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Hawaii News

Witnesses in support of suspect as tax trial winds up

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Defendant Albert Hee left the federal courtroom on Friday morning after the jury was charged with deciding the case against him.

The jurors in the Albert S.N. Hee criminal tax trial are expected to begin their deliberations Friday.

The 60-year-old Honolulu businessman is facing charges in U.S. District Court that he had his company, Waimana Enterprises, Inc., pay more than \$2 million of his personal expenses between 2002 and 2012, which the company deducted as business

expenses, and then filed false tax returns by not claiming the payments as income.

The jurors heard closing arguments Thursday from lawyers for the government and Hee.

Before that they heard from Hee's final three witnesses: Episcopalian minister David Gierlach; Kawaiaha'o Church's pastor, Curtis Kekuna; and former Hawaii Supreme Court Justice James Duffy Jr., who testified that in all of their personal dealings with him, Hee has been truthful.

The jurors will hear the prosecutor's rebuttal to the defense's closing argument Friday.

Assistant U.S. Attorney Lawrence Tong told the jurors Thursday that Hee directed his company to pay his personal expenses and deduct the payments as business expenses by providing false information to company accountants.

Tong said the personal expenses include more than \$1.67 million Hee directed Waimana to pay his wife and children in salaries and benefits even though they did no work for the company; more than \$700,000 in college tuition payments for his three children that Hee continues to declare are legitimate company educational expenses; more than \$146,000 in credit card payments and cash withdrawals that Hee says were for legitimate company travel expenses; and \$96,000 for twice-weekly two-hour massages, which he told company accountants were for health consultant services.

"The defendant used his company as if it was his own checkbook," Tong said.

The prosecution's witnesses included former company accountants, Hee's assistant, two of Hee's three children and the woman who provided the massages.

Defense lawyer Steven Toscher said in his closing argument Thursday that any erroneous payments and deductions made were the result of mistakes committed by Waimana's accountants. He said Hee never hid anything from the Internal Revenue Service when the agency started auditing Hee's companies in 2006 or from company accountants.

"Good faith is a defense to all of these charges," Toscher told the jurors.

That's because according to the crimes charged, the government has to prove that Hee acted corruptly and willfully.

Tong told the jurors not to believe Hee's claim that he has little understanding of tax laws. Tong said Hee is a sophisticated businessman who understands tax laws better than most people.

Waimana provides telecommunication services on Hawaiian homesteads through its wholly owned subsidiaries Sandwich Isles Communications Inc. and Clearcom Inc.

