

HAWAII

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# Committee OKs Bill To Shield UH Regents From Revealing Financial Info

Bankers, former regents and contractors supported the measure while the Ethics Commission and University of Hawaii faculty union opposed it.

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A bill to exempt members of the University of Hawaii [Board of Regents](#) from a law that requires them to publicly disclose their financial interests cleared its first hurdle in the House on Tuesday.

The Higher Education Committee, chaired by Rep. Isaac Choy, unanimously passed [House Bill 1532](#), although Reps. Takashi Ohno and Lauren Matsumoto noted their reservations.

Choy, who introduced the measure, said he understands there is “a lot of concern from the good-government people.”

To that end, he amended the bill by adding language that requires the [Hawaii State Ethics Commission](#) to specifically review the annual financial disclosure statements filed by members of the Board of Regents and report back to the Legislature.

Nathan Eagle/Civil Beat



*Hawaii State Ethics Commission Executive Director Les Kondo, right, testifies before the House Higher Education Committee, chaired by Rep. Isaac Choy, Tuesday.*

He said that mandate won't make the disclosure statements public, but it will ensure the Ethics Commission looks at them for conflicts of interest instead of just putting them in a drawer.

Lawmakers unanimously passed a bill in 2014 that added 15 powerful state boards, including the Board of Regents, to the list of those whose members must publicly disclose their financial interests.

Ethics Commission Executive Director Les Kondo told lawmakers at the time that one of the main reasons they should pass that bill was the commission lacks the resources to scrutinize the roughly 1,800 financial disclosures it receives and that the public would be better able to flag potential conflicts.

Kondo reiterated those concerns in his opposition to the measure Tuesday.

“Due to the sheer number of filings, the number of state agencies and boards involved, as well as finite staff resources, the Commission does not have the capacity to monitor and track the substantive matters and decisions of every state board and commission in order to determine whether a particular action or decision may directly affect a board member’s personal financial interest,” he said.

**“The entire government is saying we don’t have time. Do your job, and let me do mine.”  
— Rep. Isaac Choy**

“Members of the public who are involved with and who may be impacted by the Board of Regents’ decisions are more knowledgeable about the specific matters that come before the board and are,

therefore, in better position to identify and raise concerns regarding potential conflicts of interests,” Kondo said.

Choy wasn’t buying that argument.

“The entire government is saying we don’t have time,” he said in an interview after the hearing. “Do your job, and let me do mine.”

Former regents, the Chamber of Commerce, bankers and contractors backed the bill, saying the public disclosure requirement deters the best candidates from applying to serve on the board.

Four regents resigned before the law took effect, but their seats have since been filled and candidates have applied to fill upcoming vacancies.

Two of the regents who quit in 2014 — John Dean and Tom Shigemoto — told the House committee that they were fine sharing their financial disclosure statements with the Ethics Commission on a confidential basis. But they said the public doesn’t need to see that information.

**“Simply stated, it’s none of anyone’s business what I**

“Simply stated, it’s none of anyone’s business what I earn, let alone what

## **earn.” — Tom Shigemoto, former UH regent**

vice president of planning for the real estate development division of Alexander & Baldwin.

my wife earns,” said Shigemoto, who was representing Kauai County on the board and is

“I decided it was unreasonable and unfair to make my finances known to the general public,” he said. “I do understand the need to file these disclosures but see no correlation between the responsibilities of an appointed official and what that person earns.”

The University of Hawaii Professional Assembly, the union representing faculty, was among the few who spoke out against the bill.

“To segregate out the Board of Regents is to infer their right to privacy is far superior to any other who sits in authority over state budgetary management,” UHPA Executive Director Kristeen Hanselman said in [her testimony](#).

Choy said the current 15-member Board of Regents — which includes lawyers, educators, business people and a retired Supreme Court justice — isn’t as good as it could be without the disclosure requirement.

He wants to see the heads of big banks at the helm, people he believes can bolster the university by utilizing their governance experience in large, publicly traded companies.

## **“Public disclosure promotes greater public accountability by making it easier to identify potential conflicts of interests.” — Les Kondo, Ethics Commission executive director**

Howard Stephenson, who chaired Bank of Hawaii more than 20 years ago, told the committee that he would not accept an appointment to the Board of Regents if it entailed a public disclosure of his financial statement.

“I don’t feel that an unpaid volunteer position should require everyone in town knowing your financial situation,” he said. “I believe potential appointees can be properly vetted without such disclosure as

is now required.”

Gladys Marrone, chief executive officer for the Building Industry Association of Hawaii, said she wants lawmakers to reconsider making Board of Regents’ financial disclosure statements public as she believes it discourages people from applying.

The Chamber of Commerce submitted the same [testimony](#) as Marrone, but on its own letterhead.

Still, Kondo argued that there is a good reason to keep the records public.

“Public disclosure promotes greater public accountability by making it easier to identify potential conflicts of interests,” Kondo said.

The bill heads to the Judiciary Committee next, and has to clear the Finance Committee after that before it would be up for a vote before the full House.

***Civil Beat has created a searchable, sortable database that includes the financial disclosure statements of hundreds of board members, state lawmakers and elected officials. View it [here](#).***

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