

OPINION NO. 25

A deputy director in a state department has been asked to serve on the advisory board of a nonprofit, dental-insurance corporation. The board advises the governing board of the corporation. It was formed for the purpose of defraying or assuming the costs of dental services and contracting on behalf of its members (dentists and dental surgeons) to furnish such services.

Subscribers to the program pay a subscription fee in exchange for which dental service costs are partially reimbursed.

Because this is a nonprofit corporation under section 172-17, RLH 1955, as amended, it issues no stock and distributes none of its assets, income or earnings to members, directors or officers except for services actually rendered. The state officer is to receive no compensation for his services on the board.

He states that his department has no dealings with the corporation. It is not a subscriber to the service (although its employees may be through a public employee plan). The department purchases dental services for certain persons under the jurisdiction of the department from individual dentists willing to provide such services. Some of the dentists from whom the department purchases services may be members of the corporation; others may not be. These dentists are reimbursed by the department for their services.

We hold that serving as a board member of an eleemosynary corporation, without compensation, does not constitute a "financial interest" within the meaning of section 4(6), Act 263, SLH 1967. Thus, there is no violation of section 8, the conflict of interests section of the Act. So long as he takes no action prohibited by the other sections of the standards of conduct, such as disclosing confidential information or using his position to obtain unwarranted privileges for the corporation, this state officer will not violate the Ethics Act.

Dated: Honolulu, Hawaii, April 17, 1969.

STATE ETHICS COMMISSION
Vernon F.L. Char, Chairman
James F. Morgan, Jr., Vice Chairman
S. Don Shimazu, Commissioner
July Simeona, Commissioner

Note: All members of the Commission concur in this opinion. The vacancy left by Commissioner George's resignation in favor of public office has not been filled.