

Hawai'i Monitor

CAMPAIGN SPENDING

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HORITA FUNDS FLOOD COUNCIL

A group of companies and individuals associated with local real estate developer Herbert K. Horita contributed over \$238,000 to state and county officials during 1987-1989, nearly half of which went to the five members of the Honolulu City Council's Planning Committee.

An analysis of reports filed with the State Campaign Spending Commission reveals that Horita and his associates contributed \$109,187 to candidates during the 1988 elections, while more than \$128,000 flowed to elected officials in 1989, a year in which no elections were held.

Over \$133,000 of the total went to members of the Honolulu City Council, including \$65,000 to Council Planning Committee chair Leigh-Wai Doo. These figures are almost certainly underestimates because they do not include contributions from consultants and contractors working for Horita's companies.

CONTRIBUTIONS TO CITY OFFICIALS FROM INDIVIDUALS AND COMPANIES AFFILIATED WITH HERBERT K. HORITA 1987-89

Neil Abercrombie#	\$ 21,000
John Desoto	\$ 2,250
Leigh-Wai Doo#	\$ 65,000
John Henry Felix#	\$ 9,500
Gary Gill	\$ 1,000
David Kahanu#	\$ 925
Donna Mercado Kim	\$ 4,850
Rene Mansho#	\$ 18,000
Arnold Morgado	\$ 10,950
Frank F. Fasi	\$ 37,500

[# Member of the Planning Committee]

The amount spent by the Horita group in the 1988 elections ranked it as the largest source of campaign funds in the state, outspending hundreds of other corporations and PACs, according to figures compiled by the Campaign Spending Commission. Only Bank of Hawaii's PAC reported coming close to Horita's spending during the 1988 elections (\$102,470), and the Horita group far surpassed the spending of AMFAC, which was a distant third at \$70,117.

Practices questioned

The Horita group has effectively frustrated the intent of public disclosure requirements and concealed the size of its aggregate contributions by having contributions made and recorded in the names of individual employees, rather than by companies or by a political action committee. Public disclosure is considered one of the primary ways to control the potential for corruption that is inherent in the system of election financing.

While Horita's fundraising on behalf of political candidates has not been previously questioned, Campaign Spending Commission executive director Jack M.K. Gonzales told *Hawaii Monitor* that the well coordinated effort might run afoul of Hawaii's campaign spending law.

State law generally limits contributions from any one source to \$2,000 for each primary, general, or special election, which translates into a maximum of \$4,000 during each election cycle. The campaign spending law further provides that all contributions "financed, maintained, or controlled by any corporation, labor organization, association, political party or

Continued page 2

Introducing *Hawai'i Monitor*

This is the debut of *Hawai'i Monitor/Campaign Spending*, an event which I, at least, have been anticipating for some months.

The mainstream media are not generally able to take the time and effort to dig behind the surface of campaign financing. As a result, there is a shadowy world of money and politics which evades public scrutiny.

Hawai'i Monitor is one person's attempt to supplement the daily news with a look behind the scenes of local politics. With luck, it will strike enough people as a useful endeavor to survive, at least to survive long enough to make a difference in the shape of Hawai'i politics.

This premier issue tackles two topics which will surely provoke discussion and controversy, as questions of money and politics usually do. Both main articles touch on ways in which campaign contribution limits are circumvented by those in pursuit of position or power. Future issues will do the same.

Read on!

--the editor--

Inside...

Horita lobbyists fail to registerpage 3

Loophole boosts fundraising in Gov's Racepage 4

Commission avoids enforcementpage 8

Developer targets Council campaign accounts

from page 1

any other person" must be counted together and treated as if they are made by a single person.

Gonzales said that when someone from an organization collects checks from others for a particular candidate, the organization becomes a political action committee that is subject to the contribution limit. "If you're collecting checks," Gonzales said, "you're either part of the candidate's committee or you're a PAC." According to Gonzales, the \$2,000 contribution limit would apply in either case.

The Horita hui

Herbert Horita is one of the state's major real estate developers. His largest project is Ko Olina, the enormous new resort complex that

"We all contribute to people who favor our particular projects or development in general...we know who is a friend and who is not."

is now under construction on the leeward coast of Oahu. He is also developer of Royal Kunia, a 2000-unit residential development above Waipahu, and has been selected by the State to build a controversial convention center facility at the International Market Place in Waikiki. Since founding Herbert K. Horita Realty in 1956, he

has developed over 10,000 residential units, on Oahu including Newtown, Village Park, Royal Summit, the Waikiki Beach Tower and the Pearl Regency, and recently has undertaken two projects on Maui.

Campaign Spending Commission records show that at least 30 officers, employees and associates of Horita-related companies coordinated their efforts to channel campaign money to candidates.

During the 1988 elections and through 1989, these individuals or their immediate families each contributed between \$1,000 to over \$19,000 to candidates supported by Horita. Eight individuals or families contributed more than \$10,000 each and another five contributed at least \$6,000 during this period.

Those contributing the most to the joint effort were three mem-

bers of Horita Realty's Accounting Department, two employees in charge of development at Royal Kunia, a Horita project manager on Maui, and two managers in the Horita Realty Sales Division. Each of these employees, or their immediate family members, made over \$10,000 in coordinated campaign contributions since the beginning of 1987.

Six Horita-related companies also made contributions totalling more than \$57,000 from their corporate treasuries--Herbert K. Horita Realty, Horita Homes, Horita-Maui Lani, Halekua Development, HKVP Inc., and West Beach Estates.

Checks from the Horita-related individuals and companies were written in virtually identical amounts to selected candidates, often on the same day. Honolulu Mayor Frank Fasi's 1988 bid for reelection, for example, garnered 18 checks of \$2,000 each from Horita employees. A few State Legislators also received smaller but significant amounts, such as Rep. Karen Horita (\$12,700, including 11 checks of \$1,000 each), Rep. Jerry Chang (\$4,500, including 10 checks of \$250 each) and Reps. Dwight Yoshimura and Fred Hirayama (\$3,000 each), all in 1989.

Focus on Honolulu Council

But the focus of the Horita-related contributions was clearly on the Honolulu City Council. Council member and Planning Committee chair Leigh-Wai Doo led the list of those receiving Horita-related money with a total of \$65,000 during the 1987-89 period. Doo reported receiving 23 checks of \$2,000 each for a total of \$46,000 in his Council campaign account and an additional \$19,000 for his unsuccessful 1988 bid for the United States Congress.

Other major Honolulu City Council beneficiaries were Planning Committee members Neil Abercrombie (\$21,000), Rene Mansho (\$18,000), and John Henry Felix (\$9,500). Honolulu City Council chair Arnold Morgado received \$10,950, while Zoning Committee chair Donna Mercado Kim got \$4,850.

INDIVIDUALS ASSOCIATED WITH HERBERT HORITA WHO MADE CAMPAIGN CONTRIBUTIONS, DIRECTLY OR WITH THEIR IMMEDIATE FAMILIES, OF MORE THAN \$9,000 IN 1987-89

Fujiwara, Richard (\$10,650)

Broker, Horita Realty

Grinnon, Sally (\$10,700)

Development Office, Royal Kunia

Ikeda, Jean (\$13,450)

Accounting Dept, Horita Realty and Ass't Secretary/Treasurer, Horita-WCC

Kitagawa, Erle (\$9,700)

Commercial/Acquisitions Dept, Horita Realty

Kusatsu, Thomas T. (\$13,200)

Administrator, Guarantee Finance Inc, and Asst Sec/Tr & Director, General Construction Co.

Miyazono, Richard H. (\$9,500)

Vice-president, Custom Home Planners

Murai, Howard (\$10,250)

Project manager, Horita Development Royal Kunia, Development Office, and Director, General Construction Co

Nishioka, George (\$11,650)

Administrator, Herbert Horita Realty

Watase, Ron (\$19,150)

Accounting Department, Horita Realty Asst Treasurer & Director, GFC Company

Continued next page

Doo, whose Council district runs from Palolo through Kaimuki, Kapahulu, and parts of McCully and Moiliili, said that he was "shocked" by the total amount contributed by Horita. "I had no idea, and I'm surprised that they contributed more than other developers." Doo described the large contributions as "an exercise in influence by perception," but said that although he is visited by lobbyists representing Horita, he has not met with Horita personally and has not been influenced by the unusually large amount of campaign cash involved.

Councilmember Rene Mansho also said that she was unaware of the Horita contributions. "You know," Mansho said, "I look at these names on my contribution list and I say, who are these people?" She said that she could identify two Horita employees with whom she deals while following-up on complaints of area residents, but said that she was not familiar with other persons who might be associated with the developer.

At the time that these contributions were made, Horita was seeking Council approval to proceed with a number of projects. Decisions of the Council's Planning Committee were crucial to the fu-

"sometimes being silent was the best that we could get, you know, the 'kanalua' or the 'on vacation' votes"

ture of the second phase of the Royal Kunia project and of two planned golf courses at that site, as well as for the fledgling Ko Olina resort.

It was also generally understood at the City Council that Horita wanted to see the proposal for a convention center facility at the Aloha Motors site defeated in order to enhance the prospects for approval of his alternative project in the center of Waikiki. Council member Neil Abercrombie observed that "this is a high-stakes game for him with Aloha Motors and the International Market Place."

Abercrombie said that his own "opposition to convention centers, both at the International Market Place and Aloha Motors, was so well known for so long, that I'd be the least likely to be supported." Although he has known Horita lobbyist Pat Ayers for years, Abercrombie said that he had not been approached by Herbert Horita personally and, as far as individual contributors are concerned, "I don't even know who they are."

One Horita employee who asked not to be identified said that the contributions were obviously targeted to garner support for their developments. "We all contribute to people who favor our particular projects or development in general," he said, adding that "we know who is a friend and who is not." He went on to say that while a favorable vote is always the best, contributors realize that "sometimes being silent was the best that we could get, you know, the 'kanalua' or the 'on vacation' votes."

Continued page 7

HORITA LOBBYISTS FAIL TO DISCLOSE ACTIVITIES

Lobbyists representing developer Herbert K. Horita in contacts with the City have failed to register or disclose their activities as required by law.

A review of the list of registered lobbyists maintained by the City Clerk and updated in March 1990 shows that none of Horita's lobbyists were registered in either 1989 or 1990. Horita is known to utilize a number of different individuals to communicate with members of the City Council and the administration on matters affecting the developer's projects.

City ordinances require persons to register within five days of becoming a lobbyist, and to file regular reports disclosing their activities, including any funds expended.

Disclosure statements must be signed and certified under oath.

The law is intended to preserve and maintain the integrity of the City's policymaking process by requiring the disclosure of informa-

tion regarding the activities of those who seek to influence that process. It is widely recognized that large campaign contributions coupled with the activities of lobbyists can have a dangerous impact on government decisions.

The law prohibits anyone who has not registered from contacting members of the City Council or officers of the City administration.

Violators of the lobbying registration provisions may have their right to lobby revoked for up to one year.

Enforcement of the lobbyist registration and disclosure laws appears to be minimal. Oceanic Properties and Bedford Properties are the only major developers to register their lobbyists. Others who have not registered include Gentry, Lusk, and AMFAC. Also absent from the rolls of registered lobbyists are those seeking to land the City's massive rapid transit contract.

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Hawai'i Monitor relies on public information prepared by candidates and political committees and filed with the State Campaign Spending Commission, as well as on reports of the Commission. We believe that these official sources are factual and without error; however their accuracy cannot be guaranteed.

Responses to articles or expressions of opposing viewpoints are welcomed. Letters are subject to editing to fit in available space.

LOOPHOLE BOOSTS FUNDRAISING IN GOV'S RACE

An apparent loophole in the state's campaign spending law has given a significant boost to the re-election campaign of Governor John Waihee. Taking advantage of confusing and sometimes contradictory provisions of law, Waihee has raised tens of thousands of dollars from supporters who would otherwise have exceeded the legal contribution limit. Although current law prohibits anyone from contributing more than \$2,000 to a candidate for any single election, Waihee's campaign has accepted as much as \$6,000 from a number of businesses since his last election in 1986. The list of "jumbo" contributors is composed mainly of architectural and engineering firms which benefit from state contracts.

The practice was quietly endorsed by the Campaign Spending Commission in an unpublicized ruling early last year. If allowed to stand, the Commission's ruling would effectively triple the maximum amount that incumbents with four-year terms (including the governor and Lt. Governor, as well as State senators, county council members, and mayors) may accept from individual sources for the next primary in which they are candidates. The chairman of the House Judiciary Committee, however, said that the Commission's position "flies in the face of common sense" and does not reflect the law's intent.

A mid-term "windfall"

A review of campaign contribution reports filed with the Campaign Spending Commission indicates that the 1988 primary and general elections provided a windfall to Waihee's 1990 campaign. Waihee, who was elected governor in 1986 and did not have to run in the 1988 elections, nevertheless accepted contributions from major corporate and union donors for each of the mid-term election periods.

In a number of instances, companies gave the maximum amount during both the 1988 primary and general campaigns, and then again

during 1989 for a total of \$6,000. Among those companies contributing \$6,000 to the Waihee campaign since the beginning of 1987 are architects Chapman Desai Sakata Inc., Mitsunaga & Associates, Murayama, Kotake Nunokawa & Associates, Oda/McCarthy Architects, and Okita, Kunimitsu & Associates, as well as from the engineering firms of Imata & Associates and Warren S. Unemori Engineering.

State law specifically prohibits any "person or other entity" from contributing "an aggregate amount greater than \$2,000, in any primary, special primary, special, or general election." A candidate who knowingly receives more than this amount may be prosecuted.

Funds for "phantom" elections

However, a legal interpretation adopted by the State Campaign Spending Commission allows incumbents to accept additional contributions for the mid-term elections in which they are not actually candidates. According to the Commission's executive director Jack M.K. Gonzales, the Commission determined that candidates can accept "\$4,000 every two years, or \$8,000 total for someone with a four-year term." This would include \$2,000 for both the mid-term primary and general elections, along with similar amounts for the subsequent primary and general elections.

This practice of accepting extra contributions for what are essentially "phantom" elections was challenged last year by Honolulu attorney Anthony Locricchio. In a letter to the Campaign Spending Commission dated March 10, 1989, Locricchio charged that those holding offices with four-year terms were being allowed to "stockpile" contributions in excess of the \$2,000 limit by accepting additional \$2,000 contributions during the "off year election period." Locricchio now says that the complaint had been prompted by the fundraising practices of the Waihee campaign.

In his complaint, Locricchio charged that "even though there is no election for Governor in the years covered by the period Jan. 1,

If allowed to stand, the Commission's ruling would effectively triple the maximum amount that incumbents with four-year terms may accept from individual sources....

1987 through December 31, 1988 the campaign committee of the incumbent governor is free to accept" contributions for this period, "and is then free to accept another \$2000.00 contribution...during the official campaign period of the next governor's election...."

Meanwhile, Locricchio noted that an opponent who decides to run against an incumbent in a primary election "is limited to a \$2000 contribution from individual sources."

This practice "can result in large campaign 'war chests' for the incumbent Senator, Governor or Mayor and places the challenging opponent in an unfair and almost impossible situation with regard to the imbalance in contribution limitations," Locricchio said.

The complaint was discussed by the Campaign Spending Commission at its meeting of March 16, 1989. Attorney Locricchio recalls that the Commission seemed receptive to his argument. "Interestingly," he said, "Jack [Gonzales, Commission executive director] did not confirm that practice at all and indicated that the Commission would look into it."

The Commission had considered the question at least once before. According to Gonzales, an elected official made a confidential inquiry at the time of the 1985 special City Council recall election and

Continued next page

EXAMPLES OF CONTRIBUTIONS
OVER \$2,000 TO THE WAIHEE
RE-ELECTION CAMPAIGN 1987-89

1. A&B HiPAC	\$ 4,500
2. Albert C. Kobayashi, Inc	\$ 4,500
3. Belt Collins & Associates	\$ 5,250
4. Bill Olsen & Assoc, Inc	\$ 3,000
5. Chapman Desai Sakata Inc	\$ 6,000
6. ControlPoint Surveying & Eng	\$ 4,200
7. Design Engineering Inc	\$ 4,000
8. Electricians, Inc	\$ 3,625
9. Fujita & Associates, Inc	\$ 3,000
10. Geolabs Hawaii	\$ 5,200
11. George Iwasaki & Assoc	\$ 6,000
12. Gima, Yoshimori & Assoc	\$ 4,700
13. Harry M Nakata, AIA	\$ 5,500
14. Hawaii Cable TV PAC	\$ 3,500
15. Hawaii Laborers Pac	\$ 3,250
16. Hawaii Pacific Engineers	\$ 4,450
17. Helber Hastert Van Horn & Kimura	\$ 5,000
18. Imata & Associates, Inc.	\$ 6,250
19. Mauna Lani Resort, Inc	\$ 2,500
20. Merrill Lynch	\$ 4,000
21. Mitsunaga & Assoc., Inc.	\$ 6,000
22. Miyabara & Associates	\$ 5,000
23. Murayama, Kotake, Nunokawa	\$ 6,000
24. Oda/McCarthy Architects	\$ 6,000
25. Okita, Kunimitsu & Assoc	\$ 6,000
26. Peter Hsi Assoc	\$ 4,850
27. Robert C. Smelker & Assoc	\$ 4,000
28. Shearson Lehman Hutton	\$ 3,000
29. Site Engineering Inc	\$ 3,350
30. Territorial S&L	\$ 3,000
31. Urban Works Inc	\$ 5,500
32. Vet's Termite Control	\$ 2,500
33. Warren Matsui AIA	\$ 2,250
34. Warren S. Unemori Eng.	\$ 6,000

Source: "Campaign Spending Commission Report on the 1988 Elections, Contributions to Candidates from Individuals, Companies, Corporations, Organizations, and Political Action Committees"; and summary listing of contributions during 1989 prepared by the staff of the Campaign Spending Commission.

asked whether additional contributions could be accepted for that campaign period even though he was not a candidate in the special election. Gonzales said that the Commission acknowledged that this would be inconsistent with the intent of the law and ruled that such extra contributions would not be allowed.

However, minutes of the Campaign Spending Commission's discussion of the Locricchio complaint indicate that Gonzales now defended the practice based an amendment to the campaign spending law passed in 1988. According to the minutes, Gonzales "explained that the change was made to balance how much was received between 2 and 4 year candidates."

In an interview with *Hawai'i Monitor* Gonzales repeated his view that an amendment passed by the legislature in 1988 made the practice legal. "They changed it," Gonzales says of the contribution limit. "The language used to restrict contributions to an election in which the candidate participates, but the law now doesn't tie it to an election," he said. Gonzales said that the language was dropped because legislators "wanted the ability to receive the full amount each year."

Lawmakers complain

Legislative pressure for a more permissive interpretation of the law regarding contribution limits had been noted as early as 1978, Gonzales recalled. "All the four-year guys were complaining that their offices required more money to run, and that it was unfair to prohibit them from collecting" between elections.

Gonzales said that the legislature "took out the specific language to make sure that their intent was that contributions could be accepted in any election rather than only in the race in which you were running."

In 1987, Section 11-204 of the campaign spending law had been rewritten to specify that contributions up to the legal limit could only be given for each election in which a candidate "participates." This lan-

guage appeared to make it quite clear that the type of mid-term contributions being sought out by the Waihee campaign were prohibited. At the time, this was believed to be consistent with previous interpretation of the statute and the additional language was seen only as a matter of clarification. However, the Campaign Spending Commission's executive director sees it differently.

"All the four-year guys were complaining that their offices required more money to run, and that it was unfair to prohibit them from collecting."

According to Jack Gonzales, "it was clear that [legislators] thought 'participate' meant all 'campaigning' and not just running for election. You know, there's this whole notion that they are always running for office, and participation meant that you had an active file with the Campaign Spending Commission, had an active campaign organization, contributed to charities, and like that," Gonzales said.

Gonzales believes that the legislature had never really meant to apply contribution limits only to elections in which a candidate was running, but to apply the law broadly to any election period during which an office holder participated in campaign activities. Thus, the dropping in 1988 of the specific language linking contributions to a campaign in which a candidate "participates" was, in Gonzales' view, a clear signal of the legislature's "intent to make that applicable to elections as opposed to races." He said that "it was always clear in our minds that they meant to change that restriction to make it comparable for four and two-year races."

Attorney John Roney, who was chair of the Commission at the time that this issue was considered, remembers senators complaining that House members could take up to \$4,000 every two years while they were limited to this amount every

Continued next page

Loophole allows excess contributions

from page 5

four years. Senators "said that they were always candidates," Roney recalls. Roney, a Republican who served on the Commission for eight years, said that "then they changed it, and we had to treat it like that," Roney said.

Gonzales later offered a further explanation of the Commission's action. He recalled that discussions of the "resign to run" law had prompted debate, a series of Attorney General opinions, and ultimately a legal battle over when a person actually becomes a "candidate." It was finally determined that a person does not officially become a candidate and have to resign until formally filing nomination papers.

Some sharp-eyed politicians saw a potential loophole, and a possible bonanza, in this ruling. They reasoned that contribution limits apply to candidates, and that therefore there should be no contribution limits at all until the time that they filed their nomination papers. At the time, according to Gonzales, the Commission was able to prevent this return to the old days of unlimited campaign giving, but this discussion provided the "historical context" for the subsequent debate on the Loricchio complaint.

According to Gonzales, the Commission saw the opportunity for "a compromise they could live with."

Although their ruling would allow candidates to accept funds for elections in which they were not running, it would also make clear that the contribution limits applied at such times. In the Commission's view, then, the ruling increased the amounts that certain incumbents could raise, but held off the specter of open, unrestricted fundraising.

Despite the rationale presented by Gonzales, Roney, and the Campaign Spending Commission, a review of the legislative history of the 1988 amendment yields no evidence to support this position. Senate Bill 112, which eventually became Act 403 (1988), was considered by the Senate Judiciary and Ways

"It flies in the face of common sense to allow a senator to collect a windfall in a mid-term election in which he isn't even running."

and Means Committees, and by the House Judiciary Committee, as well as a joint House-Senate conference committee. None of the committee reports describing the content of Senate Bill 112 included any indication that the legislature intended to allow contributions to effectively exceed the \$2,000 limit.

Similarly, there were no comments on the floor of either the House or Senate, or reported in the news media, that would have indicated such a significant departure from the existing campaign finance system.

Wayne Metcalf, chair of the House Judiciary Committee, also differs with the Commission's interpretation. According to Metcalf, whose committee initiated the 1988 amendment, the change in language was a matter of style rather than of substance. "I don't recall any across the table discussions" regarding changes in the contribution limits, Metcalf said.

Metcalf told *Hawai'i Monitor* that the law applies to candidates, and "obviously you're not a candidate unless and until you run." The language of the bill, drafted by a staff attorney for his House Judiciary Committee, "was probably seen as a matter of style rather than substantive intent."

Metcalf said that if the legislature had actually meant to alter the contribution limits "you would expect to find descriptions of any substantive changes in the committee reports," and said that his committee tends to be careful to record such information. Metcalf went on to say that "based on the fact there is nothing substantive noted in the committee report, and also

ELSEWHERE...

Connecticut became the fifth state to restrict campaign fundraising during legislative sessions with passage of a strong bill on the last day of this year's legislative session. The new law prohibits lobbyists and PACs established by or on behalf of lobbyists from contributing or soliciting contributions for legislators during legislative sessions.

Of course, mid-session fundraising has become a favorite pastime in Hawai'i, even in non-election years.

•••

As of May 1, political committees in Illinois are permitted hold raffles as a means of raising funds. Committees must have been in existence for at least one year in order to qualify, and an application must be filed with the State Board of Elections along with a report on each raffle.

•••

These items were reported in the *COGEL Guardian*, the bimonthly newsletter of the Council on Governmental Ethics Laws. For information about the organization, write to COGEL, c/o The Council of State Governments, Iron Works Pike, Post Office Box 11910, Lexington, Kentucky 40578-1910.

that it [the 1988 amendment] seems to read more like a stylistic thing...I can't find any reason for the Campaign Spending Commission to have changed its position mid-stream."

Further, Metcalf observed that "it flies in the face of common sense to allow a senator to collect a windfall in a mid-term election in which he isn't even running."

Common sense and legislative intent aside, it seems unlikely that the Campaign Spending Commission will reconsider its position, and even if they were to take another look at the issue it is unlikely that a decision would be forthcoming in time to impact on the 1990 election. For at least one incumbent candidate this will be good news indeed. ■

Horita group focuses campaign cash on Honolulu City Council

from page 3

Members of the Honolulu City Council often abstain from voting by saying "kanalua" which is Hawaiian for doubtful or undecided.

Doo responds

Doo acknowledged that the Council's actions might have been related to the contributions from Horita. "I did act upon projects prior to [the contributions] that were make or break for Mr. Horita, like West Beach [Ko Olina]," Doo said, "and I would hope that his actions were in appreciation for that." Doo also noted that the West Beach project was approved unanimously by the City Council only after the imposition of a number of strict conditions relating to setbacks, densities, the preservation of archaeological sites and similar matters.

Doo stressed that the Horita contributions had not prevented him from being a vocal and persistent critic of State plans for a convention center at the International Market Place in Waikiki to be built by a group in which Horita is a partner. "I came out against it early, back when the Legislature was having hearings in 1988," Doo said, "and I continue to lobby against the proposed height and density today."

Doo said that campaign contributions cannot override his commit-

ment to certain principles and that he is not afraid of losing campaign support as a result of his stands. "If something is wrong, you just follow your principles and say that it is wrong," Doo stated emphatically.

However, Doo campaign aide and fundraiser Nora Lum confirmed that pressure has been put on Doo's campaign as a result of his opposition to the International Market Place convention center. "Because I'm the one who drops off the [fundraiser] tickets, then when Leigh-Wai attacks someone--like when he has been attacking the International Market Place--I'm the one who gets the flack," Lum observed. She acknowledged getting "a lot of calls complaining" after Doo sent letters to Waikiki residents restating his opposition to the convention center plan. "When there are problems, people complain," she said, "but Leigh-Wai still does what he wants to do."

Lum worries that Doo's International Market Place stand will cost him Horita's support. Saying that she had known Horita for many years, Lum said that "when he got approval for West Beach, he said that if Leigh-Wai didn't do that he would have gone under." Now, however, Lum said that Horita "is really mad at Leigh-Wai because of his attacks on the International Market Place," and she expects that his cam-

paign support will decline.

Common interests

The pattern of contributions from the Horita group, going in similar amounts to certain candidates, is not a matter of coincidence. While all of those contacted by Hawaii Monitor agreed that political contributions are not a condition of employment for them, one Horita manager said, "its kind of implied, [because] we all have the same interests."

According to Ron Watase, an officer and director of at least two Horita-affiliated companies, decisions about which candidates to support are made by Horita himself. Watase, who serves as a fundraising contact for candidates and their campaign staff, said that "if Herbert decides we should endorse them, then tickets would be released to consultants, employees, or associates."

Watase went on to say that there are good reasons for the active financial participation by their employees. He said that Horita provides employees with opportunities to invest in various company projects. "Getting in on the ground floor, we've been able to make some money," Watase said, "so when the company comes to us and asks for political contributions, it gets a favorable response."

According to Nora Lum, certain "favorite" employees are able to buy into Horita projects at the planning stage by putting down \$10,000 to \$25,000 on a house or condominium unit. When the homes are ready for sale to the public, the units can be resold for a quick profit and, Lum said, "the original sale isn't even out of escrow yet."

Lum said that these are the people who are asked by Horita to contribute to candidates. "You don't have to buy [fundraiser tickets]," Lum said, "but if you don't you probably slowly lose favor" and also lose access to the profitable opportunities. ■

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COMMISSION AVOIDS ENFORCEMENT OF CAMPAIGN SPENDING LAWS

When someone is caught contributing illegal sums of money to candidates, what happens? According to Jack Gonzales, executive director of the State Campaign Spending Commission, not much.

"We're talking about overages," Gonzales said, and "the remedy is simply to give the overage back." Illegal campaign contributions involve minimal risk, according to Gonzales, because excess contributions would simply be returned and violators told, "here's your money, try again."

He explained that the law is "soft" in the area of penalties because of the long-standing reluctance of legislators to create additional roadblocks in the already difficult task of raising funds. "When they cranked in the remedy, it was with the idea that they [the donor] could come back in during the next campaign period and give again." Gonzales recalls that legislators, concerned about their own fundraising potential, have been reluctant to impose penalties that would inhibit large contributors.

Former Commission chair John Roney has a similar view. "The whole intent of the [campaign spending] law is disclosure, its a disclosure law, and the big stick is that you get your name in the paper if you don't comply," Roney said. His view is that the Commission "has a rather limited function, doesn't have a great deal of power, and apart from disclosure it really doesn't have much to do."

Roney and Gonzales share the philosophy that the Commission's goal is to "work things out," to deal with problems in a low-key fashion aimed at assuring compliance with the disclosure requirements. In order to bring about full and accurate reporting by candidates and political committees, the Campaign Spending Commission tends to take a very tolerant view towards those who test the limits of the law. Gonzales believes that strict enforcement would be contrary to the goal of disclosure because it might drive

Illegal contributions will simply be returned and violators told, "here's your money, try again."

candidates and their supporters to further conceal questionable aspects of their fundraising efforts.

Beyond disclosure

Although there is certainly no question about the Campaign Spending Commission's tradition of minimal enforcement, the statute that creates the Commission implies a more vigorous role. The Commission, according to law, has the duty to "investigate" and hold hearings on possible violations and to "request the initiation of prosecution" where violations are found. The Commission is authorized to "subpoena witnesses, examine them under oath, and require the production of books, papers, documents, or objects" that might be relevant to their investigations.

Even if the Commission wanted to take a more active stance it would be crippled by its lack of resources. The Commission's staff has remained the same size as when it was established two decades ago, despite the astronomical growth in campaign

costs since that time. The Commission does not have even a single staff investigator, and carries out only superficial "desk audits" to assure that the numbers on forms submitted by candidates and committees add up. The Commission simply does not attempt to crack down on the various strategies that are routinely used to circumvent the contribution limits established by law. While this provides some short-term benefits and a bountiful supply of interesting stories for the editor of this newsletter, it does a clear disservice to the residents of this state.

Commission fails to measure up

This should not be the case. In 1978, the State Constitution was amended to mandate that limits be placed on both campaign contributions and campaign expenditures in order to protect the integrity of the political process. By adopting this constitutional amendment, the people of the State signalled that the need to control campaign spending was fundamental to good government.

Today, as unfettered campaign contributions become widely recognized as little more than legalized corruption, our Campaign Spending Commission seems almost wholly unprepared to confront the problem. Change in this vital area is long overdue.

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