
SENATE CONCURRENT RESOLUTION

REQUESTING THE ATTORNEY GENERAL TO INVESTIGATE POSSIBLE
PROCUREMENT CODE VIOLATIONS COMMITTED BY THE DEPARTMENT OF
BUSINESS, ECONOMIC DEVELOPMENT, AND TOURISM.

1 WHEREAS, trade missions to China and Korea in 2005 were
2 pursued by the Department of Business, Economic Development, and
3 Tourism to encourage economic and tourism-related partnerships
4 with these two countries and thus are considered to be state-
5 related business; and

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7 WHEREAS, the state procurement laws are intended to ensure
8 that the State receives the best value for its money through a
9 competitive selection process with vendors, even if these
10 vendors will not be paid directly by the State; and

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12 WHEREAS, according to an article dated February 12, 2006 in
13 the Honolulu Advertiser, the Department of Business, Economic
14 Development, and Tourism may have violated state procurement
15 laws when the department selected a nonprofit organization to
16 handle the finances for the Governor's trade mission to China
17 and Korea in 2005; and

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19 WHEREAS, the department hired the nonprofit organization,
20 the Pacific and Asian Affairs Council, to run the Governor's
21 China trade mission without a competitive selection process
22 under the procurement code for the \$268,637 project, and the
23 Pacific and Asian Affairs Council in turn hired several other
24 companies as subcontractors without a competitive selection
25 process; and

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27 WHEREAS, the Pacific and Asian Affairs Council claims that
28 all the decisions concerning the subcontractors, the planning
29 and organization of the mission, and the money were made by the
30 department; and

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32 WHEREAS, the department hired and used the Pacific and
33 Asian Affairs Council to organize the trade mission despite



1 warnings from the Department of the Attorney General and the
2 State Procurement Office; and

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4 WHEREAS, the department received a letter dated
5 April 5, 2005 from the Department of the Attorney General
6 warning that if the director or someone from the department was
7 assisting in making decisions about how money is spent at the
8 nonprofit in charge of organizing the state trade mission, the
9 department may be violating procurement law; and

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11 WHEREAS, the department also received a letter dated
12 March 8, 2005 from the State Procurement Office notifying the
13 department that it could not hire Events International to help
14 organize the trade mission without going through the competitive
15 selection process because there was a potential for a contractor
16 to derive benefits as a result of receiving the trade mission
17 contract; and

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19 WHEREAS, the department still received services from Events
20 International because the Pacific and Asian Affairs Council
21 hired the company to assist in the planning of the trade mission
22 without soliciting bids or proposals; and

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24 WHEREAS, in 1997, the Office of the Auditor performed a
25 procurement code audit of the department and recommended that
26 the department develop a procurement manual for use by all
27 operating units and ensure that all project managers are
28 properly trained in contracting policies and procedures; now,
29 therefore,

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31 BE IT RESOLVED by the Senate of the Twenty-third
32 Legislature of the State of Hawaii, Regular Session of 2006, the
33 House of Representatives concurring, that the Attorney General
34 is requested to investigate possible procurement code violations
35 committed by the Department of Business, Economic Development,
36 and Tourism; and

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38 BE IT FURTHER RESOLVED that the Attorney General is
39 requested to report findings and recommendations to the
40 Legislature twenty days before the convening of the Regular
41 Session of 2007; and

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43 BE IT FURTHER RESOLVED that certified copies of this
44 Concurrent Resolution be transmitted to the Attorney General,



