

Appendix A

Chronology of Events in the Kamehameha Schools Bishop Estate Controversy 1997-2000

1997

- May 15, 1997:** More than 500 Kamehameha Schools parents, students, alumni, and supporters march on the headquarters of Kamehameha Schools Bishop Estate ("KSBE") to protest the trustees' micromanagement of the school.
- August 9, 1997:** The *Honolulu Star-Bulletin* publishes the "Broken Trust" article, which alleges mismanagement of KSBE assets and conflicts of interests by the trustees, and criticizes selection of the trustees by Hawai'i Supreme Court justices.
- August 12, 1997:** Governor Benjamin Cayetano orders Hawai'i State Attorney General Margery Bronster to begin preliminary inquiry into KSBE to see if there is a need for a wider investigation.
- August 29, 1997:** Bronster submits a preliminary report on the investigation, calling for the investigation to continue.
- October 8, 1997:** Hawai'i Circuit Judge Kevin Chang orders the KSBE trustees to comply with a state subpoena and turn over all nonprivileged documents to the attorney general.
- November 17, 1997:** Special Master Colbert Matsumoto files his "Master's Report on the One Hundred Ninth Annual Account of the Trustees." The report says that KSBE suffered losses for fiscal year 1993 that amounted to over twice the \$100 million annual operating budget of Kamehameha Schools.

- December 12, 1997: Fact-finder Patrick Yim alleges that trustee Lokelani Lindsey managed Kamehameha Schools by "intimidation."
- December 20, 1997: Four Hawai'i Supreme Court justices announce they will no longer select KSBE trustees; one justice dissents.
- December 29, 1997: Trustees Gerard Jervis and Oswald Stender petition for the removal of trustee Lokelani Lindsey.

1998

- March 12, 1998: Five justices of the Hawai'i Supreme Court recuse themselves from any appeals on KSBE matters. The justices appoint five circuit court judges to take their place.
- August 7, 1998: Special Master Colbert Matsumoto files his "Master's Consolidated Report on the One Hundred Ninth, One Hundred Tenth, and the One Hundred Eleventh Annual Accounts of the Trustees." The report criticizes KSBE's investment performance, calls for stronger conflict-of-interest policies, and recommends implementation of a management system headed by a chief executive officer instead of the "lead trustee" management system currently in place. The report also cites losses of \$242.4 million during the 1993-1996 fiscal years.
- September 9, 1998: Bronster petitions for the temporary removal of four trustees, alleging that they jeopardized the tax-exempt status of KSBE. Bronster files the "Attorney General's Response to Master's Consolidated Report on the 109th, 110th, and 111th Annual Accounts." The report alleges failure to plan for expansion of the educational mission with increased revenues, as required by Princess Bishop's Will and court orders; breaches of trust and violations of the trustees' duty of care; and failure to have a strategic plan to carry out the educational mission of the trust. The trustees file the "Trustees' Response to Master's

Consolidated Report on the One Hundred Ninth, One Hundred Tenth, and the One Hundred Eleventh Annual Accounts of the Trustees.” Their response focuses on the criticism in the Master’s Consolidated Report regarding the lack of a strategic plan. The trustees agree to segregate income and corpus, report accumulated income separately, and complete the strategic planning process initiated in 1993.

- September 10, 1998: Bronster calls for the permanent removal of trustees Richard Wong, Henry Peters, and Lokelani Lindsey, charging that they engaged in self-dealing and mismanagement of KSBE.
- November 2, 1998: Special Master Colbert Matsumoto discloses a letter from the Internal Revenue Service (“IRS”) that cuts off communications with all five trustees due to their potential conflict of interest. The IRS continues conducting an audit of KSBE.
- November 25, 1998: A state grand jury indicts Peters on a charge of theft.

1999-2000

- February 4, 1999: Probate Judge Kevin Chang removes all five IRS trustees from matters involving the IRS audit of KSBE. The order calls for the appointment of a panel of five administrators to deal with the audit.
- March 2-3, 1999: Trustee Jervis and an attorney for the Estate are caught in a compromising position in a bathroom stall in a hotel; she commits suicide the next day.
- March 11, 1999: Trustee Jervis is rushed to a hospital after taking an overdose of sleeping pills.
- April 12, 1999: Trustee Wong is indicted by a state grand jury on charges of first-degree theft, perjury, and conspiracy.
- April 27, 1999: The IRS files a report threatening to revoke the tax-exempt status of the estate if the five trustees do not step down.

- April 28, 1999:** The Hawai'i Senate rejects Margery Bronster's nomination to a second term as Attorney General.
- April 30, 1999:** Probate Judge Kevin Chang orders a temporary freeze on any compensation to the trustees.
- May 6, 1999:** Hawai'i Circuit Court Judge Bambi Weil permanently removes Lindsey as trustee.
- May 7, 1999:** Probate Court Judge Kevin Chang temporarily removes four trustees and accepts trustee Stender's resignation on an interim basis. The panel of five special-purpose trustees are appointed as "Interim Trustees."
- May 12, 1999:** The chairman of the Interim Trustees reports that the IRS insists on the permanent removal of the trustees.
- June 16, 1999:** Circuit Judge Michael Town dismisses the indictment against trustee Wong.
- July 1, 1999:** Circuit Judge Town dismisses indictments against trustee Peters.
- July 6, 1999:** Governor Cayetano appoints Earl Anzai as Attorney General. The investigation is to continue under Anzai.
- August 4, 1999:** A state grand jury indicts trustee Peters again.
- August 20, 1999:** Gerard Jervis offers to resign as trustee.
- August 31, 1999:** Probate Judge Colleen Hirai grants the Attorney General's request for interim removal of trustees Peters and Wong at least until March 28, 2000.
- September 13, 1999:** The Attorney General petitions the Probate Court to assign the task of selecting KSBE trustees to the Hawai'i Intermediate Court of Appeals.
- September 27, 1999:** Oswald Stender offers his unconditional resignation as trustee.

- December 1, 1999:** Probate Judge Kevin Chang approves a \$9 million settlement between KSBE and the IRS.
- December 3, 1999:** Richard Wong offers to resign permanently as trustee.
- December 9, 1999:** Former trustee Wong is indicted by a state grand jury for perjury.
- December 16, 1999:** Lokelani Lindsey offers to resign as trustee.
- December 17, 1999:** KSBE officially changes its name to "Kamehameha School." Circuit Judge Michael Town dismisses the indictment against former trustee Peters.
- January 6, 2000:** Probate Judge Kevin Chang issues an order outlining the selection process for trustees: A panel of seven committee members will screen applicants and make recommendations to the probate judge, who will make the selection. Judge Chang appoints the members of the panel. Hamilton I. McCubbin is named the first chief executive officer of Kamehameha School.

