

Book Review:

Broken Trust: Greed, Mismanagement, and Political Manipulation at America's Largest Charitable Trust

BY

DAVID C. FARMER

Although not universally embraced, recent DNA studies offer support for the out-of Africa theory, that we are all descended from a single African Adam and Eve who lived some 60,000 and 150,000 years ago, respectively. A five-year project partnership between IBM and National Geographic is combining population genetics and molecular biology to trace the migration of humans from the time we first left Africa, 50,000 to 60,000 years ago, to the places where we live today.

In a world that is flattening, as Thomas L. Friedman has observed, where the globalization of the local proceeds apace, Americans' emerging education gap threatens to sap America of its world prowess in science, math, and technology in this era of high tech innovation.

Against the backdrop of these emerging race theory and education realities, "Broken Trust" authors federal Judge Samuel P. King and University of Hawaii law school Professor Randall W. Roth have provided a breath-taking panoramic view, not only of the post-contact history of Hawaii, but also an intimate portrait of the birth, development, and travails of the world's wealthiest charitable trust, now known as Kamehameha Schools.

In the process, they have also told an inspiring universal story of demoralizing corruption and overweening hubris, personal courage and integrity, civic responsibility, and cautious hope for an informed community committed to democratic process and ideals.

The highlights of the story are well known, at least here in Hawaii, and the authors use Gladys Brandt's life as an effective story telling thread.

The Bishop Estate (the "Estate"), as Kamehameha Schools (the "Schools") was previously named, remains the largest private property owner in the state, governed by five until recently highly compensated trustees appointed up to 1997 by a majority of the five justices of the Hawaii Supreme Court.

Its sole beneficiary is the Schools, now actually one co-educational institution with approximately 6,940 students.

Bernice Pauahi Bishop, the great-granddaughter of King Kamehameha, who united all the islands except Kauai into a kingdom, created the trust by her will in 1884.

A well-educated and traveled royal princess, she died childless of cancer at the early age of 52. The Princess left the bulk of her estate, consisting of vast tracts of land totaling almost 400,000 acres, to five trustees. Their job was to establish and maintain a boys' and a girls' school and to support and educate "orphans, and others in indigent circumstances, giving preference to Hawaiians of pure or part aboriginal blood."

The back story includes the years when the Hawaiian lan-

guage and culture were actually banned from the Schools. It was not until the 1970s that the Hawaiian Renaissance and the courage of Principal Gladys Brandt for the first time permitted standing hula performance on campus.

In 1995, the Wall Street Journal estimated the assets of "the nation's wealthiest charity" at \$10 billion, greater than that of Harvard and Yale combined. Trustees were being paid a shade under \$1 million each annually.

Today, the endowment market value is a reported \$6.8 billion, exclusive of the value of the

land, and each of the trustees is paid around \$100,000.

Hawaii's governor appoints the Hawaii Supreme Court justices and formerly provided the names of trustee candidates. The positions are widely considered to be a highly paid sinecure for Democratic Party machine insiders, a party that held the dubious distinction of holding the record for the longest running, continuous political machine in our nation's history.

Despite corruption, greed, lack of transparency and accountability, and serious breaches of trust by the powerful, arrogant, and often abusive trustees, no attorney general, court-appointed master, probate judge, justice of the Supreme Court, or trust counsel did anything about the abuse and culture of fear perpetuated by the trustees.

A local culture of not speaking out for fear of reprisal, the old saw that a nail that sticks up gets pounded down, born perhaps of immigrant values and the plantation experience, contributed to the failure to address the problem of a charitable organization being handled as a personal investment club.

The situation was the more regrettable because the Schools was an institution created to serve the Hawaiian people, marginalized in their own land.

Things began to change when a courageous mass march in May 1997 by the Kamehameha 'Ohana publicly demonstrated that something was deeply wrong at the Schools, where trustee Lokelani Lindsey had micromanaged and bullied her way to control and interference.

As David Shapiro describes in his introduction reprinted in full in this issue, on August 9, 1997, five prominent Hawaii citizens - including the authors, former Judge Walter Heen, and the late Monsignor Kekumano and Gladys Brandt - wrote the essay "Broken Trust," calling for the removal of all but one of the trustees and urging the state to investigate.

Four of the five were Native Hawaiians.

When the essay was published in the Honolulu Star-Bulletin, public reaction was immediate. As a result of its disclosures and the courageous proactive actions by alumni, students, parents, administrators, and key community leaders, the state attorney

general and later the Internal Revenue Service ("IRS") initiated in-depth civil and criminal investigations.

On May 7, 1999, state probate Judge Kevin Chang ordered the trustees temporarily removed after the IRS threatened to revoke the Estate's tax-exempt status for the improprieties that occurred on the trustees' watch.

By December 13, 1999, all five of the trustees had either resigned or were permanently removed by court order.

The authors name names and pull no punches, resulting in heavy and sometimes bitter criticism by some of those in turn criticized in the book.

The authors assign responsibility, not only to the trustees, but also to the justices of the Hawaii Supreme Court, judges of the circuit and probate courts, politicians, private law firms and consultants, right down to some of the estate's embedded bureaucrats and in-house counsel.

The controversy about the controversy continues.

For example, state circuit Judge Eden Hifo, a former television news reporter and one of the several judges who presided at the often hydra-headed proceedings, wrote to the Star-Bulletin last March, taking exception to the book's characterization of one of her orders and pointedly questioning the accuracy and accountability of the book's federal judge and law professor authors.

The authors responded that the bottom line remained: she had enforced an injunction that prohibited a key Bishop Estate employee from sharing information with anyone from the media and officials when Bishop Estate improperly claimed that the information was privileged.

The book documents in vivid detail the often pendulum-like shifts in the Schools' history and policies to the present, including the latest controversy centering on the admission of non-Hawaiians and the Ninth Circuit's two out of three ruling last year that the schools' admission policy constituted "unlawful race discrimination."

The court held that the Schools' policy violated federal civil rights law, even though Kamehameha receives no federal funding.

The ruling had reversed a 2004 decision by United States District Judge Alan Kay that ruled against a challenge to the Schools' Hawaiian-preference policy, finding the policy served "a legitimate remedial

purpose of improving native Hawaiians' socioeconomic and educational disadvantages."

After the book's publication, the decision was vacated last February, and the matter was set for rehearing by the entire court.

The authors comprehensively illuminate the many complex and unresolved questions that still confront the Schools.

What does it mean to be Hawaiian in a world where culture, not race, is significant? Will the preferential admissions policy ultimately be upheld? Should the Schools embrace the at-risk to educate

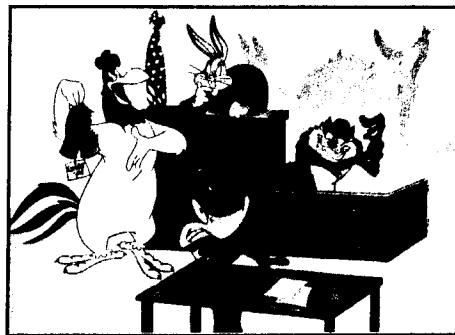
the largest number of students and be as inclusive as possible, or should it attract and educate only the best and the brightest? Should the structure of the Estate be changed so that it becomes a not-for-profit charitable corporation with a large unpaid board of directors that sets policy?

Additional troubling questions linger on.

Was the trustees' ultimate accountability sacrificed in the spurious name of closure and healing? Is an in-depth investigation of the justices and their conduct in order?

The book concludes with cautious optimism that out of the ashes is emerg-

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ing an engaged Hawaiian community, holding the trustees, its modern-day ali'i, and the trust that was created for the sole benefit of the Schools accountable and responsive to the evolving needs of all its children.

Ironically, some critics of the book who were involved in the events agree with the authors on at least one point: the continuing secrecy stemming from the refusal to release court-sealed and privileged documents hobbles any attempt to tell accurately the whole story.

In the end, it is impossible to assess whether the book is indeed a fair and accurate report of the facts or rather, as some of its critics charge, an incomplete, manipulative, and self-serving and even politically motivated work of self-promotion and one-sided polemic.

Or, is it something in between these extremes?

Accusations of self-serving motives, especially for any economic gain, must certainly be assessed in light of the source of these accusations, the character of the authors, and the fact that all royalties go to early childhood education.

For this reviewer, the very readability and clarity of the story raise questions as to whether the black hats and white hats of the characters portrayed in the book accurately reflect what is usually a more complex world where we most often encounter people, including ourselves, with both laudable and not so laudable character and conduct.

This book generally does not deal with shades of gray.

Its brave and saintly heroes, attorney general Margery Bronster, Governor Ben Cayetano, court master Colbert Matsumoto, and somewhat ironically, the IRS, all do battle with the devilish evil empire of trustees Lokelani Lindsey, Henry Peters, Richard Wong, and Gerard Jervis and their minions, among others.

Only Schools president Michael Chun and trustee Oswald Stender come off as shaded characters.

The writing often has a Dick and Jane reader quality to it, no doubt out of good intentions to make the material accessible to a lay reader, but sometimes suggesting a patronizing dumbing down.

The lack of sources has also been a target of some criticism, although, under the circumstances, one can perhaps understand why.

Although the book's illustrations in themselves are useful, the captions, which simply repeat verbatim passages in the book, could have contained supplemental material to better advantage.

But what of the future of Kamehameha Schools, the focal point of the tempest? Is it better and stronger for the controversy?

The reality is unmistakable. If we are indeed all deeply connected through common ancestors, the whole notion of race is finally thrown into a cocked hat. Here in Hawaii, of course, we are all especially aware of our interconnectedness.

Equally clear is that this nation must nurture the best and the brightest of all our talent to remain competitive on the flat world stage of high tech connectivity. The question remains: what is the right education for this country to remain competitive?

Within this larger context, surely a humble commitment to servant leadership, transparency, dialogue, best practices, good-spirited community, and creative thinking will help guide the Kamehameha Schools to places perhaps never envisioned by the Princess but still blessed with her loving and nurturing spirit.

That is the prayer at the heart of "Imua Kamehameha," the

song title that comes from King Kamehameha's legendary battle cry, "Imua Kamehameha inu ika wai'awa'awa:" go forward and flourish.

Afterward

The author submits the following in the spirit of transparency and full disclosure in what continues to be the biggest small town in the Pacific.

I have lived in Hawaii since 1966. I was a student of Professor Roth at the William S. Richardson law school in the early '80s and worked closely with him on the 1998 Hawaii Bar Association Centennial Anniversary show when he served as HSBA president. I have also been his colleague when I taught as a visiting and adjunct professor at the school. I was an associate and partner from 1986 to 1995 with the law firm of Case & Lynch, now Case Lombardi & Pettit, which traces its origin in 1888 to William Owen Smith, one of the initial trustees under the will and also incidentally one of the architects of the overthrow of the monarchy. I also was counsel with Ashford & Wriston from 1998 through 2001, one of the firms criticized by a court-appointed master for not seeing conflicts related to trustee misconduct, but also a well respected firm I know first-hand to have the most impeccable and highest ethical and professional standards. Good friends include Wendell Brooks, who served two years as Kamehameha Schools' chief investment officer after the removal of the trustees; Rick Daysog, whose Honolulu Advertiser reports were specially acknowledged for their excellence; and Lavonne Leong, rightfully praised as the writers' "absolutely superb editor." Finally, one of my oldest friends is Larry Kamakawiwo'ole, a Kamehameha alumnus and the courageous leader of the Kalama Valley struggle in the 1970s, described in Chapter 4 of the book but without identifying his name.

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(Continued from page 40, Scoring the Hawaii Bar Exam)

⁷ The NCBE also provides other assistance to its member jurisdictions, such as consulting, training, and conferences on issues common to the various Boards. For further information about the NCBE and the bar examination, including statistics and comparisons of jurisdictions, see the NCBE web site: ncbex.org.

⁸ See, *The Bar Examiner*, "Standardizing Essay Scores: Correcting for Differences in Difficulty Among Essay Questions," by Allan S. Cohen and Erica Moeser, Vol. 69, February, 2000, and *The Bar Examiner*, "Demystifying Scaling to the MBE: How'd You Do That?," by Susan M. Case, Ph. D., Vol. 74, May 2005, (available at ncbex.org).

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(Ed. Note: David Shapiro wrote the following "Introduction" to Broken Trust by Randall Roth and Hon. Samuel King.)

When Randall Roth came to the Honolulu Star-Bulletin late on the afternoon of August 7, 1997, and asked editorial page editor Diane Chang and me to publish the essay that would become known as "Broken Trust," I sensed I was looking at something of monumental importance. This essay was a bare-knuckled attack on the trustees of Kamehameha Schools/Bishop Estate, a charitable trust of unprecedented power, with lines tracing back to Hawaii's monarchy as the century-old bequest of a Hawaiian princess who desired to improve the lives of Hawaiian children.

A 1995 Wall Street Journal article described Bishop Estate as "the nation's wealthiest charity," with an endowment estimated at \$10 billion-greater than the combined endowments of Harvard and Yale universities. With vast land holdings in a small island state, Bishop Estate wasn't bashful about flexing its muscles, and its influence reached deep into Hawaii's government, judiciary, and business communities in incestuous relationships that increasingly reeked of corruption.

The opening of "Broken Trust" was blunt: "The community has lost faith in Bishop Estate trustees, in how they are chosen, how much they are paid, how they govern. The time has come to say 'no more.'" Strong words, but the essay was more than just rhetoric. It went on to document the misdealings surrounding Bishop Estate-and their devastating impact on beneficiaries of the trust-as never before. It detailed how trustee appointments, which paid nearly \$1 million a year, were rigged by politicians and judges; how trustees lined their pockets at the expense of the institution's bottom line; how the supposed protectors of the trust, the attorney general and courts, looked the other way; how investment results were manipulated to mislead, with no accountability; and how Kamehameha Schools, the core of the trust's mission, was being scandalously shortchanged at every step. The essay concluded, "The princess intended a sacred trust. What we ended up with is a political plum." Many of these violations had long been suspected, but they had never been publicly spelled out in a community where even honorable people were reluctant to tangle with the immensely powerful trustees and their legion of loyal supporters among native Hawaiians.

As important as what "Broken Trust" said was who was saying it. Roth was a respected professor of trust law at the University of Hawaii, but it was his four co-authors-importantly, all of native Hawaiian ancestry-who carried the weight: Samuel King, a Senior U.S. District Court judge; Monsignor Charles Kekumano, a Catholic priest, chairman of the Queen Lili'uokalani Trust, and former chairman of the Honolulu Police Commission; Walter Heen, a retired state appeals court judge and former Democratic state legislator and Honolulu city councilman; and Gladys Brandt, a retired principal of Kamehameha School for Girls and a former chair of the University of Hawaii board of regents. These were not bomb-throwers, but the most solid of citizens, venerable community leaders who enjoyed wide respect among Hawaiians and non-Hawaiians alike.

Roth brought the essay to the Star-Bulletin after first offering it to our larger competitor, The Honolulu Advertiser, where the authors had been unable to reach agreement with editors on either a form or a time frame for publication. At the time, there

was a major controversy swirling in the Hawaiian community over a trustee's micromanagement of Kamehameha Schools, and the authors of "Broken Trust" wanted to get their essay into print before the trustees moved to purge the school of its popular president, Michael Chun, and of four Kamehameha teachers who had dared to question the trustees publicly.

I could understand why the essay had caused the Advertiser's editors concern. At more than 6,400 words, it was far longer than anything a mid-sized daily newspaper would normally publish, and it was structured as an unusual hybrid of factual reporting and opinion. But I thought Advertiser editors had failed to take into account the stature of the authors. It didn't matter whether "Broken Trust" was reporting or opinion; the weighty concerns of these pillars of the community constituted big news that we needed to bring to the attention of our readers. Significantly, no key point of "Broken Trust" has ever been shown to be false.

I had a clear sense of what was the right thing to do in my position as managing editor of the Star-Bulletin, but I had to swallow hard when I approved the immediate publication of "Broken Trust" at its full length. I had crossed the powerful trustees before and knew them to be vindictive and relentless. I told my wife that night that if this blew up in my face, I'd probably have to look for work on the Mainland. And I took little comfort from Roth's assurances.

"I'll bet the farm that one or more trustees will be removed," he predicted.

"That would be like moving a mountain," I replied. "I'd save a few acres of the farm for your old age."

What motivated Roth more than anything else was that the manipulations by the trustees-in what he called "a world record for breaches of trust"-had occurred in plain view of people with the power and the legal obligation to do something about it. I had to admit that my own newspaper was aware of many of these questionable dealings but seldom investigated the stories aggressively. But we weren't alone. Historically, all of Hawaii had generally maintained a hands-off attitude when it came to Bishop Estate. Some feared invoking the wrath of the trustees and their loyal native Hawaiian supporters. But mostly, the reluctance to get involved sprang from the view that Kamehameha Schools was a sacred Hawaiian institution, and even honest citizens and public officials were disinclined to interfere in its affairs if Hawaiians weren't complaining.

And Hawaiians hardly ever complained. To the contrary, they were fiercely protective of the Bishop Estate and its trustees, having been persuaded that attacks on the trustees were really attacks on the legacy of Princess Pauahi, who had created the trust, and on all Hawaiians. Whenever legislative efforts were afoot to rein in trustee pay, reform residential leasing policies, or more closely monitor investment and educational performance, trustees could turn out Hawaiians by the busload to protest. A newspaper that reported critically on Bishop Estate or Kamehameha Schools could expect to be bombarded with angry calls and letters from Hawaiians.

By 1997, however, this was changing. Supreme Court justices increasingly were filling trustee vacancies with elective politicians who lacked humility in dealing with the Kamehameha community, an attitude that created widespread resentment. Bishop Estate appointments had always been political, and the high compensation, speculative deals, and self-serving manipulation of informa-

tion about the trust had existed to some extent before the group of trustees who were finally held to account came along.

But the earlier generations of trustees were a different breed of political cat-top government executives, well-connected businessmen, and wealthy patricians from prominent local families who knew their way around a boardroom and could comport themselves with some finesse in the diverse circles in which trustees traveled. These trustees took pains to cultivate support from the Kamehameha Schools community and to present themselves as humble servants of the princess.

But a 1978 constitution convention changed the way trustees were appointed by creating a Judicial Selection Commission to play a leading role in the appointment of Hawaii's judges. The bar elected two members of the Judicial Selection Commission, and the remaining seven were appointed by the speaker of the house of representatives, the president of the senate, the chief justice of the Supreme Court, and the governor. It seemed no coincidence that subsequent appointments to Bishop Estate included a house speaker, a senate president, a chief justice, and a chairman of the Judicial Selection Commission. There was even an aborted attempt to appoint Governor John Waihe'e. Grounded in politics, these new trustees knew little of the collegiality of a boardroom or the fiduciary duties owed by trustees. They were about gaining power by lining up voting majorities and divvying up personal fiefdoms. The lead trustees, as they were called, were given unprecedented individual authority over investments, education, and trust administration. They operated much like legislative committee chairs and had unbridled control of their domains. Most important was the different way these trustees viewed themselves—not as servants of the princess, but as feudal lords, accountable to nobody. In their own minds, they could do no wrong, and their word could not be questioned. The beneficiaries of the trust were there to serve them.

In a 1995 legal brief, attorneys for the trustees in a dispute over water rights on Bishop Estate land argued that the trustees had inherited the absolute power of Hawaiian ali'i (royalty) going back to the beginning of the Kamehameha dynasty. The trustees contended, "Kamehameha I, by right of conquest, became lord paramount of these islands. He was an absolute monarch. His will was law. He was the lord of life and death. . . . Then logically to the same extent, if not more, the trust of Bernice Pauahi, the legacy of the Kamehamehas, must be entitled to those traditional and customary prerogatives enjoyed by the Kamehameha ali'i." With such a heady view of themselves, it was no surprise that the trustees fell prey to Lord Acton's observation that absolute power corrupts absolutely.

A turning point came in 1993, when the trustee board included two political heavyweights, former house Speaker Henry Peters and former senate President Richard "Dickie" Wong, and two old-school trustees, Myron "Pinky" Thompson and Oswald Stender. The swing trustee was Lokelani Lindsey, a career bureaucrat in the Department of Education who had recently run unsuccessfully as the Democratic candidate for mayor of Maui. Justices appointed Lindsey shortly after appointing Wong in the apparent hope that as an educator and the first woman ever named to the board, she would deflect criticism of the perceived political payoff in Bishop Estate appointments. Peters and Wong wanted to control the estate and its billions without the interference of

Thompson and Stender. They needed Lindsey's vote to solidify their power, and to get it they named her lead trustee for education, which gave her absolute authority over Kamehameha Schools.

Unfortunately, neither the justices nor Peters and Wong had done their homework on Lindsey, who would soon become the public embodiment of everything that was broken about the trust. She was crude, imperious, and unpleasant, with controversial notions about education. Her own background was in physical education, and she distinguished herself in the DOE more as a political opportunist than an education theorist as she rose through the bureaucracy. She held a low opinion of the Kamehameha Schools administration and staff and had little interest in what alumni had to say. Her capricious dictates were not open to discussion, and her power tool of choice was intimidation.

At first the Kamehameha 'ohana—teachers, students, alumni, and parents—tried to heal the unpleasantness with respectful requests to the trustees to talk things out, as is the Hawaiian way. But when the trustees stubbornly refused to "talk story," the 'ohana banded together in a group that called itself Na Pua a Ke Ali'i Pauahi—the Children of Princess Pauahi—and staged an emotional and unprecedented march on Bishop Estate headquarters at Kawaiaha'o Plaza in May 1997. The fight was on.

Around the same time, Roth was lining up co-authors for a hard-hitting exposé that would support Na Pua's efforts. Each co-author also had broader issues with the management of Bishop Estate and the tainted involvement of the judiciary. King was a leading critic of the Judicial Selection Commission and believed that instead of removing politics from judgeship appointments, as it was intended to do, it had only moved the politics out of public view at the expense of accountability. Brandt and Kekumano were deeply concerned about the impact Lindsey was having on campus and had felt betrayed when the blue-ribbon panel for trustee selection on which they served was manipulated and deceived by Supreme Court justices. Heen, a onetime candidate for the Supreme Court, had been taken aback when asked during the selection process whom he would appoint to Bishop Estate, a question he considered inappropriate.

Until the "Broken Trust" authors weighed in, the trustees faced a limited battlefield—Lindsey's micromanagement of Kamehameha Schools. The trustees could have ended the dispute at any time by simply reining in Lindsey and restoring respectful communications with the 'ohana. In those early days, the possibility of a trustee's being removed from office was barely imaginable, and Na Pua's lawyer said this was not their goal. "Broken Trust" changed everything by demanding that the trustees be held accountable for the breaches of trust that had occurred through-out Bishop Estate operations, moving the conflict beyond Lindsey and Kamehameha Schools. It was devastating in its indictment, not only of the trustees, but also of the judiciary and Hawaii's political establishment. The authors pressed the attorney general to investigate the obvious wrongdoing and then to seek the trustees' removal, if it was warranted. The authors also called upon the justices to remove themselves from trustee selection and to support the development of objective procedures for selecting future trustees on merit.

"Broken Trust" brought the controversy to critical mass. In

short order, the governor asked the attorney general to investigate, Supreme Court justices reluctantly agreed to stop appointing trustees, a court-appointed master confirmed the charges about trustee misconduct, and a retired judge hired at the request of the trustees to whitewash problems at Kamehameha Schools instead indicted Lindsey for everything she had been accused of and more.

It took nearly two years of often chaotic legal wrangling, but in May 1999 the Internal Revenue Service forced the hand of local courts by threatening to revoke Bishop Estate's tax-exempt status if the current trustees stayed on the job. Brandt, Kekumano, Heen, King, Roth, and all of the Kamehameha 'ohana, who had risked everything in pursuit of justice and respect, had moved their mountain.

Change came fast at Kamehameha Schools. The probate court imposed term limits on trustees and drastically reduced their compensation. A court order forced trustees to appoint a chief executive officer and to nominally step away from daily operations to fulfill the more traditional oversight role expected of the boards of charitable trusts. Investment policies were cleaned up, and spending on the core mission of educating Hawaiian children increased dramatically. New campuses opened on Maui and the Big Island, and trustees restored innovative out-reach programs and cooperative efforts with public schools-policies that had been eliminated by the previous board.

Still, elements of the resolution were ominous for the future. Once the trustees were removed, their replacements pressed for "closure and healing," with no apparent concern for accountability. Judges and other public officials, who felt they had aired enough of their dirty laundry and wanted nothing more than for it to be over, gladly embraced the call for "healing." Legal proceedings were concluded quickly, and no attempt was made to assess damages or collect restitution from the trustees-or from their lawyers and contractors-for the millions of dollars in losses attributable to the breaches of trust. Nor was there any organized inquiry by the new trustees or the judiciary to get to the bottom of what went wrong and determine how to prevent it from happening again.

Trustee compensation, though reduced, remained high for part-time overseers of a charitable trust. The chairman was paid \$120,000 and other members \$97,500, compared to a national average of \$6,500 for trustees of charities with assets of more than \$500 million. But even then a court-appointed salary panel subsequently recommended that Bishop Estate trustee pay be nearly doubled. Another public outcry led the new trustees to reject the raises, but compensation clearly seemed headed back up.

Trustee selection was shifted from the supreme court to the probate court; critics, however, saw potential for continued political favoritism, with an unchanged judicial selection process, compensation still temptingly high, and an absence of transparent criteria for choosing trustees. The new trustees remained secretive in their actions, and the attorney general and probate court reverted to their pre-scandal reluctance to provide close oversight of trustees.

The impact of the Bishop Estate scandal in the broad community was far-reaching and profound. It exposed Hawaii's political rot and helped set the stage for putting a new party in the gov-

ernor's office for the first time in forty years. It showed Hawaiians what they could accomplish when they worked together, raising hopes of forward movement on other important issues. It demonstrated the wisdom and value of the federal intermediate sanctions law that Bishop Estate trustees had so opposed, which allowed the IRS to deal with serious irregularities by going after the trustees responsible for the mismanagement instead of punishing the trust's beneficiaries.

"Broken Trust" proved the value of having two competing newspapers in a city and was recognized as a major reason for the public outrage and landmark litigation that forced owners who tried to shut down the Star-Bulletin in 1999 to instead sell to a new owner, who kept it publishing. Trustee Henry Peters told CBS's 60 Minutes that his biggest regret was not buying the Star-Bulletin when it was first offered for sale in 1992, so that trustees could have stopped "Broken Trust" and controlled the coverage of the scandal.

The Bishop Estate scandal shined a harsh spotlight on Hawaii's legal profession, revealing conniving justices, in-house attorneys who provided legal cover for the trustees' breaches, and outside counsel who collected millions from the charitable trust to defend the trustees' personal interests. All of these lawyers had a professional obligation under Hawaii law to report serious breaches of trust, not to enable them; but no sanctions were ever sought. The saving grace for the profession was that attorneys also were prominent among the heroes who stepped up to protect the Pauahi legacy-Heen, King, and Roth from "Broken Trust"; Attorney General Margery Bronster; court master Colbert Matsumoto; the court-appointed fact-finder Patrick Yim; and Na Pua attorney Beadie Dawson, among others.

By far the most important effect of the fall of the Bishop Estate trustees was to energize the community spirit and elevate public expectations, ending the pervasive and demoralizing perception that official corruption was an inescapable fact of life in Hawaii-the price of living in paradise. As Matsumoto put it, "This story is really about the democratic process-people standing up to do the right thing despite odds and intimidation."

The Bishop Estate scandal inspired a chorus of "no mores" that reverberated through other power centers in Hawaii. Two members of the Honolulu City Council and four state legislators were sentenced to prison for corruption-two of them for offenses directly related to Bishop Estate-as federal and state prosecutors became newly aggressive in weeding out public corruption. Airport employees and city liquor inspectors were prosecuted in kickback schemes. Gary Rodrigues, one of the state's most politically powerful labor leaders and a member of both the Judicial Selection Commission and the Supreme Court's blue-ribbon panel to screen Bishop Estate candidates, was convicted of multiple counts of fraud and sentenced to federal prison. A five-year investigation by the state Campaign Spending Commission and the Honolulu prosecutor broke up a corrupt system of political money-laundering in which local businesses donated large sums to leading elected officials in the hope of being rewarded with lucrative government contracts. Dozens of prominent contractors were convicted for making illegal contributions. A lawyer was sentenced to jail for his role in hiding the true source of a political contribution, an activity one witness described as "a business tradition" in Hawaii.

Before the Bishop Estate trustees fell, corrupt officials felt confident they could act with impunity; after, they had to seriously fear being caught and punished.

The era of the Bishop Estate scandal will be remembered as one of the most exciting and pivotal times in Hawaii's short history as a state, and nobody is better qualified than two of the authors of the "Broken Trust" essay to place these watershed events in their sharpest focus yet, capturing all of the human drama along the way. This book should serve as a reminder of the positive things that can happen when good and industrious people stand up to do the right thing. Appropriately, the story begins with a respectful remembrance of the Hawaiian princess who left her people the blessed gift that inspired such courage in her name.
