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A city Ethics Commission opinion released Friday makes it clear that outside committees set up to help usher in new Honolulu mayors need to make donor lists public and take other steps to avoid "pay-for-play concerns."

The commission ruled that a transitional team established by supporters of Mayor Kirk Caldwell to help him with his transition into the mayor's seat and to hold an inaugural luau in his honor should have filed gift reports but otherwise committed no violations.

The advisory opinion, however, raised questions about \$145,000 used to help pay for Caldwell's inauguration luau at Moanalua Gardens in February.

The report said the case "underscores serious concerns about the integrity of city government when large donations are made for a mayor's benefit from those who have much to gain or lose from their business relationships with the city administration."

Caldwell, in a news release, said: "I am gratified that the Commission found that I did nothing wrong while transitioning into the office of the mayor. Frankly, I was surprised that there was even an investigation to begin with, as the Mayoral Transition Committee followed the traditional practices used by our mayors and governors for as long as any of us can remember."

The Mayoral Transition Committee, formed by Caldwell's supporters in December 2012, shortly after his election, collected \$381,000 in private contributions, much of it from the same donors who contributed to Caldwell's election campaign.

The money raised paid for the inaugural luau, costs associated with "transitional" functions, such as interviewing candidates for city department heads, and the formal inaugural ceremony.

The Ethics Commission said the money used for transitional functions, which amounted to about \$62,000, were used "to support legitimate government functions" and therefore should have been reported as gifts under the city's gift policy. The committee and the mayor's office failed to do so, the report said.

The commission said \$145,000 attributed to the inaugural luau was not a government function. The money was used to subsidize the cost of attending, the report said, and while some paid \$25 to go to the event at Moanalua Gardens, others went for free.

The commission recommended that in the future, transition-related committees take safeguards to "reduce the risk of gift law violations for city officials when contributions are made to pay for transition, official inaugural or unofficial inaugural expenses." The president of Caldwell's committee released the names of contributors to news media that requested the data.

The commission also suggested committees disclose publicly the amounts and sources of donations as well as how the money is spent.

Chuck Totto, the commission's executive director, said the commission does not have any direct authority over a committee set up for inauguration or transition but can stipulate how the mayor and other city employees conduct themselves.

"A city officer or employee may not accept a personal gift if a reasonable person could conclude that the gift is intended to influence or reward the officer or employee in discharging his or her official city duties," the report said.

In this case, the report said, 25 of the donors had matters pending before the city, including open contracts city agencies, personal employment, or appointments as city officials. The \$127,000 total of their contributions represented about one-third of what the committee collected.

Caldwell, as mayor, received two complimentary tickets and "the intangible goodwill benefit" of the luau.

As a result, "the public may reasonably perceive that the mayor is the ultimate beneficiary of the donations to the committee and that some contributors are able to effectively donate far in excess of gift law and campaign contribution limits allow, all of which undermines the public confidence and trust in the Office of the Mayor," the report said.

Caldwell was determined to not be in violation because "a reasonable person in the mayor's position would neither know nor should have known that acceptance of free luau tickets or the goodwill of the benefit of the luau would violate city gift laws."

Among the largest contributors to the committee was Castle and Cooke Homes Hawaii, which currently has a rezoning request for its massive Koa Ridge housing and commercial development before the City

Council.

Carmille Lim, executive director of government watchdog group Common Cause Hawaii, said it was fair that Caldwell was not found to have been in violation.

"However, the committee's values must on some level reflect the mayor's," Lim said. "Safeguards are no substitute for judgment. Had it not occurred to the committee — political veterans who have some sort of relationship with the mayor — that accepting large donations from people with a stake in future contracts and people employed by the city (albeit unintentionally) is questionable and can erode the public's confidence?"

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