



BEFORE THE SENATE COMMITTEE ON HAWAIIAN AFFAIRS

March 19, 2019

Senate Resolution 48

Relating to the Office of Hawaiian Affairs, Limited Liability Corporations, and Independent Audit

Aloha Chair Shimabukuro, Vice-Chair Kahele, and Members of the Committee,

KPAC submits the following testimony in SUPPORT of Senate Resolution 48 that requests that an independent audit be done of all LLC's created or controlled by the Office of Hawaiian Affairs (OHA).

OHA's public issues with financial management began when the draft State Auditor Report on OHA was leaked and proved scathing. On March 8, 2018, Hawai'i News Now's Rick Daysog reported that "the FBI has joined the state's criminal investigation into the Office of Hawaiian Affairs" and that the "State and Federal authorities have broadened their probe requesting copies of OHA contracts, trustee emails and financial records of OHA's nonprofit subsidiaries." Then in August 2018, Andrew Walden of Hawai'i Free Press sued for the complete financial records (including check records) of the LLC's created and controlled by OHA. The Civil Beat Law Center requested leave to file an amicus brief that would support Walden's case in November of 2018.

The negative reports and publicity surrounding OHA's management of Trust Funds that are supposed to be used to better the conditions of Kanaka Maoli has put the Trust in danger as well as the important programs that OHA funds that include the Hawaiian Focused Charter Schools. Furthermore, thousands of Kanaka Maoli beneficiary monies are being spent toward litigation to protect the LLC's financial records from the public's eyes when these monies should be used directed toward the improvement of the lives of Hawai'i's indigenous peoples. At this point the legislature needs to chime in and help OHA get its financial management on the right track. Transparency and public scrutiny of financial records is a big part of helping OHA clean up its finances and reputation.

Respectfully submitted,

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Chair, KPAC