



**SBH FOUNDATION AWARDEES:** Bob Sigall, Author of *The Companies We Keep*; Jed Gaines, *Read Aloud America*; Dale Evans, *Charley's Taxi*; Bobbie & Cliff Slater, *HonoluluTraffic.com*; Peter Kim, *Yummy Korean BBQ*; Michael Palcic, *MGP Consulting*; Justin Mew, Principal - *Niu Valley Middle School*; Andrew Pereira, *KITV 4 News*; and Bill Comerford, *O'Tooles* were at the 5th Annual SBH Foundation Awards Banquet held on September 21. More photos on page 7.

## Sierra-lyn Rodrigues Tops SBH Foundation Medal of Honor Essay Contest

The First Place winner in the Small Business Hawaii Entrepreneurial Education Foundation Congressional Medal of Honor Hawaii high school essay contest announced on October 1, is **Sierra-lyn Rodrigues**, a student at Kaahumanu Hou Christian School on Maui. Ms. Rodrigues' teacher is Ms. **Anita Dunn**.

There were more than two-dozen entries from students statewide. Judges were from the Oahu Veterans Center, in conjunction with the Navy League, Civil Air Patrol Cadets, Winners Camp Academy Hawaii, DAV and Hawaii Youth Challenge.

The SBH Essay Contest was part of the historic Medal of Honor Convention, which was held in Honolulu, October 1 – 6. A total of 53 of 85 living Congressional Medal of Honor

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## SBH MEMBER CALENDAR

PHONE 396-1724 • FAX: 396-1726

Tuesday, October 23  
**SBH Foundation Meeting**  
SBH Office • 9:00 am

Thursday, October 25  
**SBH Sunrise Networking Breakfast**  
**Dr. Panos Prevedouros**  
FAST— Traffic Alternative Plan  
Pineapple Room  
Macy's Ala Moana • 7 – 8:30 am

Wednesday, January 9, 2013  
**36th Smart Business Hawaii**  
**Business & Investment Conference**  
Ala Moana Hotel • 8am – 2pm

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HAWAII

## Panos Prevedouros Will Speak on FAST Transit Proposal



Dr. **Panos Prevedouros**, UH Engineering Professor, internationally known transportation expert, former Mayoral candidate and now advisor to **Ben Cayetano** for Mayor, will be the next special guest speaker at the SBH Sunrise Networking Breakfast, **Thursday, October 25**, in the Pineapple Room, Macy's Ala Moana (3rd Floor), from 7 – 8:30 am. Panos will discuss the

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**SBH Foundation Awards Banquet Wrap-Up • Page 7**



# Smart Business Views

By Sam Slom, President – Smart Business Hawaii

With less than a month before the critical 2012 election, it is imperative that

Hawaii's businesses get involved, learn the issues and vote! Business is under attack by the federal administration and here in Hawaii, if the same lopsided majority prevails, there will be more taxes, mandates and regulations to come. This is not a scare tactic; this is fact. You do have a choice this year; exercise it.

Hawaii's unemployment rate has improved, the visitor industry continues to crank out record results, but the overall health of the economy continues to be well below par. Retailing is down, manufacturing non-existent and construction workers still on the bench. The 800-pound gorilla is still the massive state unfunded liability, costly government projects like the \$9.03 billion Honolulu rail, and calls by the Tax Review Commission and others to raise our taxes even further.

**Medal of Honor Convention.** 53 living Medal of Honor recipients were in Honolulu as part of the 2012 Medal of Honor Convention, October 1–6. The SBH Foundation sponsored a high school essay contest and several SBH members were involved in the planning of this wonderful event.

**Vendors Finally Paid.** A number of small business vendors, including several SBH members, were delayed payment by the University of Hawaii's new UH West Oahu Campus. Fortunately, all have since received payment from the financially troubled new UH campus.

**What's Up With UH?** There are troubling problems associated with UH finances and management. Following a failed Stevie Wonder benefit concert (never authorized by Wonder) a two-day, 14 hour hearing launched by the State Senate Special Investigating Committee, turned up more questions than answers about who is really running our state university and who is watching out for taxpayer money. There are too many outside lawyers, accountants and PR people, as well as sky high internal duplicative salaries, political pressure and special benefits. Look for major changes at Manoa.

**Rail Suit.** At press time, still no ruling by federal judge **A. Wallace Teshima** on the lawsuit filed in May, 2011, and heard August 21, 2012 by 8 plaintiffs seeking a halt to the bloated project. The SBH Foundation is one of the plaintiffs. The State Supreme Court ruled

5-0 that Mayor **Peter Carlisle** and the City & County were in violation of Hawaiian burial rights and stopped construction for now.

**Chang "Progressive."** A new national website honored Democrat Councilmember **Stanley Chang** (District 4) as one of 11 top young, "pro growth progressives." The website is new deal. How can you be a *pro-growth progressive*, unless you count only government projects like the rail and TODs? I thought "progressives" are anti-business, certainly anti-free enterprise, and anti-profits?

**Repeal Act 55.** The Legislature needs to repeal **Act 55** which created the PLDC, a government-centric process to exclude the public from zoning and development changes.

**Bags Fly Free.** Southwest Airlines appears to be one wing tip closer to adding Hawaii to its Mainland service. Many people look to the airline to provide more fare competition and to have their bags fly free.

**HEMIC Leader.** The new CEO of HEMIC is **Martin J. Welch**.

**LaSalle Awarded Management of Towne Center.** Jones Lang LaSalle has been awarded the leasing and management of Hawaii Kai Towne Center, a 480,000 square-foot mixed-use (which includes the SBH office). Jones Lang LaSalle's retail portfolio in Hawaii also includes Windward Mall and Kapalama Center on O'ahu, Queen Ka'ahumanu Center on Maui and the Kings' Shops on Hawai'i Island.

**Dead Man Walking – Work Comp.** The recent TV news revelations that two current instances of workers' compensation fraud involved dead men is not really news. Their benefits were fraudulently claimed by relatives—in one case for more than 20 years. SBH has been complaining about fraud at the Capitol for more than three decades. Unions always fight reform proposals.

**Tam on the Radio.** Former State Senator and City Councilmember, **Rod Tam**, known for his "naps and snacks," among other things, has a new consulting business and does a weekly (Sunday, 11:15 am) radio show on 1080 am

**Panos at Sunrise.** Come hear Dr. **Panos Prevedouros** speak at the next SBH Sunrise Networking Breakfast, Thursday, October 25, 7-8:30 am at the Pineapple Room, Macy's, Ala Moana Center. Panos will discuss the FAST Transportation Alternative to the rail. Call Darlyn (396-1724) or go online for reservations.

It's October. Get ready for the holidays!

## Panos Prevedouros to Speak at SBH Sunrise Oct. 25

Continued from Page 1.

new FAST Transportation Alternative program to the \$9.03 billion Honolulu elevated rail.

Last month, former Congressman, City Councilmember and State Legislator, **Charles Djou**, a candidate for the 1st Congressional District, outlined the current American fiscal crisis and its impact on Hawaii.

The public is welcome to the SBH Networking Sunrise.

Advance reservations are required and are first come, first serve. SBH members and their guests pay \$25 (in advance) for networking, the program, a complete buffet breakfast and free parking.

Participants are all introduced and may bring promotional materials. The cost is \$35 at the door if space is available.

Call Darlyn at SBH 396-1724 for reservations or mail the reservations form on page 11. You can also register on line: <http://smartbusinesshawaii.com/index.php/events/rsvp>

## SMALL BUSINESS NEWS

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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.

SBH is dedicated to improving Hawaii's business climate, creating a better Hawaii through private, competitive enterprise, and promoting, educating, and effectively representing small business, while advocating tax reduction, lower business costs and job creation incentives to diversify Hawaii's economy.

SBH invites comment small business issues in Hawaii. Send them to Small Business Hawaii by the 10th of the month for the next issue. SBH accepts advertising only from SBH member firms. Call SBH for details on advertising.

# University of Hawaii Officials Confront “Wonder Blunder” Issues

By **Jim Dooley**, HawaiiReporter.com

Hawaii state senators investigating the failed University of Hawaii’s Stevie Wonder benefit concert repeatedly questioned why UH officials and attorneys have withheld information from the public.

In an exchange that at times grew heated, senators asked the University’s attorney, Jeffrey Harris, about why sections of a university report on the failed concert were removed before the document was made public.

Harris repeatedly told the committee information was removed as a “precaution” against possible invasions of privacy and to avoid interference with an FBI investigation into the now cancelled fundraising event.

Over and over again, Sen. Les Ihara, D-Kapahulu, asked Harris to elaborate on his assertion that privacy interests were protected when the names of individuals and companies involved in the concert promotion, including Stevie Wonder, were stricken from the public version of a “fact-finders” report.

Harris declined to elaborate. He challenged the committee members, led by Senate Vice President Donna Mercado Kim, D-Kalihi, to release the full version of the report, which they received from Harris, if they think its contents should be made public. “If you disagree with us about the redactions, release them,” Harris said. “Don’t argue with me about our redactions. We’re taking the precautions.”

Kim and Ihara said they are awaiting guidance from the state Office of Information Practices on the issue. OIP Director Cheryl Kakazu Park has been absent from her office since early last month and is scheduled to return October 8.

Committee members were also unhappy with Harris’s response to a request for a running tally of expenses of incurred by the University because of the cancelled concert.

A written response he sent to the committee listed only a \$25,000 contract, which his private law firm received from the University.

Kim gave Harris a listing of \$1.13 million in expenses, which the committee attributes to botched event.

Among those expenses are \$200,000 deposit paid to a Miami, Florida, entertainment promoter, Epic Talent LLC, which has never been recovered, and more than \$600,000 that will be paid to former UH Athletic Director Jim Donovan in a legal settlement reached after he was removed from his job and threatened



**University of Hawaii officials provided testimony in the fact finding Senate Investigative Committee on Accountability briefings at the State Capitol. Clockwise from top left: Arena Manager Rich Sheriff, U.H. President MRC Greenwood, former AD Jim Donovan and Chancellor Tom Apple.**

to sue over his removal.

Harris and University personnel, including Board of Regents vice chairman James H.Q. Lee, asserted that because Donovan will be paid that money in salary over three years for a new UH job he is now performing, the money should not be counted as a concert-related expense.

UH Manoa Chancellor Tom Apple maintained that money for Donovan’s new salary comes from two unfilled positions in his office that, if filled, would have cost the University \$40,000 more than Donovan is receiving.

In other developments, University personnel said they never reported the missing concert money to the Honolulu Police Department. Kim said HPD Chief Louis Kealoha told her “no report was made, they were never notified, there were never any discussions with the University.”

In comments sure to aggravate the police department, Lee said the regents “didn’t think the police department would be able to handle all of that.”

Ihara told Lee that his response “about why HPD, Honolulu Police Department, was not even informed of a crime, potential crime happening in Hawaii baffles me. I mean, you could have at least let them know.”

Apple told the committee the FBI was contacted because the matter appeared

to involve interstate activities that are the jurisdiction of the FBI.

Kim responded: “If I had \$200,000 stolen from me, I would have called the police, the CIA, the FBI, anybody so I could get my money back.” “I certainly would have called the local authorities being that Mr. Peyton is a local person,” Kim said.

Apple said he wasn’t sure why the police weren’t contacted, but he felt the “FBI do what they do best, better than anybody else.”

The FBI won’t comment on the status of its investigation.

The committee also heard from Rich Sheriff, UH Athletics arena manager, who worked with Peyton in trying to stage the Wonder concert.

Sheriff said he had had earlier dealings with Peyton, but the Wonder event was the first time they worked together on a show.

He said his “superiors” told him “they had checked out Mr. Peyton, I had seen his resume, so I knew he had done shows in Hawaii for 30 years.”

Asked by Sen. Sam Slom, R-Hawaii Kai, if those superiors knew that Peyton was in financial difficulties, Sheriff said, “All I was told was that they had checked out Peyton and that he had good reviews.”

**Continued on page 4.**

# Hawaii Pro Bowl Committee Formed

The Hawaii Tourism Authority (HTA), the state's tourism agency, in partnership with the National Football League (NFL), is pleased to announce the designation of a Pro Bowl Committee comprised of Hawaii business and community members. The Committee is chaired by Dr. **Edison Miyawaki**, a local business leader and limited partner of the Cincinnati Bengals. The goal of the Committee is to support the NFL's continued investment in Hawaii by providing unparalleled experiences for residents, visitors, players and their families, NFL representatives and team owners during Pro Bowl Week in 2013.

The 49-member Committee will play a key role in developing and implementing programs to increase Pro Bowl Week and Game Day attendance, generate broad media exposure, increase community engagement and support, raise military involvement, create business partnerships and opportunities, enhance player and family experiences, and develop inbound travel packages for domestic and international visitors. The Committee member list is attached.

"We are pleased to welcome the Pro Bowl back to Hawaii in 2013 and look forward to working with the Pro Bowl Committee to enhance overall resident and visitor experiences during the week," said Mike McCartney, president and CEO of the HTA.

The 2012 Pro Bowl attracted 48,423 attendees (18,873 of which were visitors), contributing \$25.3 million in visitor spending and \$2.8 million in tax revenues. Pro Bowl Week events generated an additional estimated \$4 million in local economic activity, while annual NFL charitable donations exceeded \$100,000 in 2012. The Pro Bowl broadcast also reached 12.5 million viewers nationwide.

Committee chair Dr. Miyawaki's experience with the NFL dates back to the 1970s when he established an NFL training camp for local athletes aspiring to play professional football. Dr. Miyawaki has played an instrumental role in securing the Pro Bowl in Hawaii.

The Hawaii Tourism Authority is a state agency established by law in 1998 to ensure a successful visitor industry and tourism economy in the state of Hawaii.

## Pro Bowl Committee Members

**Vince Baldemor, Bob Barlow, Rick Blagiardi, Scott Chan, Al Chee, Chris Chun, Bruce Coppa, Lee Donahue, Nola Donahue-Lewis, Jim Donovan, Rick Egged, John Fink, Raymond Fujino, Jim Fulton, Jerry Gibson, Kerry Hadaway, Bob Harrison, Percy Higashi, Peter Ho, Paulette Kaleikini, George Kam, Alvin Katahara, Victor Kimura, Chris Kobayashi, Duane Kurisu, Russell Lau, David Matlin, Mike McCartney, Lynn McCrory, Chuck Mills, Edison Miyawaki, Sam Moku, Randy Perreira, Mark Polivka, Carol Pregill, Michael Story, George Szigeti, Tony Takitani, Barry Taniguchi, Chris Tatum, David Uchiyama, Art Ushijima, Bill Villa, Ron Williams, Alan Wong, Roy Yamaguchi, Gary Yoshida, Hugh Yoshida and Sanford Yuen.**



The crowd on the hearing's first day.

## UH Investigation

Continued from page 3.

Peyton recently was discharged from a federal court personal bankruptcy case and his Kailua home is in foreclosures. Peyton was invited to appear at the October 2 hearing, but he is in Castle Medical Center undergoing treatment for serious medical problems. His doctor and lawyer said that since mid-August, Peyton has undergone numerous surgeries, including a leg amputation.

Asked by Kim if thought the concert promotion was "a scam," Sheriff said he has talked a lot with Peyton "and he feels like he was working with legitimate people." Whether Peyton was "scammed from the beginning, I can't say," Sheriff told the committee.

Sheriff had high praise for Donovan, but Apple told the committee he determined shortly after taking the chancellor's job in late June Donovan would need to be replaced.

"I did not feel that I wanted to go forward with Jim Donovan as Athletic Director," Apple said. After Donovan was removed, Apple received a letter signed by 43 of 44 athletic coaches that thanked him for his leadership, Apple said. "Coaches are happy that we have a change," he said.

Sen. Donna Mercado Kim said the committee would prepare a written public report and look forward to receiving additional documents from the University that Senators had requested but had not been provided in time for the hearing.

The original text:

<http://www.hawaiireporter.com/?p=104533>



Don't forget to **like** us on Facebook @ **Smart Business Hawaii**. We're also on Twitter @ **SBH808**.

## Medal of Honor Essay Contest continued from page 1.

awardees, the Nation's highest award for valor gathered in Honolulu during the convention. Details on the Medal of Honor and the just completed Honolulu convention can be found on the Medal of Honor website: [www.medalofhonorconvention2012.com](http://www.medalofhonorconvention2012.com).

The theme of the essay was: "What Are The Unique Characteristics of a Medal of Honor Recipient?" Winning essays will be published on the SBH Foundation website ([www.sbhfoundation.org](http://www.sbhfoundation.org)), the Oahu Veterans Center and on HawaiiReporter.com.

Other essay contest winners include:

- 2nd place: **Amanda Hutchinson**, Winners' Camp Academy;
- 3rd place: **Harley Broyles**, Waimea High School (Kauai);
- Honorable Mentions: **James Kei Palmer**, Kailua High School (Oahu) and **Mariah DeLong-Wright**, Kaahumanu Hou Christian School on Maui

Cash Prizes of \$1,000 was awarded for 1st place; \$500 for 2nd place, \$250 for 3rd place and \$100 each for Honorable Mention. The awards were presented by a Medal of Honor recipient at the Medal of Honor Banquet held at the Pacific Aviation Museum on Ford Island, Thursday October 4.

The SBH Foundation was one of the co-sponsors for the essay contest. SBH Foundation is a 501(c)(3) non-profit Hawaii corporation (IRS FEIN: 26-1210792) whose mission is "to promote and provide entrepreneurial information, training and education through publications, radio & television, public meetings, conferences, seminars and an interactive website in Hawaii; and to educate businesses about the effects of legislation, including taxes and regulations."

# Q&A: Successful Restaurateur Sam Choy

As published in **Hawaii Reporter**

We recently caught up with one of Hawaii's favorite chefs, **Sam Choy**, to see how his business is thriving and expanding and we asked him about what surprises he encountered when expanding his business to the mainland US:

**Q:** Sam, you recently launched the Pineapple Express food truck in Los Angeles, how is your business doing in California? Will you plan to go to other states?

**A:** Business is doing well! We've felt immediately welcomed by Los Angeles and everyone is loving the food. Yes, we are looking at opening trucks in other West Coast states and there is interest in Vegas as well – but everyone from Hawaii wants to go there! Pineapple Express has been great for opening new opportunities for me.

**Q:** You participated in the "Chopped: Grilling Masters" finale and the Los Angeles Food & Wine Festival - what were the highlights of these events?

**A:** With Chopped, it's really looking a food on a National level, and giving Chefs a chance to take risks, cook on your feet and experience something new. It helps to keep me motivated! With Los Angeles Food & Wine, it's always special to be able to showcase my Hawaiian Heritage Cuisine – this year I made Poke and Moco Loco and the crowds loved it!

**Q:** Besides your expansion to the mainland, how is your business growing in the islands? What lessons have you learned in Hawaii that you are taking elsewhere?

**A:** As a Chef, I feel like I am always learning from my surroundings. I feel that Hawaii has enforced an idea of being consistent with my food and driving home the importance of its "authenticity" – with food quality and flavor being the importance of the meal. I want every

person who eats my food to feel the Aloha Spirit and transported to the Islands.

**Q:** What are you doing differently in the Mainland vs. Hawaii either food wise or business wise? What made you want to expand?

**A:** Basically, it's a different crowd. More people are judgmental of the business model and the ability to pull it off.

I've always had and always will have an affinity for Hawaii, and the opportunity to bring that cooking style with me to major food events around the world is a blessing. With Pineapple Express, I was inspired by the Lunch Wagons which were hugely popular in my



youth, and speaks to the same "Food-Truck Culture" currently on the Mainland. I'll always remember going to Giovanni's and the North Shore Shrimp Trucks, and how that was a huge backbone in shaping Hawaiian cuisine.

**Q:** Is there anything surprising or interesting or humorous that you want to share with Hawaii readers about your business?

**A:** The humorous part of opening Pineapple Express is two-fold. First, people are surprised by the quality of food we are putting out – no one is expecting restaurant quality dishes. Second – the name. I've never seen the movie "Pineapple Express" but everyone looks at me, and makes jokes from the film. It's becoming a priority that I watch the movie!

**Q:** Do you have any advice for local entrepreneurs who may want to grow their business to the mainland?

**A:** Study the business part first and foremost. Don't be foolish and sign a deal. Make sure you know your partners and your common goals – what are the priorities? Is everything in place? The last thing you want is to find something out after the fact, and be stuck for twenty years. You always must keep in mind that you don't want to work for someone besides yourself.

## More on the Web

To keep up with Sam Choy's Pineapple Express and see where they are headed and opening next, visit their Twitter and Facebook pages: <https://twitter.com/SamChoysPX> • <https://www.facebook.com/pages/Sam-Choys-Pineapple-Express/25840364422239?ref=ts>

This article with direct links is at HawaiiReporter.com: <http://www.hawaiireporter.com/?p=106243>

## Become an SBH Member!

Is your business a member of SBH? No? Lots of benefits. Strong networking organization.

Interested? Fill in the member application form on page 11 or call Darlyn today at 808-396-1724. You can find out more about SBH by visiting our website for details on news, events and member benefits.

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# Hawaii Taxpayers Crushed by Debt

Hawaii taxpayers are suffering a crippling tax load due to the state debts, particularly the unfunded retiree health care and unfunded pension costs.

That is the assessment from **Bob Williams**, president of State Budget Solutions a non-partisan advocate for state budget reform, whose organization released a new study this week showing state government debt amounts to \$13,425 for every American and \$37,486 for every private sector worker in this country.

Hawaii is ranked in fourth in terms of heaviest debt loads per taxpayer, with Alaska, New Jersey, Connecticut and Illinois also in the top 5.

"Voters deserve to know how much debt their elected officials are saddling them with before they go to voting booth. \$13,425 per person is an unacceptable debt and immediate fiscal reform is desperately needed," Williams said.

The whopper: Hawaii taxpayers carry a burden more than twice the national average at \$29,062 each, compared with the US average of \$13,425 per taxpayer.

That means, to pay off the state debts, each Hawaii taxpayer would have to pay \$29,062.

When looking at private sector workers alone, Hawaii's private employers and employees have a much more substantial burden, more than twice the national average, and the highest in the nation.

Hawaii private sector workers owe \$83,815 each compared with the US average of \$37,486.

"Hawaii's state employee salaries and benefits levels are unsustainable and if taxes are continued to be raised more and more businesses will either leave the state or fail financially," Williams said.

Private sector workers are at increased risk as they are the ultimate tax base for reducing state debt, Williams said.

Bureau of Labor Statistics shows that after Hawaii, Alaska, New

Jersey, Connecticut, and New Mexico have the highest burden on private sector workers.

Nebraska again has the lowest total, with \$9,829 in debt for each private sector employee. Indiana, Tennessee, North Dakota, and South Dakota follow.

When calculating state debt as a percentage of private sector GSP, State Budget Solutions said Hawaii's debt stands at 79.21 percent of its entire private sector GSP, the highest percentage of the 50 states. New Jersey's debt is 59.69 percent of private sector GSP and Ohio, New Mexico, and Alaska make up the remaining top five.

Nebraska, Tennessee, Indiana, North Dakota, and Virginia have the lowest debts as a percentage of private GSP, the State Budget Solutions report said.

This report is an extension of the organization's third annual State Debt Report, released in August.

The report shows in total, state governments collectively have a whopping \$4.6 trillion in debt.

The analysis of debt per person looks at state debt per capita, per private sector employee, and the percentage of private sector gross state product (GSP).

According to Williams, in each of the three categories, Hawaii, New Jersey, and Alaska are among states with the five largest debt figures.

Nebraska has the lowest total debt per capita at just \$4,249 for each resident. Tennessee, Indiana, Florida, and Idaho round out the lowest five debt levels per capita.

"Americans are sadly desensitized to the trillions of dollars in debt our states are facing. This report brings the debt closer to home by demonstrating that a newborn arrives already more than \$13,000 in debt and that a family of four owes their state government \$53,700," said Williams. "It is the individuals and families who will ultimately bear this horrific financial burden if state governments do not get their budgets under control."

This story originally published in HawaiiReporter.com.

## Hawaii Retail Shows Growth, Office Vacancies Negative

The CBRE Hawaii MarketView reports significant data, important details, comparisons and developments in retail, office and industrial sectors in Hawaii during the third quarter of 2012:

Retail Highlights - "Retail Market enjoyed positive growth"

- Vacancy rate decreases to 5.4%
- Robust visitor industry drives growth

• Retail users are aggressive in the investment market

Office Highlights - "Office market will continue to encounter challenges"

- Honolulu office net absorption turns back to negative
- Financial services and Mortgage companies add jobs
- Elections and global economic questions cause uncertainty
- Industrial Highlights - "Industrial market remained stable"
- Strong visitor spending is an important driver of warehouse activity

• Tenants benefit from affordable lease rents and space availability

The complete set of CBRE MarketView Hawaii 3rd quarter reports are available online: <http://www.hawaiireporter.com/?p=106321>

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## SBH Foundation Awards Celebrates Successful Business

**SBH Business Awards.** On September 21, The Small Business Hawaii Entrepreneurial Education Foundation (SBH Foundation), in conjunction with Smart Business Hawaii presented its 2012 Smart Business awardees. At the 5th Annual Awards Banquet at the Waialae Country Club. More than 175 people attended the event. Congratulations to our 2012 SBH Lex Brodie Smart Business Persons of the Year — **Cliff & Bobbie Slater** – HonoluluTraffic.com and all our awardees.

A complete list of all the awardees appeared in last month's *Small Business News*. The list is also available online where color photos of the event can be viewed:

- <http://www.smartbusinesshawaii.com>
- <http://sbhfoundation.org/>

**SBH Awardees (From Top to Bottom, Left to Right) — SBH Business Person of the Year Cliff Slater and Andrew Pereira of KITV; Small Business Booster Dale Evans and her granddaughter; Michael Palcic of MGP Consulting with SBH Business Person of the Year Bobbie Slater (co-awardee with Cliff); Success all stars Bob Sigall author of "The Companies We Keep" books; Peter Kim of Yummy Korean BBQ and his wife Jennifer; and Bill Comerford of O'Toole's.**



**SBH President Sam Slom with Dale Evans and Jed Gaines, Read Aloud America - Business Educator of the Year.** Photos by Melvin Ah Ching.



**Cliff Slater and Ben Cayetano**



**Justin Mew, Educator of the Year**

### great quotations

"Sometimes when you innovate, you make mistakes. It is best to admit them quickly, and get on with improving your other innovations." — **Steve Jobs, Apple Inc.**

# Obama Documentary is Oscar Worthy

By **Michelle Van Hessen**

Born in Mumbai, India, **Dinesh D'Souza** is an author of over twelve New York Times bestselling books. He is President of The King's College; and a screenwriter and narrative voice for 2016: Obama's America. Gerald Molen the film's producer has three decades of blockbusters to his credit including *Jurassic Park*. He was a producer for the Academy Award winning film *Schindler's List* and co-producer for *Rain Man*, which won the Oscar for Best Picture. Along with John Sullivan, who co-wrote and co-directed, *2016: Obama's America* this artistic production team created a flawless Oscar worthy documentary.

For the audience, the opening establishes the undeniable credibility of Dinesh D'Souza as the narrative voice. Then the thesis, "If Obama wins a second term, where will we be in 2016?" is unveiled. The video photography takes the viewer on a journey through locations that include: Honolulu, Hawaii, Jakarta, Indonesia, Nairobi, Kenya and Mumbai, India; and the editing rhythmically creates a coherent, cohesive story.

Interviewees in the documentary include: Dr. Paul Vitz, Professor of Psychology at New York University; Dr. Alice Dewey, Professor Emeritus of Anthropology at UN Manoa; Dr. Paul Kengor, Professor of Political Science and the executive director of The Center for Vision & Values at Grove City College; Willy Kauai, Hawaiian Studies Lecturer at Windward Community College; George Obama the President Obama's brother "who lives in a hut in Kenya like something out of *Slumdog Millionaire*"; Philip Ochieng, a Kenyan contemporary of President Obama's father; Daniel Pipes, Commentary and Analysis on Radical Islam and the Middle East; and David Walker, who served as United States Comptroller General from 1998 to 2008, and is Founder and CEO of the Comeback America.

*2016: Obama's America* in an intelligible manner discusses the psychology of 'anti-colonial' ideals. The documentary proves to be a specific and highly focused, interesting, sometimes even challenging and surprising. Presented with a logical point of view on the subject the documentary identifies the specific causes and possible outcomes for our future.

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According to the website Box Office Mojo, *2016* has made nearly \$33 million. It is set for DVD release October 16 according to Amazon.com.

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## Mayhem Surrounding Honolulu Rail Project

By **Councilman Tom Berg**

The rail project gets sloppier by the day. The "pushers" of the Final Environmental Impact Statement (FEIS) are to blame for this mess- because it was rammed through and rushed without regard



for the fact that superior transit technology is available. Furthermore, the impact on historical sites and burials could have been avoided. And when it was rushed through, lawsuits sprouted up calling out the process as flawed.

This document is the smoking gun - click here to see it. What this is, is a list of State Legislators who demanded then Governor Linda Lingle ram the FEIS through and sign off on it - no matter how flawed it was. Please

take a moment to read the names in this document.

So when you think of the \$10 million a month being wasted right now to not build rail - the cost overruns, the delay claims, the State of Hawaii Supreme Court ruling, think of the signatories that signed this letter demanding Governor Lingle be reckless and that she support this rail project regardless of costs, lawsuits, and other financial ramifications that could arise.

There is a three-minute YouTube that captures one of the aftermaths — one example of the legislators' demand letter that favored skirting the law, and disrespecting *iwi kupuna* which now is costing us \$10 million a month due to rushing the FEIS through before it was fully vetted, debated, and examined by the public at-large.

Remember now, when the public got to vote on steel wheels on steel rails in 2008, the Draft EIS was released only days before the election . . . did you read it before you voted?

As always, I offer alternatives and solutions. Please watch this video to counter the lies from rail proponents that BRT is not an option. Video link: <http://youtu.be/VLyz0vjvOJE>

## Ultimate Fundraiser Takes The Headache Out of Fundraising

By **Chad Bergantz**

SBH members, do you need fundraising help? The Ultimate Fundraiser is your best fundraising option.

Let The Ultimate Fundraiser (TUF) take the headache out of fundraising for you. TUF is your one-stop shop fundraiser for your organization. We are a locally owned and operated business focused on helping local organizations, families, vendors and merchants achieve their desired financial goals.

The types of organizations we work with are schools & school programs, sports teams, churches, charities/non-profits, band & art programs and basically any organization that needs to raise funds. Our most popular Pre-Sale Fundraisers include Hawaiian Snacks, Hawaiian Food and Meat & Seafood. We also do Big Profit Events such as Casino Nights, Golf Tournaments, Silent Auctions.

So, how do we benefit your organization? No Risk! Our Fundraisers don't cost your organization a penny! We help coaches, teachers and families save time, energy & effort. We organize all fundraisers A-Z, teach organizations how to maximize profits, provide hands on help by handing all the products, money & accounting and provide free marketing materials for every fundraiser. Our fundraisers are fun because we give out tons of prizes to star performers! Our fundraisers support local businesses and benefit the community.

Contact us for free live presentations: (800) 203-9409, info@TheUltimateFundraiser.US [www.TheUltimateFundraiser.US](http://www.TheUltimateFundraiser.US)

Below you will find the Reward Program and the dollar amounts that TUF will donate to a charity of your choice just for your referral of an organization. "Pay It Forward" Reward Program Total People In Organization & \$\$\$ TUF Donates: 50-250 = \$100; 250-500 = \$200; 500-1000 = \$300; 1000-2000 = \$400, and 2000+ = \$500. Mahalo for your consideration.



# Elusive Tax Credit Data Raises Important Concerns

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

One of the recommendations made by consultants to the current Tax Review Commission is almost an after thought, you know like closing the barn door after the horses have escaped.

The recommendation made by the consultant was to either cap certain tax credits or replace those credits with grant programs. The consultants noted that Hawaii has in the past decade adopted a number of tax incentives in the form of tax credits. They point out that these tax credits have no maximum limit, which has made it difficult to maintain revenue stability and sufficiency over time. They suggest as a viable alternative that is used by many other states to impose a cap or eliminate the broad-based credits and replace them with a grant, loan and/or forgivable loan. As the consultant pointed out, these can be more targeted at specific types of projects and activities and can be controlled through the application and approval process.



Not only do these credits have no cap, but there is no way of determining whether or not the tax credits achieve the purported outcomes. This is because lawmakers for years refused to require reporting of outcomes, like how many jobs were created, how many new businesses were established as a result of these credits, what kind of payroll was created or how much new investment and infrastructure was realized. Only after the horses were out of the barn did some lawmakers realize that these credits were spinning out of control.

Such was the case with the high technology investment, research and infrastructure tax credits. When the question was raised whether or not those credits were, in fact, creating the high paying jobs that were promised or whether new businesses were being created, the advocates reeled back and said if they had to share that information it would create a "pall" over the investment community and all investments would come to a screeching halt. So lawmakers didn't push the envelope, after all, advocates argued, if the credits were being taken that meant they were achieving the goals of the credits in creating those high paying jobs and new businesses in Hawaii.

Of course, those investors who were getting a 100% return on their investment didn't want the gravy train to stop and saw anyone who raised a question about the tax credits as the mortal enemy. They characterized those opponents as being against these credits that would create higher paying jobs, jobs that would stop the brain drain. Little did they admit that they were greedily raking in the tax breaks for themselves.

Only when lawmakers were told that the revenue losses were beginning to amount to nearly a billion dollars did the push come to add to the law the requirement for all investors to report information as to the amount of payroll, the number of jobs created and the amounts invested. But it was too late, millions of dollars had already been claimed and the winners were all the accountants and lawyers who carefully designed the deals to meet the vague parameters of the law.

More recently the Council on Revenues was startled to learn that

claims for the alternate energy credit were spiraling out of control and that it is expected that claims for solar water heating systems and photovoltaic installations would contribute another \$80 million in lost revenues for the current fiscal year. That loss would grow to another \$150 million in the next fiscal year, dragging down the expected revenue growth rates for this and next year. Even though caps are imposed on the amount of credit that can be claimed, the limit is per "system" which was so loosely defined that a homeowner or business could claim multiple credits. This is because the limit on the amount of credits is so unrealistic that in order to achieve what is known as "net-metering," taxpayers must install much larger systems than the limit on a single system would allow.

All of these problems could have been avoided had the incentive been handed out as a grant or appropriation. At least there would be oversight and officials would know whether or not the investment or venture would produce the desired results. Unlike the tax credits, administrators of a grant program would know how much in public subsidies are handed out and policymakers would have a better idea of just how much demand there was for those subsidies and whether or not the installations met standards established by experts.

Unlike the tax credits which have basically no oversight, grants or appropriations would be subject to close scrutiny before being granted and upon implementation would be evaluated. At least taxpayers would be sure that their hard-earned tax dollars are being used wisely.

More on the web: <http://www.tfhawaii.org>



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# Hawaii Reporter Sets Up TV Production Studio at SBH

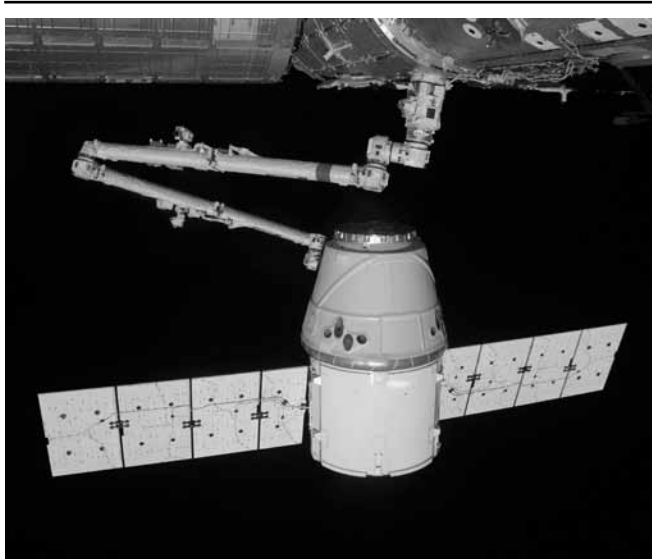
Hawaii Reporter has constructed a television studio within the corporate office of Smart Business Hawaii in Hawaii Kai. The set will be used for Hawaii Reporter interviews, SBH member profiles and expanded business news coverage. Footage will be posted on either the Hawaii Reporter or Smart Business Hawaii and affiliate websites.

Award winning HawaiiReporter.com is Hawaii's first daily electronic newspaper, founded by **Malia Zimmerman** more than 10 years ago. Hawaii Reporter continues to break major political, business, government and community investigative stories. KHVH radio continues to carry Hawaii Reporter's news summaries every weekday at 7:05 am on the **Rick Hamada** radio program.

## Judicial Secrecy Opposed

By **Sam Slom**, President & CEO, SBH

Along with several news organizations, I filed opposition with the State Judiciary's proposal to seal any information about a person who enters a plea in a deferral case. I strenuously disagree with the proposal to seal records of pleas in deferral cases. We have too many sealed records currently which has led to the public's lack of trust of judicial procedures and this along with several recent judicial determinations that victims' rights are being disregarded, serves to undermine the Hawaii judiciary process. We need more, not less, judicial transparency and need to keep everyone's rights in proper perspective, especially victims, the media and the taxpayers. Plea deferral is already controversial and leads many in the public to question the fairness of our process.



**SPACE X DRAGON** embarked on its first official cargo resupply mission to the International Space Station earlier this month. The commercial Falcon 9 rocket lifted the Dragon vehicle (shown above) into orbit for rendezvous and docking with the ISS. More than 800 pounds of supplies were sent up to the space station by the company under contract to NASA. Space is truly the final frontier for 21st century entrepreneurs.

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I certify that all information furnished on this form is true and complete. I understand that anyone who furnishes false or misleading information on this form or who omits material or information requested on the form may be subject to criminal sanctions (including fines and imprisonment) and/or civil sanctions (including civil penalties).

PS Form 3526, September 2007 (Page 2 of 3)

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# Tiki's Celebrates Ten Years

On October 17th, 2002, Tiki's Grill and Bar had a Grand Opening Party to benefit the Aloha United Way. It was only fitting to celebrate the 10th Anniversary by doing the same thing!

October 17, 2012 Tiki's will be hosting another party to benefit our friends at Aloha United Way and helping to support their mission for our community. 100% of the proceeds will go to Aloha United Way.

Order tickets online now through October 10 and get them for half price! Tickets for the event are \$20 but use the promo code "Ohana2012" when checking out and the price per ticket is only \$10 for all the food and drink you want! Go to: <http://tikisgrill.eventbrite.com> to get your tickets today! For party details, go to our webpage: <http://tikisgrill.com>.

Bartenders **Tomas Iniguez, Rick Perez**, and server **Terry Souza** have been with us the entire ten years! Chef Mikey, Jesse on the line (was a busser) and bartender **Tod Villamil** were here then too, but left us for a while and came back.

Come by to congratulate them as well and help a good cause!



# SBH SUNRISE

Thursday, October 25, 2012 • 7:00 – 8:30 a.m.  
Pineapple Room, Ala Moana • Breakfast / Free Parking

Speaker: **Professor Panos Prevedouros**, UH Engineering  
"FAST – Flexible Affordable Smart Transportation"

Reservations made in order received at SBH. No tickets mailed – pick up at registration desk Oct. 25. Your guests welcomed at member price. Refunds until Oct. 24.  
**Advanced Paid Reservations Required by October 23.**

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

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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.\*

Clip and mail with a check to "SBH Sunrise" to:  
**Small Business Hawaii,**  
**6600 Kalaniana'ole 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). 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. Ten dollars of my annual membership is allocated for a subscription to the monthly *Small Business News*. 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.

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**SBH Sunrise Attendees:** Charles Djou, candidate for U.S. Congress was the speaker at the September SBH Sunrise Breakfast. Here he is shown with OHA Candidate **Keli'i Akina, Ph.D.** and his wife; **Charles** and **Stacey Djou** and Akina's assistant **Annabelle Stone**. This month's SBH Sunrise Speaker will be Professor **Panos Prevedouros** from the University of Hawaii School of Engineering on October 25. Details on page 1, reservation form on page 11.

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## Hawaii Joins Other States For More Pay Day Lender Regulation

Hawaii Attorney General **David Louie** joined 40 other attorneys general to urge Congress to oppose a bill preempting states' authority to crackdown on predatory high cost, short-term lending practices.

In a joint letter, initiated by Illinois Attorney General **Lisa Madigan** and Indiana Attorney General **Greg Zoeller**, state officials warned House Speaker **John Boehner**, House Minority Leader **Nancy Pelosi**, Senate Majority Leader **Harry Reid** and Senate Minority Leader **Mitch McConnell** about the negative effects of the Consumer Credit Access, Innovation and Modernization Act or H.R. 6139.

Many states have established their own framework of regulations to protect consumers from the risks associated with nonbank credit service providers. However, this legislation would allow these providers – including payday lenders, installment lenders, car title lenders, prepaid card issuers and check cashers – the ability to obtain a federal charter and sidestep these more stringent state laws.

The bill would allow lenders to extend credit to consumers if there is a reasonable basis for believing the consumers can repay the loans, but without putting specific standards in place. The legislation also exempts loans with terms of one year or less from the disclosure requirements of the Truth in Lending Act and substitutes a cost metric. By preempting state laws, the proposed legislation would impede state efforts to immediately and directly protect consumers from harm.

This bill was assigned to a congressional committee which will consider the legislation and determine whether to send it to the full House or Senate.

Also signing onto the letter were attorneys general from Alaska, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, the District of Columbia, Georgia, Guam, Idaho, Illinois, Indiana, Iowa, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Montana, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oregon, Pennsylvania, Puerto Rico, Rhode Island, South Dakota, Tennessee, Vermont, Washington, West Virginia, Wisconsin and Wyoming.