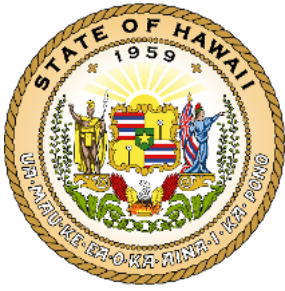




2023 ANNUAL REPORT

Hawai'i State Ethics Commission
1001 Bishop St. #970 Honolulu, HI 96813
(808) 587-0460
ethics.hawaii.gov
info.ethics@hawaii.gov



HAWAI'I STATE ETHICS COMMISSION 2023 ANNUAL REPORT

MISSION & DUTIES:

Established in 1968, the Hawai'i State Ethics Commission – the first state ethics commission in the United States – represents a commitment by the people of Hawai'i to the principles that “public officers and employees must exhibit the highest standards of ethical conduct[,] and that these standards come from the personal integrity of each individual in government.” Hawai'i Constitution, article XIV. The constitution further requires that the State, and each of its subdivisions, establish a code of ethics for public officers and employees.

Pursuant to this constitutional mandate, the Commission is responsible for the administration and enforcement of the State Ethics Code and the State Lobbyists Law, chapters 84 and 97, Hawai'i Revised Statutes (“HRS”), respectively. The Ethics Code includes laws relating to the acceptance and reporting of gifts, confidential information, fair treatment (the prohibited misuse of official position), conflicts of interests, state contracts, and post-employment restrictions, along with a requirement that state legislators, candidates for state elective office, and certain state employees file financial disclosure statements.

For purposes of the State Ethics Code, the Commission has jurisdiction over approximately 60,000 state officials and employees. This includes state legislators and other elected state officials, employees of the legislative, executive, and judicial branches of government (except for judges and justices), and members of all state boards and commissions. The State Ethics Code's financial disclosure law also applies to all candidates for state elective office.

The Commission also administers the State Lobbyists Law, which applies to lobbying activities at the state level. The Lobbyists Law requires lobbyists to register with the Commission and requires lobbyists and organizations that lobby

to report lobbying expenditures and contributions on forms filed with the Commission. The Commission has jurisdiction over nearly 500 lobbyists representing more than 400 organizations that lobby the state legislature or executive branch.

ETHICS ADVICE:

The Commission issues advisory opinions and other types of guidance (including opinion letters written by the Commission's attorneys) about the application of the State Ethics Code and the State Lobbyists Law. In 2023, the Commission's attorneys received and responded to an impressive 1,179 requests for advice from state legislators, state employees, lobbyists, members of the public, and candidates for state elective office. Many of these requests included written advice and active follow-up. The Commission considers its ability to provide timely and meaningful guidance and advice to be one of its most essential functions.

In 2023, no advisory opinions were issued.

ETHICS EDUCATION:

Ethics education was a significant priority for the Commission in 2023. The Commission is charged with educating state officials and employees about ethics in government, HRS § 84-31(a) (7). Starting on January 1, 2023, a new law required all state employees to take either a live or online ethics training course within ninety days of becoming an employee and at least once every four years thereafter.

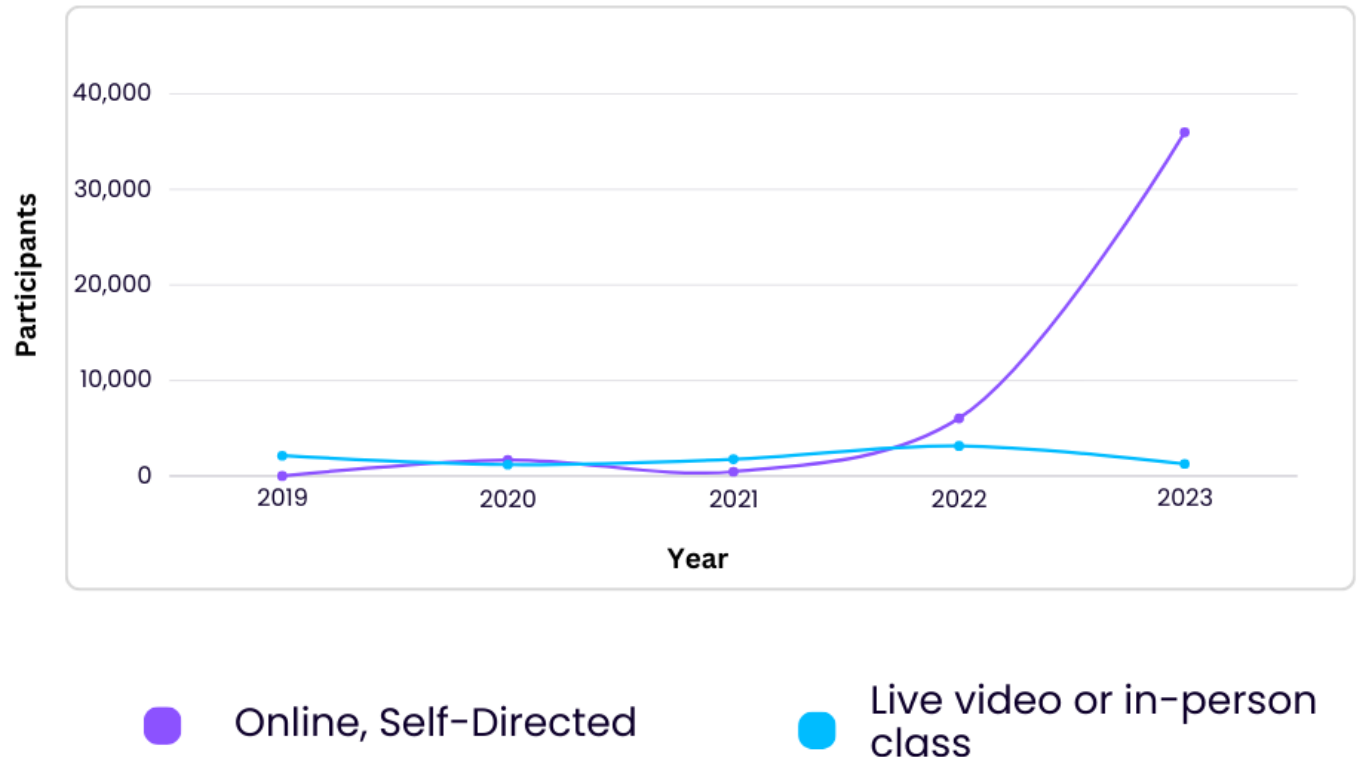
NATIONAL LEADERSHIP AWARD

The Commission's education efforts received recognition from the Campaign Legal Center's 2023 "Top 10 Training Upgrades for Ethics Commissions" report. Available at <https://campaignlegal.org/>

Fulfilling this new mandate was a key focus of the Commission. Implementation steps included conducting in-person and videoconference trainings. In addition to

Ethics Training Participation

Participation in ethics training from 2019–2023, broken out by live classes (video or in-person) or online, self-directed training module



offering general ethics trainings, the Commission scheduled specialized trainings for lobbyists, board & commission members, and legislators. The Commission also offered sessions with Continuing Legal Education credits for government attorneys. The Commission’s videoconference training calendar can be found at <https://ethics.hawaii.gov/training/#signup>.

Key to meeting the mandatory ethics training requirement was a shift towards a self-directed online training modules. These training modules empower state employees to engage in ethics education anytime, anywhere, provided they have a computer and internet access. Three modules were offered in 2023:

- State employees;
- Board and commission members; and
- Charter schools.

Designed for convenience, these on-demand training sessions require approximately 35 minutes to complete. They offer a user-friendly and adaptable method for state employees to fulfill their ethics training requirements. For direct access, individuals can visit the Commission's dedicated webpage: <https://ethics.hawaii.gov/training/>.

806%

Average participation increase in ethics training in 2023 over past four years

With assistance from a variety of government agencies, a monumental total of 35,977 participants undertook the self-directed training module in 2023. It should be noted this represents approximately 500% increase in the number of participants over 2022, and a dramatic 7,724% increase over 2021. While difficult to track with specificity, it appears approximately 70% of all state employees met the mandatory ethics training requirement by the end of 2023. These incredible numbers were achieved without any direct increase in budget or staffing of the Commission.

LEGISLATION:

In 2023, the Commission, through its Executive Director, actively participated in the Commission to Improve Standards of Conduct, an entity created by the State House of Representatives. Approximately 10 ethics-related policy proposals were drafted, considered, and recommended by the Standards Commissions for consideration by the 2023 Legislature. The Ethics Commission successfully advocated for many of these bills to pass or to be included in Legislative rules. Ethics bills that passed in 2023 included:

- Act 8 (HB 137 HD1 of 2022): **Lobbyist Disclosures**. Beginning 1/1/2025, requires lobbyists to specifically describe the legislative or administrative action worked on during a reporting period.
- Act 9 (HB 140 of 2022): **Record Maintenance**. Gives greater discretion to the Commission to maintain or destroy financial disclosure records beyond the current 6-year statutory requirement.
- Act 10 (HB 142 of 2022): **Lobbyist Gift Giving**. Prohibits lobbyists from giving gifts to state employees or legislators that are otherwise prohibited under state ethics law.
- Act 20 (HB 138 of 2022): **Mandatory Lobbyist Training**. Establishes mandatory lobbyist training as a condition for registration.
- Act 123 (HB 141 of 2022): **Legislator Disclosures**. Beginning 1/1/2025, requires state legislators to report the names of lobbyists that he or she received income from (even if through another entity, such as a LLC).
- Act 128 (SB 1493 SD1 HD1 CD1): **Lobbyist Donations During the Legislative Session**. Prohibits lobbyist contributions and expenditures (including promises of contributions or expenditures) to any elected official or candidate during and around the legislative session.
- Act 129 (SB 182 SD1 HD1 CD1): **Administrative Fine Procedure**. Amends the filing deadline for disclosures of financial interests for candidates to statewide office, and substantively amends the procedure for imposing administrative fines related to disclosures of financial interests.
- Act 261 (HB 717 HD1 SD2 CD1): **Nepotism Prohibition**. Prohibits most state employees from appointing, hiring, promoting, or retaining relatives and household members and from making or participating in certain other employment-related decisions and from awarding a contract to or otherwise taking official action on a contract with a business if the employee's relative or household member is an executive officer of or holds a substantial

2023 ENFORCEMENT SUMMARY

ETHICS COMPLAINTS RECEIVED

329

Total number of complaints received from sourced or anonymous sources

TOTAL CASES CLOSED

360

Matters resolved due to lack of jurisdiction, guidance or advice given, or settlements/enforcement successfully pursued

INVESTIGATIONS LAUNCHED:

17

Where the Commission found that allegations of an ethical violation had merit and initiated a formal investigation.

CHARGES ISSUED:

3

Times when the Ethics Commission initiated a formal charge into an alleged ethics code violation



FRAUD, WASTE, AND ABUSE COMPLAINTS RECEIVED:

48

Complaints received in conjunction with the Office of the Attorney General

PENALTIES ASSESSED:

\$9,500

Fines assessed and directed to the general fund.



ownership interest in that business. Imposes administrative fines for violations.

The Ethics Commission is committed to implementing these new laws. Recognizing the complexity of these initiatives, the Commission has prioritized the establishment of a robust rollout of guidance, back office support, and online filing changes to ensure a seamless rollout.

ENFORCEMENT:

The Commission enforces the State Ethics Code, HRS chapter 84, and the State Lobbyists Law, HRS chapter 97. The Commission receives and reviews complaints and conducts investigations on a confidential basis concerning alleged violations of the law. When appropriate, the Commission initiates formal charges against individuals who appear to have violated the law. If there is probable cause to believe that a violation of the law has occurred, the Commission may hold a contested case hearing in accordance with HRS chapter 91, Hawaii's Administrative Procedure Act.

HAWAII STATE ETHICS COMMISSION

ethics.hawaii.gov

In 2023, the Commission received 329 new complaints of violations of the Ethics Code and Lobbyists Law. The Commission issued 17 Resolutions to Investigate, authorizing staff to conduct comprehensive investigations, issued three Charges, and closed 360 cases. The Commission publicly resolved four Charges and investigations by issuing a Resolution of Investigation/Charge document. The Commission resolved another 8 matters by issuing ethics guidance and closed 349 other matters for lack of jurisdiction, lack of supporting evidence, or another reason. Many of those cases were referred to other government agencies for action. The Commission assessed a total of \$9,500 in administrative penalties, payable to the General Fund.

Notable enforcement actions include:

Department of Taxation, Ted Shiraishi: Resolution of Investigation 2023-2

The Commission resolved an Investigation of Ted Shiraishi, former Administrative Rules Officer of the State of Hawai'i Department of Taxation. Mr. Shiraishi was subject to the post-employment provisions of the State Ethics Code, HRS § 84-18. As such, he was prohibited from representing another person or business for one year on any matter involving action by his former state agency. During this restriction period, Mr. Shiraishi called and sent a letter to the DOTAX rules office on behalf of his new private employer to discuss a tax matter. Mr. Shiraishi had not previously been the subject of a Commission charge or investigation. He cooperated with the Commission's investigation. He admitted to violating the Post-Employment law and expressed contriteness. He agreed to pay an administrative penalty of \$2,000 to the State of Hawai'i.

State Public Charter School Commission, Sione Thompson: Resolution of Charge 2023-2

The Commission resolved a Charge against Sione Thompson, the former Executive Director of the State Public Charter School Commission. While serving as the Executive Director, Mr. Thompson sat on the Board of three nonprofit organizations: RiseHI; Hawai'i Children's Action Network; and Male Hawala. These Board positions were not reported on Mr. Thompson's financial disclosure

statement. Further, while Executive Director, he awarded approximately \$500,000 in contracts to these three nonprofits. Mr. Thompson admitted he violated the Conflicts of Interest law (HRS § 84-14(a)) and the Financial Disclosure law (HRS § 84-17(f)). He agreed to pay an administrative penalty of \$5,000 to the State of Hawai'i.

Hālau Lōkahi Public Charter School, Laara Allbrett; Resolution of Charge 2023-1

The Commission resolved a charge against Laara Allbrett, the former Director of Hālau Lōkahi Public Charter School, Department of Education. Ms. Allbrett was the Director of Hālau Lōkahi from 2011 to July 2014. Ms. Allbrett used state funds to pay for herself and other family members to attend the graduation of her son and related expenses (total of \$2,048.43). Ms. Allbrett admitted she violated the Fair Treatment law, HRS § 84-13(a). She agreed to pay an administrative penalty of \$2,500 to the State of Hawai'i.

Department of the Attorney General, Brandon D. Zakahi; Resolution of Investigation 2023-1

The Commission resolved an investigation of Brandon Zakahi, a former legal clerk with the Department of the Attorney General, for violations of the confidentiality section of the State Ethics Code. Mr. Zakahi provided clerical support for deputy attorney generals. As a part of his duties and responsibilities, Mr. Zakahi sent an electronic message to Plaintiff's counsel in a particular matter that referenced confidential information that Mr. Zakahi had reviewed as a legal clerk. The information was potentially adverse to the State's defense. Mr. Zakahi admitted he violated the Confidentiality law, HRS § 84-12. He agreed to pay an administrative penalty of \$1,000 to the State of Hawai'i.

NEPOTISM EXCEPTIONS

As of July 12, 2023 no state employee (except for employees of the legislative or judicial branches) shall "[a]ppoint, hire, promote, or retain a relative or household member to, or demote, discharge, or terminate a relative or household member from . . . a paid position in the employee's employing agency" The Commission

“may grant an exception to an employee or agency that is unable to comply with this section for good cause, including a demonstrated lack of qualified personnel or applicants.” Act 261 at (g). On May 17, 2023, the Commission delegated “the initial decision on any good cause exception application to the Executive Director.”

A total of five nepotism good cause exception applications were considered in 2023. These decisions are public and can be found on the Commission’s website at https://hawaiiethics.my.site.com/public/s/ethics-advice/Ethics_Advice_c/OOB6R00000AwpxUAB or <https://ethics.hawaii.gov/opinionpubs/>.

FINANCIAL & GIFTS DISCLOSURES

The Commission administers the filing requirements of the financial disclosure law and the gifts disclosure law, which help provide accountability and transparency in government. In 2023, the Commission received 1,805 financial disclosure statements. Public disclosure statements (for elected officials, department directors, and other designated state officials) are available on the Commission’s “public data” portion of its website. The Commission received and published 236 gifts disclosure statements, all of which are available on the “public data” portion of the Commission’s website.

LOBBYISTS REGISTRATION & EXPENDITURE REPORTS

The Commission administers HRS chapter 97, the Lobbyists Law, which requires lobbyists to register with the Commission and file periodic expenditure reports. In 2019, the Commission launched its new electronic filing system for lobbying registration and reporting, allowing lobbyists to register and file their periodic expenditure reports electronically. The Commission is continually upgrading and improving the e-filing system for lobbying, financial disclosures, and gifts disclosures; the Commission launched a series of enhancements in 2023 to make it easier for filers to complete their forms.

In 2023, the Commission received and published 523 lobbyist registration statements, representing 448 organizations, along with 1,252 lobbyist expenditure reports.

FRAUD, WASTE, AND ABUSE:

The Commission partnered with the Department of the Attorney General to launch an anti-fraud hotline aimed at identifying fraud, waste, and abuse of government funds. The agencies developed a website and online complaint form (antifraud.hawaii.gov), dedicated phone hotline (808.587.0000), and dedicated email address (antifraud@hawaii.gov) where individuals can confidentially report suspected violations. These anti-fraud resources were created to empower the public with confidential, easy-to-use methods to report potential violations.

OFFICE MODERNIZATION

In 2023, the Commission adeptly negotiated a restructuring of its office lease terms, securing a favorable monthly rate reduction. Additionally, an agreement was reached to refurbish the office premises, bearing no supplementary costs for the State of Hawai'i. Having occupied the same office for approximately three decades with minimal updates, this renovation initiative was both timely and necessary. The modernization encompassed enhancements such as upgraded carpeting, installation of energy-efficient lighting, refreshed paintwork, and a reimaged office layout, all designed to optimize both operational efficiency and visual appeal.

SCANNING DOCUMENTS

In 2023, the Commission successfully completed the digitization of most essential office documents, a critical step towards a paperless initiative. Approximately 75,000 pages were scanned into digital format and then safely shredded. The scanning process not only increased document accessibility and security but also paved the way for streamlined data management. By leveraging advanced optical character recognition (OCR) technology, the Commission can now more efficiently retrieve and share information, contributing to a more productive and eco-friendly work environment.

INVENTORY OPTIMIZATION

In conjunction with reducing overall paper documentation in the office, the Commission worked to remove obsolete and unnecessary furniture items. With the approval of the Speaker of the House and Senate President, 12 filing cabinets, 9 desks, and 4 chairs were offered to other state agencies, donated to charity, or appropriately discarded. This optimization created more open and functional areas, leading to a more modern and decluttered office space.

2023 ETHICS IN HAWAI'I CONFERENCE

The Commission coordinated with the Honolulu Ethics Commission to organize a day-long state-wide Ethics in Hawai'i Conference, drawing participation from each county, totaling 38 attendees. Esteemed speakers, renowned in the fields of ethics and criminal justice, offered an overview of pertinent topics and emerging trends. A key focus was on contemporary ethics scandals in the news, with a discussion on how to better prevent and address corruption at the state and county level.

The conference's agenda encompassed training sessions and fostering skill development among participants. The interactive nature of the discussions facilitated robust engagement, encouraging collaborative learning, and the exchange of best practices.

A notable outcome of the event was the strengthened network of relationships between county representatives and state agencies. The collaborative spirit exhibited throughout the conference underscores a collective commitment to advancing ethical standards across Hawai'i. The Ethics in Hawai'i Conference served as a pivotal platform for professional development, knowledge dissemination, and the cultivation of collaborative partnerships, setting a constructive tone for ongoing endeavors to advance ethics on a statewide basis.

COMMISSIONERS AND STAFF:

The Commission is comprised of five members nominated by the State Judicial Council and appointed by the Governor for four-year terms. The Commission

welcomed one new member in 2023. The current members of the Commission are Wesley Fong (Chair), Harry McCarthy (Vice Chair), Beverley Tobias, Robert Hong, and Cynthia Thielen.

As of December 2023, the Commission employs a staff of eleven: Executive Director Robert D. Harris; Compliance Director Bonita Chang; Enforcement Director Kee Campbell; three staff attorneys (Nancy Neuffer, Jennifer Yamanuha, and Jodi Yi); Investigator Jared Elster; Computer Specialist Patrick Lui; Office Manager Caroline Choi; Secretary Lynnette Santiago; and Administrative Assistant Myles Yamamoto. The Commission is in the process of hiring a full-time analyst.

The Commission prioritizes fiscal prudence and efficiency. In 2023, the Commission was able to return \$70,124.24 of its allocated budget back to the General Fund.

INTERNATIONAL LEADERSHIP

As a part of a national professional leadership program, Executive Director Robert Harris was selected to travel to Moldova to advise key stakeholders on necessary efforts to build an ethical democracy. There, he met with dozens of government leaders; U.S. Embassy staff; members of the media; and NGO leaders. Comparisons to Hawai'i were made based on Hawaii's leadership in being the first state to establish a constitutionally mandated ethics commission and its role in helping found the Conference on Governmental Ethics Laws (COGEL) organization.

For quick, confidential ethics advice, or to lodge a confidential complaint, please contact the Commission at info.ethics@hawaii.gov or 587-0460.

