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Contractor-linked donations soar in Hawaii gubernatorial campaign

• Past violators of Isle campaign spending laws continue giving

BY **Rick Daysog**
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Five years after state legislators approved a law aimed at curbing pay-to-play politics, donors linked to state and city contractors are again pouring big money into major political races.

An Advertiser study of more than 2,300 contributions made during the second half of 2009 found that employees of government contractors, their subcontractors and relatives of company officials gave more than \$300,000 to Honolulu Mayor Mufi Hannemann and gubernatorial candidate and former U.S. Rep. Neil Abercrombie.

About half of that money came from people working for firms who are helping to build the \$5.3 billion mass-transit system.

State law bars contractors from contributing directly to candidates running for state or county offices. But these donations are allowed because they were made by subcontractors, company employees and their relatives.

Hannemann, who is expected to declare his candidacy for the governor's race later this year, received \$208,000 from donors linked to government contractors, or nearly 20 percent of the amount he collected between July and December.

Abercrombie took in \$88,700, or about 10.6 percent of his total collections during the last six months of 2009 from people linked to firms that have contracts with the state or city. Lt. Gov. James "Duke" Aiona received \$4,215, or 1.7 percent.

Craig Holman, a campaign finance expert at Public Citizen, a Washington, D.C.-based consumer advocacy group, said that while the donations are legal there are plenty of concerns.

"This strongly suggests that in order to compete for a government contract you have to give campaign contributions," Holman said.

That's a charge the campaigns deny.

Elisa Yadao, spokeswoman for Hannemann's gubernatorial exploratory committee, said the campaign has gone through "extraordinary efforts" to ensure that they complied with all of the campaign spending requirements.

She said the campaign has received support from a broad spectrum of the local business community.

"This is indicative of people who believe in Mufi's leadership, his experience ... and (that he) can be a capable and a strong leader going forward," Yadao said.

City officials have said that they closely follow state procurement laws in issuing bid and nonbid contracts and that awards for professional services contracts must go through a two-step process that's intended to take politics out of the selection process.



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Abercrombie, Aiona and Hannemann say they aren't unduly influenced by donations from special interests.

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A review committee that includes three civil servants must first evaluate the top proposals, which are then sent to a separate committee that makes the final selection.

WHO'S DONATING

Abercrombie officials point out that their candidate, as a member of Congress, has no say in the way state and city contracts are awarded.

Bill Kaneko, chairman of the Abercrombie campaign, said donors linked to government contractors represent a small portion of Abercrombie's contributors, who include people in the health care industry, the financial services, legal, nonprofit and high-tech sectors.

Nearly half of the 1,200 contributions received by the Abercrombie campaign since July were for less than \$100, reflecting Abercrombie's grassroots support, he said.

"Neil has over 40 years in public service," Kaneko said. "His support spans a spectrum of diverse groups."

Aiona, a Republican candidate for governor, said that very few of his campaign contributions are coming from special interests. Nearly 950, or about 78 percent of Aiona's total contributions, during the second half of 2009 were for \$100 or less.

"It's all about grass roots," he said.

Architects and engineers figure prominently in the contractor-related donations.

Executives at R.M. Towill Corp. contributed \$27,000 to Hannemann's campaign during the second half of 2009. Since 2005, the engineering firm received nearly \$30 million in state and city work, including a \$4.9 million subcontract on the city's mass-transit project.

The company has also been the target of several investigations into illegal campaign contributions.

In 2004, the company's president, Russell Figueiroa, and the company's former chairman, Donald Kim, pleaded no contest to misdemeanor charges of making illegal campaign contributions to former Honolulu Mayor Jeremy Harris' campaign.

Figueiroa also paid a \$50,800 fine to the state Campaign Spending Commission in 2006, although the fine came with no admission of wrongdoing.

Figueiroa said he supports Hannemann because of what he stands for but declined further comment.

Another contractor that's linked to a large number of donations is Community Planning & Engineering Inc., which has received more than \$20 million in state and city contracts since 2004.

PICKARD FAMILY

State campaign spending records show that Abercrombie collected more than \$26,000 from employees of Community Planning & Engineering Inc. and their relatives.

Company president Joe Pickard and his wife, Elissa, each donated \$1,000 to the Abercrombie campaign in December. His mother, Beatrice Pickard, donated \$4,000 while his father, Tom Pickard, gave \$2,100. Brother Walter Pickard contributed \$4,000 during the same period.

Joe Pickard did not return calls to his office.

Abercrombie officials said that the Pickards' contributions were originally made to Abercrombie's Congressional campaign some time ago. But they were later moved to his gubernatorial campaign after the campaign received permission from the couple to do so, said Abercrombie spokeswoman Laurie Au.

About \$360,000 of the \$400,000 in leftover money in Abercrombie's Congressional account was moved to his gubernatorial campaign after donors agreed to do so, she said.

Bob Watada, former executive director of the state Campaign Spending Commission, said the large number of donations from employees of city and state contractors to the Hannemann and Abercrombie campaigns underscore a major loophole in the state's pay-to-play ban.

The law bars any company receiving work from the state or the city from making direct contributions in local elections.

But it allows executives and employees of government contractors and their relatives to donate to local politicians so long as they are not reimbursed by the companies.

EARLIER SCANDALS

The law was enacted in 2005 in response to the campaign finance scandals involving Harris and other Democrats.

More than 30 local engineers, architects and other donors pleaded no contest to misdemeanor charges of violating the state's campaign law between 2003 and 2005 while another 90 architects, engineers and other donors paid out more than \$1.8 million in fines to the state Campaign Spending Commission for making illegal donations.

Holman said it's troubling that such a large proportion of campaign donations are again coming from people linked to government contractors.

He said that anytime a campaign receives more than 10 percent of their money from a single source, it raises questions about the candidate's independence. When a candidate receives more than 20 percent from a single group, it raises questions of whether a culture of pay-to-play exists, he said.

Political corruption scandals in New Jersey, Connecticut and, most recently, Illinois with disgraced former Gov. Rod Blagojevich, involved donations from local contractors that accounted for 20 percent to 25 percent of his campaign money, he said.

Holman said he expects the amount of contractor-connected givings to grow in Hawai'i unless state officials address the loopholes in the system.

"You're going to see this spiraling," he said.

EASING RESTRICTIONS

Tightening up Hawai'i's pay-to-play law, however, is not high on state lawmakers' agendas. This session, state Rep. Jon Riki Karamatsu, the chairman of the House Judiciary Committee and a candidate for lieutenant governor, introduced a bill to loosen the restriction on government contractor contributions by limiting the ban only to contractors who receive non-bid contracts from the state and city.

Contractors that take part in competitive bidding on state and city jobs would be allowed to donate to political races under this bill.

Karamatsu, D-41st (Waipahu, Village Park, Waikele), said several small state contractors, such as physicians and human services providers who work for the state under contract, expressed concerns that they can't contribute to candidates because of the law. Karamatsu said none of the big contractors talked to him about the bill.

"I feel for some of the small contract workers who can't participate," Karamatsu said. "Competitive bidders should be able to participate because they have to make bids that are the best and lowest."

The measure made it to the floor but was recommitted to the Judiciary Committee, diminishing its chances of passing this session. House members recently passed a version that exempts contractors receiving \$50,000 or less in state or city work from the ban.

Nikki Love, executive director of Common Cause Hawaii, which opposes the measures, said weakening the ban will "open the door for more donations" from special interests.

"If I give \$25 to a candidate, it won't be as much as the \$6,000 from a city or state contractor who can clearly afford it," she said.

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WHERE CANDIDATES GOT THEIR MONEY (Figures are for the second half of 2009)	PERCENT OF TOTAL		
	Abercrombie	Alana	Hannemann
Attorneys	11.0%	1.6%	6.6%
Architects, engineers, contractors	18.3%	8.8%	18.0%
Banks	-	-	1.0%
Big landowners and developers	1.2%	0.5%	11.2%
City and state workers	2.8%	4.4%	5.5%
Hotel executives	2.0%	-	2.5%
Labor organizations	1.9%	-	0.4%
Retirees	9.6%	8.9%	6.2%
Other	56.0%	75.8%	48.6%
TOTAL CONTRIBUTIONS	\$831,001	\$242,397	\$1,042,443

Sources: Candidate filings, Advertiser research
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