

POLITICS

Super PACs Raise Over \$1 Million In Honolulu Mayor's Race

Two political action committees favor Kirk Caldwell while a third, funded by engineer Dennis Mitsunaga, is backing challenger Charles Djou.

NOVEMBER 1, 2016 · By Chad Blair    Nick Grube   

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Honolulu businessman Dennis Mitsunaga knew reporters would be calling him this week, once he was identified in the latest [Campaign Spending Commission](#) reports as the main bankroller of an anti-Kirk Caldwell [political action committee](#).

Mitsunaga, president of the engineering and architectural firm [Mitsunaga & Associates](#), was ready with [a press release](#) titled “Memo to the Media” explaining his reasons for heavily donating to Save Our City.

The super PAC has been airing TV and radio ads critical of the Honolulu mayor, who was supported by two other super PACs identified in the reports. In all, they've raised more than \$1 million from Sept. 27 to Oct. 24.



A campaign sign in Kalihi paid for by Save Our City, a super PAC heavily funded by employees working for Mitsunaga & Associates.

Mitsunaga criticized Caldwell for his leadership on rail, his perceived ethical lapses regarding [income from a local bank](#) and his administration's handling of federal housing grants.

Mitsunaga, his daughter Lois and about a dozen other employees of Mitsunaga & Associates donated most of the \$273,000 that Save Our City received from Sept. 27 to Oct. 24. Nearly \$200,000 was spent during that period, all of it on advertising and most of it going to television and radio stations.

Super PACs can raise unlimited amounts of money from businesses, unions and individuals so long as they do not coordinate directly with a political party or candidate. [According to Open Secrets](#), more than 2,300 federally registered super PACs have raised more than \$1.5 billion and spent nearly two-thirds of that amount in the 2016 election cycle.

Locally, Save Our City is one of three super PACs (also called "independent expenditure committees") seeking to sway the outcome of the mayor's race.

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Third-party spending in Hawaii is far from a new development — a super PAC spent several million dollars in 2012 to elect Caldwell.

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While Caldwell's opponent, Charles Djou, stands to benefit from Save Our City, the other two super PACs are supporting Caldwell.

[Workers for a Better Hawaii](#) raised \$725,000 during the most recent reporting period. It is funded by some of the largest and most influential unions in the state, including the Hawaii Government Employees Association, the Hawaii State AFL-CIO, the Hawaii Regional Council of Carpenters and Operating Engineers Local 3.

The super PAC reported spending \$572,000 on advertising, polls and mailers from Sept. 27 to Oct. 24, which left it with more than \$330,000 in cash on hand. (It had around \$178,000 in cash on hand to begin the reporting period.)

[Planned Parenthood of Hawaii Action Network](#), another registered super PAC, has spent more than \$9,000 on campaign literature and postage to support Caldwell and Stanley Chang, who is running for a state Senate seat in East Oahu against incumbent Sam Slom, the only Republican in the chamber.

Candidates Denounce Super PACs

At separate press conferences Tuesday, Djou and Caldwell both criticized the role of super PACs in the mayor's race.

"My position is the same as it has been for the last several elections," said Djou. "I denounce all these third-party ads. They are a distraction from the underlying issues here in this mayor's campaign. This mayor's race is about rail, it's about homelessness, it's about ethics."

Djou added, "All these other, third-party, super PAC ads are bringing issues that have nothing to do with the mayor's campaign. And so whether these third-party ads are supporting me or opposing me, I condemn all of them."

"I denounce all these third-party ads. They are a distraction from the underlying

For his part, Caldwell said, "I think it is the unfortunate nature of politics today in our country, including in the state of Hawaii and the City and County of Honolulu. I'm

issues here in this mayor's campaign.” —Charles Djou

outright negative character attacks. ... It's really hard to live on a small island if we are all negative against each other. So I don't like it.”

Asked specifically about the Mitsunaga money, the mayor said, “I don't know what to think about that.”

“But in some cases, it's pretty shadowy,” Caldwell said of the super PACS. “Now, I don't like that at all. I think that's inappropriate, and we need to get more disclosure and more transparency there.”

Although he denounced the super PACs, Caldwell defended what he described as more traditional PACs such as those run by labor groups that support his campaign, organizations he characterized as more upfront in making financial disclosures.



Mayor Kirk Caldwell, left, and his campaign chairman, Lex Smith, talk before a press conference at Magic Island on Tuesday.

Caldwell's campaign chair, Lex Smith, said, "I guess I would ask why someone wants to contribute \$250,000 to a mayoral campaign unless he thinks he's going to get a pretty good return on it."

In his memo, Mitsunaga says he had never met Djou "before this election," but that he worked on many engineering projects with Djou's father.

"NO, I am not ANTI-RAIL," Mitsunaga wrote. "I supported Ben Cayetano in the last mayoral election only because he is my friend, and very few people (of any financial substance) were supporting him. Being a Consulting Engineer and General Contractor, I am naturally PRO-RAIL. My family company has been in the Carpenters Union for over 50 years."

Mitsunaga is no stranger to Hawaii politics. He and employees of his company have donated heavily over the years — including thousands of dollars to Djou and Caldwell in the current election cycle. (No one from Mitsunaga & Associates donated to Caldwell since the primary.)

Mitsunaga also separately paid for a full-page ad in the Sunday Honolulu Star-Advertiser in which he expressed strong concerns that the rail line may not be safe to travel on. The ad does not mention Djou or Caldwell and is written, he says, "in the interest of public safety."

Remember PRP?

Caldwell's condemnation of super PACs might ring hollow to voters, according to University of Hawaii political science professor Colin Moore, who is director of the school's Public Policy Center. That's because Caldwell got a huge boost in the last election from super PAC money.

"I think they will see this as political rhetoric, which it probably is," Moore said. "It's easy to take a principled stand when you've benefitted from the outside money and you're the clear favorite to win an election."

In 2012, Caldwell was the beneficiary of a wave of attack ads, push polls and on-the-ground canvassing by [a super PAC](#) formed by the Pacific Resource Partnership that aimed to defeat Cayetano, a former Hawaii governor.

Cayetano wanted to dismantle Honolulu's rail project, which he considered a financial boondoggle.

The [Pacific Resource Partnership](#), or PRP as it's better known, is a pro-development group made up of unionized carpenters and contractors. Its organizers wanted to keep Cayetano from winning the election so that the rail project would continue.



Cory Lum/Civil Beat

Dennis Mitsunaga is highly critical of Mayor Caldwell when it comes to the Honolulu rail project, which is over-budget and behind schedule.

It spent [nearly \\$4 million](#), unprecedented in Hawaii politics. But PRP also [skirted the boundaries](#) of campaign spending law by not disclosing all of its expenses, resulting in fines and [calls for criminal investigations](#). Cayetano sued the group for libel and slander, eventually winning [a \\$125,000 settlement and an apology](#).

In his statement, Mitsunaga warned that “unions supporting Caldwell would pump in large amounts of money to flood the airways with Caldwell propaganda, like how they smeared Ben Cayetano in 2012.”

Other major donors to Save Our City include Michele McDonald, a physical therapist in Kaneohe who gave \$10,000; Sam Hyun and Garren Yoshioka, of MCE International; and Amana Associates, another company managed by Dennis Mitsunaga. Combined, these groups gave \$55,000.

Save Our City, whose chairperson is Sarah Houghtailing, had about \$79,000 in the bank.

Caldwell Outraises Djou

Beyond the PAC money, the Caldwell campaign has raised \$566,000 since the Aug. 13 primary — twice as much as Djou — and spent almost a million dollars with \$118,000 left on hand as of Oct. 24.

Big donations came from Masons Union Local 630 PAC, the United Food & Commercial Workers Union, developer Brett MacNaughton, real estate and development executive Ron Kobayashi, attorney Gerald Sekiya, banker Wayne Hamano, Servco Pacific executive Mark Fukunaga, state Rep. Marcus Oshiro, Caldwell [campaign spokeswoman Glenna Wong](#), several employees with D.R. Horton and Schuler Homes and several employees of the City and County of Honolulu.

Campaign expenses included \$11,000 to SMS Research & Marketing Services for polling, and tens of thousands of dollars to Anthology Marketing for advertising. Territorial Savings was also paid about \$3,800 in bank fees.



Charles Djou at his campaign headquarters in Kalihi on Tuesday, where he denounced all super PAC spending on the Honolulu mayor's race.

Djou, a former congressman, state legislator and Honolulu City Council member, raised more than \$263,000. That brings the total amount of money he's raised so far to \$920,300.

Some of Djou's [biggest donations](#) came from top executives from Nan Inc., a major rail contractor, and their spouses. He also pulled in donations from Turtle Bay Resort, Jean Rolles of Outrigger Enterprises and Cha Thompson, who is the vice chair of the Honolulu Police Commission.

“It's really hard to live on a small island if we are all negative against each other. So I don't like it.” — Kirk Caldwell

Djou reported spending nearly \$340,000 during the same time frame, for a total of \$848,200 this campaign season.

A significant portion of Djou's cash went to advertising, but he also spent a lot on food and beverages for fundraisers and

various campaign events. His single largest expense of the reporting cycle was a \$20,600 payment to the Waialae Country Club to cover the expenses of a fundraiser.

Notably absent from Djou's expense sheets are polls. Djou did not pay for a single poll this election season. A Civil Beat Poll [from October](#) showed Djou trailed Caldwell by 7 percentage points.

Djou reported having \$66,800 left over in his bank account at the end of the reporting period.

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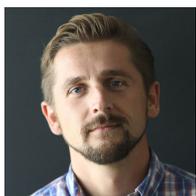


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