



**TESTIMONY OF
THE DEPARTMENT OF THE ATTORNEY GENERAL
THIRTY-FIRST LEGISLATURE, 2022**

ON THE FOLLOWING MEASURE:

S.B. NO. 2930, S.D. 1, RELATING TO GOVERNMENT.

BEFORE THE:

SENATE COMMITTEES ON GOVERNMENT OPERATIONS AND ON JUDICIARY,
AND ON WAYS AND MEANS

DATE: Thursday, February 17, 2022 **TIME:** 3:00 p.m.

LOCATION: State Capitol, Via Videoconference

TESTIFIER(S): Holly T. Shikada, Attorney General, or
Michelle M.L. Puu, Deputy Attorney General, or
Farshad M. Talebi, Deputy Attorney General

Chairs Moriwaki, Rhoads, and Dela Cruz and Members of the Committees:

The Department of the Attorney General (Department) supports this bill.

The bill proposes to establish two new units within the Criminal Justice Division (CJD) of the Department of the Attorney General: (1) Special Investigation and Prosecution Unit and (2) Sex and Human Trafficking Unit.

Special Investigation and Prosecution Unit (SIPU)

We appreciate the legislature's support and expansion of the Department's budget request to create and develop SIPU. SIPU will enhance the CJD's capacity to investigate and prosecute criminal cases against government officials and employees, and those doing business with government entities or handling State monies. SIPU's focus is complex criminal cases such as white collar crime, fraud, and waste and abuse, including matters involving government corruption, program theft and fraud, campaign spending fraud, bribery, and other matters that could erode the public's confidence in government. It is the Department's intention for SIPU to work in parallel with the Complex Litigation and Compliance Unit (CLCU) currently in the Office of the Attorney General, other Department divisions, and the State Ethics Commission where there is overlap between criminal and administrative or civil matters. SIPU's criminal enforcement actions may also present the opportunity to review government agency

procedures, identify gaps, and make recommendations to ensure better compliance with the law and enhance efficacy.

By their nature, these crimes require lengthy and meticulous investigations. The bill's \$834,000 appropriation of funds (page 4, line 2) and its identification of dedicated personnel (page 4, lines 7-16) will equip SIPU with all of the necessary tools and resources it will need to accomplish its objectives.

The creation of SIPU and the appropriation of funds are necessary to combat these sophisticated crimes without adversely impacting the core services CJD provides, which has become increasingly demanding over the years. It is also noteworthy that providing the resources statutorily will enable SIPU to maintain its independence, which is paramount for a unit like SIPU. Dedicated personnel as provided in the bill are needed to effectively support the functions of SIPU.

Sex and Human Trafficking Unit (SHTU)

The Department would like to respectfully request that the committees consider revising the name of this unit and its concomitant acronym to the Human Trafficking Unit (HTU).

This unit will enhance the Criminal Justice Division's ability to coordinate and support the statewide anti-trafficking response. This specialized team will implement a multi-disciplinary approach to combat this worldwide problem. The provision of resources in this bill will allow the Department to: investigate and prosecute offenders; collect available data to assess the scope of the problem for the development of a strategic statewide response; provide training and assistance to law enforcement and prosecutors; effectively partner with other state and county law enforcement agencies; and facilitate restorative services to victims and survivors.

Due to the complex and nuanced nature of combatting trafficking, the \$754,000 appropriation (page 4, line 20) and each of the positions outlined in the bill are required to ensure the success of this unit (page 5, lines 4-17). A supervising deputy attorney general is necessary to manage the team and ensure implementation of the multi-disciplinary response. Two deputy attorneys general and two investigators are needed to provide a consistent and coordinated effort to hold traffickers accountable. A human

trafficking abatement coordinator will devise, assess, and update strategies, policy development, prevention tactics, community outreach, and awareness efforts, and oversee data collection efforts. A human services professional will supply critical support for the legal proceedings by facilitating services and provide continued assistance to victims and survivors. A legal assistant and a legal clerk are crucial as existing staff positions will not be able to fulfill the work of this unit without adversely impacting the core CJD services already being provided.

The Department respectfully requests passage of this bill. Thank you for the opportunity to testify in support of the bill.

DAVID Y. IGE
GOVERNOR



CRAIG K. HIRAI
DIRECTOR

GLORIA CHANG
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
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ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

WRITTEN ONLY
TESTIMONY BY CRAIG K. HIRAI
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE SENATE COMMITTEES ON GOVERNMENT OPERATIONS AND JUDICIARY
AND WAYS AND MEANS
ON
SENATE BILL NO. 2930, S.D. 1

February 17, 2022
3:00 p.m.
Via Videoconference

RELATING TO GOVERNMENT

The Department of Budget and Finance (B&F) offers comments on this bill.

Senate Bill No. 2930, S.D. 1, appropriates \$1,588,000 in general funds and establishes 18.00 full-time equivalent (FTE) general-funded positions for FY 23 for the Department of the Attorney General (AG) for the Special Investigation and Prosecution Unit (SIPU) and the Sex and Human Trafficking Unit.

B&F notes that the FY 23 Supplemental Executive Budget includes a request for 6.00 FTE positions and \$328,288 in general funds for FY 23 for the SIPU in AG.

B&F also notes that, with respect to the general fund appropriation in this bill, the federal Coronavirus Response and Relief Supplemental Appropriations Act requires that states receiving Elementary and Secondary School Emergency Relief (ESSER) II funds and Governor's Emergency Education Relief II funds must maintain state support for:

- Elementary and secondary education in FY 22 at least at the proportional level of the state's support for elementary and secondary education relative to the state's overall spending, averaged over FYs 17, 18 and 19; and

- Higher education in FY 22 at least at the proportional level of the state's support for higher education relative to the state's overall spending, averaged over FYs 17, 18 and 19.

Further, the federal American Rescue Plan (ARP) Act requires that states receiving ARP ESSER funds must maintain state support for:

- Elementary and secondary education in FY 22 and FY 23 at least at the proportional level of the state's support for elementary and secondary education relative to the state's overall spending, averaged over FYs 17, 18 and 19; and
- Higher education in FY 22 and FY 23 at least at the proportional level of the state's support for higher education relative to the state's overall spending, averaged over FYs 17, 18 and 19.

The U.S. Department of Education has issued rules governing how these maintenance of effort (MOE) requirements are to be administered. B&F will be working with the money committees of the Legislature to ensure that the State of Hawai'i complies with these ESSER MOE requirements.

Thank you for your consideration of our comments.

THE KŪPUNA CAUCUS



To: The Honorable Sharon Y. Moriwaki, Chair
The Honorable Donovan M. Dela Cruz, Vice Chair
Senate Committee on Government Operations

The Honorable Karl Rhoads, Chair
The Honorable Jarrett Keohokalole, Vice Chair
Senate Committee on Judiciary

The Honorable Donovan M. Dela Cruz, Chair
The Honorable Gilbert S.C. Keith-Agaran, Vice Chair
Senate Committee on Ways and Means

Re: **SB 2930, SD1 RELATING TO GOVERNMENT**

Hearing: Thursday, February 17, 2022, 3:00 p.m., Via videoconference

Position: **Strong support**

Aloha Chairs Moriwaki, Rhoads, and Dela Cruz; and Vice Chairs Dela Cruz, Keohokalole, and Keith-Agaran; and Members of the Committees on Government Operations; Judiciary; and Ways and Means:

The Kupuna Caucus of the Democratic Party of Hawai'i strongly supports SB 2930, SD1. This bill establishes and funds two new units within the Department of the Attorney General and appropriates funds for these two new units.

The Kupuna Caucus supports this bill because recent accounts have occurred concerning two former members of the State Legislature wherein, they were convicted of Federal charges involving public corruption. The establishment of a special investigation and prosecution unit specializing in fraud, white collar crime, and public corruption would assist in the prosecution of wrongdoers who violate the public's trust leading to harm to the community.

Furthermore, the establishment of a sex and human trafficking unit would assist in prosecuting this specialized type of criminal behavior and in bringing these wrongdoers to justice. It will further assist in helping sex trafficked victims seek refuge, shelter, and rehabilitation and sex abuse treatment accordingly.

We greatly appreciate your continued support in the protection of the public's trust in the Legislature and elsewhere where fraud, white collar crime, and public corruption may exist; and

THE KŪPUNA CAUCUS



in the protection against sex and human trafficking through the creation of (1) the special investigation and prosecution unit, and (2) the sex and human trafficking unit within the Attorney General's Office.

Mahalo for the opportunity to testify. Please pass this bill.

Melodie Aduja

Vice Chair, Kupuna Caucus of the
Democratic Party of Hawai'i

Email: Legislativepriorities@gmail.com

SB-2930-SD-1

Submitted on: 2/15/2022 9:50:06 AM

Testimony for GVO on 2/17/2022 3:00:00 PM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Samuel Mitchell	Individual	Support	No

Comments:

I support SB2930 SD-1 But there should have something in this bill about Fireworks enforcement.

Good afternoon Chair Moriwaki, Chair Dela Cruz, Chair Rhoades, and Committee Members of GVO/JDC/WAM.

I am Daniel Hanagami and I am testifying in my personal capacity and on my own personal time. I am in strong opposition to Senate Bill SB2930 SD1 Proposed.

I have been the Chief Special Investigator for the Department of the Attorney General for the past eight years. I was hired in 2013 by former Attorney General David Loui because of my expertise in complex white collar crimes investigations, government corruption investigations and my leadership skills. I served in the Honolulu Police Department for 27.5 years, and 8 years as a private investigator before being hired as the Chief Special Investigator for the Department of the Attorney General.

In retiring as a major in the Honolulu Police Department, I have investigated the majority of the complex white collar-financial fraud crimes and government corruption cases in the history of the State of Hawaii. I had a stellar, accomplished, decorated, and unblemished law enforcement career in serving our community. I take pride in upholding and maintaining the integrity of the Investigation Division and the Department as a whole. Because of my belief in fairness, integrity, and honesty, I am compelled to oppose Senate Bill SB2930 SD1 Proposed.

This bill is retaliatory in nature and the purpose of the bill is to weaponize legislation to remove my supervisory authority as the Chief Special Investigator from my investigators because last year, I had filed civil rights complaint with a federal agency against the Office of the Attorney General. That federal agency charged the Department of the Attorney General with federal civil rights violation based upon my complaint. I had named the culprits in my civil rights violation, the former Attorney General, the current Attorney General, the current Special Assistant to the Attorney General and the Administrative Service Manager. The federal Agency is continuing their investigation.

One of the elements of defined retaliation by that federal agency is when a charged agency conducts materially adverse action by removing supervisory responsibilities from the complainant. That is what the Office of the Attorney General is doing to me. Since they cannot remove me from my position as Chief Special Investigator, since I have done nothing wrong, they weaponized this bill seeking to sideline my authority in supervising my investigators, or new investigators coming into the area of my responsibilities, which this new bill proposes.

The bill intends to establish new investigator and staffing positions in the Criminal Justice Division and the plan of the Attorney General is to move my current white collar crime unit into these proposed new positions, thus reducing by supervisory capabilities. These proposed moves were discussed with some of my investigators in my white collar crime unit and they all refused to be moved to be under the supervision of the Deputy Attorney General in the Criminal Justice Division. These moves were never discussed with me and in the Attorney General is in violation of the spirit of Hawaii Revised Statutes **§89-1 Statement of findings and policy**, where public employees have been granted the right to share in the decision-making process affecting wages and working conditions, they have become more responsive and better able to exchange ideas and information on operations with their administrators.

Granted that the Attorney General can restructure the department as how she desires, but she cannot be allowed to do it in retaliation of my civil rights.

As the bill describes, the Attorney General wants to place the proposed investigators and clerical staffing under the supervision of the attorney in the Criminal Justice Division, which makes no sense because the purpose of the Chief Special Investigator is to supervise investigators.

The committees should scrutinize this proposed bill. A few years back, the former Attorney General requested funding of approximately \$800,000.00 to form a Complex Litigation Fraud & Compliance Unit (CLFCU). The majority of the unit was employed with retired federal investigators (who were designated as analysts and were paid a higher salary than Special Agents) and a retired federal prosecutor (who became a Senior Deputy Attorney General supervising the criminal investigation aspect of the unit). These analysts were selected because they all worked with the prior Attorney General while she was a federal prosecutor. The unit was supposed to assist and support the Investigations Division in doing financial analysis. They did for a while, but that relationship did not last too long due to personality conflicts and these analysts refused to assist the Special Agents in the Investigations Division.

The CLFCU unit was to spearhead the criminal prosecution of White Collar and government corruption crimes. So far, completed cases that were sent to the unit have not been forwarded for indictments and are held in abeyance for no reason. The unit has not been managed properly and the deputy attorney general in the unit have not been supervised properly.

Concerning matters of recovering monies, none have been recovered by that unit.

The unit has been slowly crumbling and dissolving. Former members of the unit have transferred out or resigned and the remainder of the personnel been assigned to the Criminal Justice Division.

Further, it is questionable as why the Attorney General wants to create a Human Trafficking Unit when the Honolulu Prosecutor's have one and they are backed up by the Honolulu Police Department Morals unit to investigate such matters.