

Thursday, June 26, 2003

Harris campaign supporter arrested

An investigation nets the vice president of a large city consultant

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By Rick Daysog

<mailto:rdaysog@starbulletin.com?subject=http://archives.starbulletin.com/2003/06/26/>

Honolulu police arrested an executive with one of the state's largest engineering firms yesterday morning as part of city Prosecutor Peter Carlisle's criminal investigation into Honolulu Mayor Jeremy Harris' political campaign.

Roy Tsutsui, a vice president at R.M. Towill Corp., appeared at HPD headquarters where he was booked on suspicion of money laundering, making a political contribution under a false name and illegally owning a business.

Tsutsui, 52, also was booked on suspicion of attempting to create an illegal monopoly, indicating that prosecutors may be looking beyond alleged campaign spending violations and examining how R.M. Towill obtained lucrative nonbid city contracts.

Tsutsui, who was not charged, was released pending investigation.

Tsutsui could not be reached for comment, and an attorney for R.M. Towill did not return calls. The prosecutor's office had no comment.

City officials and attorneys for the Harris campaign have denied any connection between political donations and the awards of city contracts.

Tsutsui's arrest is the latest in Carlisle's 18-month criminal investigation into the Harris campaign.

Earlier this month, local attorney Ed Chun surrendered to authorities after an Oahu grand jury indicted him for allegedly orchestrating \$9,000 in illegal campaign contributions to the Harris campaign. Chun pleaded not guilty.

That arrest came after Michael Matsumoto, chief executive of the local engineering firm SSFM International Inc., pleaded no contest in January to laundering \$139,500 to the Harris campaign.

Last July, Honolulu police arrested Mike Amii, a top city official and longtime Democratic Party organizer, for allegedly conducting campaign work on city time. He has not been charged.

City prosecutors and the HPD have been investigating R.M. Towill since February, when they issued a subpoena seeking hundreds of pages of company records for the 1996-2002 period. The request included documents relating to city contracts, political contributions, payments to subcontractors and gifts to city officials.

Founded in 1930, R.M. Towill is one of the city's largest outside consultants. The company has received about \$17 million in nonbid city contracts since 1996, including \$2.9 million to manage the \$300 million expansion of the Sand Island Wastewater Treatment Plant.

A computer-assisted study by the Star-Bulletin found that R.M. Towill employees and their relatives made more than \$42,000 in campaign contributions to the Harris campaign during the past 10 years.

The company also donated \$25,000 in 1999 to the Environmental Foundation, a nonprofit group that helps organize the biennial Mayor's Asia-Pacific Environmental Summit.

Under state law a donor can give no more than \$4,000 to a mayoral candidate during a four-year election cycle. Donors also are barred from making political donations under false names.

The R.M. Towill firm figured in another major scandal that rocked Honolulu Hale during the tenure of then-Mayor Frank Fasi. In the aftermath of the Kukui Plaza development controversy, a federal grand jury indicted the engineering company's former head Richard Towill in 1975 for allegedly filing a false corporate tax return.

The federal indictment, based on an investigation by the Internal Revenue Service, charged that Towill awarded \$13,850 in bonuses in 1969 to employees who were required to make political contributions with that money to Fasi and other local politicians.

A federal grand jury found Towill not guilty in 1979.

In 1977 a separate Oahu grand jury indicted Towill along with Fasi and former Fasi campaign treasurer Harry C.C. Chung on related charges, but the state later dropped the case.

R.M. Towill Corp.
Prosecuting Attorney

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Tuesday, July 15, 2003

Cops arrest 6 residents in probe of Harris funds

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By Rick Daysog

<mailto:rdaysog@starbulletin.com?subject=http://archives.starbulletin.com/2003/07/15/>

City prosecutors have stepped up their investigation into Honolulu Mayor Jeremy Harris' campaign with the arrest of six local residents during the past several days.

Honolulu police arrested Kendall Hee, the 42-year-old president of Engineers Surveyors Hawaii Inc., yesterday on suspicion of money laundering and making a political contribution under a false name.

HPD also booked Hee's sister, Deanne Grathwohl, 39, and her 40-year-old husband, Dean, on suspicion of money laundering and making a false-name campaign donation.

Yesterday's arrests came after police booked Kenneth Sakai, a 59-year-old engineer with R.M. Towill Corp., Saturday on suspicion of money laundering and making excessive campaign contributions. Police arrested Hai Shi and Jackie Wong Shi, both 33, on similar grounds Sunday.

All six were not charged and were released pending investigation.

Hee and the Grathwohls could not be reached for immediate comment. Prosecutors also had no comment.

According to state Campaign Spending Commission records, Hee, the Grathwohls and other relatives have given nearly \$38,000 to the Harris campaign since 1997.

Under state law a donor can give no more than \$4,000 to a mayoral candidate during a four-year election cycle. Contributors also cannot make political donations under false names.

Sakai is the third R.M. Towill employee arrested in the prosecutor's probe into the Harris campaign. Company Vice President Roy Tsutsui and Nancy Matsuno, R.M. Towill's comptroller, were booked on similar charges during

the past three weeks.

An attorney for R.M. Towill had no comment.

R.M. Towill is one of the city's largest outside consultants and is one of the state's largest engineering firms. The company has received more than \$17 million in nonbid city contracts since 1996.

A Star-Bulletin investigation found that R.M. Towill employees and their relatives made more than \$42,000 in campaign contributions to the Harris campaign during the past 10 years.

Campaign spending records show that Sakai and his wife contributed \$8,000 to the Harris campaign from 1998 to 2000.

Hai and Jackie Wong Shi, meanwhile, are part of a cluster of contributors allegedly linked to city contractor NTW Associates Inc., according to sources familiar with the investigation.

Earlier this month, Honolulu police arrested NTW employee Linton Lee and his brothers Lambert and Lester on suspicion of money laundering and making false-name contributions.

Since 2000 the Harris administration has awarded NTW more than \$300,000 in nonbid consulting work, city records show.

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Sunday, October 12, 2003

Donors from firm fed Harris \$319,000

**R.M. Towill Corp. also got
\$30 million in nonbid city
contracts since the mid-1990s**

History may be repeating for R.M. Towill

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By Rick Daysog

<mailto:rdaysog@starbulletin.com?subject=http://archives.starbulletin.com/2003/10/12/>

Employees and subcontractors for a local engineering firm at the center of a criminal investigation into Mayor Jeremy Harris' campaign gave nearly \$400,000 in political donations and other gifts to Harris and his pet initiatives.

A Star-Bulletin study of Harris' campaign records found that R.M. Towill Corp.'s staffers and their network of friends, relatives and subcontractors made more than 280 political contributions totaling \$319,000 to Harris' political campaign since 1996.

Towill and subcontractor Mitsunaga & Associates Inc. gave an additional \$65,000 to the nonprofit Environmental Foundation in 1998 and 1999

CORRECTION

Wednesday, Oct. 15, 2003

>> A graphic entitled "R.M. Towill and subcontractors' city work" on Page A6 Sunday listed Hawaii Design Group Inc. as a subcontractor that received city contracts. Hawaii Design has received contracts from the city, but not as a subcontractor for Towill, and it has been a subcontractor for Towill, but not on city jobs. Also, Hawaii Design was listed among subcontractors of Towill that contributed to the Harris campaign; it did donate, but the graphic may have wrongly implied that it did so as a subcontractor to Towill on city jobs. Finally, the company's name is Hawaii Design Associates Inc. -- it

to help pay for the mayor's Asia-Pacific Environmental Summits.

appeared on one list as Hawaii Design Group Inc.

The contributions -- made during a period in which the Towill firm received more than \$30 million in nonbid city contracts -- represents more than 6 percent of the money raised by Harris since 1996 and dwarfs the \$212,000 in illegal campaign contributions raised on behalf of Harris by rival engineering firm SSFM International Inc., whose top executives earlier this year pleaded no contest to criminal violations of the state campaign spending law.

The Honolulu Star-Bulletin strives to make its news report fair and accurate. If you have a question or comment about news coverage, call Editor Frank Bridgewater at 529-4791 or email him at <mailto:fbridgewater@starbulletin.com?subject=Corrections>.

Towill's largess explains the city Prosecutor's Office's recent focus on the firm's employees and subcontractors.

Ten donors connected to Towill -- including Vice President Roy Tsutsui and former state housing official Wesley Segawa -- were arrested in July by Honolulu police on suspicion of making political donations under false names.



Nancy Matsumo: One plaintiff in suit saying top HPD investigator violated her rights



Roy Tsutsui: Towill vice president arrested in July on suspicion of false-name donations



Kenneth Sakai: Sued HPD, alleging harassment by a top investigator



Wesley Segawa: Accused of money laundering and false-name contributions

Five subcontractors agreed to pay the state Campaign Spending Commission more than \$200,000 in fines to settle allegations that they made illegal political donations to Harris, former Gov. Ben Cayetano and other prominent local Democrats.

"For one entity to be associated with more than a quarter of a million dollars to an officeholder ... is a tremendous corrupting influence," said Craig Holman, a campaign finance expert at Public Citizen, a Washington, D.C.-based consumer advocacy group.

"That's a lot of money to raise for any officeholder in any state in the country, let alone for a local election."

Bill McCorriston, an attorney for Harris, denied any relationship between political donations and the awarding of city contracts. McCorriston said Harris was the first mayor to implement a rigorous contracting process that took the decision-making out of the hands of political fund-raisers and placed it on the desk of civil servants.

A lawyer for Towill declined comment, and company officials could not be reached. But in court filings, the engineering firm has challenged subpoenas issued by the Prosecutor's Office in its criminal investigation into the Harris campaign on the grounds that they were overly broad.

Towill employees Tsutsui, Nancy Matsuno and Kenneth Sakai also sued the Honolulu Police Department's lead investigator, Maj. Dan Hanagami, alleging that he harassed them and violated their rights by arresting them after they invoked their constitutional right against self-incrimination.

The Prosecutor's Office declined comment.

"They're part of a Hawaii culture that dates back 30 or 40 years, where to get involved in contracting you contribute politically, but that doesn't mean that there is a quid pro quo," said McCorriston, who described the prosecutor's investigation as "heavy-handed."

Donations

Since 1996, employees and subcontractors at R.M. Towill made more than \$319,000 in political donations to the Harris campaign. Towill and subcontractor Mitsunaga & Associates Inc. gave another \$65,000 to the Environmental Foundation in 1998 and 1999 to help fund the Mayor's Asia-Pacific Environmental Summits.

Donors	Contributions
Architects Pacific Inc.	\$11,000
Ernest K. Hirata & Associates Inc.	\$23,300
Geolabs Inc.	\$55,700
Hawaii Design Associates Inc.	\$6,000
Ronald N.S. Ho & Associates Inc.	\$30,600
KSF Inc.	\$10,000
Kai Hawaii Inc.	\$5,000
Maple Garden Restaurant	\$15,000
Mitsunaga & Associates Inc.	\$13,000
NTW Associates Inc.	\$29,350
R.M. Towill Corp.	\$80,150
Randolph Murayama	\$14,000
Wesley Segawa & Associates Inc.	\$26,275
Subtotal:	\$319,375
Contributions to Mayor's Asia-Pacific Environmental Forum	
R.M. Towill Corp.	\$40,000
Mitsunaga & Associates Inc.	\$25,000
Subtotal:	\$65,000
Total:	\$384,347

Source: Star-Bulletin analysis of Campaign Spending Commission and tax records.

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"This system wasn't invented by Jeremy," McCorriston added. "It wasn't encouraged by Jeremy. In fact, Jeremy was one of the first to make sure that the political fund-raisers in the administration were not the ones awarding contracts."

The \$319,000 raised by Towill's network is probably the largest amount amassed by a single group on behalf of a single political candidate in Hawaii, according to Bob Watada, executive director of the Campaign Spending Commission.

Watada, whose office has opened a civil investigation into contributions by Towill's employees, said the figure probably understates the actual amount given by the engineering firm's employees and subcontractors.

Watada declined to discuss specifics of his investigation, but people familiar with the probe said that at least one subcontractor has told commission investigators that a Towill employee solicited donations from them.

Harris' filings with the commission list no corporate contributions from Towill.

R.M Towill and subcontractors' city work

Since 1996, the Harris administration has awarded R.M. Towill with more than \$30.7 million in nonbid city contracts. The city awarded Towill's subcontractors another \$7.1 million in nonbid contracts.

Contracts	Amount
R.M. Towill Corp.	\$30,715,261
Subcontractors	
Architects Pacific Inc.	\$899,296
Geolabs Inc.	\$1,066,672
Hawaii Design Group Inc.	\$734,345
Ronald N.S. Ho & Associates Inc.	\$1,096,221
Kai Hawaii Inc.	\$1,385,000
Mitsunaga & Associates Inc.	\$1,359,373
NTW Associates Inc.	\$300,000
Wesley Segawa & Associates Inc.	\$300,000
Subtotal:	\$7,140,907
Total:	\$37,856,168

Source: City and County of Honolulu

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Many of the subcontractors and employees have already figured in the two-year investigation of the Harris campaign by the Prosecutor's Office and the commission. Here's a snapshot of some of the biggest contributors and the amounts they gave:

>> R.M. Towill employees and their spouses made 87 political donations totaling \$80,150 to the Harris campaign between 1996 and 2001. The donors included company executives Tsutsui and Sakai, who were arrested in July on suspicion of making illegal campaign contributions.

>> Geolabs, which conducted the site work for Towill on the city's Ewa Villages revitalization project, gave more than \$55,000 to the Harris campaign through a maze of employees, friends and relatives that included a then-teenage student, an auditor for the HPD's white-collar division and a former University of Hawaii student class president. Geolabs agreed to a \$64,000 fine from the commission in January 2002.

Some donors, including the teenager, weren't aware that they gave money to the Harris campaign until their names appeared in a June 2001 Star-Bulletin article.

>> Structural engineering firm Wesley Segawa & Associates Inc. was fined \$53,000 by the commission in July for allegedly laundering \$26,000 to the Harris campaign and \$21,000 to Cayetano's campaign.

The company's namesake, Wesley Segawa, a former chairman of the state Housing and Community Development Corp. of Hawaii, was arrested in July by Honolulu police on suspicion of money laundering and making

false-name campaign contributions. Segawa's attorney, Darwin Ching, declined comment, citing the pending criminal case.

>> Engineering firm NTW Associates Inc. agreed to pay the commission a \$19,000 fine to settle charges that it made \$29,350 in false-name contributions to the Harris campaign. Five donors associated with the firm were arrested by Honolulu police in July on suspicion of making false-name contributions.

>> Maple Gardens Inc., whose officers at one time included Towill's former chairman Donald Kim. The Star-Bulletin reported in June 2001 that several waitresses and other employees at the Moiliili Chinese restaurant gave \$3,000 checks to the Harris campaign.

Restaurant owner Robert Hsu -- a former Towill employee -- said then that the contributions were paid for by his employees and not the Towill firm. But investigators with the commission found one check indicating that the donation was made on behalf of the Towill firm.

Under state law, businesses and individuals are barred from giving political donations under false names. Donors also are limited to giving \$4,000 to a mayoral candidate and \$6,000 to a gubernatorial candidate in a four-year election period.

"R.M. Towill has a stable of loyal people that are required to make campaign contributions whenever tickets are passed out to them," Watada said.

Founded in 1930, Towill is one of the state's largest engineering firms. Since 1996, the company has received more than 30 nonbid city contracts totaling \$30.7 million, including the \$3.9 million construction management contract for the \$300 million Sand Island Wastewater Treatment Plant and a \$1 million Ewa Villages revitalization project.

More than a dozen of those contracts were either awarded or amended during the last week of December, implying that the contracts were signed or changed at the last minute so that money appropriated for the project by the City Council would not lapse, said Lowell Kalapa, executive director the nonprofit Tax Foundation of Hawaii.

Kalapa said the practice implies that the projects either have a low priority or aren't valid to begin with. Such contracts can end up costing a state or city government more money in change orders and amendments than the contract itself due to mistakes and oversights made during rushes, he said.

"This raises a question of waste," Kalapa said. "Where do all of these contractors get the money from which they can make these contributions? It's gotta come from their work, and that's got to come from the taxpayers."

McCorrison, however, defended Towill's work, saying the firm has a long track record as a primary contractor not only for the city, but also for the state and federal governments.

Campaign Spending Commission

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Wednesday, October 22, 2003

Subpoenas target R.M. Towill

**A grand jury probes
the donation of over \$300,000
to Harris' mayoral campaign**

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By Rick Daysog

<mailto:rdaysog@starbulletin.com?subject=http://archives.starbulletin.com/2003/10/22/>

City Prosecutor Peter Carlisle has convened a grand jury to investigate a local engineering firm whose employees and subcontractors contributed more than \$300,000 to Mayor Jeremy Harris' campaign.

The secret panel issued subpoenas this week to people linked to city contractor R.M. Towill Corp. for a Nov. 5 hearing at state Circuit Court, according to one subpoena recipient.

The subpoenas do not indicate whether the grand jury will seek indictments, but people familiar with the prosecutor's investigation said they expect the proceedings will result in criminal charges.

The Prosecutor's Office had no response, and Towill officials were not available for comment.

Bill McCorriston, Harris' attorney, denied any link between political donations and the awarding of contracts. McCorriston said Harris is the first mayor to implement safeguards that took political fund-raisers out of the contracting process.

Towill, one of the state's largest engineering firms, has received more than 30 nonbid city contracts totaling more than \$30 million during the past seven years. They include a \$3.9 million contract to manage the city's \$300 million expansion of the Sand Island Treatment Plant.

During the same seven-year period, Towill's employees and people linked to their subcontractors made more than 280 political donations totaling \$319,000 to the Harris campaign, according to a Star-Bulletin analysis.

The amount -- about 6 percent of all money collected by the Harris campaign since 1996 -- exceeds the \$212,000 in illegal campaign contributions raised by rival engineering firm SSFM International Inc., whose executives pleaded no contest this year to criminal violations of the state campaign spending law.

Under state law, contributors are barred from making political donations under false names. Donors also can give no more than \$4,000 to a mayoral candidate and \$6,000 to a gubernatorial candidate during a four-year election cycle.

The grand jury subpoenas were issued three months after Honolulu Police arrested Towill executives Roy Tsutsui, Nancy Matsuno and Kenneth Sakai and former Towill employee Robert Ko on suspicion of making political donations under false names. HPD also arrested several people linked to Towill subcontractor NTW Associates Inc. on suspicion of similar charges.

None of those arrested were charged with a crime and Tsutsui, Matsuno and Sakai have since sued the arresting officer, Maj. Dan Hanagami, for harassment and for violating their constitutional rights.

Attorney Carl Varady, who represents the three Towill employees, said he is unaware of the grand jury subpoenas. Varady said he is in the process of resolving some of the issues raised in his clients' lawsuit.

The Prosecutor's Office, which launched its criminal investigation into the Harris campaign in January 2002, has obtained no-contest pleas from about half a dozen donors, including SSFM Chief Executive Officer Mike Matsumoto and Controlpoint Surveying Inc. President Alden Kajioka.

During the same period, the state Campaign Spending Commission has issued more than \$900,000 in fines against more than 60 local companies for making illegal political donations to Harris, former Gov. Ben Cayetano, former Maui Mayor James "Kimo" Apana and other local Democrats.

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Posted at 11:24 a.m., Friday, June 4, 2004

No-contest plea on campaign contributions

By Johnny Brannon

Advertiser Staff Writer

A former chairman of the University of Hawai'i Board of Regents and the head of one of the state's largest engineering firms pleaded no contest today to misdemeanor charges of steering illegal campaign contributions to Mayor Jeremy Harris.

Donald Kim and Russell Figueiroa were fined \$4,000 each by District Court Judge Bert Ayabe but were granted a deferred acceptance of the pleas, which could clear their criminal records if they aren't charged with new offenses.

Kim served as a UH regent from 1997 to 2001, including two years as chairman, and was also chairman of R.M. Towill Corp. Figueiroa is the company's president.

Each defendant was charged with making a campaign contribution under a false name and with exceeding the legal donation limit.

Prosecutors said "a substantial amount of cash" from the company was illegally funneled to Harris' campaign committee, but declined to specify how much. Harris has not been charged with wrongdoing.

To obtain the no-contest pleas, prosecutors agreed to drop misdemeanor charges against seven others who allegedly played a role in the illegal donations, including Big Island deputy county clerk Jay Mende and two family members.

The state Campaign Spending Commission is conducting a separate probe of Towill and its associates, scrutinizing donations to Harris and other politicians.

Prosecutors launched a criminal investigation of several companies more than two years ago, after the commission raised concerns about Harris' fundraising.

Several defendants linked to other firms have pleaded guilty, or no contest, to misdemeanors or felonies and were fined; the commission has fined dozens of others.

But no criminal cases have gone to trial, and no defendants have gone to jail. Investigators have sought to establish a connection between campaign contributions and the awarding of government contracts, but have filed no charges that allege such a link.

R.M. Towill has long been a major engineering contractor on large city and state construction projects. Harris' attorney has repeatedly denied that the mayor played any role in steering contracts to campaign contributors, and has blasted the criminal probe as a witch-hunt meant to sabotage Harris' political career.

Harris was a candidate for governor in 2002 but dropped out of the race after the investigation began.

Former Towill president Richard Towill was indicted by federal and state grand juries in 1975 and 1977 in relation to alleged illegal campaign contributions to former Mayor Frank Fasi. Towill was acquitted in the federal case, and state charges against him and Fasi were later dropped.

Reach Johnny Brannon at jbrannon@honoluluadvertiser.com or 525-8070.