

The Office of Hawaiian Affairs | October 31, 2022

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C o n t r a c t   # 4 2 6 2

3 8   T r a n s a c t i o n s   A n a l y s i s



plante moran | Audit. Tax. Consulting.  
Wealth Management.

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**Enclosure – Memo from CEO**



October 31, 2022

Board of Trustees  
Office of Hawaiian Affairs  
560 N. Nimitz Hwy 200  
Honolulu, HI 96817

Re: Contract #4262 – 38 Transactions Analysis

As requested, we provided an analysis of 38 transactions flagged by CliftonLarsonAllen (“CLA”) in its report dated December 4, 2019, for the Office of Hawaiian Affairs (“OHA”). For this engagement, we:

- Obtained relevant electronic data, including emails and personal working folders on the OHA network, for select OHA employees
- Conducted interviews with key OHA personnel, including staff and select members of the Board of Trustees (“BOT”)
- Performed background research on select individuals and businesses involved in the flagged transactions
- Compiled key words lists and search criteria to analyze emails and working folder contents
- Analyzed relevant supporting documentation for the transactions

The overall scope of work and approach was conducted utilizing standards in accordance with the Statement on Standards for Forensic Services issued by the American Institute of Certified Public Accountants (“AICPA”). Our report is to provide you with the results of our analysis. It is not intended to express an opinion on OHA’s internal controls or financial statements in accordance with other standards issued by the AICPA.

## EXECUTIVE SUMMARY

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Through analysis, review of supporting documentation, and interviews, we identified evidence that fraud, waste, and abuse occurred and have noted the result of each transaction accordingly. However, it is important to note that, if evidence exists for a transaction that fraud, waste, and abuse occurred, we have not determined if all or only a portion of the funds spent are designated as problematic except for three transactions:



- #33 and #34 –Only the contract overages have been included in the total at issue.
- #13 – Only a portion of the contract was paid.

No.	Name	Fraud/Waste/Abuse	Spend
1	I Ola Lāhui, Inc.	No	-
2	I Ola Lāhui, Inc.	No	-
3	Native Hawaiian Education Association (NHEA)	No	-
4	Akamai Foundation (on behalf of Na'i Aupuni)	Yes	\$ 2,598,000.00
5	Aha Kāne - Foundation for the Advancement of Native Hawaiian Males	Yes	200,000.00
6	WCIT Architecture, Inc.	Yes	2,925,752.00
7	Absolute Plus Advisors LLC	Yes	185,000.00
8	Mid-Continent Research for Education & Learning dba Mid-Continent Regional Educational Laboratory	Yes	349,527.00
9	Stryker, Weiner & Yokota Public Relations, Inc.	Yes	293,969.24
10	Reed Smith LLP	Yes	200,000.00
11	The Kalaimoku Group, LLC	Yes	50,000.00
12	Native Hawaiian Education Association	No	-
13	Kuauli'Aina-Based Insights LLC	Yes*	250,000.00
14	Rider Levett Bucknall, LTD	No	-
15	Sai, David Keanu	Yes	25,000.00
16	McCorriston Mukai Miller MacKinnon LLP	No	-
17	McCorriston Mukai Miller MacKinnon LLP	No	-
18	McCorriston Mukai Miller MacKinnon LLP	No	-
19	Ayda Aukahi Austin Seabury	Yes	30,062.50
20	Raedeem M. Keahiolalo LLC	Yes	45,000.00
21	University of Hawaii	No	-
22	Supporting the Language of Kauai Inc.	No	-
23	Smithsonian/Nmai	No	-
24	The Nature Conservancy	No	-
25	Edith Kanakaole Foundation	Yes	25,000.00
26	David R. Sanborn	Yes	5,000.00
27	ABW Holdings LLC	No	-
28	Hu'ena Power Inc	No	-
29	The Kalaimoku Group, LLC	Yes	28,115.17
30	Hi'ilei Aloha, LLC	Yes	50,000.00
31	Kualoa Ranch Hawaii, Inc	Yes	9,198.58
32	Wet 'N' Wild Hawaii	Yes	8,483.33
33	Peter Hanohano, Jr.	Yes*	100.68
34	Hawaii Alliance for Community-Based Economic Development (HACBED)	Yes*	406.40
35	Lehua Poi Company	Yes	20,000.00
36	SLK Supporting Language of Kaua'i	Yes	60,000.00
37	CDSI Commercial Dehydrator Systems	No	-
38	SLK Supporting Language of Kaua'i	No	-
		<b>Total at Issue</b>	<b>\$ 7,358,614.90</b>

## BACKGROUND

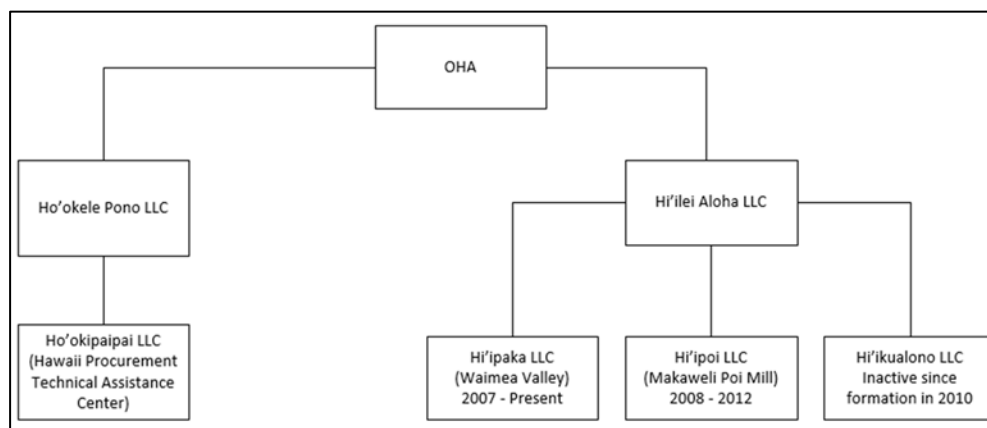
OHA is “a semi-autonomous state agency responsible for improving the wellbeing of all Native Hawaiians (regardless of blood quantum). As described on page 4 in OHA’s 2021 Annual Audit:

OHA was established by the 1979 Hawai‘i State Legislature under the provisions of Chapter 10, Hawai‘i Revised Statutes (Act 196). In 1980, the Hawai‘i State Legislature approved Act 273, which, in addition to Act 196, initiated the appropriate process to organize and fund the entity. OHA’s mission is to *mālama* (protect) Hawai‘i’s people and environmental resources and OHA’s assets, toward ensuring the perpetuation of the culture, the enhancement of lifestyle and the protection of entitlements of Native Hawaiians, while enabling the building of a strong and healthy Hawaiian people and Lāhui, recognized nationally and internationally.

GASB Statement No. 14, *The Financial Reporting Entity*, establishes standards for defining and reporting on the financial reporting entity. The financial reporting entity consists of OHA as the primary government, as well as other organizations for which the primary government is financially responsible as component units.

The agency is governed by a Board of Trustees, comprised of nine members who are elected statewide to serve four-year terms which includes setting organizational policy. OHA is administered by a Chief Executive Officer (Ka Pouhana), who is appointed by the Board of Trustees to oversee a staff of approximately 170 people.”<sup>1</sup> OHA has issued more than \$34 million in loans within the last 10 years, and annually awards more than \$12 million to programs that advance OHA’s strategic plan<sup>2</sup>.

OHA was/is also the parent entity of various LLCs (the “LLCs”), the structure of which is shown below:



<sup>1</sup><https://www.oha.org/about/>

<sup>2</sup><https://www.oha.org/about/>

On September 4, 2018, OHA contracted CLA to select and test contracts and other financial disbursements initiated in fiscal years 2012 through 2016 (the scope period) for both OHA and the LLCs. For OHA, CLA selected 80 contracts and 50 other financial disbursements. For the LLCs, CLA selected 30 contracts and 25 other financial disbursements to test. As a result of this contract (#3284), CLA issued “OHA & LLCs Contract and Disbursement Review Report”, in which CLA flagged 38 transactions (32 at OHA and six (6) at the LLCs) that could be construed as possible fraud, waste, or abuse based on the red flags identified; however, CLA did not make conclusions as to whether fraud, waste, or abuse occurred. We were engaged to further analyze these 38 flagged transactions to determine if fraud, waste, and/or abuse occurred.

As conveyed on OHA’s website, as an asset manager, OHA makes mindful investment decisions that help maximize the value of the organization’s portfolio. These **fiduciary duties and responsibilities** (*emphasis added*) include managing financial, land, and community property assets prudently, and preserving and perpetuating legacy land holdings.<sup>3</sup>

## INFORMATION OBTAINED

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To complete our objectives, we obtained the following information:

- BOT and subcommittee meeting minutes
- Underlying support for disbursements (e.g., contracts, grant applications, purchase requests)
  - Note: The contracts and support for the six LLC transactions were not available for this engagement
- Progress reports and evaluations for select transactions
- CLA report dated December 4, 2019
- Electronic data, including emails and personal working folders on the OHA network, for select OHA employees
  - Electronic data included 12 million files, 9.8 million of which were emails
- Publicly available information obtained through internet research

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<sup>3</sup> <https://www.oha.org/asset-manager/>

## INTERVIEWS AND OHA'S COOPERATION

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In order to complete our objectives, we conducted interviews with the following individuals:

- Carmen Hulu Lindsay, BOT Chair
- Dan Ahuna, BOT
- John D. Waihe'e IV, BOT
- Keli'i Akina, BOT
- Leina'ala Ahu Isa, BOT
- Dr. Sylvia M. Hussey, Ka Pouhana/Chief Executive Officer
- Ramona G. Hinck, Ka Pou Kihī Kanaloa Wai/Chief Financial Officer

We received cooperation throughout the engagement from the BOT Chair, the Chair's staff, and OHA's Administration, including Corporate Counsel and the Information Technology department, all from whom requested information was obtained.

## OTHER KEY OHA INDIVIDUALS

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We did not interview these individuals as they are **former** employees/representatives but list them for reference as we address each of the 38 transactions.

- Chief Executive Officers:
  - Clyde Namu'o, beginning of scope period through December 2011
  - Richard Pezzulo, January 2012 through February 2012
  - Kamana'opono Crabbe, March 2012 through end of scope period
- Chief Financial Officer:
  - Hawley Iona, entire scope period
- Chief Operating Officers:
  - Aedward Los Banos, April 2012 through October 2013
  - Kawika Burgess, November 2013 through April 2015
  - Lisa Victor, August 2015 through end of scope period
- OHA Trustees:
  - Oswald Stender – died on 2/23/22 at age 90
  - Colette Machado – died on 5/23/22 at age 71
  - Haunani Apoliona

- Peter Apo
- OHA staff:
  - Kealoha Fox, Research Analyst and Executive Manager and Special Assistant to Ka Pouhana
  - Keola Chan, Research Analyst
  - Momilani Lazo, Senior Executive Assistant to Ka Pouhana
  - Keith Yabusaki, Transitional Assistance Program Manager
  - Raina Gushiken, Assistant Senior Legal Counsel and Senior Legal Counsel
  - Holly Coleman, Research Analyst
  - Breann Nu'uhiwa, Public Policy Manager and Chief Advocate
  - Albert Tiberi, Assistant Senior Legal Counsel and Senior Legal Counsel
  - Kawika Riley, Washington D.C. Bureau Chief and Chief Advocate
  - Ernie Kimoto, Senior Legal Counsel
  - Edwina Minglana, Human Resources Manager
  - Kamoia Quitevis, Research Analyst, Land, Culture, History Manager
  - Mona Bernardino, Hi'ilei Aloha LLC Chief Operating Officer
  - Deirdra Alo, Executive Assistant to Ka Pouhana
  - Peter Hanohano, Jr., Transitional Assistance Program Specialist and Hi'ilei Aloha LLC Capacity Building Manager – died on 10/24/21 at age 72
  - Davis Price, former Trustee Aide

## DEFINITIONS

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The CLA report defines fraud, waste, and abuse as:

- i. *Fraud* - a type of illegal act involving the obtaining of something of value through willful misrepresentation. Whether an act is, in fact, fraud is a determination to be made through the judicial or other adjudicative system and is beyond the auditor's professional responsibility.
- ii. *Waste* - involves not receiving reasonable value for money in connection with any government funded activities due to an inappropriate act or omission by actors with control over or access to government resources (e.g., executive, judicial, or legislative branch employees, grantees, or other recipients). Importantly, waste goes beyond

fraud and abuse and most waste does not involve a violation of law. Rather, waste relates primarily to mismanagement, inappropriate actions, and inadequate oversight.

- iii. *Abuse* - involves behavior that is deficient or improper when compared with behavior that a prudent person would consider reasonable and necessary business practice given the facts and circumstances. Abuse also includes misuse of authority or position for personal financial interests or those of an immediate or close family member or business associate. Abuse does not necessarily involve fraud, violation of laws, regulations, or provisions of a contract or grant agreement.

We also utilized the State of Hawaii's Ethics Commission<sup>4</sup> definitions for fraud, waste, and abuse as we analyzed the 38 transactions at issue. These definitions are outlined below:

- *Fraud* is deception intended to result in financial or personal gain, including misrepresentation of facts, making false statements, or concealment of information. Some examples of fraud may include:
  - Submitting false pricing information, or knowing approval of expenditures based on false information
  - Falsifying procurement records, disposal records, overtime records, or leave records
  - Knowingly charging or paying for goods and services that were not provided
  - Knowingly applying for multiple grants for the same set of expenses ("double-dipping")
  - Falsifying or eligibility in order to qualify for government grants or contracts
- *Waste* is the thoughtless or careless expenditure, mismanagement, or abuse of resources to the detriment (or potential detriment) of the government, including incurring unnecessary costs resulting from inefficient or ineffective practices, systems, or controls. Some examples of waste may include:
  - Ignoring competitive bidding requirements when required
  - Buying overpriced equipment from a favored vendor
  - Buying unnecessary goods or services

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<sup>4</sup><https://ethics.hawaii.gov/anti-fraud/>

- *Abuse* is defined as excessive or improper use of a thing, or to use something in a manner contrary to the natural or legal rules for its use. Some examples of abuse may include:
  - Steering government contracts towards friends or family
  - Asking for, or receiving, gifts from vendors/contractors
  - Issuing a request for bids with specifications written by a vendor, so only that vendor can meet the specifications

## TRANSACTIONS FLAGGED BY CLA

No.	Name	Contract # / Disbursement #	Sampling #	Amount
1	I Ola Lāhui, Inc.	2726	K-11	\$ 500,000.00
2	I Ola Lāhui, Inc.	2887	K-25	500,000.00
3	Native Hawaiian Education Association (NHEA)	2953	K-39	150,000.00
4	Akamai Foundation (on behalf of Na'i Aupuni)	3026	K-57	2,598,000.00
5	Aha Kāne - Foundation for the Advancement of Native Hawaiian Males	2785	K-76	200,000.00
6	WCIT Architecture, Inc.	3007	K-52	2,925,752.00
7	Absolute Plus Advisors LLC	2847	K-77	185,000.00
8	Mid-Continent Research for Education & Learning dba Mid-Continent Regional Educational Laboratory	2828	K-17	349,527.00
9	Stryker, Weiner & Yokota Public Relations, Inc.	3022	K-55	293,969.24
10	Reed Smith LLP	3025	K-56	200,000.00
11	The Kalaimoku Group, LLC	2721	K-09	50,000.00
12	Native Hawaiian Education Association	2857	K-18	99,600.00
13	Kuāuli'Āina-Based Insights LLC	2879	K-20	435,000.00
14	Rider Levett Bucknall, LTD	2967	K-44	10,000.00
15	Sai, David Keanu	2979	K-47	25,000.00
16	McCorriston Mukai Miller MacKinnon LLP	3019	K-54	150,000.00
17	McCorriston Mukai Miller MacKinnon LLP	3072	K-69	250,000.00
18	McCorriston Mukai Miller MacKinnon LLP	3073	K-70	179,500.00
19	Ayda Aukahi Austin Seabury	3101	K-73	30,062.50
20	Raedeem M. Keahiolalo LLC	3110	K-75	45,000.00
21	University of Hawaii	26307	D-09	30,000.00
22	Supporting the Language of Kauai Inc.	27638	D-19	25,000.00
23	Smithsonian/Nmai	30149	D-30	25,000.00
24	The Nature Conservancy	30190	D-31	24,999.00
25	Edith Kanakaole Foundation	33539	D-43	25,000.00
26	David R. Sanborn	28535	D-02	5,000.00
27	ABW Holdings LLC	25498	D-04	150,000.00
28	Hu'ena Power Inc	28442	D-22	600,000.00
29	The Kalaimoku Group, LLC	28949	D-33	28,115.17
30	Hī'ilei Aloha, LLC	30921	D-34	50,000.00
31	Kualoa Ranch Hawaii, Inc	30659	D-47	9,198.58
32	Wet 'N' Wild Hawaii	28834	D-48	8,483.33
33	Peter Hanohano, Jr.	N/A	LK-26	1,960.00
34	Hawaii Alliance for Community-Based Economic Development (HACBED)	N/A	LK-28	10,000.00
35	Lehua Poi Company	3687	LD-03	20,000.00
36	SLK Supporting Language of Kaua'i	4597	LD-05	60,000.00
37	CDSI Commercial Dehydrator Systems	4494	LD-22	13,367.00
38	SLK Supporting Language of Kaua'i	1058	LD-21	10,000.00
	<b>Total Contract Amount Under Examination</b>			<b>\$ 10,272,533.82</b>



## PROCESS

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We performed the following procedures depending on the information available and the nature of each transaction:

- Reviewing the underlying contract/supporting documentation
- Interviewing relevant individuals with knowledge of the transaction
- Conducting keyword searches using our e-discovery software, Intella<sup>5</sup>, and analyzing relevant results
- Performing background research on relevant individuals and businesses using CLEAR by Thomson Reuters<sup>6</sup>
- Performing online research of publicly available information

For each of the 38 transactions, we label each transaction in the order listed in the *Transactions Flagged by CLA* section and present our findings as follows:

**Type:** Grant, competitive bid, professional services, etc.

**Vendor Name:** Name of the vendor receiving the payment/contract

**Contract/Check Number:** Contract number or payment number

**Amount:** Amount of the transaction

**Timeframe:** Contract period, or date of disbursement.

**Description:** High-level description of the purpose of the payment/contract.

**Relevant CLA Findings:** Flags of fraud, waste, or abuse identified in CLA's report. These relevant findings are referenced from CLA's attachments to its report and related "tickmarks". We have excluded findings that are related to policy or are procedural in nature, such as missing accounting checklists or incorrect forms being signed.

**Key Words Searched:** Words used to perform searches in Intella on the electronic data received.

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<sup>5</sup><https://www.vound-software.com/connect>

<sup>6</sup><https://legal.thomsonreuters.com/en/products/clear-investigation-software>

*Determination:* Our conclusion as to whether fraud, waste, and/or abuse occurred.

While Plante Moran performed extensive analysis as described, it should be noted that determinations of “No evidence of fraud waste or abuse” does not mean with absolute certainty that fraud, waste or abuse did not exist, but evidence is *not* present to support a different determination.

## ANALYSIS/FINDINGS

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### 1. K-11

*Type:* Grant

*Vendor Name:* I Ola Lāhui, Inc.

*Contract/Check Number:* 2726

*Amount:* \$500,000.00

*Timeframe:* December 1, 2011 – November 30, 2013

*Description:* Provide evidence-based health interventions in the area of obesity management that are culturally minded and tailored to treat a broad spectrum of Native Hawaiians so they can achieve a healthy weight and reduce health risks associated with obesity.

*Relevant CLA Findings:* This grant was paid to an organization whose Executive Director appears to have been an acquaintance of Dr. Crabbe. The grant was categorized as a Community Grant, and as such, Dr. Crabbe would have been in the position to review and approve the grant recommended by the review committee prior to sending the recommendations to the BOT. Additionally, the time of performance ("TOP") of this grant overlapped with another grant to the same organization, grant #2887 (see transaction #2). The grant file contained no documentation or support for the overlap. Specific CLA findings include:

*A10: The grant contract, on either the OHA Long Contract GA-1 or Grant Agreement CGA-1, was approved and finalized (by the appropriate authority following the Operational Authority Delegation Hierarchy) after the Time of Performance commenced.*

*A12: The grant file does not contain all of the Purchase Requisition forms equal to the amount awarded.*

*A20: The grant file does not contain all of the Request for Payment on Contract forms equal to the amount disbursed on the check register and/or all of the Grantee Invoices that match the Request for Payment on Contract forms.*

*A29: The grant file does not contain all of the Purchase Requisitions (PR) for each year that the grantee received funding. Either the Grants Specialist did not complete some or all of PRs*

*in a multi-year grant award or the documentation is not present in the file. Multi-year grants require a PR be submitted to encumber each fiscal year's funds.*

*Key Words Searched:*

- "I Ola Lahui"
- Austin, Crabbe
- Austin, "progress report"
- 2726
- "contract 2726"
- "community grant"
- "community grant", "I Ola"
- aaustin

**Determination:** **No evidence of fraud, waste, or abuse related to this transaction.** OHA received the grant application from I Ola Lāhui, Inc. on August 15, 2011, which included a detailed proposal. Based on email review, it appears that the grant application went through the typical grant review process and was approved by the BOT through action item ARM-BAE 11-12 on November 10, 2011. Due to delays in the OHA procurement process, the contract was not executed until after the effective date, as shown in the email below:

From: Edwina Minglana <edwinam@oha.org>  
To: "aaustin" [REDACTED]  
Sent: Thursday, January 19, 2012 12:49 PM  
Subject: CPP Contract Update

Aloha Dr. Austin,

Happy New Year! Because of the delay in contract execution, we would like to implement a contract start date of Feb. 1, 2012 and end date Jan. 31, 2014. Please confirm that this is ok. If there will be challenges to this, then please let me know. The contract is in its final review with our legal department.

Edwina

Edwina Minglana  
Community Relations | Office of Hawaiian Affairs  
711 Kapi'olani Blvd., Suite 500 | Honolulu, HI 96813  
Email: [edwinam@oha.org](mailto:edwinam@oha.org) | Ph. #: (808) 594-0243 | Fax #: (808) 594-0267

The grantee requested that the originally agreed-upon effective date be maintained.

**From:** Aukahi Austin [REDACTED]  
**Sent:** Thursday, January 19, 2012 12:49 PM  
**To:** Edwina Minglana  
**Subject:** Re: CPP Contract Update






Aloha Edwina,

We would much prefer to maintain the original start date discussed. We have been operating under the assumption of a December 1 start date for the past 6 weeks and have spent staff time as well as resources working on the project consistent with the timeline in our grant proposal. A change in the contract start date would make us ineligible to be reimbursed for the funds we've spent to date while awaiting contract execution. I also assume that a change in start date would further delay execution given that this too would need to go through an approval process. We want final execution to occur as soon as possible to recover the losses we're encumbering at present to do this program.

Shall we discuss this further? I will be at OHA this afternoon if that would help.

The Grant Monitor discussed this request with others involved in the procurement process, and the request was ultimately approved.

RE: CPP Contract Update - I OLA LAHUI INC

 Kamana'opono M. Crabbe, Ph.D. <kamanaoc@oha.org>  
To:  Hawley Alamodin;  Edwina Minglana;  Keith Yabusaki  
Cc:  Momilani Lazo

Aloha all,

I am OK w/ I Ola Lahui's choice to keep the original date. I believe their concern was more of the funding to them as early as possible to begin their program start up.

Kamana'o

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**From:** Hawley Alamodin  
**Sent:** Monday, January 23, 2012 9:11 AM  
**To:** Edwina Minglana; Keith Yabusaki  
**Cc:** Kamana'opono M. Crabbe, Ph.D.; Momilani Lazo  
**Subject:** RE: CPP Contract Update - I OLA LAHUI INC

Aloha,

Fine with me, however, I'll allow Dr. Crabbe to make the call.

Mahalo,  
Hawley Alamodin  
Chief Financial Officer  
Office of Hawaiian Affairs  
711 Kapiolani Blvd, Suite 500  
Honolulu, Hawaii 96813  
Phone: (808) 594-1999  
Fax: (808) 594-1865

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**From:** Edwina Minglana  
**Sent:** Monday, January 23, 2012 9:09 AM  
**To:** Hawley Alamodin; Keith Yabusaki  
**Cc:** Kamana'opono M. Crabbe, Ph.D.  
**Subject:** FW: CPP Contract Update - I OLA LAHUI INC

Aloha Hawley and Keith,

There is one CPP grantee who would like to keep the original Dec. 1 start date. See below...

We can respond by stating that we can do our best in keeping a Dec. 1 start date however we cannot promise this will happen. Looks like she was at our OHA office Thursday afternoon so not sure if she spoke with anyone?

Edwina

The quarterly progress reports and final report submitted by the grantee, as well as the grant close-out report prepared by the Grant Monitor, indicate that the program met its goals.

The grant period for this award overlapped with the time of performance for another award to I Ola Lāhui, Inc., grant #2887 (see transaction #2). Both awards had the same overall purpose and were part of the same program; however, each grant funded distinct groups of participants in

different locations. Plante Moran reviewed quarterly progress reports for both grants during the period of overlap, noting detailed descriptions of project status and progress to date were different and included no evidence of duplication of efforts or funding.

Although Dr. Crabbe and other OHA staff appear to have had working relationships with the Executive Director of I Ola Lāhui, Inc., we did not identify evidence indicating that the grant was awarded based on these relationships or that there was any personal benefit to Dr. Crabbe or other OHA staff.

## 2. **K-25**

*Type:* Grant

*Vendor Name:* I Ola Lāhui, Inc.

*Contract/Check Number:* 2887

*Amount:* \$500,000.00

*Timeframe:* July 1, 2013 – June 30, 2015

*Description:* Kūlana Hawai'i Weight Management Program, which is a continuation and expansion of the program funded by grant #2726 (see transaction #1). The goal of the funded program is to provide evidence-based health interventions in the area of obesity management that are culturally minded and tailored to treat a broad spectrum of Native Hawaiians so they can achieve a healthy weight and reduce health risks associated with obesity.

*Relevant CLA Findings:* As described in transaction #1, the Executive Director of the grantee organization appears to have been an acquaintance of Dr. Crabbe. The grant was categorized as a Community Grant, and as such, Dr. Crabbe would have been in the position to review and approve the grant recommended by the review committee prior to sending the recommendations to the BOT. Additionally, the TOP of this grant overlapped with another grant to the same organization, grant #2886. The grant file contained no documentation or support for the overlap. Specific CLA findings include:

*A07: The grant proposal, agreement, and review documentation do not contain enough information to answer a key requirement as outlined in HRS 10-17, including information necessary for the applicant to receive the grant (HRS 10-17(c)). Specifically, there is not enough information to determine if the nonprofit organization governing body's members do not have a material interest and serve without compensation, has bylaws or policies that describe the manner in which business is conducted and policies relating to nepotism and management of potential conflict of interest situations, and employs or contracts with no more than two or more members of a family or kin of the first or second degree of consanguinity unless specifically permitted by OHA.*

*A29: The grant file does not contain all of the Purchase Requisitions (PR) for each year that the grantee received funding. Either the Grants Specialist did not complete some or all of*

*Purchase Requisitions in a multi-year grant award or the documentation is not present in the file. Multi-year grants require a PR be submitted to encumber each fiscal year's funds.*

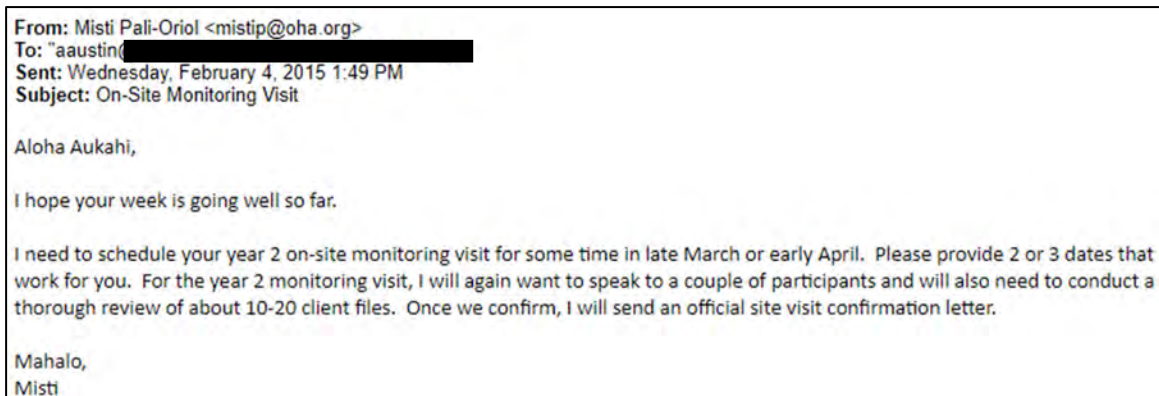
*Key Words Searched:*

- "I Ola Lahui"
- Austin, Crabbe
- Austin, "progress report"
- Kulana
- Kulana, 2887
- 2887
- "contract 2887"
- "community grant"
- "community grant", "I Ola"
- aaustin

**Determination:** **No evidence of fraud, waste, or abuse related to this transaction.** OHA received the grant application from I Ola Lāhui, Inc. on January 16, 2013, which included a detailed proposal. Based on email review, it appears that this grant application went through the typical grant review process and was approved by the BOT through action item ARM-BAE 13-04 on April 18, 2013.

The quarterly progress reports submitted by the grantee throughout the grant period indicated that, although the program was not meeting all its goals, the grantee was working towards meeting the goals and had plans in place for improvement. Email review also identified frequent monitoring by the Grant Monitor, including check-ins and site visits.





The grant close-out report prepared by the Grant Monitor indicates that the program did not meet its overall goals due to the struggle with recruitment during the grant period; however, beneficiaries that did participate had success in reducing weight. Additionally, the grantee was able to develop a program on Moloka'i, and create a second location on Oahu, which was an expansion of the program from its original locations.

As described in transaction #1, the grant period for this award overlapped with the TOP for another award to I Ola Lāhui, Inc., grant #2886. Both awards had the same overall purpose and were a part of the same program; however, each grant funded distinct groups of participants in different locations. Plante Moran reviewed quarterly progress reports for both grants during the period of

overlap, noting detailed descriptions of project status and progress to date were different and included no evidence of duplication of efforts or funding.

Although Dr. Crabbe and other OHA staff have a working relationship with the Executive Director of I Ola Lāhui, Inc., we did not identify evidence indicating that the grant was awarded based on these relationships or that there was any personal benefit to Dr. Crabbe or any other OHA staff.

### 3. **K-39**

*Type:* Grant

*Vendor Name:* Native Hawaiian Education Association (“NHEA”) on behalf of World Indigenous Peoples Conference on Education (“WiPCE”)

*Contract/Check Number:* 2953

*Amount:* \$150,000.00

*Timeframe:* February 1, 2014 – May 31, 2014

*Description:* To convene the WiPCE, for the purpose of creating dialogs and action plans from a local and international indigenous perspective to address Native Hawaiian education.

*Relevant CLA Findings:*

**A01:** A \$150,000 Kūlia Initiative grant was awarded to the Native Hawaiian Education Association (NHEA) to sponsor the World Indigenous People’s Conference on Education (WiPC:E) held May 19 to May 25, 2014 at Kapi’olani Community College. The sub-recipient of this grant, WiPC:E, engaged the former OHA CEO to be a keynote speaker at the event. NHEA did not disclose in its application that the former OHA CEO was a keynote speaker. NHEA also submitted a budget that lacked specific details on how the award funds were to be spent and did not specify whether the keynote speakers were compensated or received complimentary travel accommodations or meals. CLA could not determine if the former OHA CEO received compensation for the speech, was provided complimentary travel accommodations or meals, or if there was any possible financial benefit received.

**A07:** The grant proposal, agreement, and review documentation do not contain enough information to answer a key requirement as outlined in HRS 10-17, including information necessary for the applicant to receive the grant (HRS 10-17(c)). Specifically, there is not enough information to determine if the nonprofit organization governing body's members do not have a material interest and serve without compensation, has bylaws or policies that describe the manner in which business is conducted and policies relating to nepotism and management of potential conflict of interest situations, and employs or contracts with no more than two or more members of a family or kin of the first or second degree of consanguinity unless specifically permitted by OHA.

*Key Words Searched:*

- “Native Hawaiian Education Association”, Crabbe
- WIPC
- “world indigenous”, “final report”
- “world indigenous”, Crabbe
- “contract 2953”
- “biennium budget”
- kamanaoc@oha.org, WIPC
- WIPC, “Native Hawaiian Education Association”
- “biennium budget”, NHEA
- WIPC, invoice
- keynote, Crabbe
- WIPCE, budget

**Determination:** No evidence of fraud, waste, or abuse related to this transaction. The grant request was sent directly to Dr. Crabbe, as indicated in the minutes from the Asset Resource and Management Committee (“ARM”) meeting held on August 7, 2013. This appears to be appropriate for this grant, a Kūlia Initiative, which is a non-competitive grant that is initiated by a trustee or OHA Administration on behalf of a potential recipient. Our email review identified multiple communications between the executive team related to this grant application, as they had budgeted \$150,000 for the grant but the grantee requested \$250,000.

**From:** Momilani Lazo  
**Sent:** Monday, April 22, 2013 8:41 AM  
**To:** Lisa Watkins-Victorino; Hawley Iona  
**Cc:** Kealoha Fox; Keith Yabusaki; Edwina Minglana; Kay Watanabe; Kamana’opono M. Crabbe, Ph.D.; Deirdra Alo  
**Subject:** RE: WIPCE, WINHEC

Aloha Lisa and Hawley,

KP received in the mail this morning a letter from NHEA requesting OHA Sponsorship in the amount of \$250,000.00 for the 2014 WiPC:E to be held in Honolulu, pdf is attached. I’ll have KP review and advise where to forward for further action.



Momilani Lazo  
Senior Executive Assistant to Ka Pouhana (Chief Executive Officer)  
Office of Hawaiian Affairs  
☎: (808) 594-1892 📠: (808) 594-1865 ✉: MomilaniL@oha.org

**From:** Hawley Iona  
**Sent:** Monday, April 22, 2013 8:49 AM  
**To:** Momilani Lazo; Lisa Watkins-Victorino  
**Cc:** Kealoha Fox; Keith Yabusaki; Edwina Minglana; Kay Watanabe; Kamana'opono M. Crabbe, Ph.D.; Deirdra Alo; Aedward Los Banos; Laura Kamalani-Paikai  
**Subject:** RE: WIPCE, WINHEC

Aloha Momi,

During our ET budget meetings, WIPCE had to be reduced to \$150,000 due to budget constraints. If KP desires, WIPCE can be included as part of our FY14-15 Biennium Budget request to the BOT in early June, 2013 and in our discussions with the Trustees this Thursday.

Mahalo,  
Hawley Iona  
Chief Financial Officer  
Office of Hawaiian Affairs

An email chain between Dr. Crabbe to Hawley Iona, CFO, dated May 6, 2013, indicates that the ultimate decision on the grant amount would be made by Dr. Crabbe.

**From:** Hawley Iona  
**Sent:** Monday, May 06, 2013 2:50 PM  
**To:** Momilani Lazo; Lisa Watkins-Victorino  
**Cc:** Kealoha Fox; Keith Yabusaki; Edwina Minglana; Kay Watanabe; Kamana'opono M. Crabbe, Ph.D.; Deirdra Alo; Aedward Los Banos; Laura Kamalani-Paikai  
**Subject:** RE: WIPCE, WINHEC

Aloha Momi,

I will proceed to include WIPCE for \$150,000 in the Biennium Budget Action Item which will be due next week.

Should I attach their original request that seeks funding in the amount of \$250,000?

Mahalo,  
Hawley Iona  
Chief Financial Officer  
Office of Hawaiian Affairs  
711 Kapiolani Blvd, Suite 500  
Honolulu, Hawaii 96813  
Phone: (808) 594-1999  
Fax: (808) 594-1865

RE: WIPCE, WINHEC

☐ Kamana'opono M. Crabbe, Ph.D. <kamanaoc@oha.org>

To ☐ Hawley Iona; ☐ Momilani Lazo; ☐ Lisa Watkins-Victorino

Cc ☐ Kealoha Fox; ☐ Keith Yabusaki; ☐ Edwina Minglana; ☐ Kay Watanabe; ☐ Deirdra Alo; ☐ Aedward Los Banos;  
☐ Laura Kamalani-Paikai

 Reply

 Reply All

 Forward

...

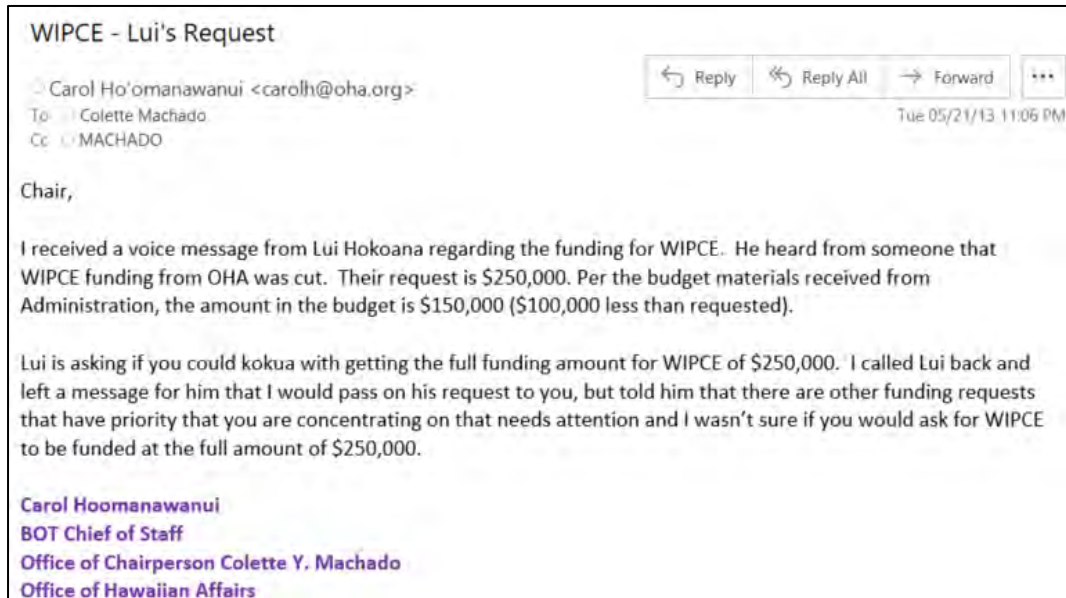
Tue 05/07/13 1:13 AM

Hawley,

If that is possible that would be great. I informed Loui Hokoano & Judy Oliveira last week that we could not commit to the \$1 million over three years & despite their request for more monies for the educational aha & NHEA educator of the year award (both at \$40k-education initiative). Thus, their original request was brought to the attention of the chair & I who supported the OHA sponsorship for \$250,000.

KP

The BOT received the grant request for approval in the amount of \$150,000. The BOT approved the request through ARM 13-05 on August 8, 2013. The grantee followed up regarding the reduced funding compared to their request; however, the BOT did not modify the award amount.



Based on the final report submitted by the grantee, as well as internet research, it appears the event was held as planned with more than 3,000 attendees from throughout the world. The final report included a budget to actual analysis; however, there was not enough detail to determine if keynote speakers were compensated.



<b>Part 1 PERFORMANCE AND OUTCOMES MEASUREMENT TABLE</b>	
Performance Measures	Period
<b>1) Outputs</b>	
Total number of participants who attended the conference	3,118
Total number of Native Hawaiians who attended the conference	736 (includes 300 youth)
Total number of workshops/sessions held at the conference	681
Total number of Native Hawaiians presenting at the conference	130
Total number of Native Hawaiians keynotes delivered	8
<b>2) Outcomes</b>	
Total number of Native Hawaiians that increased their understanding of indigenous educational best practices	87% of survey takers
Total number of participants who indicated they will utilize these best practices in their program or classroom	93% of survey takers
Total number of participants who indicated they will attend another WIPCE to continue learning about indigenous best practices to increase Native Hawaiian academic achievement	60% of survey takers

**Part 2 WiPC:E Budget (Actual)**

<b>Income</b>		
Registration Fees	2,700 X \$525	1417500
<b>Sponsorships</b>		
KS		150,000
OHA		150,000
<b>Total</b>		<b>1717500</b>
<b>Expense</b>		
Food	Provided 15 meals	897,000
Transportation		510,000
Facility Cost		100,110
Equipment Rental		42,000
Huakai support		17,625
IT Support		48,485
Supplies		45,007
Honorarium		15,000
Airfare		43,007
<b>Total Cost</b>		<b>1,718,234</b>
Deficit		-734

Covered by NHEA

Plante Moran contacted NHEA on July 20, 2022 and received a response that same day indicating that Dr. Crabbe was not compensated for his involvement in the conference.

Re: The Office of Hawaiian Affairs - Audit Inquiry

○ Native Hawaiian Education Association [REDACTED]

To: ● Michele McDermott

Cc: ○ Everett Ohta; ● Kyle Sutton; □ Hui Nui

↩ Reply

↩ Reply All

➡ Forward

...

Fri 07/22/22 8:41 PM

**ATTENTION:** This email was sent to Plante Moran from an [external source](#). Please be extra vigilant when opening attachments or clicking links.

Aloha Michele,

NHEA received a similar inquiry in 2020 and an email on July 18, 2022 from Everett Ohta regarding keynote speaker's stipends, specifically for CEO Kamana'o pono Crabbe. NHEA is reconfirming that CEO Crabbe did not receive a stipend for a keynote, transportation, accommodations and/or meals.

Mahalo for your time,  
Native Hawaiian Education Association



#### 4. **K-57**

*Type:* Grant

*Vendor Name:* Akamai Foundation (the “Foundation”) on behalf of Na‘i Aupuni

*Contract/Check Number:* 3026

*Amount:* \$2,598,000.00

*Timeframe:* May 4, 2015 – August 3, 2016

*Description:* To facilitate an election of delegates, election and referendum monitoring, a governance ‘Aha, and a referendum to ratify any recommendation of the delegates arising out of the ‘Aha.

*Relevant CLA Findings:* This grant was intended to produce an election that would occur between November 1, 2015, and November 30, 2015; however, the election was terminated before the election votes were counted. CLA did not identify any evidence that the election was rescheduled or that the grantee would reattempt to achieve the intended goal with the awarded funds.

One of the board members of Na‘i Aupuni was the spouse of Mr. Namu‘o, who left OHA on December 30, 2011. However, Mr. Namu‘o was employed as the Executive Director of the Native Hawaiian Roll Commission (NHRC) during the time the grant was awarded. In addition, the NHRC’s office was located within OHA’s office, and funding for the NHRC was provided by OHA. This suggests that Mr. Namu‘o was in the same office as OHA and receiving compensation that was provided by OHA during the same time that his wife’s organization received the \$2.6 million grant. CLA found that there was no disclosure in the grant that there was a potential conflict of interest involving Mr. Namu‘o.

The entirety of the grant award was requested 81 days before the scheduled election, which is inconsistent with the schedule of payments set out in the grant agreement. In addition, the disbursement requests lacked any detail, such as invoices, receipts, or billings, to demonstrate to OHA the costs it had incurred in the process of holding the election. This arrangement is not consistent with the grant agreement, which requires grantees to submit an expenditure report before payments can be issued.

***A08:** The grant proposal, agreement, and review documentation do not contain enough information to answer a key requirement outlined in HRS 10-17, including information necessary for the applicant to receive the grant (HRS 10-17(c)). Specifically, there is not enough information to determine if (1) the nonprofit organization governing body's members do not have a material interest and serve without compensation, has bylaws or policies that describe the manner in which business is conducted and policies relating to nepotism and management of potential conflict of interest situations, and employs or contracts with no more than two or more members of a family or kin of the first or second degree of consanguinity unless specifically permitted by the office; (2) agree to make available to the office all records the applicant may have relating to the operation of the applicant's activity, business, or enterprise, to allow the office to monitor the applicant's compliance with the purpose of this chapter; and (3) establish, to the satisfaction of the office, that sufficient funds are available for the effective operation of the activity, business, or enterprise for the purpose for which the grant is awarded.*

***A10:** The grant contract, on either the OHA Long Contract GA-1 or Grant Agreement CGA-1, was approved and finalized (by the appropriate authority following the Operational Authority Delegation Hierarchy) after the Time of Performance commenced.*

*Key Words Searched:*

- akamai
- consortium
- consortium, "memorandum of agreement," dates 1/1/14-12/31/16
- "Akamai Foundation"
- "Na'i Aupuni"
- consortium, Namuo
- "nation building"
- consortium, MOU
- @election-america.com
- election America
- "true ballot"
- "survey and ballot"
- "nai aupuni" OR "na'i aupuni"

- l.perez[REDACTED]
- pnamuo[REDACTED]

**Determination:** Evidence of fraud, waste, and abuse exists related to this transaction. In March 2014, OHA's BOT committed to supporting a neutral, community-led Hawaiian nation building process ("NBP"). OHA facilitated months of meetings of various organizations founded by Hawaiian ali'i, and, in December 2014, a new entity was formed by leaders from three of those organizations. In May 2015, the new entity, Na'i Aupuni, entered into an agreement with OHA and the Akamai Foundation, its fiscal sponsor, to facilitate the NBP. The planned election was cancelled due to active litigation; however, the NBP continued to move forward and an 'Aha was held. The goal of ratifying a constitution was not completed as Na'i Aupuni dissolved.


**a) OHA indirect control of Na'i Aupuni**






The agreements between OHA, the Akamai Foundation, and Na'i Aupuni indicate that Na'i Aupuni should be autonomous in its decisions regarding the NBP. Neither OHA nor the Akamai Foundation should have direct or indirect control to impact decisions, and Na'i Aupuni had no obligation to consult with them.

**3. Na'i Aupuni's Autonomy.** As set forth in the separate Fiscal Sponsorship Agreement, OHA hereby agrees that neither OHA nor AF will directly or indirectly control or affect the decisions of NA in the performance of the Scope of Services, and OHA agrees that NA has no obligation to consult with OHA or AF on its decisions regarding the performance of the Scope of Services. NA hereby agrees that the decisions of NA and its directors, paid consultants, vendors, election monitors, contractors, and attorneys regarding the performance of the Scope of Services will not be directly or indirectly controlled or affected by OHA.

Emails identified that OHA may have been involved in the decision-making process for selecting a vendor to facilitate the election and referendum. An email dated January 31, 2014, indicates that OHA staff began researching vendors to conduct the election prior to the BOT approval of OHA's support for the NBP in March 2014.

Governance Requests: Estimates for Election and AHO Research

Kawika Riley <kawikar@oha.org>  
To: Auli'i George  
Cc: Sterling Wong; Keala Nichols

  Reply  Reply All  Forward 

Fri 1/31/2014 11:48 PM

Aloha e Aulii –

I hope you're having a great weekend!

I am meeting with KP, KB and Hawley at the end of the day on Monday regarding the budget request related to our discussion today. By Monday at 3:30pm, can you please update me on what you're able to get back from the public/private election firms that you researched?

For easy access, here are the firms and accompanying links:

**Private Companies that Conduct Elections**





1. Runbeck Election Services  
<http://www.runbeck.net/aboutus/index.html>
2. VR Election Services  
<http://www.vres.us/index.html>
3. True Ballot (Assisted Tribal Governments)  
<http://www.trueballot.com/trueballot.aspx>
4. Election – America  
<http://election-america.com/about-us/>
5. Survey and Ballot Systems  
<http://www.surveyandballotsystems.com/about-us-sbs-election-services/>

**Other Election Services (Tribal Only and Non-profit)**

1. IDRS, Inc. (Tribal Government Focus Only)  
<http://www.idrsinc.org/conflict-resolution/services/elections/>

As part of that project, OHA reached out to several vendors for more information and quotes for services. We identified emails to multiple election vendors and Election America was selected by OHA and ultimately engaged by Na'i Aupuni.

Native Hawaiian Nation Building

 Kawika Riley <kawika@oha.org>  
To:  kmarek@oha.org  
Cc:  Aulii George;  Keala Nichols

Wed 4/2/2014 2:33 PM

Aloha e Ken --

My name is Kawika Riley, and I'm the Chief Advocate for the Office of Hawaiian Affairs. You've been in communication with my colleague Aulii George, regarding an upcoming election within the Native Hawaiian community. Your organization was recommended as one with expertise in the kind of election we hope to facilitate, which is a non-state (not state action for legal purposes) independent election of Hawaii's recognized indigenous people.

Mahalo for working with us, and for the information that you shared.

OHA's Trustees unanimously agreed to support this concept, and we are now in the process of hiring a new staff person to coordinate our nation building efforts. She or he will be the POC on matters related to the election, but I will be filling in for the time being.




If you have any questions, or if you would like to set up a telephone meeting, just let me know. I'm on work travel for the next week but will return to HQ after that.

Malama Pono,

Kawika  
Chief Advocate  
Office of Hawaiian Affairs

OHA proceeded to move forward with this vendor, setting up conference calls and meetings.

Availability for Telephone meeting from Ken @ Election-America

 Ken Marek [REDACTED]  
To:  kawika@oha.org;  Kawika Riley

Tue 4/15/2014 1:26 PM

Aloha e Kawika,

We would like to take you up on your offer and have an informational discussion on the election concept for the indigenous Hawaiian nation building project.

If your schedule permits, can we arrange for a telephone meeting Thursday or Friday of this week, or sometime next week?


Best regards,  
Ken

Kenneth Marek  
Director of Election Partnerships  
Election-America  
[REDACTED]  
[REDACTED]  
[REDACTED]

 **OHA\_E-A Followup Teleconference**

**From: (1)** Ken Marek [REDACTED]  
**To: (1)** Kawika Riley <kawikar@oha.org>, Chris Backert [REDACTED], Keala Nichols <deborahn@oha.org>  
**Sent:** June 23, 2014 11:46:42 AM HST  
**Received:** June 23, 2014 11:42:29 AM HST  
**Start Date:** June 26, 2014 10:00:00 AM HST  
**End Date:** June 26, 2014 11:00:00 AM HST

Aloha e Ke'ala,  
Here is the updated calendar Evite with access instruction for Kawika to join the teleconference meeting. As you indicated, the meeting will now be at 10 o'clock AM HST on June 26, 2014.  
To join the conference, please dial 866-514-2995. Press 0# to connect to the conference line. Press 1 to enter the conference. At the prompt enter conference ID 98325.  
Chris Backert and I are looking forward to the follow up conversation with Kawika.  
Best regards,  
Ken


 **invite.ics**






**Start Date:** October 23, 2014 10:00:00 AM HST  
**End Date:** October 23, 2014 11:00:00 AM HST

Aloha oukou,  
Mahalo for providing suggestive dates and time frames for our next telephone conference. Thursday, October 23, 2014 works and I am providing the conference access information for 10 am HST / 4 pm EDT. Chris Backert and I look forward to speaking with you to refine the details and service needs for the OHA 2015 elections project.  
To join the telephone conference, please dial 866-514-2995. Press 0# to connect to the conference line. Press 1 to enter the conference. At the prompt enter conference ID 03082..  
Aloha,  
Ken

An email from Dec. 12, 2014, indicates OHA also appears to have connected Election America with Na'i Aupuni through organizing an introduction via conference call.

RE: Touching base from Ken @ Election-America

 Derek Kauanoë <derekk@oha.org>  
To: Ken Marek  
Cc: Sarah Antone

  Reply  Reply All  Forward 

Fri 12/12/2014 7:39 PM

Aloha Ken,

Sorry for the delayed reply, I was in the DC-Virginia area when you e-mailed me last week and did not consistently access my work e-mail.

Currently there are no updates since we last spoke. The "steering committee" or Consortium as they are being referred to, is working with an attorney to address some issues.

Derek

**From:** Ken Marek [REDACTED]  
**Sent:** Tuesday, December 02, 2014 9:04 AM  
**To:** Derek Kauanoë  
**Subject:** Touching base from Ken @ Election-America

Aloha e Derek,

I hope you had a pleasant Thanksgiving holiday. The pressure is now on for me to count down the days to get shopping done for the next holiday. I wanted to touch base to see if there is any update on the governance project. Next week would not work but we can be available the following weeks for being teleconferenced in to a Steering Committee meeting.

Best regards,  
Ken  
--  
Kenneth Marek  
Director of Election Partnerships  
Election-America  
[REDACTED]  
[REDACTED]

b) Lack of contract monitoring

Although OHA was to be neutral in the process, it had a fiduciary duty to monitor the funding of the grant agreement. Funds were dispersed to the Akamai Foundation outside of the established payment schedule. Additionally, funds were dispersed without supporting documentation.

When Na'i Aupuni dissolved, a summary of accounting for project funds was requested. The Akamai Foundation provided the following summary:



<b>The AKAMAI Foundation - Project Na'i Aupuni</b> <b>FYTD P&amp;L Budget vs. Actual</b> <b>April 2015 through May 2016</b>					
	<b>Initial Budget 4/1/15</b>	<b>Budget Adjustments</b>	<b>Revised Budget 12/15/15</b>	<b>Apr '15 - May 16 Actual Expenses</b>	<b>\$ Over Budget</b>
<b>Income</b>					
<b>Grant Income</b>	2,597,999.99	0.00	2,597,999.99	2,597,999.99	0.00
<b>Total Income</b>	2,597,999.99	0.00	2,597,999.99	2,597,999.99	0.00
<b>Expense</b>					
<b>Bank Fees</b>	0.00	951.00	951.00	951.00	0.00
<b>Legal Fees</b>	105,000.00	99,211.24	204,211.24 <sup>1</sup>	144,211.24	-60,000.00
<b>Public Relations</b>	100,000.00	979,053.10	1,079,053.10 <sup>2</sup>	1,079,053.10	0.00
<b>Apportionment / Elections</b>	500,000.00	-276,568.49	223,431.51 <sup>3</sup>	223,431.51	0.00
<b>Aha</b>	1,500,000.00	-708,875.09	791,124.91 <sup>4</sup>	791,124.91	0.00
<b>Referendum</b>	140,000.00	-140,000.00	0.00	0.00	0.00
<b>Monitor</b>	25,000.00	0.00	25,000.00	25,000.00	0.00
<b>Insurance</b>	30,000.00	29,198.63	59,198.63 <sup>5</sup>	59,198.63	0.00
<b>Other Costs</b>	74,285.71	-61,551.21	12,734.50 <sup>6</sup>	12,734.50	0.00
<b>Total Direct Expense</b>	2,474,285.71	-78,580.82	2,395,704.89	2,335,704.89	-60,000.00
<b>Indirect Cost</b>	123,714.28	-3,929.04	119,785.24	116,785.24	-3,000.00
<b>Total Expense</b>	2,597,999.99	-82,509.86	2,515,490.13	2,452,490.13	-63,000.00
<b>Unexpended Grant Funds</b>	0.00	82,509.86	82,509.86 <sup>7</sup>	145,509.86	63,000.00

**Notes:**

- <sup>1</sup> Legal Fees includes \$128,811.24 to Sullivan Meheula Lee (over 50% discount), \$25,000 to McCorriston Miller Mukai MacKinnon for D&O policy deductibles, \$400 to C. K. J. Amsterdam for settlement of lawsuit. The remaining \$60,000 budget comprised of two \$25,000 D&O policy deductibles and \$10,000 for reimbursement of out-of-pocket travel expenses for Bill Meheula if the Na'i Aupuni suit goes before the U.S. Supreme Court again.
- <sup>2</sup> Public Relations expenditures includes \$500,000 of media purchases (TV, radio, etc.) for voter awareness and get-out-the-vote messaging, and \$579,000 for messaging and public relations services.
- <sup>3</sup> Apportionment and Elections expenditures consist of \$20,000 for Native Hawaiian Roll Commission database information, and \$203,000 for election management services.
- <sup>4</sup> Aha expenditures are comprised of \$20,000 of speakers fees; \$206,000 for Aha facilitation & mediation services; \$220,000 for venue rental including meals, audio/visual equipment, internet, and security; \$30,000 for assistance with on-site Aha administration & logistics; and \$315,000 for per diem to Aha participants.
- <sup>5</sup> Insurance expenditures includes D&O liability coverage to mitigate legal exposure of Na'i Aupuni Directors during the five-year statutory period of fiduciary contingent liability facing non-profit directors after a non-profits dissolution in the State of Hawaii.
- <sup>6</sup> Other Costs consist of materials & supplies used to facilitate the Aha and the participants meet & greet dinner prior to start of the Aha.
- <sup>7</sup> Unexpended Grant Funds totalling \$82,509.86 will be returned to OHA, leaving \$63,000 on hold for contingent legal liabilities during the five-year statutory liability period. Should no legal expenses arise during this period, all \$63,000 will be returned to OHA.

Over \$1 million of the funds provided for the project were spent on public relations. Additionally, as shown in Note #3, \$20,000 of funds were paid to the Native Hawaiian Roll Commission where the husband of Na'i Aupuni, Vice President Pauline Namu'o, served as Executive Director.

The agreement between OHA and the Akamai Foundation also indicates that the Foundation should receive 5%, or approximately \$129,900, for their role in serving as a fiscal sponsor. It



doesn't appear that Akamai Foundation fulfilled all its duties, such as monitoring disbursements, as compared to the budget submitted by Na'i Aupuni, and providing accounting, reporting, and record-keeping for restricted funds to OHA; however, the Foundation retained its share of the funds from the project.

## 5. **K-76**

*Type:* Grant

*Vendor Name:* 'Aha Kane

*Contract/Check Number:* 2785

*Amount:* \$200,000.00

*Timeframe:* June 15, 2012 – July 15, 2012

*Description:* To convene the 'Aha Kane 2012 Native Hawaiian Men's Health Conference.

### *Relevant CLA Findings:*

**A02:** *This grant was awarded to an organization that was founded by the former OHA CEO. The grantee, 'Aha Kāne, was founded by the former OHA CEO before he was employed at OHA. In 2012, 'Aha Kāne received an award of \$200,000 to convene a gathering of Native Hawaiian men for leadership and community involvement instruction. At the time, documentation shows the former CEO was serving as an Advisory Chair to the grantee recipient. This information was not documented in the grant or disclosed in the grant application.*

**A07:** *The grant proposal, agreement, and review documentation do not contain enough information to answer a key requirement as outlined in HRS 10-17, including information necessary for the applicant to receive the grant (HRS 10-17(c)). Specifically, there is not enough information to determine if the nonprofit organization governing body's members do not have a material interest and serve without compensation, has bylaws or policies that describe the manner in which business is conducted and policies relating to nepotism and management of potential conflict of interest situations, and employs or contracts with no more than two or more members of a family or kin of the first or second degree of consanguinity unless specifically permitted by OHA.*

### *Key Words Searched:*

- "Aha Kane", 2012
- "Aha Kane", conference

- 2785
- “budget realignment”
- grant
- “Umi Kai”
- “ARM 12-05”
- “realignment 2”
- “Keith Yabusaki”
- “Keith Yabusaki”, “Umi Kai”
- “Keith Yabusaki”, kane
- “Aha Kane 2012”
- “contract 2875”
- Ulupono1@[REDACTED]
- kamanaocrabbe@[REDACTED]
- keithy@oha.org
- “ethics@hawaiiethics.org”, kane
- ethics, Crabbe

**Determination:** Evidence of fraud, waste, and abuse exists related to this transaction. Based on the CLA report, this grant was categorized as a Kūlia Initiative, which, as described in Transaction #3, is a noncompetitive grant that is initiated by a trustee or OHA Administration on behalf of a potential recipient. Minutes from the ARM meeting, held on June 6, 2012, include discussion of this grant as well as questions and concerns raised by Trustee Oswald Stender, BOT Chair, about the grants being recommended for funding not going through the typical grant process. Further, it was represented to us during interviews that a substantial part of the conference was “free”, as many items were donated.

**NEW BUSINESS**

**A. ARM 12-05: FY 2012 Total Operating Budget Realignment #2**

**Trustee Waihe'e MOVED, SECOND** by Trustee Machado to approve the Total Operating Budget Realignment #2 for the fiscal year 2012 as outlined in Attachment 1.

**Discussion**

**Trustee Stender** explained that he signed the Action Item with reservations and expressed his concern that all grant applicants follow OHA's processes in submitting grant requests/proposals so that all applicants are participating on a "level playing field." He further stated that he does not have a problem with the merits of each program that was presented, but he does prefer that each applicant go through the proper process in the future.

**Kamana'opono Crabbe, Ka Pouhana**, agreed with Trustee Stender and stated that from here on out, he will be working more closely with the community regarding OHA's work processes and grant applications processes in order to demonstrate fairness and accountability. He further stated that sometimes, things come up after the deadlines and administration then must fit these requests into the process. **Trustee Stender** expressed his understanding of those situations, but reiterated that everyone must go through the process to avoid conflicts. He pointed out that OHA policies were set because beneficiaries did not trust the way grants were being approved. Following OHA's processes and policies must be held because one exception will lead to another and another, etc. **Trustee Stender** also suggested that if the processes currently in place are flawed, perhaps current policies should be reviewed again.

The grant was recommended to the BOT through a budget realignment and was approved through ARM 12-05 on June 7, 2012.

We found evidence of fraud, waste, and abuse related to this grant through our email review despite the BOT approval.

**a) Completing 'Aha Kane business during OHA working hours**

In addition to Dr. Crabbe, the following OHA employees worked on tasks, attended meetings, and/or sent emails related to or on behalf of 'Aha Kane during typical OHA working hours, as demonstrated by emails involving the following employees:

- Kealoha Fox
- Keola Chan
- Momilani Lazo

AK Theme 2012

 Kamana`opono M. Crabbe, Ph.D. <" /O=FIRST ORGANIZATION/OU=FIRST ADMINISTRATIVE GROUP/C  
To  Keola Chan;  Kealoha Fox  
Cc  Umi Kai;  Billy Richards

Wed 12/14/2011 2:28 PM

 AK 2012 theme.docx  
12 KB







Keola,

Here it is!!!! Read em & weep. Here we go baby!!!!!!1

  
OFFICE OF HAWAIIAN AFFAIRS

**Kamana`opono M. Crabbe, Ph.D.** [Research Director] **Office of Hawaiian Affairs**  
711 Kapiolani Blvd., Suite 500 | Honolulu, HI 96813  
☎: 808.594.0280 | cell☎: 808.348-4675 | 📠: 808.594.1863 | ✉: [kamanaoc@oha.org](mailto:kamanaoc@oha.org)

Aha Kane Facilities Support Meeting - Wednesday, 2/8, 2:30 pm

 Judy K. Oliveira [REDACTED]  
To  Umi Kai;  Kealoha Fox;  Keola Chan  
Cc  Kamana`opono M. Crabbe, Ph.D.;  Lui Hokoana

Thu 2/2/2012 6:53 PM


Aloha Kakou--

Let's meet next Wednesday, 2/8, from 2:30 pm to 4:00 pm at Lui's UH Manoa office - Bachman Annex 109H. The main agenda item is to discuss the facilities requests for the upcoming Aha Kane conference and WCC support role.

Please confirm your attendance so Lui can reserve a parking stall for you--if not, you have to park very far away!

Mahalo nui,  
Judy

*Judy K Oliveira, Ed.D.*  
*Director, Educational Talent Search*  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

 **‘Aha Kāne Mtg. w/QLT - Trustee Thomas Kaulukukui**

**From:** Momilani Lazo </O=FIRST ORGANIZATION/OU=FIRST ADMINISTRATIVE GROUP/CN=FIRST ADMINISTRATIVE GROUP/MAIL=FIRST ADMINISTRATIVE GROUP@OHA.ORG>

**To:** Kamana'opono M. Crabbe, Ph.D. <kamanaoc@oha.org>

**Sent:** March 19, 2012 10:01:41 AM HST

**Received:** March 19, 2012 10:01:41 AM HST

**Start Date:** March 21, 2012 10:00:00 AM HST

**End Date:** March 21, 2012 11:00:00 AM HST

Aloha Momi,  
Sorry for the change to 10am and Mahalo for the confirmation that he will be there at 10am.  
Dr Crabbe can leave at anytime he needs to after 11am.  
Mahalo,  
Umi

On 3/19/12, Momilani Lazo <momilaniL@oha.org> wrote:

Aloha Umi,

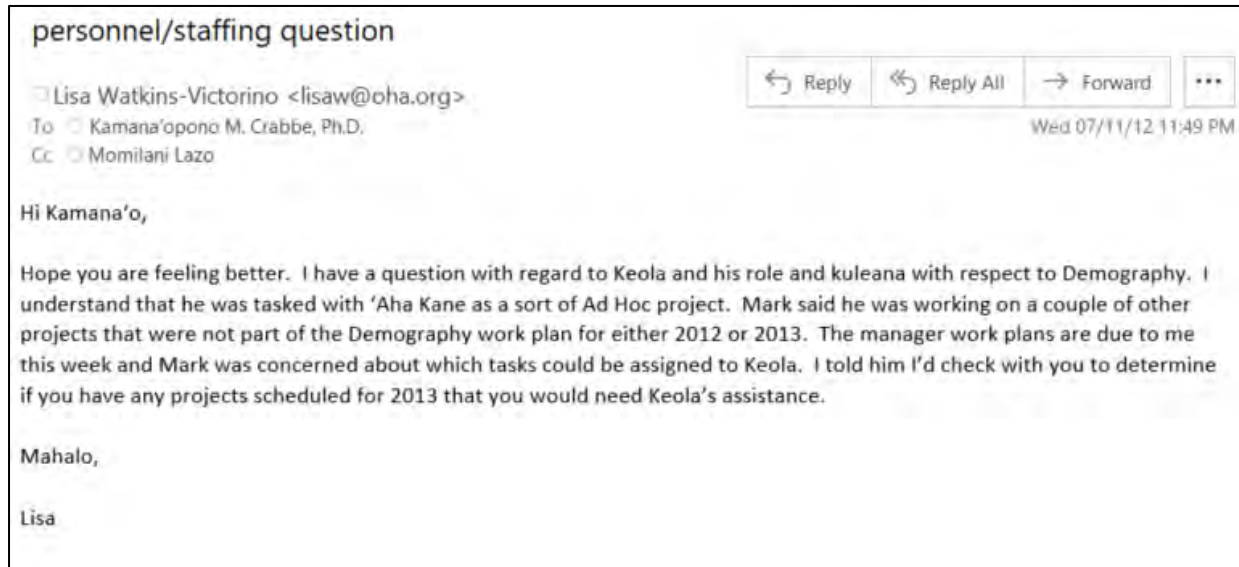
I just left you a voicemail. I rescheduled an appt. on Kamana'o's calendar, so he will meet you at QLT for the 10am mtg. He has an 11:30am mtg. back here at OHA. Mahalo Umi!

Momilani Lazo  
Executive Assistant to the Research Director Office of Hawaiian Affairs  
•: (808) 594-0260 7: (808) 594-1863 •:  
MomilaniL@oha.org<mailto:MomilaniL@oha.org>

Dr. Crabbe became OHA CEO in March of 2012, where Ms. Lazo served as his Executive Administrative Assistant. He served as OHA's Research Director prior to his promotion and Ms. Fox and Mr. Chan were in his department.

As noted in CLA's findings, Dr. Crabbe served as an advisor to 'Aha Kane after stepping down from his role as the organization's president when he transitioned to the role of OHA CEO. Ms. Fox was on the planning committee for the conference in the year of the award and Mr. Chan appears to have been heavily involved in the organization (he became Executive Director in 2013, shortly after the conference). Ms. Lazo was not involved in 'Aha Kane.

It appears Dr. Crabbe assigned the tasks completed by Ms. Lazo related to 'Aha Kane. We also identified an email that suggests Dr. Crabbe assigned 'Aha Kane tasks to Mr. Chan as part of his OHA workload.



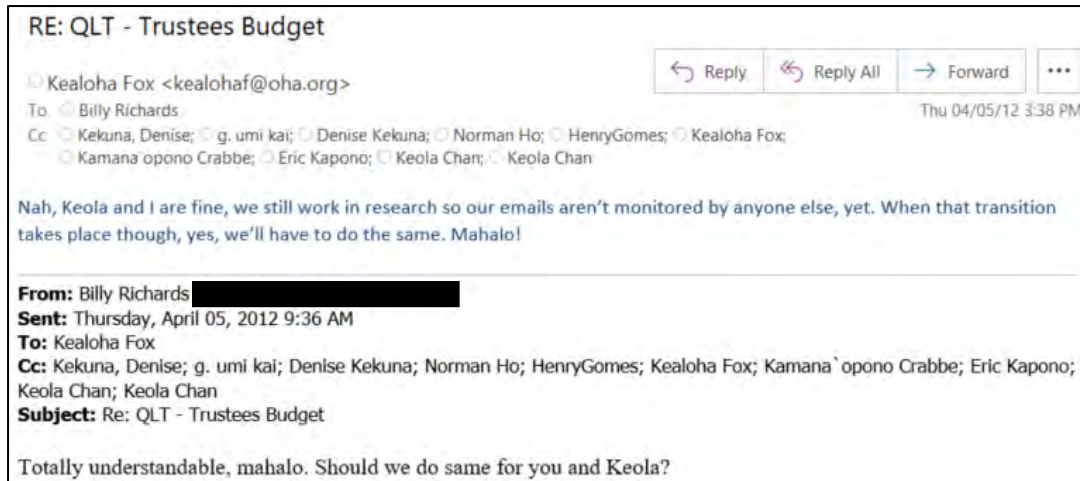
We are unable to determine if Dr. Crabbe assigned 'Aha Kane tasks to Ms. Fox as part of her OHA work assignments, or if she chose to conduct 'Aha Kane business during OHA working hours on her own.

The following emails indicate further evidence of Dr. Crabbe's abuse of his role and his relationship with Ms. Fox and Mr. Chan.

- The first email includes discussions related to 'Aha Kane business and a request by Ms. Fox for Dr. Crabbe's OHA email address to be removed from the communication due to his new position. It could be assumed that this was to avoid the appearance of a conflict of interest and/or hide the 'Aha Kane business he was conducting during OHA working hours. The email included for Dr. Crabbe on this email is [REDACTED].



- The second email implies that Ms. Fox and Mr. Chan will be moving from the Research Department to work in the CEO's office and, when that occurs, their OHA email addresses will also have to be removed from communications about 'Aha Kane due to email monitoring.



b) OHA employees affiliated with 'Aha Kane involved in the grant proposal process

Umi Kai, President of 'Aha Kane, submitted the grant application for 'Aha Kane via email on April 19, 2020. Mr. Kai was not an OHA employee. Our analysis identified emails indicating that the initial grant application submitted by 'Aha Kane to OHA was not sufficient, which required follow up by the grant reviewer, Keith Yabusaki. The grant proposal included a letter requesting the funds and a one-page sheet of statics related to 'Aha Kane conference held in 2010. The proposal did not include a budget for the conference, a description of how OHA funds would be spent, or any significant details of the planned conference.



**From:** Keith Yabusaki  
**Sent:** Friday, May 25, 2012 1:33 PM  
**To:** Kealoha Fox  
**Cc:** Hawley Alamodin; Kay Watanabe  
**Subject:** Re: 'Aha Kane - Request for Additional Info

Aloha Kealoha,

Looking for more information for funding the upcoming 'Aha Kane event scheduled for June 2012.

I've been told that 'Aha Kane provided a report to OHA regarding the last 'Aha (2010?) and I'd like to get a copy.

I understand that 'Aha Kane is requesting \$200,000 from OHA toward an overall budget of \$266,000.

My understanding that these funds would be used for: scholarship support to those in need of financial aid, and/or to assist in paying for supplies needed for the Health screening and workshops.

Is there confirmed funding from Queen Liliuokalani Trust, JABSOM, HMSA Foundation, KS and others?

Mahalo for any info you can provide.

Keith

Ms. Fox provided the additional documentation and answered questions necessary to properly review the grant proposal, which could be considered a conflict of interest, as she is an OHA employee.

**From:** Kealoha Fox  
**Sent:** Friday, May 25, 2012 4:12 PM  
**To:** Hawley Alamodin; Keith Yabusaki  
**Cc:** Aedward Los Banos; Kay Watanabe; Momilani Lazo  
**Subject:** RE: Re: 'Aha Kane - Request for Additional Info

Aloha!

I am attaching 3 files that will be really useful for you:

- 1) 'Aha Kane 2006 Final Report
- 2) 'Aha Kane 2010 Final Report
- 3) 'Aha Kane Presentation to OHA- *this was presented to Analika and Peter Hanohano*

You will find a general outline to the event, its programs, fit with health and culture, and specifics outputs and outcomes from the events. This will be the 3<sup>rd</sup> 'Aha Kane in 6 years.

The budget is currently being worked on by the foundation's board. I believe a large part of the \$200,000 is for scholarships, especially for kāne from neighbor islands to attend; the scholarships are especially flagged for kāne out of work or school, who want to come with their male family member (family lifestyle choices), and those from rural areas like Hāna and Anahola. Scholarship budgeting include the costs for the presenter practitioners as well. These experts will be brought in from all islands to serve as cultural authorities on given subject areas and cultural practices. Other parts of the budget will include 100% 'ai pono food for the entire event (breakfast, lunch, dinner), supplies for the workshops, and for the data collection, analysis, and reporting. Another piece of the OHA funding will be to support the Health Screening which will be free of cost to the kāne and conducted by Ke Ola Mamo and their staff. The 'Aha Kane 2010 health screening was the largest health screening event executed by any of the clinics within the Native Hawaiian Healthcare System, ever.

Right now, I believe funding is being confirmed from QLCC/QLT, KS, JABSOM, Queens, HMSA, Office of Mayor Kenoi (for about \$60,000 total from those orgs) with significant in-kind provided by Ke Ola Mamo, Windward Community College, Hui Maui Ola, Papahāna Kūāʻōla, Paepae 'O He'eia, Palikū Documentary Films/'Ōiwi TV, and some others organizations. All will be detailed in their budget break-down.

I am happy to meet with you to go over more specifics to the concept and strengths of the program, and how these link for Ka Pūhāna to the Strategic Results and Kūkulu Hou:

- Father's Day and Men's Health Week
- Intergenerational sharing of knowledge
- Health Screening and Lomilomi (bridging contemporary and traditional health and healing concepts)
- Workshop design and engagement format specifically for kāne
- Data gathering and tracking
- Power of media and messaging for reach
- Link to Office of Minority Health under the Secretary of Health and addressing men's health in minority populations

Please let me know if you have questions, I will be working from home next week (except for our pre-scheduled meetings, Hawley) so you can email me as normal or call my cell anytime: [REDACTED]

Mahalo! Kealoha

We also identified emails which indicated that Dr. Crabbe was ultimately responsible for the recommendation of this grant to the BOT for approval, which could also be considered a conflict of interest due to his involvement in 'Aha Kane.

**From:** g. umi kai [REDACTED]  
**Sent:** Friday, May 18, 2012 8:44 AM  
**To:** Kamana'opono M. Crabbe, Ph.D.  
**Cc:** Momilani Lazo; Keola Chan  
**Subject:** Aha Kane 2012 - OHA funds

Aloha e Dr. Crabbe,  
With Aha Kane June 15 conference fast approaching I am in the need to pay deposits for many expense items.  
Can you inform me as to weather our request for funding has been approved and if so when we might expect a check?  
Mahalo,

Umi Kai  
Aha Kane 2012 Chairman  
[REDACTED]

**From:** Momilani Lazo  
**Sent:** Friday, May 18, 2012 9:07 AM  
**To:** Aedward Los Banos  
**Subject:** FW: Aha Kane 2012 - OHA funds





Hi A'e,




Do you know where this is at?



Momilani Lazo  
Senior Executive Assistant to Ka Pouhana (Chief Executive Officer)  
Office of Hawaiian Affairs  
☎: (808) 594-1892 📠: (808) 594-1865 ✉: [MomilaniL@oha.org](mailto:MomilaniL@oha.org)

RE: Aha Kane 2012 - OHA funds

 Reply  Reply All  Forward 

 Aedward Los Banos <aedwardl@oha.org>  
To:  Kamana'opono M. Crabbe, Ph.D.  
 This message was sent with High importance. Fri 05/18/12 6:35 PM

Aloha Kamana'o,

Hawley is close to finalizing the FY 12 budget, funding is NOT an issue.

To be candid & honest, there are very striking similarities between Aha Kane (\$200k) and BOT Initiative grants. Further, Townscape recently submitted a proposal for the Waianae Ranch (i.e. Eric Enos) to Research for \$27-40k.

First – I want to make sure you'd still like to proceed at full funding

Second – Grants >\$25k are subject to BOT approval, proceed as a grant? Another option is a contract not subject to BOT approval but it's more risky, keep in mind 6/6 the realignment will be FY12/13

Let me know and I'll take care of the procurement and negotiations with the vendors.

Mahalo,  
Aedward

**From:** Aedward Los Banos  
**Sent:** Saturday, May 19, 2012 4:49 PM  
**To:** Hawley Alamodin  
**Subject:**

Aloha Hawley,

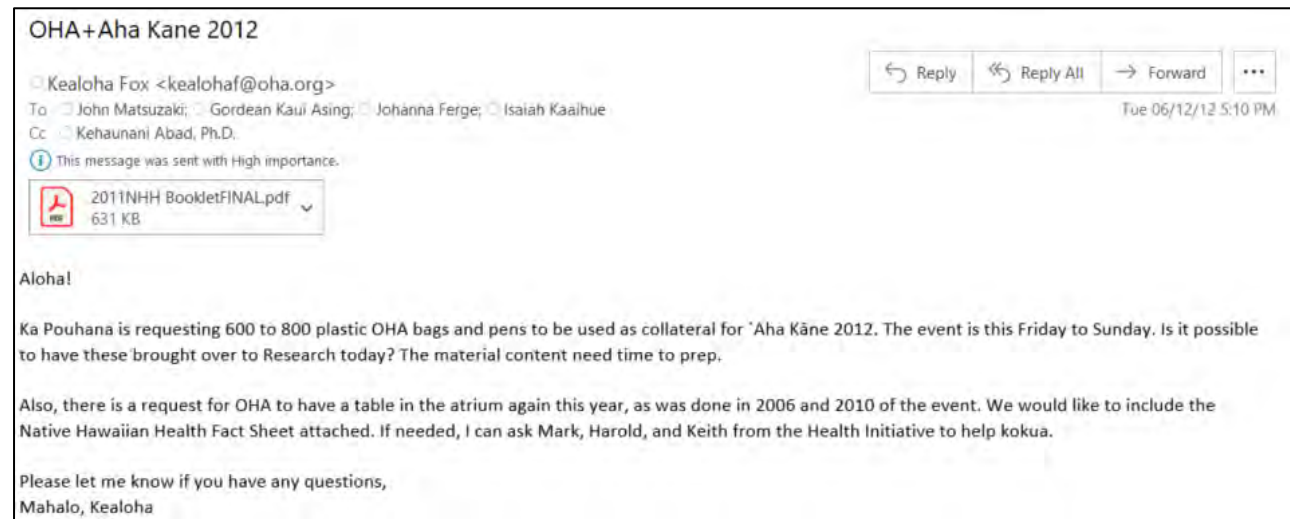
I had a chance to speak with Kamana'o - he was unaware of the Townscape, Waianae Ranch contract and needs more information prior to any approval.

Otherwise he'd like to go ahead with funding in full the Aha Kane event - Level II Grants? What is the best way to get this through, can this be done via budget action item or does it need to go through BAE?

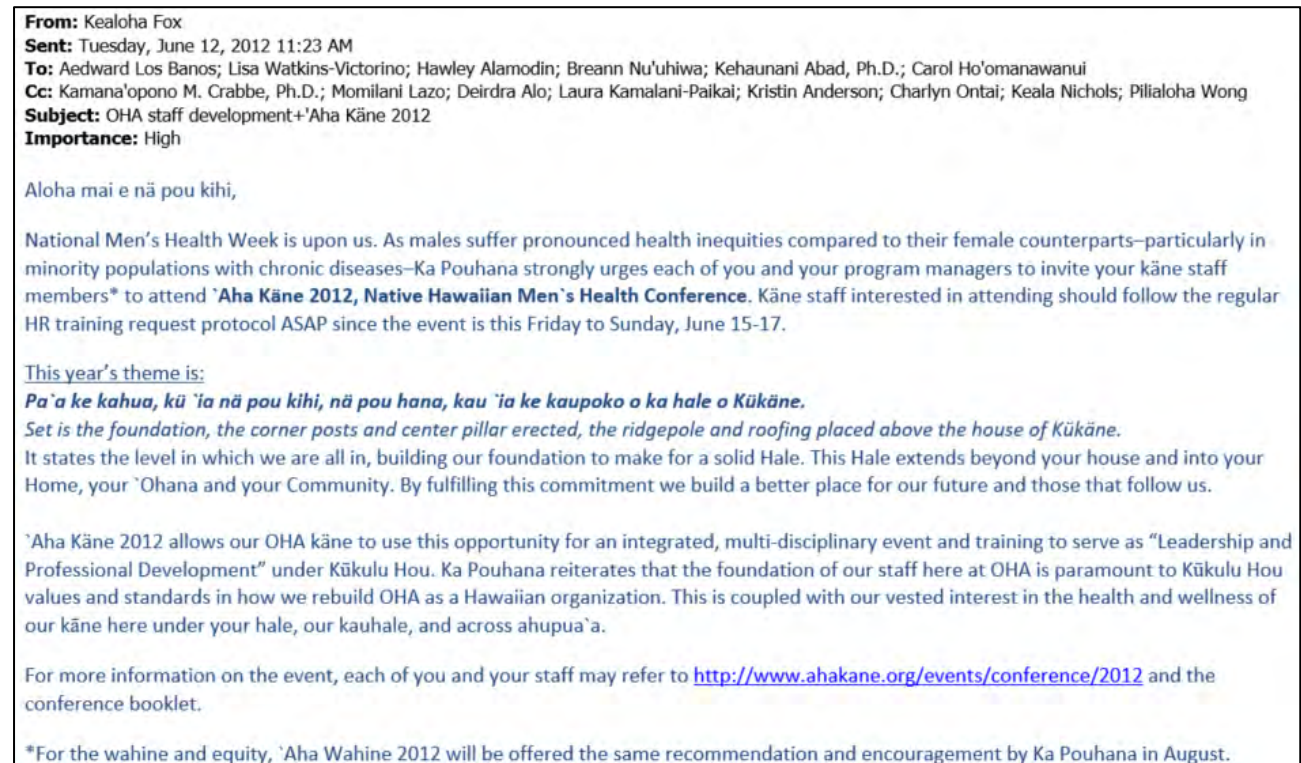
Mahalo,  
Aedward

c) OHA support in addition to grant

In addition to the funds provided to 'Aha Kane through the grant, OHA provided merchandise for the conference, at the direction of Dr. Crabbe, via Ms. Fox.



Dr. Crabbe and Ms. Fox also encouraged all male OHA employees to attend the conference, with their registration fee of \$140 being paid by OHA.





**OFFICE OF HAWAIIAN AFFAIRS**

TRAINING REIMBURSEMENT AGREEMENT  
FOR TRAINING COST(S) EXCEEDING \$1,000

1. Training Activity:

Course Title: 'Aha Kane Conference

Date(s): June 15 to June 17, 2012

Training Site: Windward Community College, Kaneohe

Total Cost: \$140.00

2. Please review the following statement and acknowledge your understanding by signing and dating it prior to the date of the training:

It is understood and agreed that, in the event I should separate from the Office of Hawaiian Affairs within one year from the date of the above training, I hereby authorize payroll deductions to reimburse the Office of Hawaiian Affairs for the total cost of the training and make additional payments as necessary to fully repay this obligation.

\_\_\_\_\_  
Employee's Signature

\_\_\_\_\_  
Date

Pua Ishibashi  
Print Employee's Name

**d) Inappropriate changes to budgeted expenses by the grantee**

The grant agreement for this award explicitly states that the grantee may not make changes to its budgeted expenditures that exceed 5% or \$500 dollars. The budget to actual analysis included in the final report submitted by 'Aha Kane shows significant deviations from the budget; however, we were unable to confirm these changes were approved.

BUDGET EXPENDITURE REPORT		
PROGRAM SUPPORT	AWARD	ACTUALS
<b>Other Expenses</b>		
Airfare – Inter-island	\$ 52,000.00	\$ 14,557.99
Contract Services – Administrative	\$ 20,000.00	\$ -
Supplies	\$ 31,200.00	\$ 27,793.26
Food	\$ 56,000.00	\$ 57,100.00
Program Activities	\$ 20,800.00	\$ 96,792.81
Telecommunication	\$ 20,000.00	\$ 1,500.79
<b>Total Other Expenses</b>	<b>\$ 200,000.00</b>	<b>\$ 197,744.85</b>

Additionally, the budget-to-actual analysis indicates that the full amount of the award was not spent; however, based on review of payment requests related to the grant, the entire \$200,000 was paid to 'Aha Kane.

There was also no documentation provided by 'Aha Kane to confirm expenditures. The Grant Review report prepared by the Contract Reviewer after the close of the grant includes an expenditure report that lists "match & in-kind funds"; however, it appears these relate to salaries. We are unable to determine if the time spent by OHA staff working on 'Aha Kane business is included in this amount, as there is no detail provided. Additionally, we are unable to confirm the information represented to us in our interview related to items being donated, as there is no detailed information available and reporting only includes OHA funds (i.e., we are unable to determine if items were donated by other grantors).

EXPENDITURE REPORT:		
Description	OHA Funds	Match & In-Kind Funds
Airfare, Inter-Island	\$14,557.99	
Program Activities, Food	57,100.00	
Program Activities	96,792.81	
Supplies	27,793.26	
Telecommunication	1,500.79	
Personnel, Salaries		\$40,500.00
<b>TOTAL Project Cost: \$</b>	<b>\$ 197,744.85</b>	<b>\$ 238,244.85</b>

e) False statements made to obtain funding

It is common for organizations to receive funding from multiple sources, and some grantors require secondary funding to be secured to award a grant. We identified emails in which 'Aha Kane members told other potential grantors that OHA's financial commitment to the organization was "99%" certain or confirmed, prior to the submission of their grant proposal to OHA, which was received on April 19, 2012. Dr. Crabbe, Ms. Fox, and Mr. Chan were all copied on the messages and/or email chains related to this issue.

From: g. umi kai [REDACTED]  
Sent: Thursday, April 05, 2012 8:49 AM  
To: Denise Kekuna  
Cc: Billy Richards; Norman Ho; Henry Gomes; Kealoha Fox; Kamana'opono Crabbe; Eric Kaponu; Keola Chan; [kamanaoc@oha.org](mailto:kamanaoc@oha.org); Chan Keola; Kealoha Fox; Denise Kekuna - 2  
Subject: Re: QLT - Trustees Budget

Nothing more than already reported and QLT:  
-OHA \$150K  
-KS \$5K  
-QLT \$15  
no other replies yet  
Mahalo,  
Umi

On Thu, Apr 5, 2012 at 7:05 AM, Denise Kekuna [REDACTED] wrote:  
Mahalo B,  
I am trying to keep track of funding awards on our Budget projections. Umi, did you get any firm responses, who, how much? HMSA? KS?

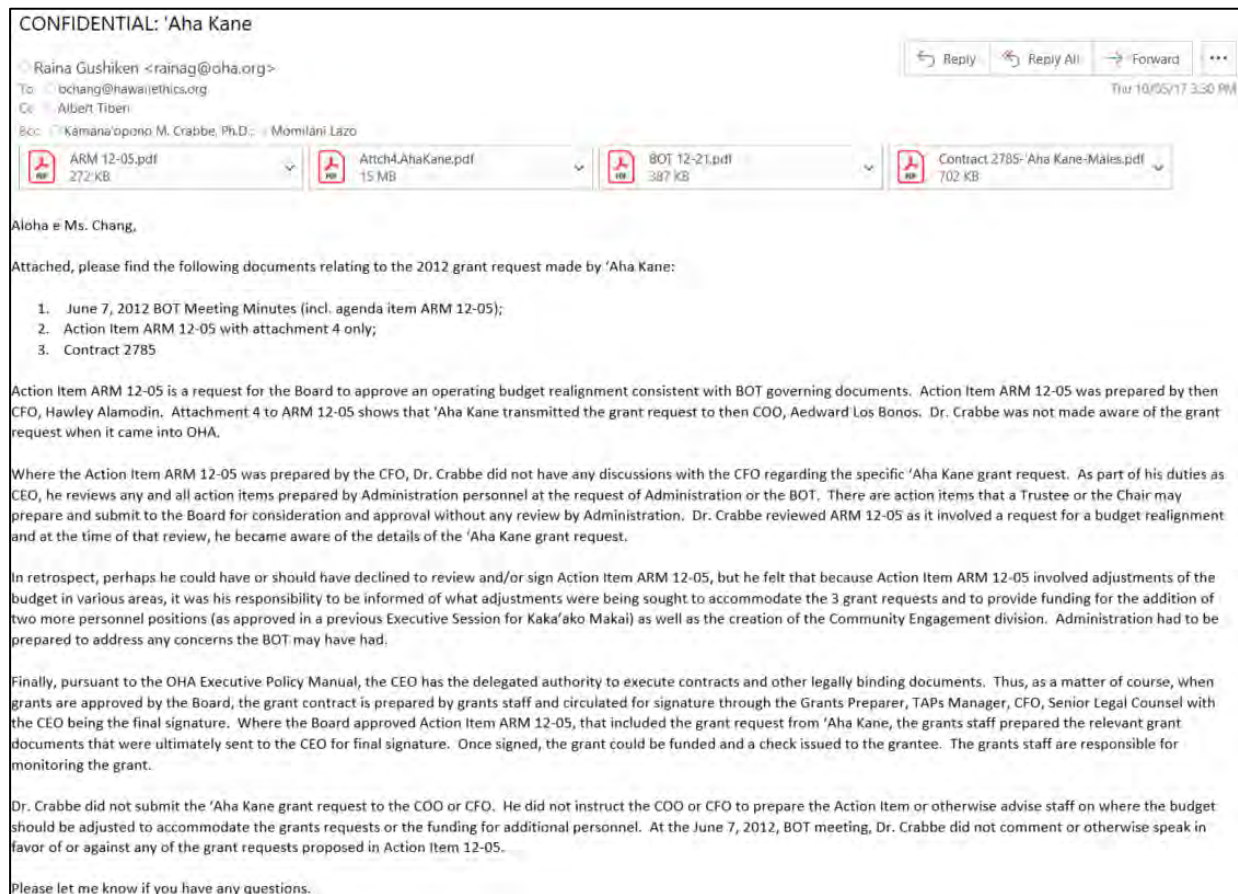
--- On Tue, 3/13/12, g. umi kai [REDACTED] wrote:

From: g. umi kai [REDACTED]  
Subject: QLCC - Community Grant Forms  
To: "Thomas Kaulukukui" [REDACTED]  
Date: Tuesday, March 13, 2012, 2:39 PM

Aloha e Kaauiwai,  
I didn't want to reply to Ben till writing you for guidance and clarification.  
Aha Kane was hoping for a grant in the amount of \$50,000 - \$100,000 from QLT.  
This would be used for this years aha as well establishing a full-time position at Aha Kane.  
OHA has a tentative commitment (99% sure) of \$150,000 for this year.  
Please don't get me wrong with this request. Your contribution for last aha of \$15,000 was great and very much appreciated.  
AK needs to move forward and the only way to do that is to get full-time staff on board.  
Please let me know if we have a chance at the higher number and what I must do to get it.  
If not, I will humbly submit for the \$5,000 and appreciate it just as much.  
Mahalo,  
O wau no o Umi

f) False statements made to State Ethics Commission during audit

In 2017, Dr. Crabbe was informed that the Hawaii State Ethics Commission received a complaint regarding his financial disclosures, specifically relating to 'Aha Kane. Raina Gushiken, OHA Counsel for Employment Practices and Compliance, responded to the complaint with the following email:



Ms. Gushiken made three statements for which we found contradictory evidence:

Statement #1

*"Action Item ARM 12-05 is a request for the Board to approve an operating budget realignment consistent with BOT governing documents. Action Item ARM 12-05 was prepared by then CFO, Hawley Alamodin. Attachment 4 to ARM 12-05 shows that 'Aha Kane transmitted the grant request to then COO, Aedward Los Bonos. Dr. Crabbe was not made aware of the grant request when it came into OHA."*

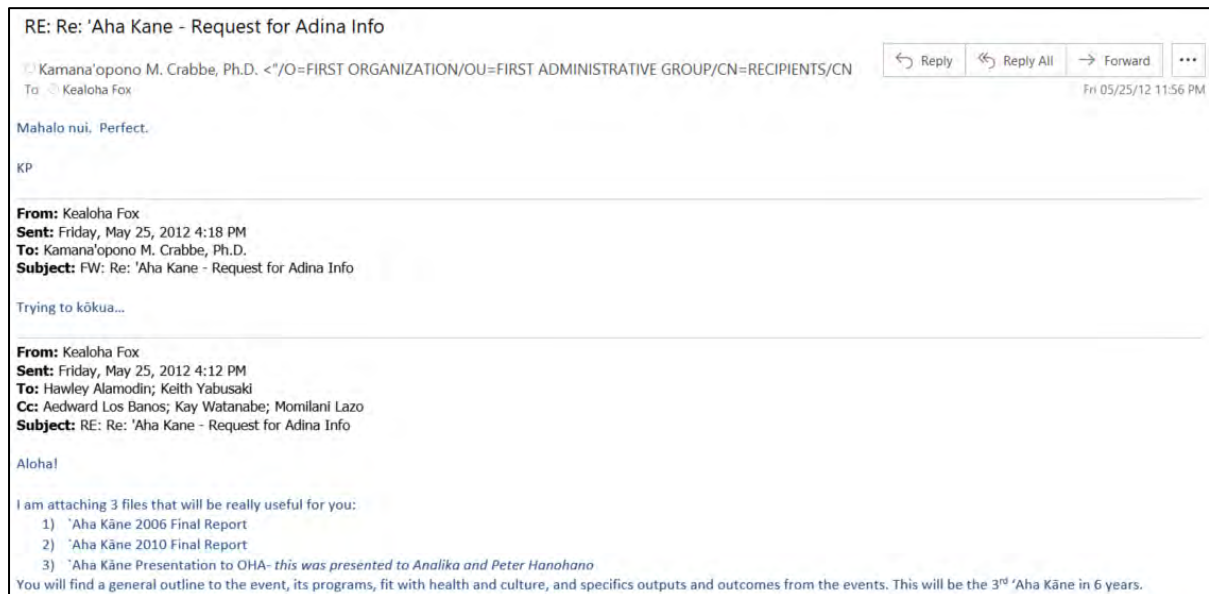


### Evidence

The email containing the 'Aha Kane grant proposal was sent to Aedward Los Banos. As shown below, Dr. Crabbe was made aware of the grant request, as he was copied on the email.



Additionally, Dr. Crabbe knew of the grant proposal, as demonstrated by the email he sent to Ms. Fox, thanking her for submitting the additional documentation needed by the grant reviewer.



### Statement #2

*“Where the Action Item ARM 12-05 was prepared by the CFO, Dr. Crabbe did not have any discussions with the CFO regarding the specific ‘Aha Kane grant request. As part of his duties as CEO, he reviews any and all action items prepared by Administration personnel at the request of Administration or the BOT. There are action items that a Trustee or the Chair may prepare and submit to the Board for consideration and approval without any review by Administration. Dr. Crabbe reviewed ARM 12-05 as it involved a request for a budget realignment and at the time of that review, he became aware of the details of the ‘Aha Kane grant request.”*

### Evidence

As described previously in the b) OHA employees with an affiliation to ‘Aha Kane directly involved in the grant proposal process subsection of this transaction, Dr. Crabbe instructed the CFO to include the ‘Aha Kane grant in Action Item ARM 12-15.

### Statement #3

*“Dr. Crabbe did not submit the ‘Aha Kane grant request to the COO or CFO. He did not instruct the COO or CFO to prepare the Action Item or otherwise advise staff on where the budget should be adjusted to accommodate the grants requests or the funding for additional personnel. At the June 7, 2012, BOT meeting, Dr. Crabbe did not comment or otherwise speak in favor of or against any of the grant requests proposed in Action Item 12-05.*

### Evidence

As noted above, there is evidence that Dr. Crabbe instructed the CFO to prepare the Action Item.

**6. K-52**

*Type:* Competitive sealed proposal

*Vendor Name:* WCIT Architecture ("WCIT")

*Contract/Check Number:* 3007

*Amount:* \$2,952,752.00

*Timeframe:* December 11, 2014 – December 10, 2016

*Description:* To create a conceptual master plan for OHA's Kaka'ako Makai parcel.

*Relevant CLA Findings:*

**B15:** *The supporting documentation provided does not include any of the deliverables for the contract. Based on a review of board minutes by CLA, it appears that presentations were made to the board as part of the work for this contract. However, CLA did not identify all board presentations. CLA requested the deliverables provided by the vendor to OHA; however, current OHA employees were not able to provide those deliverables.*

*According to the contract, the purpose of this conceptual master plan was to take OHA from the Framework plan to the point of being ready to issue an RFP to select a site developer. Based on review of the OHA website, it appears that the Kaka'ako Makai parcel conceptual plan was to be completed before the end of 2015 at which time the Environmental Impact Statement would take place in 2015/16, followed by the Permitting in 2016/17, and the development process would have been started by the beginning of 2018. CLA discussed with the Resource Manager & Land Assets Director, Miles Nishijima, on October 16, 2019, whether there was any indication that the deliverable was actually provided to OHA. Mr. Nishijima communicated to CLA that the vendor did provide the deliverables that included an environmental impact report. The vendor took that analysis and prepared a presentation to the Board of Trustees. The analysis was to be incorporated into the design guidelines. The deliverables by the vendor were presented to the Board in closed session and OHA is not able to provide to CLA the deliverables or the minutes of the closed session. CLA will rely on the conversation held with Mr. Nishijima and on the agenda item that lists this closed meeting as evidence that some type of deliverable was provided by the vendor.*

*Mr. Nishijima stated that OHA was very satisfied with the vendor's work and the contract was allowed to expire before all of the work listed in the contract was completed. This was because the delay was on OHA's side. OHA will use the input provided by the work performed by the vendor to complete the work. According to Mr. Nishijima, the target is to complete the design guidelines by the end of 2019.*

*Key Words Searched:*

- WCIT, primary date required: 9/1/14-3/1/2017
- WCIT, "Kaka'ako Makai"
- "Kakaako", WCIT
- Apo, Kakaako
- Apo, Iopa
- Apo, Iopa Kakaako
- "Group 70"
- DTL
- DTL, Apo

**Determination: Evidence of fraud, waste, and abuse exists related to this transaction.** This contract was for the creation of a conceptual master plan related to OHA's Kaka'ako Makai parcels. The Kaka'ako Makai Framework was developed by Group 70 through a previous OHA contract and this contract was the next step in the process to move toward developing the parcels. The contract was awarded to WCIT through a competitive RFP process. WCIT, along with its group of supporting contractors, Edith Kanaka'ole Foundation, DTL, and PBR Hawaii, was ranked as the number one solicitor based on our review of procurement documentation. However, there are other indicators of fraud, waste, and abuse related to this transaction.

a) Delayed completion and missing deliverables

It was represented to us that the deliverables related to WCIT's contract with OHA are included on OHA's website. However, it appears that the last deliverable is dated in December 2015. OHA has paid WCIT at least \$350,000 for work since that date through 2017.

Additionally, we identified multiple indicators of delays in work by WCIT. The contract appears to have been amended twice. We were provided a copy of the first amendment of the contract and identified an email dated December 15, 2017, which included an attachment that indicated the contract had been amended again to be extended through 2018.



**1 Master Plan Contract:**

EIS - questions ongoing regarding OHA agency/applicant and who is accepting authority  
Contract extension was just executed and filed. Current termination date for WCIT is December 10, 2018  
Subcontractor Hallstrom/CBRE completed Parcel I appraisal. Billing is through WCIT invoice  
Design guidelines (draft) received and WCIT awaiting OHA comments

We also identified discussions in a BOT Executive Session held on August 25, 2016, which indicate WCIT's work was put "on hold".

[REDACTED], they have put things on hold with WCIT in anticipation of possible large changes.

An email including a WCIT Deliverables Progress Report dated November 1, 2017 also indicates that there are items that have not yet been completed, some of which OHA did not anticipate being completed until FY2019.

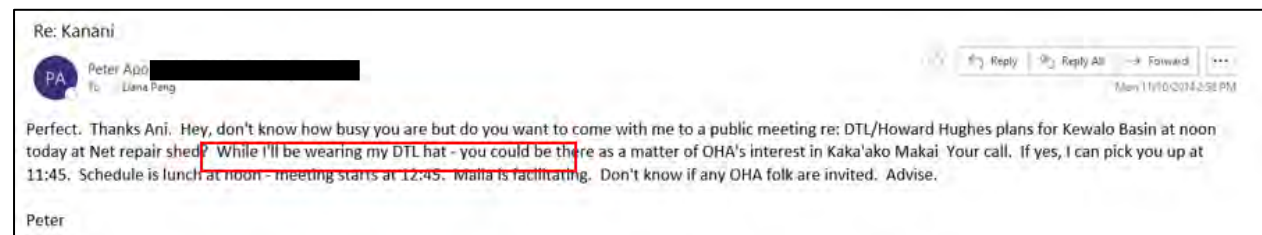
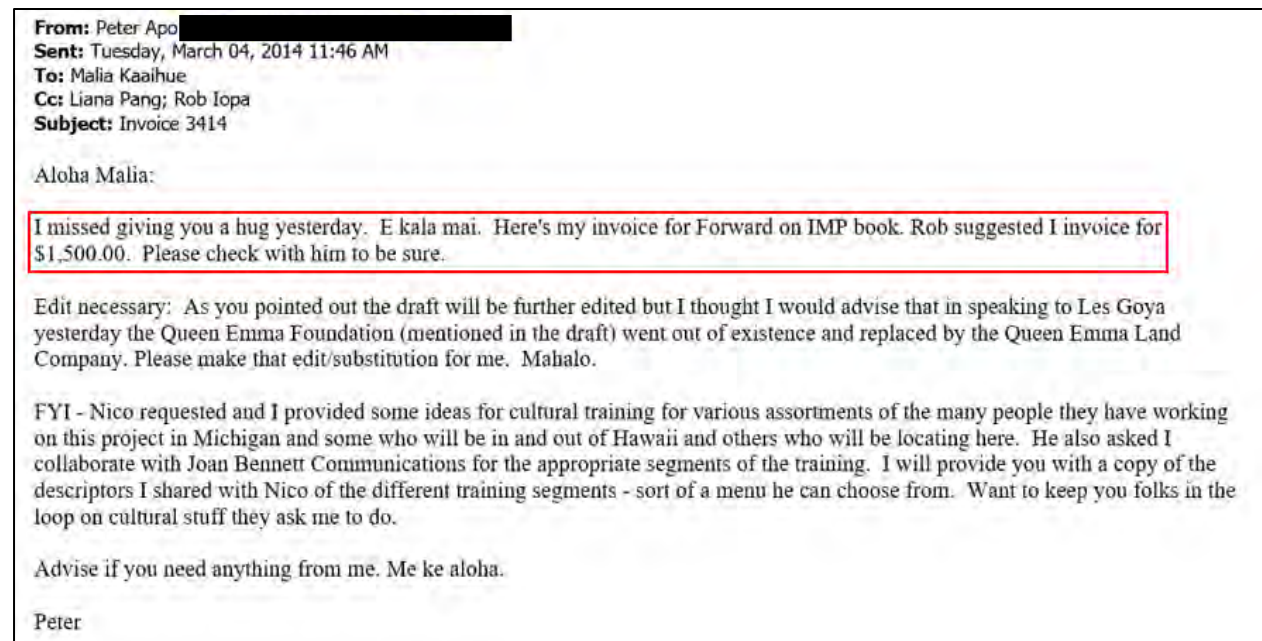
Contract 3007.01 - WCIT Architecture	
Progress Report (October 2017)	
	% Complete = \$ Paid / Task Budget
Contract Deliverables:	Status
1. Conceptual Land Use Scenarios	COMPLETED
2. Phasing Strategy & Dev Schedule	COMPLETED
3. Public-Private Financing Tools + Tech. Memo	COMPLETED
4. Development Roadmap	COMPLETED
5. Background Analysis + Tech. Memo	COMPLETED
6. Additional Studies + Tech. Memo	COMPLETED
7. Land Use Theme Refinement	COMPLETED
8. Market Analysis	COMPLETED
9. Community Engagement Plan + Pae Aina Mtgs	COMPLETED
10. Financial Assessment of Candidate Land Uses	COMPLETED
11. Development Guidelines	40% / Q2FY18
12. Present CMP to Beneficiaries and OHA	COMPLETED
13. Present CMP to BOT	COMPLETED
14. Programmatic EIS	7% / Q2FY19
15. Cultural Impact Assessment & Archaeological Survey	7% / Q2FY18
16. HCDA Master Plan Permit & SMA Permit	-
Amendment Tasks:	
Appraisal (Following Gov. Ige's offer)	COMPLETED
Land Use Scenario + Fin. Assessment - No Residential	COMPLETED
Public Involvement Plan	50% / On hold

Ultimately, WCIT developed plans that are still unused to this day, due to OHA's actions. It is unclear if those plans are still viable, and, until utilized, are considered waste.

b) Conflict of interest with OHA Trustee

As noted above, the contract was awarded to a collaborative group led by WCIT and included three other contractors, one of which was DTL. We identified emails indicating OHA Trustee, Peter Apo, was working for both WCIT and DTL before and during OHA's contract with WCIT through his company The Peter Apo Company.

The emails below demonstrate Trustee Apo's involvement with WCIT and DTL, which began prior to the Kaka'ako Makai RFP was issued.



Trustee Apo appears to have had a standing meeting with Rob Iopa from WCIT and met with him multiple times to discuss Kaka'ako Makai prior to the contract being awarded to WCIT.



FW: Weekly Meeting

 Makana Chai <makana@oha.org>  
To: makana@oha@gmail.com

Sun 11/3/2013 11:03 AM

**From:** Peter Apo  
**Sent:** Sunday, November 03, 2013 6:03:15 AM (UTC-10:00) Hawaii  
**To:** Makana Chai; Liana Pang  
**Subject:** Fwd: Weekly Meeting

I have to block every Tuesday, noon-1:30 for Hanalei Plantation meetings at WCIT with Rob and Malia Kaaihue as a top priority on my weekly calendar. I've blocked Nov 5 and Nov 12. Please calendar rest of Tuesdays through Dec 15. We'll have to move standing meeting with Chair Machado to another day or time. Ani, from time to time I will be asking you to take your lunch hour to join us. Thanks.

**From:** Laurene Kaluau-Kealoha  
**Sent:** Monday, October 08, 2012 1:50:28 PM (UTC-10:00) Hawaii  
**To:** Makana Chai  
**Cc:** MACHADO  
**Subject:** Meeting w/ Chair, Trustee Apo, Senator Galuteria and Rob Iopa


Makana,

This is to confirm meeting for 3:00pm - 4:00pm on Thursday, October 11, 2012 across the street at WCIT, regarding Kaka'ako. What floor and room # is WCIT? Please advise.

Mahalo,

Laurene K.S. Kaluau-Kealoha  
Board of Trustees Executive Assistant  
to Chairperson Colette Y. Machado  
Office of Hawaiian Affairs

FW: Priority

 Makana Chai <makana@oha.org>  
To: makana@oha@gmail.com

Wed 12/11/2013 11:15 AM

**From:** Peter Apo  
**Sent:** Wednesday, December 11, 2013 6:18:36 AM (UTC-10:00) Hawaii  
**To:** Makana Chai; Liana Pang  
**Subject:** Priority

Would like both of you to join me next Wednesday, Oct 18, 12:30 - 1:30 at WCIT. I will be briefing Rob Iopa and Malia Kaaihue on the Group 70 Kakaako Framework planning concepts and need your assistance in the discussion. Please be sure we can locate the report and have a chance to review.

Peter

—  
The Peter Apo Company

Trustee Apo also participated in discussions regarding WCIT's work on Kaka'ako Makai during BOT meetings but did not disclose his conflict of interest.



Mr. Iopa also appears to have assisted in campaigning for Trustee Apo:

**From:** Rob Iopa  
**Sent:** Monday, February 17, 2014 9:08:38 AM (UTC-10:00) Hawaii  
**To:** Peter Apo  
**Cc:** John Aeto; Cedric Duarte; Liana Pang  
**Subject:** RE: Peter Apo Rally

Aloha Peter and team,

I am good with serving as co-chair and I will sign letters. I will provide some names/address for invitations.

Is the event on TUESDAY the 4<sup>th</sup> or THURSDAY the 6<sup>th</sup>. If it is the 4<sup>th</sup>, then I have a major conflict as I am hosting another event that evening. You were invited to that event as well along with the majority of the big players in Kakaako. It is the ULI Rose Fellowship Reception Dinner at the IBM Building. I am one of the Rose Fellows and cannot miss it.

Let me know on date and if any flexibility. I can give more background on ULI event and potential attendance conflicts for donors/supporters.

Mahalo, Rob-

## 7. K-77

*Type:* Competitive sealed proposal

*Vendor Name:* Absolute Plus Advisors

*Contract/Check Number:* 2847

*Amount:* \$185,000.00

*Timeframe:* January 1, 2013 – September 30, 2014

*Description:* To provide investment advisory services.

### *Relevant CLA Findings:*

**B17:** *The contract file did not contain any deliverables. The terms of the contract required invoices to include a detailed breakdown of contractor's time charges attributable to the particular billing period and be accompanied by a verbal and/or written report identifying the activities, tasks, and/or work product completed. Although the contract required the invoices to include a detailed breakdown of contractor's time charges attributable to the particular billing period and to be accompanied by verbal and/or written report identifying the activities, tasks, and/or work product completed. These deliverables were not provided to CLA. CLA inquired with OHA, however, current employees were not able to locate any deliverables or speak to the possibility that the reports that were supposed to accompany the invoices were perhaps provided verbally.*

**B18:** *The contract amendment effective date for contract 2847.01 was prior to the contract amendment execution date. The original contract was to be effective 1/1/13 to 12/31/13. The amendment for this contract was not executed until 4/25/14 and it was to be effective retroactive to 1/1/14. Even though the amendment had not been executed, the LOB director (CFO) Hawley Iona, nonetheless approved payments for January and February invoices, on 3/17/14 and for March 2014 invoices on 4/9/14. The contractor continued to invoice OHA after his initial contract had expired in 12/31/13, and the OHA CFO approved these three payments before the amendment was executed on 4/25/14; however, the payment was not prepared until 5/23/14, which is after the contract amendment was executed on 4/29/14. The invoices from this vendor contain listings of expenses relating to his travel to conferences and all associated expenses as part of his out-of-pocket expenses. The invoices include out of pocket*

*expenses for several investment conferences and also includes monthly parking at the Honolulu Club for a number of months. These were expenses that were listed as business expenses; however, no additional charge to OHA was added from these listed expenses, as the contract called for fixed fee monthly payments. The monthly payment was made in the same amount regardless of the hours listed on the invoice and regardless of the out-of-pocket expenses listed on the invoice. The totality of the observations for this contract suggest a greater risk of possible waste or abuse as the (sic) payments made to the vendor were schedule (sic) to be fixed rather than based on the number of productive hours of his work that brought benefit to OHA.*

*Key Words Searched:*

- “absolute plus”, date range: November 1, 2012 – December 31, 2014
- “ARM”, agenda, date range: November 1, 2012 – December 31, 2014
- RFP, “13-01”
- Hodel
- “investment consultant services”
- “Howard Hodel”
- Hodel, rent
- IAC
- howardh@oha.org
- “RFP 13-01”
- “investment advisory”
- “ARM minutes”

*Determination:* **Evidence of fraud, waste, and abuse exists related to this transaction.** We confirmed that Howard Hodel delivered verbal reports on a quarterly basis, as required by his contract, through the review of meeting minutes. The following table includes the dates on which Mr. Hodel presented:

<b>Date</b>	<b>Meeting</b>	<b>Subject</b>
01/23/13	ARM	3rd Quarter 2012 Performance, Hawaii Direct Investments and ST Liquidity Account
04/03/13	ARM	4th Quarter 2012 Performance, Native Hawaiian Trust Fund Overview Summary, Hawaii Direct
04/18/13	BOT	Board Education, Hawaii Direct Investment Policy
05/08/13	ARM	Native Hawaiian Trust Fund Annual Review 2012
07/10/13	ARM	1st Quarter 2013 Overview, Entire Portfolio
09/12/13	ARM	2nd Quarter 2013 Overview, Entire Portfolio
10/16/13	ARM	Native Hawaiian Trust Fund Risk Management Evaluation, 2012 and 2013 to date
02/05/14	ARM	3rd Quarter 2013 Performance, Native Hawaiian Trust Fund
04/16/14	ARM	4th Quarter 2013 Performance, Native Hawaiian Trust Fund
06/04/14	ARM	Native Hawaiian Trust Fund Annual Review 2013
07/09/14	ARM	1st Quarter 2014 Performance, Native Hawaiian Trust Fund. Howard also indicated he is
09/03/14	ARM	2nd Quarter 2014 Performance, Native Hawaiian Trust Fund and Native Hawaiian Trust Fund 2014

However, we identified evidence of waste and abuse related to this transaction, even though it appears the deliverables were provided.

**a) Conflicts of interest in contractor selection**

OHA engaged Mr. Hodel for other investment advisory related services for multiple years prior to this contract. This contract followed the RFP process and Absolute Plus Advisors was the highest ranked vendor; however, the selection committee include three individuals from OHA, two of whom Mr. Hodel worked with directly as part of his prior OHA engagements. Additionally, it appears Mr. Hodel spent time working in OHA office space and was issued an OHA email address.



Our analysis identified over 8,000 emails with “howardh@oha.org” as the sender or recipient between November 2008 and May 2015. The issuance of an OHA email address to a contractor and allowing a contractor to use OHA office space are not normal practices. Our analysis did not identify this type of treatment for any other contractors, which indicates preferential treatment.

**b) Early termination of contract without pro-rated reduction in fees**

Mr. Hodel’s contract was amended to add an additional year to the TOP. Mr. Hodel’s amended contract was terminated early, through two side letter agreements, due to his accepting a position to work as the Investment Officer – Risk Management for Hawaii Employees’ Retirement System. The first side letter terminated the contract as of June 30, 2014 and included a transition period through October 31, 2014. It was agreed that Mr. Hodel’s duties would not be changed through the end of October, and he would complete the four outstanding deliverables from the original contract. After the end of the transition period, Mr. Hodel would continue his role as Chair of the Investment Advisory Committee (IAC) as a volunteer. This Side Letter Agreement also included an agreement to pay Mr. Hodel \$35,000 for the period of July 1, 2014 through October 31, 2014.

The second Side Letter Agreement replaced the first agreement and modified the deliverables, whereby Mr. Hodel would only need to complete three of the four outstanding items. It also changed the end date of the transition period to September 30, 2014 and decreased payment for the period of July 1, 2014 through September 30, 2014 to \$31,500.

Payments to Mr. Hodel were \$185,000 under his original and amended contract for two years of work. Due to the early termination, he only worked for one year and six months, or one year and nine (9) months if including the transition period. Invoices submitted for the transition period do not include detail related to hours worked; therefore, we are unable to determine if Mr. Hodel’s

duties remained unchanged through the transition period. The following table shows the total amount paid to Mr. Hodel in excess of his contracted amount, assuming the amended contract ended as of June 30, 2014.

	<b>Contract #</b>	<b>Month</b>	<b>Contract Amount</b>	<b>Total Payment</b>	<b>Amount Paid in Excess of Contract</b>
	2847	01/31/13	\$ 8,333.33	\$ 8,333.33	\$ -
	2847	02/28/13	8,333.33	8,333.33	-
	2847	03/31/13	8,333.33	8,333.33	-
	2847	04/30/13	8,333.33	8,333.33	-
	2847	05/31/13	8,333.33	8,333.33	-
	2847	06/30/13	8,333.33	8,333.33	-
	2847	07/31/13	8,333.33	8,333.33	-
	2847	08/31/13	8,333.33	8,333.33	-
	2847	09/30/13	8,333.33	8,333.33	-
	2847	10/31/13	8,333.33	8,333.33	-
	2847	11/30/13	8,333.33	8,333.33	-
	2847	12/31/13	8,333.33	8,333.33	-
	2847.01	01/31/14	8,333.33	8,333.33	-
	2847.01	02/28/14	8,333.33	8,333.33	-
	2847.01	03/31/14	8,333.33	8,333.33	-
	2847.01	04/30/14	8,333.33	8,333.33	-
	2847.01	05/31/14	8,333.33	8,333.33	-
Contract Terminated	2847.01	06/30/14	8,333.33	8,333.33	-
Transition Period	2847.01	07/31/14	-	10,500.00	10,500.00
Transition Period	2847.01	08/31/14	-	10,500.00	10,500.00
Transition Period	2847.01	09/30/14	-	10,500.00	10,500.00
	2847.01	10/31/14	-	-	-
	2847.01	11/30/14	-	-	-
	2847.01	12/31/14	-	-	-
	<b>Total</b>		<b>\$ 149,999.94</b>	<b>\$ 181,499.94</b>	<b>\$ 31,500.00</b>


Changes in the scope of services, the time of performance and/or the total fees required a contract amendment for all other contracts included in our analysis. It is unknown why Mr. Hodel was granted changes to his contract without another contract amendment.

#### c) Fixed fee arrangement

We obtained invoices submitted by Mr. Hodel and noted that the number of hours he worked for OHA varied between eight (8) and 107 hours per month during the term of his contract. Even in months that Mr. Hodel worked a minimal number of hours, he was still paid \$8,333.33 due to the payment terms in his contract. For other professional service contracts included in our analysis

(e.g., contracts with attorneys), OHA paid the contractor based on the number of hours worked. It is unknown why Mr. Hodel was paid via a fixed fee arrangement.

Lastly, Mr. Hodel included expenses, such as travel and parking expenses, on his invoices submitted to OHA. The total payment to Mr. Hodel was not modified due to these expenses, as he was still paid \$8,333.33 a month; however, the expenses he incurred, allegedly on behalf of OHA, were deducted from his consulting fees to calculate the total consulting income to be reported as taxable since OHA did not reimburse him for those costs. Many of these expenses appeared excessive, including monthly fees for parking at the Honolulu Club and stays at the Ritz Carlton and Waldorf Astoria in excess of \$500 per night.



WALDORF ASTORIA CHICAGO  
11 East Walton Street | Chicago, IL | 60611  
T: 312 546 1300 | F: 312 475 1679  
W: waldorf.com

HODEL, HOWARD

Room: 1004/K1RCU1  
Arrival Date: 6/7/2014 8:55:00 PM  
Departure Date: 6/11/2014  
Adult/Child: 2/0  
Room Rate: 1.00  
Rate Plan: ZF  
HH # 263551848 SILVER  
AL:  
Car:

Confirmation Number: 3131564941

6/11/2014 Page: 1

DATE	DESCRIPTION	ID	REF. NO	CHARGES	CREDITS	BALANCE
6/7/2014	GUEST ROOM	ROSA	627675	\$565.00		
6/7/2014	STATE ROOM TAX	ROSA	627675	\$67.24		
6/7/2014	CITY ROOM TAX	ROSA	627675	\$25.43		
6/8/2014	SPA MASSAGE	GEHI	628743	\$165.00		
6/8/2014	BALSAN #1415	LINTR	628800	\$92.52		
6/8/2014	GUEST ROOM	ROSA	628957	\$565.00		
6/8/2014	STATE ROOM TAX	ROSA	628957	\$67.24		
6/8/2014	CITY ROOM TAX	ROSA	628957	\$25.43		
6/9/2014	SPA ALLOWANCE	EACH	629141		(\$100.00)	
6/9/2014	GUEST ROOM	ROSA	630054	\$565.00		
6/9/2014	STATE ROOM TAX	ROSA	630054	\$67.24		
6/9/2014	CITY ROOM TAX	ROSA	630054	\$25.43		
6/10/2014	SPA GRATUITY-06/08	MAYU	630351	\$33.00		
6/10/2014	BALSAN #1504	LINTR	630405	\$62.96		
6/11/2014	BALSAN ALLOWANCE	JEAL	631773		(\$62.96)	
	**BALANCE**					\$2,163.53

2 nights lodging:

7

These expenses give the appearance that the fixed fees being paid to Mr. Hodel could have been reduced had his contract only allowed travel expenses at the same per diem rates as other state employees.



**8. K-17**

*Type:* Professional services

*Vendor Name:* Mid-Continent Research for Education & Learning (“McRel”)

*Contract/Check Number:* 2828

*Amount:* \$349,527.00

*Timeframe:* May 11, 2012 – August 31, 2015

*Description:* Kūkulu Hou Assessment Framework Project (i.e., the “Mana Book”), consulting and advisement phase.

*Relevant CLA Findings:*

**C09:** *HRS §103-304 (c) to (g) states that during the course of the fiscal year, whenever the agency needs a particular professional service, the head of the purchasing agency shall designate a selection committee to evaluate the statements of qualification and performance data of those persons on the list prepared pursuant to subsection (cc) along with any other pertinent information, including references and reports. There are additional requirements for the qualification of those participating in the selection committee and for how the professional service providers must be evaluated. However, for this contract, even though there were more than one vendor in the approved listing for this category and the selected vendor was not the first vendor listed, no review committee matrix was included in the contract file. The Procurement Manager informed CLA that the process to select a contract from the list of approved vendors consists of having a Selection Committee evaluate and identify the most qualified vendor from the original responses (Statements of Qualification) received. However, no documentation of this assessment was provided to CLA.*

**C-17:** *Contract #2828 with Mid-Continent Research for Education and Learning was executed on 9/7/2012 but made effective from 5/11/2012 to 5/31/2013 for a total contract amount of \$99,716. The scope of services included consulting and advisement. Vendor was to collaborate with OHA on the culturally recognized domains of mana to determine the scope, attributes, and sub-constructs of the phenomenon to be assessed. Vendor was to contribute a total of no less than 700 staff hours for all tasks within this agreement. The contract specifically listed contract deliverable as per the following schedule:*

- 1: Execution of contract (first payment \$19,943.20)
- 2: Corpus study report (second payment \$23,267.07)
- 3: Literature review report (third payment \$23,267.07)
- 4: Focus group report (Fourth payment \$23,267.07)
- 5: Annotated bibliography (fifth payment \$9,971.60)

Only the first payment of \$19,943.20 was made on 2/4/13. There were no additional payments made during the contract's time of performance and through the end of the original contract period. A contract amendment was made on 6/26/13 but effective from 6/1/13 (the day after the ending period of the original contract) to 6/30/14. The scope of the contract was changed and additional funds were added to the contract for a total contract amount of \$349,527 (two additional amendments only extended the time of performance, first to 6/30/15, and then to 8/31/15). The first amendment (2828.01) on 6/26/13 listed the following:

- 1: Execution of amendment agreement (first payment \$49,962.20)
- 2: Instrument facilitation guide (second payment \$58,289.23)
- 3: Assessment blue prints (third payment \$58,289.23)
- 4: Assessment pilot Tool (fourth payment \$58,289.23)
- 5: Report of phase II ( final payment \$24,981)

None of the deliverables for the original contract were located. None of the deliverables for the second amendment were located. Based on the fact that no payments were made during the initial contract period, aside from the payment upon execution, it appears that the original contract period expired without any work being performed and without any deliverable being provided. The contract file contained an email communication from Gerald Honda (Procurement Manager at the time) to the CEO's Executive Assistant regarding the first contract amendment in preparation for the first contract amendment. The CEO's Executive Assistant forwarded this email to Ernie Kimoto, Corporate Counsel; however, the contents of her communication to Mr. Kimoto were redacted from the copy of the email included in the contract file that was provided to CLA. Additionally, the response from Mr. Kimoto was also redacted.

Based on the language of the original contract, the language of the first amendment, the lack of additional payments during the original contract period, the change in scope for the first amendment, the additional payment due upon the execution of the contract amendment, and

*the change in scope, it appears to CLA that none of the work for the original contract was performed.*

*Key Words Searched:*

- McRel
- McRel, "kick off"
- McRel, date range: April 1, 2012 – May 31, 2012
- McRel, "corpus study"
- McRel, "kukulu hou"
- "literature review"
- "berrysprite"
- "advisory board"
- "focus group report"
- "McRel final"
- kandersen@[REDACTED]
- "photo voice"
- photovoice
- "annotated bibliography"
- McRel, "assessment blueprint"
- McRel, pilot
- @mcrel.org
- "mana scale"
- instrument, mcrel
- corpus study

*Determination:* **Evidence of fraud, waste, and abuse exists related to this transaction.**

a) CEO initiative and lack of competitive procurement

It appears that a Mana project has been a goal of Dr. Crabbe for many years. As early as 2010, when he was still serving as OHA's Research Director, his team was planning for the project.


Cultural ppts to think about for kukulu kumuhana this Friday morning

Kamana'opono M. Crabbe, Ph.D. </O=FIRST ORGANIZATIO

To: Hauoli Akaka; Stanton Enomoto; Richard Pezzulo

Cc: Mary Weidner; Marty Weidner; Momilani Lazo


Wed 07/21/10 6:49 PM

 Cultural Competency\_An overview of NHs.pdf 6 MB

 Mana Maoli (3a).pdf 4 MB

Aloha All,

I thought I would share some presentations & work I've done in the past re: cultural competency among Native Hawaiians, the conceptualization of the Hawaiian self based on the concept of mana, & research re: acculturation & cultural identity. What does this have to do w/Kukulu Kumuhana, OHA, & MFR? Perceptions & people's worldviews act as a reference point for understanding each other. Perhaps if we begin discussion on the issues from a historical, cultural perspective & frame the issues we face as an organization (i.e. what is our identity as a state agency & Hawaiian organization) especially how do we integrate cultural values, principles, & concepts w/MFR. He mana'o wale (some simple thoughts for reflection).

 **31** Mana (Scale of Measurement) Research

**From:** Kamana'opono M. Crabbe, Ph.D. </O=FIRST ORGANIZATION/OU=FI

**To:** Kealoha Fox <kealohaf@oha.org>, Keola Chan <keolac@oha.org>

**Sent:** October 8, 2010 10:11:46 AM HST

**Received:** October 8, 2010 10:11:46 AM HST

**Start Date:** October 12, 2010 2:00:00 PM HST

**End Date:** October 12, 2010 4:00:00 PM HST

Meeting w/Kealoha & Keola

**OHA projects FY 12 plan**

Kealoha Fox <" /O=FIRST ORGANIZATION/OU=FIRST ADMINIST

To: Keola Chan Thu 07/07/11 2:01 PM

DEMO health work plan projects FY12.docx 14 KB

DEMO Project Outline and Scope of Work FY 12.docx 306 KB

Project Timeline FY12- Taxonomy.docx 16 KB

'Ike 'ia no ka loa ike kuahu.  
An expert is recognized by the altar he builds.  
It is what one does and how well he does it that shows whether he is an expert. #1208

😊 Lets make it happen:

Monday	Project Scopes/Outlines	Draft Template
Tuesday	Project Scopes/Outlines	Draft Template
Thursday	Timeline	Draft Template
Friday	Budget	Have one, just need to reformat in Excel

Started draft templates with taxonomy for now just to get the feel and look down, I thought that would be the easiest before we move into #'s 2-4

1. Hawaiian Taxonomy
  - a. Archival research, literature review and documentation
2. Mana Scale
  - a. Scale development and pilot question items
  - b. Potential future publication opportunity

**From:** Kealoha Fox [mailto:kealohaf@oha.org]  
**Sent:** Tuesday, March 05, 2013 1:37 PM  
**To:** kikiyo  
**Subject:** potential OHA collaboration and project work

Aloha mai kāua e Kekuewa,

Mahalo for sending me your non-social media contacts. I wanted to reach out to see your availability and interest in potentially collaborating with me through OHA on a project.

The project would include some of the following:

What's the project: (Kamama'opono or Keola may have mentioned it to you in passing over the past few years in fact)

- o Reviewing and exploring the concept of Mana via the following:
  - **Corpus Study.** A primary means for investigating the meaning and scope of *mana* is through corpus linguistics methods that mine corpora of Hawaiian and English texts to delimit the range of meanings of *mana* in traditional and contemporary contexts. Corpus studies of *mana* will facilitate empirical analysis of authentic uses of *mana*, as realized in texts, and will yield data that allow for the further analysis of the function meaning of the term in a variety of contexts. Run corpus analyses based on the concordance of collocations of *mana* to provide a baseline for determining the function and meaning of *mana*. Hawaiian-language newspapers will be used for this portion of the study, in addition to other s. These types of analyses will provide a basis for comparison of *mana* in modern contexts.
  - **Literature review** of indigenous assessments of cultural concepts. McREL will work with OHA to conduct a literature review of indigenous me of assessment of cultural concepts that make reference to land and humans, also drawing on the comparative anthropological literature on *mana* Oceania and traditional Hawaiian methods for determining and evaluating the *mana* of individuals, places, and communities. OHA will help to identify and refer texts to McREL for review and also facilitate obtaining such materials that may not be available online.

**From:** Holly Coleman  
**Sent:** Wednesday, October 16, 2013 9:47 AM  
**To:** Lisa Watkins-Victorino  
**Cc:** Kristin Anderson  
**Subject:** Puulu Group materials

Aloha Lisa,

I'm not sure if the link will work, but the information about the puulu groups are in the Research Drive in the Puulu Group folder.  
[\\ohavsxt3\000RDS\Puulu](#) Groups

Here is a summary I made for the Culture Initiative:  
Kūkulu Hou Project Summary:

The Kūkulu Hou Assessment is a proposed three-year executive project initiated by Ka Pouhana Kamana'opono Crabbe. The impetus for this project centers around the belief that *mana* has been a historically significant cultural concept and continues to be a central component of contemporary Native Hawaiian identity. The Kūkulu Hou Assessment will help OHA to obtain a better understanding of traditional and contemporary concepts of mana through a literature review, corpus study(tbd), and focus groups. The ultimate goal of this research will be to develop an interactive tool which will be used to create an assessment using the Native Hawaiian concept of mana. It is hoped that obtaining a better understanding of mana and developing an assessment tool based on cultural concepts will have significant application in conducting culturally-appropriate evaluations of education, health services, and community well-being.

I can't find the one that Momi emailed to all invitees, I'll keep looking.

It also appears there was a preexisting relationship between OHA staff and McRel, and that none of the other seven providers from the professional service list were considered for the project. Based on email review, it appears OHA staff knew McRel staff both personally and professionally.

Scheduling time



Kealoha Fox <kealohaf@oha.org>

To: Momilani Lazo  
Cc: Kapi'olani Adams; Kamana'opono M. Crabbe, Ph.D.



Reply

Reply All

Forward



Thu 7/1/2010 10:53 PM

Aloha Momi,

Can I check to see if Kamana'o has any time available next week Wednesday, the 7<sup>th</sup> (between 11 and 3) in his schedule? Some of my previous colleagues, as well as the CEO and Vice President of McRel and the founder of PREL John Kopfel would like to meet with Kamana'o and others (Kapi'o, myself, and perhaps Peter, Kalani, and Hau'oli) focusing efforts towards educational research to talk story on how we might be able to form future partnerships, share resources, collaborate on educational research initiatives, etc.

Mahalo!

Mahalo



Wendy Kekahio

To: Kamana'opono M. Crabbe, Ph.D.; Kamana'opono M. Crabbe, Ph.D.



MCREL PCCO OpenHouse Mahalo.pdf  
2 MB



Reply

Reply All

Forward



Wed 11/24/2010 9:35 PM

Aloha e Kamana'opono,

Mahalo for attending our Open House last week. It was wonderful see and talk with you. I hope to keep in touch and perhaps find opportunities to work together in the future.

Wishing you a wonderful Thanksgiving,  
Wendy

**Wendy Kekahio**  
Lead Consultant  
Mid-continent Research for Education & Learning (McREL)



McRel cover letter & letter of support

 Kamana'opono M. Crabbe, Ph.D. <"/O=FIRST ORGANIZATION/OU=FIRST ADMINISTRATIVE GROUP/CN=RECIPIENTS/CN=KAMANAOC">  
To: Momilani Lazo

 McREL Pacific Center OHA Cover Letter.docx 18 KB  
 McREL Pacific Center OHA Support Letter.docx 14 KB

Thu 6/16/2011 6:39 PM

Reply Reply All Forward


Momi,

Can you put this letter of support on OHA letterhead, print the cover letter as is, & forward to CEO for his signature. He likely would forward back & we mail to McRel. Mahalo nui.

  
OFFICE OF HAWAIIAN AFFAIRS

**Kamana'opono M. Crabbe, Ph.D.** | Research Director | Office of Hawaiian Affairs  
711 Kapiolani Blvd., Suite 500 | Honolulu, HI 96813  
☎: 808.594.0280 | cell☎: 808.348-4675 | ☎: 808.594.1863 | ✉: [kamanaoc@oha.org](mailto:kamanaoc@oha.org)

RE: hi!

 Kealoha Fox <kealohaf@oha.org>  
To: Wendy Kekahio

Wed 2/1/2012 2:55 PM


Reply Reply All Forward

Yes, I can totally pick you up! I will be there, just send me your flight # so I can track you through the day. I am supposed to go to a presentation at Bishop Museum on awa at 6, if you want to go, cute boys might be there, so will hot dr. The new guys I have been hanging out with =) Lol, no not really but its being put on by our foundation so I need to go show face.

Yes, things are very interesting with the twin and sw. Much to tell. But its also out through my family now and friends on FB so people are messaging me and wanting to know what happened.

8 meetings today is ridiculous!!! Youre awesome, get some coffee

RE: Fwd:

 Kealoha Fox <kealohaf@oha.org>  
To: Wendy Kekahio

Wed 1/4/2012 3:20 PM

Reply Reply All Forward

We need girls night and lots of drinks!!!!!!

We will have a very long story time on both our ends

How's it going??? I just finished hunger games, soooo good! Im obsessed, Im going to make you camp out March 23<sup>rd</sup> with me

---

**From:** Wendy Kekahio  
**Sent:** Wednesday, January 04, 2012 10:11 AM  
**To:** Kealoha Fox  
**Subject:** Re: Fwd:


I saw a random picture online and then googled the artist. These are so pretty!

We totally need to talk when I get back. Next week- lunch, coffee, or after work drinks?

Meetings with McRel related to the project, discussing scope and the contract, began in February 2012. Dr. Crabbe and Kealoha Fox also traveled to Denver to meet with McRel about the project on May 10 and 11, 2012, which precedes both the TOP and execution date of the contract.



mtg with McREL Fri afternoon

 Kealoha Fox <kealohaf@oha.org>  
To: Momilani Lazo  
Cc: Kamana'opono M. Crabbe, Ph.D.

Hi Momi,

Kamana'o would like to try to schedule a meeting with McREL this week re: Mana Scale. I will work with their staff on the agenda and everything, but just needed to know what his schedule looks like Friday? Best if we can try to shoot for an hour time slot, if available.

Mahalo, Kealoha

Mon 2/6/2012 3:14 PM

**From:** Kealoha Fox (<mailto:kealohaf@oha.org>)  
**Sent:** Tuesday, May 15, 2012 3:21 PM  
**To:** Tim Waters; Nolan Malone; Wendy Kekahio; Lou Cicchinelli; Jane Best; Andrea Beesley; Trudy Cherasaro; Akiemi Glenn; Ceri Dean; Sue Desch; Sheila Arens  
**Cc:** Kamana'opono M. Crabbe, Ph.D.; Mark Eshima; Lisa Watkins-Victorino; Momilani Lazo; Deirdra Alo  
**Subject:** MAHALO from OHA!

Aloha mai kākou,

On behalf of Kamana'opono, Mark, and myself, we want to extend a warm *mahalo piha* from Ka Pae 'Āina O Hawai'i after our travels to you all in Denver. The hospitality, invigorating conversations, and project planning is unequalled as we work to building this collaborative partnership with McREL and OHA. The three of us walk away renewed to this project with a great sense of confidence as we embark on the next three years together (plus Phases 7-10, thereafter!).

With that confidence, I feel license to add a more personal sentiment as we know each other better because of last week's work: To be present as two courageous *Pouhana* (mainstay, center post of the house) usher their organizations into new eras is inspiring. To be active with an executive management council and senior staff with a shared vision is stimulating. Such leadership and mentoring at this developing stage in my career is pure delicacy.

Thus, we have returned home raving how we will *Ho'okāhi ka ilau like ana. Wield the paddles together.* We look forward to the next steps and seeing you in September, *a mau!*

Me ka ha'aha'a pau'ole,

Kealoha Fox  
Office of Hawaiian Affairs (OHA)  
700 Kapi'olani Blvd., Ste. 500 • Honolulu, HI 96813-3035 • (808) 594-1841 • Email: kealohaf@oha.org

## b) Delayed and incomplete deliverables

The contract with McREL (original and subsequent amendments) was to cover phase one and two of the Kūkulu Hou Assessment Framework Project and listed specific deliverables to be provided:

- Original Contract #2828, May 11, 2012 – May 31, 2013
  - Corpus Study Report
  - Literature Review Report
  - Focus Group Report
  - Annotated Bibliography
- Amendment 1, #2828.01, June 1, 2013 – June 30, 2014
  - Draft of Instrument Facilitation Guide
  - Assessment Blueprint
  - Assessment Pilot Tool
  - Report on Phase 2
- Amendments 2 and 3, #2828.02 and #2828.03, July 1, 2014 – August 31, 2015
  - These amendments were to increase TOP only

We were able to identify evidence that all the deliverables included in the contract, except for the corpus study, were eventually provided to OHA. However, the deliverables were not provided timely. In the TOP of the original contract and its first amendment, May 11, 2012 through June 30, 2014, it appears no deliverables were provided to OHA. We did identify discussion of the deliverables and their progress during this time; however, it appears that the first draft deliverable was provided to OHA sometime in December 2014. It also appears, via email analytics, that some deliverables may have been provided after the TOP of the contract, including amendments, expired (i.e., after August 31, 2015). We were not provided with any deliverables and there are no records of receipt of deliverables; therefore, we are unable to verify the exact dates they were received.

It appears the Corpus Study Report was not completed due to staff turnover at McRel. An email sent to Ms. Fox by Holly Coleman on November 27, 2013 included an attachment called "Notes for McRel" which are shown below.

Tentative Revised Project Timeline:

Advisory Group: First meeting, January or February 2014

Second meeting, April 2004

Third meeting, August or September 2014

Literature Review and Annotated Bibliography: Summer or Fall 2014

Focus Groups and Puulu Groups: Summer or Fall 2014

Literature Review and Annotated Bibliography:

- Holly will dedicate 50% of her staff time toward helping to complete the Literature Review and Annotated Bibliography with Sheila.
- OHA will assemble an internal advisory group of OHA employees who will
- Kekuewa Kikiloi may be tapped (through OHA or contracted by McREL) to serve as an advisory for this aspect of the project.

Corpus Study:

- A corpus study is no longer feasible; discussions between Kealoha and McREL should occur regarding the contract.

Additionally, an email sent by Ms. Coleman on February 5, 2015 included The Kūkulu Hou Assessment Advisory Group Information Packet, which explained the reasoning for the Corpus Study Report being incomplete:

### Corpus study

Phase I of the Kūkulu Hou Assessment originally included a Corpus Study component: see Appendix D for a paper written about the former corpus component of this project. A corpus study is a research method used in discipline of Linguistics. A corpus is a body of written texts (which can also be transcribed from oral sources such as *mele*) which is analyzed using corpus linguistic software for the appearance, use, and meaning of certain words; in the case of the Kūkulu Hou Assessment, the word “mana” and its cognates would have been used.

The Corpus Study component would have been led by McREL staff, who would have identified texts for the corpus and been responsible for analysis of findings. OHA staff would have been support, providing additional Hawaiian language texts for the corpus.

Unfortunately, over the course of the project, McREL lost all staff who were familiar with corpus linguistic methodologies and analysis, and they were no longer able to complete a corpus linguistic study. While it may still have been possible to complete the corpus study through extensive subcontracting, OHA decided that this component of the Kūkulu Hou Assessment would be removed from the project.

We identified emails discussing the replacement of the corpus study with other deliverables, one indicating replacement with a photovoice report and another indicating replacement with additional literature review.

RE: Additional FGs

Katie Fox <katiefox@oha.org>  
To: 'Katie Fox' <katiefox@oha.org>  
Cc: 'Sheila Aunani'

McREL contract and amendment phase I and 2 PDF  
>MS

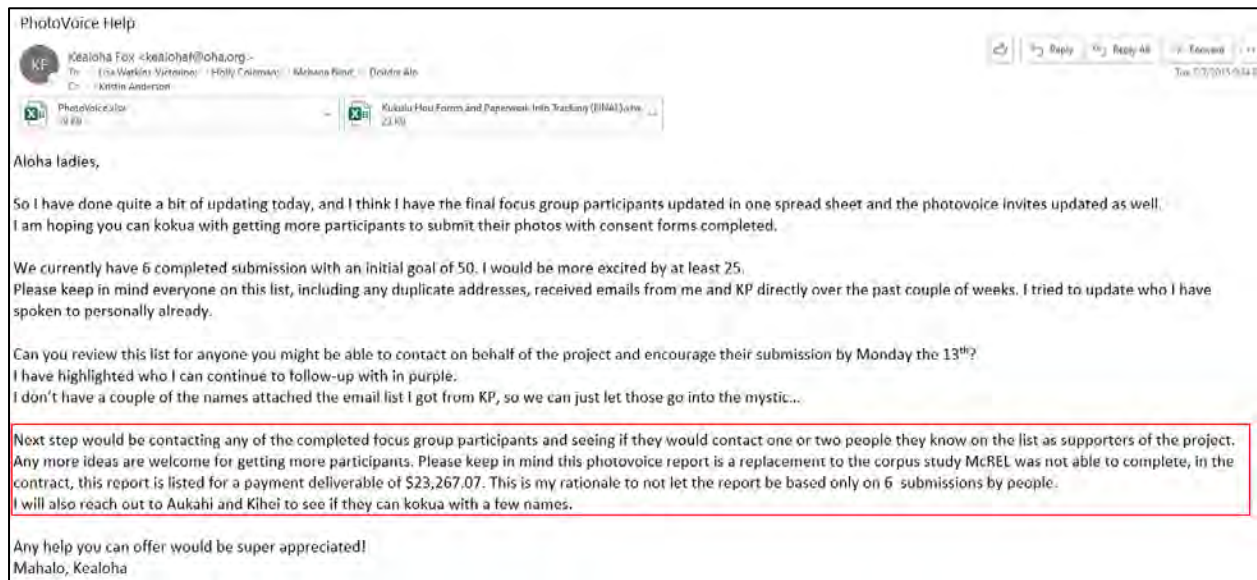
Aloha Katie,

Before I leave I wanted to make sure we set up time to discuss the contract deliverables that weren't discussed yesterday when we spoke. I'm not sure how this factors into the budget form you created for me. One of the items we didn't discuss yesterday was the creation of an assessment blue print which I still have on the overall project outline that was meant to be re-discussed in February-March?

Phase I Deliverable. CONTRACTOR shall submit the following for OHA's review and approval:

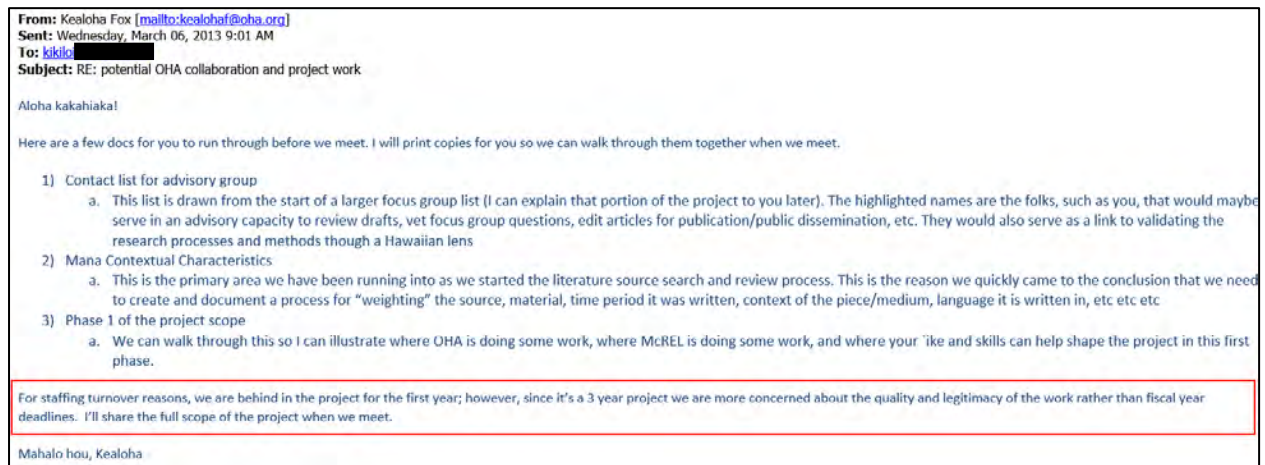
1. Corpus Study Report
  - a. *This we agreed to turn into the historical and contemporary literature review since we could no longer complete the Corpus Study without Akiemi, a portion of which was subcontracted with Alahalani and another portion produced internally of OHA by Holly*

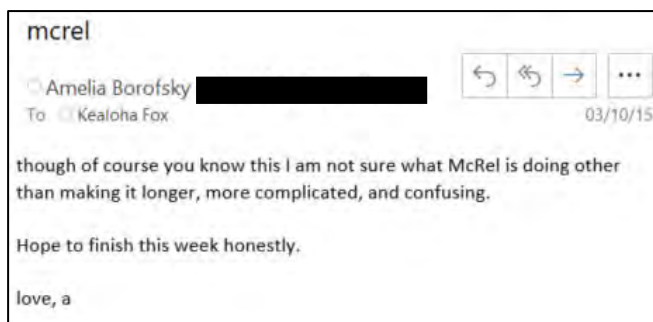
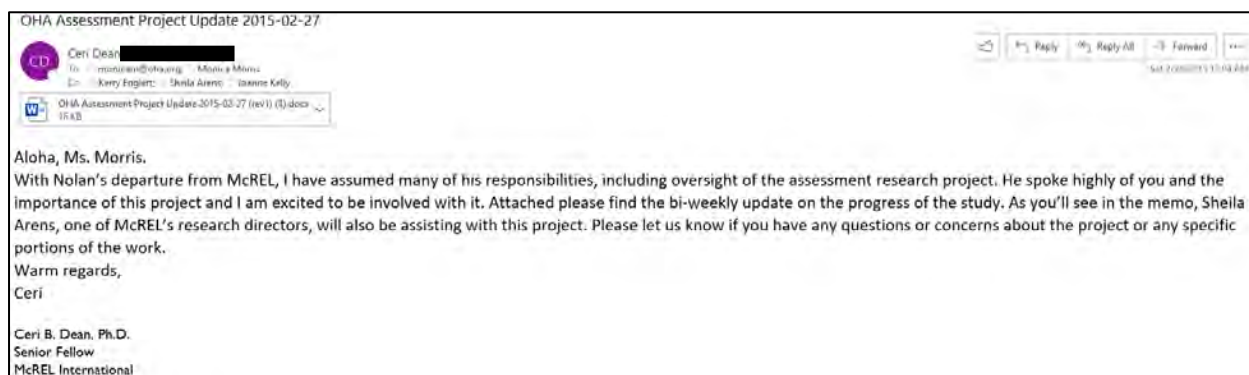




Despite identifying the inability to complete the study as early as November of 2013 and three (3) amendments subsequently being made to the contract, we did not identify any contract amendment to remove the corpus study deliverable, replace it, or adjust amounts to be paid to McRel.

Email review also indicates that the time of performance for the project was extended because of staffing issues at McRel. As previously discussed, the corpus study was not able to be completed due to staff turnover. Other emails demonstrating McRel staffing limitations include:





The original contract with McRel also included a requirement for a minimum of McRel staff time to be dedicated to the project. The contract amendments did not specify a required number of hours to be worked.

### **SECTION ONE- SCOPE OF SERVICES**

The CONTRACTOR agrees to satisfactorily provide the services set forth in Phase 1: Consulting and Advisement, of CONTRACTOR's Statement of Work, which by this reference is incorporated herein and made part of this Agreement as Attachment A.

CONTRACTOR shall collaborate with OHA on the culturally recognized domains of *mana* to determine the scope, attributes, and sub-constructs of the phenomenon to be assessed. CONTRACTOR shall contribute a total of no less than 700 staff hours for all tasks within this Agreement.

The original contract and all amendments also required detail of hours worked to be included with invoices submitted for payment.

shall include a detailed breakdown of CONTRACTOR's time charges attributable to the particular billing period and shall be accompanied by a verbal and/or written activity report as required by OHA identifying the type of work activities, tasks, and/or work product completed. Receipts evidencing actual costs and expenditures shall accompany monthly invoices whenever possible. Expenditure details and related receipts for any travel shall be for actual travel expenses incurred and shall also accompany monthly invoices presented for payment.

The invoices submitted by McRel do not include hours worked; therefore, we are unable to determine if McRel upheld this part of the contract.

McRel was paid the full amount (\$349,527) of the original contract and amendments, despite:

- The Corpus study not being completed
- Significant delays in deliverables
- No verification that 700 hours were worked, as required by the contract

c) Significant investment of OHA staff time

Email review indicates that OHA staff worked significant amounts of time for this project over the three-year contract period, which kept OHA employees from working on other projects that may have been supportive of OHA's mission.


**RE: OHA-McREL call**


○ Kealoha Fox <kealohaf@oha.org>

To ○ Katie S Andersen; ○ Sheila Arens [REDACTED]; ○ Nolan Malone [REDACTED];  
○ Joanne Kelly [REDACTED]

Cc ○ Holly Coleman; ○ Lisa Watkins-Victorino

Wed 02/18/15 12:38 PM

 This message was sent with High importance.

 Literature Review Outline.docx  
35 KB

Good morning everyone,

Before our call today I wanted to update you folks on our edits of the literature review draft #4 since we last spoke. Given that we are in the end of February and appreciate where the drafts have come since September, our group has decided that Holly will now be the best person to take over the current draft and its major sections to complete by May/June for Advisory Board review and to be ready for professional editing. As Holly transitions to take the lead as the primary author, I hope she can access Katie, John, Alohalani, as needed as she works off of the current form of the report. We hope McREL's teams can continue to support the work in the References and Annotated Bibliography while being on hand to review sections as Holly completes them. In the coming weeks, we will provide an updated outline to the work Holly will be completing, though we expect much of it will remain the same as the attached document. We can provide regular updates monthly for March, April, May to keep you engaged in the process. Unfortunately, Holly will be out of the office at a conference when we meet Wednesday 2/25, so if you would like to discuss this section while here in Hawai'i, we should agendaize it for Tuesday 24<sup>th</sup>. Please let me know if you have any questions, will speak to you all soon.

Mahalo, Kealoha

Literature Review and Annotated Bibliography:

- Holly will dedicate 50% of her staff time toward helping to complete the Literature Review and Annotated Bibliography with Sheila.
- OHA will assemble an internal advisory group of OHA employees who will
- Kekuewa Kikiloi may be tapped (through OHA or contracted by McREL) to serve as an advisory for this aspect of the project.





The completed Mana book, published on OHA's website, individually names at least seven (7) OHA employees as being involved in the project. Some of these employees were part of the research department at OHA; however, others involved were in positions that would not typically participate in a research-type project such as CEO, Executive Manager to the CEO, CFO, Community Engagement Officer, and Procurement Officer.

We are unable to quantify the time dedicated to this project by OHA staff; however, based on email review, it appears significant.

#### d) OHA Mission

There were conflicting views that the publication of the Mana book was in-line with OHA's mission.

#### e) Additional Costs

Amounts spent on the development of this book were not presented in a way that allowed the board to see the total expenditures. Our analysis includes one other transaction related to the book (see Transaction #20). However, in our email review related to these transactions, we identified many other contracts related to the project. We did not quantify the total amount spent on this project and/or the total OHA investment in time and resources as it is outside the scope of our engagement; however, we recommend that OHA consider completing this assessment, as it is very likely that the combined total cost to produce the Mana book could exceed \$1 million when time, labor, travel costs, and additional contracts are considered.

**9. K-55**

*Type:* Professional services

*Vendor Name:* Stryker Weiner & Yokota Public Relations, Inc. ("SWAY")

*Contract/Check Number:* 3022

*Amount:* \$293,969.24

*Timeframe:* April 1, 2015 – March 31, 2017

*Description:* To provide services relating to an integrated marketing communications plan.

*Relevant CLA Findings:*

**C24:** *HRS §103D-101 Requirements of Ethical Public Procurement requires that OHA must abide by the statutes and administrative rules relating to public procurement. For this contract CLA was not provided with supporting documentation related to the procurement process. Although the Memorandum of Professional Service Review Committee Recommendations lists this vendor in the recommended approval for this category, CLA was not provided with the scoring matrix which would have shown whether the Review Committee selected this candidate as the top vendor. Therefore, CLA is unable to determine whether the contract was awarded on the basis of competence/qualifications to provide the required services at a fair and reasonable price, awarded to the first-ranked person/company.*

**C25:** *Contract 3022 was executed on 4/1/15 with Stryker Weiner & Yokota Public Relations, Inc. with effective date of 4/1/15 to 3/31/17 for \$256,000. The scope of services listed the project name as "Integrated Marketing Communications Plan" and the description included stated, "Uniform communications and messaging highlighting OHA." Among other deliverables, the vendor was to provide training to the Board of Trustees, Executive Team and all OHA staff. The Integrated Marketing Communications Plan was to provide OHA a strategic plan to increase the positive image of OHA among the Native Hawaiians and the general public. This plan was to include, among other items, four trainings at three levels to be presented to the Board of Trustees, the Executive Team, and all OHA staff. One amendment was executed for this contract on 9/25/15, which added \$37,969.24 to bring the total contract amount to \$293,969.24. Total payments made on this contract amounted to \$215,969.24 for the period tested by CLA (through 6/30/16).*

*The contract file contained the deliverables and included records of a Beneficiary Advocacy and Empowerment (BAE) committee meeting on 8/24/16. This meeting was held to discuss approving the "One Voice, One Message" method for communication action item based on the work performed by Stryker Weiner & Yokota Public Relations, Inc. The Action Item BAE 16-02 stated "To approve an OHA Board of Trustees Executive Communications Policy Plan called 'one Voice, One Message.'"*

*Based on the minutes of this BAE meeting, it appears that a trustee disagreed with the plan stating that, as elected officials, the Board of Trustees could not be told not to speak their minds. Another Trustee stated that the policy, as it was being presented for vote, was unconstitutional as it would be a violation of the First Amendment and cited Bond v. Floyd , which stated that legislators have an obligation to take positions on controversial political questions so that their constituents can be fully informed and be better able to asses (sic) their qualifications for office. There was lengthy discussion on the issue and having not agreed on a decision for the proposed BAE, it was tabled. The CEO stated during this meeting: "I think the discussion has raised a legal issue regarding the Constitutionality, which we did not look at, and we will get a legal perspective on it and look to revising this." CLA inquired whether this item was brought back to the Board of Trustees for discussion. OHA communicated to CLA that as of October 2019, a revised "Integrated Marketing Communications Plan" was not brought back to the Board of Trustees and there was no action taken by the Board of Trustees on this item. However, the other aspects of the communications plan are actively used by OHA to guide OHA's internal and external communications.*

*Based on the fact that the objective of this contract, in the amount of \$293,969.21 (including amendment), was to devise an "integrated Marketing Communications Plan" that in part involved action by the Board of Trustees, it would have been prudent to discuss with the Board of Trustees regarding the objective of the proposed work prior to beginning the procurement process, and certainly prior to entering into this contract. OHA administration should not have waited until all the work was performed, to have one of the objectives of the deliverable be questioned by certain members of the Board of Trustees, which in effect rendered portion of the deliverable unusable by OHA. For this reason, CLA questions whether part of this expenditure was a waste of OHA's resources.*

*Key Words Searched:*

- "contract 3022"
- Stryker, "public relations"
- "one voice, one message"
- "integrated marketing"
- 3022
- Yokota, Crabbe
- SWAY
- "BAE 16-02"
- wendellt@oha.org, Yokota

*Determination:* **Evidence of fraud, waste, and abuse exists related to this transaction.** The contract's scope of services includes specific deliverables:

- Conduct market research and surveys
- Development of an integrated marketing communication plan
- Development of four trainings and present them to the BOT, the executive team, and all OHA staff (12 presentations total)
- Conduct an assessment of the effectiveness of the communication plan through a second market research survey
- Consult on revisions and changes to the plan to develop a final version

Based on our review of board meeting minutes, SWAY introduced their engagement at the May 28, 2015 BOT meeting. They also presented the results of their data survey and focus groups to the BOT on January 28, 2016. The Board was also told at this time that SWAY would be working with administration to develop the "One Voice, One Message" communications policy. This policy was presented to the Committee on Beneficiary Advocacy and Empowerment ("BAE") during their meeting held on August 24, 2016. The committee did not agree with the policy and did not approve the policy for recommendation to the full board. Instead, it was suggested that the contractor "withdraw their proposal and come back with more detail and try to incorporate what was discussed here." SWAY never provided any updated deliverables, and the policy was not revisited.

It is not uncommon that there would be items that are unused and/or not needed due to changes in an organization when hiring contractors. The piece “One Voice, One Message” policy was not approved by OHA; however, there are two factors that do indicate fraud, waste, and abuse:

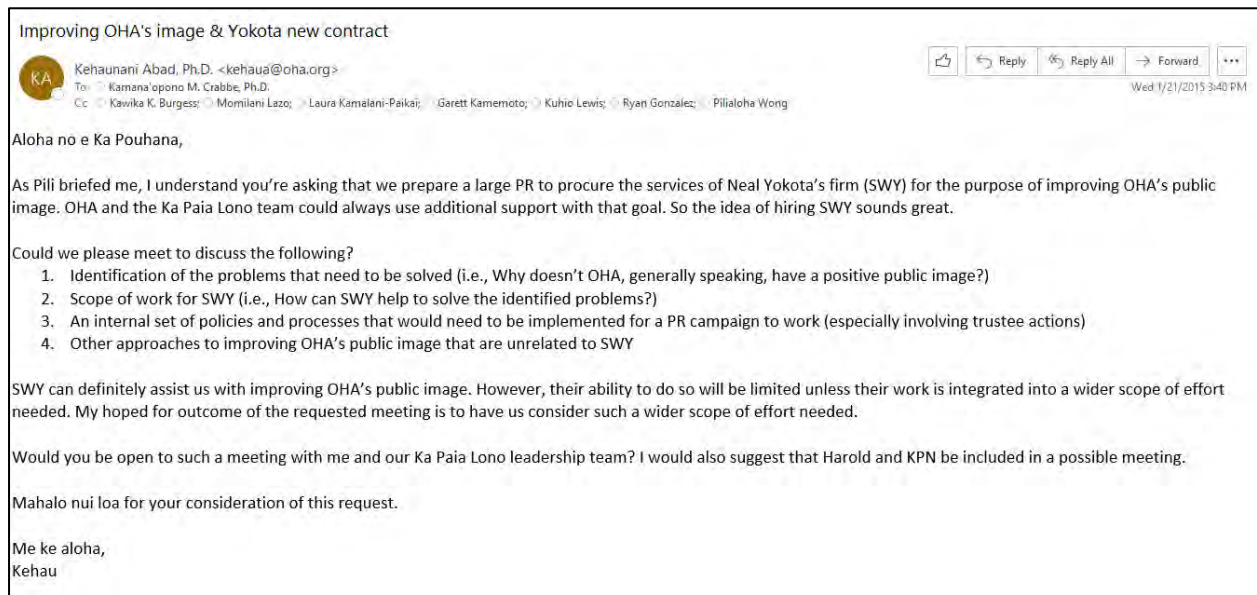
- a) There is evidence of preferential treatment in the selection of SWAY; and
- b) Other deliverables were not provided.

#### a) Preferential treatment in procurement

Email review identified communication between Dr. Crabbe and Neal Yokota from SWAY related to this contract beginning in January 2015.



Shortly after Dr. Crabbe received the above email, OHA staff members were instructed to begin a purchase requisition for services from Mr. Yokota's firm. Mr. Yokota sent a proposal to Dr. Crabbe related to the project on February 2, 2015 and OHA staff began working on the contract and finding available funding.

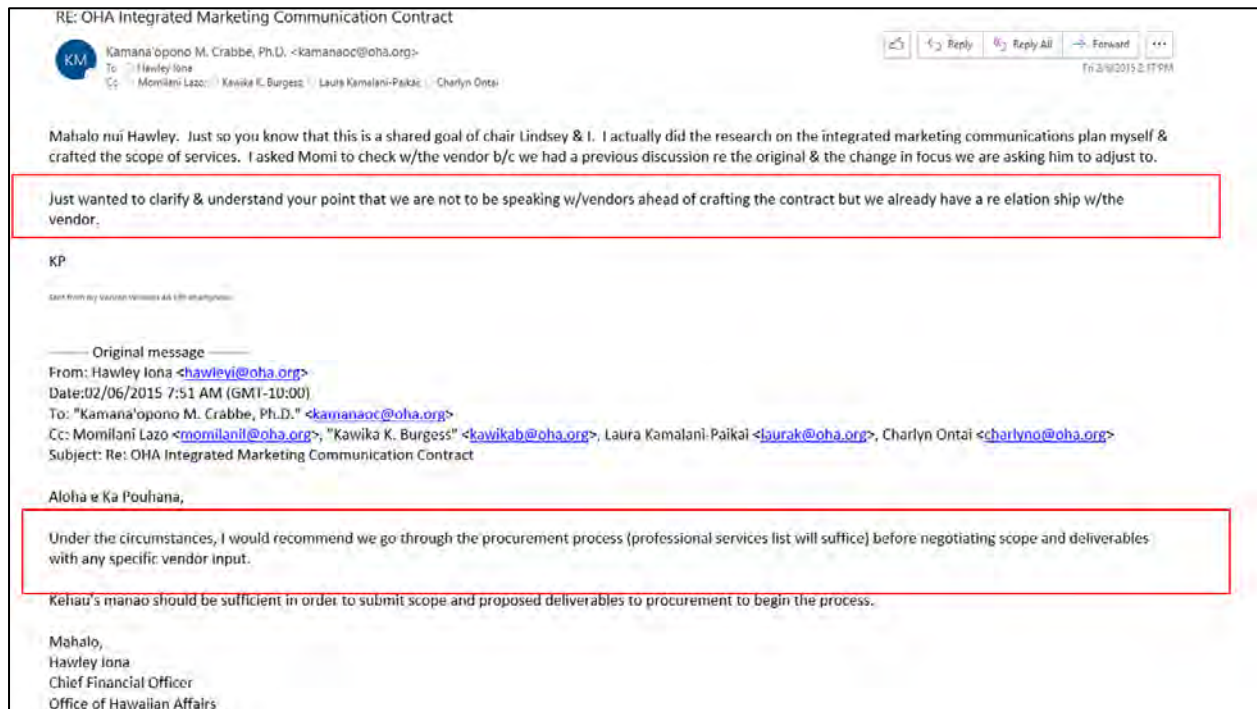


Emails from OHA staff assisting with the procurement process identified there were concerns about the procurement method used, specifically asking:

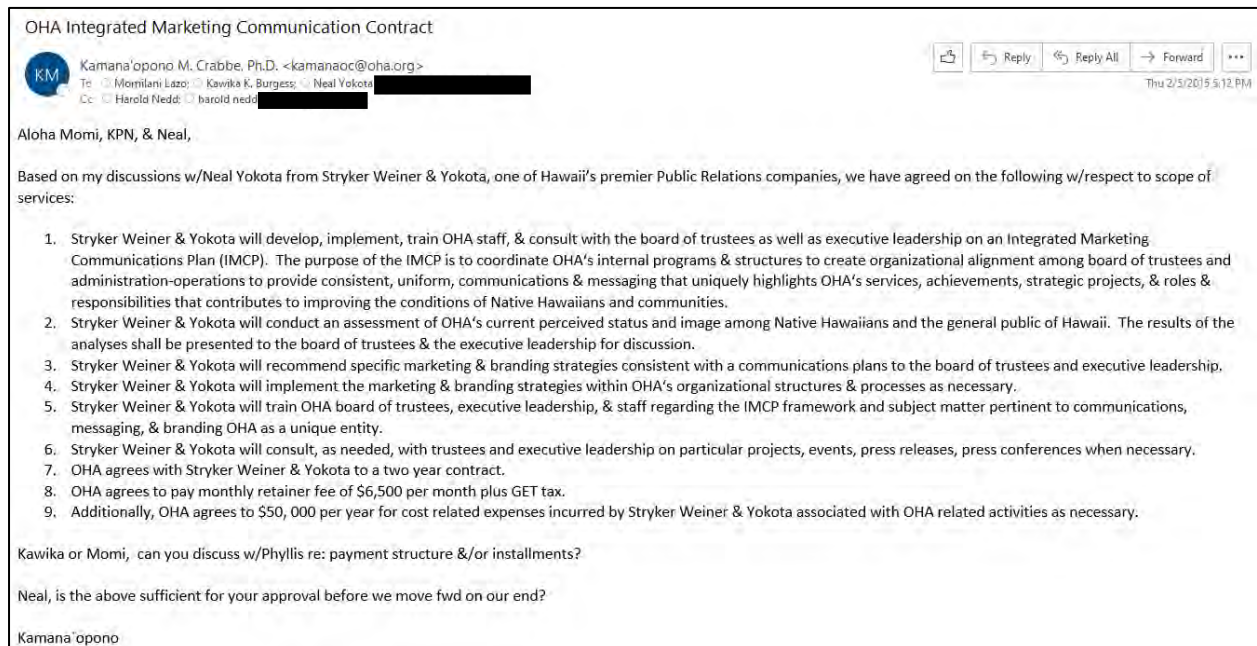
*"Is there a reason why we are working directly with a specific vendor at this point? It appears it has not yet gone through the procurement process so seeking input from a specific vendor will give them an unfair advantage and therefore would violate procurement".*

Staff also urged Dr. Crabbe to "go through the procurement process" before discussing with any specific vendor.





Dr. Crabbe's response to these concerns, as shown above, are not truthful. An email to both OHA and SWAY staff on February 5, 2015 indicates Dr. Crabbe and Mr. Yokota had come to an agreement on the work for the contract.





b) Deliverables not provided

There is no evidence that any of the 12 agreed-upon training sessions were held and, because the communications policy was never revisited, the second market research survey was not completed. In addition, a final version of the communications plan was not developed.

The contract was also amended to increase fees to be paid to the contractor; however, the amendment did not include an extended time of performance or any changes to the scope of services (i.e., the fee increase did not result in any additional work from the contractor). OHA paid the contractor in full, \$293,969.23, based on the amended contract.

**10. K-56**

*Interviews:* Professional services

*Vendor Name:* Reed Smith LLP

*Contract/Check Number:* 3025

*Amount:* \$200,000.00

*Timeframe:* September 7, 2014 – until services no longer needed

*Description:* To provide legal services regarding Native Hawaiian Self Governance and Hawaiian language immersion education.

*Relevant CLA Findings:*

**C02:** *HRS §103-304(d) requires that in designating the members of the selection committee, the head of the purchasing agency shall ensure the impartiality and independence of committee members. Per review of the supporting documentation provided, CLA did not identify any documentation that the head of the purchasing agency completed this step. The procurement Manager explained that documentation of independence for the review committee and the selection committee members was not consistently done.*

**C08:** *The contract effective date was before the contract execution date. Therefore, the contract was effective retroactively, which means the vendor may have started to incur cost that it was planning to invoice to OHA before a formal agreement was in place. This is not a best practices (sic) as there could be instances where (sic) the written contract is not approved for execution and in these instances the vendor may believe that it has a verbal agreement with OHA that led the vendor to believe that a contract would be forthcoming. This may present an issue if a contract is ever not approved but the vendor has already incurred costs that it expects to recover from OHA.*

**C26:** *Contract 3025 with Reed Smith LLP was executed on 5/5/15, but effective 9/7/2014, for \$200,000 to provide non-litigation legal expertise and advice to OHA in connection with OHA's advocacy in the areas of Native Hawaiian language immersion education. The contract stated that time expended by timekeepers who have not been approved by OHA are not billable and listed as approved for billing Breann Y.S. Nu'uhiwa.*

*HRS 84-18 (C) states: No former employees, within twelve months after termination of the former employee's employment, shall represent any person or business for a fee or other consideration, on matters in which the former employee participated as an employee or on matters involving official action by the particular state agency or subdivision thereof with which the former employee had actually served. This section shall not apply to a task force member who, but for the service as a task force member, not be considered an employee. (e) This section shall not apply to any person who is employed by the state for a period of less than one hundred and eighty-one (181) days.*

*Based on review of documentation provided by OHA, it appears that the listed provider of services, Ms. Nu'uhiwa, was employed by OHA as the Chief Advocate from 4/23/12 to 9/4/13. Based on the date of ending of employment it appears that the contract with Reed Smit LLP (sic) was effective after one year after her employment ended with OHA. However, according to Raina Gushiken, OHA's Senior Legal Counsel, Ms. Nu'uhiwa provided services to OHA on a "pro-bono" basis from the time her employment with OHA ended until 9/6/2014. Please refer to tickmark C27 below for additional details that call into question whether there may be a perception that consideration was provided during the one year after Ms. Nu'uhiwa's employment with OHA ended, which could be contrary to HRS 84-18 (C).*

**C27: Note – only a portion of this finding is included for clarity.** The observations made by CLA pertaining to this contract are the following:

*1: Possible non-compliance with HRS §84: As mentioned in observation C26, Ms. Nu'uhiwa worked for OHA on a "pro-bono" basis for the one year after her employment ended. However, based on this (sic) irregularities identified in the procurement process, the perception may be that Ms. Nu'uhiwa provided the services to OHA for the one year after separation for the consideration of obtaining the contract once the one-year period expired.*

*2: Non-compliance with HRS §103D-304: The persons selecting the professional services provider may not have been independent and may not have been impartial in their selection for the following reasons: CEO who approved the contract was listed as the first reference in the vendors. One of the individuals in the Selection Committee, Kawika Riley, was a direct report to Ms. Nu'uhiwa during her time of employment with OHA.*

3: Failure to follow the appropriate contract execution process: The contract was executed before the Authorization to Proceed with Contract form and before the Procurement Package Checklist was completed. The contract should only be executed after these two forms are completed.

4: Failure to follow OHA procurement process for Professional Services: The contract effective date was, before the appointment of the Selection Committee, before the evaluation by the Selection Committee, before the recommendation by the Selection Committee, and before the contract execution date.

5: Possible inappropriate use of Exemption Method of procurement: All of the documentation contained in the contract file indicated this contract was procured through the Professional Services method, with the exemption of the Procurement Document Checklist and the Purchase Order. However, the fact that the Procurement Documentation Checklist indicated "Exempt Purchase" citing 103D-102(b)(4)(J) calls into question whether because of the irregularities observed in the procurement process were noticed, it was decided that the contract could be executed if determined to qualify under an exemption. The Exemption listed 103D-102(b)(4)(J), which provides "for services of attorneys employed or retained to advise, represent, or provide any other legal service to the State or any of its agencies, on matters resulting under laws of another state or foreign country, or in an action brought in another state, federal or foreign jurisdiction, when substantially all legal services are expected to be performed outside of this state." This does not seem to be an appropriate exemption for this work as further explained in Observation C28 below.

**C28:** As mentioned in observation C-27 above, although most of the procurement documents included in the contract file are those of a Professional Service procurement process, two documents, the Procurement Document Checklist and the Purchase Order, identify this contract as exempt from HRS § 103D-304 under HRS 103D-102 (b)(4)(J). HRS § 103D-102 (b)(4)(J) indicates "Services of attorneys employed or retained to advise, represent, or provide any other legal service to the State or any of its agencies, on matters arising under laws of another state or foreign country, or in an action brought in another state, federal, or foreign jurisdiction, when substantially all legal services are expected to be performed outside this State." It is questionable whether this contract would fit the cited exemption as the exemption applies to "matters arising under laws of another state or foreign county." However, this

contract was to provide nonlitigation legal expertise and advice in the areas of Native Hawaiian self-governance and Hawaiian language immersion education. Additionally, the draft invoice listed "RE: Advice and Counsel on Nation-Building" and the detailed descriptions of the time entries for work performed reference work performed such as conferences and analysis of "ANPRM" (Advance Notice of Proposed Rulemaking (ANPRM) for procedures for reestablishing a government-to-government relationship with the Native Hawaiian community). There are also entries related to the following topics, among others: Hawaiian Language Immersion testing, Native Hawaiian Roll Commission, HB 1252, Mo'olelo, HHCA (Hawaiian Homes Commission Act). Based on the contract details and on the contents of the draft invoice, it is not clear to CLA that this contract would qualify under the cited exemption.

*Key Words Searched:*

- "Reed Smith"
- Breann, "pro bono"
- breann@oha.org
- "chief advocate"
- resignation
- resign, nu'uhiwa
- resign, Breann
- "Breann Nu"
- "pro bono"

***Determination:* Evidence of fraud, waste, and abuse exists related to this transaction.** This contract was for legal services to be provided by attorney Breann Nu'uhiwa of Reed Smith, LLP. Ms. Nu'uhiwa was a former employee of OHA at the time the contract was executed. Email review indicates she previously served as OHA's Chief Advocate, which included projects related to Native Hawaiian nation building efforts.

**a) Contract with former employee**

The Hawai'i Revised Statutes, Chapter 84, Standards of Conduct has four restrictions for former employees after separation<sup>7</sup>.

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<sup>7</sup><https://ethics.hawaii.gov/quickguides/> - Post Employment Laws



## HAWAII STATE ETHICS COMMISSION

1001 Bishop Street, Suite 970 | Honolulu, HI 96813 | [ethics@hawaiiethics.org](mailto:ethics@hawaiiethics.org) | (808) 587-0460 | Twitter: @HawaiiEthics

### THE STATE ETHICS CODE – A QUICK GUIDE ON POST-EMPLOYMENT LAWS

**Are there any restrictions on me once I leave my job with the State of Hawai'i? What if I'm an unpaid Board or Commission member?**

Yes. The post-employment laws apply to anyone who has worked for the State for at least six months, as an employee, legislator, or unpaid Board/Commission member.

**What are the post-employment rules?**

There are four restrictions:

1. A one-year restriction on certain kinds of private work;
2. A two-year restriction on contracts with the State;
3. A permanent restriction on revealing confidential information; and
4. A one-year restriction on lobbying for legislators, legislative employees, and other high-level state employees.

**Here's how each one works:**

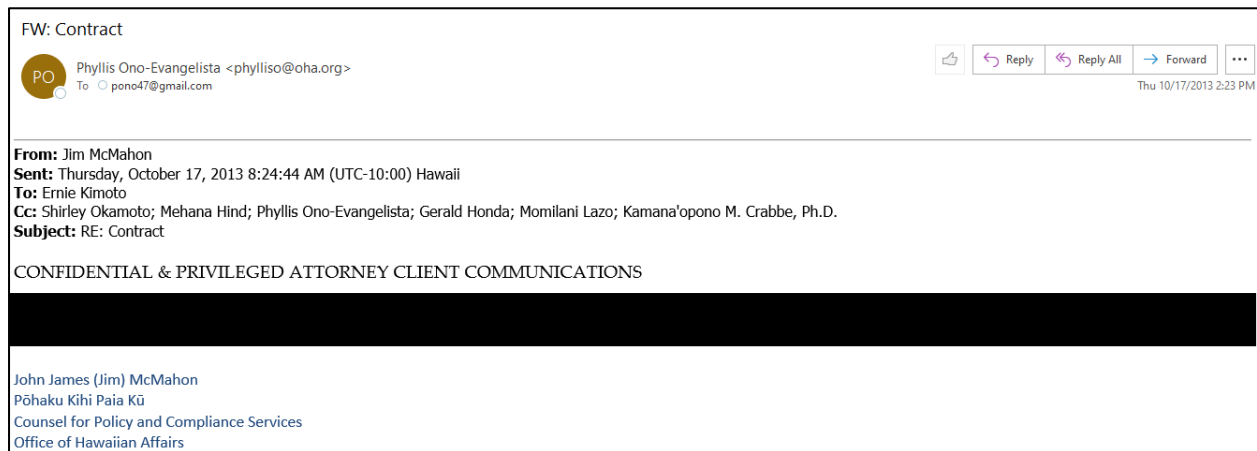
1. **One-year "cooling off" period.** For one year after you leave state employment, you may not:
  - a. represent someone else, for pay, before your former agency; or
  - b. represent someone else, for pay, on any matters you worked on while at your former agency.In other words, for one year, you may not communicate directly with your former agency on behalf of a private employer. Also, for one year, you can't represent your company before any state agency on matters you worked on while a state employee.
2. **Two-year restriction on certain kinds of contracts.** The Ethics Code prohibits a state agency from contracting with a private company if:
  - a. the private company is assisted by a former employee of the state agency;
  - b. the former employee worked on the same matter while s/he worked for the State; and
  - c. the former employee left state employment less than 2 years ago.Here's how this works: let's say you work on a project for the State, and you then leave your state job to work for a private company. Your new employer wants to bid on a contract with the State involving the same project. If you assist the company with its bid, and you left your state job less than 2 years ago, the State cannot enter into the contract with your company. In other words, by assisting the company with its bid, you could "taint" the potential contract, costing your new private employer the opportunity to work on that contract. To see how this works in practice, see <http://bit.ly/Hlethics-2017-05>.
3. **Permanent restriction on using or revealing confidential information.** You may not disclose confidential information you learned while employed by the State or use it for anyone's benefit.
4. **One-year restriction on lobbying for certain state officials.** Some state officials, including department heads, legislators/legislative employees, and other high-level employees, are prohibited from lobbying for one year.

Although we cannot make a legal termination, it appears that the contract with Ms. Nu'uhiwa falls under restrictions one and/or two.

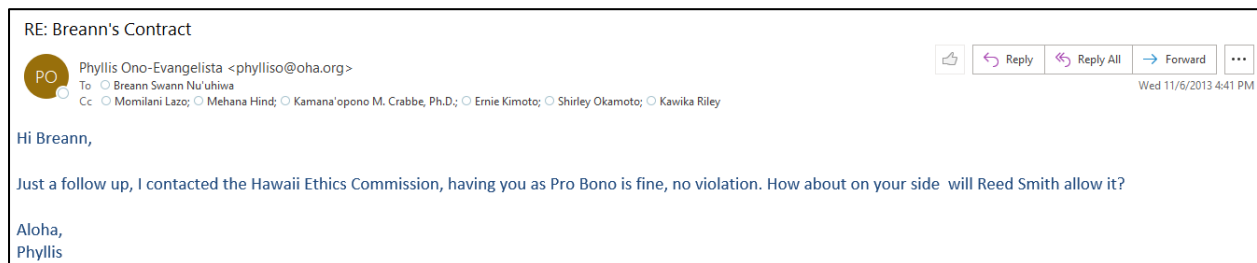
Ms. Nu'uhiwa separated from OHA on September 5, 2013 and started working for Reed Smith, LLP. Reed Smith sent its qualifications to provide legal services to OHA for the 2014 fiscal year on September 27, 2013. Dr. Crabbe approved the Professional Service Review Committee Recommendation on October 2, 2013. In the qualifications packet, the law firm specifically indicated that Ms. Nu'uhiwa would be the attorney performing services.

Email review identified communications between OHA employees, including concern related to contracting with Reed Smith and Ms. Nu'uhiwa due to State Ethics Laws.





OHA determined that a contract with Reed Smith was not possible and instead decided to initiate a pro bono contract so that Ms. Nu'uhiwa could continue to provide services to OHA.



Reed Smith provided legal services to OHA on a pro bono basis for one year before the contract analyzed in this transaction was executed.

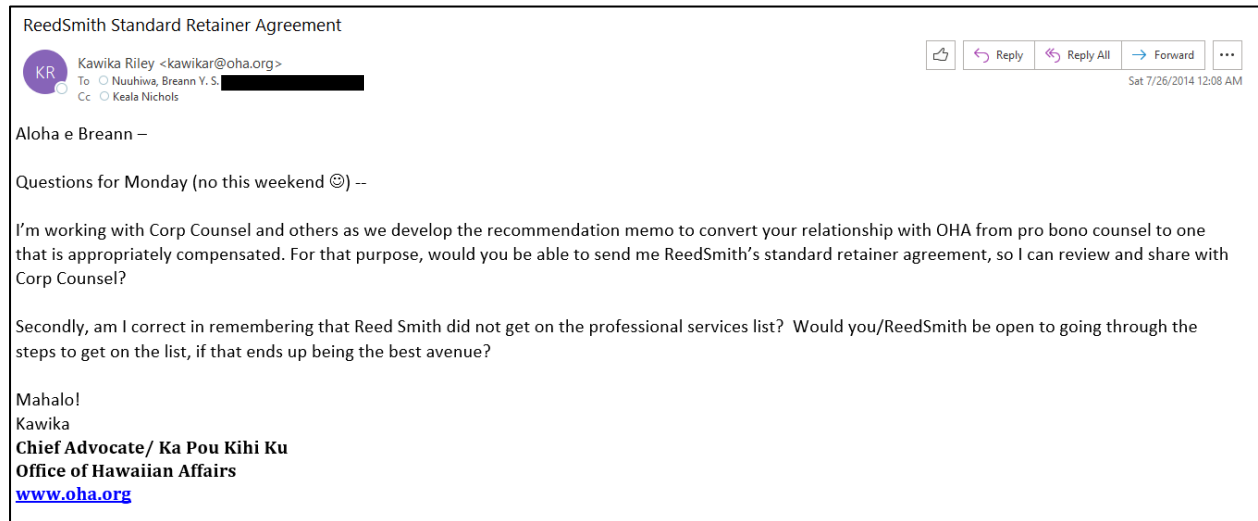
Contract #3025 was initiated on May 1, 2015, with an effective date of September 7, 2014. The contract has no expiration date. If restriction number two from the Hawaii State Ethics Commission (i.e., the two year "cooling off period") is deemed applicable to Ms. Nu'uhiwa, this contract may be in violation.

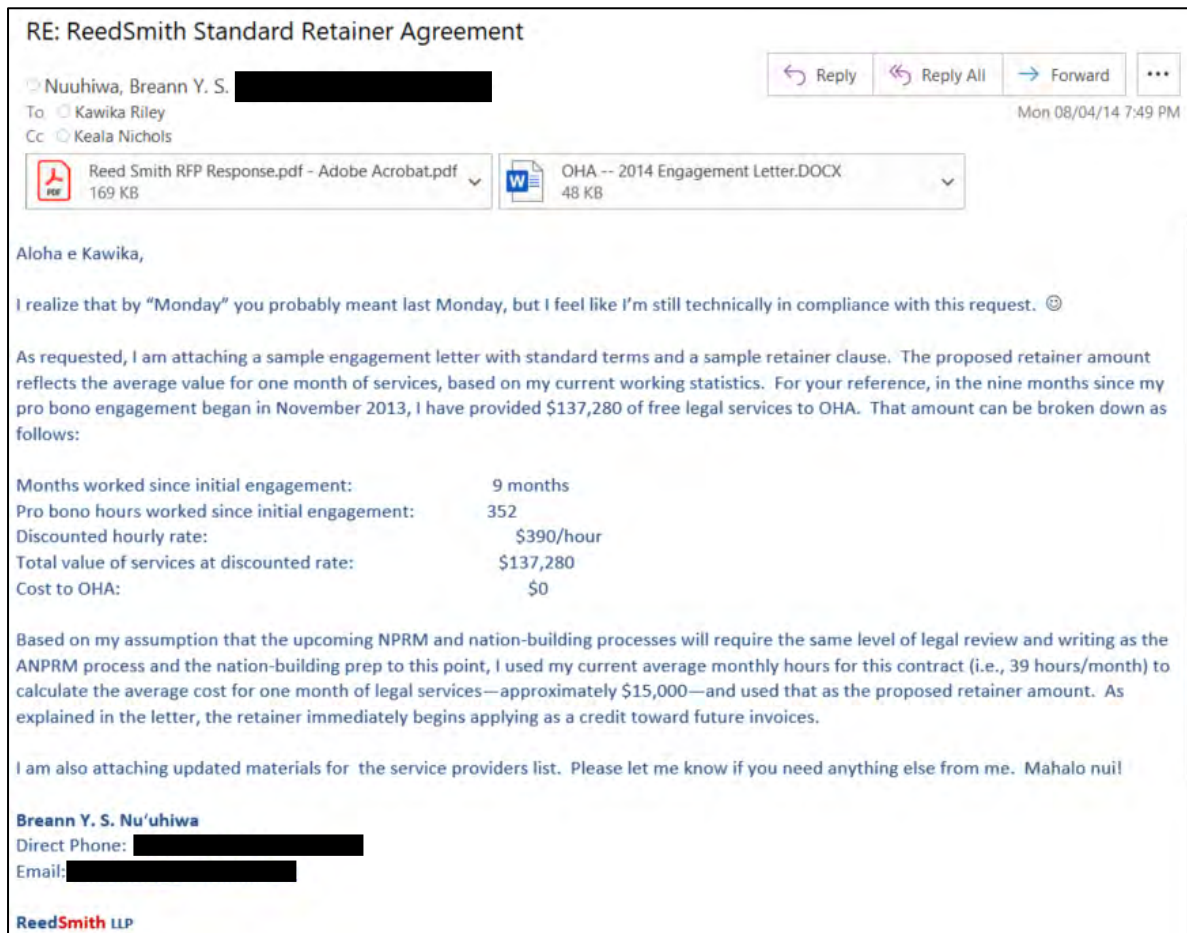
#### b) Conflict of interest in procurement

The procurement procedures for selecting a professional service provider require an independent selection committee to score providers listed on the approved service provider list and recommend the top provider for contracting. This process was completed for the contract with Reed Smith; however, the members were not independent, and the process did not begin until after the effective date of the contract.



Email review identified discussions of a contract with Reed Smith, referred to as “Breann’s Contract” by OHA staff, beginning in May 2014. OHA staff requested that Reed Smith submit their qualifications to be included on the fiscal year 2015 professional services list as well as requested additional information about hourly rates from Ms. Nu’uhiwa.





Discussions with the vendor should not have occurred prior a selection committee being approved.

Although OHA was already in the process of discussions with the vendor and drafting a contract, a selection committee was assembled and approved by Dr. Crabbe on September 16, 2014. The committee included Albert Tiberi, Kawika Riley, and Ernie Kimoto, all of whom Ms. Nu'uhiwa worked with while employed at OHA. Additionally, as demonstrated in the emails above, there was direct communication between a member of the selection committee and Ms. Nu'uhiwa related to the contract. The selection committee scored all providers between October 20, 2014 and November 5, 2014; Dr. Crabbe approved the recommendation of Reed Smith on November 10, 2014.

**c) Invoice includes work performed prior to contract effective date**

We obtained a draft bill sent to OHA for the work provided by Reed Smith between September 10, 2015 through November 30, 2015. The bill includes work performed prior to the selection

**ReedSmith**

Reed Smith LLP  
355 South Grand Avenue  
Suite 2800

ARL DHABI • ATHENS • BEIJING • CENTURY CITY • CHICAGO • DUBAI • FRANKFURT • HONG KONG • HOUSTON • KASAKHSTAN • LONDON • LOS ANGELES • MUNICH • NEW YORK  
NORTHERN VIRGINIA • PARIS • PHILADELPHIA • PITTSBURGH • PRINCETON • RICHMOND • SAN FRANCISCO • SHANGHAI • SILICON VALLEY • SINGAPORE • WASHINGTON, D.C. • WILMINGTON

Office of Hawaiian Affairs  
711 Kapiolani Boulevard  
Honolulu, HI 96813  
US - UNITED STATES

Invoice Number: \*\*\*\*\*  
Invoice Date: 12/31/2015  
Client Number: 381751  
Matter Number: 381751.20001

**DETAIL FOR PROFESSIONAL SERVICES RENDERED THROUGH November 30, 2015**

Date	Timekeeper	Description	Hours	Rate	Amount
09/10/14	B. Swann Nu'uhiwa	Confer with K. Riley re OHA's internal analysis of public ANPRM comments	0.60	375.00	225.00
09/11/14	B. Swann Nu'uhiwa	Prepare for and participate in teleconference with K. Riley, L. Riley and D. Kauanoa re OHA's internal analysis of public ANPRM comments	0.80	375.00	300.00
09/15/14	B. Swann Nu'uhiwa	Prepare for and participate in follow-up teleconference with L. Riley and D. Kauanoa re OHA's internal analysis of public ANPRM comments	0.50	375.00	187.50
09/16/14	B. Swann Nu'uhiwa	Prepare for and participate in follow-up teleconference with D. Kauanoa re OHA's internal analysis of public ANPRM comments	0.20	375.00	75.00
09/17/14	B. Swann Nu'uhiwa	Prepare for and participate in follow-up teleconference with K. Riley re OHA's internal analysis of public ANPRM comments	0.30	375.00	112.50

plante  
moran

**11. K-09**

*Type:* Exempt purchase

*Vendor Name:* The Kālainmoku Group LLC

*Contract/Check Number:* 2721

*Amount:* \$50,000.00

*Timeframe:* December 1, 2011 – June 30, 2012

*Description:* Public relations and messaging services related to the proposed Kaka'ako Makai settlement.

*Relevant CLA Findings:* The contractor was formed in the same year the contract was executed with OHA and the invoices are sequentially numbered, which may indicate that OHA was the only customer/client. This could indicate that the company was formed solely to provide services to OHA. Specific CLA findings include:

*E07: According to the Procurement Documentation Checklist, the listed exemption is 3-120-4(1) HAR, which states "research, reference, and educational materials including books, maps, periodicals, and pamphlets, which are published or available in print, video, audio, magnetic, or electronic form, including web-based databases." Based on the scope of work in the contract, the services provided are "public relations and messaging services" which does not appear to fall within this category of "research, reference, and educational materials." CLA could not identify an allowable exemption for this service through review of HRS 103D-102(b) or Hawai'i Administrative Rules Section 3-120-4 - Exhibit A.*

*In addition, this vendor (The Kalaimoku Group) was added to the list of approved professional service providers after approval by the CEO on 9/12/2011 under the category of "Community Planning." Over 20 other vendors were approved under this category. It appears that the procurement process should have followed the professional services procurement method, which would have required a selection committee to rate the approved vendors based on the specific need, and then OHA would make contact with the vendor that was rated the highest to negotiate a contract. The "Community Planning" category includes the services of media consulting, radio production and broadcast, research and marketing, administrative assistant*

*to Washington DC office. See also the May 1, 2017 letter from the State of Hawaii - State Procurement Office, which indicates that Exemption #1 under HAR 3-120 is used for "already published" research, reference, and educational material.*

*E11: The procurement process used does not appear to comply with HRS Sec. 103D. Additionally, the invoices submitted are dated approximately 6 weeks apart; however, they are sequential in number. Based on a search of public information, the vendor was established in 2011, the same year as the contract with OHA was executed. These are indicators of potential fraud, waste, or abuse.*

*E53: The TOP (time of performance) beginning date of the contract was prior to the date the contract was fully executed by OHA. Invoices did not contain sufficient detail to indicate when the contractor actually began services.*

*Key Words Searched:*

- "Kālimoku Group"
- "John Aeto"
- "PSA Meeting"
- "Community meeting", Aeto
- "Cedric Duarte"
- "communications committee"
- "settlement meeting"
- Namuo

*Determination:* **Evidence of fraud, waste, and abuse exists related to this transaction.** The Kālimoku Group is owned by John Aeto and Cedric Duarte. As noted by CLA, the company was started in the year of contract execution when Mr. Aeto left his position as President of Hiki No Consulting. Based on email review, it appears Mr. Aeto and Mr. Duarte had both previously been engaged by OHA and had existing relationships with OHA staff prior to starting their own business.

**a) Conflicts of interest in procurement**

It appears that the contract with Kālimoku Group is the result of an email from Mr. Aeto to Clyde Namu'o, (OHA CEO at the time). In the email Mr. Aeto discusses OHA's need for a PR campaign in support of the Kaka'ako Makai settlement.

From: John Aeto [REDACTED]  
Sent: Wednesday, November 16, 2011 10:32 AM  
To: Clyde Namu'o  
Subject: Settlement PR

Aloha Clyde

Hope all is well. I got a few calls this morning regarding the governors proposed settlement.

I wanted to share my manao, we actually spoke about this over breakfast about 3 or 4 years ago at grand Cafe with Vicky and Kahoonei.

I believe the most crucial thing to push this thru, if in fact OHA is in agreement on the offer - is a PR campaign of Hawaiian Organization.

Not sure what or who could head it, but much stronger if it is an entity other than other.

The campaign is simple - Press release, news conferences and broadcast media of Hawaiian organizations and leaders supporting this settlement. The key here is to be first, and have enough frequency to drown out the opposition.

That is my two sense; if i can help - let me know.

malama  
--

John K S Aeto  
The Kālainoku Group  
King Center Building

Mr. Namu'o responded by requesting a meeting and indicating that their current service provider wasn't the "right face for these Hawaiian issues".

On Nov 16, 2011, at 10:34 AM, Clyde Namu'o wrote:

John: Thanks....I've been talking about a pr campaign as well...we should talk...the staff is currently using Joan Bennett.....who is very nice, but, probably not the right face for these Hawaiian issues.....Can we get together to discuss.

Clyde W. Namu'o  
Chief Executive Officer  
Office of Hawaiian Affairs  
[www.oha.org](http://www.oha.org)

It can be assumed that the meeting was held, as on November 28, 2011, the Senior Executive Assistant to the CEO of OHA sent Mr. Aeto a contract template and terms and conditions. Mr. Aeto followed up by asking if he should complete a proposal for the work. On December 5, 2011, Mr. Aeto sent a short proposal to Mr. Namu'o.

----- Original Message -----  
From: John Aeto [REDACTED]  
To: Clyde Namuo  
Cc: Merlyn Akuna  
Sent: Mon Dec 05 15:47:19 2011  
Subject: Agreement for settlement consulting

Aloha Clyde

In an effort to get an agreement done this week I wanted to send you an hourly rate and a estimate for phase 1 of the community meetings.

Kevin normally charges \$160 an hour, and I normally charge \$200 an hour. We would like to go ahead with a Total of \$220 per hour. I will compensate Kevin from that fee.

In terms of the estimated hours -I have come up with 65 hours for phase 1- December meetings and reports.

Here is how we got there:

10 hours -basic prep, research and meetings  
45 hours -10 community meetings at 4.5 hours each. 2.5 hours of actual meeting, 60 minutes of prep and set up and 60 minutes of notes transcribed and follow up  
10 hours - Master reports and recommendations

we waive the travel time (25hours) and all expenses around travel (parking for Neighbor Islands and Gas for Oahu).

Please let me know if this is agreeable to you and I can work with Ernie and/or Merlyn on the actual contract.

mahalo again for allowing us to be a part of this great project

--

John K S Aeto

Another email on December 6, 2011 indicates that Mr. Namu'o requested his Senior Executive Assistant to seek funds for the project in the amount of \$50,000.

----- Original Message -----  
From: Merlyn Akuna  
To: Clyde Namuo  
Sent: Tue Dec 06 07:44:08 2011  
Subject: Re: Agreement for settlement consulting

Clyde, I had asked Richard for \$50,000 per our discussion to seek funds for John's work. Please advise if you are okay with amount. Mahalo!

It appears the contract was written as an exempt purchase to avoid competitive selection process required for professional services, as it was negotiated personally between Mr. Aeto and Mr. Namu'o.

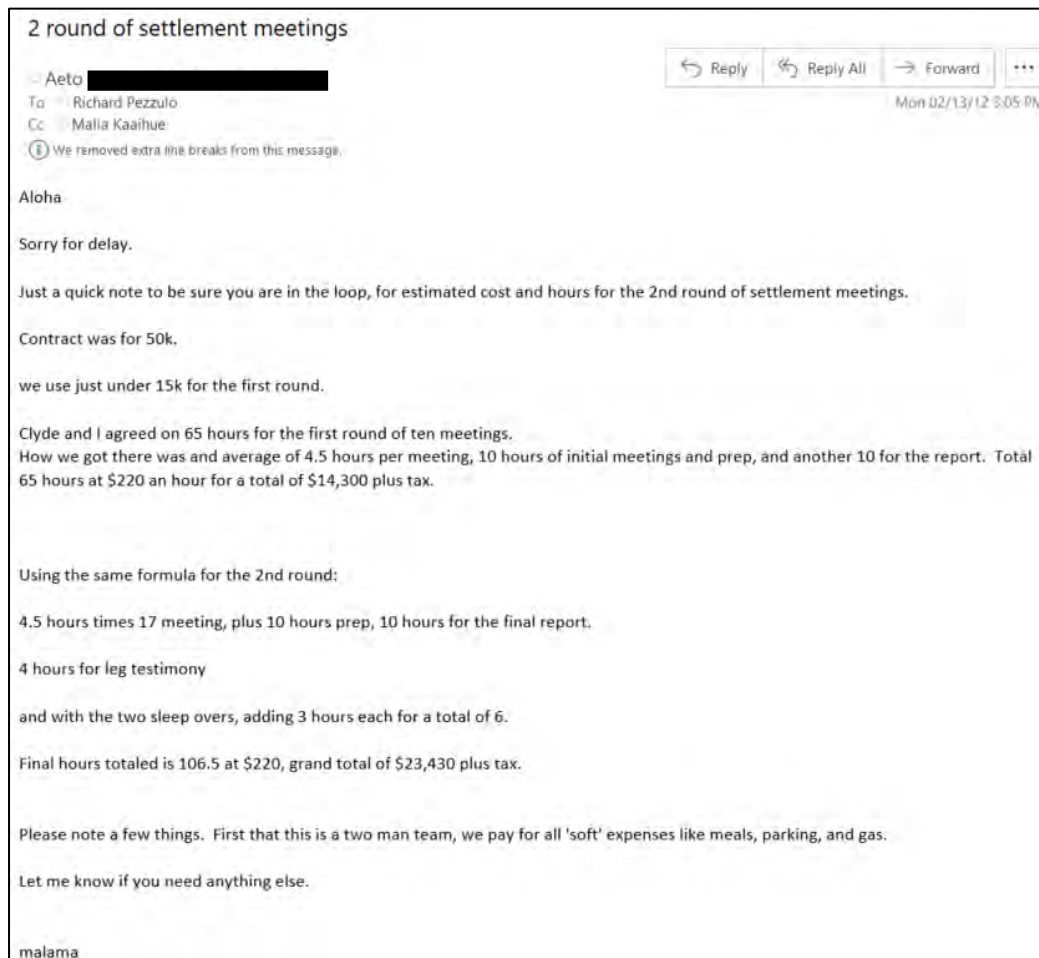
#### b) Incomplete deliverables and arbitrary billing

The scope of services to be provided by the Kālainmoku Group included attending, observing, documenting, researching, and compiling a list of reactions, questions, and concerns regarding the OHA State settlement at 10 OHA Community meetings to be held in December 2011 and 16 meetings to be held in early 2012. It also included developing and recommending effective strategies and campaign concepts for implementation after both rounds of the Community meetings.



It appears that Mr. Aeto attended the 10 community meetings in December 2011, as he provided a confidential report to OHA summarizing round one of discussions. Based on emails, including travel arrangements, it also appears that Mr. Aeto attended the 16 community meetings in January and February 2012. There is no evidence that a report summarizing round two discussions was provided to OHA. Additionally, there is no evidence that any strategies or recommendations were provided by the Kālaaimoku Group.

An email was identified in which Mr. Aeto describes the “agreement” for billing that he and Mr. Namu’o devised when negotiating the contract. The billing for each round of OHA Community meetings would be based on an estimate, rather than actual time worked as the contract states.



The invoices submitted to OHA list the total number of hours allegedly worked; however, there is no supporting detail. The total invoices amount also follows the calculation discussed above.

## The Kalaimoku Group, LLC

1451 S. King St. #503 Hon, HI 96814

## INVOICE

DATE:	1/9/2012
INVOICE #	1002
Customer ID	23

### BILL TO: Office of Hawaiian Affairs

Office of Hawaiian Affairs  
711 Kapiolani Blvd. #500  
Hon, HI 96814

DESCRIPTION	AMOUNT
Phase-1 Consultation for Kaka`koo Community Meetings Contract #:2721 65 Hours @ Billable Rate \$220.00 Inclusive of Attendance & Reporting at 10x Community Meetings, Travel-Time & Preparation Maui Waena Elementary School, Kauai Lihue Library, Kona Kaniohale CC, Hilo DOE Annex, Wahiawa Rec Center, McKinley High School, East Windward CC, West Kapolei Middle School, Lanai Lanai High School, Molokai Kulana OIwi	14300

### OTHER COMMENTS

1. Payment upon receipt

SUBTOTAL	\$14,300.00
TAX RATE	4.712%
TAX	\$673.82
**OTHER	\$0.00
<b>TOTAL</b>	<b>\$14,973.82</b>

Make all checks payable to  
The Kalaimoku Group, LLC

## 12. K-18

*Type:* Exempt purchase

*Vendor Name:* Native Hawaiian Education Association ("NHEA")

*Contract/Check Number:* 2857

*Amount:* \$99,600.00

*Timeframe:* December 3, 2012 – September 30, 2014

*Description:* To facilitate 36 Scholarship 'Aha for Native Hawaiian students entering post-secondary education institutions.

### *Relevant CLA Findings:*

*E18: Because there is no evidence of deliverables or only a portion of the deliverables could be provided, CLA is unable to determine whether there was sufficient oversight of the contract.*

*E19: The procurement method used is questionable. There is no evidence of deliverables, which was required by the contract. This contract was for the facilitation and issuance of scholarships; however, the 990s filed by the contractor for 2013 and 2014 do not list any expenses for scholarships, and most expenses were for conferences, conventions, and meetings. These are indicators of possible fraud, waste, or abuse.*

*E57: The contract was executed by OHA on February 14, 2013; however, the effective date of the contract is December 3, 2012. A schedule attached to the contract provides the Scholarship 'Aha dates for 2012-13, which begin on November 27, 2012 and go through January 24, 2013. All dates are prior to when the contract was executed by OHA. This indicates that the activities of NHEA may have occurred prior to when the contract was approved and executed.*

### *Key Words Searched:*

- scholarship, NHEA
- NHEA, 2857
- "Native Hawaiian Education Association"
- "Native Hawaiian Education Association", minglana

- Oliveria
- "scholarship aha"
- "ARM 12-09"
- "scholarship aha", invoice
- "scholarship aha", report
- NHEA, funding
- "EAI budget"
- judyanno [REDACTED]
- "education advocacy", budget
- "advocacy budget"

**Determination: No evidence of fraud, waste, or abuse related to this transaction.** The NHEA's Native Hawaiian Scholarship 'Aha are an annual series of events which connect Native Hawaiian students with financial aid. The events include presentations about the various options for financial aid and information about different scholarships available to Native Hawaiian students. At the end of each event a \$500 scholarship is awarded to an attending student. OHA has been a sponsor of the scholarship 'aha for many years – our email analysis indicates they were involved during our entire scope period. Based on the NHEA and OHA websites, OHA is still involved as a sponsor as of the date of this report.

The purpose of this contract and its amendment were to produce and facilitate Scholarship 'Ahas for Native Hawaiian students entering post-secondary education for the 2012-2013 and 2013-2014 school years. Based on email review and online research, it appears that 36 Scholarship 'Aha were held as planned. We also identified mid-contract and final reporting was provided by NHEA to OHA, as required by the contract.

FW: Scholarship Aha 2012-2013 Mid Contract Report (No. 2857.01)

Edwina Minglana <edwinam@oha.org>  
To: [REDACTED]

Fri 8/2/2013 3:24 AM

Aha\_Flyer.pdf 75 KB  
OHA Budget for Scholarship Aha 12.pdf 35 KB  
Scholarship Aha\_2013\_14\_sites\_DRAFT.pdf 52 KB  
Scholarship Aha Financial Aid Report.pdf 195 KB  
2013 Scholarship Aha Invoice\_2012\_2013.pdf 119 KB  
2013 Scholarship Aha Invoice\_2013-14.pdf 120 KB

**From:** Judy K. Oliveira  
**Sent:** Thursday, August 01, 2013 9:24:40 PM (UTC-10:00) Hawaii  
**To:** Edwina Minglana  
**Cc:** Lui Hokoana  
**Subject:** Scholarship Aha 2012-2013 Mid Contract Report (No. 2857.01)

Aloha e Edwina -

Attached are the following documents to fulfill the mid contact report (No. 2857.01) for the Native Hawaiian Scholarship 'Aha:

1. 2012-2013 Scholarship Aha - sites and locations
2. 2012-2013 Scholarship Aha - budget
3. 2011-2012 Financial Aid Report
4. 2013-2014 Scholarship Aha sites and locations (Tentative)

Additional supporting documents are located at <http://www.hawaii.edu/finaid/workshops.html>. A Prezi presentation was created to share the demographic data collected at the sites: [http://prezi.com/dppnga3qgtr/?utm\\_campaign=share&utm\\_medium=copy&rc=ex0share](http://prezi.com/dppnga3qgtr/?utm_campaign=share&utm_medium=copy&rc=ex0share).

I am also including two invoices for payment:

1. Third payment - \$9,000
2. Final payment - \$40,000

Please let me know if you have any questions.

Mahalo nui,  
Judy Oliveira  
NHEA President

Fwd: Scholarship Aha 2012-2013 Mid Contract Report (No. 2857.01)

Judy K. Oliveira [REDACTED]  
To: Mehana Hind

Wed 3/18/2013 4:49 AM

2013 Scholarship Aha Invoice 5.pdf 106 KB  
2013 Scholarship Aha Invoice 6.pdf 106 KB

Aloha Mehana,

You should have received the final documents for the 2013-2014 Scholarship Aha contract earlier this evening. Attached are the two invoices to close out the 2013 mid-contract year.

Please call me if you have any questions.

Mahalo,  
Judy

Additionally, we identified that the contract and its amendment were approved as part of the Education Advocacy Initiatives budget.

Scholarship Aha

Nancy King <nancyk@oha.org>  
To: Momilani Lazo; Kealoha Fox; Lisa Watkins-Victorino; Hawley Iona  
Cc: Keith Yabusaki

Mon 11/4/2013 6:35 PM

Aloha Ladies,

The Scholarship Aha are being funded by OHA via the Education Initiative.

The original contract (#2857) was to support "Scholarship Production and Facilitation Services" through scholarship aha. Funding in the amount of \$59,600 has been paid for contract term 12/03/12 - 09/30/13.

Contract was amended on 06/10/13 to extend contract term to 09/30/14 and an additional \$40,000 was added.

To date, \$25,000 has been paid and a balance of \$15,000 remains.

nancy

**13. K-20**

*Type:* Exempt purchase

*Vendor Name:* Kuauli 'Āina-Based Insights LLC

*Contract/Check Number:* 2879

*Amount:* \$435,000.00

*Timeframe:* June 1, 2013 – June 30, 2016

*Description:* To document the sale of former Hawaiian Kingdom Government and Crown Lands.

*Relevant CLA Findings:* This contract was obtained using a purchase exemption that was later deemed inappropriate by the State Procurement Office. Additionally, the fact that the contractor was formed in the same year that the contract was executed with OHA and the invoices are sequentially numbered, indicates that OHA may be (or was) its only customer/client. This could be an indication that the company was formed solely to provide services to OHA. Specific CLA findings include:

*E06: Only a portion of the deliverables required by the contractor could be provided to CLA for review.*

*E20: Kamana Beamer, the owner of Kuauli Anina-Based Insights LLC, became a commissioner for the Hawaii State Commission on Water Resource Management, with his first term beginning on July 1, 2013. CLA is unable to conclude as to whether this position is considered a legislator. Other concerns regarding possible conflict of interest due to a possible personal relationship between Kamana'opono Crabbe and Kamana Beamer as Mr. Beamer was listed as one of the supporters for Mr. Crabbe on a petition posted on 5/10/2014, at the time of this contract.*

*E21: The Procurement Document Checklist (PCL) indicates that this contract is exempt under 3-120 (1), which states, "Research, reference, and educational materials including books, maps, periodicals, and pamphlets, which are published or available in print, video, audio, magnetic, or electronic form, including web-based databases." Based on the scope of work in the contract, the services provided were "documenting the sale of former Hawaiian Kingdom Government and Crown Lands" in an Excel spreadsheet and to provide geo-reference select*



*maps for lands sold from 1893-1959. The State of Hawaii - State Procurement Office issued a letter dated May 1, 2017 regarding the procurement method used for this purchase. The letter stated on page 4, "The SPO notified OHA, on December 16, 2016, that Exemption #1 is used for already published research material and not for contracting a vendor to conduct research and create a report, which is a service. The subject contract's scope of work did not fit within the confines of this exemption and therefore the subject contract's award to Kuauli 'Aina-Based Insights does not comply with the Procurement Code."*

***E23:** The procurement method used is questionable. There is only partial evidence that the contractor provided all deliverables required by the contract. The invoice numbers are sequential even though they are dated months apart. The filing date for the contractor is 2/4/2013, which is approximately 4 months prior to the final execution of the contract. There is also evidence of a possible personal relationship between the contractor and former CEO as the contractor's name is associated with a petition of support for the former CEO that was posted online on 5/10/14 at the site: hawaiiankingdom.org. These are indicators of potential fraud, waste, or abuse.*

***E53:** The TOP (time of performance) beginning date of the contract was prior to the date the contract was fully executed by OHA. Invoices did not contain sufficient detail to indicate when the contractor actually began services.*

*Key Words Searched:*

- Kuauli
- Beamer
- KAI, "ceded land"
- "research director"
- "ceded lands working"
- "beamer contract"
- "ceded land working"
- "criminal investigation"
- "ceded land", "working group"
- "PR# 2013-307"

**Determination: Evidence of fraud, waste, and abuse exists related to this transaction.**

**a) Improper procurement**

Email research identified that Kamana Beamer was working with individuals from OHA, including Dr. Crabbe, and Kamoa Quitevis, Contract Manager for this contract, prior to the contract being executed. An email sent by Koalani Kaulukukui on January 16, 2013 included an attachment named "12.13.12 Draft Meeting Notes CONFIDENTIAL." The notes are from a Ceded Land Working Group meeting held over six (6) months prior to the effective date of the contract with Mr. Beamer and included references to Mr. Beamer performing work for OHA through a future contract that is very similar, if not identical, to the scope of services in the executed contract.

Overview by Kamoa Quitevis, Donovan Preza, Kamana Beamer, Dominique Cordy

- Creating a ceded land inventory from a Hawaiian perspective, mo'okuauhau of land tenure from Mahele forward; can't say definitely in all cases what is "ceded land," but will give a good indication of what is *not* ceded land
- Akin to balancing checkbook, must know the opening balance; OHA's inventory approach is to determine the opening balance of government and crown lands that form the basis of the ceded land corpus and public land trust corpus
- Donovan Preza working on ahupua'a layers based on the Mahele Book, the 1894 Iaukea Report, and the state GIS data layer; also mapping ili kupono where possible, but areas like Kailua and Kaneohe on O'ahu are too numerous (this work is not part of Preza's initial contract); currently working on Maui, Big Island is next, then pau
- Dominique Cordy and Jason Jeremiah working on "debits" to the opening balance of the government and crown land "opening balance" by digitizing all types of grants of land for the period 1848 through 1895, including Land Commission Awards, Royal Patent Grants, and Kamehameha Deeds, based Government Survey Maps, Land Court Maps, and Plat maps; currently working on Oahu, anticipated pau in January; will provide data layer by island as completed
- Kamana Beamer will address "debits" to the opening balance of the government and crown land "opening balance" from 1895 through 1959 through a future contract
- Zach Smith is working on mapping Act 178 reports (as an OHA project) and federal land inventory (as his Master's thesis)

Typically, this type of contract would require competitive bidding, as evidenced by the State Procurement Office's May 1, 2017 conclusion that the exception utilized by OHA related to this contract was incorrect.

## CONCLUSION

There are concerns that OHA utilized the HAR §3-120-4(b) – Exemption 1 incorrectly by not adhering to HAR Chapter 3-120's procedures for requesting an exemption and overstepping its parameters, which ultimately limited competition in acquiring these services. In addition, there appears to be training and delegation inconsistencies.

It does not appear there was a competitive process or consideration of other service providers for this contract. It also appears that Mr. Beamer was not an approved service provider. The procurement process began in January 2013, with OHA staff reaching out to Mr. Beamer indicating that he needed to submit a proposal. The email also included OHA staff indicating they would “assess the maximum potential of (OHA's) current budget”.

On Thu, Jan 10, 2013 at 9:52 AM, Kamo'a Quitevis <kamoaq@oha.org> wrote:

Aloha,

I started working with procurement on the contract for the “Documenting Land Sales Of Former Crown And Government Lands: 1893-1959”. In order to continue the process I will need a your budget proposal, an outline of your methodology, as well as a description of the data and deliverables that will be created in the process. I would also like to consider the potential of completing this same process for the pre-overthrow period, if you could provide a budget and timeline for both post and pre 1893, I can assess the maximum potential of my current budget. I would like to crank out this contract quickly so I can encumber the funds and leverage others for additional contracts. Let me know if you need anything from me.

Mahalo,

Kamo'a Quitevis

Lead Researcher

Land, Culture and History

Office of Hawaiian Affairs

## b) Conflicts of interest

Mr. Beamer appears to have a long-standing relationship with Dr. Crabbe. Email review identified an email from Dr. Crabbe to Mr. Beamer on July 5, 2011 with a job description for the OHA Lead Researcher for Land Culture and History. The email also included Crabbe's personal recommendations of items for Mr. Beamer to include in his resume.

On Tue, Jul 5, 2011 at 5:48 PM, Kamana'opono M. Crabbe, Ph.D. <[kamanaoc@oha.org](mailto:kamanaoc@oha.org)> wrote:

Welina mai kaua e Kamana,

Mahalo for our kuka this past weekend. Appreciate the time & interest to discuss the lead researcher position for land, culture, & history. I have attached the job description for the position. We have had a number of good candidates but most do not meet the minimal qualifications listed below. On page 7 of the job description lists the Education & Training Experience. This criteria is used as our minimal qualifications. Thus, in your CV &/or Resume make sure to highlight number of years (5 years) re: research in land, culture, & history; coordinating research projects &/or activities; policy development or analysis, level of experience w/GIS technologies. Also, criteria 4 lists at least 2 years of management/supervision experience engaged in research work. Any other research related to land, culture, &/or history which you have done would be helpful in the review & interview process. Salary recommendations I do not foresee a problem. However, travel arrangements to & from Hawaii island & schedule I'll need to discuss further w/our COO. I am also including our OHA strategic plan brochure for more info. re: our organizational direction. If you have any questions &/or feedback feel free to email or call me, work [REDACTED]

1. Graduation from an accredited four (4) year college or university.
2. A master's or other advanced degree in Hawaiian culture, Hawaiian history, planning, archaeology, or other related field.
3. Five (5) years of progressively responsible professional experience in conducting research in land, culture, history and other related fields, and a demonstrated capacity to plan and coordinate research activities of considerable difficulty, breadth and complexity. Experience in the field of research analysis which included active participation in and major responsibility for the development, management, execution and coordination of policies, activities and programs. Experience or training in the creation, use and analysis of Global Information System ("GIS") data is a plus, although it is not required.
4. Two (2) years of responsible experience in management and supervision of others engaged in research work.

Additionally, we identified that Mr. Beamer invited Dr. Crabbe to speak at a conference in January 2012.

**From:** Dr. Kamana Beamer [REDACTED]  
**Sent:** Friday, September 30, 2011 2:53 PM  
**To:** [kamananaoc@oha.org](mailto:kamananaoc@oha.org)  
**Cc:** Momilani Lazo; William Awa  
**Subject:** Requesting your attendace to our FNFP Aha Nauā Lelepā on Jan 20th in Kona

Aloha e Kamana'o,

Mahalo nui for considering attending our program in Kōna on January 20<sup>th</sup> 2012.

We are hoping that you could attend and kūkā with our fellows about your personal mo'olelo and thoughts on 'ōiwi leadership.

We will include additional materials in the coming weeks but had wanted to see if you might be available?

Please let us know.

Aloha 'Āina,

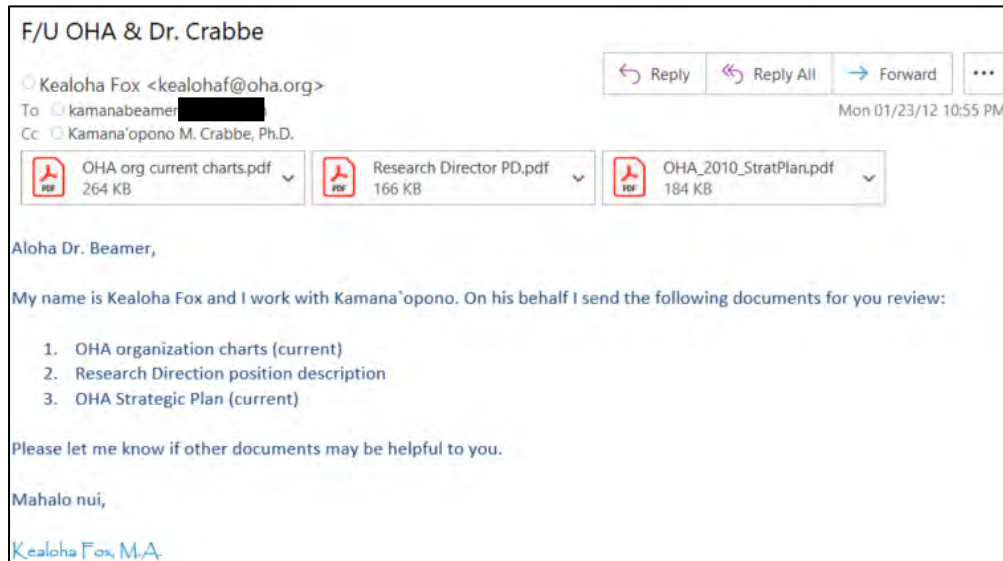
Kamana

**Kamanamaikalani Beamer PhD**  
**'Āina Based Education Department**

Shortly after the conference, on January 23, 2012, Dr. Crabbe, via Kealoha Fox, sent Mr. Beamer the current OHA organizational charts, the OHA strategic plan and the job description for OHA's



Research Director. This position was open at the time, but was not posted publicly until January 29, 2012. Beamer interviewed for the job in March 2012 but was not hired to fill the position.

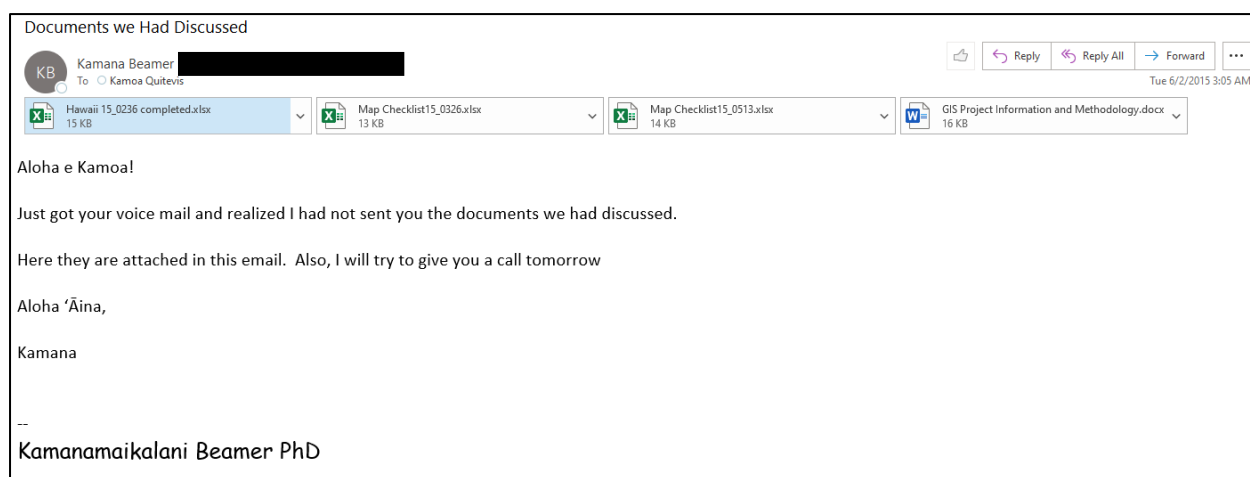


Mr. Beamer also signed a public petition in support of Dr. Crabbe for CEO on May 10, 2014, which was after the effective date of the original contract but prior to the amendments.

Mr. Beamer may have also had a relationship with one of the OHA Trustees, as he used the Trustee as a personal reference on his resume that was included in the materials he sent to OHA to become an approved service provider. As noted above, Mr. Beamer submitted these materials at the request of OHA staff, in order to secure the contract.

### c) Incomplete deliverables

We identified emails indicating some work was performed related to the contract; however, the contract with Mr. Beamer was terminated due to non-performance due to deliverables not being received.



Mr. Beamer was paid \$250,000 of the total contract amount of \$435,000.



PHONE (808) 594-1888

FAX (808) 594-1938



**STATE OF HAWAII**  
**OFFICE OF HAWAIIAN AFFAIRS**  
560 N. NIMITZ HWY., SUITE 200  
HONOLULU, HAWAII 96817

October 24, 2016

Dr. Kamanamaikalani Beamer  
P.O. Box 6546  
Kamuela, HI 96743

Re: Kuauli 'Āina-Based Insights LLC - OHA Supplemental Agreement Contract No. 2879.03  
and No. 2879.04 to Contract No. 2879

Aloha Dr. Beamer,

This letter is to inform you that the Office of Hawaiian affairs will terminate Supplemental Agreement Contract No. 2879.03 and No. 2879.04 to Contract No. 2879 for non-performance of the contract scope of services within the contracted timeframe ending June 30, 2016:

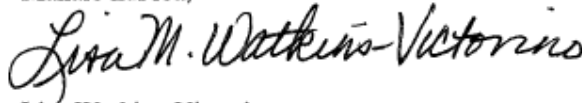
1. The CONTRACTOR shall analyze all Hawaiian land transfers that occur during the years of 1845 through 1959 and compile comprehensive land inventory in an excel spread sheet which shall include the following information for each land transfer.
  - a. Award type (LCA, RPG, Grant< Kamehameha Deed or other)
  - b. Date of award
  - c. Island
  - d. Moku
  - e. Ahupuaa
  - f. Former land base (Government or Crown)
  - g. Acreage
  - h. Date of sale
  - i. Name of purchaser
  - j. Map source
2. Contractor shall develop a GIS database representing of all lands sold during the period of 1893 through 1959 from former Hawaiian Kingdom Government and Crown Lands.

Dr. Kamanamaikalani Beamer  
October 24, 2016  
Page 2

3. When OHA does not have access to existing digital copies of original source materials, CONTRACTOR shall digitize the additional source materials and provide them to OHA for OHA's use.
4. Complete a report that explains the methodology for the data collection, compilation and presentation of information. In addition the report will contain an analysis of data gaps, an explanation of how the Inventory should be used and how it should not be used. And finally it will propose additional research for understanding the History of Hawai'i's land tenure.
5. Compile and submit geo-reference select maps to be used to create shape files for crown and governmental lands sold from 1893-1895 upon their completion

The expected goal was to have the above listed completed by June 30, 2016. The remaining balance of \$185,000.00 will be held due to non-performance within the contractual timeframe. For work completed prior to the June 30, 2016 deadline, which hasn't yet been submitted, please provide a detailed description including the associated costs with deliverables. Please email it to me at [lisawv@oha.org](mailto:lisawv@oha.org) for review and possible payment. Please also feel free to contact me at (808) 594-0280 should you have any questions.

Mahalo nui loa,



Lisa Watkins-Victorino  
Research Director, Office of Hawaiian Affairs

LWV:ka

C: Dr. Kamana'opono M. Crabbe, Ka Pouhana, Chief Executive Officer  
Hawley Iona, Ka Poukihi Kanaloa-Wai, Chief Financial Officer

An interoffice memo also identified that OHA was taking steps to select a new vendor to complete the unfinished project, further supporting that the deliverables were incomplete.



OFFICE OF HAWAIIAN AFFAIRS  
Interoffice Memorandum

Date: January 26, 2017

To: Kamana'opono M. Crabbe, Ph.D., Ka Pouhana, Chief  
Executive Officer

Via: Lisa A. Victor, Ka Pou Nui, Chief Operating Officer

From: Lisa Watkins-Victorino, Ka Pou Kihi Kāne, Research  
Director

Subject: OHA CONTRACT 2879, 2879.01, 2879.02, 2879.03, 2879.04  
STATUS UPDATE

**CONFIDENTIAL AND PRIVILEGED INFORMATION**

As requested, below is a timeline of steps taken pertaining to the termination of Kuauli 'Āina-Based Insights LLC (KAI) contract and steps taken for a new vendor to complete the scope of services:

- October 24, 2016 - Termination of contract letter was mailed to KAI for non-performance of contract scope of services within the contracted timeframe, ending June 30, 2016, with a remaining balance of \$185,000.
  - Two weeks were provided to allow a response by KAI and to submit detailed description and associated costs of work completed prior to the contract deadline.
- November 14, 2016 - Purchase Requisition (PR) form was submitted detailing scope of services, requirements, and deliverables for work not completed.

**14. K-44**

*Type:* Exempt purchase

*Vendor Name:* Rider Levett Bucknall, LTD (“RLB”)

*Contract/Check Number:* 2967

*Amount:* \$10,000.00

*Timeframe:* April 1, 2014 – July 31, 2014

*Description:* To present the management and development framework on Kaka’ako Makai land parcels to OHA leadership, project managers, and other designated groups.

*Relevant CLA Findings:*

**E25:** The exemption reference listed on the Procurement Document Checklist is HAR 103D-102(b)(4)(G), which is "Performances, including entertainment, speeches, and cultural and artistic presentations." This does not seem to be an appropriate exemption for this work. The scope of this contract required the vendor to present the "management and development framework" on the Kaka’ako Makai land parcels to OHA leadership and project managers. The listed exemption appears applicable to entertainment performances, speeches and other cultural and artistic works. A presentation of the results of professional services provided to the organization does not seem an appropriate use of this exemption. This vendor had a previous contract with OHA (#2865) to perform the analysis and other work related to the Kaka’ako Makai lands. It seems more appropriate that this additional cost for a presentation would have been processed as an addendum to that original contract.

**E29:** This contract provided additional work and compensation to the contractor related to work performed by this contractor under a separate contract. See OHA Contract #2865 tested in the section for Competitive Sealed Proposals (RFP). The majority of work performed by this contractor was under the original contract (#2865), and the sufficiency of oversight provided by the contract manager was assessed as part of that contract testing.

**E30:** The original contract (#2865) included in the scope section (#7) includes presenting "these findings to OHA project managers and decision-makers upon request." The scope covered by this contract appears duplicative of the original contract, which calls into question

the need to pay the additional amount under this contract. This is an indicator of potential waste.

**E56:** The TOP (time of performance) beginning date was prior to the date the contract was fully executed by OHA. The description on the invoice(s) also indicates that services began prior to when the contract was fully executed by OHA.

*Key Words Searched:*

- "Rider Levett"
- "Group 70"
- Stanford
- Stanford, amendment
- "Rider Levett", amendment
- "Group 70", amendment
- "Rider Levett", contract
- workshop, "Group 70"
- Phyllis, "Rider Levett"
- RLB, invoice
- Rider, invoice
- RLB, amendment
- RLB, workshop
- workshop

**Determination:** No evidence of fraud, waste, or abuse related to this transaction. RLB was previously engaged by OHA under contract #2865 to complete a management and development framework for the Kaka'ako Makai land parcels. Although the contract was written between OHA and RLB, there were also two subcontractors involved in the work: Group 70 and Sanford Murata. The project was completed when, as required by the scope of services, all three organizations presented to the BOT on November 21, 2013.

CLA identified an issue with contract #2967 which is subsequent to the aforementioned contract. We concur contract #2967 appears duplicative of contract #2865, but email analysis proves otherwise.

**ATTACHMENT S 1**

**SCOPE OF SERVICES**

The CONTRACTOR agrees to satisfactorily present the management and development framework on the Kaka'ako Makai land parcels to OHA leadership, project managers and other designated groups, as described in Contract No. 2865, the Contract between the Office of Hawaiian Affairs and Rider Levett Bucknall, Ltd., dated April 11, 2013.

Contract Coordinator: Allen Kam, Pou Kako'o Kuleana Ho'owaiwai, Commercial Property Manager

Chief Operating Officer or Designee: Kāwika K. Burgess, Ka Pou Nui, COO  
808 594-1953 808 594-1865(F)

We identified that this contract was related to *additional meetings and trainings* held with OHA staff and the BOT based on RLB's work and initial presentation. During the Committee on Land and Property meeting preceding the RLB presentation to the BOT on November 21, 2013 the Trustees discussed holding a workshop to help determine next steps for the Kaka'ako Makai parcel.

**C. Kaka'ako Makai**

Allen Kam said we are starting to put in procedures for the flow of communication because there is a lot coming down. What we're talking about here is long-range planning of Kaka'ako Makai. This is a basic roadmap, tweaked to meet OHA's needs (attached). Starting with page 1, you have already done this. The step we are now on is the middle column. The diamond is where the Board needs to make decisions.

Ka Pouhana Kamana'opono Crabbe said this is something for the Board to consider whether we need a workshop or retreat.

Meeting of the Asset Resource and Management Committee  
MINUTES of NOVEMBER 20, 2013

Page 8 of 16


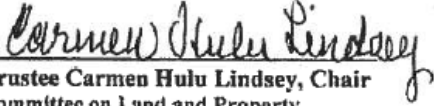
Trustee Akana said when we were considering moving to that property, during the Lingle administration, we did a master plan, I would like to see that plan, because we spent a lot of money on that plan.

Allen Kam said I have that plan, but it is just for Lot L. Once we narrow the vision that is where we get deep into it. In the master planning step is a lot of work to be done, going back to the community and our beneficiaries. We are going to be relooking at the infrastructure plan. If we are going for entitlements, we need to reassess infrastructure.

Trustee Stender said we may require a workshop to discuss this.



The workshop was held on February 24, 2014.

PHONE (808) 594-1888		FAX (808) 594-1865
<b>Committee on Land and Property</b> Trustee Carmen Hulu Lindsey, Maui, <i>Chair</i> Trustee Robert K. Lindsey, Jr., Hawai'i, <i>Vice Chair</i> <b>Members</b> Trustee Dan Ahuna, Kaun'oi / Ni'ihau Trustee Rowena Akana, At-Large Trustee Peter Apo, O'ahu Trustee S. Haunani Apoliona, At-Large Trustee Colette Machado, Moloka'i / Lanai Trustee Oswald Stender, At-Large Trustee John White'e, IV, At-Large	<b>LIEUTENANT GOVERNOR'S OFFICE</b>  <b>STATE OF HAWAII</b> <b>OFFICE OF HAWAIIAN AFFAIRS</b> <b>14 FEB 14 P1 56</b>	
<p align="center"><b>MEETING OF THE COMMITTEE ON LAND AND PROPERTY (LP)</b></p>		
<p><b>DATE:</b> February 24, 2014 <b>TIME:</b> 9:00 AM - 3:00 PM <b>PLACE:</b> OHA Board Room 560 N. Nimitz Hwy., Suite 200 Honolulu, HI 96817</p>		
<p align="center"><b><u>WORKSHOP</u></b></p>		
<p>I. Call to Order</p> <p>II. Community Concerns / Beneficiary Comments</p> <p>III. Discussion on Kaka'ako Makai review and recommendations for next steps regarding Strategic Action Plan</p> <p>IV. Announcements</p> <p>V. Adjournment</p>		
 Trustee Carmen Hulu Lindsey, Chair Committee on Land and Property		<p align="right"><u>2-14-2014</u> Date</p>

Based on email review, it was identified that the contractor met with OHA's public policy staff on February 7, 2014 to discuss their findings.

**FW: Economic Analysis Presentation with Stanford Murata**

**From:** Merlyn Akuna </O=FIRST ORGANIZATION/OU=FIRST ADMINISTRATIVE GROUP/CN=RECIPIENTS/CN=MERLYNA>  
**To:** puakaillma@ [REDACTED]  
**Sent:** February 6, 2014 11:32:48 AM HST  
**Received:** February 6, 2014 11:32:48 AM HST

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**From:** Kristen Nishimura  
**Sent:** Thursday, February 06, 2014 11:34:41 AM (UTC-10:00) Hawaii  
**To:** Merlyn Akuna  
**Subject:** Economic Analysis Presentation with Stanford Murata  
**When:**  
**Where:** Conference Room 3

The author of the Kakaako makai economic analysis, Stanford Murata, will be here to present his study. It will be a casual presentation to staff members who are interested in learning more about the study. Feel free to invite others as necessary.

The additional meetings and workshop could not be added to the existing contract with RLB related to Kaka'ako Makai because it had expired. Because this contract was for a vendor to present RLB's deliverables, for which RLB would have the only ability to do so, competitive bidding was not feasible.

**RE: Rider Levett Bucknall Contract - PR 2014-299**

 Reply  Reply All  Forward 

 Allen Kam <allenk@oha.org>  
**To:**  Kawika K. Burgess  
**Cc:**  Wendell Tengan

Fri 04/25/14 2:35 PM

This contract is for the presentation and land use workshop to the BOT back in Feb. RLB has only just now signed the contract.

If you're asking technically, this work has been executed as a new contract because the Framework Plan Contract was closed after the scope was completed in November 2013. As per procurement rules, I understand an amendment cannot be added to a closed contract.

**15. K-47**

*Type:* Exempt purchase

*Vendor Name:* David Keanu Sai, Ph.D. ("Dr. Sai")

*Contract/Check Number:* 2979

*Amount:* \$25,000.00

*Timeframe:* May 1, 2014 – April 30, 2016

*Description:* Conducting research and providing memorandums and lectures regarding political science perspective under the framework of international law.

*Relevant CLA Findings:*

*E06: Only a portion of the deliverables required by the contractor could be provided to CLA for review.*

*E31: The Procurement Document Checklist (PCL) indicates that this contract is exempt under 3-120-4(3) HAR, which states "Services of lecturers, speakers, trainers, facilitators and scriptwriters, when the provider possess specialized training methods, techniques or expertise in the subject matter." The contract indicates that the contractor will be conducting research related to international law and the sovereignty of Hawaii. The scope of work also states, "To perform lectures based on the memorandum developed for OHA, upon OHA assignment." OHA was unable to provide information regarding whether any lectures were provided. If lectures were not provided, it is not apparent that this would have been exempt under statute, as there is no exemption for research services. Additionally, the professional services procurement process includes a category for Legal Services - "Native Hawaiian Affairs" which includes "sovereignty" and "Native Hawaiian Rights and Entitlements" and had 9 approved vendors for FY2013-14 (when this contract was signed).*

*E34: CLA was unable to get answers to questions related to this contract. CLA requested an interview of Kamana'opono Crabbe, the former CEO, prior to his last day at OHA; however, CLA was unable to get an interview with Mr. Crabbe. No one else within OHA was able to provide responses to questions, and OHA could not provide information on whether lectures were provided and when.*

*E35: The procurement method used is questionable. Based on redacted emails provided to CLA, it appears that lectures may have been added to the scope as a means to get the contract approved through the exempt method. Work was performed prior to having an approved contract in place. The first invoice was dated 3 days after the contract execution date. Contract effective date was prior to when the contract was executed. The memo and letter that were included in the scope of this contract were both dated prior to when the contract was executed. These are indicators of potential fraud, waste, or abuse.*

*E56: The TOP (time of performance) beginning date was prior to the date the contract was fully executed by OHA. The description on the invoice(s) also indicates that services began prior to when the contract was fully executed by OHA.*

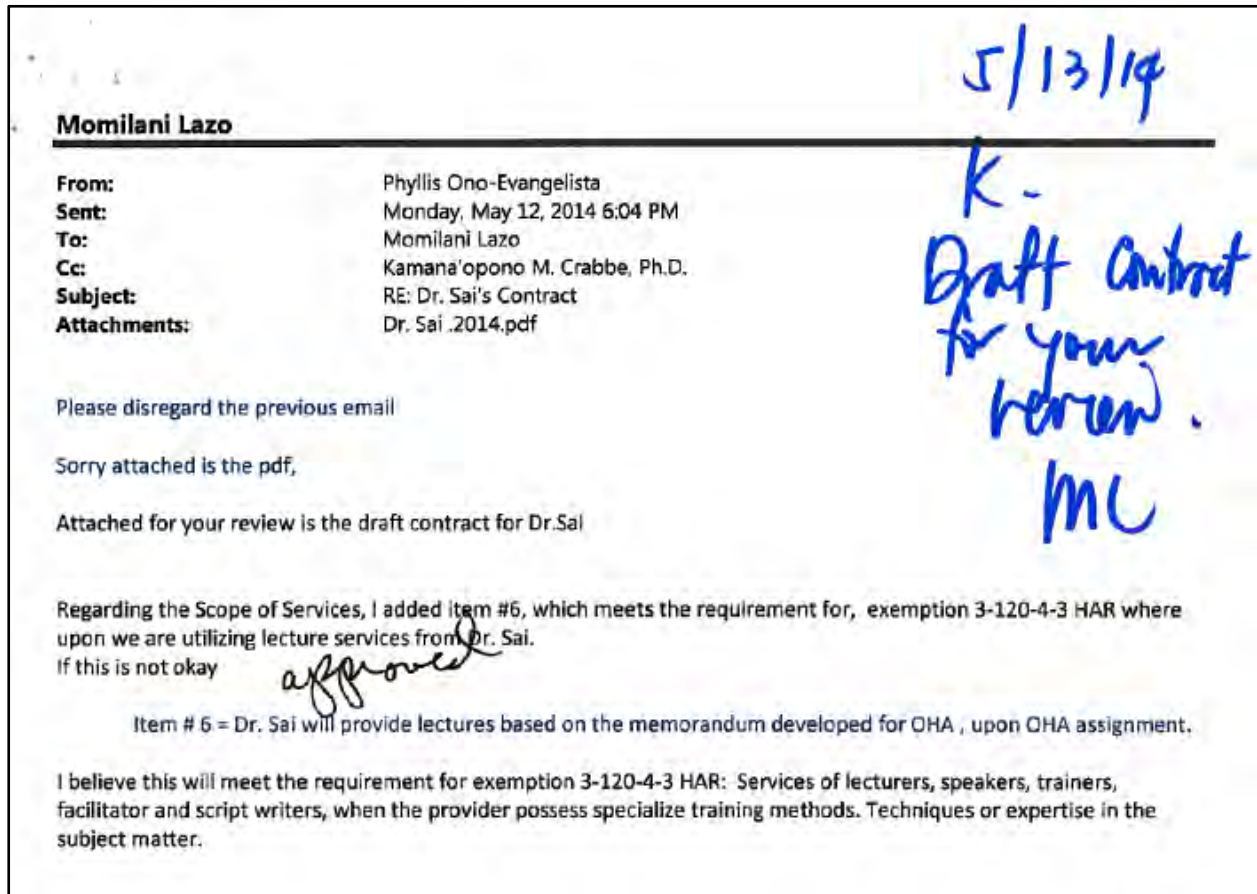
*Key Words Searched:*

- Sai, 2979
- Sai, Keanu
- "Keanu Sai"
- Crabbe, date range: March 1, 2014 – June 1, 2014
- keanu.sai@[REDACTED]
- anu@[REDACTED]
- "contract 2979"
- "Dr. Sai"
- "D. Keanu Sai"
- "Dr. Sai", Crabbe

**Determination:** **Evidence of fraud, waste, and abuse exists related to this transaction.** The purpose of this contract was to address strategies to support acknowledgement of the Kingdom of Hawaii's sovereignty under international law. Dr. Sai was engaged to conduct research, provide memos to OHA, and conduct lectures based on the memos developed.


a) Improper procurement

Based on email review, it appears that lectures may have been added to the scope of services to avoid the competitive bidding requirements.



As of the date of this email, work had already been performed by Dr. Sai and it appears the lectures were added to the scope of services so that the contract would not require competitive bidding due to the exemption, allowing Dr. Sai to be compensated for his work.


Dr. Sai also had a contract with OHA prior to the execution of this contract. The contract, #2415, was executed in June 2009 and was for a) researching and writing a manuscript related to land tenure from 1845 to present, and b) presenting for publication to University of Hawaii-Press within 12 months of the execution of the contract. The contract was terminated by OHA for non-performance on November 3, 2015; however, email review indicates that status meetings related to the incomplete work related to contract #2415 were held in January 2014.






 **Status of Sai Manuscript**

**From:** Momilani Lazo </O=FIRST ORGANIZATION/OU=FIRST ADMINISTRATIVE GROUP/CN=RECIPIENTS/CN=MOMILANIL>  
**To:** anu [REDACTED]  
**Sent:** January 21, 2014 8:12:33 AM HST  
**Received:** January 21, 2014 8:11:15 AM HST  
**Start Date:** January 30, 2014 4:00:00 PM HST  
**End Date:** January 30, 2014 4:30:00 PM HST

OHA had knowledge of Dr. Sai's nonperformance prior to initiating a second contract with him but did not consider seeking services from another vendor.

RE: Contract with Keanu Sai

 Momilani Lazo <momilani@oha.org>  
To: Ernie Kimoto  
Cc: Shirley Okamoto; Kamana'opono M. Crabbe, Ph.D.  
This message was sent with High importance.

  Reply  Reply All  Forward  ...  
Tue 5/20/2014 10:39 PM

Mahalo Ernie I will check if KP has any concerns over Dr. Sai's prior contract #2415.

Momilani Lazo  
Ka Pou Alo Nui, Sr. Executive Assistant to Ka Pouhana, CEO  
Office of Hawaiian Affairs – Na Lama Kukui  
560 N. Nimitz Highway, Suite 200, Honolulu, HI 96817  
☎: (808) 594-1892 📠: (808) 594-1865 ✉: Momilani@oha.org

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**From:** Ernie Kimoto  
**Sent:** Tuesday, May 20, 2014 4:33 PM  
**To:** Momilani Lazo  
**Cc:** Shirley Okamoto  
**Subject:** Contract with Keanu Sai

CONFIDENTIAL PRIVILEGED ATTORNEY CLIENT COMMUNICATION

[REDACTED]

Mahalo

#### b) Personal project of Dr. Crabbe

This contract appears to be a personal project supported by Dr. Crabbe and not the BOT. Dr. Crabbe initiated it in April 2014, when drafting of the contract and discussions related to funding began. Dr. Crabbe, via his Executive Administrative Assistant, also asked if the contract could be funded via a check request (i.e., avoiding the procurement process).



**From:** Momilani Lazo  
**Sent:** Thursday, April 24, 2014 12:21 PM  
**To:** Hawley Iona  
**Cc:** Kamana'opono M. Crabbe  
**Subject:** Ka Pouhana Budget (2100)  
**Importance:** High

Hi Hawley,

KP said he spoke to you yesterday to find funds for legal services to prepare a legal brief on OHA's nation building efforts. More specifically on the topic of how a federally recognized nation can still proceed for independent recognition. In looking at the last budget variance report provided and dated 3/3/14, the SPRI budget appears to be unencumbered? Is that correct and if un-encumbered can KP use those funds for preparation of the legal brief?

Momilani Lazo  
Ka Pou Alo Nui, Sr. Executive Assistant to Ka Pouhana, CEO  
Office of Hawaiian Affairs - Na Lama Kukui

**From:** Momilani Lazo  
**Sent:** Monday, April 28, 2014 8:33 AM  
**To:** Hawley Iona  
**Cc:** Kamana'opono M. Crabbe, Ph.D.  
**Subject:** Funds for Legal Brief Requested by Ka Pouhana  
**Importance:** High


Aloha e Hawley,


I just received the updated variance report for 4.1.14 and the SPRI budget is now at 107,722.52. Can the funds be used for the legal brief mentioned below? Because the PR deadlines are all past, would I be submitting a check request? Please advise.





Momilani Lazo  
Ka Pou Alo Nui, Sr. Executive Assistant to Ka Pouhana, CEO  
Office of Hawaiian Affairs - Na Lama Kukui

Dr. Crabbe was notified that there were funds that could be reallocated for the contract; however, a purchase requisition and procurement would be needed.

RE: Funds for Legal Brief Requested by Ka Pouhana

 Hawley Iona <hawleyi@oha.org>  
To: Momilani Lazo  
Cc: Kamana'opono M. Crabbe, Ph.D.

 This message was sent with High importance.

Mon 4/28/2014 4:47 PM

Aloha e Momi,

Funds have not been requested for reallocation as part of the FY 14 Budget Realignment #1 scheduled for Committee and BOT discussion/approval this week.





With that said, the funding can be reallocated for the purpose requested. A PR is needed and procurement is required.






Would we be able to use an existing legal contract to subcontract the work? That would be the most expeditious route.

Mahalo,  
Hawley Iona  
Ka Pou Kihl Kanaloa  
Chief Financial Officer  
Office of Hawaiian Affairs

Dr. Crabbe also assisted in wording the scope of services and notified Dr. Sai that he would not be paid until after the work was performed due to the procurement process.

RE: Scope of Services Language - Funds for Memorandum Requested by Ka Pouhana

 Kamana'opono M. Crabbe, Ph.D. <kamanaoc@oha.org>  
To:  Phyllis Ono-Evangelista;  Momilani Lazo  
Cc:  Hawley Iona

  Reply  Reply All  Forward 

Tue 4/29/2014 1:46 PM







Aloha Phyllis,


I redid the language to reflect the accuracy of the work being conducted by Dr. Sai.






"Preparation of a memorandum to provide an analysis of the Office of Hawaiian Affairs Nation Building-Ho'oulu Lahui Hawaii initiative given an international law perspective. The analysis will be based on an assessment of Neal Katyal's January 8, 2007 memo to OHA regarding October 2006 Nation-Building Proposals, Compliance with Federal Constitutional Guarantees after Rice V. Cayetano."

**Kamana'opono M. Crabbe, Ph.D.** [Ka Pouhana, Chief Executive Officer] **Office of Hawaiian Affairs**  
560 N. Nimitz Highway, Suite 200 | Honolulu, HI 96817  
☎: 808.594.1892 | 📠: 808.594.1865 | ✉: [kamanaoc@oha.org](mailto:kamanaoc@oha.org)

RE: Funds for Legal Brief Requested by Ka Pouhana

 Momilani Lazo <momilani@oha.org>  
To:  John Kim;  Hawley Iona  
Cc:  Kamana'opono M. Crabbe, Ph.D.;  Charlym Onta;  Phyllis Ono-Evangelista

 This message was sent with High importance.

  Reply  Reply All  Forward 



Wed 4/30/2014 2:05 PM






Aloha e John, KP says he has discussed the contract and payment timeline w/Dr. Sai, so he is aware he will be getting payment after the memorandum.

**Momilani Lazo**  
Ka Pou Alo Nui, Sr. Executive Assistant to Ka Pouhana, CEO  
Office of Hawaiian Affairs – Na Lama Kukui

A letter drafted by Dr. Sai through this contract was provided to Dr. Crabbe, who sent the letter to John F. Kerry, Secretary of State, dated May 5, 2014. The letter was signed by Dr. Crabbe and sent without the BOT's knowledge or approval. Email review indicates that a press conference was scheduled related to the letter, prior to the BOT Chair receiving a copy or being informed that the letter existed. Dr. Crabbe's Executive Administrative Assistant was instructed to distribute a press release related to the letter on May 9, 2014 at 10 a.m. HST immediately following Dr. Crabbe providing the letter to the BOT Chair.

Re: Makana

 Kamana'opono M. Crabbe, Ph.D. <kamanaoc@oha.org>  
To:  Momilani Lazo

  Reply  Reply All  Forward 

Fri 5/9/2014 10:51 AM

I wil call u as soon as I get done talking w/chair.

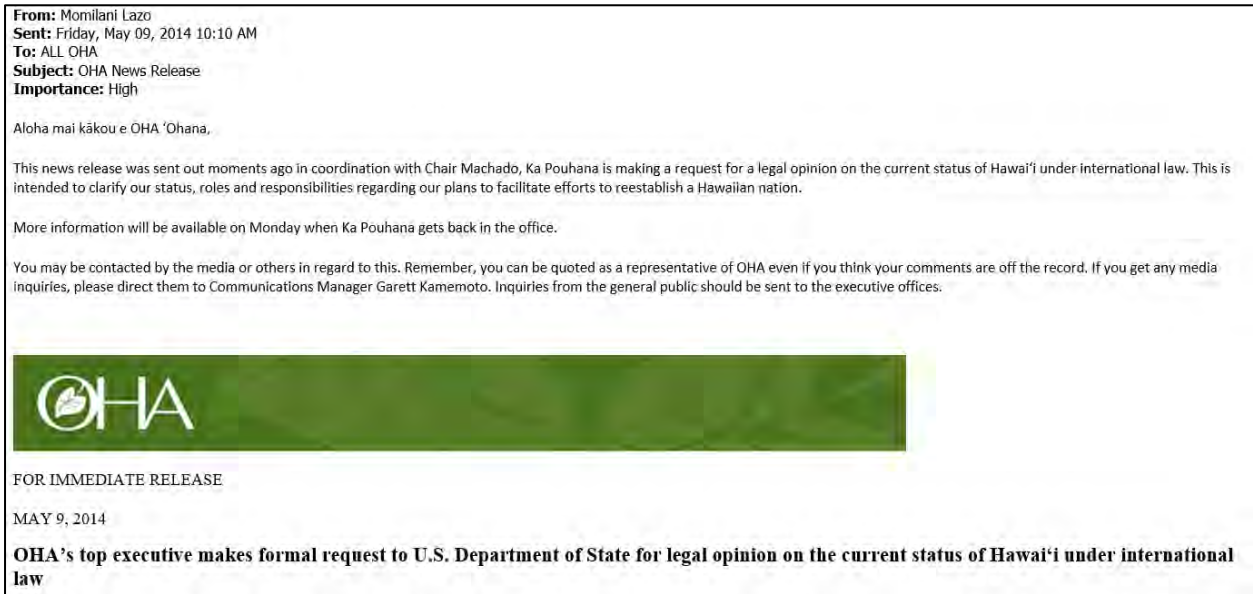
K

----- Original Message -----  
From: Momilani Lazo  
To: Kamana'opono M. Crabbe, Ph.D.  
Sent: Thu May 08 19:32:48 2014  
Subject: Makana

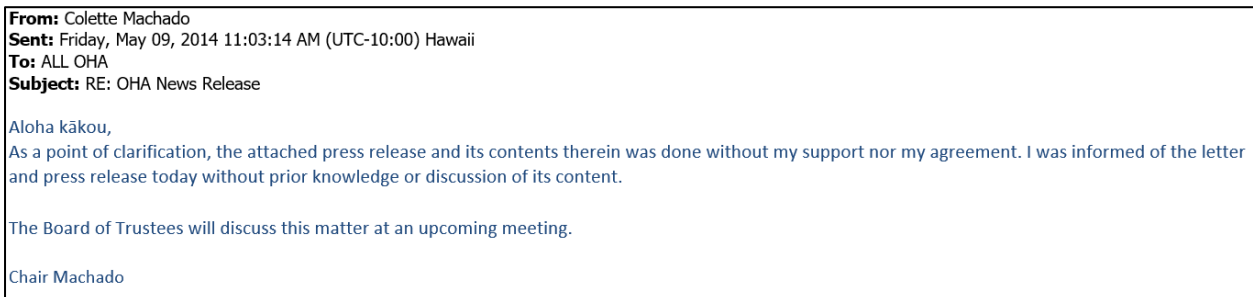
Hi Kalawai'a, I did speak to both K&G. They have Kawika's draft of the press release. As soon as I get in tom., I will forward to K the pdf. of the signed ltr. with all attachments, so the links can be created. Will you let me know when you're done speaking with Chair? If I don't hear from you are you sure it can be released at 10am?

Sent from my Verizon Wireless 4G LTE DROID

The press release was sent to the public, as well as all OHA staff and indicated that the letter sent to the Secretary of State by Dr. Crabbe was done "in coordination with Chair Machado".



In response, the Chair sent an email to all OHA staff informing them that she was not aware of the letter and did not support its contents.



The BOT also responded with their own letter to the Secretary of State rescinding the requests Dr. Crabbe had made, indicating this contract related to a personal project of Dr. Crabbe.

PHONE (808) 594-1888



FAX (808) 594-1865

**STATE OF HAWAII**  
**OFFICE OF HAWAIIAN AFFAIRS**  
560 N. NIMITZ HWY., SUITE 200  
HONOLULU, HAWAII 96817

May 9, 2014

The Honorable John F. Kerry  
Secretary of State  
United States Department of State  
2201 C Street, N.W.  
Washington, D.C. 20520

Dear Secretary Kerry:

We understand that you received a letter from Office of Hawaiian Affairs Chief Executive Officer Kamana'o pono M. Crabbe, PhD dated May 5, 2014. The contents of that letter do not reflect the position of the Board of Trustees of the Office of Hawaiian Affairs or the position of the Office of Hawaiian Affairs. That letter is hereby rescinded.

Thank you for your attention to this matter.

Sincerely,

Handwritten signature of Colette Y. Machado in black ink.

Colette Y. Machado  
Chairperson, Trustee, Mo'okaa'i and Lāna'i

Handwritten signature of Oswald K. Stender in black ink.

Oswald K. Stender  
Vice Chair, Trustee, At-Large

Handwritten signature of Rowena K. Akana in black ink.

Rowena K. Akana  
Trustee, At-Large

Handwritten signature of Peter Apo in black ink.

Peter Apo  
Trustee, O'ahu

Handwritten signature of Dan Ahuna in black ink.

Dan Ahuna  
Trustee, Kaua'i

Handwritten signature of S. Haunani Apoliona in black ink.

S. Haunani Apoliona  
Trustee, At-Large

Handwritten signature of C. Hulu Lindsey in black ink.

C. Hulu Lindsey  
Trustee, Maui

Handwritten signature of Robert Lindsey in black ink.

Robert Lindsey  
Trustee, Hawai'i Island

Handwritten signature of John D. Waihe'e IV in black ink.

John D. Waihe'e IV  
Trustee, At-Large

cc: John Waihe'e, III, Chair of the Native Hawaiian Roll Commission  
Neil Abercrombie, Governor of the State of Hawai'i  
Admiral Samuel J. Locklear III, USN, Commander U.S. Pacific Command

We were also provided a memo written by Dr. Crabbe to the BOT on September 16, 2014 related to this contract, which indicated Dr. Sai had completed all terms of his contract. As demonstrated in the next section, this is not true.

September 16, 2014

Summary Status of OHA Contracts with David Keanu Sai, Ph.D.

Page 2

d. To date:

- i. Dr. Sai has approached Ka Pouhana to ask for an extension to the current contract to add chapters to the book.
- ii. At this time, OHA Procurement has requested of Corporate Counsel to provide legal advice to properly close contract 2415, due to contract termination in 2010. OHA Procurement is also seeking Corporate Counsel legal advice on the ability to allow for a new contract upon closure of contract #2415.

2. Contract 2979

- a. Executed: June 23, 2014
- b. Scope – See attachment S1
- c. Compensation = \$25,000.00
  - i. See attachment S3
- d. Dr. Sai has met all terms of this contract, upon submission of his memorandum dated, May 27, 2014, titled; *Memorandum for Ka Pouhana, CEO of the Office of Hawaiian Affairs regarding Hawai'i as an Independent State and the Impact is has on the Office of Hawaiian Affairs.*
- e. To date:
  - i. All Trustees have been provided copies of both contracts as well as copy of the May 27, 2014 memorandum.

c) Incomplete deliverables

Dr. Sai delivered one memo and one letter, as established by the scope of work in the contract, but as noted above, both the deliverables were completed prior to an effective contract.

There is also no evidence that Dr. Sai completed the lectures discussed in the scope of work. The invoice submitted to OHA by Dr. Sai requested payment in full; however, the description of services on the invoice did not include the lectures. Dr. Sai was paid in full for this contract.

David Keanu Sai, Ph.D.

*Invoice*

**Date:** 6/26/14  
**Customer:** CEO, Office of Hawaiian Affairs  
Re: *Services Rendered*

**Bill To:**  
Office of Hawaiian Affairs  
560 N. Nimitz Hwy., Suite 200  
Honolulu, HI 96817

Invoice for drafting letter to United States Secretary of State John Kerry dated May 5, 2014 and Memorandum for Ka Pouhana, CEO of the Office of Hawaiian Affairs, regarding Hawai'i as an Independent State and the Impact it has on the Office of Hawaiian Affairs dated May 27, 2014.

Total: \$25,000.00



**16. through 18. K-54, K-69, and K-70**

*Type:* Exempt purchase

*Vendor Name:* McCorriston Miller Mukai MacKinnon LLP ("McCorriston")

*Transaction # – OHA Contract/Check # – Amount – Timeframe*

- 16. K-54 – 3019 – \$150,000 – January 1, 2015 until no longer needed
- 17. K-69 – 3072 – \$250,000 – August 13, 2015 until no longer needed
- 18. K-70 – 3073 – \$179,500 – August 27, 2015 until no longer needed

*Description:* OHA's designated insurance defense counsel.

*Relevant CLA Findings:*

**E38: Applicable to K-54 only.** *The Procurement Document Checklist marked this as an "Exempt" contract; however, the applicable section under 103D(b) that qualifies this contract as exempt is not documented. The listing of contract managers and contract types provided by Phyllis Ono-Evangelista indicates this contract is "exempt insurance appointed defense counsel." There is no specific exemption criteria listed in HRS 103D under which this contract seems to comply. According to OHA, this contract is exempt under 3-120-4, Exhibit A, No. 6, which exempts purchases of insurance, including insurance broker services. OHA's insurance broker helps the agency obtain appropriate insurance coverage for OHA's assets and activities. For OHA's POL/EPL policy, the insurance carrier has an approved panel of counsel and/or the agency can obtain a Choice of Counsel endorsement. OHA provided a copy of the Choice of Counsel endorsement, which listed McCorriston Miller Mukai MacKinnon LLP and Alston Hunt Floyd & Ing. CLA is unable to determine whether legal services qualifies as an "insurance broker service" and would be exempt under HRS 103D. This is one of three contracts executed with this contractor. See also E42.*

**E42: Applicable to K-69 and K-70 only.** *The Procurement Document Checklist marked this as "Exempt." According to OHA, it is exempt under 3-120-4, Exhibit A, No. 6, which includes purchases of insurance, including insurance broker services. OHA's insurance broker helps the agency obtain appropriate insurance coverage for OHA's assets and activities. For OHA's POL/EPL policy, the insurance carrier has an approved panel of counsel and/or the agency can obtain a Choice of Counsel endorsement. OHA provided a copy of the Choice of Counsel*

*endorsement, which listed McCorriston Miller Mukai Mackinnon LLP and Alston Hunt Floyd & Ing. CLA is unable to determine whether legal services qualifies as an "insurance broker service" and would be exempt under HRS 103D. This tickmark applies to two contracts with this contractor, which are two of three contracts executed with this contractor. See also E38.*

***E40:** A detailed invoice was submitted to substantiate hours and costs incurred. However, the labor descriptions were redacted. The level of detail on the invoices appears adequate; however, CLA cannot verify without the descriptions that the services provided relate to the scope of work per the contract.*

***E45:** The procurement method used is questionable and did not provide for any competition in price. This is an indicator of potential waste.*

***E56:** The TOP (time of performance) beginning date was prior to the date the contract was fully executed by OHA. The description on the invoice(s) also indicates that services began prior to when the contract was fully executed by OHA.*

*Key Words Searched:*

- McCorriston
- Mccorriston, waimea
- Mccorriston, 6/1/14-1/1/16
- "Ka Piko"
- m4law
- "Justice Klein"
- "board counsel contract"
- "klein"
- "contract 3019"
- m4law, insurance
- Ahfi.com, insurance
- "board counsel"
- "appointed counsel"
- klein, invoice
- m4law, Akina
- McCorriston, invoice

- “contract 3072”
- m4law, Akina, contract
- m4law, “mauna kea”

**Determination:** No evidence of fraud, waste, or abuse related to this transaction. All three contracts with McCorriston related to representation of OHA in legal matters, in which OHA filed a claim through their insurance provider. The insurance policy allowed OHA to appoint their own counsel, in lieu of utilizing an attorney appointed by the insurance company, as long as the selected counsel was approved by the insurance company during the time of policy renewal. The policy covering these contracts includes two law firms that were approved and included on OHA’s Choice of Counsel statement. It is not unusual for a law firm familiar with an organization to be retained on multiple occasions.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.			
Named Insured <b>Office of Hawaiian Affairs</b>			Endorsement Number <b>5</b>
Policy Symbol <b>EON</b>	Policy Number <b>M00613873 001</b>	Policy Period <b>12/01/2014 to 12/01/2015</b>	Effective Date of Endorsement <b>12/01/2014</b>
Issued By (Name of Insurance Company) <b>Illinois Union Insurance Company</b>			

**Choice of Counsel (Specified Counsel, Rate Caps)**

It is agreed that Section II, Defense, subsection A, is deleted in its entirety and replaced with the following:

A. The **Insured** shall have the right to appoint the counsel listed in the Schedule below, subject to the prior written approval of the **Insurer** (such written approval not to be unreasonably withheld), to defend any covered **Claim** made against the **Insured** and reported to the **Insurer** during the **Policy Period** or, if elected, the **Extended Reporting Period**, for any **Wrongful Act** taking place prior to the end of the **Policy Period**, even if such **Claim** is groundless, false or fraudulent. Such counsel's hourly rates shall not exceed \$275/hour for partner, \$200/hour for associates and \$100/hour for paralegals. Any amount in excess of these rates shall be the sole responsibility of the **Insured**. Further, the **Retention** shall be eroded only by **Claims Expenses** calculated at the above rates, and any amount in excess of that rate shall be the sole responsibility of the **Insured**.

Such counsel agrees to work with the **Insurer**, to bill only reasonable and necessary costs, charges, fees and expenses and to work in accordance with the **Insurer's** Litigation Management Program which will be provided to the **Insured** and selected counsel and made a part of the **Policy**. The **Insured** and selected counsel shall cooperate fully with the **Insurer**, including but not limited to regularly apprising the **Insurer** of the status of the **Claim**. The **Insured** shall not admit or assume liability or settle or negotiate to settle any **Claim** or incur any **Claims Expenses** without the prior written consent of the **Insurer**, and the **Insurer** shall make such investigation and defense of a covered **Claim** as it deems necessary.

Schedule:

McCorriston Miller Mukai Mackinnon LLP  
Alston Hunt Floyd & Ing

All other terms and conditions of this **Policy** remain unchanged.

McCorriston is the law firm that employs OHA’s board counsel, Justice Klein. Due to his involvement with the BOT, he was aware of the cases related to these three contracts and had

the expertise to assist. The contracts all related to litigation and active lawsuits, rather than general legal advice, meaning there was an urgency in selecting an attorney in order to appropriately respond and address the situations. Additionally, due to the nature of the litigation there was an aspect of confidentiality to be considered. For these reasons, and because McCorriston was listed as approved counsel on the insurance policy, not utilizing the formal procurement process appears reasonable.

If the professional service providers procurement process was followed for these contracts, it is a reasonable assumption that the selection committee would have selected McCorriston due to the relationship, prior experience, and expertise of Justice Klein and his role as Board Counsel.

**19. K-73**

*Type:* Exempt purchase

*Vendor Name:* Ayda Aukahi Austin Seabury ("Ms. Seabury")

*Contract/Check Number:* 3101

*Amount:* \$30,062.50

*Timeframe:* January 15, 2016 – July 8, 2016

*Description:* Transcription and facilitation services for the Kūkulu Ola Project

*Relevant CLA Findings:*

***E18:** Because there is no evidence of deliverables or only a portion of the deliverables could be provided, CLA is unable to determine whether there was sufficient oversight of the contract.*

***E49:** According to the Procurement Documentation Checklist, the listed exemption is 3-120-4(1) HAR, which states "research, reference, and educational materials including books, maps, periodicals, and pamphlets, which are published or available in print, video, audio, magnetic, or electronic form, including web-based databases." Based on the scope of work in the contract, the services provided transcription services, which does not appear to fall within this category of "research, reference, and educational materials." CLA could not identify an allowable exemption for this service through review of HRS 103D-102(b) or 3-120-4. Based on the type of service, it seems the procurement of these services should have gone through the professional services procurement process. See also the May 1, 2017 letter from the State of Hawaii - State Procurement Office, which indicates that Exemption #1 under HAR 3-120 is used for "already published" research, reference, and educational material.*

***E50:** The Request for Payment on Contract was signed by the Requestor (Kealoha Fox), Program Manager (Kealoha Fox), and Lisa Victor in the space designated for the LOB Director. However, when CLA inquired with OHA about who the LOB Director was for this contract, OHA indicated that the Contract Routing Form identified the LOB Director as CEO, Kamana'opono Crabbe. Dr. Crabbe did not sign the payment request. According to the Delegation of Authority dated 10/21/15, the LOB Director is the final approver for contract*

*disbursements up to \$150,000. As the LOB Director for this contract, Dr. Crabbe should have signed the Request for Payment on Contract.*

*E51: Procurement method is questionable. Deliverables could not be located by OHA, and there was no one in OHA with knowledge of the contract that could answer questions. These are indicators of potential fraud, waste or abuse.*

*E56: The TOP (time of performance) beginning date was prior to the date the contract was fully executed by OHA. The description on the invoice(s) also indicates that services began prior to when the contract was fully executed by OHA.*


*Key Words Searched:*






- Austin, subcontract
- aaustin
- "kukulu ola"
- "kukulu ola", aaustin
- "kukulu ola", Austin
- "kukulu ola", transcript
- "Kealoha", "OHA grant"
- "Kealoha", dissertation
- "Kealoha", dissertation, Crabbe
- Austin, transcript

*Determination:* **Evidence of fraud, waste, and abuse exists related to this transaction.** The scope of services for this contract includes the facilitation of focus groups and interviews, as well as providing transcription services, related to research for the Kūkulu Ola Project. Email review identified that Ms. Seabury appears to have facilitated the interviews and focus groups and delivered the required transcripts.



Re: Kukulū Ola - Interview schedule (Week of 1/25)

 A. Aukahi Austin  
To: Kealoa Fox

  Reply  Reply All  Forward 

Tue 2/2/2016 3:27 PM

Mahalo e Kealoa.

Yay! How exciting to be starting!

Once we see how big the audio files are, we can figure out if the UH fileshare system will work for us. Otherwise, I'll be over to pick up a hard drive as soon as they're ready.

Have a great day!

On Fri, Jan 29, 2016 at 1:22 PM, Kealoa Fox <[kealohaf@oha.org](mailto:kealohaf@oha.org)> wrote:

Aloha Ladies,

Here is an update for the latest Kukulū Ola interview schedule for the confirmations received this week:

- Makana Chai – WED 2/3, 10AM-12PM, at OHA
- Keola Chan – WED 2/3, 1:30-3:30PM, at OHA
- Malcolm Chun – FRI 2/12, 9AM-11AM, at OHA
- Tentative hold for Kaua'i Island interviews for TUE 3/1, WED 3/2
  - This will be about 2-4 interviews taking place there, rather than interviews occurring at OHA and flying them here individually.


Please see updated calendar attached =>






Aukahi, Kalei will start to provide these for your updates at the end of every week here on out. Let's hope they keep coming in!

=)



Have a nice weekend! ~~K

transcript

 A. Aukahi Austin  
To: Kealoa Fox

  Reply  Reply All  Forward 

Mon 2/22/2016 7:36 PM

 Kukulū Ola Interview KEOLA CHAN verified.docx 98 KB  Kukulū Ola Interview KEOLA CHAN verified.pdf 196 KB

Aloha Po'akahi!

Here is the first transcript that is completed and verified. I will probably wait and send them to you in batches of four or 5 from now on, I just thought you'd like to have the first one...

Mahalo again for the opportunity,

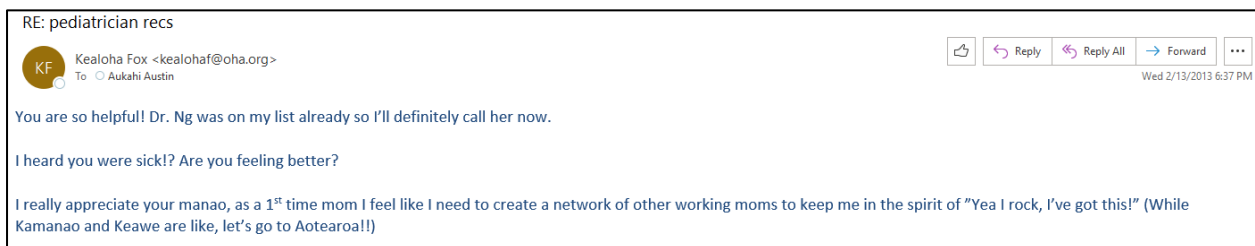
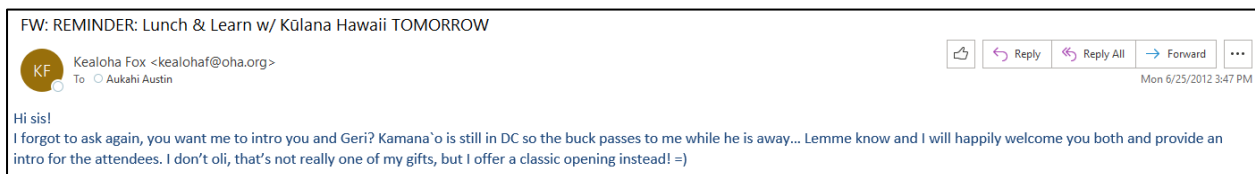
Aukahi

Although the requirements of the contract appear to have been met, email analysis also identified indicators of fraud, waste, and abuse.

a) Conflict of interest in procurement


Ms. Seabury (formerly Ms. Austin) had an existing relationship with OHA staff prior to the execution of this contract. She worked for an organization that previously received OHA grants (see Transactions #1 and #2), and she participated in the creation of the Mana Book as a subcontractor (see Transaction #8).

Ms. Seabury also appears to have developed a close relationship with the OHA Project Manager of the Kūkulu Ola Project, Kealoha Fox. Ms. Seabury and Ms. Fox worked together on the Mana Book, as well as other OHA projects for many years prior to the execution of the contract.



As noted by CLA, the procurement exemption used for this contract does not appear to be correct and, based on the types of services being provided, the professional services procurement process should have been used. It appears the professional services procurement process may have been avoided so there would be no competition, as the contract was offered to Ms. Seabury directly by Ms. Fox in October of 2015.

Office of Hawaiian Affairs Request

 Kealoha Fox <kealohaf@oha.org>  
To: Aukahi Austin [redacted], A. Aukahi Austin  
This message was sent with High Importance.

Mon 10/26/2015 8:55 PM

Aloha Aukahi,  
I'm so happy we got to connect!  
I am providing you context for the project we are hoping you folks could work on. Would love working with you and your team again if we can work out the procurement and logistics rather quickly.

I believe I Ola Lahui or your personal business is on the OHA professional service provider list? It would probably have been submitted for the other work you folks have done with us, like the HR workshops?

As mentioned, we are looking to contract a service provider from January 2016 – April 2016 to transcribe audio recordings from qualitative interviews. We anticipate 15-30 (~20), 1½ to two hour interviews to be held January-February 2016 and one three hour focus group with 12 participants on March 29, 2015. This is an estimated maximum of 63 hours of recorded qualitative interviews needed for transcription.

- The primary need is for transcription services, however, open to ideas on lead facilitating, co-facilitating with me, either the focus group alone, or focus group and interviews in combination.
  - I would prefer to be the note taker or have Kalei note take since the timeline is short and there would be many schedules to coordinate. Kamana'o agreed to be a part of the focus group kuka and any interviews where he is requested, ex: Auntie Pua. Those would preferably be scheduled Monday mornings from 10a-12p via Momilani.
- Because this is going to be part of my dissertation the study is going through the IRB proposal process. Any folks who are with me in the actual sessions will need to complete the [CITI training](#) as deemed appropriate by the IRB. The transcriber and reviewer do not however, since they will receive de-identified audio files.
- OHA will ask that all subcontracted team members sign a non-disclosure agreement until the study is orally defended and published.


Ideally, all completed transcripts would be provided to OHA by April 29, 2016. OHA will provide deidentified audio recordings in separate files to the vendor for transcription purposes following each completed interview. Do you have standard process/method that you employ for these type of requests that you might be able to send over for my review? Do you have equipment/software that needs to be purchased? We are open to the methods you use since the timeline is short, we would just want to ensure 100% verification check of all data with at least one transcriber and one reviewer to ensure accurate entry. There may be some Hawaiian words and phrases used in the interviews that we would also need to figure out during the contracting process.

Please let me know if there is another other info you need to help you get started on the paperwork side. Feel free to reach out to me or Dede who will be helping move this along the pipeline for review and approval. I would like to submit the PR by Friday. All this would entail would be a simple paragraph on methodology you would employ, timeline for completion, and general contract rates for the outlined services as listed above. If we could, it would be great to keep it around \$25,000 as listed in the current budget.

I am going to check on the amount of funds we currently have in neighbor island travel for non-OHA employees. Will let you know about this, but only necessary if a facilitator is included from your business. Thanks so much! Have a nice week, do let me know if you need any more info, Kealoha

**Kealoha Fox • Ka Pou Kāko'o Nui, Executive Manager & Special Assistant to Ka Pouhana (Chief Executive Officer)**  
**Office of Hawaiian Affairs – Executive Office**

Re: Office of Hawaiian Affairs Request

 A. Aukahi Austin [redacted]  
To: Kealoha Fox  
OHA Proposal for Services 2015-10-28.pdf  
90 KB

Wed 10/28/2015 5:03 PM

Aloha!

Mahalo again for this opportunity. I've attached a service proposal that hopefully contains all of the information you need. I am happy to make adjustments as needed so that the services we provide best fit your project needs.

I registered as a vendor with OHA for the Kukulu Hou Assessment Project. Please let me know if selected whether I need to provide any additional forms or updates.

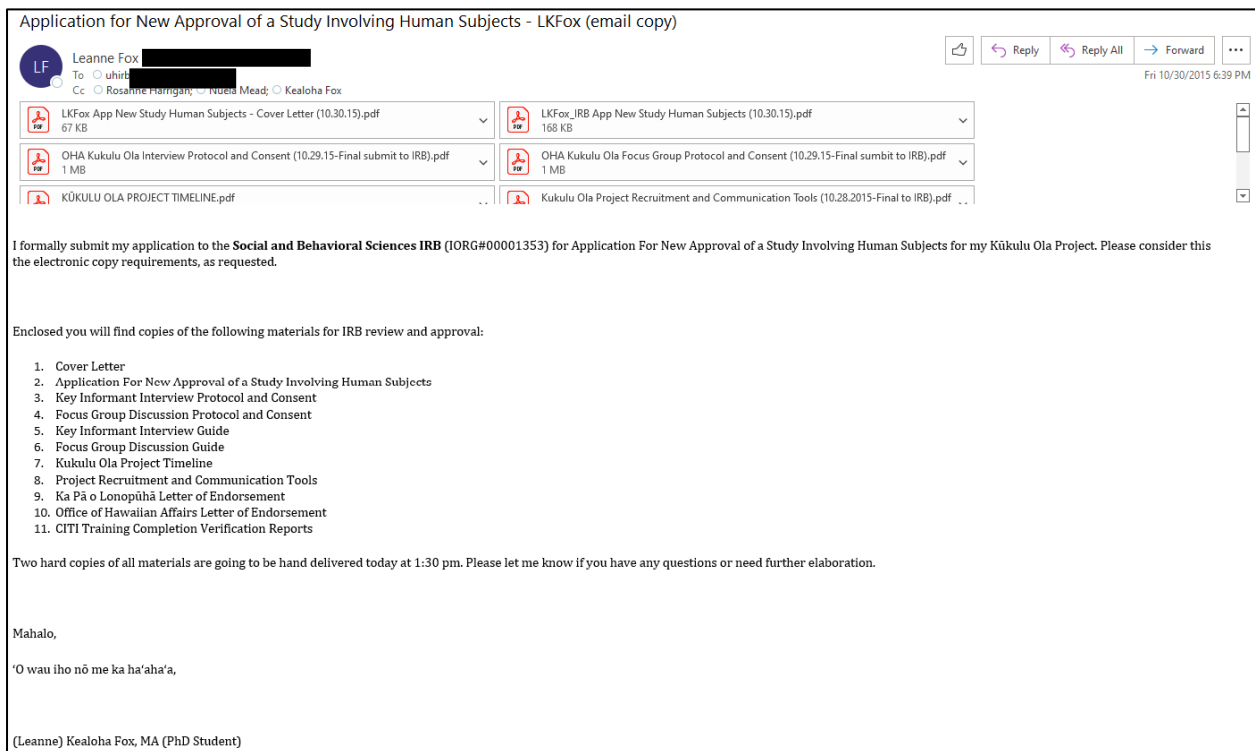
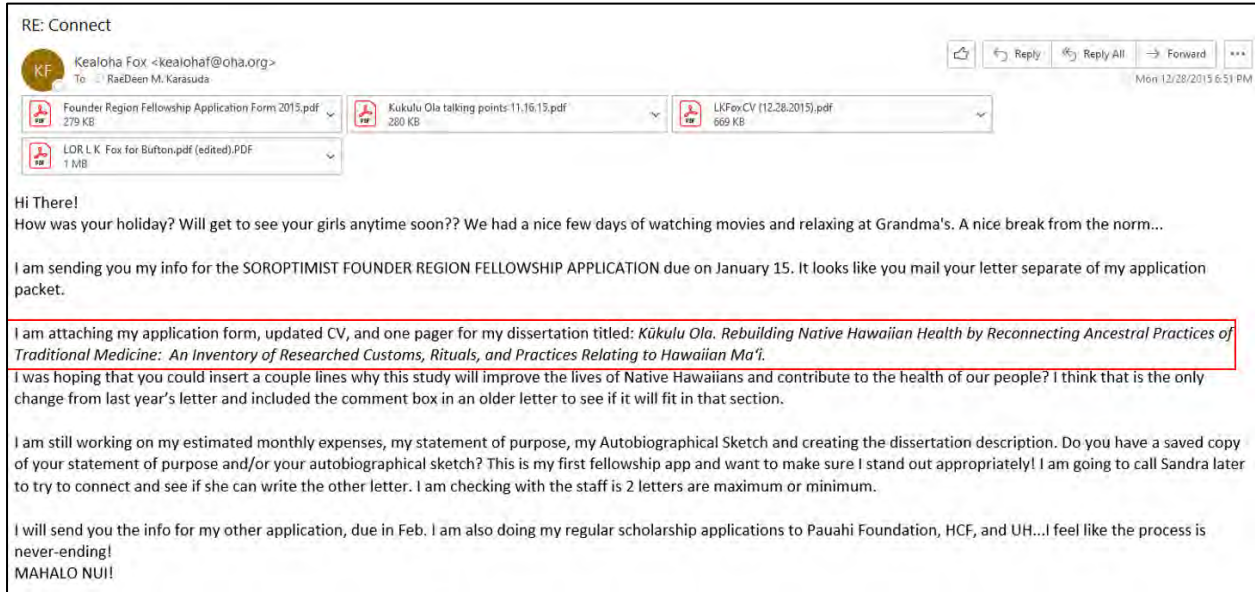
Mahalo!

Aukahi

*A. Aukahi Austin Seabury, Ph.D.*  
*Consultant*  
*Licensed Clinical Psychologist*  
[redacted]  
[www.punohu.com](http://www.punohu.com)

## b) OHA funds use for personal benefit

Our email analysis also identified that this project was being completed by Ms. Fox as her doctoral dissertation.






Application for New Approval of a Study Involving Human Subjects		
University of Hawaii Human Studies Program		
Biomedical Bldg, Room B-104, 1960 East-West Road, Honolulu, HI 96822		
Telephone: [REDACTED]		
<hr/>		
Date: <b>10/18/2015</b>	E-mail: [REDACTED]	Phone: [REDACTED]
P.I. Name: <b>Leanne Kealoha Fox</b>	Campus: <b>JABSOM</b>	<input type="checkbox"/> Faculty or Staff <input checked="" type="checkbox"/> Student
Department: <b>Clinical Research/CAM</b>	Supervising Professor: <b>Rosanne Harrigan</b>	
Administrative Contact: <b>Nuela Meade</b>	Supervising Prof. e-mail: [REDACTED]	
Admin. Contact e-mail: [REDACTED]		
<hr/>		
<b>*Required Training in Human Subjects Protection - P.I.(s) and key personnel:</b>		
Researchers proposing non-exempt projects involving human subjects must complete appropriate training.		
<input checked="" type="checkbox"/> Yes - PI completed Human Subjects Protection Training	Date Completed: <b>12/07/2014</b>	
<input type="checkbox"/> No		
<input checked="" type="checkbox"/> If applicable - Key Personnel completed Human Subjects Protection Training	Date Completed: <b>05/24/2011</b>	
<input type="checkbox"/> No		
If Checking "No", these training requirements must be completed. This application may not be approved until documentation of training has been received by the HSP office.		
(For more information: <a href="https://manoa.hawaii.edu/researchcompliance/get-training-0">https://manoa.hawaii.edu/researchcompliance/get-training-0</a> )		
<hr/>		
<b>Institutional Biosafety Committee (IBC) Review:</b>		
Researchers proposing projects involving r-DNA molecules or any biological materials, toxins, agents, etc., referred to as biological commodities, must submit appropriate Biological Safety Program forms.		
Does this project involve the use of biohazardous materials, recombinant DNA and/or gene therapy?		
<input type="checkbox"/> Yes. If so, IBC approval must be obtained.		
<input checked="" type="checkbox"/> No		
Has the IBC approved the protocol?		
<input type="checkbox"/> Approved	Date Approved: _____	
<input type="checkbox"/> Application Pending	Date Submitted: _____	
(for more information: <a href="https://manoa.hawaii.edu/researchcompliance/biological-safety">https://manoa.hawaii.edu/researchcompliance/biological-safety</a> )		
<hr/>		
Are there any other local IRBs reviewing this proposal? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes, Location: _____		
Are there any other non-local IRBs reviewing this proposal? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes, Location: _____		
<hr/>		
Does this project involve Hawaii State Department of Health data? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes		
Does this project involve Hawaii State Department of Education personnel, facilities or data? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes		
<hr/>		
<b>Project Title: <u>Kukulu Ola Project</u></b>		
Proposed Sponsoring or Funding Agency (If any): <b>Office of Hawaiian Affairs</b>		Proposed Start Date: <b>01/04/2015</b>
Complete Agency address: <b>560 North Nimitz Hwy, Suite 200</b>		
Project funding has been approved: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
1. Summarize your proposed research. Outline objectives and methods.		

Dr. Crabbe, Ms. Fox's direct supervisor, approved the project. As noted above, Ms. Fox worked closely under Dr. Crabbe for many years, as a Research Analyst when he served as OHA's Research Director and as Executive Manager and Special Assistant to the CEO when he served as CEO. She was also involved in the organization Dr. Crabbe created, 'Aha Kane, and worked closely with him on the Mana Book (see transactions #5 and #10, respectively). He also served as a member of her dissertation committee.



In addition to this contract, Ms. Fox received additional funding from OHA for her dissertation. Dr. Crabbe provided \$40,000 through a CEO sponsorship and \$10,000 in-kind support, as shown in the following excerpt from a letter of recommendation he wrote on behalf of Ms. Fox and the Kūkulu Ola Project.





4. Enhance practice and accessibility of the healing arts through health science education: *A'o i ka lonopūhā*, learn the healing arts.

5. Build capacity for traditional healing practices utilizing innovative research findings (i.e., *hāhā*, *ho'oponopono*, *lā'au lapa'au*, *lomilomi*, *'ai pono*, *ho'oikaika kino* and *lā'au kāhea*).

6. Strengthen and expand community support for traditional Hawaiian medical practices, practitioners, resources, and places to work and train utilizing Kūkulu Ola Project findings.

Ms. Kealoha Fox has described her proposed research to me, titled, "Kūkulu Ola. Rebuilding Native Hawaiian Health through Reconnecting Ancestral Practices of Traditional Medicine: A Research Inventory of Customs, Rituals, and Practices Relating to Hawaiian *Ma'i*" or the "Kūkulu Ola Project". As the CEO and Chairman, I approve of this research to occur with the Office of Hawaiian Affairs and the Native Hawaiian Health Consortium through May 2020. I have committed financial sponsorship of \$40,000 to be used for direct costs and another \$10,000 in-kind support for fees incurred to complete this project to be used from now until May 30, 2017.


Relationships between healing professions are pillars to the overall system of traditional Hawaiian healthcare structure of *Mauli Ola*. In the early 19th century, Native Hawaiian leaders were adept to use the strength of the past to blend with the hope of a healthier future while addressing the needs of the present as diseases spread. Today, leaders like me look to these cultural strengths and the resilience of our ancestors to rebuild Native Hawaiian health in the 21st century while addressing chronic disease. Ms. Fox's primary aims and hypotheses are well conceived based on the background, objectives, and methods she has outlined.

The Office of Hawaiian Affairs and the Native Hawaiian Health Consortium is pleased to provide this letter of endorsement for the Kealoha Fox and the Kūkulu Ola Project as she seeks IRB approval for her study involving Human Subjects. We look forward to expanding our Native Hawaiian health work with the University of Hawai'i John A. Burns School of Medicine on important and exciting projects under the leadership of Kealoha Fox.

Thank you for the opportunity to provide a letter of endorsement. Please do not hesitate to contact me if you have any questions or need elaboration.

*Mana is our legacy! Maui Ola is our destiny!*

'O wau iho nō me ka ha'aha'a,



Kamana'opono M. Crabbe, Ph.D., M.A.  
Ka Pouhana/Chief Executive Officer, Office of Hawaiian Affairs  
and  
Chairman, Nā Limahana o Lonopūhā, Native Hawaiian Health Consortium

Additionally, it appears that OHA offices were used for focus group meetings and that additional staff were hired at OHA specifically to assist with her project.

Kukulu Ola - Interview schedule (Week of 1/25)

Kealoha Fox <kealohaf@oha.org>  
To: Aukahi Austin  
Cc: Brynn Kalohs; Deirdre Alo

Interview Schedule Calendar.docx  
21 KB

Aloha Ladies,

Here is an update for the latest Kukulu Ola interview schedule for the confirmations received this week:

- Makana Chai – WED 2/3, 10AM-12PM, at OHA
- Keola Chan – WED 2/3, 1:30-3:30PM, at OHA
- Malcolm Chun – FRI 2/12, 9AM-11AM, at OHA
- Tentative hold for Kaua'i Island interviews for TUE 3/1, WED 3/2
  - This will be about 2-4 interviews taking place there, rather than interviews occurring at OHA and flying them here individually.

Please see updated calendar attached =)

Aukahi, Kalei will start to provide these for your updates at the end of every week here on out. Let's hope they keep coming in!

=)

Have a nice weekend! ~\*K

FW: OHA Seeking Student Helper Intern for Maui Ola

Kealoha Fox <kealohaf@oha.org>  
To: Kilinahe Coleman

OHA student helper info (Maui Ola).pdf  
309 KB

Hi girlie, happy Monday! I am ready to hire a student to work on my dissertation and was wondering if you could float this around your networks and new coworker? So far I received 3 great applicants, however, 2 are graduating in Dec and one is applying to grad school now with an August start, thus ineligible. Specifically, I am going to have the student start to mine Papakilo and search for ma'i in context of editorials, letters, stories, etc. I am going to meet with Kamoia and Kale next week to see if Wahine can also join my tiny team since it's a part of OHA's Maui Ola stuff. What do you think?

Did you hear Mehana quit? She is going to KS to work for Kaeo!!!! Her start say is 12/7 so you will soon see her around...

Aloha e Holly,


Putting out a humble kāhea. Requesting recommendations for a paid student intern to work directly for me and Kamana'opono this school year. Please do feel free to pass on the attached info any graduate student contacts that you think would be a good fit to join our team for Native Hawaiian health research. This semester and next, I am specifically seeking someone who can read, write, and speak 'Ōlelo Hawai'i; with experience in comparative research methods, and willing to join in on complex but rewarding work!

Mahalo nui for your help, thought you would be a great resource and may know some students in mind!

Please feel free to forward this posting attachment.

Have a nice week, Kealoha

**Kealoha Fox • Ka Pou Kāko'o Nui, Executive Manager & Special Assistant to Ka Pouhana (Chief Executive Officer)**  
**Office of Hawaiian Affairs – Executive Office**  
560 N. Nimitz Hwy., Suite 300 • Honolulu, HI 96817  
☎: 808.594.1845 • 📠: 808.754.8439 • 📠: 808.594.0240  
✉: kealohaf@oha.org • 🌐: www.oha.org

 **OHA**  
OFFICE OF HAWAIIAN AFFAIRS

A budget included in Ms. Fox's Doctoral Dissertation Proposal for the Kūkulu Ola Project in December 2015 indicates a total cost of over \$140,000. As shown below, the line item for "transcription services" ties to the total amount of the contract executed with Ms. Seabury:

KUKULU OLA PROJECT					
PERSONNEL COSTS					
Task No.	Activity	Note	# of People	# Hours	Hourly Rate
	Co-PI (\$40/hr)		1	1248	\$ 40.00
	Graduate Research Assistant (\$16/hr)		2	416	\$ 16.00
	Research Analyst (\$28/hr)		2	104	\$ 28.00
Subtotal - ALL PERSONNEL					\$ 69,056
OPERATING COSTS					
Task	Description	Note	QTY	UNIT PRICE	Total
Direct Project Costs					
	Travel	Air and ground transportation reimbursement	10	\$ 250.00	\$ 2,500.00
	Transcription services	Bilingual Transcription (Interview and Focus Group)	250	\$ 100.00	\$ 25,000.00
	Editor	\$50/hr	80	\$ 50.00	\$ 4,000.00
	Honorarium	Per Key Informant interview W-9 completion	40	\$ 200.00	\$ 8,000.00
	Gift card	Per Focus Group consent form	30	\$ 50.00	\$ 1,500.00
	Makana	Advisors and Committee Members	6	\$ 150.00	\$ 900.00
	Meeting refreshments	Focus group, interviews, committee meetings	1	\$ 3,000.00	\$ 3,000.00
Professional Fees					
	Conference registration and presentation	International Congress on Integrative Medicine and Health (ICIMH)	1	\$ 350.00	\$ 350.00
Other Direct Administrative Costs					
	Computer equipment	Desktop and laptop	2	\$ 2,500.00	\$ 5,000.00
	Software	License and annual use fees	3	\$ 250.00	\$ 750.00
	Telecommunication	Data and co-PI cell phone fees	18	\$ 100.00	\$ 1,800.00
	Website domain	25 years	1	\$ 500.00	\$ 500.00
	Office supplies	binders, tabs, clear sheets	60	\$ 5.00	\$ 300.00
	Books and reference materials		1	\$ 1,000.00	\$ 1,000.00
	Printing fees		1	\$ 2,000.00	\$ 2,000.00
	Office space	(\$1/sq foot; 40 sq ft/month)	720	\$ 1.00	\$ 720.00
Subtotal - ALL ODC					\$ 57,320
Indirect Costs					
	Indirect costs	24% Research off-campus (18 months)	18	\$ 0.24	\$ 13,756.80
Subtotal - ALL IDC					\$ 13,757
Total					\$ 140,133

We are unable to confirm that OHA covered all these costs, and it is possible that some of them were covered by scholarships Ms. Fox received for her research; however, based on the previous evidence identified, it is probable that a significant amount of OHA funding was dedicated to Ms. Fox's dissertation.

Ms. Fox was also provided the opportunity to work on her dissertation during standard OHA working hours, which was the subject of a State of Hawaii Ethics Commission investigation in 2017:





## HAWAII STATE ETHICS COMMISSION

State of Hawaii • Bishop Square, 1001 Bishop Street, ASB Tower 970 • Honolulu, Hawaii 96813

October 26, 2017

Via Email: [kamanaoc@oha.org](mailto:kamanaoc@oha.org)

Kamana'opono M. Crabbe, Ph.D.  
Chief Executive Officer  
Office of Hawaiian Affairs  
560 North Nimitz Highway, Suite 200  
Honolulu, Hawai'i 96813

Dear Dr. Crabbe,

As you are aware, the Hawai'i State Ethics Commission ("Commission") recently concluded an investigation regarding an Office of Hawaiian Affairs ("OHA") employee's pursuit of a university degree. The employee was not required to be present at OHA's offices during regular state business hours, and instead used that time to work towards the degree. Although OHA has policies and procedures in place that govern this issue, including but not limited to an Educational Assistance Benefit Program and a Flexible Work Schedule Program, those policies and procedures were not followed in this case. As such, it appears that this employee was treated more favorably than other OHA employees.

Such disparate treatment is unfair to OHA's other employees, and can implicate the Fair Treatment law of the State Ethics Code, Hawai'i Revised Statutes (HRS) § 84-13. As a reminder, HRS § 84-13 (the Fair Treatment law) prohibits state officials and employees from using their positions to give themselves, or others, unwarranted benefits; for example, giving preferential treatment to one employee – that is, allowing one employee to enjoy benefits unavailable to other, similarly situated employees – can give rise to a violation of the Fair Treatment Law.

Given the circumstances of the case, the Commission believes no formal charge is warranted here; this case differs from more serious situations in which state employees conduct private business activities on work time or otherwise use state resources for private business purposes. The Ethics Commission understands and appreciates the value of employee benefit programs like flexible work schedules and educational advancement, and state agencies are permitted – indeed, they are encouraged – to invest in their employees in this way. That said, internal policies should always be enforced in an even-handed way to avoid the appearance of impropriety under the Ethics Code.

**20. K-75**

*Type:* Exempt purchase

*Vendor Name:* Raedeen M. Keahiolalo LLC

*Contract/Check Number:* 3110

*Amount:* \$45,000.00

*Timeframe:* March 8, 2016 – June 30, 2016

*Description:* To complete the Kukulu Hou assessment project (i.e., the Mana Book discussed in earlier transactions); specifically, to finish the writing and editing.

*Relevant CLA Findings:*

*E18: Because there is no evidence of deliverables or only a portion of the deliverables could be provided, CLA is unable to determine if there was sufficient oversight of the contract.*

*E51: Procurement method is questionable. Deliverables could not be located by OHA, and there was no one in OHA with knowledge of the contract that could answer CLA's questions. These are indicators of potential fraud, waste, or abuse.*

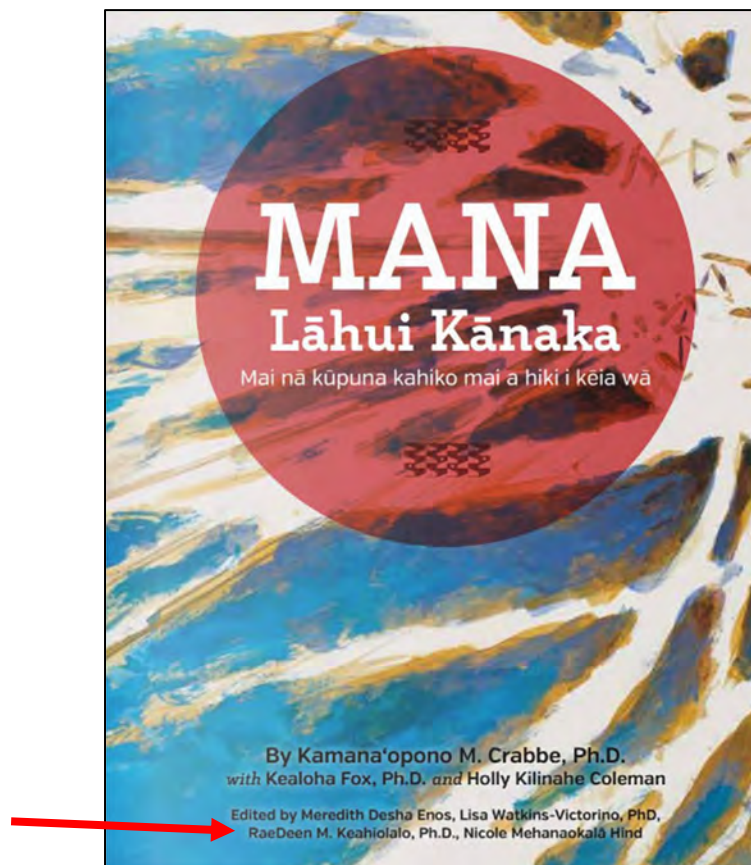
*E54: According to the Procurement Documentation Checklist, the listed exemption is 3-120-4(1) HAR, which states "research, reference, and educational materials including books, maps, periodicals, and pamphlets, which are published or available in print, video, audio, magnetic, or electronic form, including web-based databases." Based on the scope of work in the contract, the services provided were writing and editing of the Kukulu Hou Assessment Project, which does not appear to fall within this category of "research, reference, and educational materials." CLA could not identify an allowable exemption for this service through review of HRS 103D-102(b) or 3-120-4. Based on the type of service, it seems the procurement of these services should have gone through the professional services procurement process. See also the May 1, 2017 letter from the State of Hawaii - State Procurement Office, which indicates that Exemption #1 under HAR 3-120 is used for "already published" research, reference, and educational material.*

*E59: The TOP (time of performance) beginning date was not stated in the contract. The contract was fully executed by OHA on March 8, 2016. The first invoice from the vendor was dated March 7, 2016.*

*Key Words Searched:*

- Keahiolalo
- "Kukulu hou"
- berrysprite [REDACTED]

*Determination:* **Evidence of fraud, waste, and abuse exists related to this transaction.** It appears Raedeen M. Keahiolalo completed work related to this contract, since she is shown as an editor for the Mana book.



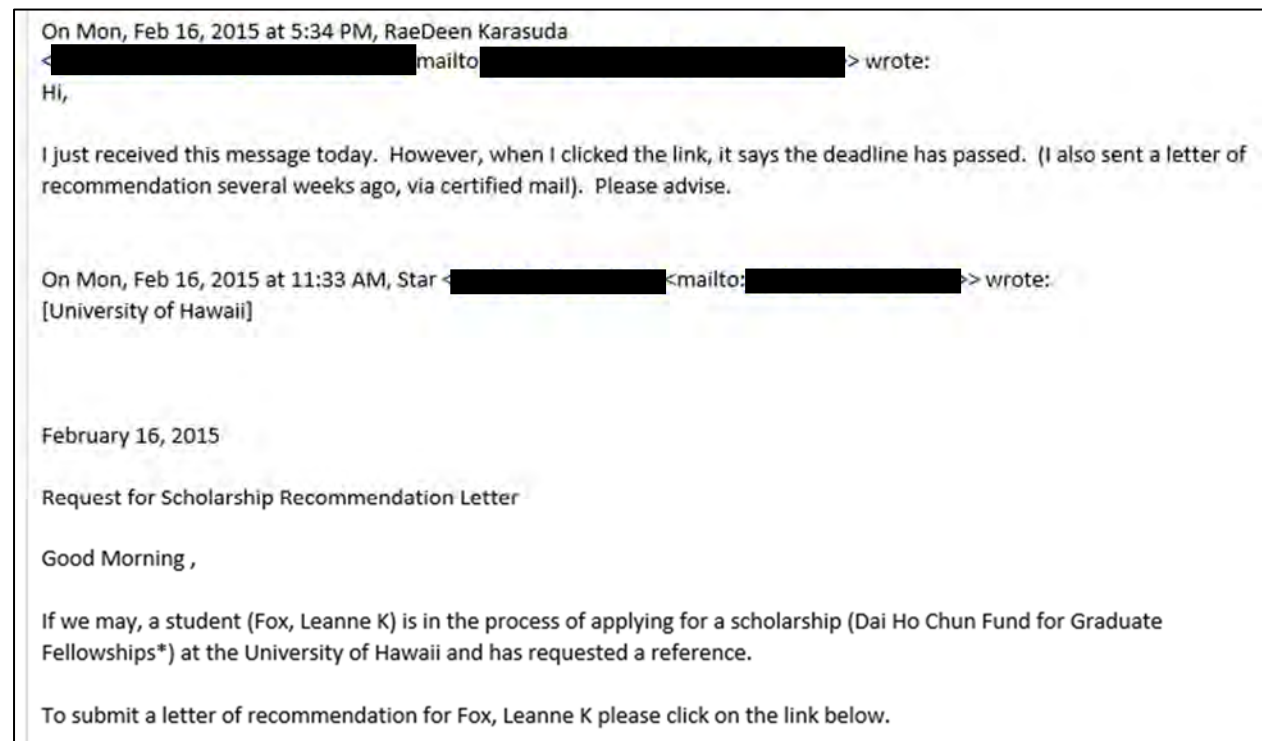
We also identified emails and calendar appointments which confirmed Ms. Keahiolalo performed editing services, including a Microsoft Word tracked changes version from Ms. Keahiolalo (i.e.,



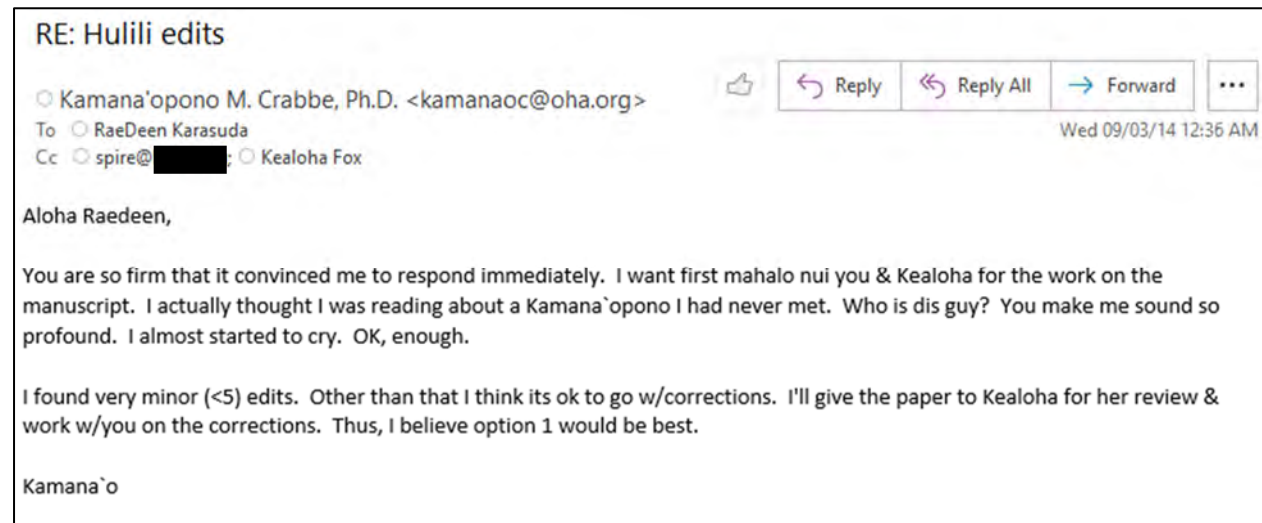
deliverables). However, these services were for the Mana Book, which we have already classified as fraud/waste/abuse. We identified two additional issues with this vendor:

a) Conflict of interest in procurement

While Ms. Keahiolalo appears qualified for the type of work based on other research she has performed,<sup>8</sup> OHA procured this through an invalid exemption which enabled OHA to avoid considering other vendors. Ms. Keahiolalo appears to have had a close relationship with relevant OHA staff prior to this project, including providing recommendation letter(s) for Kealoha Fox and providing editing services for Dr. Crabbe, as evidenced in emails below:



<sup>8</sup><https://www.ksbe.edu/article/raedeen-keahiolalo-named-director-of-educational-research-and-postsecondary/>



#### b) Subcontract with former employee

As previously described in this report, the Hawai'i Revised Statutes, Chapter 84, Standards of Conduct has four restrictions for former employees after separation. Emails indicate that Ms. Keahiolalo paid a subcontractor, Holly Coleman, as part of this contract, which was known to OHA prior to selecting Keahiolalo as a vendor:

**From:** RaeDeen M. Keahiolalo [mailto:██████████]  
**Sent:** Wednesday, February 03, 2016 6:36 PM  
**To:** Kealoha Fox  
**Cc:** holly coleman; RaeDeen Keahiolalo Karasuda  
**Subject:** Questions

Aloha Kealoha,

Holly is going to do the research on mana (wahi pana and humans). Yay!! The two areas may overlap, but will be covered. She had a few great questions: are we delivering tighter/smaller report or is it still the big manuscript? My guess is the former. Hiki no? Along the same line, will the executive summary speak to the tighter report? Again, assuming the answer would be yes?

Also, shoot me an update on procurement and process, including private practice insurance. I anticipate starting to dig in next week.

Am also thinking I'll need to sub-contract another one or two wahine to kokua. One to help with proofing and possibly the citations (know that's on your wishlist). Still figure out time/budget, but know we can work it out to a win-win.

Talk soon!

RaeDeen

Ms. Coleman worked at OHA until September 2015, for which her job responsibilities included research and editing for the same project:

On Sep 16, 2015, at 10:01 AM, Holly Coleman <[hollyc@oha.org](mailto:hollyc@oha.org)> wrote:

Welina mai ke aloha,

I would like to take this opportunity to let you know that I will be leaving my position as Research Analyst with the Office of Hawaiian Affairs (OHA). My last day at OHA will be on Friday, September 25, 2015.

I have been a primary researcher for the Kūkulu Hou Assessment for the past three years. During that time, I have conducted extensive research and generated much of the foundational materials for the project, most specifically the cultural sections of the Literature Review. I have participated in multiple stakeholder and advisory group meetings, and was privileged to be a part of the Focus Group meeting processes.

**21. D-09**

*Type:* CEO sponsorship

*Vendor Name:* University of Hawai'i, Office of Research Services

*Contract/Check Number:* 26307

*Amount:* \$30,000.00

*Timeframe:* April 20, 2012

*Description:* To sponsor the GEAR-UP Hawaii program.

*Relevant CLA Findings:*

**F11:** *The grant award appears to have been split to avoid restrictions on the CEO Sponsorship maximum award amount. The award is split into two components: \$24,950 for "Grants in Aid" and \$5,050 for "Services on a Fee Basis". According to the Operational Authority Delegation Hierarchy in place for 2012, dated February 9, 2010, the maximum CEO Sponsorship was \$24,999. It appears the award was split to circumvent this restriction.*

*Key Words Searched:*

- "University of Hawaii"
- "Office of Research Services"
- GEAR-Up
- Pezzulo
- Morita

*Determination:* **No evidence of fraud, waste, or abuse related to this transaction.** The payment totaled \$30,000 and should have required BOT approval, as shown on the purchase requisition form below:



2012 - 250

**PURCHASE REQUISITION FORM**  
☒ FY2012 ☐ FY2013  
☐ Re-submit (Check if Yes)

Purpose: To request procurement service assistance for (select one below). Amount: \$30,000.00 *Estimated or Actual*  
 Provide additional information and responses as requested below.

<input type="checkbox"/> <b>Purchase of Good(s)</b> Quantity: _____ Unit Price: _____ *Attach preliminary quotes if applicable	Contract requested? <input type="checkbox"/> Yes <input type="checkbox"/> No Attach complete purchase specifications	<b>Approval Requirements</b>  <b>Funding Approval Requirements:</b> <ul style="list-style-type: none"> <li>Program Manager for requests up to \$49,999.99 AND</li> <li>LOB Director for requests up to \$99,999.99; AND</li> <li>CFO for requests of \$100,000 or more.</li> </ul> *Note: CFO approval required <u>prior to</u> submission to the Procurement Unit.  <b>Centralized Purchases:</b> Approval from the respective Program Manager (Program Budget Authority) * Note: List of Centralized Purchases available on SharePoint <b>Sponsorships:</b> Program Manager, LOB Director and CEO approval for requests up to \$10,000 OR Program Manager, LOB Director and CEO approval for requests up to \$25,000. Sponsorships over \$25,000 require BOT meeting minutes as needed for these requests. <b>Contracts and Amendments:</b> Program Manager AND LOB Director approval for any contract for service and/or amendment request.
<input type="checkbox"/> <b>Purchase of service(s)</b> <input type="checkbox"/> Professional <input type="checkbox"/> Labor	Contract requested? <input type="checkbox"/> Yes <input type="checkbox"/> No Attach complete scope of service	
<input type="checkbox"/> <b>Grant Agreement Processing</b> *Soft copy required upon request	Attach hardcopy and verification of approval	
<input checked="" type="checkbox"/> <b>Sponsorship Processing</b> *See Approval Requirements	Attach applicable documents, information and approvals	
<input type="checkbox"/> <b>Other OHA Agreement Processing</b> *Soft copy required upon request	Attach hard copy and any other applicable information	

☐ **Contract Amendment Amended for?**  
☐ Time ☐ Amount ☐ Scope ☐ Other  
 \*Soft copy required upon request

Original Contract Total \$: \_\_\_\_\_ Amended Total \$: \_\_\_\_\_  
 Original End Date: \_\_\_\_\_ Amended End Date: \_\_\_\_\_

☐ **Other**  
 Attach all applicable documents and information

Date: 1/12/2012 Requestor: Alice Silhanuz Manager or Director: Garrett Kamehameha Program Code: 4200-Me

Has a similar purchase previously been made by OHA? ☒ Yes ☐ No (If yes, list previous vendor: University of Hawaii)

Estimated Delivery Date/Start Date or Length of Contract: 1/16/2012

Purchase Specifications (Be as specific as possible and attach detailed specifications and/or scope to request if necessary) Review attachments as needed.

Sponsorship of GEAR-UP Hawaii program provided through fiscal sponsor, University of Hawaii. Sponsorship will pay for creation and airing of three TV advertisements and 3 radio spots that will be designed to encourage Native Hawaiians to pursue a higher education. See attached proposal for additional details.

Charge to:	Amount	App	Year	Program Code	Object Code	Service Code	Object Code Title
For centralized purchases, see Budget Analyst for specific instructions on how to complete this section	\$24,950.00	930	2012	7110-Ed	56560-GR	7110.01 EDU	GRANTS IN AID - SPON...
	\$5,050.00	930	2012	7110-Ed	57110-SER	7110.01 EDU	SERVICES ON A FEE B...
<b>TOTAL</b>	<b>\$30,000.00</b>						<b>ESTIMATED OR ACTUAL DOLLAR PURCHASE</b>

While the procurement method used was incorrect, we did not identify evidence indicating an inappropriate relationship between the vendor/program and OHA staff, or that favoritism was shown. In addition, it was represented to us that another exempt procurement method, pursuant to HRS 103D-102(b)(2)(G), would have been acceptable as well, which does not have the same \$25,000 threshold requiring board approval.

The purchase requisition had numerous individuals involved and was not mandated by one individual. We identified additional details about the program at:

<https://manoa.hawaii.edu/gearup/about/>

This payment is aligned with OHA's mission, which is further demonstrated by the fact that funding to support the same program was approved in other years in similar amounts.

**22. D-19: See transaction #35 through #38 for analysis**



### 23. **D-30**

*Type:* CEO sponsorship

*Vendor Name:* Smithsonian National Museum of the American Indian

*Contract/Check Number:* 30149

*Amount:* \$25,000.00

*Timeframe:* May 19, 2014

*Description:* To sponsor the Living Aloha Event at the Smithsonian Museum.

#### *Relevant CLA Findings:*

*F19: The grant disbursement package contains an email between the Controller and Executive Assistant, indicating that the award amount was approved for \$25,000 but that a portion (\$12,000) was not available without a Budget Realignment approved by the BOT. There is no documentation that the Budget Realignment was approved by the BOT before the grant award was approved by the CEO.*

*F22: The Purchase Requisition, Procurement Package Checklist, and Procurement Document Checklist indicate that the OHA forms were not completed in chronological order. There are also duplicates of all three documents in the file, which indicates that a parallel procurement and disbursement process occurred.*

#### *Key Words Searched:*

- Smithsonian
- "Living Aloha"
- "Kevin Gover"
- Apoliona

*Determination:* **No evidence of fraud, waste, or abuse related to this transaction.** The Smithsonian's website confirms this event occurred and acknowledged OHA for its support.<sup>9</sup>

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<sup>9</sup><https://www.si.edu/newsdesk/releases/living-aloha-hawaii-festival-national-museum-american-indian>

CLA's finding was that the full award amount of \$25,000 required a Budget Realignment which was not approved prior to the grant award. However, the additional \$12,000 was realigned by the BOT through ARM/BAE #14-04, which was approved by the BOT on May 1, 2014. While this was after the grant had already been committed, the approval occurred prior to the disbursement being made on May 9, 2014.<sup>10</sup>

In addition, we identified an email chain from February 2014 between various OHA employees, for which relevant portions are shown below:

From: Momilani Lazo  
To: Kawika Riley  
Cc: Keala Nichols; Patrick Gonzalez-Rogers  
Sent: Mon Feb 10 18:20:46 2014  
Subject: OHA letter-NMAI

Aloha e Kawika,

Can you please work w/Patrick in drafting a response letter for Ka Pouhana to sign letting NMAI know that the maximum amount we can provide for this year's event is \$13k? You can cite our major budget items as land development planning and self-governance initiative, without going in detail. A copy of NMAI request letter is attached.

---

<sup>10</sup>The Hawaii State Auditor indicated another payment, outside of our scope, to the Smithsonian National Museum of the American Indian ("NMAI") was inappropriate because it was made from a Trustee's allowance account while the Trustee was also a board member of NMAI. In response to the State Auditor finding, even though BOT member Haunani Apoliona was also on the board of the NMAI, she does not appear to have been involved in the granting of this award other than being one of eight Trustees approving the budget realignment. Since it was a CEO Sponsorship and not paid directly from Trustee Apoliona's trustee allowance, the State Auditor finding does not appear applicable to this specific transaction.

From: Momilani Lazo  
Sent: Tuesday, February 11, 2014 7:49 AM  
To: Kawika Riley  
Cc: Kawe Mossman-Saafi; Keala Nichols; Patrick Gonzalez-Rogers; Kamana'opono M. Crabbe, Ph.D.  
Subject: RE: OHA letter-NMAI  
Importance: High

Aloha e Kawika, Patrick and Kawe,

Great start, my area of concern is with regard to the additional events noted in the letter. Please confirm the sponsorship monies are in the DC budget? Kawika, knowing our current budgetary constraints, has any thought been given to the extent our involvement with the additional events? Maybe we can scale back? Patrick and Kawe know the climate in DC best.

From: Kawika Riley  
Sent: Wednesday, February 12, 2014 8:41 AM  
To: Momilani Lazo  
Cc: Kawe Mossman-Saafi; Keala Nichols; Patrick Gonzalez-Rogers; Kamana'opono M. Crabbe, Ph.D.  
Subject: RE: OHA letter-NMAI

Aloha Momi and others --

Mahalo for your feedback yesterday. You asked about whether sponsorship monies are available for the two NMAI events mentioned in the letter (Native Hawaiian Cultural Celebration and Lei Draping): Yes, money is available in the DC budget for both items. \$13,000 is set aside to sponsor the NMAI Native Hawaiian Cultural Celebration in May; and \$35,000 is set aside for the King Kamehameha Lei Draping Reception in June. Assuming that the Lei Draping Reception costs more than \$35,000 provided for in the budget, WDC has room in other pots (honorarium, etc.) to cover some of the add-on costs. (WDC Team -- Let's talk about the Lei Draping Ceremony soon.)

One question I have for the WDC team: Is the DKI "Living Aloha" event replacing/being merged with the annual celebration of Native Hawaiian Culture? I had assumed so, but noticed that the dates are Mid-May, while the Native Hawaiian Cultural Celebration is always late May.

From: Kawe Mossman-Saafi  
To: Patrick Gonzalez-Rogers; Kawika Riley; Keala Nichols  
Cc: Momilani Lazo  
Sent: Tue Feb 18 03:58:52 2014  
Subject: RE: OHA letter-NMAI

Aloha everyone,

I did follow up with Gerald from NMAI and he did confirm that the Celebrate Hawaii event that took place last year is going to be combined this year into the one Live Aloha event honoring DKI. This will be a 4 day event. There is no additional event celebrating NH culture etc. Also the Live Aloha event is taking place a little earlier this year. Please let me know if you have any further questions.

Could you please also send us a final copy of the letter once it is signed? Hope you folks had an excellent holiday weekend.

From: Kawika Riley  
Sent: Tuesday, February 18, 2014 11:49 AM  
To: Kawe Mossman-Saafi; Patrick Gonzalez-Rogers; Keala Nichols  
Cc: Momilani Lazo  
Subject: Re: OHA letter-NMAI

Aloha Kawe -- Can you please provide the draft agenda, or can one of you talk to Hayes to determine what kind of activities will take place that will educate museum attendees about Native Hawaiians? The purpose of the \$13K line item and the original agreement with NMAI was to supplement the fact that the museum has no permanent exhibit re Native Hawaiians. We need to be sure that this Living Aloha event still meets that need.

From: Kawe Mossman-Saafi  
To: Kawika Riley; Patrick Gonzalez-Rogers; Keala Nichols  
Cc: Momilani Lazo  
Sent: Tue Feb 18 07:06:01 2014  
Subject: RE: OHA letter-NMAI

Aloha Kawika,

Unfortunately the agenda has not been finalized yet, however, Gerald was going to talk to the Project Manager to see what he can share with us along those lines. Once he sends me something I will send it to you.

From: Kawika Riley  
Sent: Tuesday, February 18, 2014 12:52 PM  
To: Kawe Mossman-Saafi; Patrick Gonzalez-Rogers; Keala Nichols  
Cc: Momilani Lazo  
Subject: Re: OHA letter-NMAI

Ok. Just so they know: the sooner they can share that information with OHA, the sooner we can give them clarity on what level of funding they can expect from OHA. We aren't in a position to commit funds w/o knowing the extent to which they're being used for purposes that align with our mission.

It appears OHA had planned to fund an additional event at the Smithsonian, but the Smithsonian consolidated these events. Between the consolidation of events and the BOT approval, this transaction is not indicative of fraud, waste, or abuse.

**24. D-31**

*Type:* CEO sponsorship

*Vendor Name:* The Nature Conservancy

*Contract/Check Number:* 30190

*Amount:* \$24,999.00

*Timeframe:* May 27, 2014

*Description:* To build relevant issues for the Marine Fellowship Program/Papahānaumokuākea Marine National Monument to increase the capacity of marine resource managers in Hawaii (in other words, sponsoring the Marine Fellowship Program).

*Relevant CLA Findings:*

**F09:** *There is evidence that the CEO Sponsorship award was approved and documented on a (sic) Interoffice Memorandum or Sponsorship Review form; however, there is no evidence of a proof of award, including a grant award letter, Board minutes, approved Administrative Memo, or email as detailed in the Grants SOP, that notified the applicant of the award.*

**F15:** *The funding request letter for the CEO Sponsorship indicates that the request is for program funding, not a one-time event. As such, this is not consistent with the purpose of the CEO Sponsorship, which is for one-time events. Furthermore, the funding request letter does not include any event date (or Time of Performance), event location, event name, event description, or recognition benefits for OHA.*

**F16:** *The Sponsorship Review Form (Papahānaumokuākea Sponsorship) indicates, under the "Request Type", "Comments", and "Evaluation Criteria", that the request is for program funding, not a one-time event. The Request Type is "Program/Product"; the Comments read, "Not considered a CEO Sponsorship request"; and the Evaluation Criteria for Recognition Benefits and Budget are evaluated as "N/A". As such, this is not consistent with the purpose of the CEO Sponsorship, which is for organizations "whose programs and services benefit the Native Hawaiian community, and whose events offer OHA valuable public relations and recognition benefits...[and are] not intended to support events that would otherwise qualify*

*under the 'Ahahui Grant Program or to support program services" (Grants Program Standard Operating Procures, updated July 1, 2015, Pg. 23).*

*F17: The Proof of Award does not contain the CEO's approval of the CEO Sponsorship.*

*F20: The grant disbursement package contains a Budget Adjustment Request Form that decreased funds from another account in order to fund the CEO Sponsorship. The form appears to be properly approved by the Budget Analyst, Controller, and CFO. CLA was unable to determine if this budget adjustment was a violation of budget restrictions.*

*F23: The documentation indicates that OHA knew this award was used to support a programmatic service, which is not the intended use of a CEO Sponsorship. This disbursement should have been submitted under the Community Grant or Kūlia Initiative programs.*

*Key Words Searched:*

- "Nature Conservancy"
- Crabbe
- @TNC.ORG
- "Kim Hum"
- "Marine Fellowship"

**Determination: No evidence of fraud, waste, or abuse related to this transaction.** The method of procurement may not have been appropriate, as the disbursement was for program funding and CEO Sponsorships are intended for events. However, the following factors indicate no evidence of fraud, waste, or abuse:

- 1) We did not identify evidence that indicates the sponsorship was granted based on prior relationships to the vendor.
- 2) The disbursement appears to align with OHA's mission since it was represented to us that OHA was one of seven (7) government agency co-managers of the Papahānaumokuākea Marine National Monument during the timeframe of this disbursement.

The following email chain indicates that this was a pilot program to test out a future, larger relationship. Utilizing the sponsorship method for this pilot simplified the process for all parties.



**From:** Kaaleleo Wong <[kaaleleow@oha.org](mailto:kaaleleow@oha.org)>  
**Date:** Wednesday, February 26, 2014 2:51 PM  
**To:** Sean Marrs [REDACTED]  
**Subject:** Fellowship Program and OHA

Howzit Sean, heres our strategic plan. Mostly our priorities are within that big green/brown triangle on the second page. There are 6 (not 4 haha I better learn this for future reference...) priorities that we focus on as an organization and try to incorporate the things we do into those different sections.

And for our specific goals for Papahānaumokuākea, as long as we can connect people to the place, either by working in marine conservation projects here in the main islands, or physically going there, we are headed in the right direction in fulfilling our mission.

As far as the funding goes, found out from keola that we can do what is called a "sponsorship", and prefer to do this instead of the contract as it will leave it open ended and not have specific deliverables like we were talking about, so I guess like a cooperative agreement for the program in general. And it may be much more simpler than we initially expected, and we may not even need like a line item budget from you guys. But it would be nice to get some kind of draft up of an agreement between our program and the fellowship just so we have it in writing. Does that make sense?

**Brad Ka'aleleo Wong**  
'Aho Pueo Kūkulu Papahānaumokuākea  
Papahānaumokuākea Program Specialist

**From:** Sean Marrs [REDACTED]  
**Sent:** Tuesday, March 04, 2014 9:31 AM  
**To:** Kaaleleo Wong  
**Subject:** Re: Fellowship Program and OHA

Hey Brad,

Thanks for this. Regarding the funding, I'd be happy to do this without a formal agreement, but I do have some concerns about this. Will you folks require any reporting? Also, is this State money? Federal passthrough? I wonder if any of those requirements will pass down with the funding?

It's easier to set things up before, than try to worry about how to retroactively do stuff.

Also, if we are setting this up as a pilot with larger future goals for partnership, it might be good to set up some framework for that future partnership.

Let me know what you folks think.

RE: Fellowship Program and OHA

○ Keola Lindsey <keolal@oha.org>

To ○ Sean Marrs [REDACTED]

Cc ○ Kaaleleo Wong



Reply



Reply All



Forward



Fri 03/07/14 4:30 PM

Aloha Sean: Hope all is well with you. Mahalo for hanging with us as we have moved the concept of a partnership in the program forward within OHA. We are very hopeful regarding the possibilities.

Without going into extreme detail (although I can if needed), the possibility of utilizing our "sponsorship" process (it is still subject to final approval) is an option because of the amount (has to be under \$25,000, so it will be \$24,999) we are speaking of. Our internal process to procure the funds for the sponsorship would note that the funds are for partnership in the TNC Fellowship Program and I will generate an internal memo to file on this that is supported by two documents- the summary of the program you provided to me some time back and the internal memo that Brad and I generated to get my immediate supervisor to approve our involvement in the program (including financial support) "in concept". Other documents might be added to this file as this moves forward.

Because OHA is technically a State agency, this will be State money and there is no Federal passthrough.

If this option receives everyone's approval (ours and yours), there is no technical requirement for a TNC generated report linked to these funds. Since Brad and I will be very involved in the upcoming cohort and this involvement serves to get a sense of whether our pilot partnership in the program will lead to future commitments, we will be doing an analysis (you could call it a report) of the success of our partnership when the cohort is done. Within that analysis will be an accounting of how our time was spent with the fellows and other partners, what specific activities our 24,999 supported and in the big picture, should OHA stay directly involved in the program. Perhaps this is related to the framework for the future goals of our partnership.

Unfortunately, whether it be by sponsorship, contract or grant, OHA funding for this program, or any other activity can never be perpetual and is always subject to OHA-BOT approval of our biennium budgets. With that said, I do not think that OHA funding to support the program in the long-term (should that decision be made) will remain as a "sponsorship" and I can see the successful outcome of our pilot involvement in this program potentially driving an effort to make this a line item activity in our Papahānaumokuākea Program budget (for now until the larger issue of marine resource management finds a formal home here) in future budgets.

Utilizing the OHA sponsorship process basically allows us to procure the funds and issue a check to TNC for the amount of 24,999 that notes it is for "OHA partnership in Marine Fellowship Program". As I mention above, there are no requirements for reports, etc. and I feel that in addition to the amount we are talking about, involvement in pilot projects (that might not continue, or other activities that are clearly a one-time deal) are exactly the types of activities that this option was designed for.

Again, because Brad and I will be involved with the program, there is additional safeguards in place. The memo to file and supporting documents provide accountability internally and externally.

While no formal agreement is required (a document that TNC and OHA countersign, etc.), perhaps what would help in the sense of documentation would be a letter from the TNC accepting our partnership in the program. The wording of that letter can be general- if you folks are agreeable, specificity in the letter to OHA staff time and financial support is fine too.

I hope this gives you more of a sense where we are at. We can arrange to discuss more in person/via telephone if needed, but hopefully we can do that soon to get this done.

**25. D-43**

*Type:* CEO sponsorship

*Vendor Name:* The Edith Kanaka'ole Foundation

*Contract/Check Number:* 33539

*Amount:* \$25,000.00

*Timeframe:* April 21, 2016

*Description:* To support research towards Kanawai o Mauna a Wakea stewardship.

*Relevant CLA Findings:*

**F09:** *There is evidence that the CEO Sponsorship award was approved and documented on a (sic) Interoffice Memorandum or Sponsorship Review form; however, there is no evidence of a proof of award, including a grant award letter, Board minutes, approved Administrative Memo, or email as detailed in the Grants SOP, that notified the applicant of the award.*

**F13:** *According to the Operational Authority Delegation Hierarchy in effect at the time, the COO was required to approve the Request for Check Issuance form based on the amount of the disbursement; however, the COO did not approve the Request for Check Issuance form.*

**F20:** *The grant disbursement package contains a Budget Adjustment Request Form that decreased funds from another account in order to fund the CEO Sponsorship. The form appears to be properly approved by the Budget Analyst, Controller, and CFO. CLA was unable to determine if this budget adjustment was a violation of budget restrictions.*

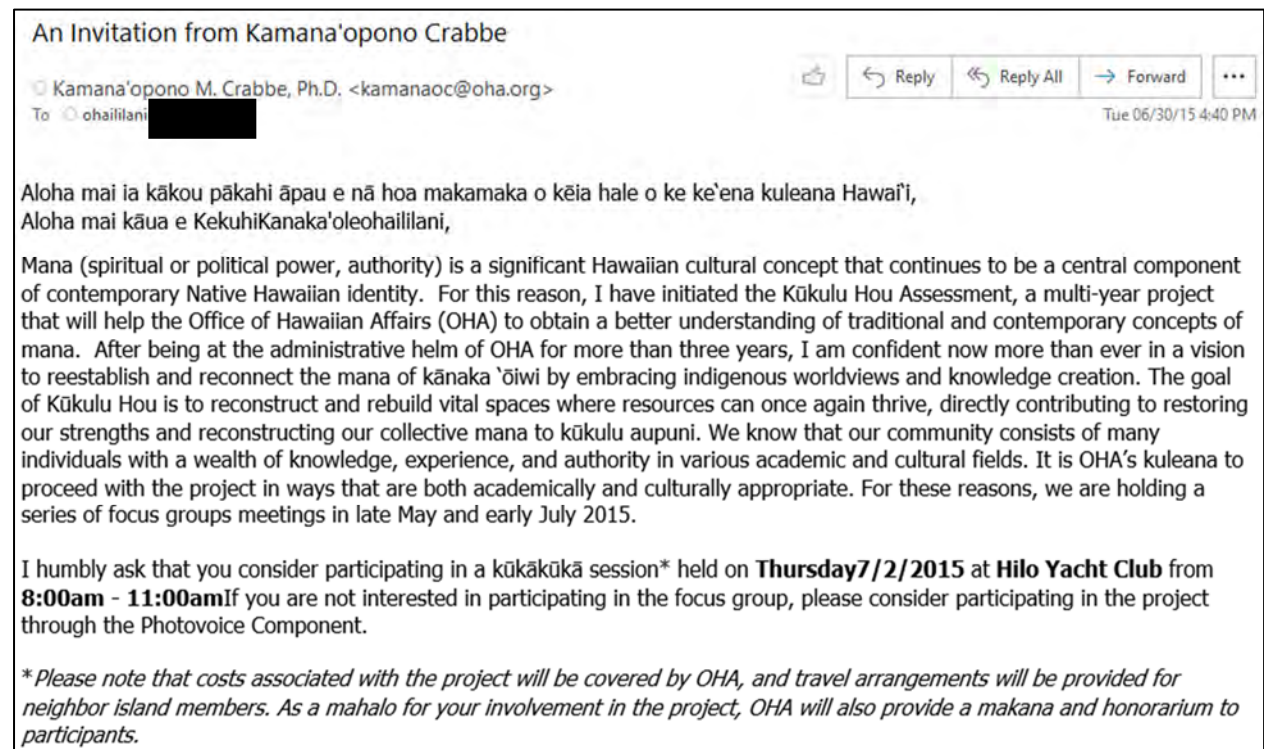
**F24:** *The documentation indicates that the purchase requisition method was rushed as (sic) the request of the OHA CEO.*

*Key Words Searched:*

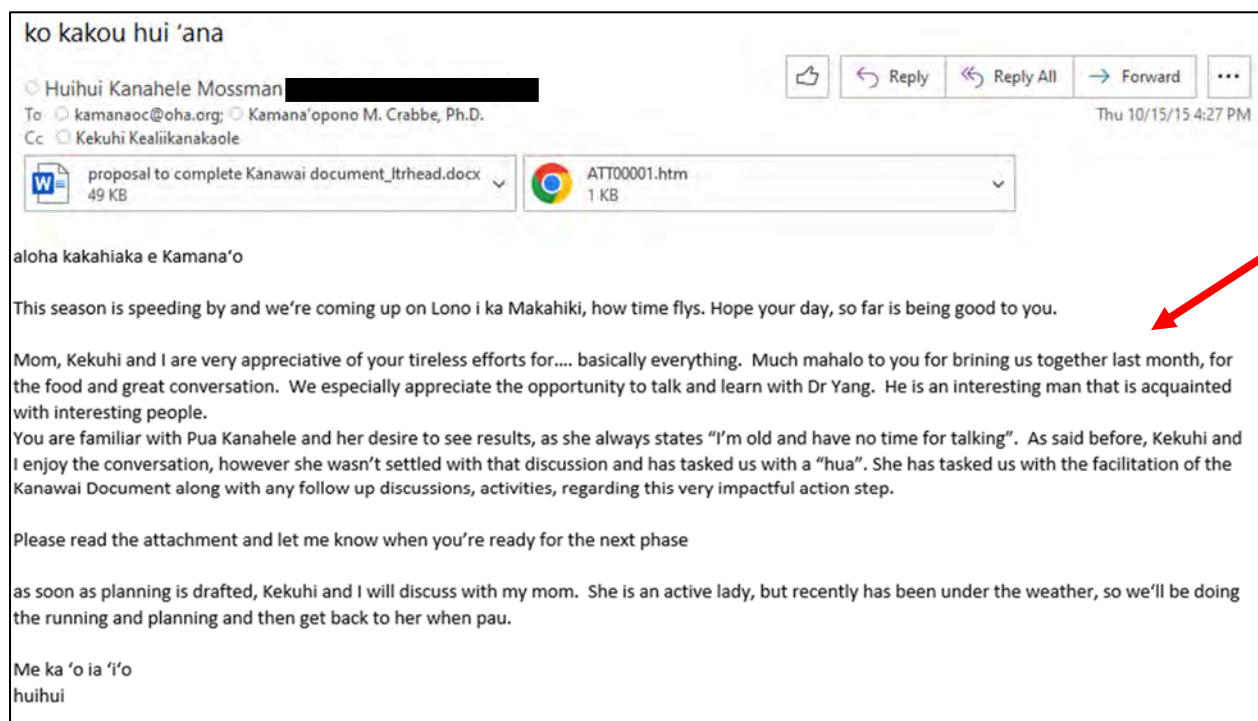
- Kanakaole
- Edith
- Kanawai
- Palapala
- huihui [REDACTED]

- ohaililani [REDACTED]

**Determination: Evidence of fraud, waste, and abuse exists related to this transaction.** The researchers for this project, Kekuhi Kealiikanakaoleohaililani and Huihui Kanahale-Mossman, had a previous relationship with Dr. Crabbe, as evidenced below:







The email above includes a proposal, which was partially paid through this transaction, as shown below:



## Edith Kanaka'ole Foundation

1500 Kalaniana'ole Avenue • Hilo, HI 96720 • Tel: (808) 961-3242 / Fax: (808) 961-4789

### Proposal to complete Kanawai Document

Principal Researchers and Investigators: Kekuhi Kealiikanakaoleohaililani  
Huihui Kanahele-Mossman  
Organization: Edith Kanakaole Foundation

**Goal:**

A document of ancestral and political validity that is supported by the events of our natural history and relevant to present day keepers of the elements.

**Purpose:**

To draft a palapala kanawai mauna situated in ancestral observations and relevant to their progenitors social, familial, and natural environment.

**Objectives:**

- The lahui will be able to build conversations, relationships, policies amongst different groups of experts based on the Kanawai crafted by kupuna.
- The lahui will be able to create laws situated within the edifices of the Kanawai
- The lahui will be able to make decisions on behalf of the 'āina built upon the kahua of the Kanawai when faced with requests of structural development upon ancestral land.

**Research areas:**

1. Pele Keahialoa, compiled by Tracy Kuulei Kanahele  
*Na kanawai Pele or the land making laws as listed in the chants of Pele and Hiiaka will be deconstructed based on context and prescribed within contexts seen as necessary for this purpose. The Huihui proclamations determine that there are four Kanawai Pele that we know of and can recite. The team will use these specific Kanawai as a guide for further Kanawai study.*
1. Nā kanawai ali'i  
*The kanawai alii that exist such as Kanawai Niauipio Kolowalu written in the time of Kualii that extends the promise of .... "o ke ola o ka pomaikai, o ka hele o ka elemakule ame ka luahina a moei ke ala, o ka kokua i ka poe mahiai ame ka poe lawaia" (fornander, V4 175) will also be added to the list of Kanawai. Although the purpose of such testimony stems from political movements, this kanawai is based upon that which Kamehameha stated in Kanawai Mamaloahoa. The purpose and environmental origins of ideas such as these will be unpacked and analyzed. This new knowledge will again be synthesized into a narrative allowing present day utility.*



2. Edicts of Indigenous Oceania

*The kanawai or laws of nature that exist in Hawaii would also exist amongst other indigenous people of Oceania. The managers of this proposal know that as a lahui of Moananuiakea, we all share the characteristic of environmentally intelligent ancestors who's survival depended upon their rigorous academic knowledge of their natural surroundings. Therefore, they too much like ancestors of lahui Hawaii needed rules and laws to guide them. Therefore this research project will include and integrate the ancestral knowledge of the lahui Moananuiakea. The end product resulting in a documented that will be accepted and systemized not only by our local governments but by our federal and world governing bodies.*

3. Chants and ancestral Prose:

*The research will be based on chants and Prose found in the literature. Although a majority of ancestral text can be found in the newspapers in the form of narratives, the data of natural phenomenon and observation of nature can be found in the chants. The consensus amongst Native Hawaiian researchers is that chants are drawn out into a storied narrative for the purpose of passing down the information from generation to generation. However for the purpose of this project the document will be written based upon the raw data or the chants and the prose.*

Deliverables:

1. Compilation of chants, texts, prose that will include the following
  - A. Ancestral Edicts base on observation of natural phenomenon
  - B. Political Edicts or Na Kanawai Ali'i
  - C. All Chants, protocol, ceremony and prose found within the research.
  - D. Limited number of hard copies in book form. Ebooks will be the main deliverable.
2. Reports on progress of document  
Reports shall include the following
  - a. Objectives accomplished
  - b. What were some of the major points of the discussions and how if at all these discussions changed the direction of the document?
  - c. Significant oli found
  - d. Makawalu of oli
  - e. Synthesis of information into Kanawai or support information of existing Kanawai
  - f. Nā Ke'ehi – steps, information, discoveries that can be revealed or expressed to a wider audience for discussion, relevancy, debate, and internalization.

Timeline:

Beginning Research	1 December 2015
Weekly meetings beginning	10 December 2015
Weekly meeting notes due beginning	10 December 2015

Compilation & index of chants draft 1 April 2016  
Final compilation and copies 29 April 2016  
IUCN World conservation conf. September 10, 2016

Compensation to Edith Kanakaole Foundation:

Proposal for compilation of ancestral text to be used as  
Foundational document for Kanawai Mauna 'ākea.....50,000.00

While CEO Sponsorships are only allowed up to \$25,000, this Sponsorship was twice that threshold.

In addition, the following email indicates that funding from the University of Hawai'i was not appropriate for this project (because, as additional emails indicate, the researchers work for the University). Instead, the researchers asked Dr. Crabbe for OHA funding:

**From:** Kekuhi Kealikanakaole [REDACTED]  
**Sent:** Tuesday, December 08, 2015 11:16 PM  
**To:** Momilani Lazo  
**Cc:** Huihui Kanahele-Mossman; Kamana'opono M. Crabbe, Ph.D.  
**Subject:** Re: UH Funding Support for Kanawai o ka mauna

Aloha all,

Hui and i are meeting this thurs to put together the research plane...kamana'o would you like to join us? It just seemed you were really excited about the approach. We'll probably be meeting all morning, 9-12-ish.

Using UH funds, especially from the top, is inappropriate for the focus...let be creative...three mountain alliance? kohala mountain shed? kohala center? EKF can seek some small funding, forest service, hawaiian homes? KS? and OHA...any others? NARS? DLNR? maybe partnering with a program of the UH that is in alignment with the focus, like ke aho loa or PIPES? peter mills anthro program? or maybe the geog. or anthro program at UHM. or other universities like Kansas or Brown?

Or we can cut the budget significantly and hui & I can create a deliverable and a plan...for the next stage. so this report will not have the depth and breadth that we originally imagined, but its a start.

Dr. Crabbe indicated that he would "work on [his] end to get the funding":

On Dec 9, 2015, at 8:44 AM, Kamana'opono M. Crabbe, Ph.D. <[kamanaoc@oha.org](mailto:kamanaoc@oha.org)> wrote:

Aloha mai e Kekuhi,

Auwe....ka la apopo too short for me to make changes. But would appreciate an update so I know what direction you & Huihui are going. On the funding, hiki no. I'll work on my end to get the funding & if anything try reach out to others to separate from the state so this kumuhana is strictly a community effort. We have a service awards luncheon so cannot make Hilo. Pls update me re: highlights & any critical time frames so I know how much time I have to get funds approved. Ka aloha no.

Kamana'opono

To which the researcher replied that the check can come in installments:

**From:** Oha'ilani [REDACTED]  
**Sent:** Wednesday, December 09, 2015 11:00 PM  
**To:** Kamana'o pono M. Crabbe, Ph.D.  
**Cc:** Momilani Lazo; Huihui Kanahale-Mossman  
**Subject:** Re: UH Funding Support for Kanawai o ka mauna

Okie dokie. Same amount we agreed on for the initial report, \$50,000 which will include recommendations for an expanded/more complete report w/multi-faceted community input.

As agreed, we will get an initial report to you by March 30.

After our meeting tomorrow, we should have an outline. And timeline plan which we will forward to you.

The check can come through EKF in installments.

Ka uku o Ka hā!

Dr. Crabbe avoided threshold limitations on CEO Sponsorships to allow for a \$50,000 award to a vendor with whom he had a relationship.

## 26. D-02

*Type:* Exempt non-grant small purchase

*Vendor Name:* David R. Sanborn ("Sanborn")

*Contract/Check Number:* 28535

*Amount:* \$5,000.00

*Timeframe:* June 17, 2013

*Description:* For David R. Sanborn to develop a Native Hawaiian Organization consultation policy development handbook.

### *Relevant CLA Findings:*

**G19:** *This disbursement on June 17, 2013 for \$5,000 paid to David Sanborn was procurement using the exempt procurement method. The scope of work was for David R. Sanborn to develop a Native Hawaiian Organization consultation policy development handbook. Mr. Sanborn was paid for the entire amount that he invoiced OHA. The disbursement documentation provided to CLA was missing the Native Hawaiian Organization consultation policy handbook or the date it was received, so CLA was unable to determine if the handbook was ever finished or if it was delivered on time. When CLA inquired, OHA could not locate the deliverable document. This could be an indication of possible waste.*

### *Key Words Searched:*

- Sanborn
- Native
- Policy
- "Development Handbook"
- 28535

***Determination:*** **Evidence of fraud, waste, and abuse exists related to this transaction.**

#### a) Conflict of interest in procurement

Through email review, we identified that Kawika Riley, OHA Washington DC Bureau Chief, contacted David Sanborn prior to issuing an RFQ:



Potential Contract with OHA

Kawika Riley <kawikar@oha.org>  
To: David Sanborn [REDACTED]

Wed 01/30/13 5:49 PM

Aloha David –

As we discussed, I was hoping to know whether you might be interested and able to perform a service to OHA on a contract basis. The contract I envision would be for a specific work product: a toolkit-style guide for OHA to facilitate future Native Hawaiian Organization consultation policies, based on your experiences as the National Tribal Liaison at DOD during the department's development of its policy. I'd like to know what worked and what didn't; what the practical issues were; how it could be sped up without compromising quality; and anything else that OHA could use to directly improve our ability to shepherd these policies in the future.

If you are interested, and it is in compliance with NAIHC's policies, I am confident that I could set aside several thousand dollars in my budget for this purpose.

Could you please let me know if 1.) this is allowable given NAIHC's policies, and 2.) if you would like to move forward? For timing purposes, I'd need to know by this time next week, which would be Wednesday, February 6. Earlier would be better, if possible.

Mr. Riley suggested a price between \$3,000 and \$4,000:

RE: Potential Contract with OHA

Kawika Riley <kawikar@oha.org>  
To: David Sanborn

02/01/13

Wonderful! I'll get the ball rolling with our procurement and contracting office. My assumption is that we could work out a contract for several thousand dollars. Would something between \$3,000 and \$4,000 work for you?

---

**From:** David Sanborn [REDACTED]  
**Sent:** Friday, February 01, 2013 2:00 PM  
**To:** Kawika Riley  
**Subject:** RE: Potential Contract with OHA

Aloha Kawika,

I reviewed this with our board and they are okay with this. I would like to move forward on this project. Thanks,

-David

David Sanborn  
Executive Director  
National American Indian Housing Council  
900 2nd Street NE, Suite 107  
Washington, DC 20002

Office: [REDACTED]  
Mobile: [REDACTED]  
Email: [REDACTED]  
Website: [www.naihc.net](http://www.naihc.net)

*"A Tradition of Native American Housing"*

Sanborn indicated \$4,000 was agreeable:

Re: Potential Contract with OHA

○ David Sanborn [REDACTED]

To ○ Kawika Riley

\$4K would work well Kawika. Mahalo,

BTW I'm not a big Ravens fan but enjoy Superbowl Sunday!

-David

Mr. Riley then solicited bids for the project, as required, but at \$5,000:

Request for Qualifications: Native Hawaiian Organization Consultation Policy Development Handbook

Kawika Riley <kawikar@oha.org>

To [REDACTED]

Bcc [REDACTED] +65 others

Mon 02/25/13 12:36 PM

Aloha Kakou –

To increase OHA's capacity to improve consultation and engagement between Native Hawaiian organizations and the federal government, OHA seeks an individual or organization to develop a NHO consultation policy development handbook. Details are below.

Mahalo!

Kawika  
Washington DC Bureau Chief  
Office of Hawaiian Affairs  
[www.oha.org](http://www.oha.org)

**Request for Qualifications**

**Native Hawaiian Organization Consultation Policy Development Handbook**

**Description:** Tribal consultation is a fundamental aspect of the government to government relationship between federal recognized tribes and the federal government. The expansion in tribal consultation plans, policies, and meaningful consultation has been one of the Obama Administration's top Native American initiatives. In the case of Native Hawaiians, consultation is conducted through "Native Hawaiian organizations." Under existing law, all federal entities have a legal obligation to consult with Native Hawaiian Organization under certain circumstances, as described in the National Historic Preservation Act, and the Native American Graves Protection and Repatriation Act. Despite this legal obligation, only one cabinet level federal department has a current Native Hawaiian Organization (NHO) consultation policy (the Department of Defense).

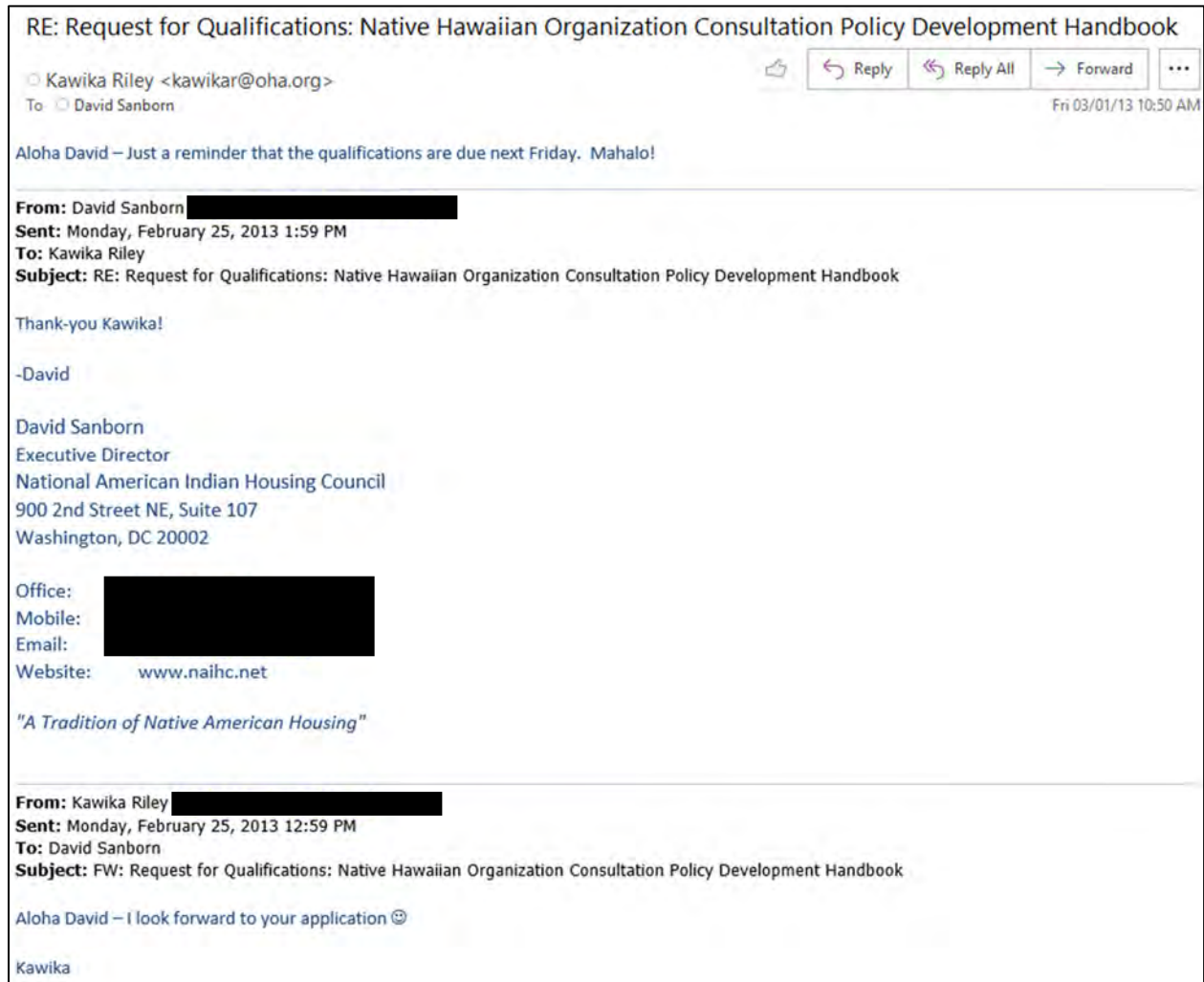
The Office of Hawaiian Affairs seeks guidance on how it can increase the number of federal departments, agencies and commissions that develop 1.) meaningful NHO consultation policies, 2.) meaningful NHO consultation plans, and 3.) and implement those policies and plans in a way that reflects the true spirit of consultation. Additionally, OHA seeks guidance on how it can play a role as a major NHO to 1.) educate federal departments, agencies and commissions that NHO consultation helps them fulfill their mission, 2.) explain the merits of consultation to other NHOs, and 3.) shepherd the development of federal NHO consultation policies in the most efficient and effective manner.

OHA seeks a contractor to provide this guidance in no less than six months, by developing a "NHO consultation policy development handbook," as well as any accompanying materials the contractor deems appropriate. OHA also envisions the contractor presenting the plan before OHA, and making her or himself available to answer questions as OHA utilizes this handbook.

**Contact Rate:** \$5,000.



Despite receiving other vendor bids, Mr. Riley made extra communications to Sanborn to ensure Sanborn's application was received in time, which was ultimately selected:



We did not identify a personal benefit to Mr. Riley for this apparent favoritism.

b) Incomplete deliverables

We were unable to locate a deliverable, but did identify emails as late as September 2013, four months after the disbursement was made, indicating the handbook had not yet been started:

**From:** Kawika Riley  
**Sent:** Monday, September 30, 2013 5:12 PM  
**To:** Kawe Mossman-Saafi  
**Subject:** FW: Kawika's notes from ACHP NHO Consultation Handbook

Aloha e Kawe –

One of the items on my to do list before departing the DC Bureau is getting the NHO Consultation Handbook going. Picking up where we left off, I reviewed the ACHP Handbook. Here are my thoughts. Can you do the same review and schedule a meeting with me for Wednesday to discuss what we should propose to Compliance?

Kawika's notes:

While it appears that Mr. Riley attempted to transition this project to other individuals at OHA when he left in October 2013, we identified emails as late as April 2014 that indicate the handbook was still not created:

FW: Kawika's notes from ACHP NHO Consultation Handbook

○ Kawe Mossman-Saafi <kawem@oha.org>

To ○ Patrick Gonzalez-Rogers; ○ Catelin Aiwohi



04/02/14

Below is email chain about what he was looking for the handbook to include scroll all the way down to see the solicitation.

**27. D-04**

*Type:* Exempt non-grant small purchase

*Vendor Name:* ABW Holdings, LLC

*Contract/Check Number:* 25498

*Amount:* \$150,000.00

*Timeframe:* November 30, 2011

*Description:* Lease guaranty on behalf of Kauhale LLC.

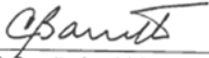

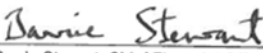
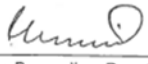
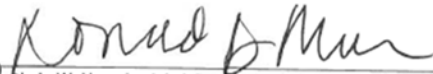
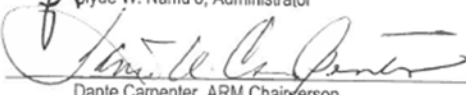
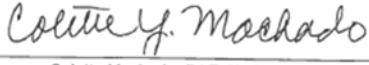
*Relevant CLA Findings:*

**G20:** *The purpose of the disbursement was to ABW Holdings, LLC for a lease guaranty OHA had signed on behalf of Kauhale, LLC, a Native Hawaiian private corporation that defaulted on its commercial lease at the Waikiki Beach Walk. This disbursement did not receive the appropriate approvals on the Purchase Requisition, because it was split the \$150,000 owed into two amounts of \$75,000. Therefore, when the Purchase Requisition was approved, it only required the LOB Director to approve it. Had the full amount of \$150,000 been indicated on the Purchase Requisition, the Operational Authority Delegation Hierarchy would have required the CFO to approve the Purchase Requisition. Because the disbursement lacked a singular Purchase Requisition for the total amount disbursed, and the file is missing a Procurement Document Checklist, it appears that there was not sufficient transparency of the activities.*

*Key Words Searched:*

- ABW
- Kauhale
- Glick
- Claria
- claritab@oha.org
- beatak@oha.org

**Determination:** No evidence of fraud, waste, or abuse related to this transaction. The BOT approved up to \$150,000 in a lease guaranty through April 20, 2014 for Kauhale LLC to ABW Holdings, LLC in ARM/BAE #06-09:

OFFICE OF HAWAIIAN AFFAIRS Action Item		
Joint Committee on Asset & Resource Management and Beneficiary Advocacy and Empowerment		
September 19, 2006		
ARM/BAE #06-09		
Action Item :	WAIKIKI BEACH WALK - RECOMMENDATION FOR APROVAL OF LEASE GUARANTEE	
Prepared by:		9-19-06
	Clarita B. Barretto, Lead Advocate - Economic Development	Date
Reviewed by:		9-19-06
	Mark B. Glick, Director of Economic Development	Date
Reviewed by:		9-19-06
	Barrie Stewart, Chief Financial Officer	Date
Reviewed by:		Sept. 19, 2006
	Mona Bernardino, Deputy Administrator - BAE	Date
Reviewed by:		9/19/06
	Clyde W. Namu'o, Administrator	Date
Reviewed by:		9-19-06
	Dante Carpenter, ARM Chairperson	Date
Reviewed by:		9/19/06
	Colette Machado, BAE Chairperson	Date

We identified two additional updates to the BOT in 2007 and 2009 on the status of this lease guaranty. While the \$150,000 was entered into the Purchase Order system on 7/9/10, it was in the form of two \$75,000 entries which is not procedurally appropriate. The Request for Check Issuance was for \$150,000 in 2011. As a result, the check was signed by the CEO, which, when combined with the fact that BOT authorized the guaranty initially, would be an appropriate level of authority.

We did not identify relationships between the BOT members who approved this lease or OHA staff involved in processing and ABW Holdings LLC or Kuahale LLC.

**28. D-22**

*Type:* Exempt non-grant small purchase

*Vendor Name:* Hu'ena Power, Inc.

*Contract/Check Number:* 28442

*Amount:* \$600,000.00

*Timeframe:* May 31, 2013

*Description:* To invest in 500 limited partnership units (5%) in Hu'ena Power, LLP. Hu'ena Power, LLP proposed on a project to create a geothermal plant in Hawaii, but ultimately the proposal was not accepted by Hawaiian Electric.

*Relevant CLA Findings:*

**G21:** *This \$600,000 disbursement was an investment purchase of 500 limited partnership units (5%) in Hu'ena Power, LLP, a consortium that submitted a proposal to Hawaiian Electric Light Company to develop two 25MW geothermal power stations on the island of Hawai'i. The structure of this investment agreement required that OHA provide \$600,000 of funding with no guarantee that Hu'ena Power would be selected for the contract, which put all of OHA's investment funds at risk. Additionally, there is no information within the documentation that indicates what the \$600,000 was used for or why such a significant investment was needed when the contract had not yet been won. This was a highly risky investment from which OHA received no return, and OHA lost all of its initial investment. These factors indicate a waste of funds.*

*Key Words Searched:*

- Hu'ena OR Huena Power
- "Samuel Chung"
- "Peninsula Real Estate"
- Matsumoto
- ryan.mats( [REDACTED])
- idghawaii( [REDACTED])
- Machado AND electric

- Stender AND electric
- Mccorrison AND electric
- IDG
- schung@ [REDACTED]
- curlykoas [REDACTED]
- peterapo [REDACTED]

**Determination:** **No evidence of fraud, waste, or abuse related to this transaction.** With the benefit of hindsight today, the following issues are "red flags" which were not as apparent when OHA made the investment:

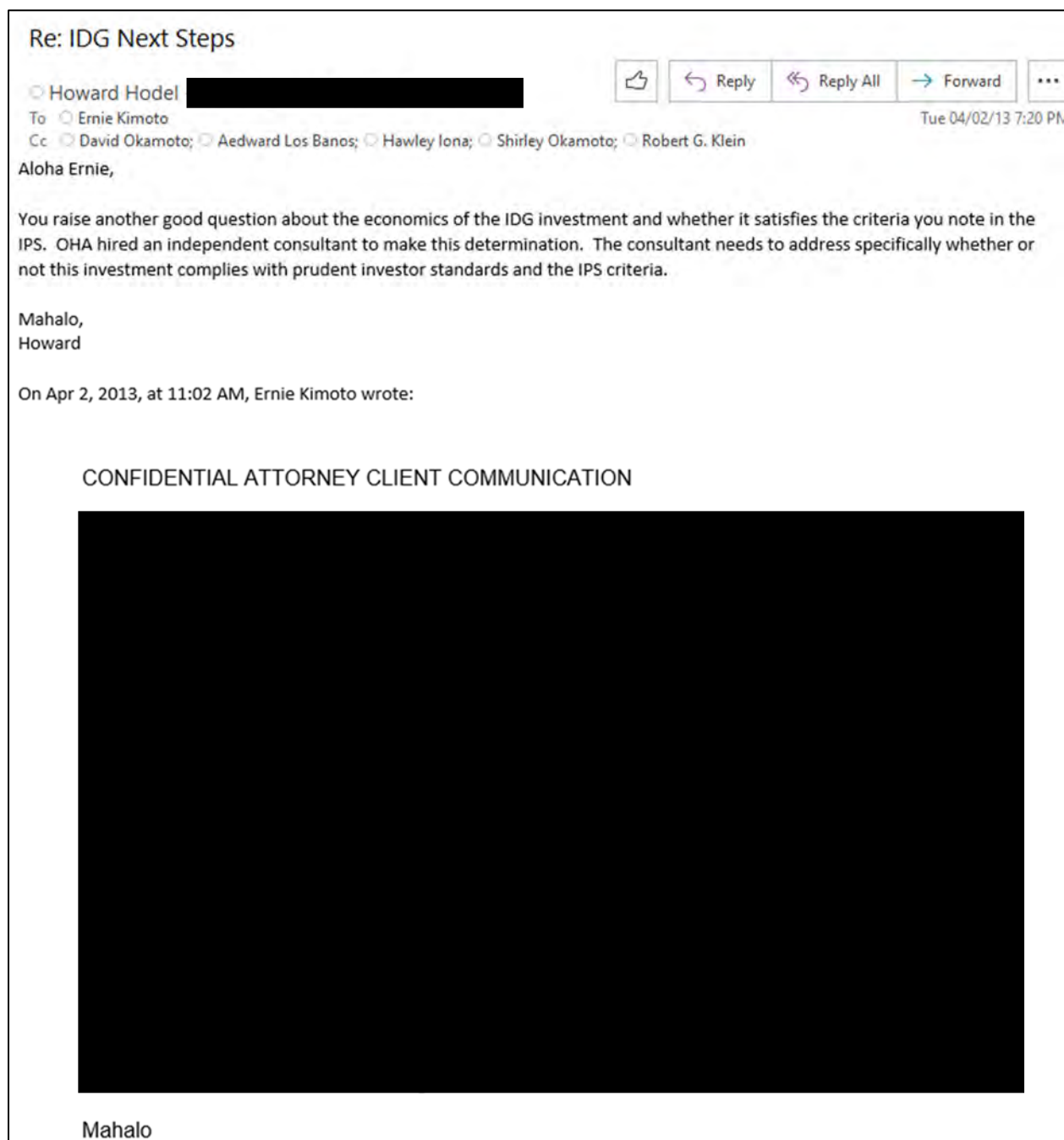
- *Rush/pressure to invest.*

There was a tight turnaround to make this decision (less than three (3) months from when the BOT was first presented the opportunity and when the funding was requested). This tight turnaround included hiring a third-party consultant for due diligence (Sam Chung/Peninsula Real Estate) who itself faced a quick turnaround (information was provided to them within five (5) days of their report).

- *Exceptional returns promised (over 20%).*

We identified a chain of emails attempting to determine if the transaction was in accordance with OHA's investment policy. We are not able to provide a legal determination if there was compliance, but present the following email chain between OHA's general counsel and investment team/advisor:





We identified emails which indicate IDG, the company responsible for managing Hu'ena Power and an indirect recipient of OHA's funds, worked closely with board members to obtain approval:

**From:** Robbie Cabral [REDACTED]  
**Sent:** Monday, February 18, 2013 6:17 PM  
**To:** Hulu Lindsey  
**Subject:** OHA

Do you think we can work on Bob to have Oz removed from the ARM and to take the Committee? This would remove a lot of the discourse going on with Oz, Colette and Haunani.

I think if you guys had a strong 5, perhaps we can get Bob to hold Colette accountable or lose the Chair.

The demands could be:  
Bob replace Oz since she promised it.  
Replace Justice Klein with new, impartial counsel.

--

Robbie Le'a Kapi'olani Cabral  
Founder, Senior Advisor  
Innovations Development Group

**From:** Mark Hee [REDACTED]  
**Date:** Tue, Feb 12, 2013 at 10:31 AM  
**Subject:** Fwd: (No subject)  
**To:** Robbie Cabral [REDACTED]

Sent from my HTC

----- Forwarded message -----

**From:** "Peter Apo" [REDACTED]  
**To:** "Mark Hee" [REDACTED]  
**Subject:**  
**Date:** Tue, Feb 12, 2013 9:54 am

Sounds much better and not the way it was characterized to me. I can't meet today have too many conflicts. Re: strategy, Bobby is the lead on this, let him be your conduit to the board, although I'm willing to talk with you. For the majority of the Trustees (I think) it will all whittle down to the due diligence findings and recommendations from both OHA internal and external investment managers. I think Oz wanted the information because the due diligence model we employ takes a long time and is very thorough and relies on a number of sources. Geothermal risk is not new to the investment community so I would expect that the analysis challenge will not be rocket science. The sooner Oz gets the information - the sooner he can agendize a vote. I'm guessing it will take two subsequent meetings to agendize a vote. One meeting to receive the due diligence report and ask questions, and a second meeting to schedule a motion, discussion, and a vote. If I were you folks - I'd ease off the pressure until after tomorrow. Some are freaking out about the back door politics. Two Trustees don't even want to attend the meeting tomorrow. This is my advice.

While it appears unusual for trustees to support a specific vendor/project in this way, we did not identify evidence that OHA trustees or staff acted in self-interest regarding the transaction. In addition, the investment was agreed upon by a supermajority of the trustees. The only “No” vote came from Trustee Chair Colette Machado. In addition, IDG made campaign contributions to OHA trustees ahead of time and employed one of the OHA Trustees previously; however, those trustees took preemptive action to clarify their positions with the State Ethics Commission or excused themselves from voting entirely.

It was represented to us in interviews that one of the trustees informed Hawaiian Electric (the governing body responsible for deciding on Hu‘ena Power’s proposal) that OHA was pulling funding, which is why the bid was lost. We did not identify communications between any trustee and Hawaiian Electric to validate representations made to us during interviews.

**29. D-33**

*Type:* Exempt non-grant small purchase

*Vendor Name:* The Kālainmoku Group, LLC

*Contract/Check Number:* 28949

*Amount:* \$28,115.17

*Timeframe:* September 9, 2013

*Description:* To produce the Native Hawaiian Roll Commission (“NHRC”) Kana’iowalu Concert Series on August 31, 2013 at Maili Beach Park.

*Relevant CLA Findings:*

**G04:** *The Purchase Requisition (PR) was completed and approved by individuals not directly employed by OHA. The PR was requested by the Native Hawaiian Roll Commission (NHRC) Staffer and approved by the NHRC Executive Director (and former OHA CEO), who were both employees at Kana’iowalu, the organization operating the Native Hawaiian Roll Commission.*

**G10:** *The Purchase Order was completed and approved after the Kana’iowalu Concert Series occurred and after OHA received the invoice from the vendor.*

**G12:** *The invoice received from the vendor for the Kana’iowalu Concert Series is dated before the Purchase Requisition form was completed and before the concert occurred. In addition, there is only a single line item and no itemized costs.*

**G16:** *The Request for Check Issuance form was completed and approved by individuals not directly employed by OHA. The Request for Check Issuance was requested by the Native Hawaiian Roll Commission (NHRC) Staffer and approved by the NHRC Executive Director (and former OHA CEO), who were both employees at Kana’iowalu, the organization operating the Native Hawaiian Roll Commission.*

**G22:** *The purpose of the disbursement was for Kālainmoku Group to produce the Native Hawaiian Roll Commission Kana’iowalu Concert Series on August 31, 2013 at Maili Beach Park on Oahu. Because the contract was processed as an exempt contract when it possibly*

*should not have been, OHA did not go through a process to obtain competitive quotes or bids to obtain these services. Therefore, it is unknown whether OHA paid a fair price for the services. This could be an indication of possible waste.*

*Key Words Searched:*

- Kanaʻiolowalu
- Kanaiolowalu
- Concert
- Aeto
- Duarte
- Kālaimoku
- Namuo

*Determination:* **Evidence of fraud, waste, and abuse exists related to this transaction.** As noted previously in this report, The Kālaimoku Group is owned by John Aeto and Cedric Duarte. Based on email review, it appears Mr. Aeto and Mr. Duarte had both previously been engaged by OHA and had existing relationships with OHA staff prior to starting their own business. (see *Transaction #11*)

**30. D-34**

*Type:* Exempt non-grant small purchase

*Vendor Name:* Hi'ilei Aloha LLC

*Contract/Check Number:* 30921

*Amount:* \$50,000.00

*Timeframe:* October 28, 2014

*Description:* To fulfill Hi'ilei Aloha's funding request for \$50,000 to hire a Grant Writer.

*Relevant CLA Findings:*

*G23: The purpose of this disbursement was to fulfill Hi'ilei Aloha, LLC's funding request for \$50,000 to hire a Grant Writer for Hi'ilei Aloha, LLC. There was no documentation that the grant writer position was advertised or filled. CLA requested evidence that Hi'ilei Aloha, LLC advertised or filled the position. OHA did not provide any documentation to answer this request. Without documentation or other proof that Hi'ilei Aloha, LLC hired a Grant Writer, OHA was unable to demonstrate that the purpose of this disbursement met its intended use. The fact that there is no evidence of deliverables being provided as required by the funding request, this is a red flag or indicator of possible fraud, waste, or abuse.*

*Key Words Searched:*

- 30921
- Aloha
- "Grant writer"
- Job
- Grant
- Budget

*Determination:* **Evidence of fraud, waste, and abuse exists related to this transaction.** The supporting documentation provided with this disbursement is ARM/BAE #13-05, which increased Hi'ilei Aloha LLC's budget by \$50,000. Email, internet research, and the disbursement support do not identify a grant position being filled specifically. In fact, OHA staff questioned if approving a Purchase Order was appropriate for a Grant Writer since the request didn't specify:





Through email, it was represented to us by Mona Bernardino (COO of Hi'ilei Aloha LLC) via Richard Pezzulo that:

*"This grant was proposed spontaneously at the table when the BOT declined to approve the Administration's request to create a Land Division and hire employees to staff it. Those requests are lined out in red on the final Action Item. Trustee Colette Machado then verbally proposed a \$50k grant to Hi'ilei to hire a grant writer. This was added to the Action Item and approved at the table. Hi'ilei did not ask for this funding. We were surprised at the time as was CEO Kamana'opono Crabbe... Hi'ilei used the funds to hire capacity-building staff who helped community organizations write grants. Hi'ilei helped obtain \$26 million in grants for the Native Hawaiian community, which was reported to the BOT in the comprehensive update on May 25, 2017 (page 3). In addition, Hi'ilei staff (Dr. Peter Hanohano, Martha Ross, and myself) obtained another \$2 million in grants for Hi'ilei to implement capacity-building programs in the Native Hawaiian community (same report and page). The \$50k grant is reflected in Hi'ilei's payroll costs during that period. There is no separate contract or payment because we did not contract an outside grant writer."*

The position was not filled and, therefore, this transaction is indicative of fraud, waste, and abuse.

**31. D-47**

*Type:* Exempt non-grant small purchase

*Vendor Name:* Kualoa Ranch Hawaii, Inc.

*Contract/Check Number:* 30659

*Amount:* \$9,198.58

*Timeframe:* August 29, 2014

*Description:* OHA-NA Day 2014

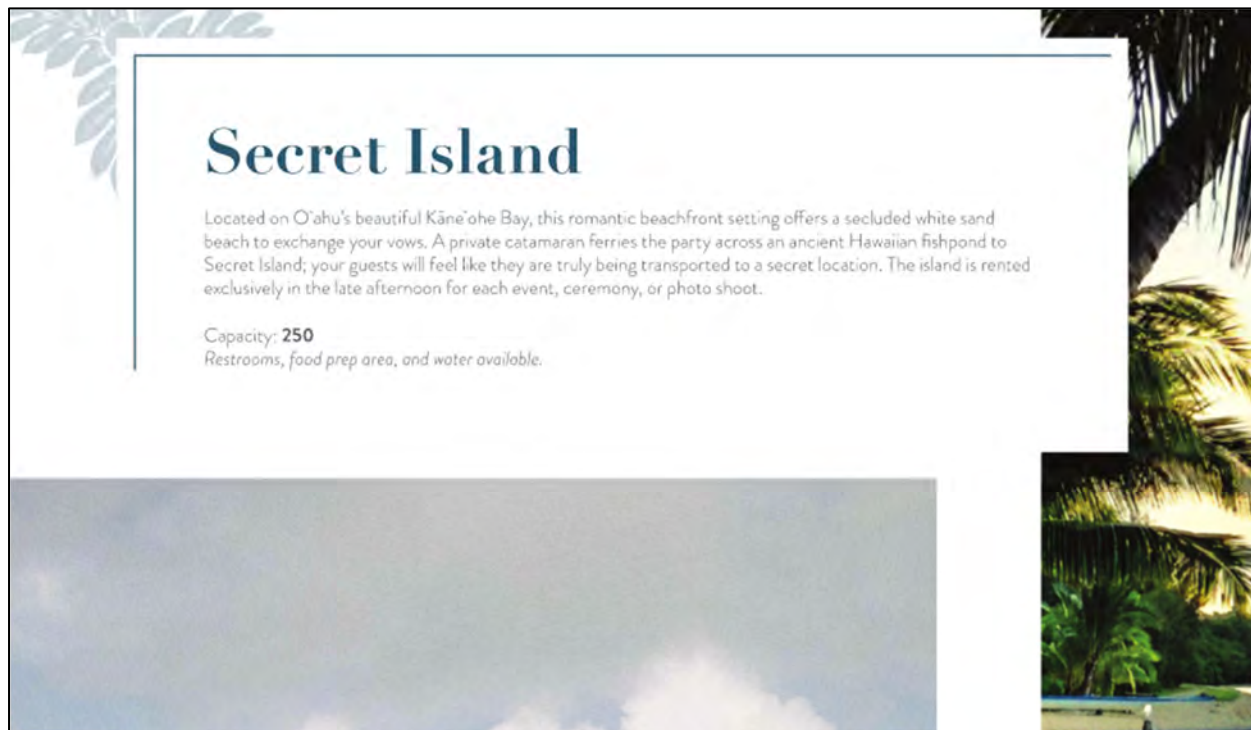
*Relevant CLA Findings:*

**G24:** According to the scope of work, Kualoa Ranch Hawaii, Inc. was paid \$9,199 for “facility fees OHA Meeting.” OHA categorized the purchase as exempt, citing Hawai‘i Administrative Rules §3-120-4 exemption #10, “Facility costs for conference, meetings, and training sessions.” The disbursement did not contain a meeting agenda, schedule, or documentation of the purpose of the meeting. The invoice listed “Secret Island Fees” (quantity 207), “Adult Signature Ranch Buffets” (quantity 150), “Child Signature Ranch Buffets” (quantity 57), “BBQ Grill Station” (quantity 1) and two lifeguards. The Kualoa Ranch Hawaii invoice also includes complimentary admission for 8 children under 3 years old. CLA determined that the facility costs do not appear to be for an official OHA conference, meeting, or training session, but rather an opportunity for OHA employees to visit a tourist attraction at a private nature reserve. The combination of the using the exemption procurement method for an unqualified expenditure and the use of State funds to provide entertainment to OHA employees, could be an indication of possible waste or abuse. Indicators of possible waste are the lack of documentation to support that the activities undertaken qualified as an exempt disbursement. If the disbursement was knowingly processed as an exempt disbursement when it likely should have not been processed at all, this may be an indicator of possible abuse.

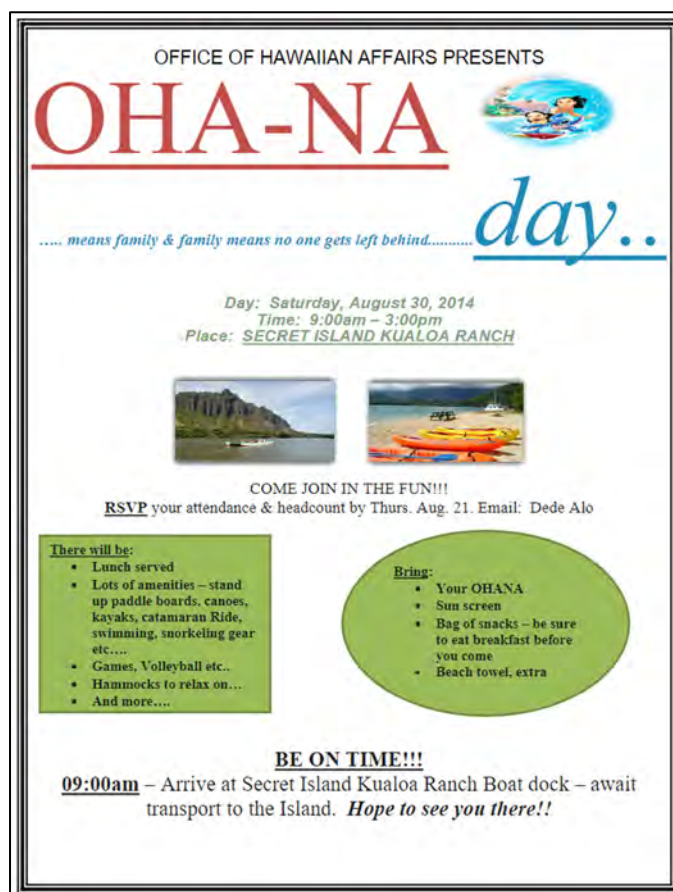
*Key Words Searched:*

- "Kualoa ranch"
- "Ohana day"

**Determination:** Evidence of fraud, waste, and abuse exists related to this transaction. Kualoa Ranch's website provides the following brochure on "Secret Island":



We identified the following flyer in our email review, sent from Deirdra Alo (Executive Assistant to Dr. Crabbe) to all OHA staff:



This disbursement was for the benefit of OHA staff and family members, and not a specific meeting or training. Emails indicate that in previous years, OHA celebrated staff with an “OHANA Day Picnic” at a free location in which staff attending donated cash or brought items, so it was not paid with OHA funds. However, for this 2014 OHANA Day, we did not find evidence that OHA staff offset the costs to attend, resulting in a cost to OHA for staff entertainment.

**32. D-48**

*Type:* Exempt non-grant small purchase

*Vendor Name:* Wet 'N' Wild Hawaii

*Contract/Check Number:* 28834

*Amount:* \$8,483.33

*Timeframe:* August 14, 2013

*Description:* OHA-NA Day 2013

*Relevant CLA Findings:*

**G25:** According to the scope of work, Wet 'N' Wild Hawaii was paid \$8,483 for "OHA-NA Day" on August 17, 2013. Wet 'N' Wild Hawaii is a water theme park on Oahu. OHA categorized the purchase as exempt, citing Hawai'i Administrative Rules §3-120-4 exemption #10, "Facility costs for conference, meetings, and training sessions." The disbursement did not contain a meeting agenda, schedule, or documentation of the purpose of the meeting. According to the Procurement Document Checklist, the purpose of the procurement was to "provide meeting facilities for OHA staff and families." The Wet 'N' Wild Hawaii invoice charged for OHA "Package A" admissions and lunch (quantity 242) and "Lunch Wristbands" for Season Pass Holders (quantity 20). These costs do not appear to be for a conference, meeting, or training session, but rather a family entertainment day for OHA employees. The combination of the (sic) using the exemption procurement method for an unqualified expenditure and the use of State funds to provide entertainment to OHA employees, could be an indication of possible waste or abuse. Indicators of possible waste are the lack of documentation to support that the activities undertaken qualified as an exempt disbursement. If the disbursement was knowingly processed as an exempt disbursement when it likely should have not been processed at all, this may be an indicator of possible abuse.

*Key Words Searched:*

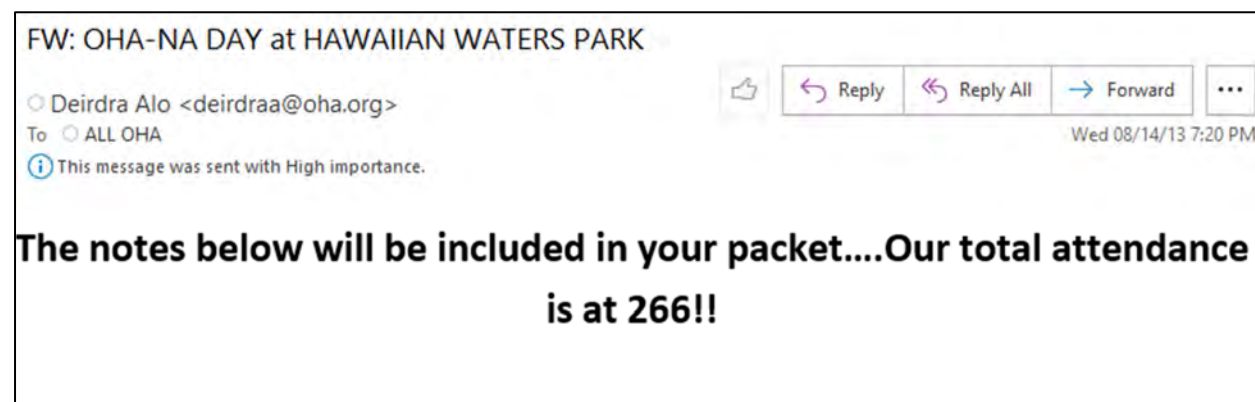
- "Wet n wild"
- "Ohana day"

**Determination:** Evidence of fraud, waste, and abuse exists related to this transaction. Similar to Transaction #31, D-47, we identified the following flyer in our email review, sent from Deirdra Alo (Executive Assistant to Dr. Crabbe) to all OHA staff:



This disbursement was for the benefit of OHA staff and family members, and not a specific meeting or training. In this case, however, it appears as though OHA did charge attendees \$10 each for costs. We were unable to locate a spreadsheet or method for tracking attendees who paid. According to an email on August 14, 2013, total attendance was estimated at 266:





OHA may have collected \$2,660 from employees to help cover costs, but does not offset the cost in total, resulting in fraud, waste, and abuse.

### 33. LK-26

*Type:* Hi'ilei Aloha contract

*Vendor Name:* Peter Hanohano, Jr. ("Hanohano")

*Contract/Check Number:* N/A

*Amount:* \$1,960.00

*Timeframe:* February 2, 2016

*Description:* To co-teach four weekend "leadership development and capacity-building" workshops from February 2016 to May 2016 on Moloka'i.

#### *Relevant CLA Findings:*

**J04:** *There was no invoice submitted by the vendor for an \$880.90 payment. The contract stated that the vendor was responsible for submitting receipts for travel (it did not state that the contractor must submit invoices). Therefore, no invoice was included with the request for business travel. The Statement of Completed Travel Non-Employee form was used and the COO approved the form which was submitted with the supporting receipts. According to Hi'ilei Aloha's policy, the invoice and or other supporting documentation are to be attached to the request for check issuance. The COO explained that only the Statement of Completed Travel form was used to process this payment because the contract stated the requirement of receipts only. Best practices include having vendors present invoices to request payment and for relevant supporting documentation, such as receipts or completed forms, to be included for out-of-pocket expenses.*

**J05:** *The contract was executed by Peter Hanohano, of Lie Ho'olana, on February 2, 2016 for \$1,960. The contract specified that Peter Hanohano would "help co-teach 4-weekend leadership Development and Capacity-Building" workshops with Hi'ilei Aloha staff. The four weekends were the following: February 20-21, March 19-20, April 23-24, and May 21-22, 2016. The contract further stated that the "contractor will pay for Peter Hanohano's salary and time and will submit all receipts, including boarding passes, for reimbursement." Hi'ilei Aloha will coordinate, recruit and promote the workshops, provide training materials, in print format, in sufficient quantity for workshop participants and assist with airfare and lodging expenses*

*not to exceed \$240 roundtrip from Maui to Moloka'i, and 2-night stay for \$250 ( $\$240 + \$250 = \$490$ ) per workshop weekend. The total contract amount was \$1,960 ( $\$490 \times 4 = \$1,960$ ).*

*Payments to this vendor during the contract period totaled \$2,560.68, which is a total of \$600.68 over the contract amount. The overage amount was composed of a \$500 payment that was made during the contract period but was unrelated to this contract. This \$500 payment was made for the vendor to help co-teach a grant writing workshop on March 12, 2016; however, there was no written stipulation of a \$500 payment. The additional overage of \$100.68 related to the airfare cost that was over the amount stated in the contract.*

*The COO explained, "the additional [\$500] payment to Peter for his time was an honorarium. He had offered to do it [training] for just the cost of travel because we were in a bind. He had recently left Hi'ilei's employment, and his co-worker had also left. Martha Ross, the new person who took over, needed assistance. So Peter offered to help. We decided later to give him an honorarium to thank him for his time. He traveled on his own time and helped co-teach the workshops on his own time. We decided to give him an honorarium for his teaching time at \$100 per hour x 5 hours. He is highly qualified as a Ph.D. and well-known educator in the community." In regards to the \$100.68 additional payment, the COO explained "I have not found an adjustment to this contract. It is possible that, because the travel costs were reasonable and it was only slightly over budget, no contract adjustment was made."*

*Based on the support received, it appears that this \$500 payment was related to a separate training that took place and was different from the contract CLA is testing here; however, the \$500 payment was made without an executed contract with the vendor. The \$100.68 payment was related to this contract but in excess of the amount agreed to in the contract. This is an indicator of possible waste or abuse. Payments should only be made as stated in the contract terms.*

**Key Words Searched:**

- Hanohano
- Peter
- Capacity
- Workshop
- "Lei Ho`olaha"

- (filtered for after January 1, 2016)

***Determination:*** **Evidence of fraud, waste, and abuse exists related to this transaction.** The contract was for \$1,960.00. We have only included the \$100.68 possibly related to travel as problematic since, similarly to transaction #34, this amount paid exceeded the contract. The contract already included travel costs, and therefore, the LLC should not have paid additional travel costs without a contract amendment.

The \$500 was for a separate service and is beyond the scope of this engagement.

**34. LK-28**

*Type:* Hi'ilei Aloha contract

*Vendor Name:* HACBED Hi Alliance ("HACBED")

*Contract/Check Number:* N/A

*Amount:* \$10,000.00

*Timeframe:* March 18, 2013 – December 31, 2013

*Description:* To provide capacity building services and assist Waiohuli Hawaiian Homesteaders Association Inc. with a feasibility study and business plan for phase one of the WHHA Community Center Complex.

*Relevant CLA Findings:*

***J08:** As mentioned in the observation above [J07], The contract was executed on 3/8/13 between Hi'ilei Aloha and HACBED for \$10,000. HACBED was to provide capacity building services in coordination with Hi'ilei Aloha to Waiohuli Hawaiian Homesteaders Association Inc. (WHHA) from 3/18/13 to 8/31/13. Total payments on this contract were \$10,406.40. The contract budgeted a total of \$1,500 for travel (2 trips) for 3 individuals inclusive of flights and ground transportation. The invoice from the vendor included out-of-pocket expenses of \$406.40 for two round trip tickets for the Waiohuli community meeting; However, the receipts for out of pocket expenses from the vendor for this travel were not included with the invoice. Moreover, it is not clear why the additional \$406.40 was necessary or why it was billed to the Hi'ilei Aloha. Because this additional amount was invoiced and paid, the contract total amount was exceed (sic) by \$406.40.*

*Hi'ilei Aloha Policy for travel by employees requires that employees submit receipts for travel costs. Although this contract testing is not for employee travel but rather for reimbursement to vendor for out-of-pocket expense for travel, best practices require that receipts be included with the invoice for out of pocket expenses. The COO agreed that the contract should have specified that the receipts for travel should have been included with the invoices and believed that the overage amount must have been approved because the amount was not excessive (sic) and appeared reasonable, although it exceeded the contract amount. This is an indicator of possible waste or abuse. Payments should only be made as stated in the contract terms.*

*Key Words Searched:*

- HACBED
- "Hawaii Alliance"
- WHHA
- Homesteaders
- Cairel
- @hiilei.org
- travel

*Determination:* **Evidence of fraud, waste, and abuse exists related to this transaction.** The contract was for \$10,000.00 but HACBED was paid \$10,406.40. The \$406.40 was for two round-trip tickets for the Waiohuli community meeting, even though the original contract for \$10,000.00 already included travel. An invoice was provided as support for the payment, but not the receipts. Regardless, since the contract already included travel costs, the LLC should not have paid additional travel costs without a contract amendment. This falls under the State's waste definition as "buying unnecessary goods or services" and "thoughtless or careless expenditure ... to the detriment of the government". We have only included the contract overage as problematic.



**35. through 38. LD-03, LD-05, LD-22, LD-21 and 22 (D-19)**

*Type:* CEO sponsorship (D-19) and Hi'ilei Aloha contract (LD-22, LD-21, LD-03, LD-05)

Transactions #22 (D-19) and #35 through #38 (LD-03, LD-05, LD-22, and LD-21) are related to the Makaweli Poi Mill ("MPM"). As high-level background, prior to 2012, Hii'poi LLC owned MPM. On 12/31/2012, the management of MPM was transferred to Lehua Poi Company LLC ("Lehua Poi"), a for-profit organization managed/owned by Nakulu Arquette. The assets were transferred to Supporting the Language of Kaua'i, Inc. (SLK), a non-profit organization. In 2015, Lehua Poi transferred management of MPM to Aloha Aina Poi Co LLC, a for-profit entity managed by Kaina Makua. Davis Price, former aide to Trustee Ahuna, is listed on incorporating documents of Aloha Aina Poi Co LLC ("Aloha Aina") as the registered agent, an organizer, and manager, as shown on the next page.

03/10/201558719

The name of the company shall be:  
**ALOHA AINA POI COMPANY LLC**  
(The name must contain the words *Limited Liability Company* or the abbreviation *L.L.C.* or *LLC*)

II

The mailing address of the initial principal office is:  
**9819B UUKU RD., WAIMEA, HI 96796 USA**

III

The company shall have and continuously maintain in the State of Hawaii a registered agent who shall have a business address in this State. The agent may be an individual who resides in this State, a domestic entity or a foreign entity authorized to transact business in this State.

a. The name (and state or country of incorporation, formation or organization, if applicable) of the company's registered agent in the State of Hawaii is:  
**DAVIS PRICE**  
(Name of Registered Agent) (State or Country)

b. The street address of the place of business of the person in State of Hawaii to which service of process and other notice and documents being served on or sent to the entity represented by it may be delivered to is:  
**1525 PENSACOLA ST. #303, HONOLULU, HI 96822 USA**

IV

The name and address of each organizer is:

<b>KAINA MAKUA</b>	<b>9819B UUKU RD., WAIMEA, HI 96796 USA</b>
<b>DAVIS PRICE</b>	<b>1525 PENSACOLA ST. #303, HONOLULU, HI 96822 USA</b>

VI

The company is (check one):

a. ☒ Manager-managed, and the names and addresses of the initial managers are listed in paragraph "c", and the number of initial members are: 3

b. ☐ Member-managed, and the names and addresses of the initial members are listed in paragraph "c".

c. List the names and addresses of the initial managers if the company is Manager-managed, or List the names and addresses of the initial members if the company is Member-managed.

<b>KAINA MAKUA</b>	<b>9819B UUKU RD., WAIMEA, HI 96796 USA</b>
<b>DAVIS PRICE</b>	<b>1525 PENSACOLA ST. #303, HONOLULU, HI 96822 USA</b>

03/10/201558719

The five transactions in our scope of work related to MPM are in chronological order as follows:

*Transaction # – Vendor Name – OHA or LLC Contract/Check # – Amount – Timeframe*

1. LD-22 – Commercial Dehydrator Systems, Inc. – #004494 – \$13,367 – December 27, 2012
2. D-19 – SLK – #27638 – \$25,000 – January 3, 2013
3. LD-21 – SLK – #001058 – \$10,000 – March 14, 2013
4. LD-03 – Lehua Poi Company – #003687 – \$20,000 – June 24, 2013
5. LD-05 – SLK – #004597 – \$60,000 – September 3, 2015

We have grouped these transactions into three categories:

- a) Initial transfer of MPM to SLK/Lehua Poi (LD-22, D-19, LD-21)
- b) Additional funding to SLK/Lehua Poi (LD-03)
- c) Facilitation of transfer from Lehua Poi to Aloha Aina

*Relevant CLA Findings:*

- **LD-22 – M05:** On 12/27/12 check number 4494 for \$13,367 to Commercial Dehydrator Systems was issued by Hi'ilei Aloha. This payment was made for the purchase of a commercial dehydrator system for the Hi'ipoi poi mill. The Request for Check Issuance form stated the following description: "Capacity-building assistance to Makaweli Poi Mill to purchase a large industrial dehydrator to make taro flour & other taro products. Full cost with attachments & shipping is \$15,867. Deposit of \$2,500 made on bank card on 12/21/12. This form was signed by the COO and two LLC Managers, Dr. Crabbe and Ms. Iona. The check was also signed by two the LLC Managers.  
CLA understands that the poi mill owned by Hi'ipoi LLC was transferred to SLK along with all of its assets on 12/31/12. Based on the timing of the purchase which took place less than ten days before the poi mill was transferred to SLK, it raises the concern that this purchase was made with the knowledge that Hi'ipoi LLC would not own the poi mill for much longer. Therefore, this disbursement appears to have indicators of possible waste, fraud, or abuse.
- **D-19 – F21:** This is a CEO Sponsorship for Supporting the Language of Kauai, Inc. (SLK) to help cover operational start-up costs. The funding request letter states, "as mentioned in our confidential Business Plan that was recently submitted and approved by the managers of Hi'ipoi, LLC, we are requesting support from OHA in the amounts of

\$25,000". CLA requested the confidential business plan, but OHA did not provide a copy of the business plan or the LLC Managers' approval of that plan. CLA could not determine if the business plan to support SLK was a properly approved use of OHA funds.

- LD-21 – **M06**: On 3/12/13 check number 1058 for \$10,000 was issued to SLK by Hi'ipoi LLC. The Request for Check Issuance form, described this payment as "Final payment on grant." Additional supporting documentation included a letter from the COO to the three LLC managers, Dr. Crabbe, Mr. Los Banos, and Ms. Iona dated 1/28/13. This letter provided an update on Hi'ipoi LLC and the transfer of the assets of Makaweli Poi Mill to a "Hawaiian community organization." It described that to assist SLK in gearing up for operations, Hi'ipoi advanced initial funding of \$5,000 and OHA provided a grant in the amount of \$25,000. It also stated, "we will transfer the funds remaining in Hi'ipoi's operating account, estimated at \$20,000, after all of the bills that Hi'ipoi is responsible for have been paid. This amounts to total cash assistance of \$50,000."

Based on the documentation reviewed, it appears that this disbursement was categorized as the "final payment on grant." However, there was no grant application or agreement on file for this disbursement. For this reason, it appears that Hi'ipoi LLC was funding the poi mill operation even though it no longer owned it. Therefore, this disbursement appears to have indicators of possible waste, fraud, or abuse. There was no grant application or agreement on file for this disbursement. For this reason, it appears that Hi'ipoi LLC was funding MPM operation even though it no longer owned it.

- LD-03:
  - **M01**: On 6/24/13 a \$20,000 disbursement was made to Lehua Poi Company by Hi'ilei Aloha. Information from public sources indicates that one of the LLC Managers had a conflict of interest with the new operator of the Makaweli Poi Mill, the Lehua Poi Company. The conflict arose when Hi'ipoi LLC transferred the Makaweli Poi Mill to Supporting the Language of Kaua'i. This transaction was a \$20,000 emergency loan given to Makaweli Poi Mill. Information was provided to CLA during our inquiries that one of the LLC managers, Dr. Crabbe, was an acquaintance with the recipient of the loan. Supporting documentation provided indicated that this \$20,000 loan was intended to improve cash flow during the start-up months of business and during an LLC managers and COO meeting on 7/10/13, it was agreed by the LLC managers (Dr. Crabbe and Mr. Los Banos) and by the COO, that a \$20,000 loan would be issued as capacity-building assistance. Both

the COO and the LLC manager approved the Request for Check Issuance. There was no receipt or invoice for this disbursement because this disbursement was an emergency loan of \$20,000 to the Lehua Poi Company made by Hi'ilei Aloha LLC. The loan terms were for one year, starting 6/24/13 and ending 7/1/14, with no interest for the first year. According to the terms of the loan agreement, the Lehua Poi Company was required to pay an interest rate of 4% over four years, with monthly payments of \$452, if Lehua Poi Company did not repay the loan in full by 7/1/14. The Lehua Poi Company did not repay the loan. Subsequently, Hi'ilei Aloha wrote off the loan on 10/2/15. Hi'ilei Aloha LLC is not in the business of making loans. At a minimum, this fact pattern could give rise to a perception of a conflict of interest.

- **M03:** The \$20,000 loan made to the Lehua Poi Company, mentioned in observation M01, was never repaid. No monthly payments were ever received by Hi'ilei Aloha and the loan was written off as a loss on 10/2/15. Because Hi'ilei is not in the business of making loans, and there was no indication that the recipient of the loan ever attempted to make any monthly payments, it appears that this disbursements (sic) contained indicators of possible fraud, waste, or abuse.
- **LD-05:**
  - **M02:** On 9/3/15 check number 4795 for \$60,000 to Supporting the Language of Kauai, Inc. (SLK) was issued by Hi'ilei Aloha LLC and signed by the LLC manager, Dr. Crabbe. The supporting documentation for this disbursement contained a Request for Check Issuance, which described, "Grant to offset financial losses of Lehua Poi Co. (Owner Nakulu Arquette), operator of former Makaweli Poi Mill, through September 15, 2015." The code classification described, "Grant Cash-Nonprofit" and it was signed by the COO on 9/3/15. The supporting documentation also included a letter from the COO to the LLC manager addressed as "Ka Pouhana." This letter stated, "per our meeting on Kauai yesterday, attached please find two check requests and check payable to SLK. Please sign both checks and both check request forms and return all to me." There was no grant agreement or any other type of agreement provided as support for this check disbursement. CLA inquired with the COO about the reason for this payment because of the lack of supporting documentation. The COO explained that the LLC Manager, Dr. Crabbe, had made an agreement with Mr. Nakulu in an attempt to make Mr. Nakulu

"whole." The COO further explained that Dr. Crabbe believed that it was OHA's obligation to make Mr. Nakulo "whole." To explain to CLA what this meant, the COO provided additional history relating to the poi mill: She stated that in May 2012, it was determined that the poi mill owned by Hi'ipoi LLC would need to be divested. Dr. Crabbe attempted to work with the employees of the mill for the employees to buy out Hi'ipoi's ownership, but it was perceived that the employees of the mill only brought business ideas to the table and never presented a fully executed business plan. Dr. Crabbe and Hawley Iona (OHA's CFO) determined that they would need to find another interested party and identified Supporting the Language of Kauai, Inc., a 501(c)(3) organization associated with the Kawaikini New Century Public Charter School. A director at SLK, Kimo Perry, desired to help keep the mill open, and he and Dr. Crabbe approached Nakulu Arquette, a Kauai farmer who ran a successful snack shop. The arrangement was that Mr. Arquette would operate the poi mill and any profits would be turned into scholarships offered by SLK. Dr. Crabbe, Mr. Perry, and Mr. Arquette were familiar with each other from their involvement in an 'Aha Kāne, an association of Native Hawaiian men. When Dr. Crabbe decided to transfer the poi mill to Mr. Arquette's management, there was a boycott by the Kauai farmers, who refused to sell taro to the mill. This caused problems for the operations at the mill and forced Mr. Arquette to sell the business in 2015. This arrangement was also overseen by Dr. Crabbe, who believed it was OHA's obligation to make Mr. Arquette whole for his efforts and losses. The COO further mentioned that, during a meeting in a parking lot on Kauai, Dr. Crabbe and Mr. Arquette agreed that OHA would inject \$60,000 in an attempt to make Mr. Arquette "whole" and serve as a buyout for his losses, which Mr. Arquette estimated were approximately \$150,000. The COO stated that after this payment, Mr. Arquette transferred the poi mill to another local individual.

CLA was unable to interview Dr. Crabbe and therefore was only able to obtain an explanation from the COO relating to this disbursement. Because there was no grant application, grant agreement, or grantee invoice related to the payment of \$60,000 to SLK and based on the explanation by the COO that Dr. Crabbe was familiar with Mr. Arquette from their association through 'Aha Kāne, it appears that this disbursement provides indicators of a possible conflict of interests between Dr. Crabbe and the recipient of this disbursement.



- **M04:** As explained in observation M02, a \$60,000 disbursement was made to SLK. This disbursement was classified as a "grant." However, the processing of this disbursement was not supported by a grant agreement, or any other type of written agreement, between SLK and Hi'ilei Aloha. Based on the lack of supporting documentation and based on the description by the COO that it had been a verbal agreement made between Dr. Crabbe and Mr. Arquette, that caused this disbursement, it appears that these fact patterns are indicators of possible fraud, waste, or abuse.

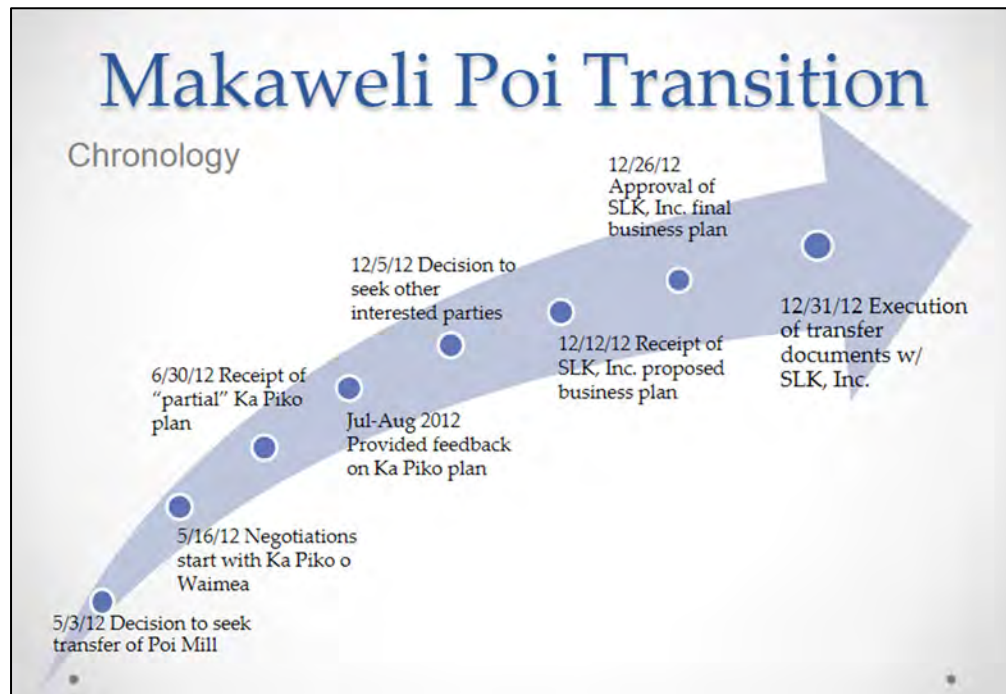
In addition to CLA's findings, a community group, Ka Piko, filed a lawsuit that included allegations that OHA's transfer of MPM to SLK was in contrast to a promise made by OHA in May 2012 to transfer MPM to Ka Piko.

**Determination:** Evidence of fraud, waste, and abuse exists for two out of five transactions.

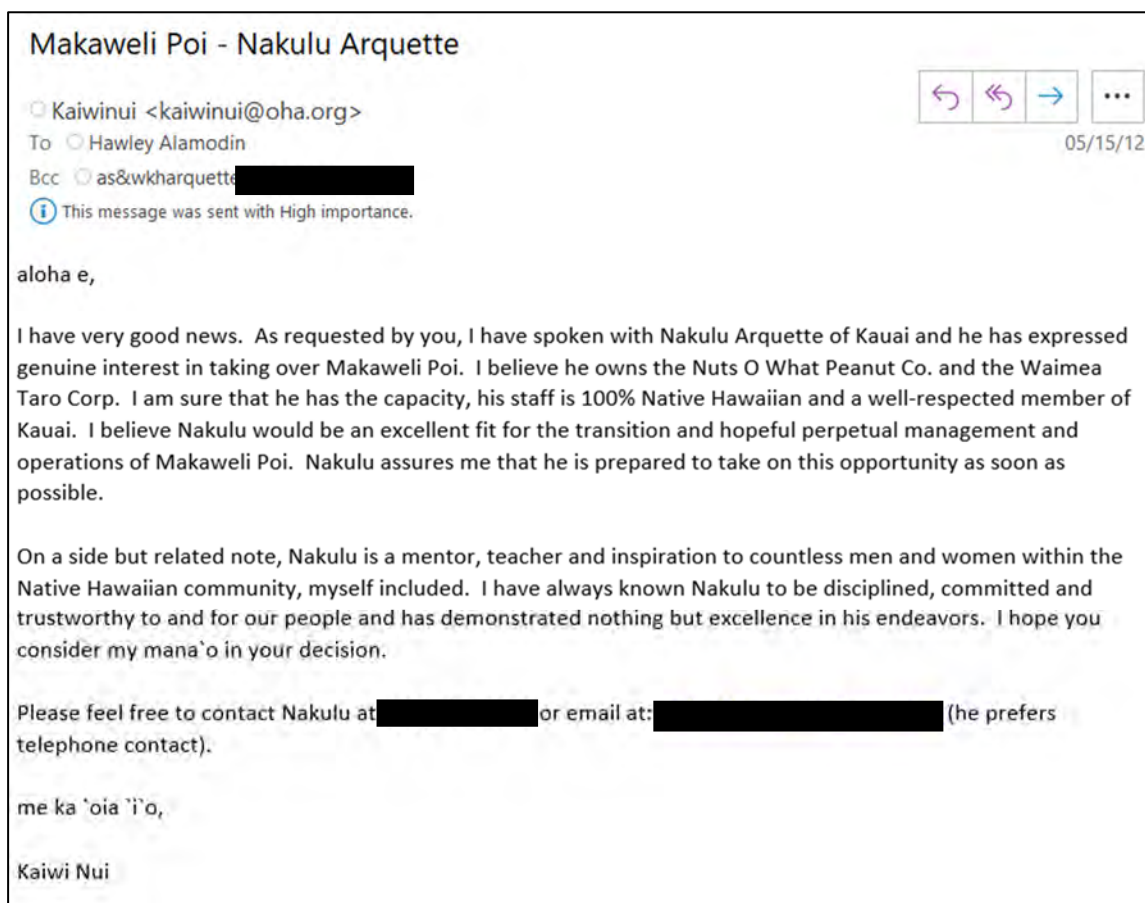


a) Initial transfer of MPM to SLK/Lehua Poi

During our email review, we identified a timeline of the transition, as presented by the managers of Hi'ipoi LLC to the OHA Board of Trustees on January 3, 2013:



This timeline indicates that the decision to seek other parties did not occur until December 2012. However, the following email shows this process was initiated as early as May 2012, and communications were with Mr. Arquette, who ended up managing MPM in December 2012:



We did not identify additional information to determine the reason OHA sought out Mr. Arquette for managing MPM. According to the Hawaii Business Registration records, Mr. Arquette did not create an LLC until December 2012, seven months after he was first approached about managing MPM:

<b>MASTER NAME</b> LEHUA POI COMPANY LLC	<b>CROSS REFERENCE NAME</b> LEIHUA POI COMPANY LLC
<b>BUSINESS TYPE</b> Domestic Limited Liability Company (LLC)	<b>PARTNER TERM</b> AT-WILL
<b>FILE NUMBER</b> 101665 C5	<b>MANAGED BY</b> MANAGER(S)
<b>STATUS</b> Terminated	<b>AGENT NAME</b> NAKULU ARQUETTE
<b>PURPOSE</b> TARO / POI PRODUCTION	<b>AGENT ADDRESS</b> 9940 WAIMEA ROAD WAIMEA, Hawaii 96796 UNITED STATES
<b>PLACE INCORPORATED</b> Hawaii UNITED STATES	
<b>REGISTRATION DATE</b> Dec 21, 2012	
<b>MAILING ADDRESS</b> P O BOX 1017 WAIMEA, Hawaii 96796 UNITED STATES	

Five days after Lehua Poi was registered, OHA approved the SLK business plan, which included a management agreement between SLK and Lehua Poi/Mr. Arquette. We obtained this business plan through email review:



This 44-page business plan includes the following language regarding funding, which supports the LD-22, D-19, and LD-21 disbursements:

### 5.3. Start-up Funding

To ensure proper start-up, SLK, Inc. is requesting \$45,000 to cover the costs of start-up. The transfer of assets shall include the remaining operating cash balances of Hi'ipoi after settling all expenses thru December 31, 2012. This forecasted balance is expected to be and shall be no less than \$20,000. Further, to ensure proper start-up, SLK, Inc. is requesting an additional \$25,000 to cover the costs of start-up for a total no lower than \$45,000. The first \$5,000 should be made available immediately for expenses associated with the creation of the business and other administrative matters. The remaining \$40,000 will be used to fund expected first-year expenses and finance projected cash flow deficiencies as cash collections are expected on a net 60 day basis (standard retail collection terms) and production curves. These proposed payments are indicated in the Timeline of Activities in Section 5.2.

The current plan also presumes that infrastructure for taro flour production will be in place by April 1, 2013; specifically, an industrial food dehydrator will be purchased by OHA for the production of taro flour out of raw taro supplies. These contributions will be the final ones made by OHA and will ensure that the business starts out on a solid foundation and does not struggle with liquidity issues during its first year of operations.

We identified emails, along with financial statement information, which showed that Hi'ipoi LLC was not financially sustainable without OHA support. Transferring ownership of MPM in 2012 appears to have been made with the intent to reduce future OHA's losses in the endeavor, and certain disbursements were agreed to upon prior to the transfer. Though OHA considered Mr. Arquette as early as May 2012, we did not identify evidence indicating that the transfer was made based on preexisting relationships or that there was an any personal benefit to OHA staff/Trustees.

#### b) Additional funding to SLK/Lehua Poi (LD-03)

However, beyond the initial transfer agreement, it appears as though OHA should not have been funding additional requests for MPM unless made in the ordinary course of business for OHA/its LLCs. The disbursement LD-03, to Lehua Poi in June 2013, was for an emergency loan, after the initial transfer occurred.

OHA was unable to provide supporting documentation for this loan, and we did not identify additional information during email review.

The loan was orgiven in October 2015, in conjunction with the facilitation of the transfer of Lehua Poi to Aloha Aina described in the ensuing section. As a result, evidence of fraud, waste, and abuse exists related to this transaction.



c) Facilitation of transfer from Lehua Poi to Aloha Aina

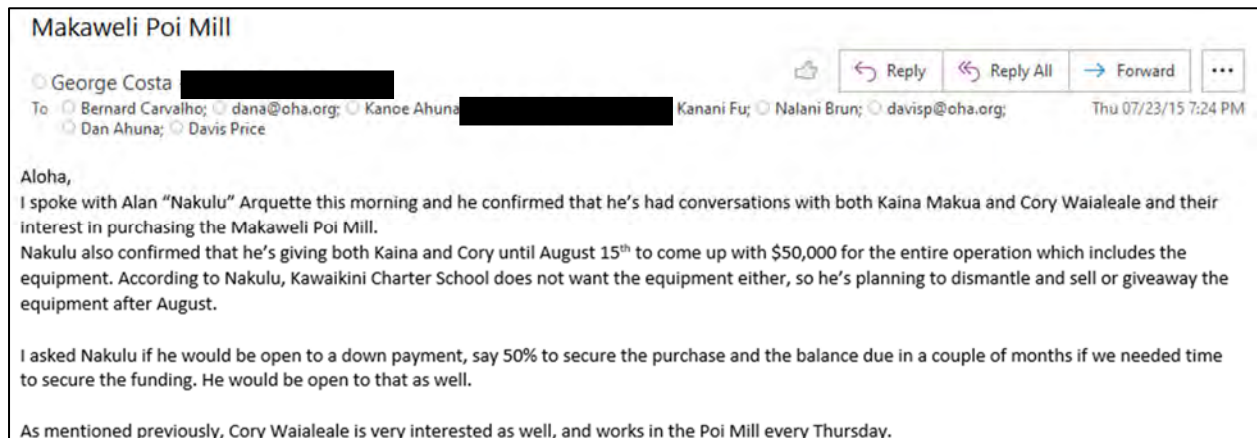
LD-05 to SLK was made on September 3, 2015, just 11 days before an agreement to transfer ownership of Lehua Poi occurred:

<p style="text-align: center;"><b>Agreement to Transfer Ownership</b> <b>of Lehua Poi Company</b> <b>between Nakulu Arquette (Seller) and Kaina Makua (Buyer)</b></p> <p>This Agreement is dated <u>9/14/15</u>, 2015, and is by and between Nakulu Arquette ("Arquette"), current owner of Lehua Poi Company, also known as the Seller, and Kaina Makua ("Makua"), future owner of Lehua Poi Company, also known as the Buyer, both of whom are residents of Kaua'i.</p> <p>This Agreement will take effect on September 16, 2015, with September 15, 2015, being Arquette's last day of ownership and September 16, 2015, being Makua's first day of ownership.</p>
---

The following emails indicate that Mr. Arquette was looking to sell MPM as early as June 2015, but wanted the forgiveness of a \$25,000 loan from OHA, as well as \$50,000 from the purchaser in exchange:

<p><b>From:</b> Mona Bernardino [<a href="mailto:monab@hilei.org">mailto:monab@hilei.org</a>] <b>Sent:</b> Thursday, June 18, 2015 2:03 PM <b>To:</b> Kamana'opono M. Crabbe, Ph.D.; Hawley Iona <b>Subject:</b> Lehua Poi Co. - Forgive \$25k loan?</p> <p>Aloha e Ka Pouhana and Hawley.</p> <p>Today I received a phone call from Kimo Perry at Kawaikini Charter School/SLK. They have been working with Nakulu Arquette to get proposals on the transfer of Lehua Poi Co (just Lehua Poi as a business, not the Mill or the equipment). They have 3 proposals in response to their RFP. Kawaikini wants to accept one of the proposals but a key point for them is whether Hi'ilei is willing to forgive the \$25k loan to Nakulu. I said Hi'ilei's concern would be the sale price of the business and Nakulu's outstanding debt. It would be difficult to forgive the loan if Nakulu is making a profit from the sale.</p> <p>Kimo understood and said the "financials" he has received from Carrie (Nakulu's office person) show he has outstanding bills of about \$32k and a loss in 2014 of \$16k. Nakulu has not paid himself during this period.</p> <p>The offer Kimo folks want to accept is \$50k. Kimo is thinking if we forgave the loan, Nakulu might be willing to accept the offer of \$50k. Kimo said after Nakulu pays his outstanding bills and covers the loss in 2014, there isn't much left. I asked Kimo to send me the financials.</p> <p>SLK's deadline to reply to folks who responded to their RFP is next week Monday. What are your thoughts? Would you like to meet in person? I will ask Momi for a meeting time tomorrow or Monday if possible.</p> <p>Will wait to hear. Mahalo.</p>
--





We note that Mr. Price is copied on the July 23, 2015 email in which representations were made that Mr. Arquette wanted to sell MPM, including Mr. Makua as a possible buyer. Since Mr. Price is on incorporating documents that link him to Mr. Makua/Aloha Aina, there appears to be a potential conflict of interest. However, we did not identify evidence indicating that Mr. Price nor Trustee Ahuna influenced the decision to transfer MPM to Aloha Aina, nor that they were involved in the disbursement of this transaction.

Based on the following factors, this disbursement appears to be an attempt to facilitate the transfer of MPM to Aloha Aina and is evidence of fraud, waste, and abuse:

- A) The timing of this disbursement to SLK in comparison to when Mr. Arquette finalized the sale of his management company;
- B) CLA's findings that this was an attempt to "make Mr. Arquette whole"; and
- C) The lack of formal grant/funding applications.

## IMPROVEMENTS AT OHA

Given the findings, we deem it important to convey the changes that have been implemented at OHA since these transactions. While it is beyond the scope of our contract to have inquired and documented these changes, Dr. Sylvia Hussey, Chief Executive Officer, has prepared a summary of which we have enclosed with this report. Dr. Hussey requests the reader of her memo to note observations within the *Administration Response*, including the substantive Board and Administration policy, procedure and process steps taken to mitigate conditions which may result in fraud, waste or abuse transactions in the future.

## SIGNATURE

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If additional information becomes available, we reserve the opportunity to update these findings.

Very truly yours,

A handwritten signature in black ink that reads "Plante & Moran, PLLC". The script is cursive and fluid.

PLANTE & MORAN, PLLC



Administration Response to the Review of the  
CLA – OHA & LLCs Contract and Disbursement  
Review – Report, dated December 4, 2019,  
Conducted by Plante Moran, under Contract  
#4262, dated February 15, 2022, as Directed by  
Act 29 (2021) of the Hawai'i State Legislature

October 2022

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## I. EXECUTIVE SUMMARY

- A. Overview of Administration Responses to the Plante Moran Report.** The October 2022 Plante Moran (“PM Report”), is a follow up review of the 38 CLA transactions identified for possible fraud, waste and abuse in the CliftonLarsonAllen (“CLA”) report entitled “OHA & LLC’s Contract and Disbursement Review” (“CLA Report”), dated December 4, 2019. Administration: supported the Board of Trustees (“BOT” or “Board”) in its initial Ad-Hoc Committee work (September 2021) providing project management supports; assisted with the processes associated with RFP-BOT-2022-009, including RFP posting, and facilitation of the Board evaluation, awarding and contracting activities (October 2021-February 2022); and supported the Board’s monitoring of Contract 4262 (February 2022-October 2022).

The PM report found 22 of the 38 transactions with evidence of fraud, waste and abuse. Administration responses contained in the next section, are specific to the 22 transactions, addressing improvements in policy(ies), procedure(s) and/or practice(s) that strengthen the OHA’s internal controls<sup>1</sup>, that mitigate, not eliminate, the likelihood that fraud, waste and/or abuse transactions could occur, collusion or management override notwithstanding<sup>2</sup>. While Administration does provide a transaction-by-transaction response, for the 22 identified transactions, Administration noted the following operational “themes”, such as: inconsistent or none compliance with established procurement, contract and disbursement processes; management override of established processes; unchecked or avoided conflicts of interest; and ineffective contracting and/or contract management (e.g., contracting process, contract and/or contractor compliance, deliverables, payments, contract remediation, termination).

- B. Board and Administration Activities from December 2019 to October 2022.** The PM Report follows a number of Board and Administration activities from December 2019 CLA Report to the October 2022 PM Report as detailed below in table format.

No.	Date	Action
1	2019, December Board	CLA Report presented to the Committee on Resource Management (“CRM”) and Board of Trustees. In the final report, CLA provided both observations and recommendations for OHA and the LLCs separately. For OHA: Seventy-three (73) recommendations based on the results of contracts and financial disbursements testing as well as measures concerning the internal controls in place to ensure the integrity of the performance indicators in the OHA annual report to the BOT; and six (6) recommendations pertaining to the

<sup>1</sup> Internal controls are the mechanisms, rules, and procedures implemented by a company to ensure the integrity of financial and accounting information, promote accountability, and prevent fraud, <https://www.investopedia.com/terms/i/internalcontrols.asp>, retrieved October 23, 2022.

<sup>2</sup> A55 Additionally, controls can be circumvented by the collusion of two or more people or inappropriate management override of internal control, <https://us.aicpa.org/content/dam/aicpa/research/standards/auditattest/downloadabledocuments/au-c-00315.pdf>, retrieved October 23, 2022.

**Administration Response to Plante Moran's Review of the  
CLA – OHA & LLCs Contract & Disbursement Review Report  
Dated December 2019  
October 2022**

No.	Date	Action
		BOT's general oversight and governance of OHA and the LLCs. CLA also made thirty (30) recommendations based on the results of contracts and financial disbursements testing as well as measures concerning the internal controls in place to ensure the integrity of the performance indicators in the LLC's Quarterly reports to the BOT. In addition the CLA Report strongly encouraged the Trustees to delegate to OHA's Administration the development of a Recommendations Implementation Plan ("RIP").
	Electronic File or Links to the OHA website	<a href="https://www.oha.org/oha-llcs-contract-and-disbursement-review/">https://www.oha.org/oha-llcs-contract-and-disbursement-review/</a> <ul style="list-style-type: none"> <li>▪ <a href="#">Executive Summary</a></li> <li>▪ <a href="#">Final Report</a></li> <li>▪ <a href="#">Attachments</a></li> <li>▪ <a href="#">Exhibits</a></li> </ul>
2	2020, January Administration	Administration presents a DRAFT RIP to the CRM, refer to the embedded minutes of the January 22, 2020 meeting from the OHA website: <a href="https://www.oha.org/wp-content/uploads/APPROVED-2020-0122-FINAL-RM-MINUTES-FULL2.pdf">https://www.oha.org/wp-content/uploads/APPROVED-2020-0122-FINAL-RM-MINUTES-FULL2.pdf</a>
	Note: For approximately 15 months (March 2020 to June 2021), the organization transitioned to telework due to COVID-19 and continued to operate in as safe and efficient manner while limiting disruptions to Lāhui services. Despite vaccinations and boosters, COVID-19 variants and conditions persisted, and the statewide offices were not opened for in person services until April 2022.	
3	2021, July, Formation of Ad-Hoc Committee, Board	The Board of Trustees (BOT) approved the formation of an Ad-Hoc Committee on the CliftonLarsonAllen (CLA) Report entitled "OHA & LLCs Contract and Disbursement Review" (the Committee). <a href="https://www.oha.org/wp-content/uploads/Final-BOT-MINUTES-07012021.pdf">https://www.oha.org/wp-content/uploads/Final-BOT-MINUTES-07012021.pdf</a>
4	2021, September, Report of Ad-Hoc Committee, Board	Via Action Item BOT #21-11: Accept and Implement the Recommendations in the OHA Ad Hoc Committee on the CliftonLarsonAllen (CLA) Report entitled "OHA & LLC's Contract and Disbursement Review" Report, September 16, 2021, the Committee achieved consensus on the following recommendations to complete the scope of work approved by the BOT: 1) Plan: The follow up directed by Act 29 specific to existing information in the 2019 CLA report should be conducted via an OHA contract with an independent third party vendor; 3) Timeline: The estimated term of this contract should be four months; and 4) Scope of Services: to competitively procure and engage a professional services firm that has experience in forensic



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		<p>services<sup>3</sup> to conduct a follow up contract and disbursement review of the CLA<sup>4</sup> – OHA &amp; LLC's Contract and Disbursement Review Report, dated December 4, 2019, specifically on 38 test items flagged for possible fraud, waste and abuse. The purpose of this RFP is to hire a professional services firm to determine, for each of the 38 red flag issues, whether cause to a reasonable certainty exists to believe that fraud, waste, or abuse or some combination of each of these three classifications, exists. Offerors must have experience with forensic, accounting, audit and related type engagements utilizing standards in accordance with the Statement on Standards for Forensic Services, established by the American Institute of Certified Public Accountants (AICPA) Council, Forensic and Valuation Services Executive Committee, which provides guidance and establishes enforceable standards for members performing certain forensic and valuation services; and budget: \$200,000 for the hiring of an independent professional services firm that has experience in forensic services to conduct a follow up contract and disbursement review as set forth in the scope of services.</p> <p><a href="https://www.oha.org/wp-content/uploads/Final-Bot-Minutes-09162021.pdf">https://www.oha.org/wp-content/uploads/Final-Bot-Minutes-09162021.pdf</a></p>
5	2021, October Board as supported by Administration	<p>RFP No. BOT-2022-009 was posted on Friday, October 8, 2021, giving notice that pursuant to Chapter 103D, Hawaii Revised Statutes, as amended, (hereinafter "HRS"), the Office of Hawaiian Affairs (hereinafter "OHA") would be accepting proposals from qualified forensic professional services firms to conduct a follow up contract and disbursement review of the CLA<sup>5</sup> report – OHA &amp; LLC's Contract and Disbursement Review Report ("CLA Report"), dated December 4, 2019, specifically on 38 items flagged for possible fraud, waste, and abuse. Offerors must have experience with forensic, accounting, audit, and related type engagements utilizing standards in accordance with the Statement on Standards for Forensic Services, established by the American Institute of Certified Public Accountants (AICPA) Council, Forensic and Valuation Services Executive Committee, which provides guidance and establishes enforceable standards for members performing</p>

<sup>3</sup> For Request for Proposal (RFP) purposes, the term *forensic* is defined as "used in, or suitable to, courts of law or public debate". Forensic accounting services generally involve the application of specialized knowledge and investigative skills by a member to collect, analyze, and evaluate certain evidential matter and to interpret and communicate findings (forensic services). Statement on Standards for Forensic Services No. 1, retrieved July 13, 2021 <https://future.aicpa.org/resources/download/statement-on-standards-for-forensic-services>

<sup>4</sup> As the report of the previous contractor CliftonLarsonAllen (CLA) is the subject of the follow up review, CLA is not eligible to respond to this RFP.

<sup>5</sup> As the report of the previous contractor CliftonLarsonAllen (CLA) is the subject of the follow up review, CLA was not eligible to respond to the RFP.

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		certain forensic and valuation services. The funding for RFP No. BOT-2022-009 was specifically provided by the State Legislature, via Act 29 (2021), through a FY2022, \$200,000 general funds appropriation, specifically to conduct or contract for a follow-up contract and disbursement review of the CLA Report.  <a href="https://www.oha.org/rfp-bot-2022-009-cla-report-review/">https://www.oha.org/rfp-bot-2022-009-cla-report-review/</a>
6	2021, November as recommended by Administration and approved by the Board	Via Action Item RM #21-18: Accept and Implement the Recommendations Implementation Report for CliftonLarsonAllen OHA & LLCs Contract and Disbursement Review, November 2021, the CRM recommended approval of the action item on November 30, 2021; and was subsequently ratified by the Board at the December 9, 2021 meeting; link to the minutes are found in the link below:  <a href="https://www.oha.org/wp-content/uploads/Final-BOT-Minutes-12092021-Combined.pdf">https://www.oha.org/wp-content/uploads/Final-BOT-Minutes-12092021-Combined.pdf</a>
7	2021, November to 2022, February	Offeror responses were received, reviewed and awarding completed, followed by contracting activities. Plante Moran (“PM”) was selected and Contract 4262, dated February 15, 2022, was executed for \$178,350.
8	2022, February	PM planning and fieldwork begins.
9	2022, April  P05-Appendix E -Rec Imp Rpt Monitoring a	Updated dashboard for the quarter ended 3/31/2022 (to the Trustees) for the CLA RIP, eight (8) remaining partially implemented recommendations
10	2022, July  P05-Appendix E -Rec Imp Rpt Monitoring a	Updated dashboard for the quarter ended 6/30/2022 (to the Trustees) for the CLA RIP, eight (8) remaining partially implemented recommendations
11	2022, February to 2022, October	As noted in PM’s report, PM: obtained relevant electronic data, including emails and personal working folders on the OHA network, for select OHA employees; conducted interviews with key OHA personnel, including staff and select members of the Board of Trustees, performed background research on select individuals and businesses involved in the flagged transactions; compiled key words lists and search criteria to analyze emails and working

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		folder contents; analyzed relevant supporting documentation for the transactions; and PM engagement team members were on site at Nā Lama Kukui in May and October 2022. As a result of the contracted work completed, PM identified evidence that fraud, waste and abuse occurred in 22 of 38 transactions and the report dated October 2022 ("PM Report") is incorporated by reference herein.

- C. **Board and Administration Actions.** Section III of this response outlines changes effected since 2018 by the organization, including, but not limited to: implementing a moratorium on the use of trustee sponsorship and allowance fund and CEO-initiated sponsorships; approving and implementing Board policy changes for budgeting, expenditures, reporting; establishing a governance framework; approving a policy framework; addressing statutory State Auditor reports and recommendations; continuing a record of "clean" or an "unqualified" opinion re: financial statements; implementing financial, grant and contract management systems; and changing Administration practices, including management override.

## II. ADMINISTRATION RESPONSE TO 22 TRANSACTIONS IDENTIFIED BY PLANTE MORAN WITH EVIDENCE OF FRAUD, WASTE AND ABUSE

A. **Overview.** The Plante Moran (“PM”) report, dated October 2022 (“PM Report”), “...identified evidence that fraud, waste and abuse occurred and have noted the result of each transaction accordingly. However, it is important to note that, if evidence exists for a transaction that fraud, waste, and abuse occurred, PM did not determine if all or only a portion of the funds spent were designated as problematic.”<sup>6</sup> In the table below, Administration details; the identified transaction, spend and timeframe; basis for fraud, waste and abuse; and Administration implemented actions to mitigate the possibility that such transaction(s) could occur. All information is derived from the PM Report except for the Administration action column.

To assist the reader in reviewing the outcomes of the 22 transactions identified by Plante Moran, Administration alternated, color coded headers of each transaction as follows and a high level reference to the Administration Recommendations Implementation Report, which address process improvement(s), coupled with better management practices, resulting in strengthening of the organization’s internal control environment, which mitigates organizational conditions, policies, procedures and practices that may result in fraud, waste and abuse related transactions.

K-Contract Transactions	D-Disbursement Transactions
K-Contract Transactions	D-Disbursement Transactions

B. **K-Contract Transaction Identified by Plante Moran.** The information is extracted from the PM Report.

Line	No.	Transaction ID, Name	Spend, Timeframe	Fraud, Waste Abuse Basis by Plante Moran
1	4	K-57, Akamai Foundation (on behalf of Na‘i Aupuni)	\$2,598,000 May 4, 2015- August 3, 2016	OHA indirect control of Na‘i Aupuni; lack of contract monitoring;

**Administration Actions:** Refer to line 8 above, the last published quarterly report noting the following: Executive Office, Organization Wide, Contract Management: Once a good or service has been procured through the Procurement Services Program (PSP), the Program (e.g., Land, Community Engagement, Research) is responsible for contract administration. PSP is not responsible for maintaining a record of the deliverables submitted by the vendor or for keeping a record of the deliverable in the contract file. The Program communicates

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Line	No.	Transaction ID, Name	Spend, Timeframe	Fraud, Waste Abuse Basis by Plante Moran
<p>and works directly with the contractor or vendor to ensure the deliverables are met, received, and/or otherwise maintained. An organization wide process for contract administration will be developed and implemented that complements and is integrated with OHA's Oracle Fusion processes.</p> <p>Due to the reorganization, organization wide contract management is contingent on sufficient resourcing for compliance functions to be designed, implemented and monitored. While the technical implementation needs more resources, the processes facilitated by the procurement function, involving the operational unit (contract administrator), Corporate Counsel, finance (for payment processing), for contract development, execution and amendment is consistent in its application. Contract monitoring is ultimately the responsibility of the operating unit and oversight by the business line executive (e.g., CEO, COO, CFO, General Counsel).</p>				

Line	No.	Transaction ID, Name	Spend, Timeframe	Fraud, Waste Abuse Basis by Plante Moran
2	5	K-76, Aha Kāne – Foundation for the Advancement of Native Hawaiian Males	\$200,000 June 15, 2012 – July 15, 2012	Completing 'Aha Kane business during OHA working hours; abuse of CEO role; OHA employees affiliated with 'Aha Kane involved in the grant proposal process; OHA support in addition to grant; inappropriate changes to budgeted expenses by the grantee; false statements made to obtain funding; false statements made to State Ethics Committee during audit
<p><b>Administration Actions:</b> The size and nature of the expenditure would now fall under the category of “grants” or “sponsorship” which are subject to the Board of Trustees approval. Approval is brought forward via the original budget and subsequent budget realignments via action item by Administration; and management override by the CEO is no longer a practice.</p>				

	Line	Transaction ID, Name	Spend, Timeframe	Fraud, Waste Abuse Basis by Plante Moran
3	6	K-52, WCIT Architecture, Inc.	\$2,925,752 December 11, 2014 – December 10, 2016	Delayed completion and missing deliverables; conflict of interest with OHA Trustee.
<p><b>Administration Actions:</b> As noted above, while the technical implementation needs more resources, the processes</p>				

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Line	Transaction ID, Name	Spend, Timeframe	Fraud, Waste Abuse Basis by Plante Moran
facilitated by the procurement function, involving the operational unit (contract administrator), Corporate Counsel, finance (for payment processing), for proper procurement, contract development, execution and amendment is consistent in its application. Contract monitoring is ultimately responsibility of the operating unit and oversight by the business line executive (e.g., CEO, COO, CFO, General Counsel), and management override by the CEO is no longer a practice.			

Line	No.	Transaction ID, Name	Spend, Timeframe	Fraud, Waste Abuse Basis
4	7	K-77, Absolute Plus Advisors LLC	\$185,000 January 1, 2013 – September 30, 2014	Conflicts of interest in contractor selection; early termination of contract without pro-rated reduction in fees; fixed fee arrangement;
<b>Administration Actions:</b> same as Line 3 above				

Line	No.	Transaction ID, Name	Spend, Timeframe	Fraud, Waste Abuse Basis
5	8	K-17, Mid-Continent Research for Education & Learning dba Mid Continent Regional Education Laboratory	\$349,527 May 11, 2012 – August 31, 2015	CEO initiative and lack of competitive procurement; delayed and incomplete deliverables; significant investment of OHA staff time; OHA mission; Additional costs
<b>Administration Actions:</b> Same as Line 3 above				

Line	No.	Transaction ID, Name	Spend, Timeframe	Fraud, Waste Abuse Basis
6	9	K-55, Stryker, Weiner & Yokota Public Relations,	\$293,969.24 April 1, 2015 –	Preferential treatment in procurement; deliverables not provided;



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Line	No.	Transaction ID, Name	Spend, Timeframe	Fraud, Waste Abuse Basis
		Inc.	March 31, 2017	
<b>Administration Actions:</b> Same as Line 3 above				

Line	No.	Transaction ID, Name	Spend, Timeframe	Fraud, Waste Abuse Basis
7	10	K-56, Reed Smith LLP	\$200,000 September 7, 2014 – until services no longer needed	Contract with former employee; conflict of interest in procurement; invoice included work performed prior to contract effective date;
<b>Administration Actions:</b> Same as Line 3 above				

Line	No.	Transaction ID, Name	Spend, Timeframe	Fraud, Waste Abuse Basis
8	11	K-09, The Kalaimoku Group, LLC	\$50,000 December 1, 2011 – June 30, 2012	Conflicts of interest in procurement; incomplete deliverables and arbitrary billing
<b>Administration Actions:</b> Same as Line 3 above				

Line	No.	Transaction ID, Name	Spend, Timeframe	Fraud, Waste Abuse Basis
9	13	K-20, Kualii 'i 'Āina Based Insights LLC	\$435,000 June 1, 2013 – June 30, 2016	Improper procurement; conflicts of interest; incomplete deliverables
<b>Administration Actions:</b> Same as Line 3 above				

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Line	No.	Transaction ID, Name	Spend, Timeframe	Fraud, Waste Abuse Basis
10	15	K-47, Sai, David Keanu	\$25,000 May 1, 2014 – April 30, 2016	Improper procurement; personal project of Dr. Crabbe; incomplete deliverables
<b>Administration Actions:</b> Same as Line 3 above				

Line	No.	Transaction ID, Name	Spend, Timeframe	Fraud, Waste Abuse Basis
11	19	K-73, Aya Aukahi Austin Seabury	\$30,062.50 January 15, 2016 – July 8, 2016	Conflict of interest in procurement; OHA funds use for personal benefit
<b>Administration Actions:</b> Same as Line 3 above				

Line	No.	Name	Spend	Fraud, Waste Abuse Basis
12	20	K-75, Raedeen M. Keahiolalo LLC	\$45,000, March 8, 2016 – June 30, 2016	Conflict of interest in procurement; Subcontract with former employee
<b>Administration Actions:</b> Same as Line 3 above				

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**C. D-Disbursement Transaction Identified by Plante Moran.** The information is extracted from the PM Report.

Line	No.	Name	Spend	Fraud, Waste Abuse Basis
13	25	D-43, Edith Kanakaole Foundation	\$25,000 April 21, 2016	To support research towards Kanawai o Mauna a Wakea stewardship; Final sponsorship amount was \$50,000, twice the CEO sponsorship limit allowed of \$25,000.
<b>Administration Actions:</b> Management override by the CEO is no longer a practice.				

Line	No.	Name	Spend	Fraud, Waste Abuse Basis
14	26	D-02, David R. Sanborn	\$5,000 June 17, 2013	To develop a Native Hawaiian Organization consultation policy development handbook; before Request for Qualifications (RFQ), OHA staff member suggested a price between \$3,000 and \$4,000; Sanborn indicated \$4,000 was agreeable; OHA staff member solicited RFQ for \$5,000; work awarded to Sanborn; disbursement made, no deliverable (handbook) located.
<b>Administration Actions:</b> Same as Line 3 above				

Line	No.	Name	Spend	Fraud, Waste Abuse Basis
15	29	D-33, The Kalaimoku Group, LLC	\$28,115.17 September 9, 2013	To produce the Native Hawaiian Roll Commission ("NHRC") Kana'i olowalu Concert Series on August 31, 2013 at Maili Beach Park; purchase requisition ("PR"), check request was completed by non-OHA employees; purchase order completed and approved after the Kana'i olowalu Concert Series occurred and after OHA received the invoice from the vendor; invoice dated before the PR; amount was only a single line item and no itemized costs; processed as an exempt contract.
<b>Administration Actions:</b> Same as Line 3 above				

Line	No.	Name	Spend	Fraud, Waste Abuse Basis
16	30	D-34, Hi'ilei Aloha,	\$50,000 October 28,	To fulfill Hi'ilei Aloha's funding request for \$50,000 to hire a Grant Writer; no documentation that the grant writer position

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Line	No.	Name	Spend	Fraud, Waste Abuse Basis
		LLC	2014	was advertised or filled; disbursement approved via Action Item ARM/BAE #13-05, however, additional research and /or documentation was not found to substantiate that the grant position was filled; Hi'ilei Aloha leadership indicated there was no separate contract or payment because no external grant writer was contracted.

**Administration Actions:** As of August 2021, Hi'ilei Aloha has no operational staff and the community-based LLC Managers approved in February 2021 (and one manager renewed in February 2022) is responsible for the appropriate disbursement policies and procedures.

Line	No.	Name	Spend	Fraud, Waste Abuse Basis
17	31	D-47, Kualoa Ranch Hawaii, Inc	\$9,198.58 August 29, 2014	D-47 related to OHAna Day 2014; an exempt procurement method was used for an unqualified expenditure, CLA deemed use of State funds to provide entertainment to OHA employees/staff and family members;

**Administration Actions:** Future employee related events, when designed, implemented, will be compliant with OHA policies.

Line	No.	Name	Spend	Fraud, Waste Abuse Basis
18	32	D-48, Wet 'N' Wild Hawaii	\$8,483.33 August 14, 2013	D-48 related to OHAna Day 2013; an exempt procurement method was used for an unqualified expenditure, CLA deemed use of State funds to provide entertainment to OHA employees/staff and family members;

**Administration Actions:** Future employee related events, when designed, implemented, will be compliant with OHA policies.

Line	No.	Name	Spend	Fraud, Waste Abuse Basis
19	33	LK-26 Peter Hanohano, Jr. <sup>7</sup>	\$1,960.00 February 2, 2016	To co-teach four weekend "leadership development and capacity-building" workshops from February 2016 to May 2016 on Moloka'i for a total amount of \$1,960 (\$490/workshop); total amount paid was \$2,560.68; \$500 was for an honorarium for a March 12, 2016 workshop; \$100.68

<sup>7</sup> Deceased 2021

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Line	No.	Name	Spend	Fraud, Waste Abuse Basis
				related to airfare costs over the amount state in the contract; no contract adjustment made.
<b>Administration Actions:</b> As of August 2021, Hi'ilei Aloha has no operational staff and the community-based LLC Managers, approved by OHA in February 2021, are responsible for the appropriate disbursement policies and procedures.				

Line	No.	Name	Spend	Fraud, Waste Abuse Basis
20	34	LK-28, Hawaii Alliance for Community-Based Economic Development (HACBED)	\$10,000 March 18, 2013 – December 31, 2013	To provide capacity building services and assist Waiohuli Hawaiian Homesteaders Association with a feasibility study and business plan for phase one of the WHHA Community Center Complex; \$10,406.40 was paid, \$406.40 for two round-trip tickets for the Waiohuli community meeting, even though the original contract for \$10,000.00 already included travel; no receipts provided for travel.
<b>Administration Actions:</b> Same as Line 3 above				

Line	No.	Name	Spend	Fraud, Waste Abuse Basis
21	35	LD-03, Lehua Poi Company	\$20,000 June 24, 2013	Represents additional funding to SLK/Lehua Poi Company ("LPC") by Hi'ilei Aloha ("HA"); to LPC new operator of the Makaweli Poi Mill ("MPM"); approved by LLC managers to be issued as capacity-building assistance; further characterized as a loan term for one-year (6/24/13-7/1/14), with no interest; if the loan was not repaid by 7/1/14, LPC was to pay interest rate of 4% over four years; LPC did not repay initial \$20,000 loan and did not make monthly payments; and HA wrote off the loan on 10/2/15.
<b>Administration Actions:</b> In May 2019, via Action Item RM #19-08, the Board approved resolutions of the Board of Trustees Office of Hawaiian Affairs, Reorganization Documents, and Hi'ilei Aloha LLC Manager Position Description as sole member of two limited liability companies, Hi'ilei Aloha LLC and Ho'okele Pono LLC. Administration completed the process to replace the OHA CEO, COO and CFO with community-based LLC managers in February 2021 and renewed one manager in February 2022. Administration began the winddown activities as directed by the Board, delayed by COVID-19 impacts, and completed final winddown of operational activities in August 2021. No further Administration action to be taken.				

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Line	No.	Name	Spend	Fraud, Waste Abuse Basis
22	36	LD-05, SLK Supporting Language of Kaua'i	\$60,000 September 3, 2015	Represents additional funding to SLK/LPC in a series of transactions related to: initial transfer of MPM to SLK/LPC; additional funding to SLK/LPC; facilitation of transfer from Lehua Poi to Aloha 'Āina; appearance of a conflict of interest related to an OHA Trustee and Aide, but no evidence indicating influence in transfer or disbursement; timing of this disbursement to SLK in comparison to finalizing the sale of a management company; CLA findings that an attempt to make an individual whole; and the lack of formal grant/funding applications.
<p><b>Administration Actions:</b> In May 2019, via Action Item RM #19-08, the Board approved resolutions of the Board of Trustees Office of Hawaiian Affairs, Reorganization Documents, and Hi'ilei Aloha LLC Manager Position Description as sole member of two limited liability companies, Hi'ilei Aloha LLC and Ho'okele Pono LLC. Administration completed the process to replace the OHA CEO, COO and CFO with community-based LLC managers in February 2021 and renewed one manager in February 2022. Administration began the winddown activities as directed by the Board, delayed by COVID-19 impacts, and completed final winddown of operational activities in August 2021. No further Administration action to be taken.</p>				



### III. BOARD AND ADMINISTRATION ACTIONS FOR STRENGTHENING OF THE INTERNAL CONTROL ENVIRONMENT TO MITIGATE THE LIKELIHOOD OF FRAUD, WASTE AND ABUSE TRANSACTIONS

This section outlines actions effected since 2018 by the organization, including, but not limited to: implementing a moratorium on the use of trustee sponsorship and allowance fund and CEO-initiated sponsorships; approving and implementing Board policy changes for budgeting, expenditures, reporting; establishing a governance framework; approving a policy framework; addressing statutory State Auditor reports and recommendations; continuing a record of “clean” or an “unqualified” opinion re: financial statements; implementing financial, grant and contract management systems; and changing Administration practices, including management override.

#### A. Implemented a Moratorium on Board and CEO Sponsorships (February 2018)

In February 2018, via Action Item BOT #18-01: Approval for OHA to impose a moratorium on the use of Trustee Sponsorship and Allowance Fund (“TSAAF”) and CEO-initiated Sponsorships, was approved. The Board action also directed the immediate return of the unused balance of the TSAAF to OHA. The moratorium would remain in effect until the Ad Hoc Committee on Grants and Sponsorships (Ad Hoc Committee) recommended policies and procedures to the Board for its approval<sup>8</sup>.

1. **Then Implemented a New Trustee Protocol Allowance Policy (July 2019).** The Trustee Protocol Allowance (“TPA”), TSAAF successor program, guidelines were issued in July 2019, after the Board approved BOT executive policy amendments relating to a Trustee Protocol Allowance to cover expenses incurred in the course of a trustee’s duties and

responsibilities, via Action Item RM #19-03, April 10, 2019. The annual TPA amount of \$7,200 is available to each Trustee and \$64,800 for all nine (9) Trustees are included in the annual fiscal year budgets as part of the biennium budget. The quarterly reports are posted to the OHA website and can be found under the Financial Transparency tab: <https://www.oha.org/financials>

2. **Then Eliminated the CEO-initiated Sponsorships (July 2019).** Refer to the budget policy changes discussed below which eliminated the CEO-initiated sponsorships; all grants and sponsorships are approved by the Board, unless explicitly delegated.

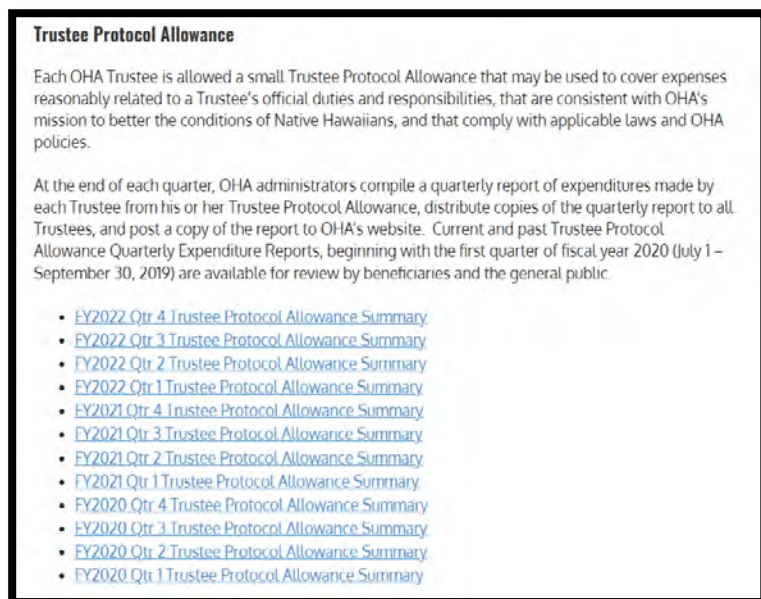


Image 1. – Trustee Protocol Allowance, Financial Transparency, OHA Website

<sup>8</sup> The current Ad Hoc Committee is Chaired by Trustee Hulu Lindsey, Board Chair and its Vice Chair is Trustee John Waihee, Chair of the Committee on Resource Management

3. **Then Drafted Sponsorship Policy and Processes (April 2022).** Administration drafted sponsorship processes and related policy for Board consideration, discussion and implementation which was presented in a workshop to the Board in April 2022. Administration stands ready to further support the work of the Board's Ad Hoc Committee.

## **B. Implemented Budget Related Policy Amendments**

The organization drafted and implemented a number of budget related policy amendments---construction, management, evaluation, fiscal stabilization---to assist Administration and the Board management and measurement of the effective and efficient use of financial resources.

1. **Budget Preparation, Formation and Reporting.** In September 2018, via Action Item RM #18-12: Amendments to OHA's Board of Trustees Executive Policy Manual related to budget preparation, format and reporting requirements were approved by the Board, including the following substantive amendments:

- a. Requires Administration to submit a Multi-Year Financial Plan that is consistent with the duration of the Strategic Plan in conjunction with the Biennium Budget.
- b. Requires Administration to allocate and display proposed expenditures by programs, cost categories and Lines of Business.
- c. Requires that capital investment costs, debt service, and operating costs be properly distinguished.
- d. Requires Administration to disclose program objectives, proposed program activities, and actual as well as projected program performance measures in the Biennium Budget and Multi-Year Financial Plan.
- e. Requires Administration to submit a Variance Report that discloses deviations between planned and actual expenditures as well as between planned and actual performance measures to the Board of Trustees in an agenda meeting no later than 120 days after the conclusion of a fiscal year.
- f. Requires Administration to develop a Transparency Portal that contains public disclosures of digital data sets of the Biennium Budget, Multi-Year Financial Plan, Variance Report, grant register, investment holdings, and check registers.
- g. Requires the Board of Trustees approval over all grant funding awards by removing Administration's authority to approve grant request up to \$25,000.
- h. Reduces the frequency and volume of reporting for Administration, while enhancing the value and utility of reporting to the Board of Trustees.

The amendments were aimed at improving fiscal management, transparency, reporting, and accountability as well as to address the 18-03 Audit recommendations 1.d., 1.e., and 1.f. Under the approved amendments, "Administration is delegated authority to approve budget adjustments that fall within the lesser of \$100,000 or 5% between each program. Budget adjustments in and out of grants and sponsorships appropriations are prohibited."

Furthermore, under the amendments, the authority of the CEO to approve Grants in an amount up to \$25,000 under paragraph 2.2.d of the OHA EPM was eliminated, meaning that the CEO will no longer have any authority to approve any Grants regardless of amount without Board approval. The effective date of these approved amendments is deferred until submission of the FY2022-2023 Biennium Budget to allow Administration sufficient time for process implementation. Thus, starting July 1, 2021, the Board policies require Board approval for all Grants and Sponsorships.

2. **Planning, Programming, Budget – Budget Construction.** Action Item RM #18-12: Amendments to OHA's Board of Trustees Executive Policy Manual (EPM) related to budget preparation, format and reporting requirements, September 26, 2018, the Board implemented changes to and renamed section 3040 to Planning, Programming, Budget (PPB)<sup>9</sup> ("Section 3040"). In general, section 3040 describes the biennium budget construction process, including sufficient detail planning, programming and financing to support OHA's Strategic Plan priorities, results, programs and operations. Understanding the business model, time horizon and activities, work plans, etc. are important to be able to budget effectively. In addition, the budget should be able to be shared in a multiple ways— non-core, programmatic, strategy, overhead, personnel, non-personnel; and to multiple audiences (e.g., Board, administration, management, legislators, beneficiaries). Section 3040 of the EPM functions as the organization's budget construction policy.
3. **Budget Management Activities.** Once the biennium budget is constructed as outlined in Section 3040, implementation and execution of the budget take various forms such as management and monitoring of site operations and activities, payroll, purchase requisitions, purchase orders, disbursements and contracts. Each operational activity has related policies, processes and procedures. Observations, experiences and operations are supplemented with periodic (e.g., weekly, monthly) reports distributed to executives, directors and managers to monitor and manage strategic and tactical activities, purchase requisitions (representing commitments), purchase orders and contracts (representing encumbrances), budget variances (the difference between actual disbursements + commitments + encumbrances and budgets for the program, object code, contract).  
  
The Board, via Action Item RM #21-05 - Amendment to Executive Policy Manual Section, Budget Management Policy, April 20, 2021<sup>10</sup>, approved the expansion of Executive Policy Manual (EPM) to: (1) Add new section 3045 Budget Management; (2) Add new section 3046 Fiscal Stabilization Policy; (3) Relocate and renumber two sections currently located in *section 3050 Fiscal* to *section 3040 Planning, Programming, Budget*; and (4) Relocate and renumber five sections currently located in *section 3040 Planning, Programming, Budget* to new section *3045 Budget Management*.
4. **Budget Evaluation Activities.** Reports provided and budget evaluation activities are intended to go hand in hand. Contract management is also part of budget monitoring and management. Evaluation activities consider questions such as: What is the dollar and

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<sup>9</sup> Section 3040 related to Bylaws Review was deleted and moved to Series 1000 which is related to BOT responsibilities (Source: Action Item ARM 10-06 and page 19)

<sup>10</sup> 1st Reading, BOT Meeting, April 22, 2021; 2nd Reading, BOT Meeting, April 29, 2021

percentage variance of each program?; What is the nature of that variance—positive, negative, temporary, permanent?; Should there be an adjustment to the process to spend (e.g., accelerate or slow the procurement process) or the actual spend itself (e.g., service contract or other disbursement vehicle)?; Are the program plans on track? Do we need to adjust our plans in order to deliver timely and completely?; Was the intended outcome, deliverable provided? Is there a contract, purchase order or other adjustment to be completed?; How are the expenditures and disbursements aligned tactically or strategically? New Section 3045 functions as the organization's budget reporting, management and evaluation policy, collectively "Budget Management Policy"

5. **Budget Carryover Provisions.** The Board of Trustees ("BOT" or "Board"), via Action Item RM #22-06 - Budget Management Policy Updates re: Carryover Provisions, April 12, 2022<sup>11</sup>, approved the addition of item 3.45.g. to section 3045 Budget Management of the Executive Policy Manual as follows: 3.45.g. Multi-Year, Carryover. Multi-year budgets and/or carryover budget provisions (e.g., programs, projects), as a part of the budget evaluation activities described above, are to be presented to the Board for action including all projected impacts on related policies (e.g., spending, cash management) and other considerations (e.g., funding source).
6. **Weekly and Monthly Reports for the Following Budget Related Working Definitions.** The following are working definitions that contextualize discussions related to budget realignment of the core and non-core budgets as provided by policy:
  - a. "Expenditure" is when cash is disbursed or an accounting accrual is made to recognize the obligation;
  - b. "Committed" is when a purchase requisition is processed; and
  - c. "Encumbrance" is when a purchase order (and related contract if applicable) is completed and processed.

The total of "expenditure", "committed" and "encumbrance" is collectively known as (projected) "consumption". The aggregated, projected "consumption" is compared to the approved budget from the previous period and the amount available for realignment is determined.

The following reports are system generated and sent to program managers, division directors and overall to the Chief Executive Officer, Chief Operating Officer and the Chief Financial Officer for their operating units:

- a. Budget Variance Reports by Appropriation by Program, Weekly
- b. Budget Variance Reports Summary by Program, Weekly
- c. Budget Variance Reports Summary by Program, Month End
- d. Contracts, Weekly
- e. General Ledger Details, by Program, Weekly

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<sup>11</sup> 1st Reading, BOT Meeting, April 14, 2022; 2nd Reading, BOT Meeting, April 28, 2022



- f. General Ledger Details by Program, Monthly
- g. Purchase Order Balance Summary, Monthly
- h. Purchase Requisition Balance, Monthly

7. **Budget Realignments.** The OHA biennium budget is prepared every two years for the ensuing two years, as aligned with the State of Hawaii's biennium budget construction process. The current biennium budget covers the periods from July 1, 2021, through June 30, 2022 (FY 2022) and July 1, 2022, through June 30, 2023 (FY 2023) and was approved by the BOT on June 30, 2021<sup>12</sup>. As the budget is prepared only once every two years, adjustments are often required to update the budget to current conditions. The process of updating a budget that has already been approved is referred to internally as a "Budget Realignment". Administration brings to the Board action items to effect budget realignments in accordance with policy.

### C. Established a Governance Framework (2019)

1. **Governance Framework Elements.** Via Action Item BOT #19-04, April 3, 2019, the Board approved the five elements of OHA's Board Governance Framework: 1) Identity; 2) Values and Mana; 3) Statutory Basis; 4) Policies; and 5) Supporting Documents and Practices (Operations).

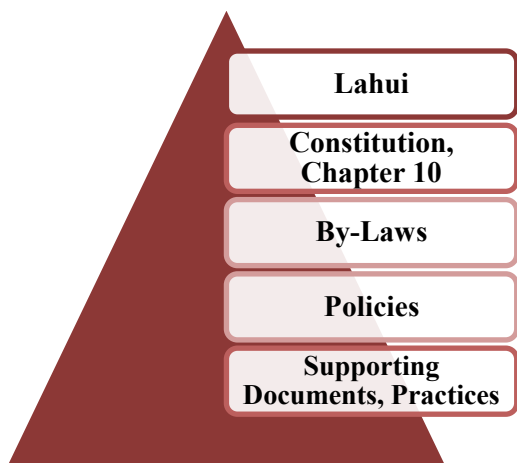


Image 2. – Board Governance Framework

2. **L-Lāhui Level Policies.** Via Action Item BOT #19-06, May 30, 2019, the Board approved L-Lāhui Level Policies: (1) E Mālama (to protect); (2) E Ho'omau (to perpetuate); (3) E Pūpūkahi i Holomua (to unite in order to progress); (4) E 'Imi 'Ike (to seek knowledge); (5) E Ho'oulu Lāhui (to grow the Lāhui).

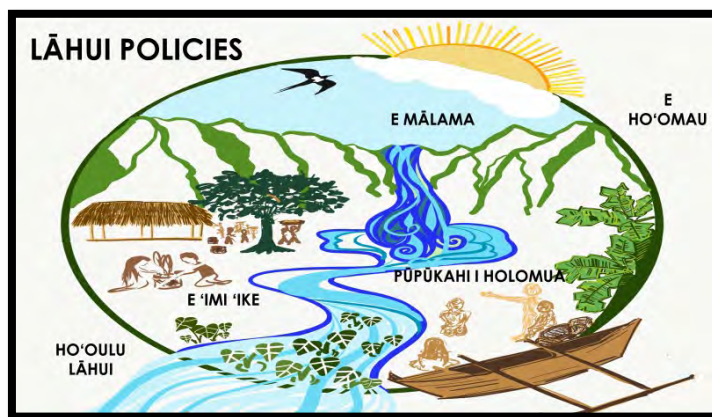


Image 3. – Lāhui Policies

<sup>12</sup> Action Item RM #21-08A: OHA Biennium Budget for the Fiscal Biennium Periods 2021-2022 (FY 22) and 2022-2023 (FY 23), June 30, 2021.



Image 4. – Board of Trustees Bylaws, March 2020

3. **Board of Trustees By-Laws.** Via Action Item BOT #20-01, February 20, 2020, the Board approved the updated Board of Trustees By-Laws.

The Board and Administration are working at the policy level of the governance framework.

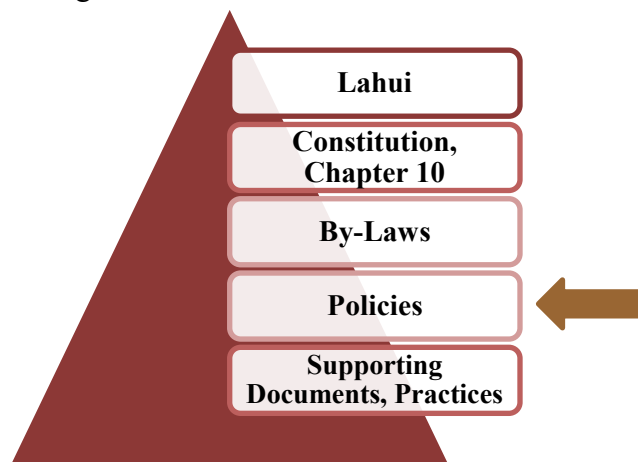


Image 5. – Board Governance Framework

#### D. Approved a Policy Framework (2021)

1. **Policy Framework.** Via Action Item BOT #21-18, Approve and Implement the OHA Policy Framework, December 9, 2021, the Board approved the OHA Policy Framework with the following policy framework elements: 1) L-Lāhui Level Policies; 2) T-Trustee Level Policies; 3) C-CEO Level Policies; 4) Inventory of Policies; 5) Business Processes; 6) Standard Operating Procedures; and 7) Systems, Documentation. Having approved the L-Lāhui Level policies, the organization is working through T-Trustee Level policies, for example investment, spending policies.

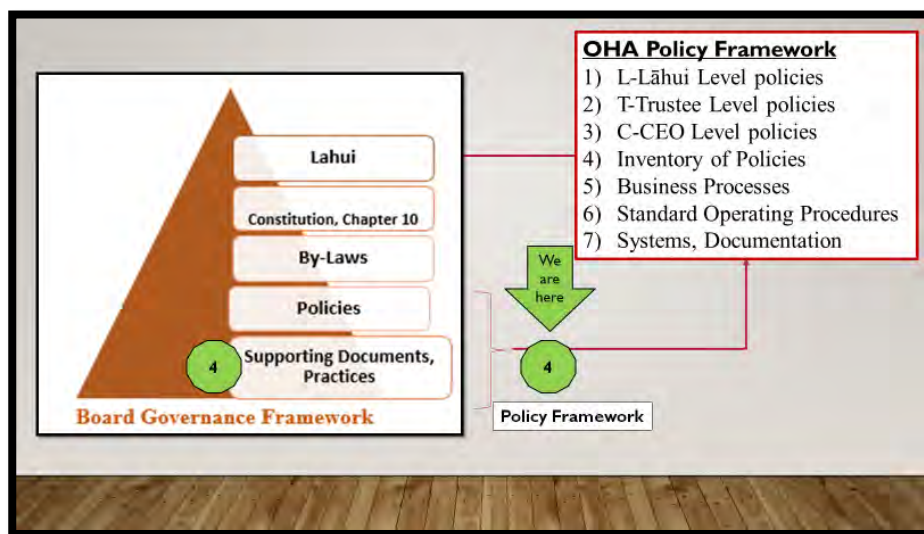


Image 6. – OHA Policy Framework, December 2021 (Depiction 1)



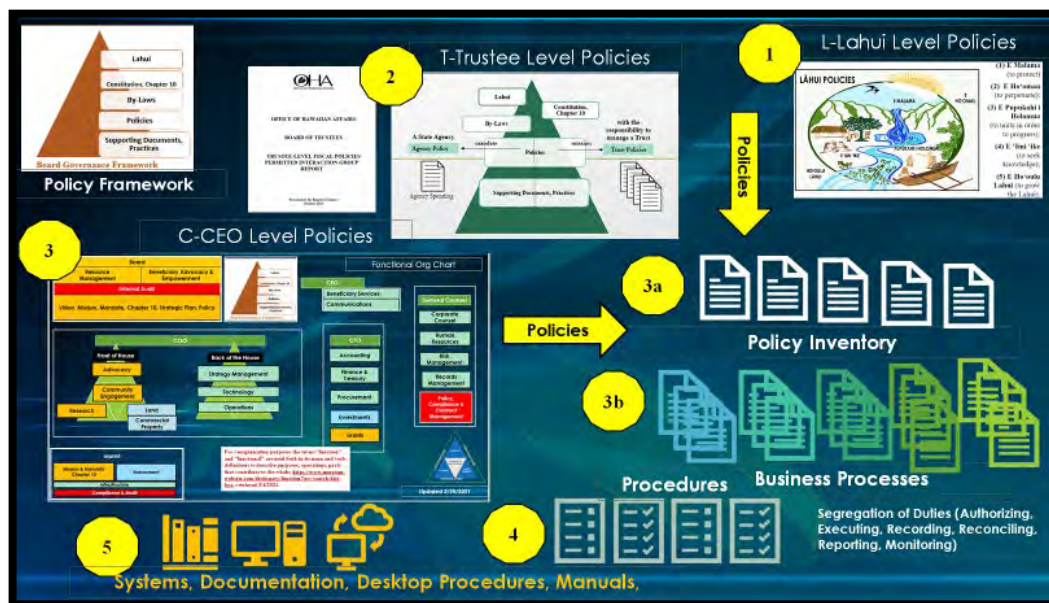


Image 7. – OHA Policy Framework, December 2021 (Depiction 2)

## 2. Policy Guidelines, in a Policy of Policies.



Figure 8. - Policy Guidelines, Included in the Policy of Policies

Connect to related business processes and procedures; and 7) Communicate clear and concise information by leveraging technology.

To operationalize the policy framework, Administration recommended, and the Board approved seven (7) policy guidelines. The purpose of the Policy of Policies is to provide overarching policy guidelines, definitions and accountabilities to aid in policy development and implementation such that policies: 1) Retain Trustee authority unless specifically delegated; 2) Align to the Board Governance Framework in support of the OHA's mission; 3) Cascade to consistent accountability levels (e.g., Board, Administration); 4) Achieve accountability by identifying the responsible parties; 5) Detail implementation and administration; 6)

### E. Addressed State Auditor Audits and Recommendations

Statutorily, the State Auditor (“SA”) conducts a performance audit of the OHA every four years and every fifth year an audit of special funds, revolving funds, trust funds, and trust accounts is conducted. Image 8 below indicates the status of the audits. While the summary below compactly describes the state auditor and financial auditor work, a closer examination of the timing of the follow up, illustrate how existing staff worked on multiple engagements to provide the SA information to complete each engagement: Report 18-08 (Report 21-10, August 2021); Report 18-03 (Report 22-04, March 2022); 2021 Funds Review (Report 22-02, February 2022); and 2021 Performance Audit (Began July 2021, planning and fieldwork continued to June 2022, no draft report to date, in progress). For each performance audit’s resultant report (13-07, 18-03 and 18-08), Administration responds to the recommendations by determining one of four classifications: implemented, partially implemented, not implemented (including its rationale) or not applicable.

	1. Performance Audit 2013 State Auditor	2. Performance Audit 2017 State Auditor		3. Funds Review 2016 State Auditor	4. Performance Audit 2021 State Auditor	5. Funds Review 2021 State Auditor	Financial Audit 6/30/2022 N&K CPAs
Initial Report No.	13-07 (September 2013)	18-03 (Feb 2018)	18-08 (June 2018)	16-10 (December 2016)	Began July 2021, planning and fieldwork continued to June 2022; no draft report to date; in progress	22-02 (February 2022)	N/A
Primary Focus	Land planning and grant monitoring	Non-Competitive grants (Kulia Initiatives and CEO Sponsorship, Fiscal Reserves, Trustee Allowance	Policies and actions re: Competitive Grants	Special Funds, Revolving Funds, Trust Funds, Trust Accounts	Objectives (CY2019-2021): 1) Legacy Land Stewardship Contracts and Stewards; 2) Process to select potential commercial property acquisitions; and 3) Development of commercial properties, including planning of development	Special Funds, Revolving Funds, Trust Funds, Trust Accounts	18 years of “clean” or “unqualified” opinions from auditors (6/30/2004): Grant Thornton, LLP, PKF Pacific Hawaii LLP, KMH LLP and N&K, CPA’s Inc.
Follow Up Report No.	18-08 (June 2018)	22-04 (March 2022)	21-10 (August 2021)	N/A	N/A	N/A	N/A
Status to Date	Published	Published	Published	Published	In Progress	Published	In Progress

**Figure 9. – Status of State Auditor Audits & Financial Audit**

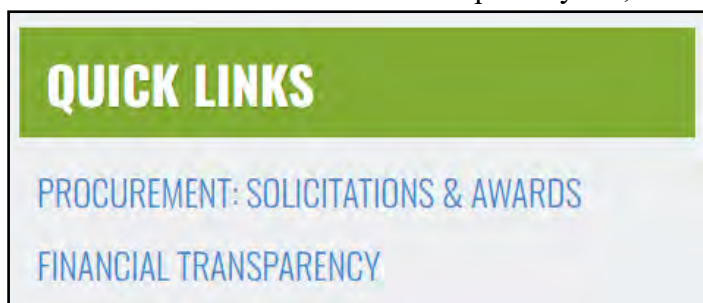
## F. Implemented Technology Systems

Since 2019, the organization implemented three major technology systems for grants, financial and contract management functions.

1. **Grants Management System (2019).** The grants information management system has been developed to ensure that grants are monitored and evaluated on a consistent basis. The system has been implemented for all new grant types. The system: Electronically tracks pre-award (e.g., applications submitted/ineligible/denied, email notifications, application evaluations/scores), award (e.g., email notifications, grant agreements, support documentation-insurance Certificates) and post-award (e.g., email notifications, reports (progress, monitoring and closeout) with specific report data such as date due/date submitted/submitter name, and award amount/payments made (amount expended)/award balance) documents. The system verifies submission of and retains system emails and required grant documents; and provides 'real time' status updates to verify that grantee reports, grant assessments and monitoring have been completed and submitted.
2. **Accounting (2020).** Conversion of in house accounting systems to Oracle Fusion effective 1/1/2020 which checks against every expense, whether accrued, paid, committed (purchase requisition) or encumbered (purchase order); there is a “hard stop” of the transaction if the program/object code amount is over budget; upline approvals are necessary for purchase requisitions, purchase orders, payments and budget adjustment forms; reporting quarterly to Board of adjustments, including budget adjustment forms. Budget realignments are approved by Trustees before monies are spent. The current budget is not accessed or loaded until it is approved, and payments are not made until BOT approves, if required.
3. **Contract Management (2020).** Shortly after the accounting system conversion, the organization moved into implementation of a contract management system which tracked procurement activities, through contracting. Once contracting is completed, the responsibility of tracking contract deliverables, payments and other contract monitoring is the responsibility of the contract monitor (vs. procurement).

## G. Continued Management’s Responsibility in Preparing Financial Statements

1. **Financial Transparency.** Posted on the Office of Hawaiian Affairs’ website, under the Financial Transparency tab, are financial statements from June 30, 2004 to June 30, 2021---18



years of financial information plus three years of single audits of the Native Hawaiian Revolving Loan Fund (NHRLF), completed by four independent audit firms. The following list indicates the year of the financial statements audited, the independent audit firm conducting the audit, **noting that each audit had a “clean” or an “unqualified” opinion.**

Figure 10. – Website Quick Links

<https://www.oha.org/financials>

1. June 30, 2020, N&K, CPA's Inc.
2. June 30, 2019, N&K, CPA's Inc.
3. June 30, 2018, N&K, CPA's Inc.
4. June 30, 2017, N&K, CPA's Inc.
5. June 30, 2016, KMH LLP
6. June 30, 2015, KMH LLP
7. June 30, 2014, KMH LLP
8. June 30, 2013, KMH LLP
9. June 30, 2012, KMH LLP
10. June 30, 2011, PKF Pacific Hawaii LLP
11. June 30, 2010, PKF Pacific Hawaii LLP
12. June 30, 2009, Grant Thornton LLP
13. June 30, 2008, Grant Thornton LLP
14. June 30, 2007, Grant Thornton LLP
15. June 30, 2006, Grant Thornton LLP
16. June 30, 2005, Grant Thornton LLP
17. June 30, 2004, Grant Thornton LLP

2. **Management's Responsibility.** Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### H. Changing Administration Practices, Including Management Override<sup>13</sup>

To provide enough time for Administration to conduct these steps, the effective date for the RM #18-12 action item was deferred until submission of the FY 2022-23 Biennium Budget. However, as early as 2019, in preparation for the FY20 and FY21 budgets, Administration began implementing the procedure and practice changes necessary to be in compliance with RM #18-12. Further Administration factored into its practices the implementation of Mana I Maui Ola, OHA's 2020+ 15-year Strategic Plan, operational impacts of COVID-19, including stay-at-home orders in 2020, reorganization of the Administration staff in 2021, continuing personnel vacancies and other staffing challenges. Administration continues to improve processes for compliance, efficiency, effectiveness, and overall improvements. In addition, current Administration Executive Leadership Team<sup>14</sup> members adhere to the established policies, processes and procedures of the organization, and does not exercise management override.

<sup>13</sup> A55 Additionally, controls can be circumvented by the collusion of two or more people or inappropriate management override of internal control, <https://us.aicpa.org/content/dam/aicpa/research/standards/auditattest/downloadabledocuments/au-c-00315.pdf>, retrieved October 23, 2022.

<sup>14</sup> Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, General Counsel and Human Resources Director



#### IV. CONCLUSION AND NEXT STEPS

Since 2018, Administration worked tirelessly to implement the Board approved policies including the related processes, procedures and practices. The Board's governance and policy frameworks are critical foundations for strengthened governance and managements, and continuing the policy work is vital (e.g., T-Trustee Level and C-CEO Level policies). Administration is also pleased with the continuing strategic Board and Administration collaborative work; policy, process, procedure and practice compliance and alignment; and the overall tone at the top<sup>15</sup>--all toward mitigating conditions in which fraud, waste and abuse transactions would not occur or at least detected. It is Administration's continuing intent to ensure beneficiary trust resources are used, accounted for and stewarded in ways to better the conditions of Native Hawaiians.

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<sup>15</sup> The tone at the top defines the level of commitment by management and the [board of directors](#) to having an open, honest, and ethically-correct corporate culture. When the top-level group within a business behaves in this manner, mid-level managers and the employees below them are more likely to exhibit the same behavior. The tone at the top is a key element of an organization's system of controls, for proper support from the top provides a robust foundation for controls. Conversely, if employees see dishonesty and unethical behavior at the top of the organization, they will be much less likely to support the system of controls, and will be more likely to engage in fraudulent activities. In short, employees pay close attention to the actions of their supervisors, and will tend to mimic their behavior.  
<https://www.accountingtools.com/articles/tone-at-the-top>, retrieved October 25, 2022