Statement of Dennis Ihara

On February 5, 11 and 13, 2007, Dennis Ihara, Deputy Registrar, Bureau of Conveyances (BOC), Department of Land and Natural Resources (DLNR) were contacted by Hilton J. Lui. Upon contact Ihara was informed by Lui that he has been retained as an Investigator for the Hawaii State Ethics Commission whose Executive Director is Dan Mollway and instructed to make contact with Ihara. Ihara has been with the BOC since August of 2006.

Ihara then advised he feels that in the operation of the Bureau of Conveyances there have been various activities which warrant investigation and his biggest obstacle is Peter Young, who is the Director of DLNR which is the parent organization of BOC. Ihara added that he and Robert Masuda the First Deputy of DLNR found that there were problems at the BOC and they were told to "stop all investigation" by Young. Ihara advised he is in a quandary as to how much he can dig into. Ihara added he had been finding about some activities which may constitute administrative, ethical and possibly criminal issues. Ihara added out of courtesy he has gone through the Attorney General's (AG) office and they are looking more towards the criminal aspect of what had occurred and what is occurring currently. The AG investigator is a Dennis Naganuma whose telephone numbers are 586-1240 and 306-8968. Ihara added he had also had previous contacted Dan Mollway relative to Ethic issues.

Ihara hopes that between Investigator Naganuma of the Attorney General's and Lui something can be done so his office can be run like it should. Ihara again indicated that he had been ordered by Young to not get involved in the investigation. Masuda, the First Deputy of DNLR who supports Ihara in

resolving the issues also has been told, "You are not to get involved in the investigation." Ihara added improprieties at work vary from title companies who have personal connections within the BOC to a computer owned by **Title Guaranty Escrow Services, Inc.**, the biggest in Hawaii located within BOC space and also a another machine which is connected to a scanning device of which Title Guaranty get their information first before BOC do. Ihara also added they received a bill from Title Guarantee for 6,000 something dollars per month and don't know why.

Ihara added that title companies receive information from them to serve various customers when property is being sold. This is a service where companies tap into the LCAT system. Operationally, Ihara learned by talking to his personnel that each title company was to register with the BOC and upon doing so pay a $1,000 application or hook-up fee. Also a monthly fee for a set number of designed hours were supposed to be charged and if a particular company exceeds the designed hours of use additional expense is to be charged. Carl Watanabe the past Registrar was supposed to take care of this and that information about the administration of this system was placed in a file folder but is lost. Ihara added because Watanabe "screwed up" he was transferred and placed in charge of a Special Unit to take care of some of their BOC back log. Because no system is in place there has been fiscal mismanagement and no means of accountability. As a result their fiscal figures had been "doctored" and "forced" balances are being reported which he feels is not correct. Because nothing has been set up he is mystified as to why companies send the BOC checks of arbitrary amounts each month when they are not based on any invoice billing. Checks received from these companies are then arbitrarily deposited into the General Found

without any accounting whatsoever and Ihara feel that this is entirely irresponsible. Operationally now Ihara and Masuda run the BOC but as yet have not been able to find the so-called file folder which was last in the possession of Nancy Bartter, an administrative assistant who is no longer at the BOC, but recently took a lateral transfer to Department of Health. Ihara added what adds to the problems at the BOC is that there are two factions at work, those who work on the Land Court System and those who work on the Regular System.

Ihara added he started the ethics class at the BOC of which the people who sided with Watanabe or those who work on the Land Court System refused to attend the Ethics class even if he made it mandatory. The individuals who refused used the excuse that they were short staffed but Ihara indicated he gave them ample time to make arrangements. Those individuals basically had made excuses not to attend the class. Watanabe was one those who didn't attend the case. Ihara advised Sakamoto is a civil service employee. Ihara added on that issue of mandatory attendance at ethics briefing the Union backed him up. This was one of the reasons he called Dan Mollway.

Ihara added part of the AG's investigation involved a female named possibly Laura Watada who represents **Island Title Company**, whose VP's name is Bradford Ishida. Ihara added this involved unauthorized access to restricted areas where sensitive information is located. Ihara found out that Ishida and his assistant contacted someone there at the BOC and then was taken over to a confidential area where documents are located and work was then done. Ihara added some of his staff immediately reported to this to him. Ihara found that Nicolene Gega-Chang, and Susan Cummings were the individuals who allowed Ishida and his

assistant Watada to enter the confidential area. Accordingly, Ihara spoke to Ishida within the same week and Ihara told him he had made contact with Sandy Furukawa who directed him to contact Gega-Chang and that is how they were allowed into the BOC premises, Ihara added Ishida told him all the title companies have their favorite person at BOC who they contact directly to get things done, due to their backlog. Ihara added he informed Ishida that he was attempting to "level the playing field" and need someone to come forward. Ihara provided written and verbal statement to Naganuma of the AG's office. Ihara indicated he would fax a copy of the Ishida's statement to Lui.

Ihara indicated that because of what had happening at the BOC he found out that their new employees had the conception that they were working for Title Guarantee Company. Ihara had to inform them that they were working for the State. Ihara added that the BOC had gotten so decrepit because of what had been happening before he and Masuda arrived there. Ihara added that Watanabe has been working for years at the BOC and why he is still there is a good question. Ihara added Peter Young, Chairman of the DLNR, who is a Governor's appointee now sides with Watanabe. Ihara added he is an attorney by training and feels that he is on a higher standard of ethical responsibility. Ihara added he doesn't care what Young says as long as he sees something wrong he is going to blow the whistle. Ihara added there have been many times he had been called on the carpet by Young. Ihara added he doesn't know if the Governor is aware of what is going on at the BOC but Masuda is in touch with Bob Awana. Ihara added he doesn't think that Masuda has spoken to Bob Awana about this yet. Masuda has been working at the BOC going on his second year.

Ihara advised on what he had tried to do the HGEA Union have backed him and he has been in contact with a Jeff Morgan. Morgan has been made aware as to the problems at BOC. Morgan can be contacted at 543-0095 and 372-1442.

Ihara identified Harriet Enrique who has been at the BOC for quite some time knows a lot as to what has happened at the BOC. Enrique's telephone number is 587-0151. Enrique can provide addition information as to other unauthorized access to BOC files as she has evidence as to entries been entering into BOC's log book by a Title Guarantee person because she can recognize the person's signature of which only employees should have access to. Enrique has kept the documents that are available for inspection. Ihara added there are quite a bit of records and it depends on how much investigators want to dig. Individuals who were responsible for the false entries may have already destroyed some documents as they are aware that Naganuma had been digging around. Harriet has made copies of the documents also. Original documents are available. Information on the computer Ihara feels are not destroyed as they will wait till the last minute as Title Guarantee sells this information. Ihara added when this investigation first started the President from Title Guarantee, Mike Pietsch went to Peter Young's office and thereafter a directive came out to them that there is to be no more investigation.

Ihara added that before he and Masuda arrived Sakamoto was the Registrar at BOC, however before that there was a woman by the name of Sandra "Sandy" Furukawa who was the Registrar before Sakamoto. Furukawa now works for Title Guarantee. Furukawa was able to buy a big house on Waialae Iki.

Ihara advised computer wise Scott Chang, one of their new employees have pointed irregularities. When revelations were made on findings by Chang that access to the BOC could be made from the outside with use of a password assigned to someone who works for BOC, Masuda invited their entire IT staff and confronted Chang and they "just shot him down." Later Masuda admitted he made a mistake calling them in as Chang after that just "clammed up." One of the personnel from their IT group made the major hook-ups and has been very defensive. The IT group personnel are comprised of Lyla Loos, the IT Manager, Larry Dy'Liacco, Lawrence Agcaoili and Alan Smith. Smith when questioned indicated he was just following Watanabe's orders. Ihara added Naganuma has already questioned those individuals. Additionally there is the **Lange Group**, a private computer resource outfit that has a contract with BOC and is used as a computer resource. They have suddenly become very cooperative and now stated they can tell us who has been accessing their computer network. Ihara added his question is why wasn't this done before? The Lange group people responded with "we were never asked." Ihara regards that as a stupid answer. Ihara added he has strong evidence that previously the Lange Group was instrumental in working with Title Guarantee on their computer system. The person in the Lange Group owns it is Nani Lindsey. Ihara added that the reason Chang was able to determine that outside access to their computers is possible is because when Chang came to work from a title company he noticed "cookies" in the computer formed a trail. Chang added that the company that he worked for has the same "cookies" on the screen. Ihara instructed Chang to dig into it and he thereafter found out that he could excess the BOC mainframe from outside the office using his password. Ihara was appalled that anyone from the outside could have access to and could make any changes to their records. The

issue to resolve is who was tapping into their system. Ihara advised Masuda told him that Lindsey of the Lange Group informed him that the Lange Group had not prior business dealings with Title Guarantee.

Ihara added that there are personnel at the BOC that are connected to title companies. Sandy Furukawa's contacts at the BOC are Carl Watanabe and Nicolene Gega-Chang, who is the Branch Chief of the Land Court System. In trying to rectify the situation at the BOC, Gega-Chang has filed eight grievances against Ihara of which all of them have been squashed by the Union. In addition Gega-Chang has on three occasions internally filed complaints against Ihara, which personnel follows Peter Young's directions and sustain it.

Ihara added when he was made aware by their Fiscal Department's that their books did not jive, he made Young aware of that and again was accused that he was going further on the investigation and came down on him. Young then called Masuda on the carpet and asked Masuda why he was allowing Ihara to proceed. This made Ihara very upset.

Ihara added four to five years ago there was a Parker Ranch case where Title Guaranty had to get access to their records. Sandy Furukawa who had already left BOC was allowed access to their computer by Gega-Chang and she was the one which signed the log. Enrique can articulate on this. Furthermore, Bradford Ishida informed him that he was able to get access to BOC records through talking to Sandy Furukawa who instructed him to contact Gega-Chang who allowed him access to the BOC office with one of his associates. There were witnesses of this and they are Susanna De Jesus and Scott Chang. Susan Cummings who works for Gega-

Chang was also present and possibly instructed by Gega-Chang to allow them access.

Ihara also made reference to an electronic room monitored by Lyla Loos, their IT Manager which appears to be very secretive. Ihara has not gained access to the room without the word getting to Young that he asked to enter the room.

Ihara also mentioned that Carl Watanabe made several trips to various place to attend conferences and heard that when he made those trips the room where he stayed may have been upgraded and paid by a title company. His travel itinerary and expenses went through Nancy Barter, their Administrative Assistant who then gave the documents to Edna Magnaye, Ihara's present Secretary to process all payments.

Ihara further added when he first took over during the Christmas holidays various title companies were delivering to the BOC numerous amounts of gift baskets, cakes and other goodies. When he made inquiry of his staff he learned that this was a normal practice every year and at times also gift certificates were provide. Furthermore, trips to Las Vegas were taken where their may have been paid partially by some title companies. Ihara mentioned that Gega-Chang within the last year went on a trip to Las Vega with Rexford Davis. This prompted Ihara to contact Dan Mollway and had Mollway sent a letter to them relative to standards of ethical conduct which was sent to his to his staff. Ihara instructed his staff to contact the title companies to pick up the items they delivered otherwise they were to be donated to a homeless shelter.

Ihara believes that with all the inappropriate activities that he has uncovered or brought to

light, Young has a reason that it does not get exposed as Young is up for reconfirmation. Ihara believes that is why he has instructed Masuda and him not to investigate. Young however, has even further retaliated against him whereby he recently extended his probationary period and also caused his sick leave to be closely scrutinized which other employee are not subjected to.

Ihara provided documents he received from Linda Gomes their Senior Cashier. Documents are for billing of their LCAT. In December 2006 there were only 11 entities, but in February 2007, the number increased to 28.

Department of Land and Natural Resources

01/19/2007 09:41 TLG Page: 1

LCATS USER CHARGES - December 2006

COMPANY NAME	MONTHLY FEE	PER MINUTE CHARGES	TOTAL
Carlsmith	$ 150.00	$ 0.00	$ 150.00
Fidelity National Title	$ 150.00	$ 2.00	$ 152.00
First American Title Company	$ 100.00	$ 0.00	$ 100.00
First American Title Company	$ 150.00	$ 2.25	$ 152.25
First HI Title	$ 150.00	$ 0.25	$ 150.25
Island Title Corporation	$ 150.00	$ 0.00	$ 150.00
Neil T Nakamura	$ 150.00	$ 0.00	$ 150.00
OLD REP Title	$ 150.00	$ 2.50	$ 152.50
Security Title Corp	$ 150.00	$ 0.00	$ 150.00
Title Guaranty	$ 100.00	$ 0.00	$ 100.00
Title Guaranty	$ 150.00	$ 0.00	$ 150.00
Total: 11	1550.00	7.00	1557.00

Dennis 2-6-07

Please check on the billings for Lcats. The names that are highlighted are new accounts or what? I send out Dec billing per our meeting with Nani, Bob, Harriet, any myself.

Linda

Approved by Date

200019

LCATS USER CHARGES - December 2006

COMPANY NAME	MONTHLY FEE	PER MINUTE CHARGES	TOTAL
Alva L. Nomual	$ 00.00	$ 0.00	$ 0.00
Amy T. Corcoran	$ 00.00	$ 0.00	$ 0.00
C&C of Honolulu, Survey	$ 00.00	$ 0.00	$ 0.00
Carlsmith	$ 150.00	$ 0.00	$ 150.00
David I. D. Fong	$ 00.00	$ 0.00	$ 0.00
Derek Tomita, Attorney at Law	$ 00.00	$ 0.00	$ 0.00
Fidelity National Title	$ 150.00	$ 2.00	$ 152.00
First American Title Company	$ 100.00	$ 0.00	$ 100.00
First American Title Company	$ 150.00	$ 2.25	$ 152.25
First HI Title	$ 150.00	$ 0.25	$ 150.25
Hawaii Escrow and Title	$ 00.00	$ 0.00	$ 0.00
Hawaii Information Service	$ 00.00	$ 0.00	$ 0.00
Housing and Community	$ 00.00	$ 0.00	$ 0.00
Integrity Escrow & Title	$ 00.00	$ 0.00	$ 0.00
Island Title Corporation	$ 150.00	$ 0.00	$ 150.00
Jannis Y. Shiroma	$ 00.00	$ 0.00	$ 0.00
Kathleen F. Hanawahine	$ 00.00	$ 0.00	$ 0.00
Loreen T. Fujioka	$ 00.00	$ 0.00	$ 0.00
Natalie A. Kiyuna	$ 00.00	$ 0.00	$ 0.00
Neil T Nakamura	$ 150.00	$ 0.00	$ 150.00
OLD REP Title	$ 150.00	$ 2.50	$ 152.50
Office of the Attorney General	$ 00.00	$ 0.00	$ 0.00
Pacific Title, LLC	$ 00.00	$ 0.00	$ 0.00
Right of Way Branch, DOT	$ 00.00	$ 0.00	$ 0.00
Security Title Corp	$ 150.00	$ 0.00	$ 150.00
Title Guaranty	$ 100.00	$ 0.00	$ 100.00
Title Guaranty	$ 150.00	$ 0.00	$ 150.00

LCATS USER CHARGES - December 2006

COMPANY NAME	MONTHLY FEE	PER MINUTE CHARGES	TOTAL
Traciann L. Shimabukuro	$ 00.00	$ 0.00	$ 0.00

Dec Billing went out 2-6-07

Department of Land and Natural Resources

02/06/2007 09:57 LGG Page: 1

LCATS USER CHARGES - December 2006

COMPANY NAME	MONTHLY FEE	PER MINUTE CHARGES	TOTAL
Alva L. Nomual	$ 00.00	$ 0.00	$ 0.00
Amy T. Corcoran	$ 00.00	$ 0.00	$ 0.00
C&C of Honolulu, Survey	$ 00.00	$ 0.00	$ 0.00
Carlsmith	$ 150.00	$ 0.00	$ 150.00
David I. D. Fong	$ 00.00	$ 0.00	$ 0.00
Derek Tomita, Attorney at Law	$ 00.00	$ 0.00	$ 0.00
Fidelity National Title	$ 150.00	$ 0.00	$ 150.00
First American Title Company	$ 100.00	$ 0.00	$ 100.00
First American Title Company	$ 150.00	$ 94.75	$ 244.75
First HI Title	$ 150.00	$ 0.25	$ 150.25
Hawaii Escrow and Title	$ 00.00	$ 0.00	$ 0.00
Hawaii Information Service	$ 00.00	$ 0.00	$ 0.00
Housing and Community	$ 00.00	$ 0.00	$ 0.00
Integrity Escrow & Title	$ 00.00	$ 0.00	$ 0.00
Island Title Corporation	$ 150.00	$ 5.00	$ 155.00
Jannis Y. Shiroma	$ 00.00	$ 0.00	$ 0.00
Kathleen F. Hanawahine	$ 00.00	$ 0.00	$ 0.00
Loreen T. Fujioka	$ 00.00	$ 0.00	$ 0.00
Natalie A. Kiyuna	$ 00.00	$ 0.00	$ 0.00
Neil T Nakamura	$ 150.00	$ 3.25	$ 153.25
OLD REP Title	$ 150.00	$ 29.00	$ 179.00
Office of the Attorney General	$ 00.00	$ 0.00	$ 0.00
Pacific Title, LLC	$ 00.00	$ 0.00	$ 0.00
Right of Way Branch, DOT	$ 00.00	$ 0.00	$ 0.00
Security Title Corp	$ 150.00	$ 2.50	$ 152.50
Title Guaranty	$ 100.00	$ 0.00	$ 100.00

200021

Department of Land and Natural Resources

02/06/2007 09:57 LGG Page: 2

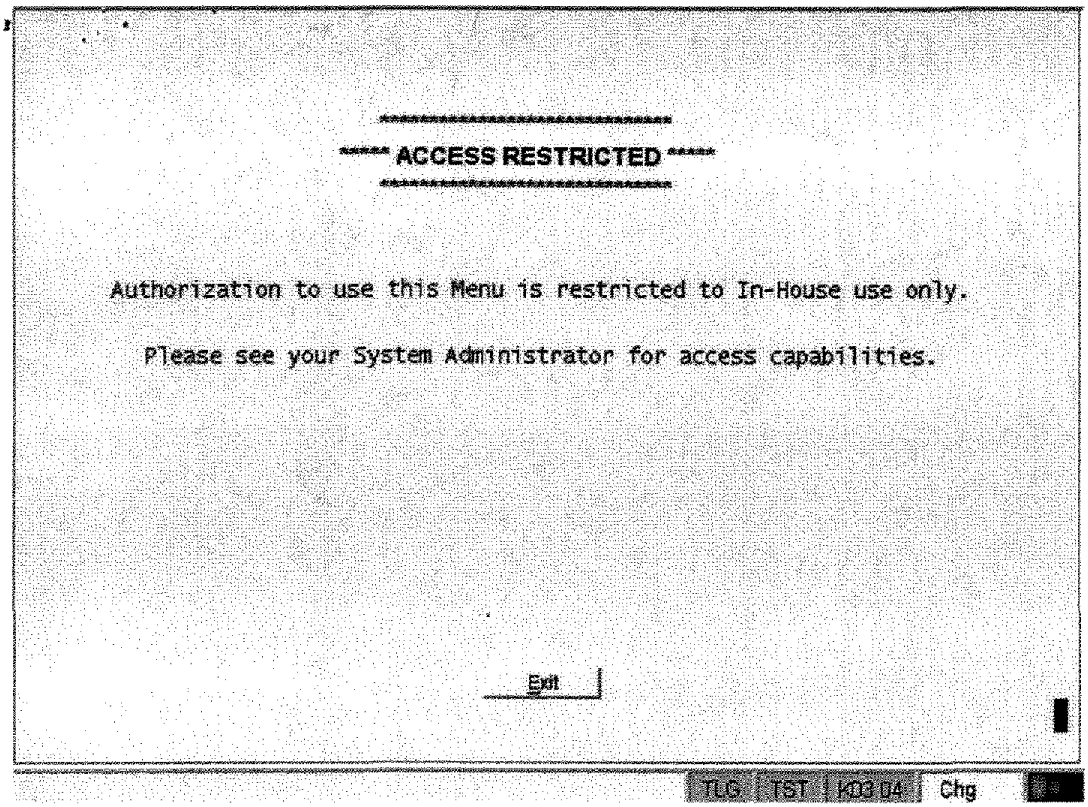
LCATS USER CHARGES - December 2006

COMPANY NAME	MONTHLY FEE	PER MINUTE CHARGES	TOTAL
Title Guaranty	$ 150.00	$ 3.75	$ 153.75
Traciann L. Shimabukuro	$ 00.00	$ 0.00	$ 0.00
Total: 28	1550.00	138.50	1688.50

Approved by Date

200022

eff. 2/5/07



The following were completed on 01/19/2007:

- Sample screen prt of the "Access Restricted" screen. Logging to distinguish between "in-house" and "outside" users.
- Added "Last Updated" to the K08 Employee F/M
- As of Friday, 1/19/07 @ 1:00p, tracks access to main menu's K03,K06,K08,Documents,General Indexes (modify rights)
- Added "Last Updated" to the FYI Users Table. Added totals to the FYI User Listing
- Added Totals and "Authorized by / Date" to the FYI Billing Report
- Added Security code '9999' to Administrator's Reports
- Manually added a total of 17 users to the FYI table with the "Bill?" flag set to Y and Monthly Fee = $0.00. Asked Linda to print the LCAT's Bill (FYI Billing Report) for December 2006 and indicate on report, any changes. Ie removed name from list, keep but change Monthly fee to $xxx.xx, add name to list. She will check with Carol or Edna

Following were completed over weekend & tracking as of 01/22/2007:

- Add the "Last Updated" UID and Date to K03 Files, TCTMS, ENCUMBR and LANDESC

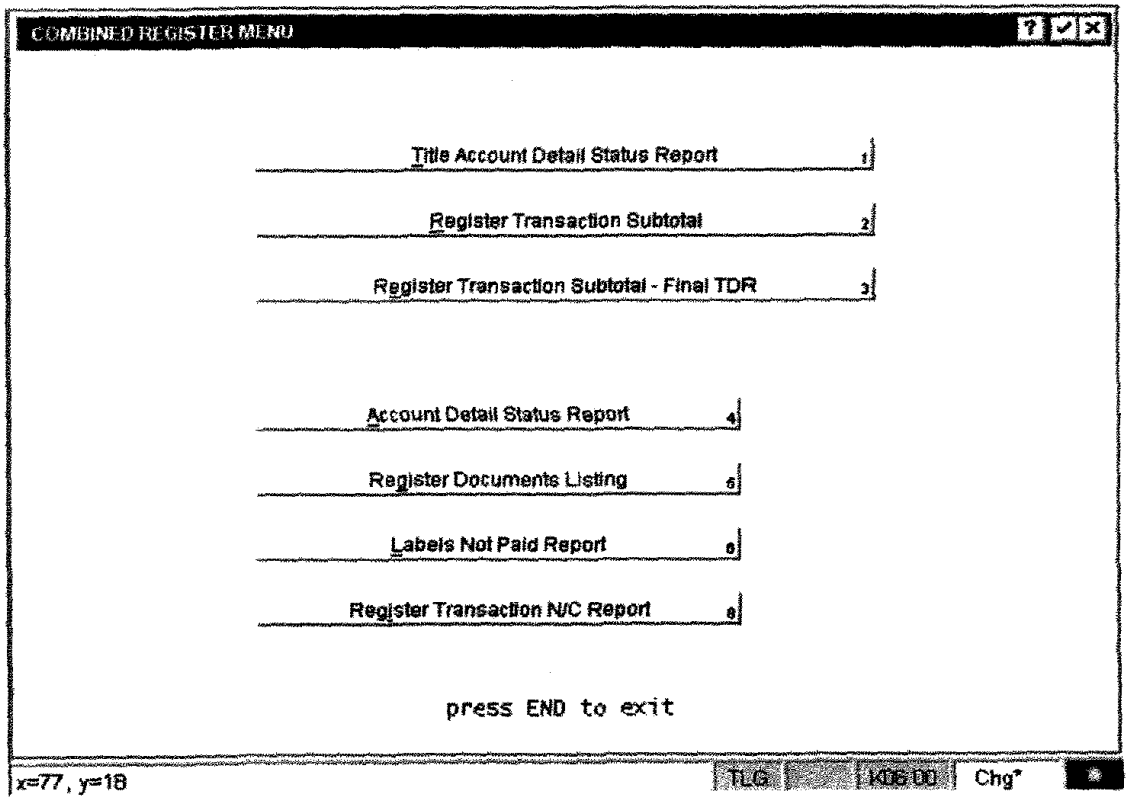
LOGPROCS

Usr Id	Date Time Stamp	Process Name	App	WID	PID
[illegible]	01/19/2007 13:53	K03 MAIN MENU	K03	10.103.16.72	606434
CHC	01/19/2007 13:53	DOCUMENT MENU	K08	10.103.16.72	479354
CHC	01/19/2007 13:54	ABSTRACTING MAIN MENU	K08	10.103.16.72	479354
KTP	01/19/2007 14:11	DOCUMENT MENU	K08	10.103.16.211	983192
MIP	01/19/2007 13:59	DOCUMENT MENU	K08	10.103.16.246	954504
MLK	01/19/2007 13:47	K03 MAIN MENU	K03	10.103.16.82	782348
MLK	01/19/2007 13:51	K03 MAIN MENU	K03	10.103.16.82	1114294
MLK	01/19/2007 14:19	K03 MAIN MENU	K03	10.103.16.82	1114300
SC3	01/19/2007 13:55	K03 MAIN MENU	K03	10.103.16.71	577734
TAW	01/19/2007 14:34	MAIN MENU	K06	10.103.16.233	761868
TLG	01/19/2007 13:46	K03 MAIN MENU	K03	10.103.1.9	360536
TLG	01/19/2007 13:50	MAIN MENU	K06	10.103.1.9	360536
TLG	01/19/2007 13:50	ABSTRACTING MAIN MENU	K08	10.103.1.9	360536
TLG	01/19/2007 13:50	MAINTAIN OODOC F/M	K08	10.103.1.9	360536

TLG LNR K03 00 Chg

Per request from Hariett, the Cashiers would save hours of time daily if the Register reports could tally the number of "NO CHARGE" recordings. To accomplish this, a change would be needed to the detail transaction file of all receipts posted as well for the open registers. System will be down for approximately 1 hour during the load.

#1 Register Transaction Subtotal ('2 Combine Register Menu)



200024

****

source code

Register Transaction Summary (COMB)
Final TDR - 01/09/2007

EFF DATE: 08/09/2006

LC FEE	765	$14,325.00
ADDL PG LC	65	$159.00
LC NCF	5	$20.00
LC CERT	766	$4,225.00
RS FEE	767	$23,275.00
ADDL PG RS	67	$289.00
RS NCF	7	$120.00
COPIES	768	$276.50
CONVEY TAX	72	$118,085.50
PENALTY	73	$116.04
UCC 11	769	$25.00
TOTAL SOURCES:		$160,916.04
CASH		$461.10
CHECK		$160,326.94
CREDIT CARD		$128.00
VOUCHER		$0.00
TOTAL REVENUES:		$160,916.04
LC N/C DOCS		**1**
LC CERT N/C DOCS		**1**
RS N/C DOCS		**62**
TOTAL N/C DOCS		**64**

<--- Add theses 4 lines

****

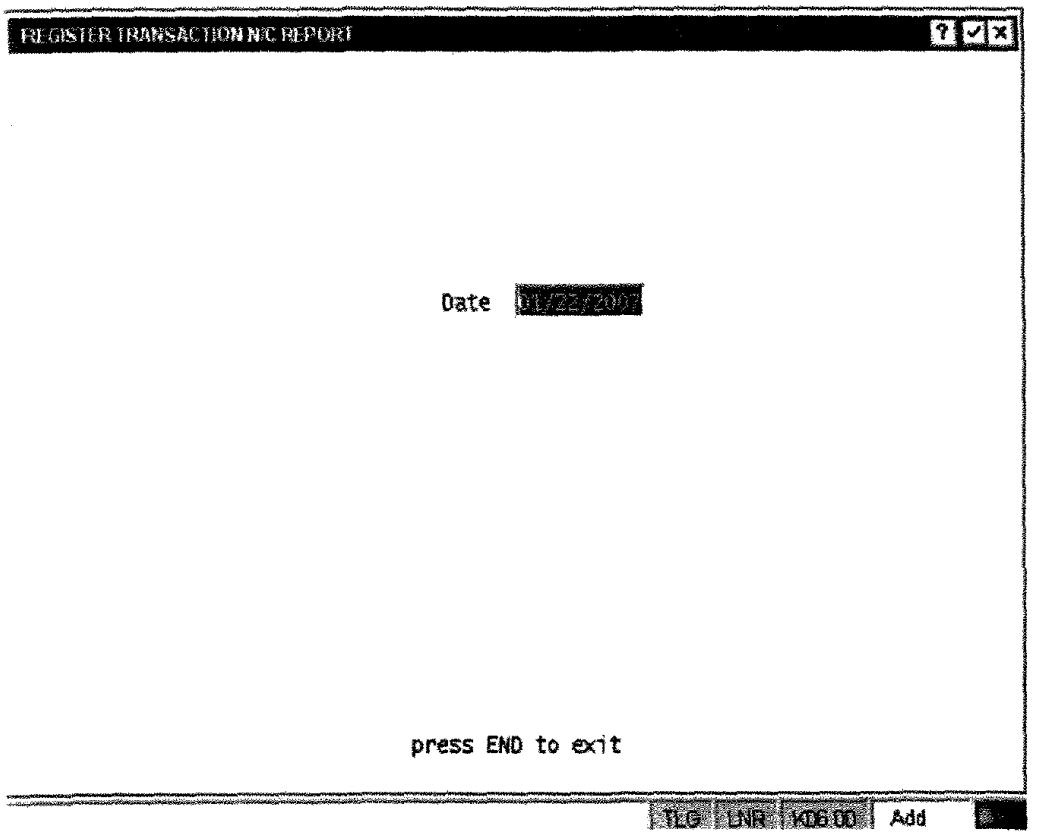
TDR Distribution
EFF DATE: 08/09/2006

LC FEE	765(x18)	$10,314.00
RS FEE	767(x18)	$16,758.00
CTAX/PENALTY	72	$118,201.54
TOTAL GENERAL FUND:		$145,273.54
SMRF	921	$0.00
LD CT LUMP	765(x7)	$4,190.00
LC CERT	766	$4,225.00
REG LUMP	767(x7)	$6,926.00
COPIES	768	$276.50
UCC 11	769	$25.00
TOTAL SPECIAL FUND:		$15,642.50
TOTAL REVENUES:		$160,916.04

200025

#2 Register Transaction N/C Report (NEW, '8 Combine Register Menu)

A request was made by Linda G, that it would also be a good idea to have a detail report listing ALL documents "rung up" as a no charge which could be used to validate against. Cashiers would run this if there are any discrepancies with the totals printed on their combo.



200026

SAMPLE REPORT:

Department of Land and Natural Resources

01/22/2007 14:20 TLG Page: 1

Register Transact N/C Report
Recording Date: 01/22/2007

Receipt No	Doc Type	Document Number(s)	# of Docs	Label No	Comp Cd
C-21	LC	3544642	1	L-149	
C-22	LC	3544644	1	L-151	
C-35	RS	2007-011762	1	R-319	
C-99	RS	2007-011477	1	R-39	
C-104	RS	2007-011486	1	R-48	
C-192	RS	2007-011440	1	R-2	
C-202	RS	2007-011450	1	R-12	
C-236	RS	2007-011603	1	R-165	
C-306	LC	3544936	1	L-456	
S-19*	RS	2007-011808	1	R-364	CCS
S-19*	RS	2007-011809	1	R-365	CCS
S-19*	RS	2007-011810	1	R-366	CCS
S-19*	RS	2007-011811	1	R-367	CCS
S-19*	RS	2007-011812	1	R-368	CCS
S-19*	RS	2007-011813	1	R-369	CCS
S-19*	RS	2007-011814	1	R-370	CCS
S-24*	RS	2007-011820	1	R-376	CCS
S-81*	RS	2007-011896	1	R-452	USA
S-81*	RS	2007-011897	1	R-453	USA
S-85*	RS	2007-011900	1	R-456	CCS
S-107*	RS	2007-011947	1	R-503	CCS
S-147*	RS	2007-012088	1	R-642	
S-182*	RS	2007-011962	1	R-518	CCS
S-182*	RS	2007-011963	1	R-519	CCS
S-182*	RS	2007-011964	1	R-520	CCS
S-182*	RS	2007-011965	1	R-521	CCS
S-182*	RS	2007-011966	1	R-522	CCS

Totals:	LC N/C Docs	3
	LC CERT N/C Docs	0
	RS N/C Docs	24
*Register OPEN		27

200027