



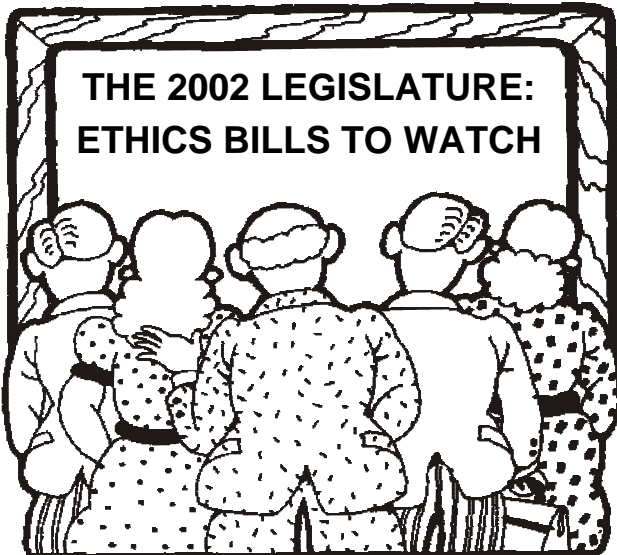
THE HIGHROAD

"Preserving public confidence in public servants."

No. 2002-1

Hawaii State Ethics Commission

March 2002



The Hawaii State Ethics Commission's legislative package for the 2002 Legislature included the following bills, which received favorable hearings in the House of Representatives and are now before the Senate for consideration:

Conflicts of Interests Involving Family and Household Members. H.B. No. 1092, Relating to Conflicts of Interests, expands the conflicts-of-interests section of the State Ethics Code to prohibit state officials and employees from taking official action affecting a business in which their parents, siblings, emancipated children, and household members have financial interests.

Campaign Events at Washington Place. H.B. No. 1093, Relating to the Use of Washington Place for Campaign Activities, prohibits the use of Washington Place for campaign fundraising events.

Other Bills to Watch:

Other bills that the Commission is closely watching this session include the following:

Mandatory Ethics Training for State Officials. H.B. No. 1717, Relating to Ethics, provides for

mandatory ethics training for legislators, executive department heads and deputies, elected members of the Board of Education, and trustees of the Office of Hawaiian Affairs.

Public Financial Disclosure Statements for State Boards that Head Executive Branch Departments. H.B. No. 2601, Relating to Public Financial Disclosure Statements, would add members of the Board of Agriculture, the Board of Land and Natural Resources, the UH Board of Regents, and the Hawaiian Homes Commission to the list of persons whose financial disclosure statements are public record and are available for public inspection.

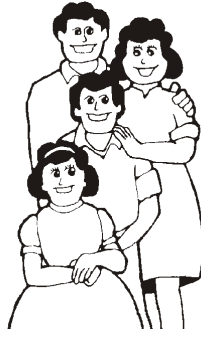
Fundraising Activities in Government Offices. H.B. No. 2672, Relating to Fundraising Activities, prohibits the solicitation of political contributions in rooms and buildings where official government business is conducted.

HOST AN ETHICS WORKSHOP IN 2002

The Hawaii State Ethics Commission is continuing to offer ethics workshops for all interested state agencies on Oahu and the neighbor islands in 2002. The workshops are conducted by the Commission's staff attorneys and feature hypothetical case discussions of the major provisions of the State Ethics Code. Workshop topics include conflicts of interests, outside employment, misuse of official position, gifts to state officials and employees, and post-state employment restrictions. The workshops will provide employees with a basic understanding of the ethics laws and the functions of the State Ethics Commission.

If your agency is interested in hosting an ethics workshop for your employees and can provide a meeting room for the workshop, please contact the Commission's office at 587-0460.

CONFLICTS OF INTERESTS AND FAMILY TIES



information to demonstrate his son's background and qualifications for the contract.

Can a state official award a government contract to a firm owned by the official's adult son? This was the subject of a charge case recently reported by the Hawaii State Ethics Commission.

The Commission did not find that the state official violated the ethics code by awarding a contract to his son's firm. Under current law, state officials are allowed to take action affecting a business in which an emancipated child has a financial interest. The Commission recognized, however, that when such action is taken, public confidence in state government is likely to be diminished. For this reason, the Commission has repeatedly introduced legislation to amend the state ethics code. In previous legislative sessions, the Legislature has declined to pass legislation to amend HRS section 84-14(a) to bar state officials and employees from taking action affecting businesses in which their emancipated children have substantial financial interests.

The Commission received a formal charge filed by an organization against a state official. One of the allegations in the charge concerned the state official's award of a contract to a firm owned by the official's adult son. While the official served as the Director of a state agency, he selected his son's firm for a non-bid contract. The contract was later rescinded by the Attorney General because the Attorney General believed a conflict of interest existed.

The Commission reviewed the charge under two sections of the State Ethics Code: HRS section 84-14, the "conflicts-of-interests law," and HRS section 84-13, the "fair treatment law." The Commission did not find that the official's actions with respect to his son's firm violated these laws.

This year, the Commission is again asking the Legislature to address this issue. H.B. No. 1092, H.D. 1, would amend HRS section 84-14(a) to prohibit an employee from taking official action directly affecting a business or undertaking in which an emancipated child (as well as other close family members) holds a financial interest. The Commission strongly supports this bill, which has received approval by the House of Representatives and is now before the Senate.

The conflicts-of-interests law, HRS section 84-14(a), requires state officials and employees to recuse themselves from taking official action directly affecting a business in which they, their spouses, or their dependent children have a substantial financial interest. The state official in this case maintained that his son was not a dependent. Because the official's adult son was not a dependent, the Commission found that section 84-14(a) was not violated when the official selected his son's firm for an agency contract.

Note: The Commission's written opinion in this case, Informal Advisory Opinion No. 2001-10, is available on our website.

The fair treatment law, HRS section 84-13, prohibits state officials and employees from using their official positions to give anyone preferential treatment, or any unwarranted advantages or contracts. The Commission found that there was insufficient evidence that the state official had misused his position to grant an unwarranted advantage to his son's firm. The official stated that his son's firm employed ten professionals and was one of the largest firms of its kind in Hawaii. The official maintained that his son's firm had a unique and special expertise, and provided

The High Road is a publication of the Hawaii State Ethics Commission.

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