

Statement of Robert Masuda

On February 9, 2007, Hilton J. Lui contacted Robert Masuda, First Deputy, Department of Land and Natural Resources (DLNR). Upon contact Masuda was informed by Lui that he has been retained as an Investigator for the Hawaii State Ethics Commission whose Executive Director is Dan Mollway.

Masuda advised Dennis Ihara told him that Lui would be contacting him. Masuda advised that their boss, Peter Young, the Chairman of the DLNR had instructed him and Ihara that they should not be spending their time investigating and it should be turned over to the AG for investigation.

Masuda advised he has confidence in the Lange Group and was informed that they did not have a conflict (with any prior dealing with any title company).

Masuda advised by written communication to Peter Young he has made clear that the administration need to work with the union to get its goals accomplished. Masuda also addressed some practices and that preferential treatment that has taken place need to be changed where some employees may be personally benefiting. Masuda add he noted that unless this stops it can viewed as a State sanctioned monopoly. This is the matter that has been referred to the Attorney General's office.

Masuda acknowledges that part of the problem is Carl Watanabe and he would like to get Watanabe reassigned elsewhere but Young doesn't support him for whatever reason.

Masuda advised relative to employees providing preferential treatment he does not believe they may

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be getting cash but his intuition is by possibly supplementing trips to keep their people in line.

Masuda advised relative to properly accounting for companies and individuals to use and pay for their services provided, he had Dennis Ihara with the assigned AG investigator properly review the contracts for each entity. Masuda added they will re-issue the contracts. This will initiate documents whereby accountability can be placed.

Masuda also discussed outside use of their system by someone who is not an employee whereby passwords are given by an employee will not be tolerated and should be grounds for dismissal. Masuda advised in rectifying this matter he had asked Nani Lindsey of the Lange Group to check the system to find out who had entered their system. Masuda further asked Lindsey to cancel all current passwords and reissue new ones. Masuda advised that he has already instructed Lindsey to have the system record any IP addresses that make entry into their system. Their employees now can only have access to their system from their own workstation or computer using their password and cannot use it anywhere else.

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On February 16, 2007, Dennis Ihara, Assistant Registrar, Bureau of Conveyances, Department of Land and Natural Resources provided to Hilton J. Lui the attached documents which was forwarded by the U. S. Mail. Ihara's documents consisted of four separate as noted by the memo dated January 24, 2007 to Dennis Naganuma, Investigator, Department of the Attorney General.

200030

January 24, 2007

TO: Dennis Naganuma
Investigator, Dept. of Attorney General

FROM: Dennis Ihara 
Bureau of Conveyance

RE: WRITTEN MEMO FROM BRADFORD ISHIDA

I am transmitting the following:

- 1) E-mail copy from Nicole to Harriett dated 11/13/06, where Nicole admits knowledge of the incident.
- 2) November 21, 2006. Copy of my Memo to file.
- 3) E-mail copy from Brad Ishida dated 12/12/06 at 11:51 am. where he describes Sandy Furukawa's involvement.
- 4) E-mail copy from Brad Ishida dated 12/12/06, at 11:19 am. that was sent as an attachment. It does not specifically state the incident, but gives his discontent with the happenings at the Bureau.

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Nicolene M
Gega-Chang/DLNR/StateHIU
S

11/13/2006 10:13 AM

To Harriet H Enrique/DLNR/StateHiUS@StateHIUS
cc Dennis T Ihara/DLNR/StateHiUS@StateHiUS, Michelle I
Pang/DLNR/StateHiUS@StateHiUS, Susan M
Cummings/DLNR/StateHiUS@StateHIUS

bcc

Subject Re: 

History:  This message has been forwarded.

Harriet in the future I would appreciate it if you communicate with Myself regarding concerns that affect Land Court Receiving. Your e-mail should have been address to myself as the Land Court Branch Chief not to Susan. I would have rectified the situation.

Your corporation is appreciated.
Harriet H Enrique/DLNR/StateHiUS

Harriet H
Enrique/DLNR/StateHIUS

11/13/2006 09:54 AM

To Susan M Cummings/DLNR/StateHiUS@StateHIUS

cc Dennis T Ihara/DLNR/StateHiUS@StateHiUS, Nicolene M
Gega-Chang/DLNR/StateHiUS@StateHiUS, Michelle I
Pang/DLNR/StateHiUS@StateHiUS

Subject

This is to confirm the conversation you and I had in the microfilm room this morning. You explained that someone did the fill-in incorrectly and that Brad and his staff were doing the corrections and preparing to re-shoot the docs. I asked you if the entire project needed to be re-shot and you said "yes". But, I noticed that only certain pages from certain documents were being corrected and tabbed. Is this correct? Please explain if your version is different. Unless I hear differently from you today, I will assume this short synopsis is correct.

FYI: Since this was a double-system project, I sent Michelle Pang over to see if the fill-in was done by one of Reg Sys Receiving clerks. I told her that if this was done by Reg, someone needed to be informed about it. She returned and said that the labeling was done on your zebra so Reg Recvng clerks did not time/# or fill-in.

If this recurs in the future can you make sure that the personnel from outside have badges to identify them as "guests".

I feel that there is a problem with continual "corrections" being done to documents that have already recorded. Sometimes the receiving clerks don't even know that corrections/changes are made to documents that they previously checked. Is it proper to have someone's initials on a document indicating that they have checked the document and another employee changes the document without notifying the receiving clerk?

I feel that this type of "correcting" is inappropriate without a written validation or explanation. Someone needs to take responsibility if recorded instruments are being changed in any way.

200032

November 21, 2006

TO: Memo to File

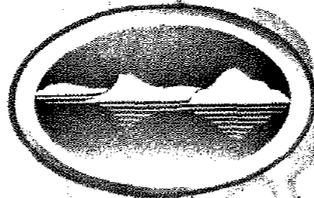
FROM: Dennis Ihara

On Monday November 20, 2006, this writer met with Bradford Ishida, V.P. of Island Title Corp. regarding his version of what happened on November 13, 2006 (e-mail attached).

Bradford said that he and an assistant was at the Bureau because there needed to be a rush filing of changes made to documents and his Title company honestly said it would take some time to do it. The developer and their attorney then hired Sandra Fujikawa from Title Guaranty to speed things through the Bureau. The project was of military housing and worth billions of dollars. Ishida said that it is common knowledge in the industry that to do fast work, Sandra is the person to see. Ishida elaborated that a meeting was called by the project attorney to be held at Title Guaranty, but he did not go because he felt it was unethical to "cut corners" in rushing documents, and further, it was a competitor company involved.

After the meeting, Ishida was told to contact Sandra who would make the arrangements with bureau staff to rush the work. Ishida knew that Sandra had called Nicole that day, who in turn asked for the assistance of Susan Cummings to process and change documents. This writer saw Nicole go to Susan's desk and work on documents, then leave the Bureau's intake area. It seems that they then went to the microfilm section that was off limits to the public due to sensitive material which Harriet Enrique mentions in her memo. Nicole's answer is as stated in the attached memo. Ishida mentioned that he is willing to testify to what happened and he will also get other title companies together to protest. Ishida said the title companies have been waiting for years to have equality in the industry and "level" the playing field with Title Guaranty.

Bradford Ishida
VP, Chief Title Officer
808.531.0261 Office
808.539.7507 Direct
808.372.5004 Cell
808.524.1251 Fax
bkishida@itchwail.com
1132 Bishop St.
Suite 400
Honolulu, Hawaii 96813



**ISLAND TITLE
CORPORATION**

www.itchwail.com

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"Ishida, Brad"
 <bkishida@itchawaii.com>
 12/12/2006 11:51 AM

To Dennis.T.Ihara@hawaii.gov
 cc
 bcc
 Subject RE: Aloha

History: This message has been replied to.

You must be talking about the recent transaction we closed regarding the Navy lands.

Since Sandy Furukawa was hired as an outside consultant to "walk" the recording through the Bureau, it was recommended by all of the parties that Sandy work out the problems with the Bureau. As was the case, Sandy cleared the way for us to go down to see Susan Cummings to have the problem of wrong inputting of document numbers by the Bureau staff fixed to reflect the correct information.

It was her intervention and influence that probably made the task a lot easier, and probably possible.

Bradford K. Ishida
 Vice President
 Chief Title Officer
 Island Title Corporation
 1132 Bishop Street, Suite 400
 Honolulu, Hawaii 96813
 Phone: (808) 539-7507 (direct)
 Fax: (808) 524-1251
 E-Mail: bkishida@itchawaii.com

From: Dennis.T.Ihara@hawaii.gov [mailto:Dennis.T.Ihara@hawaii.gov]
Sent: Tuesday, December 12, 2006 11:37 AM
To: Ishida, Brad
Subject: RE: Aloha

Sorry to bother you again, you have made a good point and I am seeking to "level the playing field" for all Title companies. I was wondering if you could also explain the progression of recent events where your company was told to go through TG to change a recordation. Mahalo.....Di

"Ishida, Brad" <bkishida@itchawaii.com>

12/12/2006 11:19 AM

To Dennis.T.Ihara@hawaii.gov
 cc
 Subject RE: Aloha

See attached. Sorry it took so long.

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Bradford K. Ishida
Vice President
Chief Title Officer
Island Title Corporation
1132 Bishop Street, Suite 400
Honolulu, Hawaii 96813
Phone: (808) 539-7507 (direct)
Fax: (808) 524-1251
E-Mail: bkishida@itchawaii.com

From: Dennis.T.Ihara@hawaii.gov [mailto:Dennis.T.Ihara@hawaii.gov]
Sent: Tuesday, December 12, 2006 10:30 AM
To: Ishida, Brad
Subject: Aloha

Brad: Hope you haven't changed your mind about writing the short blurb that we talked about. Plze. give me a call. 587-0148. Mahalo.

Dennis

200035



"Ishida, Brad"
<bkishida@itchawaii.com>
12/12/2006 11:19 AM

To: Dennis.T.Ihara@hawaii.gov
cc
bcc
Subject: RE: Aloha

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Bradford K. Ishida
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Dennis BOC.doc

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What happened to service with a smile? What is the meaning of "public servant"? How much can someone get away with? Why isn't the union investigating the situation? That is why unions are bad for Hawaii. Where is the Governor?

Many questions have been asked over the last few years concerning the situation at the Bureau of Conveyances. Little do many realize that the problem now in existence at the Bureau has been festering for decades, literally nurtured and approved by those who had only one thing in mind...doing a favor for a friend. The first "favor" was possible granted for an extraordinary situation, to remedy a detrimental situation. However, soon "favors" became expected, and usually especially for those businesses with connections, personal or otherwise, to politicians or employees at the Bureau.

For years there has been accusation and rumors of favoritism, or as some otherwise refer to as preferential treatment among title companies and its employees. Those companies who had the connections, made the contributions, or applied the pressure with the right people could always get things done. Even clients would inform us that "so and so" title company can get this done, why can't you?. From Charles Neumann, to Archie Viela, to Sandy Furukawa, and finally to Carl Watanabe, rumors of charges of favoritism due to past work and/or personal relationships and friendships, have always surfaced throughout the Bureau.

In all fairness, each company has had to establish their own personal relationships with employees at the Bureau when "favors" needed to be done. However, it was always the "big boys" who got away with all sorts of things. From housing a copier, a micro film camera, to allowing employees from title companies in on weekends, the more creative a title company could get, the better off it was in servicing their clients. Those who followed the rules, or could not play with the big boys monetarily, could suffer. Let's face it, a client will go to whoever can get the job done when it needs to be done.

Many attempts have been made to "level the playing field". Leveled to the point that the larger companies would have no more of an advantage than the smaller ones. Discussions have taken place, agreements have been drafted, but not enough has occurred to accomplish total fairness. It still comes down to picking up the phone and calling your own personal connection(s) at the Bureau to get things done. Every company has their relationships with key employees at the Bureau. To what extent rules are disregarded or passed over is not really known or the issue here.

The title companies have always been of the opinion that we need to work with the Bureau personnel in servicing the general public. Title companies make up approximately 90% of the daily recordings that are processed. Like the Bureau, title companies are also very interested in getting their own people in and out and back to the office. All we ask for is fairness and most especially courtesy.

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Too many times, title companies must tip toe around grumpy employees and/or supervisors, just to record a document, ask a question or schedule a bulk recording. Everyone makes an error, but it is how you handle the problem that makes the difference. The present two department heads have been and continue to be very difficult to work with on a daily basis. They continue to be temper mental and rude, not answering the phone, and not being consistent. There continues to be no respect shown for any other persons. Companies are expected to beg or plead their case, only to be told no in the end. The world revolves around them.

This lack of courtesy and respect also spills over to the other employees in how they handle the general public or any innocent inquiry. Rudeness has no place in the workplace. We all know everyone at the Bureau has their personal opinions about each title company, and probably about each of their employees too. Likewise, title companies have their own opinions about the Bureau personnel. We have learned who to call, when to call, and how to ask. We also know (although no one will admit to it), that preferential treatment by Bureau personnel with their favorite title company happens on a daily basis. That seems to be the way of the world.

Following are examples of rumors of favoritism shown towards title companies and their employees:

1. Placement of copier and micro film machine within the Bureau back office operations for the sole use of one company. All other companies are expected to share one copier, with no access to any micro film machine.
2. After hour and weekend access to title company employees (one company only) to run the records, or complete any other necessary work. No other company has been afforded this luxury.
3. Hiring of Bureau personnel's friends, children, or even the offering of part-time employment (after hours and weekends) to Bureau personnel.
4. No limitation on the number of specials allowed daily.
5. Unrestricted access to title company employee(s) to enter the Bureau back office operations to accomplish tasks.
6. Unrestricted access to Land Court and Regular System heads to discuss problems, or remedy situations. Others are told to simply deal with it, and that Bureau personnel are not there to make a title company's legal decisions.
7. Access to Deputy and/or Director based on personal relationships to accomplish or remedy a situation.

Finally, the one thing that bothers all title companies, the apparent lack of knowledge and consistency exhibited by Bureau personnel on a daily basis, not only in accepting documents, but also in decision making situations. Too many times, documents are accepted of record (Land Court), and later memoed by the ARs due to an apparent deficiency that should have been caught when the documents were first presented. This practice of memoing a document causes many problems for title companies. How can a document be accepted for record, stamped, assigned a document number, and then six months to a year later be memoed and not recognized due to a deficiency. The Bureau (which is the official office where documents must be recorded to be legal or recognized) has already deemed it be acceptable by its previous actions. Lawsuits will probably very shortly become a necessary step for title companies to bring to light, the lack of knowledge of many of the employees.

These are just a short summary, without too many specifics. Hope it helps you.

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