

## OPINION NO. 165

An officer of a state agency inquired whether those members of the agency and its secretary who were also directors of a private corporation for profit, were in violation of the state ethics law.

The agency owned a majority of the outstanding shares of a corporation for profit. The agency officers did not receive compensation as officers and directors except director's fees for meetings attended. These individuals sat on the corporate board by virtue of selection by the state agency.

The relevant section of the ethics law is §84-14(b) which states that:

No employee shall acquire financial interest in any business or other undertaking which he has reason to believe may be directly involved in official action to be taken by him.

It was our opinion that a directorship or officership in a business owned by a state agency is not a "financial interest held by an individual" within the definition of the ethics law, when the individual is an officer or employee of the agency. To construe the statute otherwise would lead to an absurd result. We therefore ruled that those officers of the state agency who were directors of the corporation described here were not in violation of the state ethics law.<sup>†</sup>

Dated: Honolulu, Hawaii, August 30, 1973.

STATE ETHICS COMMISSION  
Vernon F.L. Char, Chairman  
Gwendolyn B. Bailey, Vice Chairman  
Audrey P. Bliss, Commissioner

Note: Commissioner Walters K. Eli was excused from the meeting at which this opinion was considered. There was one vacancy on the Commission.

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<sup>†</sup>This opinion did not apply to an officer of the state agency who also held an interest as a private individual in the private corporation.