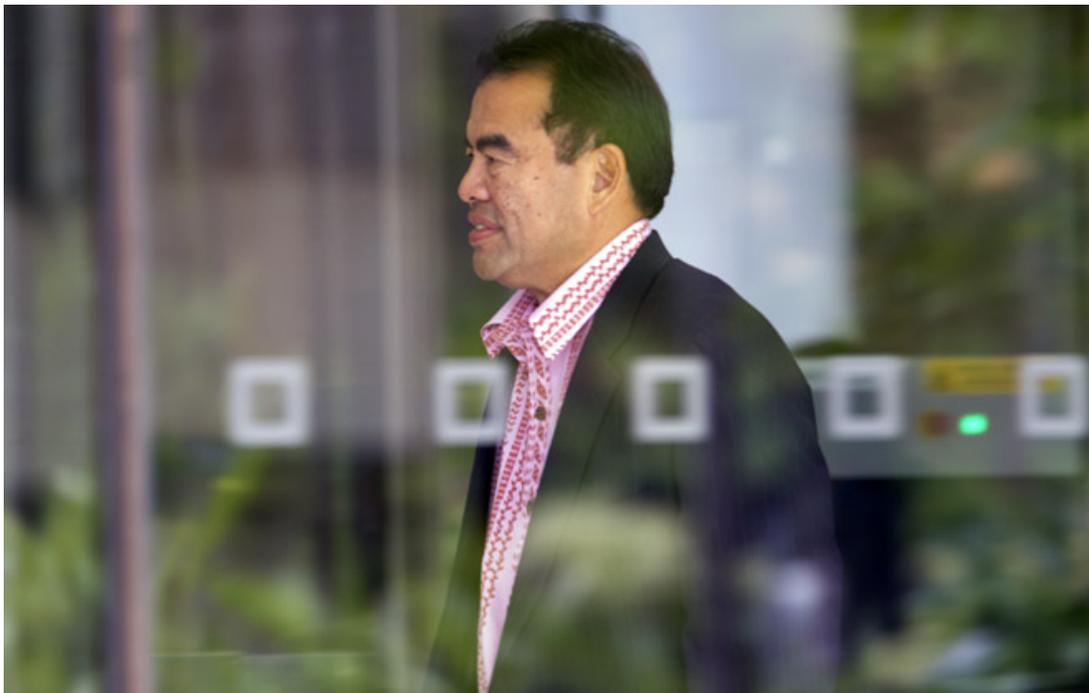


Top News

Businessman Hee guilty on all counts in tax fraud case

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July 13, 2015



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Albert Hee

A federal jury has found a Honolulu businessman guilty of tax fraud for using his company to pay more than \$2 million in personal expenses.

The verdict against Albert S.N. Hee came back Monday afternoon on the second day of deliberations.

Hee was found guilty of interfering with the Internal Revenue Service and six counts of

filing false tax returns.

Assistant U.S. Attorney Lawrence Tong told the jurors Thursday that Hee directed his company to pay his personal expenses and deduct the payments as business expenses by providing false information to company accountants.

Tong said the personal expenses include more than \$1.67 million Hee directed Waimana to pay his wife and children in salaries and benefits even though they did no work for the company; more than \$700,000 in college tuition payments for his three children that Hee continues to declare are legitimate company educational expenses; more than \$146,000 in credit card payments and cash withdrawals that Hee says were for legitimate company travel expenses; and \$96,000 for twice-weekly two-hour massages, which he told company accountants were for health consultant services.

"The defendant used his company as if it was his own checkbook," Tong said.

The 61-year-old Honolulu businessman is on trial in U.S. District Court on charges that he had his company, Waimana Enterprises, Inc., pay more than \$2 million of his personal expenses between 2002 and 2012, which the company deducted as business expenses, and then filed false tax returns by not claiming the payments as income.

Defense lawyer Steven Toscher said in his closing argument Thursday that any erroneous payments and deductions made were the result of mistakes committed by Waimana's accountants. He said Hee never hid anything from the Internal Revenue Service when the agency started auditing Hee's companies in 2006 or from company accountants.

Waimana provides telecommunication services on Hawaiian homesteads through its wholly owned subsidiaries Sandwich Isles Communications Inc. and Clearcom Inc.

Hee's Sandwich Isles Communications provides telecommunication services on Hawaiian homesteads and is paid to do that from a fee of about \$1 or \$2 attached to most phone bills. The fee, known as the federal Universal Service Charge, is 4.26 percent of a Hawaii cell phone bill, according to the Verizon Wireless website. The fee was started, in part, to fund telephone service in hard-to-reach rural areas.

In 2005, Sandwich Isles had the dubious distinction of operating the nation's most expensive rural telephone network. That year the federal government paid Sandwich Isle about \$13,700 a customer, or 100 times the average for rural phone service on the mainland.