



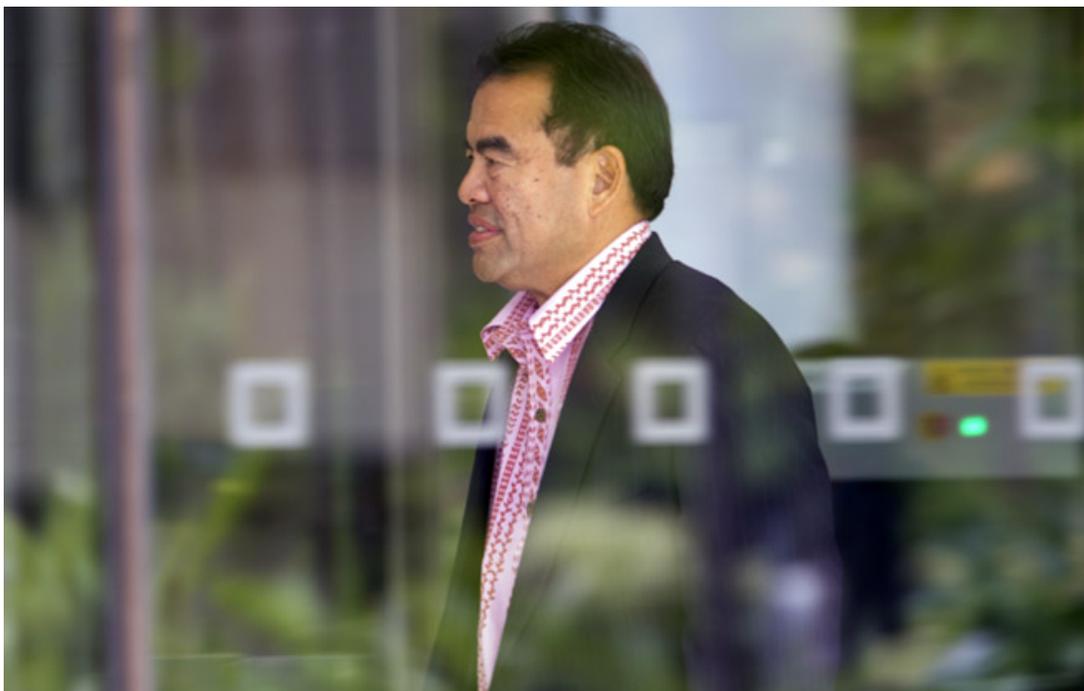
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Hawaii News

Hee's tax fraud testimony fails to convince jury of innocence

By [Nelson Daranciang](#)

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GEORGE F. LEE / GLEE@STARADVERTISER.COM
Albert Hee

A federal jury found Honolulu businessman Albert S.N. Hee guilty Monday of concealing from the Internal Revenue Service that his company deducted as legitimate business expenses money it paid to cover his personal expenses and of filing false tax returns for not claiming the payments as personal income.

Hee, 61, faces a maximum three-year prison term and \$250,000 fine at sentencing in October for each of six counts of willfully filing a false tax return and one count of

corruptly impeding the IRS from correctly calculating and collecting his taxes.

Over the course of a three-week trial in U.S. District Court, the jurors heard testimony that Hee's company, Waimana Enterprises Inc., paid his wife a salary even though she did no work for the company and paid his children's tuition and salaries when they attended college.

The company also paid for a \$1.3 million house in California where two of his children lived when they attended college and for his twice-weekly two-hour massages.

Assistant U.S. Attorney Lawrence Tong said that by having Waimana pay for his personal expenses, which the company then deducted as business expenses, Hee avoided paying approximately \$540,000 in personal income taxes for 2007 to 2012.

"Mr. Hee used taxpayer money to support a lavish lifestyle," said Tong, one of three government lawyers who prosecuted the case.

The jurors deliberated 1 1/2 days before reaching their verdicts.

Beverly Hills lawyer Steven Toscher is one of two lawyers who defended Hee during the trial.

"We respect the jury verdicts. We think they are wrong and we'll evaluate the next step," Toscher said.

Hee left the courtroom promptly after hearing the guilty verdicts. He remains free pending sentencing on a \$25,000 unsecured signature bond.

He did not respond to a call to Waimana for a request for comment. During the trial, Hee testified that he doesn't like to be interviewed by media because he doesn't like to be misquoted.

Waimana is a holding company for subsidiary companies that provide broadband telecommunications infrastructure and services for customers on Hawaii homelands. One of the subsidiaries is Sandwich Isles Communications Inc.

The company says the verdicts do not affect Sandwich Isles.

"We remain committed to our mission and to carrying on Mr. Hee's vision for the company by providing quality telecommunications services to native Hawaiians on Hawaiian Home Lands statewide," the company said in a written statement.

The government says that between 2002 and 2012, Hee had Waimana pay approximately \$2.3 million in personal and family expenses and deducted them as legitimate business expenses, including:

»\$1,676,685 in wages and benefits for his wife and three children for providing little or



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Albert Hee:
The businessman could get three years in prison and a \$250,000 fine following his tax fraud conviction

no work for the company.

»\$736,900 in tuition and housing for his three children when they attended college on the mainland.

»\$119,909 in credit card charges for personal and family travel.

»\$96,000 for personal massages.

Hee took the witness stand last week and defended the wages paid to his wife, Wendy, because he said she had previously done valuable, uncompensated work for the company and represents him and the company at social gatherings with business partners and clients. He said his company should pay for his children's college tuition because they are the future leaders of the business.

And he likened the salaries his company paid his children while they attended college to the pay he received while attending the U.S. Naval Academy in Annapolis, Md.

He said the house Waimana purchased in Santa Clara is a company investment that gave him a place to stay on trips to California to check on a company investment nearby.

Daughter Brienne Liko Hee-Kahalewai testified that she rented out rooms in the house to other students and, instead of giving the money to Waimana, used it to pay the house expenses. She also testified that Waimana paid her \$24,000 per year while she attending college and \$50,000 after she graduated but stayed in California doing part-time work for other businesses.

The credit card charges included payments for a trip to Switzerland for his wife, daughter Brienne and her husband; a trip to Disney World's Epcot Center in Orlando, Fla., for his other daughter, Adrienne, and a friend and Brienne and her husband; and a trip to Tahiti for his wife, son Charlton and his two daughters.

Hee said the Switzerland trip served a legitimate business purpose because on the first day of the trip, his wife and daughter went on a one-day tour of the facility where the fiber-optic lines used by Sandwich Isles are produced. He said the Disney World trip was also legitimate because his daughters went there to check out a ride created by business partner Raytheon Co. And he said he sent his wife and children to Tahiti to inspect the terminal of a fiber-optic cable that runs from Tahiti to Hawaii.

His wife testified that she and her children never found the cable terminal or made contact with any officials of the company responsible for it.

Hee justified a trip for him and his family to Mauna Lani as a stockholder meeting, even though he was the company's only stockholder at the time.

He also defended his personal massages as a stress reliever that allowed him to perform his functions as CEO of his company.

