

## Hawaii Reporter to Celebrate 10th Anniversary on June 1st

Hawaii Reporter, Hawaii's first online daily newspaper, celebrates its 10th Anniversary Friday, June 1, 5:30 – 8 pm, at the Waialae Country Club with a fun banquet and program. KHVH's **Rick Hamada** will be the master of ceremonies.

The event is open to the public and there will be several surprise guests and announcements. For details, go online to HawaiiReporter.com or call 808-306-3161.

Honolulu journalist **Malia Zimmerman** saw the future in electronic journalism and started Hawaii's first daily, electronic newspaper, Hawaii Reporter.com

Hawaii Reporter has broken many top stories reported locally and picked up and distributed internationally. The list of credits is impressive: ABC TV's 20/20, The Wall Street Journal, Fox News, Drudge Report and many others.



The award winning Hawaii Reporter, along with investigative reporter **Jim Dooley**, political cartoonist **John Pritchett**, KHVH radio's **Rick Hamada** and dozens of local and national contributors, has set a standard for the new media—and for fairness in reporting

local issues, no matter whose toes get stepped on.

There is more exciting news to come. If you want to learn more and to help congratulate Hawaii Reporter, plan on attending HR's 10th Anniversary Banquet.

### SBH MEMBER CALENDAR

PHONE 396-1724 • FAX: 396-1726

Friday, June 1

**Hawaii Reporter – 10th Anniversary**  
Waialae Country Club • 5:30 – 8 pm

Monday, June 11

**SBH Board of Directors Meeting**  
SBH Office in Hawaii Kai • 11:45 am

Thursday, June 28

**SBH Sunrise Networking Breakfast**  
**Professor Randy Roth**  
Macy's Pineapple Room  
Ala Moana Center  
7 – 8:30 am

SmartBusiness  
HAWAII

## Randy Roth to Speak at SBH Sunrise Breakfast

“Broken Trust” co-author, UH Law School Professor, one of seven original anti-rail federal lawsuit plaintiffs, **Randy Roth** will be the next special guest speaker at the monthly SBH Sunrise Networking Breakfast on Thursday, June 28, in the Pineapple Room at Macy's Ala Moana Center from 7 – 8:30 am.

Roth will discuss a number of political and social issues affecting Hawaii's businesses during the remainder of 2012.

The public is welcome to the SBH Networking Sunrise. Advance reservations are required and are first come, first serve.

Last month, FBI Special Agent **Tom Simon**, discussed business investment scams impacting Hawaii's businesses.

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>.

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# Smart Business Views

By Sam Slom, President – Smart Business Hawaii

Hawaii Reporter will celebrate its 10th Anniversary as Hawaii's first daily electronic newspaper, Friday, June 1, 5:30-8 pm at the Waiialae Country Club. Go online to HawaiiReporter.com or phone 808-306-3161 to reserve. HR's **Malia Zimmerman** gives you the "News Behind the News," Monday – Friday, at 7:05 am, KHVH radio (830) during the **Rick Hamada** Show.

A three-judge Ninth Circuit Court panel in late May rejected a plea for an injunction to stop the State of Hawaii from refusing to count military personnel and their families for purposes of reapportioning the Hawaii State Legislature. The lawsuit asked the federal court to enforce the Equal Protection Clause of the U.S. Constitution (14th Amendment) and require the State to count all residents of Hawaii. Currently, more than 108,000 military personnel are not counted on Oahu alone.

One of Hawaii's most beloved business pioneers, and all around American good guy, **Shiro Matsuo**, the ukulele whiz and Mr. Aloha behind Shiro's Saimin stores, died last month. Shiro was 93. Last year, the saimin king lit up an SBH Sunrise Networking Breakfast with his song stylings, positive messages and wink in his eye. **Franz Shiro Matsuo** was a friend and supporter of small business for many years. Matsuo proudly served during WWII with the famed 442nd Regimental Combat Team. Shiro will be strumming his ukulele in Heaven.

Former **State Senator Wadsworth Yee** died last month. He was 90. Wads was a founder of Grand Pacific Life Insurance Company and an active Republican lawmaker.

The 2012 election campaign is in full swing with several interesting races that will certainly impact Hawaii business. You need to be engaged and to watch debates, attend forums and read what the candidates are saying—and not saying—about improving Hawaii's business climate. This is a very important national and local election for you as a business owner and for all of Hawaii.

The State Senate will most likely be back in Special Session in mid-June to consider the advise and consent process for new judicial nominees of the Governor. There will probably not be a veto override session.

**PAYCHECKS HAWAII**, the independent, non-partisan political action affiliate, publishes its business rating for all 76 state legislators on pages 3 and 4. You might want to clip and save these ratings for the elections.

**Inouye Insulted?** Last month, during a Chamber sponsored debate among Honolulu Mayoral candidates, **Kirk Caldwell**, **Peter Carlisle** and **Ben Cayetano**, as the rail boys gushed over Senator **Dan Inouye**, Cayetano had the gall to say, with all due respect, our Senior Senator was "out of touch" with the every day Hawaii citizen. Yikes! What a fire storm that ensued. Everyone attacked Ben for being "disrespectful." The compulsory union rail group, Pacific Resource Partnership, put up a website, "BeNiceBen.com." and Inouye's DC office issued a statement that the 87 year old Senator, in office for more than 55 years, was "hurt" by Ben's remarks. Seriously? Are you kidding me? The decorated WWII war hero, standout in many political wars and leader of Watergate hearings was insulted by that remark? More people have continued to dump on Ben. The pro-rail people must really be desperate. And this is only the start of the 2012 campaign.

**The Girl on Da Bus.** Have you seen the latest pro rail propaganda (that you are paying for) tv commercial with the school girl and her laptop on the bus proclaiming the bliss of the coming \$6 billion rail? It is part of the new "Imua Rail" series of misleading commercials. Anyway, she will be an old lady by the time the rail is finished—if not stopped in court this year—and she won't even be able to have a seat on the elevated steel-on-steel train. *Stop Rail Stop!*

**Lemonade Alley**, the kid-preneur competition is ramping up for a July 8 Magic Island event. Lemonade Alley is the way to a bright future for our next generation of leaders and they need your help to spread the word. Hope you can help... Please feel free to contact Steve Sue, Chief Lemon Head, Lemonade Alley (808) 220-6449 [www.lemonadealley.com](http://www.lemonadealley.com)

Bishop Estate "Broken Trust" author, UH Law School professor and federal anti-rail suit plaintiff, **Randy Roth**, speaks at SBH's next monthly Sunrise Networking Breakfast, Thursday, June 28, 7 – 8:30 am in the Pineapple Room. Macy's, Ala Moana Center. Roth will discuss several business and political issues that will impact Hawaii businesses the rest of this year. Call Darlyn to RSVP (396-1724) or see reservation, p. 11.

FBI Special Agent **Tom Simon**, alerted an SBH Sunrise audience last month about the proliferation of business and investment scams affecting Hawaii business..

Visit our website for the latest updates at: [www.smartbusinesshawaii.com](http://www.smartbusinesshawaii.com).

## State Representative Marumoto To Retire

The news May 22 that Hawaii State Rep. **Barbara Marumoto** was retiring from office this year was a surprise to all who know her. She is one of a kind and will be missed but not forgotten.



Marumoto will leave a real vacuum in the State House after 34 years of outspoken leadership and integrity.

After serving in the 1978 State Constitutional Convention (the last Con Con held in Hawaii), Marumoto ran for the State House and was elected the same year. She has been re-elected every two years since, representing the Waiialae Kahala and East Honolulu area with distinction. She currently serves as Minority Policy Leader in the 8-member Republican House Minority.

Marumoto, a long time member of Smart Business Hawaii, championed many causes but was probably best known for her support of small business issues, safety for children (especially those riding in the back of trucks), patriotism, health concerns, tax reduction and fiscal reforms.

## 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.

# PAYCHECKS HAWAII Rates the 2012 Legislators

Each legislative session, since 1986, **PAYCHECKS HAWAII**, the independent non-partisan, political action affiliate of Smart Business Hawaii (created in 1984), rates each of Hawaii's 76 state legislators (51 House and 25 Senate).

Lawmakers are rated on their support and advocacy for small business and an improved business climate in collaboration with other Hawaii business organizations, individuals and those actively participating at the Capitol during the regular legislative session (January-May).

The subjective business ratings are based upon: (1) key business votes involving tax, fee and regulatory increases; (2) efforts to actively increase or decrease government size and spending; (3) employer mandates (i.e., unemployment comp, workers' comp, TDI, etc.); (4) conduct in business hearings, accessibility and response of legislator, and (5) active sponsorship, introduction and advocacy of business climate legislation.

Each lawmaker is rated, regardless of political party, from #1—"most supportive and outspoken advocate for small business and an improved Hawaii business climate," to #5, "least supportive or hostile to a better business climate." Purely social issues bills are not counted.

**PAYCHECKS HAWAII** Ratings may be helpful during election periods.

During 2012, the following business and investment bills and votes were among the "key" measures used in the ratings:

- Retaining current **employer unemployment compensation tax** rates (all lawmakers voted in favor of this bill signed into law by the Governor

- Creation of a **State Bank**;

- **Compulsory Meal Breaks** for Employees;



As usual the 2012 Hawaii State Legislature ignored calls to reduce taxes, cut spending and the size of government.

- **HB 2078** – Additional Regulations on Off-Island Transient Accommodations

- **HB 2260 / SB 2511A** ban and/or tax for plastic bags;

- **GE Tax** on all Internet Purchases ("Streamlining Tax")

- **SB 2424**—Anti competitive Professional Organization (PEO) bill;

- **SB 2785** – Provides framework and higher PUC utility rates for a costly Neighbor Island undersea cable benefiting the monopoly HECO;

- **SB 2927** Eliminates citizen input and environmental checks on state and county projects, notably rail and transit oriented developments;

- **SB 2424 SD1 HD1 CD1** – Professional Employer Organizations; Barrier to Small PEOs;

- **HB1039 HD1 SD2 CD1** – Continues motor vehicle rental surcharge to \$7.50 per day.

The complete list and rankings appear on page 4.

## PEO Bill Bad for Competitive Small Businesses



By **Jack Schneider**, JS Services

The Employee Leasing Industry was born in Hawaii in 1982. The two companies that started the Industry in Hawaii were JS Services & Altres. At that time in History, there were approximately 40 companies throughout the United States providing this service.

The Employee Leasing Industry, now called PEO's, provide an important avenue for small companies to remain in compliance with the numerous mandated benefits and policies that an employer faces. The PEO takes care of the HR functions, pays and files the Payroll Taxes, pays and does the audits for work comp and TDI Insurance. The PEO provides Medical Insurance, pays Child Support, provides retirement accounts, and does much more. The PEO allows the small business to concentrate on the reason that he went into business.

PEO's not only benefit the small employer, they also benefit the State of Hawaii in numerous ways. The Tax Department and the Department of Labor presently receive one accurate and timely Tax Filing from each PEO. Without PEO's they would receive hundreds of Tax filings. This aggregation of timely and accurate filings result in an increase of efficiency, and therefore saves the State of Hawaii time and money.

Over the last thirty years numerous PEOs were formed throughout the State of Hawaii. The Industry grew, and prospered. Some companies elected to grow by acquiring other PEO's and by expanding to the mainland. JS Services elected to remain small, insuring total customer satisfaction and personalized service. We have stressed Honesty, Integrity and transparency on every level, and have maintained these guiding principles up through the present day. We have elected to remain local, serving only Hawaiian Businesses.

*Continued on page 8.*

# Ratings of the 2012 Hawaii State Legislature

provided by **PAYCHECKS HAWAII**, an independent, non-partisan political action affiliate of Smart Business Hawaii

## PAYCHECKS HAWAII RATINGS: STATE SENATE

STATE SENATOR	District	2008	2009	2010	2011	2012
Baker, Rosalyn (D)	5	5	4	3	4	4
Chun Oakland, Suzanne (D)	13	3	3	4	4	3
Dela Cruz, Donovan (D)	22	-	-	-	3	4
English, J. Kalani (D)	6	5	4	4	4	4
Espero, Will C. (D)	20	3	3	4	4	4
Fukunaga, Carol A. (D)	11	3	3	3	4	4
Gabbard, Mike (D)	19	3	2	3	4	5
Galuteria, Brickwood (D)	12	-	4	4	4	4
Green, Josh M.D. (D)	3	3	2	2	2	2
Hee, Clayton (D)	23	5	4	4	4	3
Ige, David (D)	16	3	4	3	3	3
Ihara, Jr. Les (D)	9	3	3	4	3	2
Kahele, Gilbert (D) +	2	-	-	-	4	4
Kidani, Michelle (D)	17	-	3	4	4	3
Kim, Donna Mercado (D)	14	3	3	3	3	3
Kouchi, Ronald D. (D)	7	-	-	-	3	3
Nishihara, Clarence K. (D)	18	3	2	3	4	4
Ryan, Pohai (D)	25	-	-	-	3	3
Shimabukuro, Maile (D) *	21	4	4	4	4	4
Slom, Sam (R)	8	1	1	1	1	1
Solomon, Malama (D) +	1	-	-	-	2	3
Taniguchi, Brian (D)	10	5	4	4	3	4
Tokuda, Jill N. (D)	24	4	3	4	3	3
Tsutsui, Shan S. (D)	4	3	3	4	3	4
Wakai, Glenn (D)	15	-	-	-	2	2

+ appointed \* appointed from House

Each year since 1986, **PAYCHECKS HAWAII**, the private, independent, non-partisan political action affiliate of SmartBusiness Hawaii, rates each of the 76 state legislators on support for small business in collaboration with other small business associations, individuals, and those actively participating at the Capitol during the legislative session.

The subjective business ratings are based upon: (1) key business votes involving tax and fee increases; (2) efforts to increase or decrease government size and spending; (3) employer mandates (e.g., workers' compensation, UI, prepaid health, etc.), labor bills affecting business (minimum wage, "union card," etc.) and regulations; (4) conduct in hearings, accessibility, and response of the legislator, and (5) active sponsorship, introduction and advocacy of better business climate positions.

Each lawmaker is rated, regardless of political party, from #1, "most supportive and outspoken advocate for a better business climate," to #5, "least supportive of small business and an improved Hawaii business climate." Ratings may be helpful at election time.

## PAYCHECKS HAWAII RATINGS: STATE HOUSE

STATE REPRESENTATIVE	District	2008	2009	2010	2011	2012
Acquino, Henry J.C. (D)	35	-	3	4	4	4
Awana, Karen L. (D)	44	4	4	4	3	3
Belatti, Della Au (D)	25	3	3	4	2	2
Brower, Tom (D)	23	4	3	2	2	3
Cabanilla, Rida T.R. (D)	42	3	3	4	4	4
Carroll, Mele (D)	13	4	4	4	4	4
Chang, Jerry L. (D)	2	4	4	4	4	4
Ching, Corinne (R)	27	2	2	2	2	2
Chong, Pono (D)	49	4	4	4	4	4
Choy, Isaac W. (D)	24	-	3	4	4	4
Coffman, Denny (D)	6	-	3	4	4	4
Cullen, Ty (D)	41	-	-	-	4	4
Evans, Cindy (D)	7	4	3	4	4	4
Fontaine, George R. (R)	11	-	-	-	2	2
Giugni, Heather (D) +	33	-	-	-	-	4
Hanohano, Faye P. (D)	4	4	4	4	4	4
Har, Sharon E. (D)	40	4	4	4	4	4
Hashem, Mark J. (D)	18	-	-	-	3	4
Herkes, Robert (D)	5	3	3	4	4	4
Ichiyama, Linda (D)	31	-	-	-	3	4
Ito, Ken (D)	48	3	3	3	3	3
Johanson, Aaron Ling (R)	32	-	-	-	1	2
Jordan, Jo (D) +	45	-	-	-	4	4
Kawakami, Derek S.K. (D) +	14	-	-	-	3	4
Keith-Agaran, Gilbert (D)	9	-	4	4	4	4
Lee, Chris (D)	51	-	3	4	4	4
Lee, Marilyn B. (D)	38	5	4	4	4	4
Luke, Sylvia J. (D)	26	3	3	4	3	3
Manahan, Joey (D)	29	4	4	4	4	4
Marumoto, Barbara C. (R)	19	2	1	1	1	1
McKelvey, Agnus L.K. (D)	10	3	2	3	3	3
Mizuno, John (D)	30	4	3	4	4	4
Morikawa, Dee (D)	16	-	-	-	3	4
Nakashima, Mark M. (D)	1	-	3	4	4	4
Nishimoto, Scott Y. (D)	21	4	4	4	4	4
Oshiro, Marcus (D)	39	5	5	5	5	4
Pine, Kymerly Marcos (R)	43	1	1	1	2	2
Rhoads, Karl (D)	28	4	3	3	3	3
Riviere, Gil (R)	46	-	-	-	2	2
Saiki, Scott (D)	22	4	4	4	4	4
Say, Calvin K.Y. (D)	20	4	4	5	4	5
Souki, Joseph M. (D)	8	4	4	4	4	5
Takai, K. Mark (D)	34	4	-	4	3	3
Takumi, Roy M. (D)	36	5	5	5	5	4
Thielen, Cynthia (R)	50	2	2	2	2	2
Tokioka, James K. (D)	15	4	4	4	4	4
Tsuji, Cliff (D)	3	4	4	4	4	4
Ward, Gene (R)	17	1	1	2	2	1
Wooley, Jessica (D)	47	-	3	4	4	4
Yamane, Ryan I. (D)	37	4	3	4	4	4
Yamashita, Kyle T. (D)	12	4	3	4	4	4



# Prelude to the Un-Done Rail Deal

By **Cliff Slater**, HonoluluTraffic.com

There have been a number of over-the-top statements made recently about how the rail project cannot be stopped. **Sen. Inouye** said that only World War III could stop it and **Mayor Carlisle** has said that rail is on its way and it is a genie that cannot be put back in the bottle. These are merely more of the "Relax folks, stop thinking or acting, this is a done deal." Actually, those occasional clicking sounds you hear in the background are the dominos, slowly toppling one by one as they gain momentum and rail turns into the Un-Done Deal.

As we explained to the City Budget Committee on Thursday (Special Budget A video, starting 1hr. 7 mins. & 1hr. 52 mins.), the Council is taking a big risk by continuing to spend taxpayer money when the obstacles facing the rail project are so huge. Any one of the following will stop rail dead in its tracks, so to speak:

First, **Ben Cayetano** wins the Mayoral race on August 11 this year with more than 50 percent of the votes. Last Thursday Governor Abercrombie made it clear that this race will be a referendum on the future of rail so that means both the Mayor and Governor will be opposed to this rail project. FTA has always said they need to have strong local political support if they are to fund rail. Without the support of the Mayor and Governor, rail is dead.

Second, on August 21, ten days after the Mayoral election results, Federal **Judge Wallace S. Tashima** will hear the final motions on our lawsuit, Honolulutraffic.com et al, vs. FTA and the City. He will rule on this matter shortly thereafter. The cornerstone of this lawsuit is a statute passed in 1966 to inhibit federally funded transportation projects that negatively affect historic properties including burial sites. Since Congress passed it to prevent exactly this kind of destructive project, our attorneys expect to prevail. A new project must avoid the use, even constructive use, of historic properties.

Third, Congress is not likely to approve federal rail transit funding in time. Transportation Issues Daily says, "The Senate and House may pass most or all of the FY 2013 appropriations bills, but it is very unlikely final spending bills will be reconciled and approved until after the November elections." If Republicans have a stronger hand after this year's elections, rail transit projects without approved Full Funding



Grant Agreements in place, such as Honolulu's, can expect minimal funding.

Again, any one of these events kills rail; we expect all three.

So much for World War III. And as for the genie, what will not go back in the bottle is the public's realization now that a) traffic congestion will be worse with rail, b) there will be no energy savings, c) rail will not be faster than TheBus, and d) there would only be hundreds of short-term jobs, not thousands.

Those myths are now so exploded they are never going back in the bottle.



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# Characteristics of Hawaii's 2011 Census Data

By Eugene Tian

The U.S. Census Bureau released the 2011 National, State and County population characteristics on May 17, 2012. The following are a few facts about Hawaii.

On July 1, 2011, Asians (alone or in combination) accounted for 57.1% of the state total population (ranked #1 in the nation in terms of shares of Asians in total population; ranked second was California at 15.5%).

On July 1, 2011, Honolulu County had the largest percentage of Asian (alone or in combination with other races) population at 61.2%, followed by Kauai County at 51.3%, Maui County at 47.6%, and Hawaii County at 45.6%.

On July 1, 2011, Native Hawaiians and Other Pacific Islanders (alone or in combination) accounted for 26.1% of Hawaii's total population (ranked #1 in the country in terms of shares of this race group in the total population).

Hawaii County had the largest share of Native Hawaiians and Other Pacific Islanders at 34.0%, followed by Maui County at 27.4%, Kauai County at 25.6%, and Honolulu County at 24.4%.

On July 1, 2011, White (alone or in combination) accounted for 42.8% of the state total population (ranked on the bottom in terms of shares of this race group in the total population with Washington D.C. ranked second lowest having 44.3% of its population in this category).

Within the state, Hawaii County ranked the first in terms of shares of White population. 56.2% of the total population on the Big Island was White alone or in combination with other races on July 1, 2011. Maui County had 52.1% of White population and ranked the second, followed by Kauai County at 51.2%, and then Honolulu County at 38.1%.

On July 1, 2011, Hawaii had 5,835 people with American Indian and Alaska Native race alone. There were 27,443 people with Black race alone in Hawaii on July 1, 2011.

On July 1, 2011, the population 65 year and above accounted for 14.7% (ranked 8<sup>th</sup> in the nation), while persons 85 years of age and above shared 2.4% of the total population (8<sup>th</sup> place in the nation).

Overall, the State of Hawaii was ranked #1 in regard to minority populations with 77.1% of

our population categorized as part of a minority group. "Minority" is defined by the U.S. Census Bureau as the population identifying their race and ethnicity as something other than non-Hispanic White race alone. By county, Honolulu County was the highest with an 80.6% minority population. Next was Kauai County with a 69.6% minority population, followed by Hawaii County with 69.0% and Maui County with 68.3%.

Looking more closely at the data, it can be seen that Hawaii's youngest generation had an even higher minority percentage than our total population. The percentage of the population aged 0 to 4 years old which belonged to a minority race or ethnic group was 84.3%, compared with the 77.1% figure for the total population. Also, unlike the minority figures for our total population, all counties now had minority population percentages in the 80<sup>th</sup> percentile for this young age group – Hawaii County with 86.9%; Honolulu County with 83.9%; Maui County with 83.7% and Kauai County with 83.3%.

Hawaii's population 65 years and above increased by 3.1% from July 1, 2010 to July 1, 2011 while our total population increased 0.8% a year during the same period.

On July 1, 2011, Kauai County had the highest percentage of 65 year+ population at 15.5% followed by the Big Island with 15.1%. 14.8% of the population in Honolulu County was 65 years or above in July 2011 while Maui County

had the smallest share of 65 year+ population at 13.4%.

Population in Honolulu County was relatively younger with median age of 37.9 years in July 2011, followed by Maui County at 39.7 years, and Hawaii County at 41.0 years. Median age for population on Kauai was 41.4 years in July 2011. Statewide median age in July 2011 was 43.1 years.

On July 1, 2011, Hawaii's total population consisted of 50.2% males and 49.8% females. There are more females than males for Asians but for other races, there are more males than females.

Mixed race population in Hawaii was 22.9% on July 1, 2011, while the percentage of mixed race population in the nation on the same day was only 2.3%.

School age population (5-17 years) decreased by 822 between the 2010 to 2011 period.

The population and its characteristics are estimates by the U.S. Census Bureau based on the 2010 Census population, vital statistics, administrative records, Federal tax return, and the results from the American Community Survey. These estimates tend to change when more information become available.

**Source:** Hawaii State Department of Business, Economic Development & Tourism, Research and Economic Analysis Division.

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## Businesses Prepare for the Unexpected

Today is a perfect day to prepare—for the unexpected. That's the underlying theme of a public education campaign to encourage Hawai'i residents and businesses to prepare for emergencies and disasters, before they happen. The pilot project launched May 2nd on O'ahu.

Retail Merchants of Hawaii (RMH) and its members are partnering with county and state emergency management organizations during the month of May to increase disaster preparedness. Retailers such as City Mill, Kmart, WalMart and Times Supermarkets will display information on how to develop a disaster plan, how to pack a disaster kit, and how to stay informed.

"Many of our members support disaster preparedness efforts year-round, so we are pleased to support this disaster preparedness campaign with in-store displays and information," said Carol Pregill, director of Retail Merchants of Hawaii. "Helping people to plan for disaster, before it happens, is our goal."

"People tend to be less prepared than they think they are. That's why it's important to get ready and avoid getting caught in a disaster without knowing what to do or where to go, or not having basic supplies packed away," said Melvin N. Kaku, director of Honolulu's Department of Emergency Management.

The City and County of Honolulu is leading this statewide project using funds from the FEMA Regional Catastrophic Preparedness Grant Program. Oahu is the testing ground for improving public messaging to improve disaster preparedness. For more information about the campaign or to download a complete media kit, visit [www.GetReadyHawaii.org](http://www.GetReadyHawaii.org).

# Supreme Error — Corporations Are Not “Living Companies”

By Gloria Garvey

In his 1997 book, *The Living Company*, long time Dutch Shell employee Arie de Geus wrote about what he called “Living Companies” --- those companies which have a life of their own regardless of their current management. Over his years at Royal Dutch Shell, deGeus had done research on 45 companies which managed to stay in business more than 150 years: what made them different from most Fortune 500 companies, for whom a long life is 50 years.

Among other things, de Geus concluded that living companies worked with a long term versus a short term (or next quarter view), that they were community based and sensitive to the needs of their communities (including giants like Royal Dutch Shell which behaved differently depending on which community they were located in) and that they put their faith in “employee capital” versus “money capital.” DeGeus named four key qualities: sensitivity to the environment, a cohesive identity, tolerance of experimentation and eccentricity, and a frugal financial approach.

As noted in a “Thought Leader” article on Booz Allen Hamilton’s site: “Arie de Geus starts from a very different premise: that a company’s first loyalty is not to any individual stakeholder, but to itself. Companies that focus single-mindedly on profits don’t learn, and therefore, they don’t thrive — or even survive...His premise about corporate purpose had become much more radical: Companies should be seen essentially as biological organisms, thriving, like any other living entity, on growth with an organic pace — evolutionary and relatively stable growth, in other words, but with lots of experimentation and offshoots at the margins.”

Regrettably, very few companies in America today are examples of deGeus’ “Living Company.” Ours is a country focused on short term thinking, and corporate profits rule. Hence a Jamie Dimon can survive and thrive and even serve on the New York FED -- a huge conflict of interest -- as long as his shareholders profit. In the meantime, JP Morgan Chase is at risk, as well as other “banks too big to fail” and therefore our country is at risk.

In the dot.com economy, which should be knowledge (and therefore people) based we should have seen potential for new companies that could live long. Alas, this is not true. DeGeus opines: “Many New Economy companies seemed to be based on the idea that they are primarily economic entities. When I first realized this, it surprised me, because it seemed to contradict the essence of these companies’

business plans: the deployment of creative capability. These companies desperately needed high learning and innovation. Yet they organized themselves as limited liability companies, which is the legal setup of 19th-century industrial enterprises. Their executives managed the companies for the maximum profits at the shortest possible notice. Then, because the continued input of human talent was the only source of the company’s success, they had no choice but to give their key employees stock and involve them in the game of quick returns.”

You can find examples of “Living” institutions in America, including the great non-profits like The Salvation Army and different educational institutions. What they all have in common is their interest in promoting livelihoods versus destroying them and the fact that they are people-not profit driven. Hawaii’s Punahou School is a great example of such an institution. Living institutions but very few living companies.

I am one of those who believes that the Supreme Courts decision in *Citizens United* will be the bane of America’s future. (isn’t it interesting, I am just thinking, that Romney’s company was called “Bain”). Corporations are decidedly not people: if people lived their lives the way corporations do, we would all be dead. I accept deGeus’ argument that some companies do have lives of their own -- not as people per se, but like biological organisms that learn and evolve.

The Supreme Court’s decision in *Citizens United* was and will be catastrophic for our country. Most corporations do not even care about people: they are most certainly not part of the human race -- however imperfect we humans are.

Gloria Garvey is an East Coast Haole who came to Hawai’i 40 years ago. Her opinion and other writing has appeared in: *The American Philatelist*, *Honolulu Weekly*, *The Honolulu Advertiser*, *The Honolulu Star Bulletin*, *The Star Advertiser*, *Hawai’i Reporter*, *Pacific Business News*, *Island Scene*, *The Design Management Journal*. Check out her web site at <http://gloriagarvey.com/>

## great quotations

“A society that puts equality... ahead of freedom will end up with neither.”

— Milton Friedman

“Governments never learn. Only people learn.”

— Milton Friedman

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# Report on Regulatory Costs Seeks to Hold Congress Accountable



The Competitive Enterprise Institute (CEI) released the expanded 2012 edition of *Ten Thousand Commandments: An Annual Snapshot of the Federal Regulatory State*. CEI Vice President for Policy Wayne Crews authors the report every year to draw attention to the “hidden tax” of regulations---a cost often imposed not by legislators, but by unelected federal bureaucrats.

When lawmakers and government officials spend public funds on new initiatives, they properly expose themselves to taxpayers’ approval or criticism. But, Crews explains, when federal agencies advance government goals by regulating the private sector, the costs of their activity are hidden from public view. Crews writes, “Rather than pay directly and book expenses for new initiatives, the federal government can require the private sector, as well as state and local governments, to pay for federal initiatives through compliance costs.”

While the exact cost of federal regulations can never be known, the Small Business Administration has estimated annual compliance costs of well over \$1 trillion since the mid-2000s. The most recent evaluation, a controversial one based on data and information available in 2008, was \$1.7 trillion.

Meanwhile, numbers of rules, pages in the Federal Register, and economically significant rules are rising under President Obama.

Below are highlights from the 2012 edition of *Ten Thousand Commandments*:

- Estimated regulatory costs, while “off budget,” are equivalent to over 48% the level of federal spending itself.
- The 2011 Federal Register finished at 81,247 pages, just shy of 2010’s all-time record-high 81,405 pages.
- Regulatory compliance costs dwarf corporate income taxes of \$198 billion, and exceed individual income taxes and even pre-tax corporate profits.
- Agencies issued 3,807 final rules in 2011, a 6.5 percent increase over 3,573 in 2010.
- Of the 4,128 regulations in the works at year-end 2011, 212 were “economically significant,” meaning they generally wield at least \$100 million in economic impact.
- 822 of those 4,128 regulations in the works would affect small businesses.

- The total number of economically significant rules finalized in 2011 was 79, down slightly from 2010 but up 92.7 percent over five years, and 108 percent over 10 years.

- Recent costly federal agency initiatives include the Environmental Protection Agency’s Mercury and Air Toxics Standards Rule and the Department of Transportation’s Fuel Economy Standards.

The report includes a spotlight feature on the Federal Communications Commission, further analysis of trends in the numbers of regulations, and an appendix of historical tables. Crews also proposes reforms that would improve regulatory transparency and restore accountability to Congress, who, Crews argues, should bear “direct responsibility for every dollar of new regulatory costs.”

- Read the full 2012 report: *Ten Thousand Commandments: An Annual Snapshot of the*

*Federal Regulatory State*.

- Browse archives of past reports.

Visit <http://www.tenthousandcommandments.com> for regular updates and data.

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## PEO Legislation Continued from page 3.

During the last year of the Lingle Administration, the two largest PEO’s lobbied successfully for the passage of a PEO bill. That bill passed both Legislative bodies, and Governor Lingle signed it into law as Act 139. This Act provided for regulating the PEO Industry in Hawaii. The Act called for numerous fees, expensive audits and a \$250,000 performance bond.

At the present time there is no bonding agency in Hawaii that I know of that will provide a \$250,000 bond. The only option available is to place the amount in a bank, with the account controlled by the state. The bank would charge a substantial amount for the privilege of holding the PEO money. Most states require a net worth of \$50,000. If net worth is not \$50,000, then either a “letter of credit” from a bank or Surety bond from a surety company of \$50,000 is required.

Nowhere else in the United States is the PEOs the bonding requirement so onerous. This Act, was blatantly anti-competitive, and was designed to eliminate the smaller PEOs while allowing the larger two or three PEO’s to control the Industry.

During the legislative session that just ended, SB 2424 was passed out of both Legislative bodies, and has gone to the governor for his signature. This bill raises the Performance Bond amount up to between \$500,000, and \$1,000,000. This will guaranty the demise of numerous small or boutique PEO’s.

Please join with me to urge the Governor to veto this blatantly anti completeive bill.



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# Lull Before the Storm: Hawaii Taxpayers Beware

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

Hawaii taxpayers can breathe a sigh of relief as lawmakers turned out the lights on the 2012 session with no major tax increases approved or other types of revenue enhancements awaiting the governor's approval.



After all, this is an election year with every lawmaker up for reelection as a result of the reapportionment of the legislative districts, an issue that has yet to be resolved. Since no incumbent lawmaker is willing to face the wrath of a disgruntled electorate, lawmakers tended to shy away from any hint of a tax increase. Indeed the electorate is growing more and more sensitive to the rising burden of taxes and fees of the past few years as lawmakers

attempted to balance the state's budget on the backs of taxpayers.

While the budget crisis was certainly a result of the sluggish economy and the worldwide recession, there is no doubt that Hawaii, like many of its sister states, created problems over the past twenty-five years by allowing the growth in government to go unchecked, adding this and that program or new service to a palette that was already overburdened with a plethora of programs and services.

While many of those programs and services were added at the height of the economic boom of the later 1980's and early 1990's, one would have thought that lawmakers would have tightened the fiscal purse strings when Hawaii hit the first brick wall in the mid 1990's. Unable to suck the fiscal gut in, lawmakers found society unwilling to pay for the increased costs.

Instead, lawmakers resorted to raiding special funds that they had set up to hide excess tax revenues that they refused to return to taxpayers. As a result, programs which should have been dumped and special funds which should have been repealed were instead installed as permanent features of the state spending agenda. It didn't matter that many of these programs and services had been at one time provided by private providers when the community got together and did for itself.

This created an entitlement mentality with taxpayers believing that if they were paying so much in taxes, government ought to do more for them. Little did taxpayers realize that the burden was growing heavier and heavier and little did lawmakers understand that the more taxes and fees they levied, the less money there is to circulate in the economy. Because of the panoply of taxes and fees, the cost of doing business has risen which in turn increased the cost of living in Hawaii.

As a result, with more and more of the household budget being spent on the more expensive necessities, there are less and less discretionary resources to buy extras. Voila, a downward spin in the economic activity as consumers tighten their belts as they try to make

ends meet. Meanwhile government bureaucrats decry the loss of funding as revenues shrink and they mumble that they can't do their jobs because there are so many vacancies in their departments.

They believe that if they can prove that the public is not being served because they are understaffed, lawmakers will give them more money either in appropriations from the general fund or new fees and user charges so they can ignore the whims of lawmakers. Such was the case during this past session as various department heads came before lawmakers pleading for new sources of revenues so they could "free-up" general fund dollars. One example was the parking program for the disabled which asked lawmakers to add "another" dollar on the state vehicle registration fee because it would free up a half million dollars of general funds which is currently required to run the program.

ZOT, wrong request as lawmakers are still smarting from the complaints from constituents that the ten-dollar increase in the vehicle registration adopted last session was just too much of an increase! And when it was pointed out that there are more than a million vehicles registered in the state, the proposed dollar increase would just double the budget of the program.

Some have argued that if government doesn't provide a service or program, no one will. The problem with that notion is that when government undertakes a program or service, it usually comes at a cost greater than if the same service was provided by private industry. A good example is the lack of modernizing the information systems of state government, a project that is yet to be implemented despite the findings and recommendations of the state auditor.

More at the Tax Foundation of Hawaii website:  
<http://www.tfhawaii.org>

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# Progressive War on ALEC

By Rep. **Blair Thoreson**, R  
North Dakota State  
House of Representatives

When did the public and private sector working together to find solutions become a bad thing? If you listen to the rhetoric stemming from Progressive groups, cooperative efforts dedicated to creating economic opportunity, consumer choices and finding solutions to real world problems are part of a vast right-wing conspiracy.

As a member of the American Legislative Exchange Council (ALEC), I am appalled at the spurious attacks directed toward the organization. As public sector chair of the ALEC Communications and Technology task force, I know the positive impact of legislation brought forward in states because of the issues we debate.

Groups that oppose free-markets and the free exchange of ideas have politicized the recent shooting in Florida, which resulted in the death of 17-year old Trayvon Martin. Organizations funded by George Soros as well as leftist pundits are trying to associate ALEC with this horrible tragedy. As member of the board of directors for the non-profit journalism organization Franklin Center for Government and Public Integrity, I'm troubled by the old media for their lack of fact checking surrounding the accusations made against ALEC. The combination of leftist attacks and lack of media scrutiny is being used to intimidate supporters of the organization.

The low depths these allegedly "Progressive" groups have sunk to beckon an answer to the question: what are they so afraid of? The answer: ALEC is successful at shaping pro-growth, free-market legislation at the state level. Working with both Democrats and Republicans in state capitals has resulted in job creation and economic growth. ALEC has helped create a vigorous exchange of ideas between the public and private sector.

The results have improved the lives of families all across our great country. Do opponents of ALEC fear bipartisan efforts to make people less dependent on government rendering those in leadership less powerful? Sadly the answer is "yes".

These heightened attacks against ALEC come during a contentious election season. Public employee unions are feeling the enormous pressure of their pensions bankrupting states and their outdated



bargaining tactics under attack. ALEC's efforts on behalf of taxpayers and a positive climate for business owners are viewed as a direct threat against the power Unions and their politician friends have maintained for decades.

A recent editorial in the Chicago Tribune spells out what happens when the people are forsaken for the power and control established when unions and politicians collaborate.

"Many of this state's taxpayers have caught on to the crude barter system that long lurked in the shadows: In return for reliable campaign support, Illinois politicians gave public employee unions hugely unaffordable pension and retiree health care benefits. Because those obligations didn't have to be funded immediately, the politicians could divert money to other purposes. They also figured they'd be gone when the dreadful costs of their giveaways erupted."

ALEC is working tirelessly to prevent other states from suffering the same fate as Illinois. By working in a bipartisan manner with both the public and private sector, state legislatures are empowering themselves to bring about job growth and economic freedom to the public, despite the attacks from organizations who believe in more Statism and less power for individuals.

By bringing forward ideas to be debated in our many state capitols (often referred to as the "laboratories of Democracy") our organization will continue to have a powerful impact on improving our nation's economy for years to come. ALEC's public and private sector members have been leading this effort for almost 40 years, and as President Reagan noted "it is you... the members of the American Legislative Exchange Council, who should be honored for your untiring dedication and service to promoting Mr. Jefferson's ideals" of limited government, free markets, and federalism. Rather than give up the fight for a better future for our nation (as the liberals would hope we'd do) ...we're just getting started.

Rep. Blair Thoreson has served in the North Dakota House of Representatives since 1998, representing District 44. He serves as the Chair of the House Appropriations committee-Government Operations division, and as Public Sector Chair of the ALEC Communications and Technology task force.

## Research Contractor is National Small Business Person of the Year

When **Victoria Tifft** was a Peace Corps volunteer working on infectious disease control in Togo more than 20 years ago, she came down with malaria. But it was the suffering of the local people living under devastating third world conditions that led her to dedicate her life to fighting infectious diseases – and that's what she's done.

Today, Tifft – president and CEO of Clinical Research Management Inc., of Hinckley, Ohio – was named 2012 National Small Business Person of the Year by Karen Mills, Administrator of the U.S. Small Business Administration during SBA's celebration of National Small Business Week in Washington, D.C.

First runner-up is **Darrin Swanson**, president, CEO and co-founder of Kit Masters, Inc., and Swan Machine LLC, in Perham in western Minnesota. Second runner-up is **Michael Cote**, president and founder of Look's Gourmet Food Company of Whiting, Maine.

"The innovation, inspiration and determination shown by Victoria Tifft have elevated her company, Clinical Research Management, above and beyond the norm," said Mills. "These qualities are what make small businesses such a powerful force for job creation in the American economy and in their local communities. Victoria was determined to fight disease around the world and she persisted, more than 300 jobs along the way. We also are proud that when she needed business advice, she turned to the Small Business Administration's Ohio Small Business Development Center, and our people were able to help her.

The National Small Business Person of the Year and runners-up were selected from among the state winners in 50 states, the District of Columbia, Puerto Rico, and Guam. The awards were announced at today's National Awards Luncheon, sponsored by Sage North America.

Tifft built her dream-fulfilling company from scratch after she took a job at the Walter Reed Army Institute of Research after her return from West Africa. While there, she identified an opportunity to help the Army with pre-clinical early and late-stage clinical vaccine trials.

National Small Business Week was observed throughout the nation last month as well as in Hawaii.

More information about the U.S. Small Business Administration can be found online at [www.sba.gov](http://www.sba.gov).

# \$2 Billion Loss

The \$2 billion "bad decision" trading loss (some have said it may be up to \$6 billion) by **JP Morgan Chase** was the talk of the media-and our President who used the event to call for further government investigations and control. Too bad we don't give half the level of scrutiny to government losses and corruption. Lost in the "news," are the facts that the banking firm is still very profitable, no customer lost any money and the bank did not get a Nush or Obama bailout. Freedom and risk taking mean you win, can lose, but can win again. We need to get back to a true, risk taking, responsible, citizenry and end the nanny state.



The first private commercial spacecraft to go to the International Space Station launched last month from Cape Canaveral, Florida. Space X's Dragon cargo supply capsule docked with the ISS. NASA photo



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## Tiwanak Leads Hospital Buyback Bid

Former St. Francis Healthcare executive Eugene Tiwanak and Hampton Health, Ltd., Hawaii LLC, a California-based medical group, have submitted a letter of intent to acquire the Ewa and Liliha hospitals from St. Francis Healthcare System of Hawaii.

Hampton Health Ltd., which was founded by Dr. John H. Fullerton and is headquartered in San Francisco, CA, is partnering with Eugene Tiwanak, the former president and chief executive officer of the St. Francis Healthcare Foundation and St. Francis Residential Care Community. Hampton Health Ltd., Hawaii LLC has obtained the necessary financing from investors in order to acquire both St. Francis Medical Center West in Ewa and St. Francis East in Liliha.

The former Hawaii Medical Center in Ewa was shut down in December 2011 after its owners declared bankruptcy. The group also owned part of the former St. Francis Hospital in Liliha, which is also closed. St. Francis Healthcare System, which owns the land under the Ewa and Liliha campuses, as well as the now shuttered buildings, will make the final decision on the future of both campuses.

"I have worked in many capacities for the Sisters of St. Francis since 1973, including planning, raising funds, administration and community outreach," said Eugene Tiwanak. "It would be a privilege to guide these healthcare institutions as Chief Executive Officer if we can reach agreement with St. Francis Healthcare System."

Tiwanak said Hampton Health Ltd., Hawaii LLC intends to meet

the Roman Catholic Church's Ethical and Religious Directives (ERD) for healthcare services in operating both facilities. "Hampton Health will continue to operate the hospitals under the beliefs of the Catholic Church," said Tiwanak.

"Hampton Health and Dr. Fullerton have an outstanding record of developing successful and creative health care programs and services, based in hospitals, clinics, the community and in homes. Their best practices models of healthcare, and substantial financial resources, will allow us to provide quality care at both the 'East' and 'West' facilities," said Tiwanak. He said Hampton Health Ltd. believes the 'East' facility, on Liliha Street, should provide geriatric services, while the 'West' hospital in Ewa would reopen as a comprehensive hospital and health care center, including an emergency room.

Hampton Health would expand medical services and programs, particularly at the Ewa hospital. Tiwanak emphasized that Hampton Health was interested in partnering with Hawaii-based medical service providers.

The letter of agreement was hand-delivered on May 15, 2012 and the price offered remains confidential. Tiwanak said Hampton Health Ltd., Hawaii LLC is interested in acquiring the fee interest in both campuses, but would also be open to discussing a long-term lease acquisition. For more information on Hampton Health, Ltd. visit [www.hamptonhealthltd.com](http://www.hamptonhealthltd.com).

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