviews and did not cover the entire organization.

[redacted]

XI. CONCLUDING OBSERVATIONS AND RECOMMENDATIONS:

Unclear Roles and Responsibilities

- There appears to be a lack of understanding of Roles and Responsibilities, especially between the BOT and Admin, but also between [redacted].
    - Recommend conducting a facilitated RACI[6] review between Administration and the Board of Trustees (BOT) to clarify roles and responsibilities.
    - Inventory and review intersecting BOT and Admin processes; identify areas for process mapping and enhanced documentation, starting with [redacted].
    - Employ a decision matrix to determine where agreed upon decision authority lies (Board decides, Admin decides, or Board and Admin decide together)
    - Likewise, conduct a RACI review between [redacted] to clarify roles and responsibilities as well as build better communications and understanding.
- Similarly, there is an evident lack of agreement about the roles and responsibilities of the CEO versus those of the Board Chair. The Board of Trustees holds ultimate authority over OHA's governance and activities, with the discretion, under policy and law, to either delegate specific responsibilities to the CEO or retain them at the Board level. While past Boards may have chosen to delegate certain authorities, these decisions can be revisited or changed by each new Board; ultimately, all such determinations rest with the current Board.
    - Therefore, it would be beneficial to clarify and align current Board expectations, either through discussions held as part of the CEO's performance review process or by facilitating a session with Corporate Counsel and/or the OHA labor attorney to review relevant policies, guidelines and delegation determinations. This approach would help ensure all parties have a shared understanding of their respective roles and responsibilities.

Lack of Alignment about the Strategic Plan

- [redacted] observed that since the current Trustees were not in place when the Strategic Plan was approved [redacted] feel disconnected to that plan.
- Recommend holding a facilitated off-site with BOT, CEO and key Admin leaders to update the Strategic Plan; concurrently provide training on general roles and responsibilities as well as fiduciary duties/responsibilities. This would also be a good opportunity to out-brief the organizational climate assessment (see below recommendation.) [redacted]

[6] RACI is a framework used to clarify roles in projects or processes: **R**esponsible (does the work); **A**ccountable (owns the outcome); **C**onsulted (provides input); and **I**nformed (kept updated)

[redacted]

Policies and Procedures Do Not Match Current Practices

- It appears that many policies and procedures do not reflect current practices. One such example is the budget process. Similarly, some policies such as the Admin – BOT Interaction Policy have not been officially approved and documented in the By-laws or Executive Policy Manual. Chair Kahele stated he was working on a revised Interaction policy.

- Recommend reviewing all OHA policies and procedures for currency and establishing and implementing a regular, proactive schedule for review and update in accordance with the requirements set forth in the OHA Bylaws and Executive Policy Manual.

Workplace Climate and Communications

- Recommend OHA conduct an organizational climate assessment to take the pulse of the current workplace environment and gather candid feedback from staff about their experiences and perceptions. This will provide valuable insights into areas of strength and opportunities for improvement, enabling informed decision-making to enhance organizational culture and performance.

- BOT and Admin appear to have minimal interaction outside of official Board meetings. Both Chair Kahele and Ms. Ferreira, acknowledge they meet rarely, resulting in most of their discussions occurring in public live-streamed Board meetings. This makes every discussion a public one, which is not conducive to a positive image when disagreements arise. Bi-weekly CEO, BOT Chair, Vice Chair, Chief of Staff and COO meetings in advance of puhlic Board meetings would provide a communications venue to promote better understanding.

- It is noteworthy that the BOT and Admin operate from separate locations, resulting in limited face-to-face interaction. Recommend exploring opportunities to create shared spaces or regular in-person touchpoints to enhance collaboration and communication.

This report is the status of my work to date and the conclusions that I have formed. My findings are as of the date of this report and are subject to change based on my review of any additional information.

SUBMISSION OF INVESTIGATION REPORT

Catherine Chin, Investigator
Chin Consulting, LLC

Date

CATHY CHIN‘S

CONCLUSIONS AND RECOMMENDATIONS

[redacted]

CONCLUDING OBSERVATIONS AND RECOMMENDATIONS: MS. STACY FERREIRA COMPLAINT INVESTIGATION

Unclear Roles and Responsibilities

- There appears to be a lack of understanding of Roles and Responsibilities, especially between the BOT and Admin, but also [redacted]

    - Recommend conducting a facilitated RACI[1] review between Administration and the Board of Trustees (BOT) to clarify roles and responsibilities.
    - Inventory and review intersecting BOT and Admin processes; identify areas for process mapping and enhanced documentation, starting with the Hilo office.
    - Employ a decision matrix to determine where agreed upon decision authority lies (Board decides, Admin decides, or Board and Admin decide together)
    - Likewise, conduct a RACI review [redacted] to clarify roles and responsibilities as well as build better communications and understanding.

- Similarly, there is an evident lack of agreement about the roles and responsibilities of the CEO versus those of the Board Chair. The Board of Trustees holds ultimate authority over OHA's governance and activities, with the discretion, under policy and law, to either delegate specific responsibilities to the CEO or retain them at the Board level. While past Boards may have chosen to delegate certain authorities, these decisions can be revisited or changed by each new Board; ultimately, all such determinations rest with the current Board.

    - Therefore, it would be beneficial to clarify and align current Board expectations, either through discussions held as part of the CEO's performance review process or by facilitating a session with Corporate Counsel and/or the OHA labor attorney to review relevant policies, guidelines and delegation determinations. This approach would help ensure all parties have a shared understanding of their respective roles and responsibilities.

Lack of Alignment about the Strategic Plan

- A couple interviewees observed that since the current Trustees were not in place when the Strategic Plan was approved that many of them feel disconnected to that plan.

- Recommend holding a facilitated off-site with BOT, CEO and key Admin leaders to update the Strategic Plan; concurrently provide training on general roles and responsibilities as well as fiduciary duties/responsibilities. This would also be a good opportunity to out-brief the organizational climate assessment (see below recommendation.) [redacted]

[1] RACI is a framework used to clarify roles in projects or processes: **R**esponsible (does the work); **A**ccountable (owns the outcome); **C**onsulted (provides input); and **I**nformed (kept updated)

[redacted]

Policies and Procedures Do Not Match Current Practices

- It appears that many policies and procedures do not reflect current practices. One such example is the budget process. Similarly, some policies such as the Admin – BOT Interaction Policy have not been officially approved and documented in the By-laws or Executive Policy Manual. Chair Kahele stated he was working on a revised Interaction policy.

- Recommend reviewing all OHA policies and procedures for currency and establishing and implementing a regular, proactive schedule for review and update in accordance with the requirements set forth in the OHA Bylaws and Executive Policy Manual.

Workplace Climate and Communications

- Recommend OHA conduct an organizational climate assessment to take the pulse of the current workplace environment and gather candid feedback from staff about their experiences and perceptions. This will provide valuable insights into areas of strength and opportunities for improvement, enabling informed decision-making to enhance organizational culture and performance.

- BOT and Admin appear to have minimal interaction outside of official Board meetings. Both Chair Kahele and Ms. Ferreira, acknowledge they meet rarely, resulting in most of their discussions occurring in public live-streamed Board meetings. This makes every discussion a public one, which is not conducive to a positive image when disagreements arise. Bi-weekly CEO, BOT Chair, Vice Chair, Chief of Staff and COO meetings in advance of public Board meetings would provide a communications venue to promote better understanding.

  It is noteworthy that the BOT and Admin operate from separate locations, resulting in limited face-to-face interaction. Recommend exploring opportunities to create shared spaces or regular in-person touchpoints to enhance collaboration and communication.

KAIALIʻI KAHELEʻS
FORMAL COMPLAINT

Kaialiʻi Kahele
OHA Board of Trustees Chair

Phone: (808) 594-1855

OFFICE OF HAWAIIAN AFFAIRS

560 N. Nimitz Hwy., Suite 200
Honolulu, HI 96817

September 23, 2025

To: Board of Trustees

From: Kaialiʻi Kahele, Chairperson, OHA Board of Trustees

Subject: **CEO Conduct and Governance Risks: Formal Complaint to the Board and Recommended Action**

I bring this formal complaint to the Board with full recognition of its gravity. I do not take this step lightly. In it, I set forth serious concerns regarding the conduct of OHA's CEO and further recommend immediate action by the Board. The CEO's actions and misconduct have placed OHA at reputational, legal, and operational risk and demonstrate a failure to operate within the governance framework established by the Hawaiʻi Constitution, state law, and Board policy. The authority of the Board, the mission of OHA, and the trust of our beneficiaries depend on our clear and decisive response.

Most seriously, in late July, I was informed by the Governor's Office that the CEO had solicited the State Attorney General to investigate OHA, the Chair, and the Board of Trustees. The solicitation, made without notice or disclosure to the Board, is alleged to have violated Sections IV.B.7 and 14 (Attachment A: OHA CEO Job Description Section 3.d.), as well as Section VII.A of her contract, and constitutes a breach of trust. The failure to acknowledge or explain this action reflects a deeper problem: a persistent unwillingness to accept the Board's authority, to operate with candor, and to meet the basic standards of accountable leadership.

In June, the CEO is alleged to have obstructed and impeded the process of certifying the Board's FY26–27 biennium budget despite full documentation, explicit directives, and specific legal guidance. Instead, the CEO rewrote longstanding certification language to distance herself from Board authority. She subsequently made public accusations against the Chair, alleging a "huge breach of fiduciary trust" and "lack of accounting fidelity." Following this, the CEO made additional public statements to the media, describing the budget as "shocking" and "lacking transparency." Those statements were misleading and inflammatory given the unprecedented, collaborative manner in which the biennium budget was developed, and its strong alignment with the Administration's proposed budget. By making public statements against the Chair and the Board's budget, the CEO intentionally undermined and discredited the Board's financial integrity and fiduciary obligations.

As recently as last month, the CEO again appeared to disregard the Board's authority when she dismissed Action Item BOT #25-09, a collaborative effort to revisit OHA's Mana i Mauli Ola Strategic Plan. The CEO called the effort "unnecessary," "duplicative," and claimed it risked "undermining the integrity and intent" of her leadership. In reality, the initiative was intended to help repair damage from the budget dispute and strengthen alignment across the agency. By casting herself as the sole arbiter of "pono governance," the CEO misrepresented the Board's strategic and fiduciary responsibilities as political and disruptive. This framing undermines the Board's statutory obligations and may violate her contractual duties to support the Board's leadership.

The CEO has also acted unilaterally and without Board oversight in several critical internal matters. These include authorizing forty-eight staff salary changes without notice; implementing an unapproved organizational chart; approving a $160,000+ contract amendment without Board action; and [redacted] without following the required succession process. These decisions bypassed essential Board oversight and left staff confused about internal decision-making authority and processes.

The CEO's repeated disregard for the Board's authority is compounded by her failure to disclose potential conflicts of interest. In the Administration's proposed Budget, the CEO sought funding for the Kawailoa Youth and Family Wellness Center through the proposed Pu'uhonua Restorative Justice Program, whose onsite affiliate, Kina'i Eha, is a nonprofit founded and directed by an individual alleged to have had a previous romantic relationsbip with the CEO. This relationship and concerns over her grant oversight were reportedly the subject of an internal investigation during her tenure at Kamehameha Schools, leading to her abrupt departure. If substantiated, the CEO's failure to disclose this potential conflict of interest to the Board while continuing to advocate for program funding raises serious concerns.

The CEO may also have failed to disclose potential conflicts of interest stemming from her prior role with the Senate Ways and Means Committee. She is alleged to have made preliminary funding commitments tied to a personal acquaintance who is affiliated with both the Culinary Institute of the Pacific and the Chair of the Senate Ways and Means Committee. These commitments were made before the Board had opportunity for review or approval. When the Board later removed the funding during budget reconciliation, the CEO publicly and strongly opposed the final budget. This raises concern that her opposition may have been influenced by the elimination of self-initiated, undisclosed commitments connected to her previous employer.

Additionally, the CEO is alleged to have retaliated against [redacted]. In one instance at the June 25, 2025 Budget and Finance Meeting, the CEO publicly disparaged the work [redacted]—despite a clear directive from the Board Chair [redacted] two days prior instructing her not to retaliate against any OHA [redacted]. At the same time, the CEO defended [redacted], despite substantiated findings of misconduct. As the Board is aware, [redacted] misconduct included the refusal to certify the Board's budget, deliberate disregard of financial directives, and an attempted, improper quid pro quo. That the CEO defended and sought to protect [redacted] calls into serious question her leadership and decision making.

We may disagree on matters of policy, but we must be unified that the CEO serves at the will and pleasure of the Board. Robust debate and differing views are essential to sound governance, but

once the Board has acted, those decisions must be respected and implemented. The CEO's repeated pattern of disregarding directives, withholding disclosure, and publicly challenging Board authority is not debate — it is defiance. If the Board permits this behavior to continue, it will erode both the Board's authority and the trust placed in OHA.

I therefore respectfully recommend that, pending the outcome of a formal third-party investigation into these serious, credible, and concerning issues, the Board immediately: (1) place the CEO on paid administrative leave, (2) appoint an interim CEO, and (3) authorize a temporary salary adjustment for that interim appointment.

While not taken lightly, administrative leave ensures that an investigation may proceed in good faith and protects the organization from potential disruption. It also creates space for the CEO to participate fully in the investigative process without the pressures of day-to-day operations, while affirming that no individual stands above the principles of good governance.

The Board's response at this moment will define the standard of governance for OHA. Decisive action will demonstrate that the Board remains in control of the institution, accountable to our beneficiaries, and committed to safeguarding the mission we are charged to uphold.

SUSAN ICHINOSE‘S
EXECUTIVE SUMMARY

EXCERPT OF INDEPENDENT INVESTIGATION REPORT SUBMITTED BY SUSAN M. ICHINOSE ON ALLEGATIONS REGARDING CEO STACY FERREIRA

From: [redacted]

To: Board of Trustees
Office of Hawaiian Affairs (OHA)

cc: [redacted]

Date: March 7, 2026

The full Investigation Report (which is 50 pages long, not including the attached exhibits) [redacted] The full Report addresses the following topics:

Preliminary Comments from the Investigator
I. The Course of the Independent Investigation
II. The Allegations and Witnesses Interviewed
III. Governing Law/Covenants/Policies
IV. Findings of Fact and Conclusions of Law
Summary Observations

The following Excerpt was [redacted] for the convenience of the Board of Trustees.[1] It contains the allegations, findings of fact, and conclusions set forth by Ms. Ichinose in her Report. A full copy of the 50-page Investigation Report, plus all of the attached exhibits, will be available for review by Trustees in OHA General Counsel's Office.

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[1] The language in this Excerpt was copied directly from the Investigation Report.

THE ALLEGATIONS

On September 23, 2025, Chair Kaiali'i Kahele presented the OHA Board of Trustees with a formal complaint against OHA' s Chief Executive Officer Stacy Ferreira. He alleged that the CEO had violated her contractual and fiduciary obligations to OHA by:

- Attempting to solicit the State Attorney General to investigate OHA. the Chair, and the Board of Trustees;

- Obstructing and impeding the certification of the Board's FY26-27 Biennium budget; and in the process, making public accusations against OHA's leadership;

- Subverting directives of the Board by

  (a) defending the actions of [redacted] in connection with the budget certification process; and thereafter refusing a direct order of the Board Chair to certify the budget:

  (b) retaliating against an employee who had assisted in the Board's investigation [redacted];

  (c) contravening proposed Board action by contesting Action Item BOT #25-09 to revisit OHA's Mana I Mauli Ola Strategic Plan;

  (d) authorizing without Board approval staff salary changes; a revised organizational chart; a $160,000+ contract amendment; an [redacted] outside of the required succession process;

  (e) failing to disclose personal conflicts of interest pertaining to funding commitments made, or proposed, to be included in the Administration's proposed budget.

******

FINDINGS OF FACT AND CONCLUSIONS OF LAW

With regard to the allegations and issues subject of this investigation, the following Discussions and consequential Findings of Fact are based on assessments of the claims and defenses asserted, the observations and recollections of the witnesses, as well as a review of the documents.

In making my assessments, I have taken into account the internal consistency (or lack thereof) of the witnesses' statements, as well as the external consistency (or lack thereof) of those statements with (a) prior statements, (b) observations of other witnesses, and (c) objective facts and documents. I have also examined the demeanor of the witnesses, and made assessments of their relative credibility and possible motivations. This is by no means a scientific exercise, but one that approximates the role and function of a trier of fact such as judge or jury. These findings are therefore to be viewed as findings made on the basis of the preponderance of the evidence gathered in an investigation restricted to the workplace.

The sections *infra* state my Findings of Fact and general Conclusions with respect to the issues subject of this investigation.

A. ALLEGATION: CEO Ferreira solicited the State Attorney General to review her internal complaint of June 29, 2025, and to investigate OHA, the Chair, and the Board of Trustees. Her solicitation was made without the knowledge, consent, or approval of the Board of Trustees and thus in violation of her contract and her fiduciary duty to OHA.

FINDINGS OF FACT

a. CEO Ferreira in her June 29, 2025 internal complaint to the Board of Trustees alleged, inter alia, the following: Chair Kahele caused [redacted] to certify fraudulently the budget certification"; and other allegations as against OHA and Chair Kahele.

b. The Board of Trustees forthwith retained Chin Consulting, an independent consulting firm, to investigate CEO Ferreira's complaint.

c. It is uncontroverted that during the course of and notwithstanding the internal investigation, CEO Ferreira contacted the Department of the Attorney General to make the selfsame complaint. She did so without informing, much less obtaining the approval of the Board of Trustees.

d. Pursuant to Par. 3(d) of her Job Description (as incorporated in her Employment Contract), CEO Ferreira was obligated to seek prior approval of the Board of Trustees before requesting "any legal opinion from the Department of the Attorney General or from any other legal counsel." She failed to do so.

e. Had she requested and or received a written legal opinion from the Department of the Attorney General, CEO Ferreira was similarly obligated by BOT Executive Policy Manual § 3110 Legal 3.11. to obtain the prior approval of the BOT before requesting any written legal opinion from the Department of the Attorney General, and to provide such written opinion along with a copy of any written request for such opinion to all Trustees. No such request for approval was made to OHA, nor has any written legal opinion been received by OHA.

f. Pursuant to 3.11a of the BOT Executive Policy Manual CEO Ferreira was obligated to seek prior approval of the BOT before seeking any opinion from the Department of the Attorney General or consultation with other legal counsel on legal or other matters; and to provide the BOT with any written opinion received therefrom. No request for approval was made, and no written opinion has been received.

g. Should CEO Ferreira have sought to consult any other legal counsel on legal or other matters, she was obligated by 3.11b of the BOT Executive Policy Manual to inform the BOT concurrently thereof. At some point, she did in fact consult private counsel in such regard, but failed to so inform the BOT.

CONCLUSIONS OF LAW

Based on the foregoing Findings of Fact, and pursuant to the OHA policies and legal authorities cited at pp. 8-12 hereinabove, CEO Ferreira's solicitation to the Attorney General, and her solicitation to any other legal counsel, without the prior or concurrent approval or consent of the Board of Trustees was:

- In breach of her employment contract, insofar as Par. 3(d) of her Job Description required her to obtain "prior approval of the BOT" before she can "request any legal opinion from the Department of the Attorney General or from any other legal Counsel."

- In breach of par. IV. B.14 of her Employment Contract, requiring her to "perform such duties and responsibilities as enumerated in the current CEO Job Description."

- In disregard of par. IV.B.7 of her Employment Contract (requiring her to "responsibly communicate with the Board in advance" on "any matter of public significance")

- In breach of Subsections 03.11a and 03.11b (Chief Executive Officer Request for Legal Opinion) of Policy 3110 in the BOT Executive Policy Manual, requiring prior approval or concurrent notice to the BOT of any such request for legal opinion.

- In breach of her fiduciary duty to act loyally for her principal's benefit in all matters connected with her agency relationship with OHA, her principal.

- In breach of her fiduciary duty to act in accordance with the express and implied terms of her contract with OHA.

B. ALLEGATION: (1) CEO Ferreira obstructed and disregarded Board action and policy in opposing and refusing to certify the Board's FY 26-27 Biennium Budget, and impugning the conduct of Chair Kahele and the Board of Trustees in connection with the budget process. (2) She subsequently made public statements and accusations against the Chair and the Board's budget, intentionally undermining and discrediting the Board's financial integrity and fiduciary obligations.

FINDINGS OF FACT

On the basis of the preponderance of the credible evidence, I find that it is more likely than not that:

1. In a departure from prior formulations of the OHA Biennial Budget, the Board of Trustees under the leadership of recently elected Chair Kahele embarked on a new proactive approach to formulation of the OHA budget. Rather than work from the Administration's proposed budget as an inviolable template, the Board itself took the initiative to seek input from staff as well as its constituents in the community, and in the process made significant changes in certain areas of the Administration's proposed budget.

2. CEO Ferreira publicly resisted and contested the Board's budget prerogatives; failed and refused to accept and incorporate budget changes requested by the Board; and permitted and in fact supported her [redacted] insubordinate refusal to certify the final proposed budget as directed by Board Chair Kahele.

3. When the [redacted] continued to withhold the necessary certification, Board Chair Kahele gave CEO Ferreira a direct order to certify the budget. Although the total budgeted amount of the final proposed budget approximated the total budgeted amount of the Administration's proposed budget, CEO Ferreira refused to comply. She attempted to circumvent the order by offering unsanctioned alternative wording, and ultimately did not personally certify the budget. CEO Ferreira thereby failed and refused to obey a direct order from the Board Chair when it was within the scope of her authority to do so.

4. CEO Ferreira thus opposed and refused to certify the Board's FY 2026-27 Biennium Budget in defiance of a direct order from her superior, and obstructed and disregarded Board action and policy.

5. In the June 30, 2025, meeting of the Board of Trustees held to pass the biennium budget, CEO Ferreira in her presentation objected to the budget on various grounds, and criticized the actions of the Board in connection therewith.

6. In recorded comments made to broadcast media outside of the Board room, CEO Ferreira departed from her Board testimony by criticizing the actions of the Board as "shocking," "disturbing," "divergent," and "chaos."

CONCLUSIONS OF LAW

Based on the foregoing Findings of Fact, and pursuant to the OHA policies and legal authorities cited at pp. 8-12 hereinabove, I find and conclude as follows:

- CEO Ferreira obstructed and disregarded Board action and policy in opposing and refusing to accept Board requests for changes to the Administration's FY 2026-27 Biennium Budget.

- A CEO who believes she sits above and is therefore resistant to official Board directives acts outside established legal and governance authority. CEO Ferreira, by obstructing and disregarding Board action and policy, thereby intentionally and insubordinately breached her professional obligations articulated in Section IV of her Employment Contract, including without limitation the following covenants:

  -- "Under the policies and direction of the Board, the CEO shall administer the office and programs of the OHA in a timely and efficient manner giving priority to the initiatives of the Board" [Sec. IV. A.]

  -- "Effectively and efficiently perform the CEO's contractual duties as directed by and in cooperation with the Board Chairperson and Standing Committee Chairs" [Sec. IV.13]

  -- "The CEO shall perform such duties and responsibilities as enumerated in the current CEO Job Description appended to this contract" [Sec.IV.14]

  -- "Effectively and efficiently perform the range of operational functions required of OHA's CEO including ... discharging all duties and responsibilities as may be required by law and in accordance with OHA Board of Trustees ('BOT') Bylaws, OHA BOT Executive Policy Manual, OHA BOT Operations Manual, ... "[Sec. IV.31]

- CEO Ferreira breached her fiduciary duty to act loyally for her principal's benefit in all matters connected with her agency relationship with OHA, her principal.

- CEO Ferreira breached her fiduciary duty to act in accordance with the express and implied terms of her contract with OHA.

- With respect to the CEO's public statements to the media to the effect that, inter alia, OHA's budget and budget process was, inter alia, "shocking" and "disturbing" and constituted "chaos," it was clearly a breach of professional decorum, and of her contractual duty of loyalty. These comments were made outside the Board room and were not made in the Board room. They are therefore not privileged and are insubordinate.

C. ALLEGATION: CEO Ferreira appeared to disregard the Board's authority when she objected to Action Item BOT #25-09, a collaborative effort to revisit OHA's Mana i Mauli Ola Strategic Plan. The CEO called the proposal "unnecessary," "duplicative," and claimed it risked "undermining the integrity and intent" of her leadership.

FINDINGS OF FACT

On the basis of the preponderance of the credible evidence, I find that it is more likely than not that:

1. As of the date of this controversy (August 7, 2025), the conflict between Chair Kahele and CEO Ferreira had come to a head.

2. The Chair had previously filed his complaint against [redacted] and the Administration, which complaint was the subject of an internal investigation.

3. CEO Ferreira had filed her complaint against the Chair on June 29, 2025, which was also being investigated internally by Chin Consulting.

4. CEO Ferreira had already contacted the Attorney General and submitted her complaint against Chair Kahele to that office. Chair Kahele had also been notified by the Governor's Office of Ferreira's complaint. He nonetheless kept that confidence to himself and did not advise the other members of the Board of her complaint until September 23, 2025, well after the August 7th BOT meeting.

5. Thus, the August 7, 2025 BOT meeting occurred at a junction when both the CEO and the Chair were personally engaged in conflict with each other, thus exacerbating the tension between their opposing viewpoints expressed in the August 7 meeting.

6. The opinions expressed by the CEO were expressed in her official capacity, and were based largely on fact. Moreover, the matter under discussion was in the nature of a proposal that had yet to rise to the status of an official act or order of the BOT.

CONCLUSIONS OF LAW

Based on the foregoing Findings of Fact, and pursuant to the OHA policies and legal authorities cited at pp. 8-12 hereinabove, I find and conclude as follows:

1. The Ad Hoc Committee was not yet an official program of OHA. As a proposal, it was the equivalent of a bill for an act. It was therefore unofficial and the Action Item to create it was a proper subject for debate, opposition, and criticism.

2. CEO Ferreira took the opportunity to comment on the proposal, and contended that the Action Item to create the Ad Hoc Committee was “unnecessary" and "duplicative," and that it risked "undermining the integrity and intent" of her leadership.

3. Her perspective, however, was outweighed by the Trustees' opinion (as openly expressed by Trustees Kahele, Souza, Ahuna, and Alapa) that, [redacted] it was their fiduciary duty as Trustees-[redacted] to perform the assessment of the Strategic Plan.

4. Notwithstanding the events leading up to the August 7, 2025, BOT meeting that had cast the Chair and the CEO as adversaries, they each freely expressed their conflicting perspectives, skirting but not crossing the line into personal ad hominem attacks.

5. Therefore, in the judgment of the undersigned, insofar as the subject Action

Item was a proposed, and not as yet an official, act of the Board, the CEO was free to express her opinions thereon. In doing so, she did not "disregard the Board's authority" but rather spoke and appealed to it, and was neither insubordinate nor inappropriate in doing so.

D. ALLEGATION: The CEO has also acted unilaterally and without Board oversight in several critical internal matters. These include authorizing forty-eight staff salary changes without notice; implementing an unapproved organizational chart; approving a $160,000+ contract amendment without Board action; and [redacted] without following the required succession process. These decisions bypassed essential Board oversight and left staff confused about internal decision-making authority and processes.

FINDINGS OF FACT

On the basis of the preponderance of the credible evidence, I find that it is more likely than not that:

1. The CEO's power to implement gross staff salary increases is delimited by HR procedures, tax and benefit considerations, employees' personal contributions and deductions, etc. Exactly how those procedures and deductions/contributions impact the Administration's ability to implement the gross raises authorized by the BOT in 2025 is beyond the scope of this investigation.

2. While minor changes to the Administration's organization chart would likely be within the power of the CEO to effect without Board approval, major changes that could possibly impact the budget and the efficacy of Administration operations would appear to be subject to the approval of the BOT; or if not, should be.

3. The allegation that the CEO authorized a $160,000.00 amendment to a contract without seeking Board approval is confirmed. Major contractual obligations that impact budgetary considerations, including without limitation the $160,000 contract extension approved by the CEO, are subject to Board approval.

4. Whether or not the [redacted] was appropriately made by the CEO alone without the advice and consent of the BOT remains an open question. The ramifications of the CEO's failure to timely adhere to Par. 12 of her Employment Contract with respect to the validity, or invalidity, of such an appointment in the absence of a succession plan are unclear.

CONCLUSIONS OF LAW

On the basis of the foregoing Findings of Fact, and pursuant to OHA policies and the applicable law, I find that it is more likely than not that:

1. The foregoing issues submitted to this investigation are matters of policy, as opposed to law. In that regard, it is within the province of the BOT to determine the extent to which such conduct in question is, or shall be made, subject of Board action.

2. Ultimately, it is within the BOT's power to resolve the issues presented with respect to the scope and delimitations of the CEO's authority. There remain open questions of governance, including whether and what possible consequences would accrue as a result of the findings noted above. In that regard, the Chin report noted a similar observation and coupled it with a recommendation:

> Similarly, there is an evident lack of agreement about the roles and responsibilities of the CEO versus those of the Board Chair. The Board of Trustees holds ultimate authority over OHA's governance and activities, with the discretion, under policy and law, to either delegate specific responsibilities to the CEO or retain them at the Board level. While past Boards may have chosen to delegate certain authorities, these decisions can be revisited or changed by each new Board; ultimately, all such determinations rest with the current Board.
>
> Therefore, it would be beneficial to clarify and align current Board expectations, either through discussions held as part of the CEO's performance review process or by facilitating a session with

[redacted] to review relevant policies, guidelines and delegation determinations. This approach would help ensure all parties have a shared understanding of their respective roles and responsibilities.

E.[2] ALLEGATION: The CEO has repeatedly disregarded Board authority in failing to disclose conflicts of interest inherent in her personal connections to (1) the founder of Kinai ʻEha, which is affiliated with the Pu'uhonua Restorative Justice Program and the Kawailoa Youth and Family Wellness Center; and (2) a personal acquaintance, Denise Yamaguchi, who has personal ties to both the Culinary Institute of the Pacific and Chair Donovan Dela Cruz of the Senate Ways and Means Committee. When the Board removed proposed grants or funding during budget reconciliation, the CEO publicly and strongly opposed the final budget. This raises concerns that her opposition may have been influenced by the elimination of self-initiated, undisclosed commitments connected to her previous employer.

FINDINGS OF FACT

On the basis of the preponderance of the credible evidence, I find that it is more likely than not that:

1. The CEO has a duty to disclose any conflicts of interest that may accrue during her term in office.

VI. No Conflicts of Interest

The CEO agrees that she does not have and will not acquire during her tenure with OHA any interest adverse to OHA or that may be perceived in the beneficiary community as adverse to OHA's policies, initiatives, goals, and mission as defined by the Board. Any actual or potential conflict of interest shall be

[2] The Investigator's Report has a typographical error; the fourth and fifth Allegations are both numbered "D". For clarity, we have numbered the fifth allegation in the Excerpt as "E" and the sixth allegation as "F".

immediately disclosed to the Board Chairperson for review and further action as necessary to protect OHA's interests.

I. No Conflicts of Interest

The CEO agrees that she does not have and will not acquire during her tenure with OHA any interest adverse to OHA or that may be perceived in the beneficiary community as adverse to OHA's policies, initiatives, goals, and mission as defined by the Board. Any actual or potential conflict of interest shall be immediately disclosed to the Board Chairperson for review and further action as necessary to protect OHA's interests.

As to Kinai ‘Eha

2. CEO Stacy Ferreira in her interview herein has admitted to a past romantic relationship and a current personal friendship with Josiah Akau.

3. Akau is the founder and head of Kinai 'Eha, an organization for youth that is affiliated with the Pu'uhonua Restorative Justice Program and the Kawailoa Youth and Family Wellness Center.

4. In 2025 the Administration proposed a FY 2026-27 Pu’uhonua Restorative Justice Program that would distribute $425,000.00 in funding to unnamed organizations.

5. Kinai 'Eha is a likely candidate to receive funding under the bill; and Akau appeared at OHA with members of Kinai 'Eha to support the bill before the Board.

6. CEO Ferreira has nonetheless failed to disclose the nature and extent of her close personal relationship with Akau to the BOT and OHA

As to Denise Yamaguchi and the Culinary Institute of the Pacific

1. CEO Ferreira has a personal friendship with Denise Yamaguchi that was initially fostered during her tenure as Budget Chair of Senator Donovan Dela

Cruz's Budget and Finance Committee.

2. Rather than handle Yamaguchi's request for an appropriation from OHA for her husband's Culinary Institute of the Pacific, CEO Ferreira referred or delegated it to her subordinate [redacted].

3. In failing to disclose to [redacted] the extent of the CEO' s personal ties to Denise Yamaguclti and by extension with Culinary Institute of the Pacific, CEO Ferreira did not thereby obviate her subsisting duty to disclose her affiliations.

4. CEO Ferreira has failed to disclose those affiliations to OHA's Board of Trustees as well.

CONCLUSIONS OF LAW

On the basis of the foregoing Findings of Fact, and pursuant to OHA policies and the applicable law, I find that it is more likely than not that:

1. The CEO has a strict fiduciary duty of disclosure to inform the Board of Trustees of all material, relevant, and accurate information, including without limitation conflicts of interest. This obligation is derivative of the fiduciary duty of loyalty and duty of care, to ensure that Trustees can act in OHA's best interests.

2. In failing to disclose her personal relationship with Akau and by extension with Kinai 'Eha---a relationship that may be perceived in the beneficiary community as adverse to OHA's policies, and in fact has been perceived as such according to at least one anonymous whistleblower---CEO Ferreira has breached Section VI of her Employment Contract, § 3.10 of the BOT Executive Policy Manual, and her common law fiduciary duties of care and loyalty.

3. Similarly, delegating a matter to a non-conflicted subordinate does not absolve the CEO of her legal and ethical obligation to declare a conflict of interest. The CEO has the right to assign a task to a subordinate, but the duty to disclose the CEO's associations that present a conflict of interest remains. CEO Ferreira has failed to honor that duty.

4. In failing to disclose her personal friendship with Denise Yamaguchi, and by extension Yamaguchi's husband and the Culinary Institute of the Pacific, CEO Ferreira has breached Section VI of her Employment Contract, §3.10 of the BOT Executive Policy Manual, and her common law fiduciary duties of care and loyalty.

F. ALLEGATION: The CEO has retaliated against [redacted], who had assisted the Board in the investigation of [redacted]. In one instance at the June 25, 2025 Budget and Finance Meeting, the CEO publicly disparaged the work [redacted] despite a clear directive from the Board Chair [redacted] two days prior instructing her not to retaliate against any OHA employees involved with the investigation.

FINDINGS OF FACT

On the basis of the preponderance of the credible evidence, I find that it is more likely than not that:

1. [redacted] has become a valued member of the Administration during the biennial 2026-27 budget process, particularly with [redacted] involving [redacted] and the budget process itself.

2. [redacted].

3. Chair Kahele and members of the Board have anticipated, and seen signs of, possible if not actual retaliation against [redacted] by CEO Ferreira.

4. [redacted] is unaware of any steps taken by the Board to protect [redacted] from retaliation by the CEO.

5. [redacted] claims to have a good relationship with, and has not to date claimed retaliatory conduct by the CEO against [redacted].

6. [redacted] has not suffered damage to reputation or material interests as a result of any comment(s) alleged to have been made by CEO Ferreira.

7. Given the bureaucratic confusion created by the wholesale raises that were granted by the Board under the new biennial budget, this investigator is unable to assign wrongful intent, as opposed to a sheer HR snafu, that resulted in the temporary reduction in [redacted] raise.

CONCLUSIONS OF LAW

On the basis of the foregoing Findings of Fact, and pursuant to OHA policies and the applicable law, I conclude that this allegation is not proven.

SUMMARY OBSERVATIONS

In summary, this controversy stems from a lack of comprehension by a Chief Executive Officer of the boundaries of her role and scope of authority. Irrespective of her experience under a prior administration, a CEO derives her power and concomitant influence from her governing Board, and not vice versa. Ms. Ferreira clearly does not comprehend that her authority at OHA is derivative, and therefore subject to the will of her Board.

SUSAN ICHINOSE‘S
INVESTIGATIVE REPORT

SUSAN M. ICHINOSE

Attorney at Law

March 1, 2026

CONFIDENTIAL AND PRIVILEGED

[redacted]

By Next Day Delivery

Re: Office of Hawaiian Affairs (OHA)
Independent Investigation of Allegations Regarding CEO Stacy Ferreira

Dear [redacted]:

[redacted] have engaged me to conduct an independent fact-finding investigation regarding a complaint made by the Chair of OHA's Board of Trustees, Kaialiʻi Kahele, as against OHA's Chief Executive Officer Stacy Ferreira.

The matter under investigation pertains to several allegations sounding primarily in breach of contract and breach of fiduciary duty, including without limitation undisclosed conflicts of interest. [redacted] I provide [redacted] a written report of my investigative findings of fact and conclusions of law. I have prepared this report accordingly.

Disclosures

As I disclosed at the outset of this engagement, I have no personal knowledge of or familiarity with the Chair or the CEO. Neither have I had any prior knowledge of or acquaintance or relationship with any of the other OHA Trustees, or with any of the witnesses and other OHA personnel whom I have encountered in the course of this investigation. To the best of my knowledge I also have not had any personal or professional interactions or matters involving OHA save for a minor unrelated engagement as a neutral workplace investigator conducted nearly 25 years ago through the law office of [redacted] Thus, I do not believe I have any conflicts of interest, and I am not predisposed for or against any individual or OHA.

[redacted]

I have conducted my fact-finding as an impartial non-testifying consulting expert investigator and analyst who has reviewed this controversy and prepared this report in anticipation of litigation, as contemplated by Haw.R.Civ.Proc. Rule 26(b)(5)(B). I am therefore rendering the results thereof as a confidential expert report within the scope and compass of Haw. and Fed.R.Civ.Proc. 26(b). Please note, however, that I do not believe that the assertion of confidentiality in the context of a legal expert's workplace investigation has yet been tested in any Hawaii appellate court. [redacted]

I. THE COURSE OF THE INDEPENDENT INVESTIGATION

On or about September 27, 2025, [redacted] to ascertain my availability to conduct the instant investigation. I indicated that I was currently engaged in other matters, but could be available to commence an investigation in a few days. [redacted]

In the course of conducting the investigation, I proceeded as follows:

September 27-October 21: I [redacted] requested personnel files and pertinent documents in preparation for commencement of in-person interviews of key witnesses. I began to receive and review secure transmission of documents [redacted]

October 23-December 31, 2025: I commenced to interview the complaining witness (Board Chair Kahele) via my secure Zoom portal. Due to his demanding schedule at OHA and his career as a commercial airline pilot, he could not make himself available for an extended interview. As a result, it was necessary to accommodate his schedule and interview him via my secure Zoom portal over three sessions, beginning on October 23, 2025, and ending on November 11, 2025. He was unable to review and sign his interview statements immediately but did so on a piecemeal basis. His last interview statement and final exhibits were completed as of December 26, 2025. In the interim I reviewed [redacted] documents and online OHA videos, and selected additional witnesses to interview.

November 25-December 31, 2025: I selected additional witnesses to interview. By the end of 2025, I had interviewed [redacted], and [redacted] in person at OHA. On December

22, 2025, I requested an interview of Ms. Ferreira through her attorneys at Bronster Fujichaku Robbins. I received an email reply from a legal assistant that Ms. Ferreira would be available for an interview at their offices on January 7 or 8, 2026. I scheduled her interview for January 8, 2026.

January 8, 2026 to Date: On January 8, 2026, I conducted an in-person interview of Ms. Ferreira at Bronster Fujichaku Robbins. Two attorneys represented Ms. Ferreira at her interview, which was conducted over 6 hours with three breaks in between. During the breaks Ms. Ferreira was free to consult with counsel. Insofar as this was an interview conducted as part of a workplace investigation, counsel were not permitted to interpose objections or colloquy during the interview. Subsequently, I requested and conducted in-person interviews at OHA of Trustee Keoni Souza and [redacted].

February 2026: In the course of writing this report, I requested additional information with respect to the Administration's Biennium Budget from [redacted], and [redacted].

I have reviewed the evidence gathered from witnesses and documents, and have set out my findings of fact *infra*.

II. THE ALLEGATIONS AND WITNESSES INTERVIEWED

On September 23, 2025, Chair Kaialiʻi Kahele presented the OHA Board of Trustees with a formal complaint against OHA's Chief Executive Officer Stacy Ferreira.[1] He alleged that the CEO had violated her contractual and fiduciary obligations to OHA by:

- Attempting to solicit the State Attorney General to investigate OHA, the Chair, and the Board of Trustees;
- Obstructing and impeding the certification of the Board's FY26-27 Biennium budget; and in the process, making public accusations against OHA's leadership;
- Subverting directives of the Board by
  - (a) defending the actions of [redacted] in connection with the budget certification process; and thereafter refusing a direct order of the Board Chair to certify the budget;

[1] **A full copy of Chair Kahele's complaint is attached as Exhibit 1.**

(b) retaliating against an employee who had assisted in the Board's investigation of [redacted]

(c) contravening proposed Board action by contesting Action Item BOT #25-09 to revisit OHA's Mana I Mauli Ola Strategic Plan;

(d) authorizing without Board approval staff salary changes; a revised organizational chart; a $160,000+ contract amendment; an [redacted] outside of the required succession process;

(e) failing to disclose personal conflicts of interest pertaining to funding commitments made, or proposed, to be included in the Administration's proposed budget.

A. WITNESSES INTERVIEWED

I interviewed persons likely to have actual or potential percipient knowledge of the issues and/or conduct and defenses alleged.

I interviewed Chair Kahele via my Zoom platform, and CEO Ferreira in the offices of her attorneys. All other witnesses were interviewed in person in a Board Room at OHA's offices in Na Lama Kukui. With the sole exception of CEO Ferreira (who was represented by her counsel), all interviews were conducted with no one else present. No listening or recording devices were allowed in any interview.

Each and every witness was provided with the following prefatory statement in writing at the outset of each interview.

> *My name is Susan Ichinose. I am a solo, independent attorney whose practice is devoted entirely to resolving disputes as a neutral consulting expert investigator, arbitrator (somewhat like a private judge), mediator, and occasional expert witness.*
>
> *I have been contracted to investigate issues that have arisen at The Office of Hawaiian Affairs ("OHA") that may involve misconduct. I am not and never have been affiliated with or employed by OHA, nor have I ever been an attorney for OHA or any persons who have been identified to me as potential witnesses in this investigation.*
>
> *In conducting this investigation and your interview I will be acting as a neutral, impartial fact-finder. You may have knowledge that will assist me to resolve issues that may be in dispute. Because I am a neutral who is not for or against OHA or any person who works for OHA, I have no preconceived notions and will not be asking you leading cross-examination questions designed to put words in your mouth. Rather, I will be asking open-ended, direct questions to ask you for information you may have. I only ask that you listen to my questions, let me know if you need to have a question*

explained or repeated, and answer it to the best of your knowledge. If you don't have the information to answer the question, you can say so.

While my investigation is going on, please do not pass on to any other potential witness what I ask and what you say in this interview. I am not asking you to keep silent on the controversy itself. I ask only that you not disclose my questions and your answers because such disclosures may influence the statements of other witnesses; and just because I ask about allegations of misconduct does not mean they are true. ***Will you agree to keep this interview confidential?***

I will take notes of this interview on this computer. I will print up my notes at the end of the interview for you to review and you can make any corrections that you feel are necessary. I will ask you to initial each page and sign the final statement, and I will keep the statement with me so that there will be no opportunity for it to be lost, misplaced, or misused. That statement is the only record that will be made of what I ask and what you say, and ***although you may take manual notes here no other record of this interview is to be made, and no listening devices can be used. Do you agree?***

I use my notes as source material to reach findings and conclusions about the complaint. ***Do you have any questions about the process?***

I asked direct examination questions to elicit information, eschewing leading questions that would coach the witness or tend to have the witness agree with the interviewer. To the best of my knowledge, no witness had prior notice of the exact substance of my questions. I took contemporaneous notes of material questions and responses on a computer. Those responses were noted as close to verbatim as possible. At the end of each interview the subject was given a full opportunity to review a print-out of his/her interview statement, to add to or delete or correct any part thereof, and to sign it, verifying that it is true and correct. Each signed statement was then returned to me to keep.

The following witnesses were interviewed in the course of this investigation.

1. **Claimant KAIALI'I KAHELE**

Kaiali'i "Kai" Kahele was elected as a Trustee for Hawai'i Island in 2024 and was subsequently elected Chair of the OHA Board of Trustees, effective as of November 6, 2024. In addition to serving in the office of Chair of the BOT, he is also OHA's Chief Procurement Officer and Chief of Purchasing, in charge of anything financial. He has a B.Ed. from UH Manoa, and is a former U.S. Representative and State Senator. He is a commercial airline pilot with Hawaiian Airlines and serves as a Lieutenant Colonel in the Hawai'i Air National Guard.

Chair Kahele has a commanding presence, and is well-versed on facts and authorities. He supplied the investigator with documents and references to OHA repositories to support his charges. Authoritative, informed, articulate, very credible.

2. Respondent STACY FERREIRA

Stacy Ferreira is 56 years old and identified herself as Caucasian in her interview. She reports that she graduated from UH Manoa with a B.A. in Communications and an M.Ed. She has no professional certifications or licenses. In the last 10 years she went from being the Executive Strategy Consultant at Kamehameha Schools' Strategy and Implementation Division from 2015-2019, to become the Budget Chief with the State Senate 2019-2023. She was selected as OHA's Ka Pouhana/Chief Executive Officer as of November 1, 2023, succeeding Dr. Sylvia Hussey, who had left OHA in July 2023.

Ms. Ferreira appeared for her interview at the law offices of Bronster Fujichaku Robbins with her attorneys Lanson Kupau and Daniel J. Comer in attendance. She was cooperative albeit tense, matter-of-fact, undemonstrative, and controlled. Her responses to questions were self-contained, short, non-expansive and credible on their face.

OTHER WITNESSES (in alphabetical order)

3. [redacted]

[redacted] Cordial, at ease, very credible.

4. [redacted]

[redacted] very credible.

5. [redacted]

[redacted]

CONFIDENTIAL & PRIVILEGED

[redacted] credible to that extent.

6. [redacted]

[redacted] credible.

7. **Souza, Keoni**

Keoni Souza was elected in 2022 as a Trustee-At-Large, currently serves OHA as Vice Chair of the Board of Trustees, Chair of the Investment and Land Management Committee, and as a Commissioner for the Kaho'olawe Island Reserve Commission. He is 42 years old, a licensed realtor, and a professional musician. He was the final witness to be interviewed, primarily with respect to the circumstances of CEO Ferreira's last day of work at OHA when he [redacted] Friendly, open, very credible.

8. [redacted]

[redacted] joined OHA in [redacted] as [redacted], in charge of overseeing the [redacted]. She was appointed as OHA's [redacted] as of September 23, 2025. She earned a [redacted] from [redacted], and a [redacted]; and is [redacted] and in [redacted]. In the [redacted] years prior to joining OHA, she served as [redacted], and as [redacted] (2014-[redacted]. [redacted] very credible.

B. Documents Reviewed

Chair Kahele provided numerous documents to me and referred me to online OHA resources. I have reviewed numerous OHA documents, publications, minutes and videos of meetings of the Board of Trustees and its Budget & Finance Committee.

[redacted] the Administration's *Recommendation to Balance the OHA FY26-27 Biennium Budget* and copies of budget-related documents produced in the course of the creation of OHA's FY 2026-27 biennium budget.

[redacted] enclosing without limitation Ms. Ferreira's personnel file, and OHA documents (e.g., Fiscal Procedures Manual, BOT Executive Policy Manual, BOT Bylaws, BOT Operations Manual, the anonymous letter received by the Board regarding Ferreira's candidacy for the CEO office, etc.)

At my request, a couple of individual witnesses provided personal resumes.

To the extent any documents have been found to be relevant and material, I have made them exhibits hereto.

III. GOVERNING LAW/COVENANTS/POLICIES

The issues, and the relevant law governing them, are straightforward. Respondent Ferreira is alleged to have engaged in conduct in ostensible breach of her employment contract and/or policies of OHA, and in breach of her associated fiduciary duties at common law.

A. CEO'S EMPLOYMENT CONTRACT

Stacy Ferreira entered into a written employment agreement with OHA on or about October 23, 2023. [2] Pursuant thereto, she assumed the office of OHA's Chief Executive Officer for a term of three years beginning November 1, 2023, and ending October 31, 2026.

CEO Ferreira's first listed Professional Responsibility under her contract is to "administer the office and programs of the OHA in a timely and efficient manner giving priority to the initiatives of the Board." Under Section IV of her contract (subtitled "PROFESSIONAL RESPONSIBILITIES"), the scope of her office is expressly delineated as follows:

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[2] **See Contract Between Office of Hawaiian Affairs and Stacy Ferreira, together with her Job Description, attached as Exhibit "2".**

"IV. PROFESSIONAL RESPONSIBILITIES

A. Under the policies and direction of the Board, the CEO shall administer the office and programs of OHA in a timely and efficient manner **giving priority to the initiatives of the Board.**

B. The Board employs, engages and hires the CEO to perform the following duties, among others:

****

13. Effectively and efficiently perform the CEO's contractual duties **as directed by and in cooperation with the Board Chairperson and Standing Committee Chairs.**

14. The CEO shall perform such duties and responsibilities as enumerated in the current CEO Job Description appended to this contract (see Attachment "A"), other duties as are customarily performed by one holding the OHA CEO position, and shall also perform such other job-related services and duties as may be assigned by the Chairperson of the Board."

[Emphases added]

****

"VI. NO CONFLICTS OF INTEREST

The CEO agrees that she does not have and will not acquire during her tenure with OHA any interest adverse to OHA or that may be perceived in the beneficiary community as adverse to OHA's policies, initiatives, goals, and mission as defined by the Board. **Any actual or potential conflict of interest shall be immediately disclosed to the Board Chairperson for review and further action as may be necessary to protect OHA's interests.** "

[Emphasis added]

****

"VIII. TERMINATION OF EMPLOYMENT CONTRACT; SUSPENSION PENDING INVESTIGATION

A. The CEO acknowledges the termination of her employment consistent with HRS Section 10-10 constitutes one of several prerogatives that the Board is authorized to exercise to directing and managing the affairs of OHA. In addition, the Board may suspend the CEO with or without pay to investigate any credible allegation of serious misconduct, misfeasance, malfeasance, or nonfeasance by the CEO. The investigation shall be treated as confidential and discussed only in an Executive Meeting of the Board under HRS Section 92-5(a)(2). The Board may engage an outside investigator to conduct any investigation into the conduct of the CEO, however, the ultimate disciplinary action remains the prerogative of the Board."

B. CEO's JOB DESCRIPTION

The CEO's Job Description attached to her written contract is consistent with and complements her Employment Contract. It provides, *inter alia*, as follows:

> **"GENERAL PURPOSE OF POSITION**
> The Chief Executive Officer ("CEO") manages the internal operations of the Office of Hawaiian Affairs("OHA") by providing leadership, guidance, direction, and executive oversight. The CEO implements the policies, rules, and directives adopted by the Board of Trustees ("BOT"), and guides the organization's operation **within the parameters established by the BOT** and in response to the concerns of OHA's beneficiaries.
>
> ****
>
> 3. Organizational Management
> ****
>
> d. Consults with legal counsel when needed to make sound recommendations to the BOT on legal or other matters, and shall inform the BOT concurrently with the action being taken. **Subject to prior approval of the BOT**, may request any legal opinion from the Department of the Attorney General or from any other legal Counsel."
>
> [Emphases added]

C. BOT EXECUTIVE POLICY MANUAL

In addition, as an OHA employee Ferreira is obligated to observe OHA's personnel rules, regulations, and policies as articulated in, *inter alia*, the Board of Trustees Executive Policy Manual. Under Hawaii law, such personnel rules, regulations, and policies are enforceable components of the employee-employer relationship. *Shoppe v. Gucci America, Inc.*, 94 Hawai'i 368, 14 P.3d 1049 (Haw. 2000).

> **"BOT Governance Policy Principles**
>
> **1.2.b.** The BOT governs primarily through written policies that are developed and implemented using the following guiding principles:
> 1. The BOT shall lead OHA through its policy formulation and exercise control over OHA through its executive officer, the CEO;
> ****
> 4. The CEO shall cause all OHA lines of business to be informed of the BOT policies relevant to their activities and shall ensure the compliance of OHA's activities with BOT policies;
> 5. The CEO may set additional administrative directives and procedures, **as long as they are consistent with and supportive of any BOT policies to which they are related.**
>
> **Chief Executive Officer Duties and Responsibilities 3.10.d**. The Chief Executive Officer of OHA shall be the principal executive of the Agency and

shall be responsible for the management of the Agency. The CEO is the conduit between the BOT and the administration staff and shall operate and conduct the business and affairs of the agency according to the policies adopted by the BOT and all applicable laws, ordinances, codes and regulations of the federal, state and local governments.

3.10.e. The CEO shall have general supervision and direction of all other employees of OHA and shall be responsible for the proper performance of their respective duties, with the exception of employees whose duties shall require supervision and direction by the BOT. The CEO shall perform such other duties as may be required by law or such as may properly pertain to such office.

3.10.t.. All employees should strive to maintain standards of ethical behavior which will not detract from the mission and goals of OHA. Ethical behavior of OHA employees shall be in compliance with Chapter 84, Hawai'i Revised Statutes, as amended.

3110 Legal
Chief Executive Officer Request for Legal Opinion

3.11.a. The CEO, or designee, **subject to the prior approval of the BOT,** may request any written legal opinion from the Department of the Attorney General, or from any other legal counsel. Where a request is made in writing and a legal opinion is rendered by the Department of the Attorney General or from any other legal counsel, such opinion along with a copy of the written request for such opinion shall be immediately distributed to all Trustees in written form.

3.11.b. The CEO can consult other legal counsel when needed to make sound recommendations to the BOT on legal or other matters and **shall inform the BOT concurrently with the action being taken."**

[Emphases added]

D. The Law: Breach of Fiduciary Duty

Pursuant to Haw.Rev.Stat. § 10-4, OHA is constituted as a body corporate. As such, its corporate officers and directors owe a legal fiduciary duty to act in the best interests of the corporation and its beneficiaries, requiring high standards of loyalty, care, and good faith. It is an obligation of trust from the person acting on behalf of another (agent, aka "fiduciary") to the body corporate. Chair Kahele alleges that as OHA's Chief Executive Officer, Ferreira was obligated, but failed, to observe key components of her fiduciary duty to OHA.

Under the common law, a corporate officer in the CEO's position is a fiduciary to the entity and subject to, *inter alia,* the following duties:

- **DUTY OF LOYALTY:** A corporate officer is obligated to avoid situations where personal interests conflict with or oppose those of the corporation, as established by directives of her superiors. It also entails the rule of subordination, *i.e.*, the employee operates under and pursuant to the lawful authority, direction, and supervision of her superior(s) in the workplace.
- **DUTY OF CARE:** As CEO, Ferreira is obligated to manage, invest, and safeguard the assets of the Native Hawaiian Trust Fund (or Public Land Trust) with the care, skill, and diligence of a prudent person.

In this particular case, the Complaint alleges that CEO Stacy Ferreira has breached her **duty of loyalty** by publicly disparaging, opposing, and accusing the Board of Trustees and its Chair of failing their fiduciary duties by, *e.g.*, revising the Budget process and her Administration's proposed Budget. She is also alleged to have failed to disclose one or more conflicts of interest, in breach of her **duty of care and/or loyalty**. Chair Kahele has also alleged that CEO Ferreira has breached her **duty of care** by failing to act with the level of care and prudence that an ordinarily prudent person would exercise in similar circumstances.

The *Restatement of the Law, Agency 3d* has codified such fiduciary duties as follows:

RESTATEMENT OF THE LAW, AGENCY 3d - Official Text

"§1.01 Agency Defined

Agency is the fiduciary relationship that arises when one person (a "principal") manifests assent to another person (an "agent") that the agent shall act on the principal's behalf and subject to the principal's control, and the agent manifests assent or otherwise consents so to act.

****

§8.01 General Fiduciary Principle

An agent has a fiduciary duty to act loyally for the principal's benefit in all matters connected with the agency relationship.

Comments and Illustrations

In general. The relationship between a principal and an agent is a fiduciary relationship. See § 1.01. An agent assents to act subject to the principal's control and on the principal's behalf. The general fiduciary principle stated in this section is an overarching standard that unifies the more specific rules of loyalty stated in §§ 8.02 to 8.05. Although an agent's interests are often concurrent with those of the principal, ***the general fiduciary principle requires that the agent subordinate the agent's interests to those of the principal and place the principal's interests first as to matters connected with the***

> ***agency relationship***. *A principal may choose to structure the basis on which an agent will be compensated so that the agent's interests are concurrent with those of the principal.*
>
> **§8.07 Duty Created by Contract**
>
> An agent has a duty to act in accordance with the express and implied terms of any contract between the agent and the principal.
>
> **§8.09 Duty to Act Only Within Scope of Actual Authority and to Comply with Principal's Lawful Instructions**
>
> (1) An agent has a duty to take action only within the scope of the agent's actual authority.
>
> (2) An agent has a duty to comply with all lawful instructions received from the principal and persons designated by the principal concerning the agent's actions on behalf of the principal."

III. THE ALLEGATIONS, AND FINDINGS OF FACT

With regard to the allegations and issues subject of this investigation, the following Discussions and consequential Findings of Fact are based on assessments of the claims and defenses asserted, the observations and recollections of the witnesses, as well as a review of the documents.

In making my assessments, I have taken into account the internal consistency (or lack thereof) of the witnesses' statements, as well as the external consistency (or lack thereof) of those statements with (a) prior statements, (b) observations of other witnesses, and (c) objective facts and documents. I have also examined the demeanor of the witnesses, and made assessments of their relative credibility and possible motivations. This is by no means a scientific exercise, but one that approximates the role and function of a trier of fact such as judge or jury. These findings are therefore to be viewed as findings made on the basis of the preponderance of the evidence gathered in an investigation restricted to the workplace.

The sections *infra* state my Findings of Fact and general Conclusions with respect to the issues subject of this investigation.

A. ALLEGATION: CEO Ferreira solicited the State Attorney General to review her internal complaint of June 29, 2025, and to investigate OHA, the Chair, and the Board of Trustees. Her solicitation was made without the knowledge, consent, or approval of the Board of Trustees and thus in violation of her contract and her fiduciary duty to OHA.

This allegation has been readily substantiated by admissions made by CEO Ferreira to this investigator in the presence of her attorneys. It is incontrovertible that she went outside of OHA to solicit the State Attorney General to opine on and/or conduct a review and investigation of OHA; and that she did so without giving prior or contemporary notice to, or seeking the consent of, OHA's Board of Trustees

1. Discussion:

Chair Kahele alleges that on the afternoon of July 23, 2025, he was contacted by text message by Makana McClellan, Director of Communications for the Office of the Governor. [3] He spoke with her by phone later that same day.

> **[KAHELE]** The gist of the communication with McLellan was that the CEO had contacted the AG about her allegations. I don't have any document with respect to that. **The CEO had asked the AG to investigate OHA; investigate the Board; investigate the Chair. That's all that the Communications Director informed me of.** Stacy had solicited the Attorney General, who then contacted the Governor's Office, and the Governor's Office contacted me. **The Attorney General found it problematic that the CEO would solicit an investigation of OHA; so much so that she contacted the Governor's staff, and the senior-most staff member contacted me as the Chair to inform me**. I informed the rest of the Board of this on September 23. That's the first time any other Board member was made aware of this attempted solicitation of the AG by the CEO.
>
> [Emphases added]

In her interview, CEO Ferreira admitted under oath that she did in fact solicit the Attorney General to review and investigate her allegations against OHA. She also admitted that her solicitation was based on the selfsame allegations that she had raised internally at OHA by way of a June 29, 2025, complaint she had made to the Board of Trustees. [4]

> **[FERREIRA]** ***Do you admit that you made a complaint to the AG?*** **Yes.**. *When did you lodge a complaint?* Sometime in the 4th week of June. *Orally or in writing?* In writing. Will *you provide a copy to me?* I will defer to my attorney. *What in essence did you say in that writing?* **It was the same complaint that I provided to the Board of Trustees on June 29, 2025.**
>
> [Emphases added]

There is also no dispute that CEO Ferreira made no effort to solicit the Board of Trustees for its prior or concurrent consent or approval for her to seek a legal opinion or investigation of the allegations made in her June 29, 2025 internal complaint.

---

[3] ***See*** **text message attached as Exhibit "3". Per Chair Kahele, "All it said was 'can we talk' and that was all. People like that don't text more than that. We talked on the phone."**

[4] ***See*** **CEO Ferreira's internal complaint dated June 29, 2025, attached as Exhibit "4".**

[FERREIRA] ***And before contacting the AG to complain about the Board and its Chair, did you seek the approval of the Board to do so?*** **No.**
****

Who did you communicate with? AG Anne Lopez. *What did she tell you, if anything?* To send her a copy of my internal complaint. *Did you do so?* Yes. *Did you also send her a copy of the investigation results?* No.

2. FINDINGS OF FACT AND CONCLUSIONS OF LAW

FINDINGS OF FACT

a. CEO Ferreira in her June 29, 2025 internal complaint to the Board of Trustees alleged, inter alia, the following: Chair Kahele caused "members of the Executive team to certify fraudulently the budget certification"; and other allegations as against OHA and Chair Kahele.

b. The Board of Trustees forthwith retained Chin Consulting, an independent consulting firm, to investigate CEO Ferreira's complaint.

c. It is uncontroverted that during the course of and notwithstanding the internal investigation, CEO Ferreira contacted the Department of the Attorney General to make the selfsame complaint. She did so without informing, much less obtaining the approval of, the Board of Trustees.

d. Pursuant to Par. 3(d) of her Job Description (as incorporated in her Employment Contract), CEO Ferreira was obligated to seek prior approval of the Board of Trustees before requesting "any legal opinion from the Department of the Attorney General or from any other legal counsel." She failed to do so.

e. Had she requested and/or received a written legal opinion from the Department of the Attorney General, CEO Ferreira was similarly obligated by BOT Executive Policy Manual § 3110 Legal 3.11.to obtain the prior approval of the BOT before requesting any written legal opinion from the Department of the Attorney General, and to provide such written opinion along with a copy of any written request for such opinion to all Trustees. No such request for approval was made to OHA, nor has any written legal opinion been received by OHA.

f. Pursuant to 3.11a of the BOT Executive Policy Manual CEO Ferreira was obligated to seek prior approval of the BOT before seeking any opinion from the Department of the Attorney General or consultation with other legal counsel on legal or other matters; and to provide the BOT with any written opinion received therefrom. No request for approval was made, and no written opinion has been received.

g. Should CEO Ferreira have sought to consult any other legal counsel on legal or other matters, she was obligated by 3.11b of the BOT Executive Policy Manual to inform the BOT concurrently thereof. At some point, she did in fact consult private counsel in such regard, but failed to so inform the BOT.

CONCLUSIONS OF LAW

Based on the foregoing Findings of Fact, and pursuant to the OHA policies and legal authorities cited at pp. 8-12 hereinabove, CEO Ferreira's solicitation to the Attorney General, and her solicitation to any other legal counsel, without the prior or concurrent approval or consent of the Board of Trustees was:

- *In breach of her employment contract, insofar as Par. 3(d) of her Job Description required her to obtain "prior approval of the BOT" before she can "request any legal opinion from the Department of the Attorney General or from any other legal Counsel."*

- *In breach of par. IV. B.14 of her Employment Contract, requiring her to "perform such duties and responsibilities as enumerated in the current CEO Job Description."*

- *In disregard of par. IV.B.7 of her Employment Contract (requiring her to "responsibly communicate with the Board in advance" on "any matter of public significance")*

- *In breach of Subsections 03.11a and 03.11b (Chief Executive Officer Request for Legal Opinion) of Policy 3110 in the BOT Executive Policy Manual, requiring prior approval or concurrent notice to the BOT of any such request for legal opinion.*

- *In breach of her fiduciary duty to act loyally for her principal's benefit in all matters connected with her agency relationship with OHA, her principal.*

- *In breach of her fiduciary duty to act in accordance with the express and implied terms of her contract with OHA.*

B. ALLEGATION: (1) CEO Ferreira obstructed and disregarded Board action and policy in opposing and refusing to certify the Board's FY 26-27 Biennium Budget, and impugning the conduct of Chair Kahele and the Board of Trustees in connection with the budget process. (2) She subsequently made public statements

and accusations against the Chair and the Board's budget, intentionally undermining and discrediting the Board's financial integrity and fiduciary obligations.

This allegation encompasses conduct of the CEO that occurred in the course of several months of the Board's review and major revisions of the Administration's proposed biennium budget for 2026-2027. Chair Kahele alleges that the CEO publicly contested the Board's budgeting process, as well as the final budget; attempted to thwart the process by, *inter alia*, supporting her [redacted] refusal to provide the necessary certification that "funds were available" at OHA to effect the budget; and publicly accused the Board of, *inter alia*, committing "a huge breach of fiduciary trust" and "chaos."

1. Discussion

a. Background: The Board's New Initiatives in Reviewing and Revising The Administration's Proposed FY 2026-2027 Biennium Budget

At the heart of this allegation is the fact that the formulation of OHA's 2026-2027 biennium budget was a departure from prior process. First, it was undertaken with new leadership at the helm of both the Board and the Administration. While the Administration adhered to prior process and generated a Proposed Budget along usual lines in the Spring, the Board, pursuant to its authority and at its discretion under its new Chair, essentially took a more active role in the budgeting process.

Trustee Kahele was elected to the Board in November 2024 and subsequently selected by his peers on December 4, 2024, to serve a four-year term as the Board Chair. As the new Board Chair, Trustee Kahele has since employed a hands-on, proactive leadership style that has guided the Board to take a more assertive role in accomplishing OHA's mission. One major aspect of his leadership style has been his approach to the OHA budget. From the beginning of his tenure as Chair, he led the Board of Trustees on a months-long process of reviewing and revising the Administration's proposed budget.

Rather than view the Administration's *proposed* budget as a virtually unassailable template, the Board employed a more collaborative approach with staff and the *lāhui* by proactively soliciting individual budget proposals from staff, as well as input from the community. [5] In the end, that approach significantly modified or eliminated certain proposals made by the Administration.

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[5] **See, e.g., sample memos from Chair Kahele to CEO Ferreira and OHA staff, attached as Exhibit "5".**

> **[KAHELE]** Sometime in early March the administration started to articulate a schedule for the budget and how the budget would be put together, taken to the community, and ultimately presented in final to the Board.
>
> Initially, the Budget Chair [*Nota bene: then-Chair of OHA's Budget and Finance Committee was Trustee Luana Alapa*] and myself as BOT Chair presented what we thought might be funded and put together a schedule in March, and allowed every department and employee to present individual budgets. The Financial Resources team presented the Board with a first look at the draft budget in April. We did community presentations as required by statute, via Zoom, of the budget proposed by the administration. In May we began budget briefings over about two weeks. Every member of OHA presents what they'd like in the budget, they showcase programs, highlight future funding requests. We hear from frontline workers and staff about what they want in the budget. Finally, I present the budget to the Board and everyone is held to the same standard. Based on those budget briefings, the Administration amends the original April 30 proposed budget and presents the product on June 2d. It's based on feedback from every component.
>
> The Budget Finance Chair is in receipt of that budget proposal and we put together the final budget for OHA. We review prior briefings, invite community input, and the Budget Finance Chair and I meet for two weeks eight hours a day and work through 3000 lines in the budget. We included all of OHA's employees' salaries by line item.

The eventual 2026-2027 budget that emerged as a result of this process focused on OHA's workforce, emphasizing personnel budgetary considerations by allocating $1.6 million to agency-wide salary increases and associated expenditures. In so doing, the Board amended the Administration's proposed budget by, *inter alia*, decreasing the amounts of several of its traditional budget priorities---*e.g.*, awarding uniform grants of $176,000.00 per school to Hawaiian-focused charter schools, rather than awarding differential grants based on enrollment.

Throughout the budget process, CEO Ferreira objected to the Board's approach and the resultant changes made to the Administration's proposed budget.

> [redacted] *Do you know or have you heard of any prior conduct of CEO Ferreira that you yourself regard as actual or potential overreach of her authority as CEO?* [redacted] The point at which the board began working on its iteration of the budget and its prerogative to incorporate all of the Administration's prior iteration of the budget into one comprehensive budget that looked different from the Administration's final version---**it became clear to me that the CEO objected to the final product and was working to challenge that product and substitute with the Administration's version.** My understanding of OHA's governance structure and the Board's fiduciary responsibilities which include approving the Budget from my lens, is **that effort by the CEO contravened that governance prerogative of the Board**.
>
> [Emphases added]

b. Alleged Efforts by the CEO to Contravene the Board's Governance Prerogative

It is apparent from the record that CEO Ferreira and key members of her Administration did not readily accept--- and went to the extreme of actually opposing---the Board's budget directives. CEO Ferreira's resistance took the form of, *inter alia,* refusing to accept Board proposals and revisions to the Administration's budget. She did so in defiance of the fact that it is the Board's prerogative to accept or reject her Administration's proposals.

> **[FERREIRA]** I had serious concerns about the budget presented by Chair Kahele. **** *Did you express these objections to the Board?* **Mr. Kahele called me before the Board meeting and said he'd provide me time to discuss these things before the Board before the vote. I said I wouldn't be able to do that** because it took us 23 days and 28 hours for the Administration to present our budget. **But I would present our impact statement instead. That was in writing. I did do that, and other departments and directors also provided impact statements. *And what was the result?* The budget was passed with amendments.** The changes reflected only a handful of our objections and concerns.
> ****
> ***Is it the Board's prerogative to accept or reject budget proposals made by your administration?* Yes.**

Despite her acknowledgment that the Board has the ultimate authority to accept or reject her Administration's proposed budget, the CEO's actual conduct in connection with the budget process rejected that ultimate Board authority.

i) The CEO Refused to Include Board revisions to the Administration's Proposed Budget.

The Administration's budget process was administered by the CEO and her [redacted]. The actual hands-on preparation of the Administration's proposed budget statements was overseen by [redacted]. [redacted] observed that the CEO appeared to resist the Board's revisions to the Administration's proposed budget.

> [redacted] I sensed that the Trustees had some budget requests for the 26-27 budget that Stacy did not agree with. And the Trustees had their own budget requests, and **in developing the budget Stacy decided not to include some items that the Trustees had requested**.
> ****
> **The administration's budget did not include some requests from the Trustees.** This [*nota bene:"This" refers to budget sheets that are attached*

> *hereto as Exhibit 6*] is Stacy's justification for her budget requests. [6] **The blue portion is what the Trustees had requested but Stacy chose not to include in her suggested budget. The green portion is how Stacy treated the budget changes to the Trustees' requested allocations**. The presentation was at 9 in the morning. Afterwards, [redacted] of the administration's proposed budget (after Stacy's reallocations) to the Trustees. The presentation to the Board (accompanied by the charts) occurred on June 2 [redacted] the packet at 12:54 pm on June 3. This was just a workshop for the last presentation by the Administration
>
> ****
>
> The Board had made revisions to the budget presented by the Administration and made some changes. *Did the Administration come back with adjustments or another budget?* In order to be presented, such a budget from Administration needed to be filed online a few days earlier, as an action item, on June 18. At that time I heard that Stacy and [redacted] were not happy that the Trustees made changes to the proposed budget. On June 23 this [*nota bene: "this" refers to Exhibit 7*] was given to me on June 23. [7] **Between June 17 and June 23, Stacy made all these changes**. [redacted] **These were considered grievances or amendments to the Board's proposed budget.** [redacted] and it was [redacted] at that time. *She was subject of an investigation herself?* Yes. I don't know how that investigation turned out.
>
> [Emphases added]

ii) Refusing to certify the Board's final biennium budget

In the process of finalizing the OHA FY 2026-27 Budget for formal Board approval, [redacted] was required to certify it, *i.e.*, to sign off on the budget using standard terminology that had been accepted (and utilized) for years by her, and by OHA. The certification that was necessary to effect the budget took the form of the following *pro forma* verbiage:

> The following is the certification by the Chief Financial Officer that the funds are available to effect the OHA Biennium Budget for the Fiscal Biennium Periods 2025-2026 (FY 2025) and 2026-2027 (FY 2027)..

[redacted] was in accord with the CEO's opposition to the Board's revised budget and refused to supply the required certification that she had previously used on all

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[6] **Copies of the budget sheets referred to by witness [redacted] are attached hereto as Exhibit "6".**

[7] **Copies of the oversize budget sheets produced by witness [redacted] are attached as Exhibit "7".**

other budget reports. This, despite the fact that **the Board's total proposed expenditures in its revised budget were within the total amount of expenditures in the Administration's proposed budget.**

> [redacted] The [redacted] refused to certify the budget. [redacted] did not review it or prepare it, [redacted] didn't want to sign it. *Is there magic language used to certify the budget?* Typically, it would read along the following lines: "The following is the certification by the [redacted] that the funds are available to effect the OHA Biennium Budget for the Fiscal Years [specify years]."
> The FY 26-27 budget [redacted] did not want to certify. **On June 3, the Administration presented its version of the budget.** *Was a certification required at that point?* No. **On June 23, the Trustees presented a version that did not change the spending limit, the funds available. [redacted] did not want to sign because [redacted] did not take part in this version and did not review [redacted] worksheet. [redacted] could have reviewed it but didn't. [redacted] a FY 2025 budget realignment No. 4 which [redacted] certified.** *Do you know [redacted] refused to certify the budget?* I don't know.
> [Emphases added]

Chair Kahele then specifically directed CEO Ferreira [redacted] to certify the 2026-27 budget in order that it be presented to the Board for passage by June 30, 2025, the end of the fiscal year. She argued against doing so. In the interim, [redacted] refuse to certify the budget, [redacted]

> **[KAHELE]** This certification is a very important part of the Board's duty to see that the budget is financially sound.
> ****
> **On June 23, the CEO emailed me pushing back on the certification of the budget and not wanting to [redacted] to certify the budget. [redacted] An [redacted] was appointed and an additional directive from the Board to have the budget certified was made. The CEO, on two different occasions, provided the Board with responses that did not do what the Board had directed. There is specific language that is required regarding certification of the Budget. Rather than provide the required language to "certify the budget", the CEO attempted to certify only that OHA had the requisite amounts of funds in the budget. She refused to certify the budget itself, including actual amounts budgeted.** It was not acceptable to the Board. The Board expected the CEO to certify the budget by a certain day and time. She finally did that a minute prior to the deadline. From June 18 to June 30 this occurred. On Wednesday June 25, I believe, the CEO attempted to circumvent the directive by providing inadequate information.[8] Only when she realized that failure to certify would result in consequences to her, she complied. It was a violation of her contract in that regard. And it was also a violation of her contract that she disregarded the Board's directive as well.
> [Emphasis added]

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[8] ***See, e.g.*, emails from Ferreira to Chair Kahele dated June 24, 2025, attached as Exhibit 8.**

Ferreira, in fact, did not certify the budget as ordered. She continued to resist the Chair's directive and had a subordinate supply the requisite certification. In her interview, she attempted to dodge the issue of her non-compliance with a direct order by claiming that she followed the Board's directives "to the best of my knowledge".

> **[FERREIRA]** *Did the Board provide you as CEO with specific directives with respect to the budget?* Yes. *What were they?* Signing of the certification For us to provide budget informational briefings, answer followup questions after informational briefings, and to execute the budget.
>
> *Did you follow those directives?* To the best of my knowledge, yes.
> ****
> *Did you refuse to certify the budget at any time during the budget process?* When the deadline was given by Mr. Kahele to certify the budget, **I did not sign it.** [redacted] **I sent an email to Mr. Kahele stating my concerns, as to why I would not be able to certify the budget.**
> [Emphasis added]

Ferreira then filed her aforementioned internal complaint (attached as **Exhibit 4**) with OHA. An investigation of her internal complaint's allegations by an independent investigator, (Cathy Chin of Chin Consulting) soon proceeded. The investigation found, *inter alia,* as follows:

> **[CHIN CONSULTING REPORT]** As is documented in the Budget Process Memorandum, dated August 12, 2025, the practice of certifying the budget has been in place for a number of years. (Atch 18, p. 6) Although Ms. Ferreira was not present for the last biennium budget process, [redacted] who has been the [redacted] at OHA since October 2020, would have been aware of this requirement. Further, **the certification required is merely that the funds are available to effect the budget.** As [redacted] and [redacted] attested, it is [redacted] responsibility to certify the availability of funds. (Atch 5, p. 6 and Atch 18, p. 7) Although it was a very compressed timeline to certify the budget, it should not have been unexpected based on past practice. **Rather, it seems that Ms. Ferreira and [redacted] took offense to the urgency of the request because they strongly opposed the Board's revised budget** as a result of a lack of transparency in the process and a perceived negative impact on OHA programs. Ms. Ferreira consulted [redacted], but ultimately made the decision to [redacted]. then proceed with the certification with [redacted]. She stated it was not voluntary, and she felt her job was in jeopardy, however, **the fact remains that she had a choice of whether to proceed or refuse**.
> [Emphases added]

The Chin investigation determined that the claims made by CEO Ferreira with respect to the budget (the selfsame claims noted herein) were groundless. Based on the facts shown above, the undersigned investigator concurs with that finding. Ferreira now has chosen to disregard the Chin findings, claiming that they only covered human resources issues and not her claims based on violations of law.

iii) Ferreira's Residual Claims of Fraud and Release of "Confidential" Budget Information

> **[FERREIRA]** *And did OHA investigate your complaint?* There were several claims in the complaint. They only chose to investigate what they considered as HR complaints—behavior unbecoming of a Chair, and hostile work environment. **They did not investigate claims I made of unethical or potential violation of law.**
> ****
> *What were your allegations of unethical or illegal conduct?* There were two. The first was that Mr. Kahele had forced members of the Executive team to certify fraudulently the budget certification. The second was the release of confidential budget information to organizations and individuals regarding budget appropriations that were going to put into the budget for them. The budget was going to be approved on June 30 and he was soliciting a letter of support for his budget. This was all done prior to the budget being made publicly available, to the Board of Trustees and the Administration.
> ***What law was violated by these acts?* I'm not an attorney so I can't say the exact law.** [Emphases added]

What Ferreira fails to recognize is that both types of claims here---alleged violations of HR principles, and alleged violations of law---rest on the same core facts. The Chin report found that the HR claims relied entirely on pure conjecture by Ferreira. Although Ferreira now frames her claims in terms of law, they obviously must rely on the same set of facts. Just as her facts have been found wanting under HR doctrines, this investigator has determined that they also fail to support her claims of "fraud" or breach of "confidential" budget information, which are even more difficult to prove.

> • **Alleged "Fraudulent certification"**: As noted *supra* at 20 *et seq.*, the Board's budget certification process---in fact, the exact budget certification terminology alleged to be "fraudulent" by Ferreira---had been in practice at OHA, [redacted], for years. After a review of OHA's enabling statute and OHA's own policies, and the interviews conducted herein, this investigator has found no policy, rule, requirement, precedent, or prohibition to contravene that certification process, or render that certification language, non-viable, much less "fraudulent." [9]

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[9] Ferreira has admitted that, although she claims "fraud," she has no knowledge of the law. Under the law, "fraud" requires proof by **clear and convincing evidence** (a higher standard than the "preponderance of the evidence" used in most civil cases) of the following core elements:

- **False Representation:** A statement of material fact that is actually false.
- **Knowledge of Falsity:** The person making the statement knew it was false or made it with reckless disregard for its truth
- **Intent to Induce:** The statement was made with the intent that the other party would rely and act upon it
- **Justifiable Reliance:** The victim actually relied on the false statement.
- **Actual Damages:** The victim suffered a tangible loss or harm as a direct result of that reliance

This investigator finds that the refusal by [redacted] and CEO to certify the budget was a stopgap attempt to hold off approval of a biennium budget that they opposed. In fact, neither [redacted] Ferreira made any effort whatsoever to certify the budget. Had either undertaken to certify the budget it would have been a simple process. [redacted] worksheets showed that the total amount of the final budget approximated the total amount of the Administration's own proposed budget.

> [redacted] On June 23, **the Trustees presented a version that did not change the spending limit, the funds available.** [redacted] did not want to sign because she did not take part in this version and did not review [redacted] worksheet, [redacted]. She could have reviewed it but didn't.
>
> **[FERREIRA]** *My understanding is that the certification required by OHA in order to pass the budget is that there are sufficient funds at OHA. Is that your understanding of the certification that* [redacted] *refused to provide?* That there are sufficient funds **based on the appropriations being requested.**
>
> [Emphases added]

Thus, the Administration's own proposed budget could easily have served as a benchmark for the certification of the final budget. Assuming that the Administration's total budgeted amount was certifiable, so was the final budget passed by the Board.

• **Alleged "Confidential" Budget Information:** Under OHA's enabling statute codified at Chapter 10 of the Hawaii Revised Statutes, [10] OHA's Board of Trustees must "provide opportunities for beneficiaries in every county to **participate in the preparation of each biennial and supplemental budget**". Ferreira alleges that Chair Kahele violated confidentiality by soliciting support from organizations for the Board's proposed budget allocations. She claims that the solicitation was

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10 *See* **Haw.Rev.Stat. §10-14.5 Budget preparation and submission; auditing.**

(a) The budget, six-year program and financial plan, and the variance report of the office of Hawaiian affairs shall be submitted by the board to the legislature and to each member thereof in accordance with the budget submission schedule specified for the governor in chapter 37 and shall contain the program information specified in that chapter that is applicable to the office of Hawaiian affairs.
**** **(b) The board shall provide opportunities for beneficiaries in every county to participate in the preparation of each biennial and supplemental budget of the office of Hawaiian affairs. These opportunities shall include an accounting by trustees of the funds expended and of the effectiveness of programs undertaken.**

unlawful or in violation of OHA policy. She can point to no authority to support her allegation. OHA has no express prohibition against such a practice. The Chair also has broad authority to share proposed allocations for feedback, given specific constraints. OHA policy emphasizes transparency, often posting preliminary biennium budgets for community input online before final approval. [11]

c. **The CEO made public statements to the media attacking the Chair and OHA's budget in a misleading and inflammatory manner.**

During the budget process, the CEO is alleged to have publicly communicated her displeasure at the Board's new budget process in a manner that was inflammatory, and appeared to disregard the Board's authority.

> **[KAHELE]** The most public was on Monday June 30 on Hawaii News Now when she was interviewed by Darryl Huff. We can pull up the video. **She accused the Board Chair of causing chaos and making several last-minute changes to the budget. She said the budget had to be redone from scratch and it was shocking and disturbing, not well-informed. She said the Board's relationship with her was "Chaos."** *Did the Board react?* The board passed the budget. It didn't take action against her at that time.
> ****
> It's notable that in her contract the CEO is prohibited from making disparaging statements against the Board, the Board Chair, and employees. Public messaging has to be positive and non-disparaging. If you disparage the organization, our contract requires that you go to the Board before you go public. She didn't do that. As a result, after she made those disparaging remarks, the Board went in and passed the budget within 24 hours. She did reputational damage to OHA, the Trustees, and the Chair by making those public statements to the media. Cathy Chin's report directly asserts that her complaint was made to distract and discredit the Board and prevent it from taking the action it had to do by Monday June 30. If we hadn't passed the budget by that date, OHA would have had to close down the next day, employees couldn't be paid, scholarships couldn't be funded, and on and on. Refusing to certify, slow-rolling the budget process, publicly disparaging the Board, and waiting to file her complaint 30 minutes before the deadline for the Board to pass the budget, on the brink of the deadline, can only be called insubordinate.

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[11] ***See*, e.g., Fiscal Year 2024 and 2025 Preliminary Biennium Budget Trustee Preview Prior to Community Input, *Mana I Mauli Ola (OHA's 15-year Strategic Plan for 2020-2035)*, *https://www.oha.org/wp-content/uploads/01-A-04-FY24-FY25-Preliminary-Biennium-Budget-For-Community-Input.pdf***

> It has been said several times publicly, that going into June 30, approximately 80% of the budget was exactly what the administration had asked for in its proposed budget. The other 20% represented only 7 million dollars of a six figure budget.

CEO Ferreira denies this allegation in full, claiming that her comments to the media were not negative, but in fact were "the exact same comments" she had made in the Boardroom.

> **[FERREIRA]** *Did you solicit the news report?* No. The reporter was in the boardroom during the public meeting, and directly after the meeting he solicited both me and Mr. Kahele for comments. *Were your comments negative?* They were the exact same comments I had made before the Board, as permitted by Mr Kahele. **The comments I made to the reporter were exactly the same as the comments I made to the Board**.
> ****
> *Are you precluded by your Employment Contract from making public statements criticizing the Board?* I'm not familiar with that issue.
> ****
> ***Did you make your objections directly to media?*** **No**.
> ****
> ***Did you make public statements criticizing the Board in connection with the budget process?*** **Our meetings are public. I've never made public statements criticizing the Board.**
> [Emphasis added]

The CEO's comments before the Board commence at 1:09:23 of the meeting video for the June 30, 2025 Board meeting. *See, e.g.,* https://www.youtube.com/watch?v=8McZxysYqLM , [6/30/25 Board of Trustees Meeting Part 2]. CEO Ferreira was provided up to an hour to comment on the final version of the budget, and she took that time to report serious criticisms of the final product..

Those comments made in session, however, were mild compared to the CEO's comments to the media (Darryl Huff of Hawaii News Now) that day outside the Board room. She departed entirely from the actual verbiage used by the CEO in her presentation in the Board meeting. Her public comments to the media were as follows:

> "It's shocking and disturbing when you're deleting items or you're adding or reducing things. There are going to be impacts and most often negative impacts because it's not being well informed . "A lack of transparency and so that creates chaos." "A divergent process."

See **https://www.youtube.com/watch?v=9VEBESDCnek**, the video of her public comments to the media. Her comments stand in direct contradiction to the statements she has made to this investigator as cited above (to wit, that the comments made in her TV interview were "exactly the same" as her comments made in Board session; and that she has "never made comments criticizing the Board.")

The undersigned investigator has viewed the video of both the television interview and the entire video of her testimony before the BOT on June 30, 2025. None of the comments excerpted from her televised interview are replicated in her testimony to the Board in session.

2. FINDINGS OF FACT AND CONCLUSIONS OF LAW

FINDINGS OF FACT

On the basis of the preponderance of the credible evidence, I find that it is more likely than not that:

1. In a departure from prior formulations of the OHA Biennial Budget, the Board of Trustees under the leadership of recently elected Chair Kahele embarked on a new proactive approach to formulation of the OHA budget. Rather than work from the Administration's proposed budget as an inviolable template, the Board itself took the initiative to seek input from staff as well as its constituents in the community, and in the process made significant changes in certain areas of the Administration's proposed budget.

2. CEO Ferreira publicly resisted and contested the Board's budget prerogatives; failed and refused to accept and incorporate budget changes requested by the Board; and permitted and in fact supported her [redacted] insubordinate refusal to certify the final proposed budget as directed by Board Chair Kahele.

3. When [redacted] continued to withhold the necessary certification, Board Chair Kahele gave CEO Ferreira a direct order to certify the budget. Although the total budgeted amount of the final proposed budget approximated the total budgeted amount of the Administration's proposed budget, CEO Ferreira refused to comply. She attempted to circumvent the order by offering unsanctioned alternative wording, and ultimately did not personally certify the budget. CEO Ferreira thereby failed and refused to obey a direct order from the Board Chair when it was within the scope of her authority to do so.

4. CEO Ferreira thus opposed and refused to certify the Board's FY 2026-27 Biennium Budget in defiance of a direct order from her superior, and obstructed and disregarded Board action and policy.

5. In the June 30, 2025, meeting of the Board of Trustees held to pass the biennium budget, CEO Ferreira in her presentation objected to the budget on various grounds, and criticized the actions of the Board in connectioin therewith.

6. In recorded comments made to broadcast media outside of the Board room, CEO Ferreira departed from her Board testimony by criticizing the actions of the Board as "shocking," "disturbing," "divergent," and "chaos."

CONCLUSIONS OF LAW

Based on the foregoing Findings of Fact, and pursuant to the OHA policies and legal authorities cited at pp. 8-12 hereinabove, I find and conclude as follows:

- *CEO Ferreira obstructed and disregarded Board action and policy in opposing and refusing to accept Board requests for changes to the Administration's FY 2026-27 Biennium Budget.*

- *A CEO who believes she sits above and is therefore resistant to official Board directives acts outside established legal and governance authority. CEO Ferreira, by obstructing and disregarding Board action and policy, thereby intentionally and insubordinately breached her professional obligations articulated in Section IV of her Employment Contract, including without limitation the following covenants:*

  --*"Under the policies and direction of the Board, the CEO shall administer the office and programs of the OHA in a timely and efficient manner giving priority to the initiatives of the Board" [Sec. IV. A.]*

  --*"Effectively and efficiently perform the CEO's contractual duties as directed by and in cooperation with the Board Chairperson and Standing Committee Chairs" [Sec. IV.13]*

  --*"The CEO shall perform such duties and responsibilities as enumerated in the current CEO Job Description appended to this contract" [Sec.IV.14]*

  --*"Effectively and efficiently perform the range of operational functions required of OHA's CEO including... discharging all duties and responsibilities as may be required by law and in accordance with OHA Board of Trustees ('BOT') Bylaws, OHA BOT Executive Policy Manual, OHA BOT Operations Manual, ..." [Sec. IV.3]*

• *CEO Ferreira breached her fiduciary duty to act loyally for her principal's benefit in all matters connected with her agency relationship with OHA, her principal.*

• *CEO Ferreira breached her fiduciary duty to act in accordance with the express and implied terms of her contract with OHA.*

• *With respect to the CEO's public statements to the media to the effect that,* **inter alia,** *OHA's budget and budget process was, inter alia, "shocking" and "disturbing" and constituted "chaos," it was clearly a breach of professional decorum, and of her contractual duty of loyalty. These comments were made outside the Board room and were not made in the Board room. They are therefore not privileged and are insubordinate.*

C. ALLEGATION: CEO Ferreira appeared to disregard the Board's authority when she objected to Action Item BOT #25-09, a collaborative effort to revisit OHA's Mana i Mauli Ola Strategic Plan. The CEO called the proposal "unnecessary," "duplicative," and claimed it risked "undermining the integrity and intent" of her leadership.

1. Discussion

Approximately seven years ago, OHA instituted a new strategic plan titled Mana I Mauli Ola. Created to improve the well-being of Native Hawaiians, the plan (alternatively termed "Strength to Wellbeing" or MiMO) is a 15-year initiative intended to undergo ongoing assessments periodically. Insofar as no such assessments of its viability and effectiveness had been made for years, the Board of Trustees under Chair Kahele developed a proposal in the summer of 2025 to establish an Ad Hoc Committee to commence an assessment process.

On August 7, 2025, that proposal came on for a vote at a BOT meeting as Action Item BOT #25-09, stated as follows:

> Action Item BOT #25-09: Approve the formation of an Ad Hoc Committee to reassess OHA's Mana i Mauli Ola (MiMO) Strategic Plan to complete the required three-year check-ins and recommend necessary course corrections to ensure continued alignment of the Board's strategic priorities with its governance and fiduciary responsibilities.

The Action Item proposed that an Ad Hoc Committee be constituted to commence the Board's assessment of the Strategic Plan by conducting a survey of community

stakeholders in the Fall of 2025. Survey results would be used to align the Strategic Plan with community priorities.

BOT #25-09 was placed on the agenda of the "8/7/25 Board of Trustees (BOT) Meeting - Part I" (video at https://www.youtube.com/watch?v=5i3_0fLm-Vs). It generated a significant and lengthy Board discussion marked by differences in perspective and roles as articulated by and between certain members of the Board and the CEO. The principal focus of the discussion was whether such a Committee was necessary, given the fact that the Administration had formed a Strategy & Implementation ("S&I") Division that was already engaged in the same work. As viewed on video of the meeting, Ferreira expressed the Administration's opinion that the proposed Committee was unnecessary or duplicative. [12] She apologized for not previously being aware of the proposed committee until it was announced publicly. She noted, however, that the [redacted], was already engaged in performing the tasks contemplated to be performed by the committee. [redacted] confirmed Ferreira's statements.

Trustees Souza, Ahuna, and Kahele, however, stated that as Trustees they were primarily concerned with performing their fiduciary duty to assess whether OHA has met the objectives and benchmarks of the Strategic Plan; and that they could not rely entirely on the [redacted] agreed with the proposal to create the Ad Hoc Committee as an additional resource; and [redacted]

In culmination of the debate, Chair Kahele and CEO Ferreira engaged in a one-on-one verbal confrontation. Chair Kahele stated, *inter alia*, that pursuant to HRS § 10-6, it was the role of the Board and not the Administration to "develop and continually update a strategic plan." The CEO contended that the Chair's office has been engaging in "overreach" by, *inter alia*, refusing [redacted] request to place the CEO on the Ad Hoc Committee.

The measure passed by a vote of 6 to 3.

2. FINDINGS OF FACT AND CONCLUSIONS OF LAW

FINDINGS OF FACT

On the basis of the preponderance of the credible evidence, I find that it is more likely than not that:

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[12] **See BOT #25-09 attached as Exhibit 9; testimony prepared by CEO Ferreira objecting to the formation of the Ad Hoc Committee as "unnecessary and duplicative," attached as Exhibit 9-A; *and* supporting memo prepared by [redacted], attached as Exhibit 9-B.**

1. As of the date of this controversy (August 7, 2025), the conflict between Chair Kahele and CEO Ferreira had come to a head.

2. The Chair had previously filed his complaint against [redacted] the Administration, which complaint was the subject of an internal investigation.

3. CEO Ferreira had filed her complaint against the Chair on June 29, 2025, which was also being investigated internally by Chin Consulting.

4 CEO Ferreira had already contacted the Attorney General and submitted her complaint against Chair Kahele to that office. Chair Kahele had also been notified by the Governor's Office of Ferreira's complaint. He nonetheless kept that confidence to himself and did not advise the other members of the Board of her complaint until September 23, 2025, well after the August 7th BOT meeting.

5. Thus, the August 7, 2025 BOT meeting occurred at a junction when both the CEO and the Chair were personally engaged in conflict with each other, thus exacerbating the tension between their opposing viewpoints expressed in the August 7 meeting.

6. The opinions expressed by the CEO were expressed in her official capacity, and were based largely on fact. Moreover, the matter under discussion was in the nature of a proposal that had yet to rise to the status of an official act or order of the BOT.

CONCLUSIONS OF LAW

Based on the foregoing Findings of Fact, and pursuant to the OHA policies and legal authorities cited at pp. 8-12 hereinabove, I find and conclude as follows:

1. The Ad Hoc Committee was not yet an official program of OHA. As a proposal, it was the equivalent of a bill for an act. It was therefore unofficial and the Action Item to create it was a proper subject for debate, opposition, and criticism.

2. CEO Ferreira took the opportunity to comment on the proposal, and contended that the Action Item to create the Ad Hoc Committee was "unnecessary" and "duplicative," and that it risked "undermining the integrity and intent" of her leadership.

3. Her perspective, however, was outweighed by the Trustees' opinion (as openly expressed by Trustees Kahele, Souza, Ahuna, and Alapa) that, [redacted] it was their fiduciary duty as Trustees-[redacted] to perform the assessment of the Strategic Plan.

4. Notwithstanding the events leading up to the August 7, 2025, BOT meeting that had cast the Chair and the CEO as adversaries, they each freely expressed their conflicting perspectives, skirting but not crossing the line into personal **ad hominem** *attacks.*

5. Therefore, in the judgment of the undersigned, insofar as the subject Action Item was a proposed, and not as yet an official, act of the Board, the CEO was free to express her opinions thereon. In doing so, she did not "disregard the Board's authority" but rather spoke and appealed to it, and was neither insubordinate nor inappropriate in doing so.

D. ALLEGATION: The CEO has also acted unilaterally and without Board oversight in several critical internal matters. These include authorizing forty-eight staff salary changes without notice; implementing an unapproved organizational chart; approving a $160,000+ contract amendment without Board action; and [redacted] without following the required succession process. These decisions bypassed essential Board oversight and left staff confused about internal decision-making authority and processes.

1. Discussion

Chair Kahele has alleged that the CEO has overstepped her authority with regard to the following specific matters and circumstances.

a. The Scope of the CEO's Authority and Power

Although the CEO is the titular head of the Administration and empowered to appoint her subordinates, that power is not unlimited but is contained within parameters established by the BOT and by the CEO's contract.

- **CEO Authority:** The CEO is delegated the responsibility for the management of OHA, which includes hiring and supervising Administrative employees to carry out the functions of the agency.
- **Control of Legal:** The CEO has control over the legal department, and [redacted]
- **CEO's Contractual Obligation:** Pursuant to her contract, however, the CEO's appointment power is (or is designed to be) delimited by a succession policy governing certain executive position(s), [redacted]

[redacted]. *See, e.g.*, CEO's contract attached as Exhibit 2, at ¶12, which specifies the general contours of her powers of appointment of her executives and staff:

> 12. In accordance with applicable employment laws, appoint and terminate all OHA employees. Train, manage and evaluate all OHA employees and maintain a uniform and comprehensive salary range schedule. **For executive level (e.g., Line of Business ("LOB") Directors and higher) positions, the CEO shall provide the Board with a plan for the orderly succession and continuity of all executive positions, including the CEO position, at least annually. At least three (3) weeks prior to the appointment** or termination of executive level positions, the CEO must provide the name of the executive being appointed or terminated together with the CEO's bases for the action being taken and the effect of such action on the succession plan.

Nota bene: The CEO did not provide the Board with her requisite succession plan until August 14, 2025. [13]

d. Allegation: The CEO was unable or unwilling to expedite the implementation of the raises, and attempted to reduce salaries.

i) The CEO's Implementation of the Board's Salary Increases

The CEO is responsible for staffing and operations. Her power to change staff salaries (especially in terms of levying significant increases or decreases) must adhere to policies and budget constraints established and/or approved by the BOT.

During the prior budget process resulting in the biennium budget for FY 2026-27, the Board engaged in a major effort to significantly increase salaries of virtually all of OHA's employees. Chair Kahele alleges that the Administration under the CEO's direction has failed if not deliberately delayed actual implementation of the increases.

> **[KAHELE]** Ultimately the Board has to pass the budget, so it's the Board's authority to make salary changes. OHA is not subject to collective bargaining. It has the autonomy to set its own salary ranges. What made this situation more egregious is that on June 30 the Board adopted and posted new salary ranges for staff. In full transparency and public view.
>
> Yet a month later the CEO without Board approval attempted to alter 48 of those budget salary changes, in some cases reducing salaries by up to $30,000 a year. She memo'd staff of those changes. No consultation

[13] **See Memorandum from Ferreira to OHA Board of Trustees re "OHA Executive Team Designated Successors" dated August 14, 2025, and attached as Exhibit 10.**

with the Board or myself. She also moved positions around and changed titles. The Board had authorized an organization chart on June 30, and she changed that as well.

The Board convened and took an unprecedented vote of reaffirming our June 30 budget and directed the administration to execute that budget in terms of structure, positions and salary. In Board session about this, she did not take responsibility for these actions. She sat silently while the [redacted] had to explain the changes.

[redacted] notes that the CEO [redacted] appeared to slow-walk and mishandle the implementation of raises.

[redacted] Then post-budget adoption and approval, the requests to effectuate what the budget called for in the way of raises, etc. I don't recall how long it took to implement the directive to effectuate the raises, **the Administration ignored it and implemented its own directive regarding the raises. That led to confusion among staff, incorrect salaries, adjustments that needed to be adjusted later.** We are still in the process of having some staff pay back increases that were not authorized. We had to ensure that staff increases that were authorized would in fact be forthcoming when they weren't implemented. **A lot of confusion and lack of clarity resulted from the actions of the ED and her** [redacted].

[Emphases added]

In response, CEO Ferreira [redacted] admit delay but deny wrongful intent. [redacted] that the implementation of the wholesale, agency-wide raises was very difficult for the Administration to effect. The grant of gross amounts of compensation company-wide involved calculations of tax withholdings, contributions, and other regulatory implications for the vast majority of OHA's employees. *Nota bene:* In the budget discussions of 2025, OHA's employees were reputed to number over 170 full-time and part-time employees.

[redacted] didn't understand the Chair's and Board of Trustees' expectations because they changed a few processes; it was different from how we were doing things previously.
****
Did the CEO implement those new salaries forthwith or was there a delay? [redacted] tried to do it as soon as we could but there's a process. [redacted] had to create paperwork and run them through approvals, and [redacted] did them as timely as [redacted] could. And [redacted] retro'd back all the changes back to July 1. Some of those payments involved overpayments, and [redacted] working with those issues.

[FERREIRA] *When the Board authorized the raises, did it work with percentage raises or actual dollar amounts?* It was confusing---it was a

> mix of both. *What did the Administration do, if anything, with respect to the Board's authorization of raises?* There were discrepancies. [redacted] at pay parity across job types to ensure that [redacted] wouldn't have any claims of unfairness. *How long did it take to implement all of the raises?* Because there was confusion it took [redacted] about a month to reconcile various salary levels and various compensations in the budget.
>
> *Did you at any time* [redacted] *why salary increases have not been fully implemented as adopted by the Board?* There was confusion as to what was in the budget and understanding how it was to be implemented. There were a lot of discrepancies. The footnote in the budget allows for [redacted] the CEO to determine what the actual amounts of the salary increases would be So [redacted] discussions as to how to treat discrepancies that occurred, in order to address salary discrepancies

This investigator is cognizant of the regulatory and tax implications involved in implementing company-wide raises. When an employer is as large and statewide like OHA, the burden of implementing company-wide raises is significant. It involves compliance with several mandatory regulatory tax withholdings, payroll deductions, benefit and compliance obligations for employers, etc.. Under these circumstances, the task of examining and determining the administrative issues raised in order to assess credibility is beyond the scope of this investigation.

ii) Allegation: The CEO approved an organization chart without Board approval.

The CEO is responsible for day-to-day management of Administrative staff. However, major changes to the administrative organization chart usually require review and/or approval by the BOT, insofar as the Trustees are responsible for the overall policies and structure of the agency. As noted above, without prior BOT approval the CEO in August 2026 unilaterally revised an organization chart that had previously been authorized by the Board. To have done so as a draft for Board approval would have been appropriate. To have done so in final, without submitting it for Board approval, was presumptuous.

iii) Allegation: The CEO approved a $160,000+ contract amendment without Board action.

> **[KAHELE]** About a year ago she put together a contract as an amendment to the Native Hawaiian Legal Foundation that would cost OHA $160,000 to fund a feasibility study. That contract did not come

> before the Board. **She authorized and signed it without Board approval.** When it came before the Board, none of us on the Board knew about it. If you look at the action item, [redacted] Ostensibly [redacted] did not propose it, or was a part of its development, but only noting that it is a proper format. In other words, it looks like a legal document. So her authorizing a $160,000 contract without Board approval ultimately bypassed Board oversight and authority, and its normal due process The proposed contract to NHLF stated the final contract wasn't due until the same day we passed the budget.
>
> **To put this in the budget before we authorized it was putting the cart before the horse. That is why the Culture Court was taken out of the budget.** She was incensed that it was taken out on June 2. It is not OHA's role to create courts, or specialty courts. We might recommend creation of a court but it's not within our mandate to create courts.
>
> [Emphases added]

According to the FY 2024-25 biennium budget authorized by the Board, OHA awarded the Native Hawaiian Legal Foundation (NHLF) an initial annual allocation of $1.5 million to conduct a feasibility study. Subsequently, an amendment was proposed to increase that amount (under Contract No. 3525) by $160,000.00. That amendment was in fact agreed to by the CEO without prior Board approval.

As the increase was more than 10% of the initial allocation, under HAR 3-122-82(d) it appears that the contract should have been submitted to OHA's Chief Procurement Officer for approval.

> **HAR § 3-122-822**
>
> **(d)** Amendment to a contract that would change the original scope of the contract, or increase the original contract price by ten per cent or more, may only be made with the approval of the chief procurement officer. The annual renewal of a sole source contract for services shall not be submitted as an amendment, but as a new request. To amend a sole source contract, the purchasing agency shall complete and submit a "Notice of Amendment to Sole Source Contract" to the chief procurement officer. The posting and approval procedures provided in subsection (c) shall be followed.

Based on official Hawaii State Procurement Office records, the Chair of the Board of Trustees for OHA serves as the Chief Procurement Officer (CPO) and Head of Purchasing for OHA. *https: spo.hawaii.gov chief-procurement-officers* The amendment, however, was apparently not submitted to Kahele for his approval as CPO. OHA's meeting records from May 22, 2024, show that the proposed $160,000 amendment to increase the NHLC contract was nevertheless subsequently approved by

the Committee on Resource Management (RM) and passed by the full Board of Trustees (BOT).

Although the measure (which authorized creation of a "Culture Court," a Native Hawaiian speciality court, was approved, OHA Trustees subsequently passed an amended budget in late June 2025 that included several changes, including the removal of funding for the "Culture Court".

iv) Allegation: [redacted] appointment as [redacted] was inappropriate in the absence of an approved succession plan.

[redacted] at OHA [redacted] in [redacted]. It appears from publicly available records and meeting minutes that [redacted] was not made subject to the approval of the BOT. Whether or not the Board was empowered to approve [redacted], however, is debatable.

Based on the structure and governing policies of OHA, the BOT does not typically have the direct authority to approve or disapprove individual Administrative staff appointments made by the CEO, including the [redacted]. Moreover, the CEO controls the [redacted] Department, and the [redacted] reports directly to the CEO. Nonetheless, the issue of reporting hierarchy is complicated by (1) the fact that [redacted] *prior* to the CEO's promulgation of an acceptable succession plan, thus calling into question the propriety of [redacted]; and (2) the role of [redacted] is to provide guidance to the BOT as well as to the Administration.

No Succession Plan. Chair Kahele noted in his complaint and in his interview that [redacted] was made in the absence of a valid succession plan from the CEO and was therefore invalid or at least questionable. The issue is based on the fact that the CEO did not have a succession plan [redacted] until just prior to her suspension, after she had already placed [redacted] in office as [redacted].[14]

> **[KAHELE]** She is required to have a succession plan, including for her own position. Three weeks prior to selection of a senior member of the Exec Leadership team she has to have a succession plan for that senior member. She didn't have a succession plan. It became important

because senior administrators had resigned or left OHA and we needed a succession plan.

Chair Kahele therefore questions the validity of the CEO's appointments that have been made to fill vacant positions prior to the CEO's belated succession plan. Such a plan is specifically required by Paragraph 12 of her Employment Contract (cited *supra* at 30). Had she done a succession plan sooner, her right of appointment to fill the vacant position of [redacted] may not have been left open to question.

2. FINDINGS OF FACT AND CONCLUSIONS OF LAW

FINDINGS OF FACT

On the basis of the preponderance of the credible evidence, I find that it is more likely than not that:

1. The CEO's power to implement gross staff salary increases is delimited by HR procedures, tax and benefit considerations, employees' personal contributions and deductions, etc.. Exactly how those procedures and deductions/contributions impact the Administration's ability to implement the gross raises authorized by the BOT in 2025 is beyond the scope of this investigation.

2. While minor changes to the Administration's organization chart would likely be within the power of the CEO to effect without Board approval, major changes that could possibly impact the budget and the efficacy of Administration operations would appear to be subject to the approval of the BOT; or if not, should be.

3. The allegation that the CEO authorized a $160,000.00 amendment to a contract without seeking Board approval is confirmed. Major contractual obligations that impact budgetary considerations, including without limitation the $160,000 contract extension approved by the CEO, are subject to Board approval.

4. Whether or not the [redacted] was appropriately made by the CEO alone without the advice and consent of the BOT remains an open question. The ramifications of the CEO's failure to timely adhere to Par. 12 of her Employment Contract with respect to the validity, or invalidity, of such [redacted] in the absence of a succession plan are unclear.

CONCLUSIONS OF LAW

On the basis of the foregoing Findings of Fact, and pursuant to OHA policies and the applicable law, I find that it is more likely than not that:

1. The foregoing issues submitted to this investigation are matters of policy, as opposed to law. In that regard, it is within the province of the BOT to determine the extent to which such conduct in question is, or shall be made, subject of Board action.

2. Ultimately, it is within the BOT's power to resolve the issues presented with respect to the scope and delimitations of the CEO's authority. There remain open questions of governance, including whether and what possible consequences would accrue as a result of the findings noted above. In that regard, the Chin report noted a similar observation and coupled it with a recommendation:

> Similarly, there is an evident lack of agreement about the roles and responsibilities of the CEO versus those of the Board Chair. The Board of Trustees holds ultimate authority over OHA's governance and activities, with the discretion, under policy and law, to either delegate specific responsibilities to the CEO or retain them at the Board level. While past Boards may have chosen to delegate certain authorities, these decisions can be revisited or changed by each new Board; ultimately, all such determinations rest with the current Board.
>
> Therefore, it would be beneficial to clarify and align current Board expectations, either through discussions held as part of the CEO's performance review process or by facilitating a session with Corporate Counsel and/or the OHA labor attorney to review relevant policies, guidelines and delegation determinations. This approach would help ensure all parties have a shared understanding of their respective roles and responsibilities.

D. ALLEGATION: The CEO has repeatedly disregarded Board authority in failing to disclose conflicts of interest inherent in her personal connections to (1) the founder of Kinai 'Eha, which is affiliated with the Pu'uhonua Restorative Justice Program and the Kawailoa Youth and Family Wellness Center; and (2) a personal acquaintance, Denise Yamaguchi, who has personal ties to both the Culinary Institute of the Pacific and Chair Donovan Dela Cruz of the Senate Ways and Means Committee. When the Board removed proposed grants or funding during budget reconciliation, the CEO publicly and strongly opposed the final budget. This raises concerns that her opposition may have been influenced by the elimination of self-initiated, undisclosed commitments connected to her previous employer.

1. **Discussion**

Chair Kahele has alleged that the CEO has failed to disclose her personal and professional relationships with actual or potential recipients of OHA grants or financial assistance.

> **[KAHELE]** The CEO's repeated disregard for the Board's authority is compounded by her failure to disclose conflicts of interest.
> In the Administration's proposed Budget, the CEO sought funding for the Kawailoa Youth and Family Wellness Center through the proposed **Pu'uhonua Restorative Justice Program**, whose onsite affiliate, Kinai 'Eha, is a nonprofit founded and directed by an individual alleged to have had a previous romantic relationship with the CEO. This relationship and concerns over her grant oversight were reportedly the subject of an internal investigation during her tenure at Kamehameha Schools, leading to her abrupt departure. If substantiated, the CEO's failure to disclose this potential conflict of interest to the Board while continuing to advocate for program funding raises serious concerns.
>
> The CEO failed to disclose conflicts of interest stemming from her prior role with the Senate Ways and Means Committee. Before the budget was even presented to the Board, she made preliminary funding commitments tied to a personal acquaintance who is affiliated with both the Culinary Institute of the Pacific and the Chair of the Senate Ways and Means Committee. When the Board later removed the funding during budget reconciliation, the CEO publicly and strongly opposed the final budget. This raises concern that her opposition may have been influenced by the elimination of self-initiated, undisclosed commitments connected to her previous employer.

a. **Kinai 'Eha and Josiah Akau**

Kinai 'Eha (translated as "To Extinguish Pain") describes itself as an innovative alternative education and workforce development program dedicated to disrupting the "pathway to prison" for Native Hawaiian youth. Operating as part of the Kawailoa Youth and Family Wellness Center, it provides a sanctuary for *'ōpio* (youth) aged 14-24 who have been unsuccessful in traditional school systems or are transitioning out of incarceration. Its founder and Executive Director is Josiah Akau.

Ferreira admitted in her interview that in 2020 she had a romantic relationship with Akau. She also admitted that when she was being considered for her current position at OHA, OHA's former Board Chair Carmen Hulu Lindsey informed her of an anonymous report that had been sent to the Trustees [15] alleging that Ferreira had a romantic relationship with Akau; and that the relationship had created a conflict of interest that caused Ferreira to voluntarily leave KS soon thereafter.

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[15] **See anonymous report dated October 31, 2023, alleging a romantic relationship between Ferreira and Akau, attached as Exhibit 11.**

> **[FERREIRA]** *Are you aware of an anonymous report directed to members of the Board regarding a relationship between you and Kinai Eha and/or Josiah Akau?* Yes. *How did that come to your attention?* I want to say Chair Lindsey made me aware of it. *That report alleged that you left Kamehameha Schools after an issue had been raised purporting that you had a romantic relationship with Josiah Akau and were involved in some way with his organization Kinai Eha Is that what Lindsey told you?* **Yes. *What was your response to Lindsey?* That is inaccurate. *What is the nature of your relationship, if any, to Kinai Eha?* There is none.** When I was at KS, it was a program. ***And with respect to Josiah Akau, what is the nature of your relationship, if any?* He is a friend. I had a romantic relationship with him in May of 2020. I had already been hired when [redacted] told me about it.**
>
> [Emphases added]

The investigator finds the foregoing testimony under oath of Ms. Ferreira to be inherently unreliable. On the one hand, she admits that as of the date of the anonymous letter (October 31, 2023), she had engaged in a prior romantic relationship with Josiah Akau in 2020. On the other hand, she advised former Chair Lindsay that the allegation made by the anonymous letter was, in a word, "inaccurate". Under the circumstances of her fiduciary relationship with OHA, it behooved Ferreira then, and behooves her now, to make a full and fair disclosure of her relationship with Akau, rather than make a coy response. She had not done so as of the date of her interview herein.

Ms. Ferreira has also denied that the bill benefits Akau and Kinai 'Eha specifically by name. In actuality, her Administration has crafted a bill in a manner that more likely than not will eventually benefit Akau and his organization, without having to name Kinai 'Eha specifically.

On her watch in May 2025, the Administration proposed a $425,000.00 allocation for a **Pu'uhonua Restorative Justice** initiative designed to create cultural infrastructure for participants diverted from the justice system.

> **[FERREIRA]** *Did your budget proposal of a grant to Kinai Eha include a formal disclosure of your personal relationship to Akau?* No. *So the Administration's budget proposal did not include a proposed grant to Kinai Eha?* No. *At any time?* Not at any time. *Did you and Mr. Akau make a presentation to the Board requesting a budget appropriation for Kinai Eha?* No. ***Did Mr. Akau appear before the Board in any capacity?* A student from the program did, in support of the Restorative Justice Strategy that was being proposed in the Administration's budget. This was Puuhonua and Restorative Justice.**

> There was no request for money, no request for a grant, or appropriation. *So Mr. Akau did not present to the Board?* I don't recall, I just remember that the students did a haka.
>
> [Emphasis added]

Ferreira is technically correct in saying that there was no request from Akau for a grant, insofar as the bill did not name any proposed or potential grant recipients under the Pu'uhonua initiative. [16] Kinai 'Eha, however, is a likely candidate to receive funding under such a grant. It is a primary partner of the Kawailoa Youth and Family Wellness Center. [17] It is also a founding member of the Opportunity Youth Action Hawai'i (OYAH) collaborative of nonprofits specifically tasked with transforming the Kawailoa campus into a restorative pu'uhonua. **In addition, Josiah Akau and boys from Kinai 'Eha appeared at OHA before the Board earlier in June 2025 to support the bill before the Board.**

> **[KAHELE]** Her contract requires her disclosure of any perceived conflicts of interest. She included in her proposed budget a grant to this program managed by Josiah Akau. On the June 23, 2025 meeting of the Budget and Finance committee that individual came to testify in support of the program and sat right next to her. I don't think she was ever asked about it at KS because she left KS before the investigation began.
> ****
> The issue for OHA and the BOT is the conflict of interest: a prior romantic relationship constitutes a conflict of interest if, as CEO, you are proposing the expenditure of OHA trust funds on a program run by that individual and you fail to disclose that conflict to the BOT, which you are contractually required to do.

a. Culinary Institute of the Pacific/Denise Yamaguchi

Denise Yamaguchi is an influential nonprofit executive and community organizer who is also the wife of celebrity chef Roy Yamaguchi. They are connected with Senator Donovan Dela Cruz through culinary education and agricultural development programs in Hawaii; and Senator Dela Cruz has been a major advocate for Roy Yamaguchi's Culinary Institute of the Pacific. Immediately prior to joining OHA, Stacy Ferreira served as the Budget Chief on Senator Dela Cruz's Budget and Finance Committee.

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[16] ***See, e.g.*, text of bill attached as Exhibit 12.**

[17] ***See* https://wearekawailoa.org/about/.**

On or about April 7, 2025, Chair Kahele received a text from Denise Yamaguchi claiming that she and her husband had approached Ferreira to establish a "groundbreaking workforce development program" to train chefs. It would be a joint program between the Culinary Institute of the Pacific and the Culinary Institute of America; and she requested a $48,000 grant from OHA. [18]

Chair Kahele was taken aback.

> **[KAHELE]** It was sent to me way before the budget was presented to the Board. **A non-KS employee was telling me that it will be in "Stacy's budget."**
> These individuals all tie back to her time at KS or her work on the Ways and Means Committee. **And when we removed these items from the budget, the CEO went to war over them, even though they represented only 20% of the budget. She had made commitments to fund their programs with OHA trust funds.** All of these commitments also tie into the Strategy and Implementation team reporting directly to her, rather than to the COO. Everyone else reports to the COO. Within this team is where all of the contracts and grants are. They are hand-picked contracts.
>
> [Emphases added]

In her interview, Ferreira attempted to distance herself from the controversy by denying that it was she who made the commitments in question.

> **[FERREIRA]** *Are you aware that according to Kahele, Denise Yamaguchi sent him a text message to the effect that the Culinary Institute would be in your budget?* No. *At any time had you discussed the possibility of providing appropriations to the Institute?* I told Denise that she could send a proposal. She never sent me anything. She may have sent something to [redacted]. [redacted] included the Institute as a priority in [redacted] for budget appropriations. As CEO, the only budget requests I make are for my office. [redacted]. And it was included in the Administration's budget proposal.
> ****
> *Did your budget proposal of a grant to the Culinary Institute of the Pacific include a formal disclosure of your relationship to any one of them?* **I did not make a budget proposal at OHA for the Culinary Institute of the Pacific.** [redacted] the proposal as part of the Administration's budget presented to the Board. *Did you make a disclosure of your relationship as a friend to Denise Yamaguchi as part of the budget proposal?* **She is a personal friend but no proposal or appropriation was requested for the Hawaii Agricultural Foundation.** ***How about Culinary Institute of the Pacific?*** [redacted] **put in such a proposal.** ***Was there any disclosure of your friendship with Roy Yamaguchi's wife in connection with that***

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[18] **See copy of text attached as Exhibit 13, article re Yamaguchi attached as Exhibit 13A.**

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proposal? **No. Denise is not associated with the College or the Institute.**

****

At any time had you discussed the possibility of providing appropriations to the Institute? I told Denise that she could send a proposal. She never sent me anything. She may have sent something to [redacted]. [redacted] included the Institute as a priority in [redacted] request for budget appropriations. **As CEO, the only budget requests I make are for my office.** So the request [redacted]. And it was included in the Administration's budget proposal.

[Emphases added]

[redacted] was hired as OHA's [redacted] as of [redacted].

[redacted] Culinary Institute, [redacted]. It's not a grant. It's a contract and part [redacted] That program has five components. The five include culinary workforce development and we had $45,000 in scholarships for that program.

****

Did Stacy ask [redacted] to include any particular program in [redacted] requests to the Board? [redacted] about the opportunity to provide scholarships to CIP from an email from Stacy [redacted] to look into this culinary program. [redacted] that kind of email. *Did Stacy include a disclosure in her email of any prior relationship she had with anyone associated with the CIP?* No.

****

Prior to formulating a request for appropriations or a grant for the Culinary Institute, in the preparation of the Administration's 2025 budget proposal to the Board, how did the proposal for a grant to the Culinary Institute get into that proposal? Not directly. [redacted] but no relationship [redacted] CIP. [redacted] informed by Stacy's email of the opportunity to include Culinary Institute in [redacted] request to the Board. And it invited Stacy [redacted] to go to CIP to visit and get acquainted with their program. ***If Stacy hadn't sent [redacted] the email, do you think [redacted] would have included it in [redacted] request to the Board?*** **Probably.** It's KCC and LCC that offer culinary programs, and that's it. So [redacted] come across KCC regardless, especially since they work with the Culinary Institute of America. OHA works with nationally accredited programs and that gives morre breadth to our investment and our people.
Would it have made a difference [redacted] if Stacy had told [redacted] she had a personal friendship or business relationship with the CIP and Denise Yamaguchi? [redacted] **have paused [redacted] don't know what [redacted] done. But the money doesn't go to any individual, it goes to KCC, [redacted] thought would be there doesn't seem to be a conflict.**

[Emphases added]

2. FINDINGS OF FACT AND CONCLUSIONS OF LAW

FINDINGS OF FACT

On the basis of the preponderance of the credible evidence, I find that it is more likely than not that:

1. The CEO has a duty to disclose any conflicts of interest that may accrue during her term in office.

> **VI. No Conflicts of Interest**
>
> The CEO agrees that she does not have and will not acquire during her tenure with OHA any interest adverse to OHA or that may be perceived in the beneficiary community as adverse to OHA's policies, initiatives, goals, and mission as defined by the Board. Any actual or potential conflict of interest shall be immediately disclosed to the Board Chairperson for review and further action as necessary to protect OHA's interests.
>
> **I. No Conflicts of Interest**
>
> The CEO agrees that she does not have and will not acquire during her tenure with OHA any interest adverse to OHA or that may be perceived in the beneficiary community as adverse to OHA's policies, initiatives, goals, and mission as defined by the Board. Any actual or potential conflict of interest shall be immediately disclosed to the Board Chairperson for review and further action as necessary to protect OHA's interests.

<u>As to Kinai 'Eha</u>

2. CEO Stacy Ferreira in her interview herein has admitted to a past romantic relationship and a current personal friendship with Josiah Akau.

3. Akau is the founder and head of Kinai 'Eha, an organization for youth that is affiliated with the Pu'uhonua Restorative Justice Program and the Kawailoa Youth and Family Wellness Center.

4. In 2025 the Administration proposed a FY 2026-27 Puuhonua Restorative Justice Program that would distribute $425,000.00 in funding to unnamed organizations.

5. Kinai 'Eha is a likely candidate to receive funding under the bill; and Akau appeared at OHA with members of Kinai 'Eha to support the bill before the Board.

6. CEO Ferreira has nonetheless failed to disclose the nature and extent of her close personal relationship with Akau to the BOT and OHA

As to Denise Yamaguchi and the Culinary Institute of the Pacific

1. CEO Ferreira has a personal friendship with Denise Yamaguchi that was initially fostered during her tenure as Budget Chair of Senator Donovan Dela Cruz's Budget and Finance Committee.

2. Rather than handle Yamaguchi's request for an appropriation from OHA for her husband's Culinary Institute of the Pacific, CEO Ferreira referred or delegated it [redacted].

3. In failing to disclose to [redacted] *the extent of the CEO's personal ties to Denise Yamaguchi and by extension with Culinary Institute of the Pacific, CEO Ferreira did not thereby obviate her subsisting duty to disclose her affiliations.*

4. CEO Ferreira has failed to disclose those affiliations to OHA's Board of Trustees as well.

CONCLUSIONS OF LAW

On the basis of the foregoing Findings of Fact, and pursuant to OHA policies and the applicable law, I find that it is more likely than not that:

1. The CEO has a strict fiduciary duty of disclosure to inform the Board of Trustees of all material, relevant, and accurate information, including without limitation conflicts of interest. This obligation is derivative of the fiduciary duty of loyalty and duty of care, to ensure that Trustees can act in OHA's best interests.

2. In failing to disclose her personal relationship with Akau and by extension with Kinai 'Eha---a relationship that may be perceived in the beneficiary community as adverse to OHA's policies, and in fact has been perceived as such according to at least one anonymous whistleblower---CEO Ferreira has breached Section VI of her Employment Contract, § 3.10 of the BOT Executive Policy Manual, and her common law fiduciary duties of care and loyalty.

3. Similarly, delegating a matter to a non-conflicted subordinate does not absolve the CEO of her legal and ethical obligation to declare a conflict of interest. The CEO has the right to assign a task to a subordinate, but the duty to disclose the CEO's associations that present a conflict of interest remains. CEO Ferreira has failed to honor that duty.

4 In failing to disclose her personal friendship with Denise Yamaguchi, and by extension Yamaguchi's husband and the Culinary Institute of the Pacific, CEO Ferreira has breached Section VI of her Employment Contract, § 3.10 of the BOT Executive Policy Manual, and her common law fiduciary duties of care and loyalty.

E. ALLEGATION: The CEO has retaliated against [redacted], who had assisted the Board in the investigation of [redacted]. In one instance at the June 25, 2025 Budget and Finance Meeting, the CEO publicly disparaged the work [redacted]—despite a clear directive from the Board Chair [redacted] two days prior instructing her not to retaliate against any OHA employees involved with the investigation.

As the budget certification controversy was unfolding in June 2025, [redacted] was discovered to have sent a text to [redacted],[19] who at the time was a [redacted] subordinate.

> **[KAHELE]** [redacted] sent a text message to [redacted] that alluded that the CEO was looking for ways to discredit the budget. It's in Cathy Chin's report.

In the course of the ensuing investigation of Chair Kahele's complaint against [redacted], [redacted] disclosed the text to investigator Cathy Chin.

> [redacted] ***Did the Board on August 7 specifically instruct the CEO not to retaliate against [redacted]?*** **Yes**. *Why?* Because it was disclosed to Stacy that [redacted] this text message that implicated Stacy; and [redacted] disclosure of this private text negatively reflected on Stacy's [redacted], [redacted] a very close and trusting relationship. [redacted] had been working extensively with the Chair's office on the Board's budget and that work product, making it as strong as possible, making it a very strong budget.
>
> *Did the CEO abide by that instruction?* I think [redacted] will say [redacted] was retaliated against. If you watch subsequent budget related briefings, [redacted] cast doubt on the work product prepared by [redacted], and the utility and function of [redacted] when [redacted]. One week prior when [redacted] the CEO was very complimentary. The contrast was so stark.
>
> [Emphases added]

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[19] **See text from [redacted] to [redacted] attached as Exhibit 14.**

Chair Kahele substantiates [redacted] testimony.

> **[KAHELE]** Additionally, the CEO retaliated against OHA staff who were involved in the investigation [redacted]. **In one instance at the June 25, 2025 Budget and Finance Meeting, the CEO publicly disparaged the work [redacted]—despite a clear directive from the Board Chair [redacted] two days prior instructing her not to retaliate against any OHA employees involved with the investigation. At the same time, the CEO defended [redacted], despite substantiated findings of misconduct.**
>
> ****
>
> *How did CEO disparage an employee at June 2025 B&F mtg?* This was [redacted]. [redacted]. I think [redacted] presentation and the decision by the Board [redacted] was not met positively by the CEO. **When CEO presented on June 2025 she publicly disparaged [redacted], said that [redacted] was not needed or warranted.** On August 7 we reaffirmed [redacted] position, salary, and titles.
> ****
>
> *How was CEO instructed not to disparage the employee? Was "Clear directive" in writing? Witnesses?* Everyone was in the room, including [redacted]. She was specifically told not to retaliate against [redacted]. Two days later she disparaged [redacted] in the B&F hearing.
>
> [Emphasis added]

Ferreira, however, denies that she disparaged [redacted] personally. She claims the remarks she made with respect to [redacted] in the Board meeting were confined to [redacted] work product, which contained a few minor errors.

> **[FERREIRA]** *There is an allegation that you have disparaged [redacted] to the Board. Can you answer that allegation?* That's incorrect. I never have. *Did you tell the Board that [redacted] was not needed or warranted in connection with the budget?* That's not accurate. *Were you instructed not to rataliate against [redacted]?* Yes, in connection with the investigation of [redacted]. *There is an allegation that two days later, you disparaged [redacted] in a Budget & Finance meeting?* That's incorrect. **I was talking about the process, not about [redacted]. That there were errors that were found.**
>
> ''
>
> [Emphasis added]

[redacted] is completely dedicated to [redacted] job and does not appear to acknowledge the risk of retaliation. In fact, [redacted] claims to have a "good working relationship" with Ferreira.

> [redacted] *How would you characterize your working relationship with the CEO?* [redacted] a good working relationship with everyone. My opinion.

****

There apparently was a controversy regarding the CEO's displeasure with [redacted]? What was the controversy and when? **I'm not too sure.** [redacted] The budget itself was prepared this time along new procedures and new processes. I think on Jue 3 or shortly afterward the OHA Salary Commission disclosed all the salaries [redacted]. But the Commission is independent of the Board. It was formed in February, met in March and April before all these activities took place. Trustees Lindsay and Souza, [redacted] were on the commission, together with the Trustees staff. And that came to a conclusion in early May; but salaries were not disclosed until June.

[redacted]

Do you know if the Board has taken any steps to protect you from retaliation? I don't know.

[redacted]

[Emphases added]

2. FINDINGS OF FACT AND CONCLUSIONS OF LAW

FINDINGS OF FACT

On the basis of the preponderance of the credible evidence, I find that it is more likely than not that:

1. [redacted] has become a valued member of the Administration during the biennial 2026-27 budget process, particularly with [redacted] involving [redacted] and the budget process itself.

2. [redacted]

3. Chair Kahele and members of the Board have anticipated, and seen signs of, possible if not actual retaliation against [redacted] by CEO Ferreira.

4. [redacted] is unaware of any steps taken by the Board to protect [redacted] from retaliation by the CEO.

5. [redacted] claims to have a good relationship with, and has not to date claimed retaliatory conduct by the CEO against [redacted]

6. [redacted] has not suffered damage to reputation or material interests as a result of any comment(s) alleged to have been made by CEO Ferreira.

7. Given the bureaucratic confusion created by the wholesale raises that were granted by the Board under the new biennial budget, this investigator is unable to assign wrongful intent, as opposed to a sheer HR snafu, that resulted in the temporary reduction in [redacted] raise.

CONCLUSIONS OF LAW

On the basis of the foregoing Findings of Fact, and pursuant to OHA policies and the applicable law, I conclude that this allegation is not proven.

SUMMARY OBSERVATIONS

In summary, this controversy stems from a lack of comprehension by a Chief Executive Officer of the boundaries of her role and scope of authority. Irrespective of her experience under a prior administration, a CEO derives her power and concomitant influence from her governing Board, and not vice versa. Ms. Ferreira clearly does not comprehend that her authority at OHA is derivative, and therefore subject to the will of her Board.

[SOUZA] Under the prior administration the Chair gave her a lot of leave to function as CEO. But under her contract she has to serve at the will of the Board. So when the Board chooses to move in a different direction from the prior administration, she doesn't understand that her contract requires her to follow in that new direction.

Very truly yours,

