

SBH MEMBER CALENDAR

PHONE 396-1724 • FAX: 396-1726

Thursday, November 21

SBH Sunrise Networking Breakfast

Erin Chisholm – Pacific Business
Macy's Pineapple Room Ala Moana
7 – 8:30 am

Monday, November 25

SBH Monthly Board Meeting

SBH Hawaii Kai • 12 – 1:30pm

Wed., Feb. 19, 2014

38th Annual SBH Conference

Ala Moana Hotel • 8 am – 2 pm



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Smart Business
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Public engagement on both sides of the same sex marriage bill (SB1) was high for 3 weeks after the start of the special legislative session called by Governor Neil Abercrombie on October 28. The public packed the house hearing which carried on for 5 days at a total of 56 hours. Thousands of people sent in testimony with the majority opposing the bill changing the law to approve marriage by same sex couples. Thousands more attended rallies on almost a daily basis to oppose or support SB1. The legislature passed the bill and the Governor is expected to sign it into law soon. The fallout from this will be far reaching. Are the voters engaged? See page 5.

SBH's Last Sunrise Features Erin Chisholm

The final monthly SBH Sunrise Networking Breakfast Forum for 2013 is Thursday, November 21 in the Pineapple Room, Macy's Ala Moana (3rd Floor), from 7 – 8:30 am.

In addition to networking, introductions and special announcements, the Sunrise features a full buffet breakfast, program and free parking.

Our speakers this month are **Erin Chisholm** of Pacific Business Consultants and **David Morihara** or Morihara, Inc. discussing, "What is Your Company Worth in Today's Market?" Contact Susan at SBH (396-1724) for reservations. Want to do more business even in these tough economic times? Then come to Sunrise! Bring a guest.

October's speaker was Mike Wood, super real estate developer and entrepreneur who heads MW Group, Ltd.

The SBH forums are open to the public. Advance paid reservations are required.

Each participant is introduced, can plug their business, and bring materials.

The complete cost for SBH members and their guests remains \$25 per person. For non-members and those paying at the door—seats are limited—the cost is \$35.

For details go to www.smartbusinesshawaii.com or call Susan at SBH, 396-1724, or send in the reservation form on page 7.

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Unions, Corruption, Rail & More in "Crazy Lawsuit" • Starts on page 3



Smart Business Views

By Sam Slom, President – Smart Business Hawaii

Remember Veterans.

November 11 is Veterans Day but every day we should remember and appreciate our Veterans.

“Let the People Decide” The largest rally in years at the State Capitol October 28 brought in more than 6,000 people during a 4-7 pm demonstration on and around the Capitol grounds. The issue was the same sex marriage bill—those present were against—but it showed the frustration of voters in one-party Blue Hawaii. People were denied the right to testify during a nearly 12-hour Senate marathon hearing, and the taxpayers learned that Hawaii is the only state with no statewide Initiative, Referendum, Recall of Term Limits. Maybe 2014?

Amine on Board. Our newest staff member, **Susan Amine** of Hawaii Kai, is the new Office manager/Administrative Assistant at SBH. Call or come say hello to Susan.

Corruption in Recycling Industry? I spoke out many times against the punitive recycling program that the state implemented several years ago because it adds a 6-cent tax to each bottle and can. Not only does it add to the cost of living in Hawaii, which is already highest in the nation, but it forces consumers to wait in sometimes long lines in the hot sun to get a 5 cent return on each bottle and can (which sometimes is not the full 5 cents). No other state has such a cumbersome recycling program. In addition, the City & County of Honolulu already has its own recycling program, with pick ups from our homes every two weeks. Plus the state expanded the government by adding a new division to the Department of Health to manage the program. In addition, lawmakers continue to raid the recycling fund to balance the budget instead of returning it to the taxpayers.

Sigall At EOBC. SBH Director, owner of Creative-1 Marketing, HPU faculty member and author of the best selling series, “The Companies We Keep,” **Bob Sigall**, will be the guest speaker at next Tuesday’s East Oahu Breakfast Meeting at the Hawaii Kai Retirement Center, 7-8:30 am. Contact **Kevin Nitta** for details.

Teipel Got the Goods. “Surfer Joe,” and Auctioneer extraordinaire, **Joe Teipel**, is the guy who will auction off the Kawamoto statues in mid-November. Teipel revealed he will have an Estate Auction that includes all the art seen along Kahala Avenue AND many more pieces that were stored. Look for details soon.

See “Captain Phillips”. Hope you have seen, or plan to see, the new movie, “Captain Phillips,” the true story of the hijacking of the Maersk Alabama and kidnapping of Captain Richard Phillips off Somalia by pirates in 2009. Tom Hanks should win the Oscar for Best Actor next year. Great movie but begs the question: Why are our ships, and captains, not armed and better protected in pirate infested waters. Very frustrating.

Snakes everywhere? We hear about snakes running rampant at the state capitol, but of course, they are of the political kind. In Chinatown a pedestrian found a real snake slithering along the sidewalk. According to Hawaii News Now, the snake was a 2.5 foot, non-venomous rainbow boa constrictor. Snakes of any kind are illegal in Hawaii.

Symphony Taps Parrish. The Hawaii Symphony Orchestra has named **Jonathan Parrish** as the new executive director. Parrish is an assistant principal horn player with Hawaii Symphony Orchestra, general manager of Chamber Music Hawaii and adjunct faculty member at the University of Hawaii. **Steven Monder**, who has been serving as interim HSO president, will stay on as senior advisor to **Parrish** and the HSO board to ensure a smooth transition.

Hawaii Reporter.com, Hawaii’s first electronic daily newspaper launched in 2002, continues to report all the breaking news, and unlike other publications in town, is still free. Award winning Hawaii Reporter and **Malia Zimmerman** report daily (M-F) on the **Rick Hamada Show** heard on KHVH radio on 830 AM at 7:05 am. Malia is also the Hawaii Bureau Chief for Watchdog.org, and new Hawaii stringer for People Magazine and nationally for Fox News. Exciting movie/TV news coming soon from Malia!

Tune in to Panos Prevedouros. SBH Director and UH Engineering Professor Dr. **Panos Prevedouros** is a weekly guest on Rick Hamada’s morning radio show every Tuesday from 7:05 a.m. to 8 am. Tune in!

Read Your E Blast every Wednesday. What? Not receiving your weekly electronic SBH E Biz News? More than 15,000 business owners do receive it. It’s complimentary. Ad space available too. Call Janayhe at 396-1724.

SBH wants you as an SBH Member. Is your business a member of SBH? No? Lots of benefits. Strong networking organization. Call **SBH** today (808-396-1724) or go online: **www.smartbusinesshawaii.com**.

Outrigger Hotels Honored

Travelers have spoken. Outrigger Hotels and Resorts is proud to announce that three of its properties have earned a spot in Holidays with Kids’ 2013 Top 10 Resort Awards. Outrigger Laguna Phuket Beach Resort was voted “Best Family Resort” in Thailand; Outrigger on the Lagoon - Fiji cracked the Top 10 Family Resorts in Fiji; and the Outrigger-managed Embassy Suites-Waikiki Beach Walk also was voted one of the Top 10 Family Resorts in the United States by Holidays with Kids, a leading Australian travel and lifestyle magazine.



Meet Susan Amine

SBH welcomes **Susan Amine** (left) of Hawaii Kai on board as the organization’s new office manager. She replaces **Janayhe Self** (right) who was briefly onboard with SBH since August. Susan will be handling all office functions and can be reached at the SBH office by calling 396-1724 or through email at **sbhoffice manager@gmail.com**.

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Small Business Hawaii (SBH), was founded in 1975, by Lex Brodie. SBH is a private, independent, non-profit [501 (c) (6)] statewide association of nearly 2,000 business members. Copyright 2013 © Smart Business Hawaii.

“Crazy” Lawsuit Involves Rail, Unions and Political Appointee

By Malia Zimmerman
HawaiiReporter.com

Hit men, Yakuza, Hells Angels, the Chinese crime syndicate and Hawaii politicians—these may sound like characters coming together in a bad episode of *Hawaii Five-0*, but they’re actually mentioned in myriad allegations listed in a new lawsuit against 67 **Local 3** labor leaders, including several from Hawaii.

According to the lawsuit, filed on Oct. 27 by the law firm **Moore & Leviant, LLP**, based in Woodland Hills, California, one of the defendants is prominent Maui labor leader and former Hawaiian Homelands Commissioner **Perry Artates**.

In an unrelated criminal case, **Perry Artates** and his wife **Ronnette Artates** may be sentenced to as much as five years in prison on federal charges when they go to U.S. District Court on Nov. 13, after the couple each pled guilty to one count of conspiracy related to a mortgage fraud case, carrying maximum penalties of five years imprisonment and \$250,000 fine.

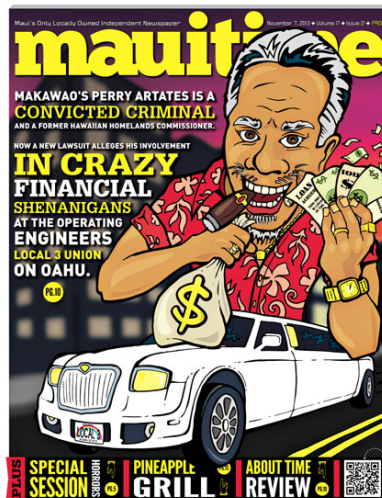
After learning of Perry Artates’ federal fraud conviction through a Hawaii Reporter media inquiry, on Aug. 23 **Gov. Neil Abercrombie** asked him on to resign as a Hawaiian Homelands Commissioner, a position he held since 2007 to oversee the management of state land set aside for native Hawaiians.

Artates also lost his position as the executive director of the **Hawaii Operating Engineers Stabilization Fund**, an organization under Local 3 that lobbies for union-backed legislation related to construction and development and raises money for Democratic candidates who support their agenda.

Gov. Neil Abercrombie asked Perry Artates to resign as Hawaiian Homelands Commissioner after learning of his federal conviction through a Hawaii Reporter inquiry.

The 111-page class action lawsuit naming as defendants Artates and more than 60 leaders of the **International Union of Operating Engineers**, and the **International Union of Operating Engineers Local 3**, claims Perry Artates “embezzled” fund monies and “used credit cards associated with the fund for personal reasons” taking a total of \$90,000 he wasn’t entitled to.

The lawsuit, which also names several other Hawaii-based labor leaders, said as an **Operating Engineer Credit Union** Trustee, Artates and other trustees failed to account for millions of dollars allegedly “loaned” to Local 3



This story appeared as the front cover feature of the Maui Time Weekly.

operations that are now “missing,” including \$4 million from Hawaii.

The Operating Engineers Credit Union is one of the nation’s largest labor union credit unions, with 22 branches across Hawaii, California, Nevada and Utah and \$777.84 million in assets.

“The Defendants named in their capacities as Board members of the Operating Engineer Federal Credit Union or the Operating Engineer Credit Union itself, have participated in unlawful transactions related to Local 3-associated entities, including transactions related to the **Hawaii Industry Stabilization Fund**,” the lawsuit said.

The Hawaii Operating Engineers Industry Stabilization Fund advocated for the Honolulu rail project and launched a series of advertisements during the 2012 election in support of the city’s 20-mile \$5.2 billion project.

The fund also made campaign contributions to several prominent Democrat politicians in the 2012 election period, including Senate President **Donna Mercado Kim**, Senate Majority Leader **Brickwood Galuteria**, then House Speaker **Calvin Say** and House Majority Leader **John Mizuno**. The largest contributions went to Hawaii Island Mayor **Billy Kenoi** and Oahu Mayor **Kirk Caldwell**. Maui Mayor **Alan Arakawa** and Rep. **Richard Fale**, both Republicans, also received contributions.

A spokesman for Local 3 maintained leadership has made “accountability and transparency” a priority, and has published and made available quarterly financial statements and semi-annual reports of the union’s health and welfare funds.

“The Local 3 administration has nothing to hide,” Local 3 spokesman **Mark Kyle** said.

The campaign of Honolulu Mayor Kirk Caldwell received among the largest contributions from the Operating Engineers Hawaii Industry Stabilization Fund. Caldwell ran for mayor in 2012 largely on his support for the Honolulu rail project, which the Operating Engineers campaigned for.

Filed by five plaintiffs—**David Slack, John Jarboe, Ken Bettis, Kenny Mendoza** and Hawaii resident **Clyde Eli**—the federal lawsuit makes several wild and even bizarre allegations.

Under a section in the lawsuit entitled “Local 3’s Leadership Has Solicited Murders to Silence Opposition Voices Within Local 3’s Membership,” the plaintiffs claim that in 2007, Business Manager and International Vice President **Russ Burns** “solicited the murder of a dissident Hawaiian Local 3 union member when he vocalized opposition to the union leadership.”

“Burns approached a fellow Local 3 union leader, **Mr. Mahoe**, to commit the murder of the dissident union member on the island of Oahu in Hawaii,” the lawsuit said. “Mr. Mahoe, an officer at the time, refused to murder his fellow union member and fellow native Hawaiian. Despite his efforts, Burns was unable to find another loyal union leader he trusted to murder the dissident member in order to silence him.”

According to State Campaign Spending Commission records, Burns is a key figure who distributes money to Hawaii’s pro-development politicians to fund their campaigns, including House Speaker **Joe Souki**, then Lt. Gov. **Brian Schatz** and Maui Senator **J. Kalani English**.

Burns is also accused of lavishly spending union funds on himself including trips to Hawaii.

The lawsuit also includes a reference to motorcycle gang, Hell’s Angels, and said a union member was told by a district representative and fellow union members that members of Hells Angels, were going to kill him.

The union also has business dealings with international crime syndicates including the **Yakuza** and the **Triads** (Japanese and Chinese crime syndicates, respectively), which includes transactions with companies that Local 3 officers know to be Triad-controlled or Yakuza-controlled, the lawsuit said.

“Local 3 allows contractors operated by front organizations for the Yakuza and Triads to operate double-breasted,” the lawsuit said. “The International Union of Operating Engineers has sent representatives to the

Continued on page 4.

State Tax Department Under Scrutiny For Waste, Mismanagement

By **Malia Zimmerman**, HawaiiReporter.com

Internal Revenue Service, eat your heart out. **Hawaii** now has its own tax department scandal.

Senate President Donna Mercado Kim said the Senate's investigation into the **Hawaii Department of Taxation** focuses on mismanagement and waste.

After testimony from the state legislative auditor, tax officials and IT professionals Wednesday, lawmakers on the **Senate Ways and Means Committee** learned:

Twenty-five people in the state Department of Taxation were put on leave in December 2011 for unauthorized access to tax records. None were criminally charged. A deputy director for the Hawaii tax department, **Josh Wisch**, didn't disclose details to the Senate, but **Hawaii Reporter** has learned that some of those employees were allowed to return to work. Hawaii Reporter has requested more detailed information on the results of the internal investigation from Wisch.

The Department of Taxation has paid **CGI Group** more than \$87 million over 12 years to modernize the state's tax collection system, but the system continues to crash frequently and has been plagued with problems. A technology expert testified that a big part of the problem is the state purchased 50-year old software that was developed in 1960. The state is spending at least \$32 million more to upgrade the system, and that figure could reach as high as \$50 million. CGI is the same company running the troubled **Hawaii Health Connector**, the \$53 million "Obamacare" web site that has been dysfunctional since its launch.

In another case, **Symago Hawaii**, a company providing phone record management services under a \$50,000 per year no-bid contract to the tax department, used a tax department employee as its registered agent in Hawaii and the tax department address as its official business address without permission for seven years. No one

in the tax department noticed until this year.

Tax department employees testified there is dysfunctional management in the department, because it is run, in part, by politicians with no technology experience.

Another manager said **Robert Su**, CIO of the tax department and program manager for the tax modernization program, is getting shut out of management meetings because he would not sign off on contracts.

Infighting between the state's IT department and tax department because of the tax department's attempt to micromanage and disregard plans in place for modernizing the system is also halting progress on its modernization program, according to state Deputy Chief Information Officer **Randy Baldemor**.

^6. The state was told the Hawaii Information Consortium or HIC would not charge the state to process online tax forms through an e-filing system, Kim said, but the company received 25 cents for each online tax form processed. The company made \$98,000 from February to June of this year. More recent figures have not been reported. The company also received another \$462,000 directly from the users.

In an interview after the hearing, Kim said what she heard from state officials was "scary" and "frightening," in part because of the huge price tag for taxpayers.

"The price tag is big. The price tag is serious for these systems. These issues brought up in the hearing today are so huge that unless we pay attention and unless we hold the tax department officials accountable, things will continue to get worse," Kim said.

"The concern is there is this underlying lack of accountability in that there are all these issues because someone is not holding the department accountable to their rules, and the department has gotten very lax. Administrators come in and override some of the concerns of the people there," Kim said.

Local 3 Lawsuit

Continued from page 3.

islands to forge relationships with the Triad leaders."

Kyle of the Operating Engineers Local 3 called the accusations "baseless, libelous, ludicrous and fictitious," and completely without merit, and maintained the claims in the lawsuit will easily be disproven in a court.

The Operating Engineers Hawaii Stabilization Fund launched a campaign in 2012 to promote the city's planned \$5.2 billion rail project

The lawsuit claimed Local 3 union officials used **Gregory Scher**, a District 17 union member in Hawaii, to intimidate cooperating witnesses and class representatives into abandoning their efforts to expose union corruption within Local 3 and the IUOE.

Scher recently pleaded guilty and will be sentenced on December 2 on a single federal charge for falsifying information on a passport application, on which he said the mother of his toddler abandoned them and could not be reached to give permission to take his daughter out of the country.

Scher, a 44-year member of Local 3 who is now working on the Honolulu rail project, said he has never seen such ridiculous accusations in his life.

"I am a 66 year old fat guy with serious health issues," Scher said in an interview, adding "I never heard of three of the people I am accused of intimidating."

Scher, who maintained the lawsuit is "totally libelous and slanderous," said "If I was not named in the lawsuit, I would say it is the most laughable bunch of shit that I have ever read."

The plaintiffs are seeking legal fees and compensation, but maintain they filed the lawsuit in part to ensure they have a union "not run by dishonest embezzlers, extortionists and criminals who victimize their members through theft, threats, assaults and misuse of union assets in gross violation of the high fiduciary standards."

Local 3 spokesman Kyle said the accusers are a group of disgruntled, politically motivated, former staff and members of the union, who have no concern for fellow members, and he maintained the lawsuit is nothing more than a "smear campaign aimed to propel the accusers into positions of power."

"We are fully prepared to litigate this case and expose the lawsuit for what it really is—a cowardly and under-handed attempt to seize power," he added.

Calls to the Moore & Leviant in California and a request to interview the Hawaii plaintiff went unreturned.

Perry Artates and his lawyer refused to comment on either the fraud conviction against him or the allegations contained in the civil lawsuit.

Malia Zimmerman is the editor of HawaiiReporter.com. This story was originally published as the cover story in Maui Time Weekly.

Share Loss of TAT Could Spell Tax Hike

By **Lowell Kalapa**, President, Tax Foundation of Hawaii

Some legislative leaders have been taking a dog and pony show on the road to try and convince county officials to give up their revenue sharing of the transient accommodations tax (TAT) collections in return for the authorization to impose a county rate under the general excise tax.



While the idea of being able to raise their own money from a county general excise tax might be appealing, many county leaders apparently don't want to raise additional taxes on their constituents, especially when the "fishbowl" is much smaller where there are only seven or nine members on the county council. This was no more evident than the recent situation where the Honolulu City council had to vote on redistributing the grant-in-aid monies, taking a little bit from those nonprofit organizations that had been judged deserving of their request and giving the "saved" monies to eleven other agencies who did not make the cut.

While one of the council members gave a decided "no" vote to the idea, six of the remaining council members squirmed a bit by voting yes "with reservations" indicating that they really didn't want to be seen as completely supporting the move.

If council members could not take the heat on voting on the redistribution of grant-in-aid dollars, imagine what pressure would come to bear should the question of raising the general excise tax rate be put on the table. That's why the legislative proposal to take back the TAT revenues from the counties and instead allow the counties to raise their own revenues by hiking the general excise tax rate met with such a cool reception.

The issue of state support for the counties has been a continual thorn in the side of the state legislature, dating back to the early years of statehood and in some form even during the territorial days. However, the first formalized grant-in-aid program for the counties came about in 1965 when the state took over the responsibilities for education and hospitals from the counties. Since the state legislature also set the tax policy for the real property tax, part of how much money the counties could raise from the real property tax was controlled by the state.

Recognizing how much the counties needed to raise from the property tax, the state grant-in-aid program measured how much effort each county made to raise the needed revenues. This determined how much was given to each county. This program became known as the Act 155 grants.

However, in 1972 Congress adopted a program that was designed to financially help local governments and established what was known as the Federal Revenue Sharing Program. While assistance was primarily aimed at local or county governments, the federal program also provided some financial aid to the state with the provision that the states could not reduce their grants-in-aid to local governments. It seemed like a logical way to assure local government leaders that their support from their respective state governments would not be reduced or eliminated just because they were to get support from the federal government.

Well, don't think local state lawmakers couldn't figure this one out. While the federal program specified that state government couldn't

reduce their support to local government, it also did not specify that state government had to increase their support. Thus, in the years following the state's participation in the Federal Revenue Sharing Program, grants-in-aid to the counties under the Act 155 program were frozen at \$19 million. And when the Federal Revenue Sharing Program came to an end in the mid-1980's, so did the Act 155 grants. It was not until 1989 when the state sat on more than a half billion-dollar surplus which was the product of the newly adopted TAT and made changes to the income tax base in 1986 did the counties' cries for state assistance get any attention. During that session, lawmakers handed out a total of \$100 million to the counties.

Eventually when a site for the state convention center was selected and agreement was reached on how much of the TAT collections should be spent on visitor promotion did the counties get an allocation of TAT dollars. The allocation was set at 44.8% of total TAT collections which allowed the number of dollars each county received to grow as the overall collections grew.

That sharing of the growth in collections came to an end this past year when the legislature capped the total number of dollars to be shared with the counties at \$93 million. Now it seems the state legislature would like to get its hands on that pot of money while throwing the counties into the fire by allowing the counties to raise the general excise tax rate to replace those funds. In the end there is only one loser - the taxpayer.

Hawaii Residents Least Politically Engaged —Till Now?



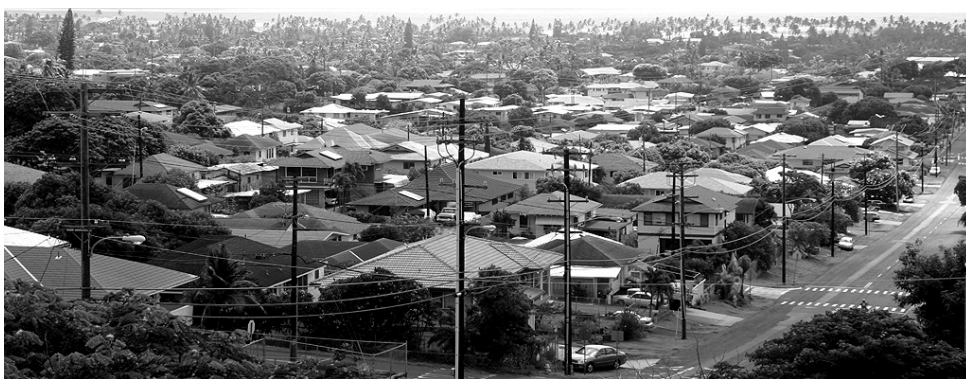
NerdWallet released a study comparing civic engagement in each state. The study sought to determine which states have the most politically engaged voters.

Hawaii came in last - as the least politically engaged state. Only 58.9 of citizens are registered to vote. Only 51.6 percent of citizens voted in the 2012 elections.

However, some Hawaii lawmakers believe this may change in the 2014 election, depending on the sustainability of the momentum from the same sex marriage debate, which continues to rage at the Hawaii state capitol.

There were more than 1,032 people who testified in person before the Hawaii State House Finance and Judiciary Committee, with 895 in opposition and 137 in support. In the Senate, more than 400 people testified in person.

Continued on page 6.



Hawaii Housing Most Expensive

The Coldwell Banker Home Listing Report, ranking approximately 2,000 markets across the country based on the average listing price of four-bedroom, two-bathroom homes, including was released this month.

Overall, Hawaii ranked as the most expensive state in the country, with an average home price of \$722,964.

This year's report identified 20 markets where a four-bedroom, two-bathroom home costs more than \$1 million, whereas in eight markets a similar home lists for less than \$100,000.

The average listing price of a four-bedroom, two-bathroom home in the survey of more than 1,900 markets and 52,000 listings was \$301,414.

California holds 13 of the top 25 spots for the most expensive markets in the U.S. In contrast, 60 percent (15) of the 25 most affordable markets are in the Midwest.

Shidler College of Business Awards Scholarships

The Shidler College of Business at the University of Hawaii at Manoa has awarded over \$1 million in scholarships to more than 200 business students for the 2013-2014 academic year.

The College's annual Scholarship Luncheon, held on November 4, 2013, recognized donors for their commitment to education, and gave the donors and scholarship recipients an opportunity to connect.

This year's scholarship luncheon featured guest speaker Eddie Flores Jr., president of the L&L restaurant chain. Flores said he was amazed to see so many recipients of his scholarship. In 2007, Flores established a \$1 million endowed scholarship at the Shidler College of Business. This year alone, Flores' scholarship helped 52 students from the Shidler Freshman Direct Admit Program.

Each academic year, full and partial scholarships are awarded to undergraduate and graduate business students based on academic achievement, financial need, specific area of concentration, community service and/or other criteria established by the donors. For a full list of the 2013-2014 scholarship recipients visit: <http://shidler.hawaii.edu/scholarshipluncheon/recipients>.

What's With Kaiser High's John Sosa?

Kaiser High School's award winning Principal, **John Sosa** has been under an investigative cloud since at least September 21. The cause of the investigation by the state Department of Education (DOE) is undisclosed. A lot of disruption in East Oahu schools has resulted. As a result, State Senators **Laura Thielen** and **Sam Slom**, sent a letter to DOE Superintendent **Kathryn Matayoshi** and discussed the matter at the Hawaii Kai Neighborhood Board last month.

The intent was not to interfere or influence any investigation but to help stop rumors if possible and reassure the community by a prompt and more transparent investigation.

Sosa, honored by SBH as "Educator of the Year," September 20, and winner of national awards last month, was put on leave. His position at Kaiser was temporarily filled by **Justin Mew** of Niu Valley, last Year's SBH awardee. Mew's position was filled temporarily by **Brendan Burns** of Aina Haina Elementary. This multiple move has been hard on teachers, pupils, parents and the community. Hopefully, something will be known soon.

Continued from page 5.

Many said they had never voted before, but would do so now that they had experienced the legislative process firsthand.

Thousands more submitted written testimony for and against the bill and have rallied at the capitol since October 28, when the bill received its first reading by state Senators on the Judiciary and Labor Committee.

The largest rally was October 28, when groups promoting a public vote on the issue came together for a 5-hour rally that attracted more than 12,000 people on three islands. Hundreds of people stood outside House chambers on Wednesday, November 6, from about 10 a.m. through out the day, chanting "Let us vote!"

They wanted House members who were about to vote on Senate Bill 1 to legalize gay marriage, to instead pass a bill that would allow them to vote on the issue in the next election. Those in favor of legalizing gay marriage had a smaller presence at the capitol.

After several hours of debate, lawmakers passed the bill to legalize gay marriage on second reading by a vote of 30 to 18 with three lawmakers excused.

Senate Judiciary and Labor Chair Clayton Hee, who introduced Senate Bill 1, and passed it out of his committee without amendments on October 28, by a vote of 5-2, has so far been unwilling to provide broader exemptions.

On November 5, Gov. Neil Abercrombie and State Attorney General David Louie said the amendments outlined in House Draft 1 strike a balance between the bill that was introduced by the Legislature and concerns raised in written and oral testimony during public hearings.

"We support the principle that any measure on marriage equity must protect religious freedom, which the Legislature has clearly worked to achieve," Abercrombie and Louie said in a statement. "The bill as amended is legally sound and is in accord with the Hawaii State Constitution. We urge the Legislature to pass this bill, which will provide marriage equity and fully recognize religious beliefs in that context."

As published in **HawaiiReporter.com**



SBH SUNRISE

Thursday, November 21, 2013 • 7:00 – 8:30 a.m.
Pineapple Room, Ala Moana • Breakfast / Free Parking

Erin Chisholm and David Morihara
“What is Your Company Worth in Today’s Market?”

Reservations made in order received at SBH. No tickets mailed – pick up at registration desk Nov. 21. Your guests welcomed at member price. Refunds until November 19.
Advanced Paid Reservations Required by November 20, 2013.

Complete Breakfast Buffet and Free Parking (Ala Moana 4th floor) included

Name _____

Firm Name _____ Phone _____

Address _____ City/Zip _____

My Guest(s) _____

(Firm) _____

Enclosed is my check for* \$ _____, for _____ (number) people @ \$25 per member and their guest(s) who pay in advance.*

Print, clip and mail with a check to “SBH Sunrise” to:
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6600 Kalanianaʻole Hwy. #212
Honolulu, HI 96825

*The charge is \$35 for non-members, and at the door, provided space is available.

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Attached is my check for \$ _____ (regular annual membership dues are \$200; \$350 for 2 years • \$75 annually for Young Professional & Retired member). Annual membership dues may be tax deductible to your organization under IRS Code Section 501(c) (6). Please check with your tax advisor. Billing is annual on the anniversary of my last payment. I am applying for membership and understand SBH does not sign up anyone for medical or benefits only; I agree to actively support the goals of SBH and actively participate in SBH activities. I certify that all information on this form is current and accurate.

PLEASE TYPE OR PRINT • Hawaii GET# (required except for “friend of SBH”) _____

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Membership Category: Regular Member **Young Professional** Retired member Friend of SBH

I Do DO NOT wish to be listed in the SBH Referral Directory. Category: _____

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IF YOU MEAN BUSINESS... PLEASE JOIN SMART BUSINESS HAWAII



Surfer Bethany Hamilton catching a wave.

Bethany Hamilton Continues to Shine.

Island Sole and Cobian invite local fans, shoppers and the public to meet pro surfer **Bethany Hamilton** at the Hawaii debut of the *Bethany Hamilton Limited Edition Signature Sandals* by Cobian on Nov. 18 at Island Sole Ala Moana.

Hamilton, who is a role model and source of inspiration to fans all around the world, will share a sneak preview of the sandal with fans and autograph posters at the store from 5 to 6 p.m. Fans will also have a chance to pre-order the Bethany Hamilton Limited Edition Signature Sandals at the store. During the event, any purchase of a Cobian product, including pre-orders, will include a free DVD of "Heart of a Soul Surfer: The Bethany Hamilton Story."

Egan's Training Center

The popular Honolulu personal training center known as Egan's Training Center celebrates their Grand Re-Opening on November 16. Seminars will be taught by **Egan Inoue** and **Alex O'Loughlin** aka Steve McGarrett on the CBS TV show, *Hawaii Five-0*. The seminar is scheduled for November 16.

Egan Inoue's Training Center has grown and the Honolulu personal training center has moved to a new 3,000 sq. ft. facility located at 2700 King Street, Bldg. A, Honolulu, HI 96822. Egan's Training Center is hosting a Grand Re-Opening Party on November 16th from 9:00 am until 1:00 pm and two Women's Self-Defense Seminars on Sunday, November 17th.

For more information and registration go online and visit:

www.eganstrainingcenter.com

Pharmaceutical Manufacturer to Pay State

Report From The Hawaii Attorney General Office

Attorney General David M. Louie announced that Hawaii will recover \$1,455,919.22 from drug giant Johnson & Johnson and its Janssen Pharmaceuticals, Inc. subsidiary for illegal promotion of two of its best selling antipsychotic medicines.

From 1999 through 2005 the pharmaceutical manufacturer boosted its sales of Risperdal by marketing the drug for uses not approved by the Federal Food and Drug Administration (FDA) and by paying money to providers to prescribe Risperdal instead of equally effective drugs produced by its competitors. Johnson & Johnson then altered its Risperdal formula and pushed its new brand, called Invega, in juvenile and senior populations despite FDA guidelines that cautioned against use by individuals in those age groups.

Hawaii's recovery was part of a larger settlement involving other states and the Federal Government that garnered \$1.2 billion in restitution and penalties. In addition to the monetary sanctions, Janssen Pharmaceuticals will enter a guilty plea in Federal Court to misbranding for its illegal marketing of the drugs.

The total amount of the recovery for Hawaii is \$2,891,752.87. The Federal Government shares in the recovery because it pays for the majority of Hawaii's Medicaid program. Therefore, after the Federal Government is paid, Hawaii's share will be \$1,455,919.22.

Attorney General Louie stated that "the State Medicaid Program is an honor system. We will prosecute these important cases, recover our losses, and send a message that sanctions will follow when companies try to violate the rules." The case was filed in Federal Court in Pennsylvania, and Hawaii's Department of the Attorney General, Criminal Justice Division, Medicaid Fraud Control Unit worked with the Federal Government and other participating states to prosecute the case. The case was originally brought by a whistle blower who will also share in the recovery. The case was filed under the Federal and State False Claims Acts which encourage lawsuits by civilians who identify fraud and secretly report it to the government.

Hawaii's Medicaid Fraud Control Unit worked with the Hawaii State Legislature to amend the Hawaii False Claims Act, which enabled the State to keep an additional 10% of the recovery that would ordinarily be paid back to the Federal Government. The Legislature approved the amendment during the 2012 session and the extra 10% the State is now permitted to keep is expected to bring more revenue to the State in future False Claims Act cases.

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