

## Harriet Enrique

### Tape 1

Kokubun: Harriet, this is Jason Watts. Jason is the Deputy Sergeant-at-Arms for the Senate. We are convening the Committee on Water, Land, Agriculture and Hawaiian Affairs in Executive Session for the purposes of addressing subpoenaed witness in the confirmation hearing for Peter Young as the Chair of the Board of Land and . . . of Land and Natural Resources. It is now approximately 10:10 in the morning of Friday, April the 13<sup>th</sup>. Present in the room today: Sarah Akinaka, who is a attorney in the Senate Majority Attorney's Office; Richard Wada, who is the Senate Majority Attorney; Jason Watts, the Deputy Sergeant-at-Arms for the Senate; members of the Committee, myself, Russell Kokubun, Chair of the Committee; Senator Jill Tokuda, Vice Chair of the Committee; members Sam Slom and Carol Fukunaga. We have also present Attorney General Mark Bennet and the subpoenaed witness at this time is Harriet Enrique. Harriet, you are an employee of the bureau of conveyances for how long?

Enrique: Approximately 23 years.

Kokubun: All at . . . okay, all of this time . . .

Enrique: Yes, all at the bureau of conveyances.

Kokubun: And your current position title?

Enrique: I'm the branch chief.

Kokubun: Branch chief.

Enrique: For the regular system.

Kokubun: All right. Harriet, because we have so many witnesses today, I want to kind of cut to the chase. You know, you have raised concerns about the issues that are going on in the bureau of conveyances. Can you just bring those to light for the Committee.

Enrique: Um, I've been there for 23 years. Um, we've had our ups and downs at the bureau. The bureau is what I would call sort of a background division of DLNR because we are not known by everybody. However, we bring in millions and millions of dollars into the general fund every year. We've also . . . we also have established a special fund for the bureau's, all of our . . . I found out two years ago that all of our employees, all of our costs are derived from that special fund. I also found out two years, as a surprise, that Carl Watanabe and Peter Young capped our special fund. Anything in excess of \$500,000 that's remaining in the . . . in our special fund at the end of June, dumps into the general fund. But like I said, the bureau is a moneymaker for the State, big time moneymaker. We are the only state in the entire United States that has a state recorders office. Every other state in the United States has a county recorders office, but we have that. It's a big moneymaker. The title companies rely on us for recording. Nobody gets paid in the title industry with regards to real estate until that document records in the bureau. So, knowing all of that, my concerns are grave in the financial aspect of the bureau's special fund and our amount of money that we dump into the general fund.

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In my capacity as a branch chief, and I've just been there for six months, I just passed my six months, prior to that I was there for 3½ years on temporary assignment because according to Holly Leong, the personnel officer for DLNR, Holly Leong, when I first applied for it, for this job approximately three years ago, I was the first list . . . I was the only name on the first list. They went outside, I was the only name on the outside list. Holly finally admitted that Peter was blocking me from becoming the branch chief on a permanent basis. She expressed that to myself and to Jeff Morgan, my union agent, that as long as Peter is there and I don't, you know, play ball with Peter, I will never get that branch chief job. But finally, with the help of Bob Masuda, who was appointed approximately the middle of last year, he has buffered a lot of the problems that we have in the bureau with Peter Young. The people at the bureau are really dedicated employees. We have 55 employees and we have a lot, a lot of problems, Senators, a lot of problems. And we brought a lot of them to light through the investigations that have come forward. I don't know how detailed you want me to be about it, but.

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Enrique: Peter has ordered us to meet every day. The bureau staff, you know, upper management, we're to meet every single day at eight o'clock.

Kokubun: And those were captured. Maybe we should start there. Are you familiar with those minutes?

Enrique: I was present at most of the meetings.

Kokubun: Okay. Yes you were. Are those verbatim? Do you know?

Enrique: Uh, some of them . . . no, they're not verbatim. They are not verbatim. That's why they're called notes. It was changed to notes.

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Kokubun: Okay. Very good. And then if you could characterize.

Enrique: Well, Peter Young, I feel as a department head, and I've said this earlier to several employees, Governor Lingle when she first became elected, one of the, one of her statements was that she was going to remove or at least dissipate that "old boy" network that supposedly was created from Ariyoshi's term. I feel like Peter Young has created his own "old boy" network because Peter Young has worked hand in hand with our registrar, Carl Watanabe to implement things that are, to me, unethical, they're self serving, and the employees of the bureau are the ones suffering. This cap on our special fund, you know, this was, up until that point that Carl became our registrar and Peter became the head, everything was an open forum. The employees knew this was our special fund. We have a hand in it in a sense. We have . . . Carl has favored special employees, with the help of Peter have favored certain employees so that the money is directed to these favored employees, and this was evident in this legislative audit I think two years ago. When Marion Higa came back with that audit, we thought, the employees thought, good, it's coming to light. The amount of . . . and you can . . . I don't know the exact figures, but if . . . the round figures are for overtime spent, and the

audit in respect to the bureau was in this area of overtime because we have excessive overtime in the bureau of conveyances. But when the auditor broke it down, \$165,000 in this short . . . in this period that the auditor designated, \$165,000 was spent by the land court branch, which is not my branch. In that same timeframe, my branch spent \$17,000.

Kokubun: On overtime?

Enrique: On overtime – \$165,000 and \$17,000. So, the question is, well, maybe they have more employees. They don't have more employees. They have relatively the same amount of employees. In the audit report it also said that two of the employees in the land court branch individually earned \$30,000 each – just the two employees by themselves. So, this went to Peter; it went to Carl for a response, Carl Watanabe for a response. On the first draft, which was shared by the management team, Carl had no response. According to the auditor, he had no response. He didn't have an explanation. The final thing came through, Carl said that the reason why land court had so much overtime versus regular system, the disparity was because the influx of documents because of that boom that we've just recently had, that because of that the land court had to beef up their time, their overtime. Regular system, which is my branch, takes in three times the amount of documents that land court takes in, and yet we had so little overtime to address those documents. We weren't allowed the money. So, the auditor came back, and it's in the audit report, the final audit, that they disproved what Carl Watanabe said, so that ultimately this leads to Peter. What is Peter doing about it? He's not doing anything. We thought this would be something that shows a misuse of funds, that Peter had a direct hand in and yet he elects to look the other way.

Kokubun: You know, let me try to clarify, Harriet, but, you know, with respect to the ceiling that was created for the special fund, that's something that the Legislature actually will adopt in the budget. So I want to make that clear.

Enrique: Yes.

Kokubun: Okay. So . . .

Enrique: I understand that.

Kokubun: Okay.

Enrique: I understand the process of it going through, but . . . and I can't prove this, up until this point, we feel like the bureau of conveyances is catching the tab for DLNR. Every time the Legislature and the Governor comes by and says you gotta cut your budgets, you gotta cut your budgets; you're spending too much. Don't they designate to each department you're going to have to cut so much amount, DOT this much amount. We're catching the tab, the bureau as a division is catching the tab for the entire department. Why should we? We are so inundated with work. The overtime would be cut if we had more employees, but we're not allowed that. We had to . . . right before this ceiling went into effect, we had to fight for scotch tape. We have . . . I have correspondence going back and forth between myself and Carl to buy scotch tape. He wouldn't buy us scotch tape. To ceil our . . . I mean it's just, it's ridiculous. And we went to Peter. Everybody goes to Peter, now, to try and get things resolved, put a lid on Carl. Last year, Carl was taken out of the bureau of conveyances to be put on a special project. This is, um, to Bob Masuda. Peter didn't say anything about it. Carl was yanked, physically put on the second floor of our building and said that he's to work on a special project. What that special project was, we have a backlog. With all that overtime that land court got, they're backlogged. They're doing the documents that were recorded in the year 2005 as we speak. With all that overtime, regular system is current. They're doing the stuff that was brought in yesterday; they're doing it today. But land court, with all that overtime, is doing documents that were done in 2005. Okay, so Carl was sent over there because what was put on hold was all the mail. There's different avenues that you can send in documents we record. And you can go through a title company, which is the bulk of our recordings, or you can send it in via the mail, or you can walk it in. Those are the three avenues you have. The mail, for almost a year-and-a-half was not touched in land court – not touched. It sat there and it built up. It started with two bins of mail sitting there, which concerned my branch. My girls on my branch were saying like, wow, they need to get going – two bins. It went up to five bins; it went up to two wagons; it escalated in six months to 55 bins of mail

because nobody from the land court section was touching the mail. So Carl got assigned that.

Kokubun: That brings us to an interesting issue because in some of the correspondence, yeah, we were looking at, it seems that title guarantee was being asked to come in and provide service with respect to that mail.

Enrique: Yes.

Kokubun: And is that . . . did that occur?

Enrique: It did not occur because of the intervention of the union and I think that Peter was pushing for that.

Kokubun: Yeah, so the intent was, in a sense, to outsource or privatize, whatever you want to call it, that particular task.

Enrique: Carl recommended it.

Kokubun: \*\*\*  
Thank you for joining us, Senator Hee. It's now 10:25 and we are joined by member, Clayton Hee.  
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Enrique: We have . . . in the year 2000 we created an L-CATS?? system. It's a system whereby instead of fragmented input into a computer system . . . at one point the bureau, we have an indexing, so we have different sections and they were all fragmented and they didn't talk to each other. So the year 2000, with the help of Mason Young, they integrated everything into one system. They call it the BCIS. And at that time, we went out for an RFP, you know, regular everyday thing. I was privy to some of the interviews. People flew down from the mainland because it's a big, it's a big deal. It's a big contract. Um, from what I understand, we enlisted the um, we hired the Lang Group. Okay, and I'm not privy to any of the what was submitted. I don't know what was bid ??? but, um,

according to Carl, who was in total control of picking the Lang Group, he said they were the best qualified, for whatever reason. So at that point, when the Lang Group initiated our system where we talk to each other, the title companies all have to issue insurance policies.

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Enrique: Yes, and see, up until the point where because regular system is current with their work, we're assisting the people who open the mail. Prior to us assisting them, which is maybe in the last nine months, we, the book clerks, who their task is to open the mail, were told by Carl, if anything comes in from a title company or to him, attention to him, they're not to share it with anybody; it goes directly to Carl. So previous to nine months ago, we weren't even allowed to see the mail. But now our girls are opening it up and they're looking at it and going like, what is this? So they filter it through me. Some of them we made copies of and we'll send it on to Dennis.

Kokubun: And Dennis then would, would route them?

Enrique: I don't know what Dennis is doing with it.

Kokubun: Okay. Alright. Let me move . . . you know, pardon me members, I'm gonna kind of jump around a little bit.

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Kokubun: There was some suspicion that at one point in time she was working both for the bureau of conveyances and title guarantee. Do you have any . . .

Enrique: It can be verified. She told me she was. She was working at night at title guarantee and she was working at the bureau of conveyances as an assistant registrar at that time.

Kokubun: Oh, who was the registrar at that time?

Enrique: Archie Viella???

Kokubun: I see. And what was the timeframe for that?

Enrique: Hmm . . . How long she was working for title guarantee?

Kokubun: Well, or the . . . when she was, yes . . . and when she was also the deputy . . .

Enrique: It started before I started . . . I started there in 1983, 1984, so it was way previous to that and it continued on for maybe a couple of years after I was employed.

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Kokubun: Is Nicole Gega-Chang, has she ever been an employee of title guarantee?

Enrique: Not to my knowledge.

Kokubun: She's always just been at the bureau.

Enrique: She's always been with the bureau. She came in as a SITA?? worker, and she has never ever worked anywhere else.

Kokubun: Alright, members that's . . . Are there any other questions? Yes, Senator Tokuda.

Tokuda: Sorry, I know you're sick, so we'll try to keep this real quick. I noticed in the minutes, a lot of references to Peter or the chairperson being the go-between it all [somebody's ripping paper near the microphone so it's not clear exactly what she said] it seems like, between title guarantee and bringing them in to help with the mail backlog. And I know you raised questions on the 15th of February, 2006, about whether or not this would be a conflict of interest and that we should consult, I guess it should be consulted with the rules or whatnot. And throughout documents in February, all the way through June, the chairperson's name is brought up in conjunction with TG, which I assume is a short acronym for title guarantee (Enrique: Yes.) and bringing them in under a contract under \$10,000 so to avoid the RFP process to assist with the mail backlog. Is this Peter, Peter Young? I mean, I guess this . . . it's very short so I'm not sure.



Enrique: Yes.

Tokuda: So is he a point person with title guarantee in the bureau? I, I'm trying to understand the relationship between the chairperson and . . .

Enrique: Oh yeah, like was said in testimony earlier this week, Peter Young's background is a realtor and an appraiser, a real estate appraiser. I mean, what more connection do you need between the title company . . . and I'm not saying it's title guarantee. The push was for us to sort of do a takeaway from the employees downstairs and Carl Watanabe, in conjunction with Peter Young, were trying to almost establish another bureau of conveyances. Because if Carl was to address the mail – and this was my concern – if Carl was to address the mail upstairs, why would he need a cash register, which is what he requested? And he almost got it but I intervened on that point. Why would he need . . . see, every time a document records, we have to put a label on the document to show that it was recorded by the state of Hawaii. It gives a date, the time and, you know, some kind of verification, and it's given a document number. Every document number has to be accounted everyday. There's two systems of document numbers. There's a land court . . . they have their own running system and the bureau has its own. But those labels are very important. Carl wanted a labeling system, and I said no. Why would you need a cashier and a labeling system when we have it downstairs and it's accommodating everything? Why would you have a separate thing going on up there? When the cashiers need to reconcile all their monies, they're going to have to go upstairs and ask, hey, what happened, you know, where's the money, blah, blah, blah. I said . . . so Bob Masuda said no, but they're still going ahead with that let's get title guarantee upstairs to help with this backlog of mail. It's not necessary. And if you look at one of the minutes, Carl admitted there, because Jeff Morgan, Jeff Morgan, our HGEA agent was in a meeting one time and he asked Carl point blank because Randy Pererra?? um, Randy Pererra, Jeff Morgan, and Bob Masuda and myself, we met one time because when they were going to start implementing this, this program for Carl, we asked for it, you know, to set down some parameters and a deadline on when they could be finished. When it was close to that deadline and Carl was asking for an extension of another two weeks. But in that meeting, Jeff asked him, how much mail

are you doing, so we can kind of like calculate, cause it's a set amount. It's not increasing on one end. It's going to be set. So they counted the documents and what Carl said was he could do 11 bins of mail in a week. And at that time, he only had 40 bins. So at 11 bins of mail in a week, in a month, I'm sorry, in a month, he could finish in a month. But that was in October. So he wanted it extended into January of 2007 and it didn't calculate. But . . . and I brought that up. I did the fast math. I was blown out of the water. They were . . . Bob and Peter said no. They want to bring TG in. They want to have this thing set up where TG can, can do all of this help with the mail. But you know what? Just aside from all of this, I don't know if everybody knows this and I'm sure you do, title insurance is required by any financial institution. If you go out and get a loan from any bank, they're going to require you to have title insurance. That's a given, okay. Title insurance is what? It's insurance. If you screw up, if the title company screws up, like any other insurance, who's going to do the kickback? Who's going to fund the loss for the seller or the buyer? It's the title insurance company because they're issuing you a title policy telling you, I guarantee Russell Kokubun has this property and it's free and clear from everything else. How many . . . and I'm just speculating on this, as an insurance company, you have an underwriter, your liability is high. And in the case of real estate, it's very high. Because if you buy a million-dollar home, just think what your title insurance must cost. \*\*\*

Kokubun: \*\*\*(Enrique: Okay.) all right. Thanks. Jill, any . . . Senator Tokuda, any further questions?

Tokuda: Were you with the . . . well, I guess a real fundamental, who takes these minutes or these notes?

Enrique: It's um, ah, sometimes it's the secretary, Edna Magnay??? (Tokuda: That's Dennis's secretary?) She's leaving, her last day is Monday. But um, I've confronted her about how she takes the notes because I've noticed that certain things that I felt were valuable, \*\*\*

Hee: Have you seen any made out to Peter Young?

Enrique: Ah, not to my knowledge. No.

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Hee: Okay. Do you know of any other state employees that may have moonlighted with title guarantee like Sandy Furukawa?

Enrique: There's a lot of employees that align themselves with . . . oh, you mean that work for title guarantee?

Hee: That were part-timers that were, that were employees of the bureau of conveyances that were also part-timers at TG like Sandy Furukawa.

Enrique: Um, we've had employees that we hired from the title company to come and work in our office at night and were working for all different title companies during the day.

Hee: Okay, that's a different question. (Enrique: Yeah.) And I want to get to that question next, but do you know any employees employed by the state who also ah, at night, maybe after hours, or maybe on weekends, were part-timers for title guarantee or any other title company.

Enrique: Ah, no, not to my knowledge.

Hee: Okay. Just Sandy Furukawa?

Enrique: Just Sandy Furukawa.

Hee: Okay. Now, my next question is, um, who, since you evidently are aware, are the individuals that work for title companies that also came into the bureau to help or assist, or however else you might characterize their involvement, with the BOC?

Enrique: You mean after hours?

Hee: After hours, weekends, ah . . .

Enrique: Oh, there are several employees that came in. There was a wave of them at one time that worked for um, the title companies.

Hee: Was there a specific title company that provided most of the employees? Were there several? Or . . . was it . . .

Enrique: They were just, I think, at the mercy of whoever wanted to come, you know, to give up their time after their hours with the title company. I think there was like a generic thing that was passed out to the different title companies.

Hee: But what would be the incentive for them to work another job after they're done with their . . .

Enrique: Pay.

Hee: So, is it safe to say that – let's just use title guarantee as an example, hypothetically – that title guarantee would offer their employees additional pay if they wished to go to the bureau of conveyances after hours. Is that what you're saying?

Enrique: No. We, the state paid these employees on our payroll.

Hee: Okay. So the state paid the employees?

Enrique: Right.

Hee: Okay. So, who would approve that activity?

Enrique: Initially, Carl would recommend it and the department head would approve it.

Hee: So, Peter Young . . . it went all the way up the chain of command?

Enrique: I would assume that's how it always is.

Hee: Well, if Peter Young didn't know, it would be unusual to me, but I'm not sure how you folks work it.

Enrique: I'm sure every department head has that authority to say yea or nay, because I know when we were, tried to work out different scenarios for employment with Bob Masuda, he always says I have to check with Peter Young. Peter Young has the final say.

Hee: Is that . . . would this characterize what you say – right at the yellow tab where it's following your name, where it says respondent refers to Peter Young, but Nancy is saying that.

Enrique: Nancy was our, um, administrative assistant.

Hee: Is that an example of what you were trying, you were describing? You have to say yes for the tape.

Enrique: Yes.

Hee: Okay. (Enrique: Yes.) That's an example.

Enrique: That's an example.

Hee: What ever hap . . . were you, are you . . . I know you're involved, you were involved if you're the Harriet in, in . . . whatever happened with this situation?

Enrique: With the (Hee: Do you remember?) RFP?

Hee: Yeah.

Someone whispering: Here's the situation.

Enrique: We have an agreement with all the title companies. We have an agreement with the receiving section and that's why all nine title companies bring all of, we call them pre-checks. If something is to record today, they need to be in the bureau's office no later than 8:30 yesterday. (somebody whispering: To record this?) Today. And what, um . . . the agreement specifies that everything has to be in, in the bureau by 8:30 in the morning. We have little time, fragmented time restrictions. Um, they're also allowed on the day of recording, if something missed that packet – and believe me, they come in with handcarts full of documents that come in everyday before 8:30 and they pile them all on our desk, designated between land court and regular system – if it misses that packet that came down 24 hours previous, we, we have allotted them, this is also part of the agreement that they are allowed three what we call specials, and the specials are for those dire documents that didn't make it. In addition to the three specials per title company, we also allowed them if you have a multimillion-dollar job, which in this case almost every document is starting to come in multimillion dollar. But they . . . we get a call from the title company, whichever one it is, and says we have a multimillion dollar job, you know, we're letting you know it's coming down. This is how many documents, and whatever. So they're outside of all this time restraint. But this is what's afforded in the agreement we have with the . . . we call it the title company agreement. So, in reference to this, I was asking them, if we're having problems, because title guarantee did a um, they tried to get Carl to allow them – not everybody, just them – more specials. In other words, allowing them four or five, you know, more than everybody else. And their premise was that they do the volume of the recordings in the state of Hawaii. And because their volume is high, they should be allotted more, so it should be ratioed out. And our stand was no, because if you're a title insurance company, we're giving 24 hours, you should know if the funds are going to be there. Most of the times when it didn't make it is because they are saying that they didn't get the funds from the mainland, you know, because they're on a different time clock. But we said, but you should know, especially if it's a large amount, you should know. So, I was adamant about it, but Carl was going to give it to them. But I guess from protest from the receiving clerks, cause it ties them up, it impacts their ability to get all of the recordings done. So I said, if say, if the agreement is such a problem, do away with the agreement and we'll go back to day one when I started in 1983, everybody stood in line, pulled, like Longs, pulled a number, three jobs per person, and title guarantee's still

trying to get around that. They sent down five clerks, ten clerks so that they could get a lot of those numbers, you know, to pull. But we used to work it in order – number one, number two. It became a problem because the general public just never had a window open. They would have to wait ‘til the title companies are done. And believe me, back in those days, we only had two recording times – the 8:01s, which is everything that was brought in, and we’ll have like one 3:29 at the close of day – and everybody else who was, could’ve been sitting there all day would not get addressed and they would have to go home and try again the next day. So we developed this agreement. But in this instance, I was saying, if it’s going to be a problem, you know, with the agreement and we’re going to have to fight about these specials and all that, do away with the agreement, and then we’ll just go first come, first serve. And whatever is in our hands at 3:29, because we’re only obligated by statute to record between 8:00 and 3:30, bye-bye, you come back tomorrow and fight for your turn like everybody else. But they were up in arms cause, you know, they have, they have an exclusive, according to the agreement, they’re the only ones that can record at 8:01. That’s the first recording of the day – the title companies.

Hee: This, uh, agreement and let me identify so that . . . this is the minutes of February 21, 06. 300128 is the page. This agreement, is it a written agreement?

Enrique: Yes.

Hee: Can you provide us that copy?

Enrique: Sure.

Hee: Okay, now, let me just try to understand this. The title companies offered their employees additional, um, compensation if they would go to the bureau of conveyance and help.

Enrique: No.

(Unknown woman’s voice whispering) They were paid by the state.

Hee: Okay. The bureau of conveyance offered money to the title companies' employees. What was the process by which with this, evidently, to avoid the RFP, was under 10,000, right?

Enrique: Yes.

Hee: Okay. Who made the decision to avoid the RFP?

Enrique: We were in direct contact with Bob Masuda who told us that he's in direct contact with Peter Young.

Hee: So, at least as far as you know, Bob Masuda gave the directive that we would . . .

Enrique: Stay under the radar.

Hee: Would we, how would you call it? We'd run an ad or . . .

Enrique: No.

Hee: How would, how would the title companies know?

Enrique: Call them up.

Hee: So, as an example . . . well, let me ask, who would do the calling?

Enrique: Probably Bob Masuda, I would assume.

Hee: Okay, so . . .

Enrique: But there's another avenue that he could contact the title companies through their um, HLTA, through the Hawaii land title association. If they convened, because all the title



companies are represented on that title association, you probably could disseminate that information through the title meeting.

Hee: Do you . . . do you think that Bob Masuda, if he's the individual, that he would e-mail?

Enrique: He could. He could.

Hee: Do you know of any e-mails?

Enrique: No.

Hee: No. Okay. So Bob Masuda would then somehow get the word out, either by telephone, e-mail, by letter . . .

Enrique: Telling us to tell them. He could tell us . . .

Hee: Tell you folks to tell them.

Enrique: Yes.

Hee: So if he told you folks to tell them, how would you folks tell them?

Enrique: Hey, island title, you know, (Hee: By telephone?) go back and tell them. If they wanted a letter, we probably could get something from Bob, an e-mail from Bob.

Hee: Okay, so let's say you, you talked to island title, how would it, how would it, what would you say? That we have a contract under 10,000 or would island title be allotted a thousand of the 10,000? Or how would that work?

Enrique: Well, what I think transpired from this, Bob did go through the title association, and the title association, like I said, is representative of all the title companies. And they didn't mention money but they said that they were looking for volunteers to help in this, in this respect for the bureau of conveyances, and . . .

Hee: Paid volunteers. Paid volunteers.

Enrique: Paid volunteers. But nobody took them up on it. Nobody. Not one title company. Most of them said we have enough work at our level to justify us paying them and they don't want to work for the bureau, cause it's um, short term, there's no benefits. So I also asked, when we brought this up, maybe we can look at people you've laid off, cause they had a rash of layoffs. So I said, maybe you can, um, take a look at who you laid off, because they're very experienced, and maybe we can hire them or solicit them. And they said that from ah, . . . what is her name . . . she's the head of the HLTA right now. They revolve, rotate the um, president of the HLTA. She said that . . . TAPE #1  
ENDS

## Tape 2

Enrique: One time, I think at one time there was one recording that involved \$2,000 in cash and that was . . . the cashiers were frantic so they went and deposited it into our locking safe. But we have cash – sometimes a lot, sometimes a little, a hundred dollars . . . it depends on what you're recording and the conveyance tax because we collect conveyance tax based on the consideration between owner, seller and buyer, so that can be substantial.

Hee: What security rules or provisions exist within the bureau of conveyances to assure the public that if 2,000 comes in for a transaction, that 2,000 is in fact deposited into the state account?

Enrique: Well, we get a receipt for that transaction and the cashiers would include that in a pool with the deposit. Other than that, I don't think you would really know.

Hee: And who balances the ledger and how, at what frequency?

Enrique: The cashiers do it. They do it . . . you know, they checks and balances between the four, I mean three cashiers that we have. They do a checks and balances on it.

Hee: At the end of the day?

Enrique: Before the deposit is made and when the deposit is made. And I also see the deposit. You know, I do a cursory check to make sure that everything looks appropriate. We never really had a problem with the monies, you know, disappearing before.

Hee: Okay, thank you. Thank you

Unknown male voice: You're welcome.

Kokubun: Members, any other questions? Yes, Senator Slom.

Slom: Thank you, Mr. Chairman. Thank you, Mrs. Enrique. How are you doing?

Enrique: Ah, hanging in there.

Slom: Hanging in there, okay. I'll try to make this brief. Just to give me a better idea, so you've been there since 1983.

Enrique: Uh huh.

Slom: You said the bureau, and the bureau is the two – the regular branch, which is you now, right? And what's the other one?

Enrique: Land court.

Slom: The land court. And that's . . . and Mr. Watanabe is the registrar?

Enrique: Yes.

Slom: So he's with the land court.

Enrique: He oversees all of us.

Slom: Oversees both. Okay. And how long has he been there?

Enrique: I'd say approximately 15 years, maybe not even.

Slom: Okay.

Enrique: Between 10 and 15.

Slom: Between 10 and 15. Okay. So you've been there since 1983 and you said at the outset that the bureau has a lot of problems and all that. Did these problems predate you or were they there before you got there?

Enrique: Ah . . . no. I don't believe it was problem before I got there because when I got there, it . . . we had a different breed of workers at that time. The union wasn't very active. Um, we had a lot of . . . when I walked in there, the employees seemed to be very suppressed but they're all old-time workers. They would put in overtime and not get compensated for it. They would come in early, leave late. And I think that was like the atmosphere at that time.

Slom: So there was no real division between the regular branch and the land branch and all?

Enrique: No, nah.

Slom: And when do you think the problems actually started, the ones that you think are substantial now?

Enrique: I think that it started around maybe the late 90's, middle to late 90's, but it got exacerbated when Peter Young took over and when Carl got wind of his power to be

able to just run . . . and it's a constant thing where it's that divide and conquer mentality. We always at each other's throat now, it appears. Nicole Gega-Chang . . .

Slom: When you say "we," you're talking about you and Mr. Watanabe?

Enrique: Well, I think the employees and among everybody.

Slom: The employees of the two separate branches?

Enrique: The two separate branches are having problems, but instead of bridging the gaps, and I can only speak for my side, I feel like we, we know that they're in a dire situation, land court I mean, land court branch, so we've constantly, and I've promoted this, to go over there and help them. Let's help them so that we can . . . and I got shut down. Nicole Gega-Chang, Carl Watanabe. It's almost, it almost appears as though they don't want any help because they want it to escalate. And so, little, petty things, if they can cause arguments between the employees, they'll blow it up. It becomes a big, almost like an argument between the employees.

Slom: So, you're saying that this actually did start in the mid to late 90's. You're saying it's gotten worse over the last (Enrique: Yes, it has.) four years.

Enrique: Yes.

Slom: But that it did exist prior to the current administration.

Enrique: It did, but not like it is now.

Slom: Do you . . . I know that there have been some serious risk. Did you have occasion to file any grievances against Mr. Watanabe?

Enrique: I have filed . . . he suspended me.

Slom: Uh huh.

Enrique: It was during Peter's term, um, and this was in concurrence with Peter agreeing to this. There was a workplace violence filed against Nicole and Carl because they were having a big argument, the public got involved, and um . . . .

Slom: Who . . . did you file that?

Enrique: No.

Slom: Who filed it?

Enrique: It was a class.

Slom: Class?

Enrique: Because all of the employees heard it. They were screaming at the top of their lungs at each other in front of the public, in front of the employees, so there was a class . . . um, our agent, Jeff Morgan?? happened to be there at the time when that argument took place, so he filed a class action.

Slom: Were you there at that time?

Enrique: I was there.

Slom: So, were you part of the class action then?

Enrique: Yes.

Slom: You are.

Enrique: All of us were, but in a class, nobody's named specifically. It's just a class. So, um, it was filed and it went through the process and um, and then right after that happened, I

got into a confrontation with Sandra Furukawa, which led to an arbitration hearing. But . . .

Slom: And how did that turn out?

Enrique: Yes, it's finalized and they were found . . . it was unfounded, so Carl suspended me for two days, but I got the two days back, you know, per the arbitrator. Um, before Carl rendered the decision to suspend me, which was for the same thing that happened between he and Nicole, he waited 'til he got a decision from Peter Young on what's going to happen to he and Nicole. When he finally got that, it was a slap on the wrist. It wasn't even a reprimand. It was more like, don't do it anymore. He turned around the next week and suspended me for two days. So we went to arbitration, I got that awarded back to me. The early part of this year, I got back my two days. But there are several grievances that are filed. Several.

Slom: That are still pending?

Enrique: There's several that's still pending.

Slom: And did they talk from . . .

Enrique: And a lot of them are pity.

Slom: Yeah. Wait, did they come from you or did they come from Carl? Who were the grievances about?

Enrique: Carl can't file a grievance against us. We can only file against him.

Slom: So, did you file the grievances or were you part of a class of that?

Enrique: Um, I filed several. A lot of the other employees have filed. There's several.

Slom: And they're still pending right now, is that . . .

Enrique: There's about forty-something, I think.

Slom: Forty grievances filed?

Enrique: Yeah. Because a lot of them now have not been heard and are, for the record, petty things. It ranges from petty things to grave issues. But one of the petty things, we have two entrances to the bureau of conveyances, two swinging doors, so to speak. Carl's office and Nicole's office are down on this end, my office is on this end. We have two swinging doors. All the employees were forbidden from using his door. We all had to parade down, in front of Nicole and Carl, and go out, even if the bathroom is way over here by the elevator, parade past Carl and Nicole, go to the bathroom, come back. If anybody wanted to see me, they had to come in through that door and go past Carl and Nicole, and believe me, I know they were taking notes of who's going to see Harriet, what time is it, what time are they going, what time are they leaving, what were they talking about . . . I don't know. So, we filed a grievance – why are you restricting access to just this door? Carl fought it. He didn't want it. Peter agreed with him that, no, they should all go through this door but it was unfounded and it's unresolved to this day. This was filed over three years ago.

Slom: And it's still pending?

Enrique: Still pending.

Slom: And it's one of forty.

Enrique: It's one of forty.

Slom: That are still pending. When you started out you said you had been acting branch manager . . .

Enrique: Chief.



Slom: Chief for how many years?

Enrique: 3½ years.

Slom: 3½ years. And then you also said that Peter said that he would never let you become . . .

Enrique: According to Holly Leong, who's . . .

Slom: Okay, so you never heard Peter say that.

Enrique: No.

Slom: Okay.

Enrique: He never talked to me.

Slom: Okay. And you said that Bob Masuda was kind of the buffer. He was the intermediary?

Enrique: For the last year-and-a-half.

Slom: Okay. And then you did become branch chief six months ago. Is that right

Enrique: Yes, yes.

Slom: Have you had any conversation with the director during that time? Did he say anything to you after you became branch chief?

Enrique: Right. I would say this on Peter's behalf, in the last month to a month-and-a-half, Peter has opened that door a little tiny bit, and through's intervention, I've had the occasion, two occasions, in the last maybe two months, to actually sit with Peter for approximately three to four minutes and he said he was listening to what I had to say –

twice. But I had to talk very softly and I had to make sure that I didn't say anything that would . . .

Slom: Why was that?

Enrique: Because Peter will up and leave if I don't . . . I have to almost coddle the conversation because I'm afraid that I might lose him. I have important issues. It's not anything personal. I want to talk to him about certain things that are important to the employees, I have to go in there and say, "Oh, can I see you," you know.

Slom: Does anybody else have to do that?

Enrique: No. They just e-mail him any old thing – the coffee stinks; um, Harriet's not at her desk; she's wearing . . . I don't know, everything under the sun. Nicole Gega-Chang writes to Peter constantly.

Slom: I thought that we had heard testimony, I think that Bob Masuda did, there are regular meetings, weekly meetings (Enrique: Uh huh.) with the division chiefs and other people.

Enrique: Daily.

Slom: Daily meetings.

Kokubun: This is for the bureau of conveyances, just to clarify.

Enrique: Just the bureau.

Slom: Yeah, okay, daily meetings with the bureau. Do you attend those meetings?

Enrique: Yes, I have to. I was ordered to.

Slom: And do you speak up or do you make suggestions (Enrique: Yes.) or criticisms or whatever? And how do you think that they're handled? Are they . . . .

Enrique: In January, this is when the daily meetings were implemented by Peter Young, he demanded that all of us be there. The first order of business was we had to submit to him in writing, changes, three types of changes – immediate, interim and long-term changes – or at least plans or suggestions to improve the conditions at the bureau. And we all submitted it. He even said at the second meeting, the first day he ordered the second meeting, he says, “How come none of you wrote?” You know, and we said we're getting it together. So he gave us a couple more days and he demanded that we turn it in. Turn in pages to him.

Slom: Were you comfortable with that? Were you comfortable with doing that? Do you think there was a need for that?

Enrique: Oh yeah. I had, I had things to say, so I submitted pages and pages to him, and Dennis Ihara did also.

Slom: Have any of those, of your suggestions been acted upon?

Enrique: No. Never heard nothing about . . . he didn't even tell us he got it.

Slom: Did you ever talk to the director or try to talk to the director directly about your concerns?

Enrique: Senator Slom, I've tried to talk to him buku-times! I've tried to set up meetings with him. He just had a closed-door policy as far as I'm concerned. No. No. And then so I tried to get in the door, you know, I was the union steward for a while, so I said maybe we can sit down and talk about some issues that maybe we can work out. (Slom: Yeah.) Nooo. And when he hears the word HGEA, it's a definite NO. He will not hear it. So I worked through Bob. Bob was my intermediary. And Bob, he's a negotiator, right? He's trying to buffer this whole thing – you know, Peter is . . . you know, Peter wants to, you know. It's just, I told Bob it's not even moving. Nobody is acting on

anything. They're not even acknowledging any of our suggestions. Why go through that exercise, which took me almost half a day to get it to him. And for what? So that he can add more to the rubbish can? I don't know. So he never responded. I don't know if he got it. He has never acted on any of those. And by the way, every morning we were entailed by Peter Young, he says, "I want you guys to get together, and work together, work together and get these ideas, put it on the table." And we do that. How many ideas can you get up, come up with every single day? You're going to start regurgitating the same ideas you did last week. But nothing has been done. The only thing that I can see is Peter is enabling Carl to just run amuck. And if you look at those minutes of the meetings that we have everyday, for the past three months, since January of this year, Carl is upstairs on the second floor, much to the dismay of all the employees in the bureau, and has nothing to do. His . . . on the bottom of the stats report it asks how much do you have left to do? Everybody fills it in, how much do you have left to do. Carl has had zero since January 1st, but he's still there. We don't know what he's doing – an administrator at that level who's our leader. And we write to Peter and ask Peter, help us, help us get this thing back on track. We're even willing to come in and help land court with their backlog at 2005. We want to do that. Nope. Just recently, just two weeks ago, we were working overtime on Saturdays and Sundays, every morning and every night, on a voluntary basis. Ay, and I'm glad people even volunteered. Who the hell wants to work 10 to 12 hours a day and then come in all day Saturday and all day Sunday. Who's gonna do that? Oh, we had people who want to do that. So what do they do? No overtime on Saturdays and Sundays. Oh, we want to volunteer, we want to help. Nope. No overtime. Nicole and Carl regulate . . . this is how stupid – I'm sorry to use that word, but it's stupid – if you have a project to do and you got people that want to come in and do it on Saturdays and Sundays, but they cannot work all day, they can work four hours, yeah, six o'clock in the morning they come in – six o'clock to ten o'clock – oh, no, you can't work eight hours, no thank you. But I can put in four hours – no, no thank you; don't come in at all. So they can't come in. That's Nicole's regulation. Then it was they were working Saturdays and Sundays, Nicole came up with this brilliant idea – don't work on Sundays, regardless of if people want to work. No. Why? She's going to church.

Slom: So, is that one of the reasons that the department went to the title companies and all, to get people there?

Enrique: They went to the title companies before they even looked at other options.

Slom: Well, you said that they tried to first of all get retirees or those that had been laid off and they . . .

Enrique: I didn't say that.

Slom: Those that were laid off?

Enrique: Oh, the retirees from the bureau?

Slom: Yes.

Enrique: Yeah, we did go to them. They said no. But, title companies . . .

Slom: And you said that those that had been laid off . . . same thing, they said no, too?

Enrique: Yeah, but this from the title companies, not from our people.

Slom: Oh, sorry, okay. And just to clarify this again, Mrs. Furukawa, when she was working at the bureau and working at title debt??? you said that was 1983?

Enrique: It was for a timeframe. It probably started before 1983 but it lasted 'til maybe 1986 or 1987.

Slom: Okay, okay, but in that time . . . and you started in 1983.

Enrique: I also want to make a comment about that . . .

Slom: Sure.

Enrique: Because when Sandra was our registrar, the bureau employees who were allowed to take a tour of title guarantee to see what the title company had versus what we had to just get a view of what the title companies do, because we're like focused at work. We don't get to see anything. So she arranged some of the employees and other groups to go. I went on the first tour. I believe it was in nineteen-eighty . . . maybe 1989. I went on the first tour that title guarantee had and it was led by Mike Peach. Mike Peach took our group around. We had about ten employees. At the end of the tour, title, Mike Peach stood there and said, you know, is there anything else . . . now, at that time, title guarantee was allowed to send a check to the bureau of conveyances because the bureau of conveyances was mailing out to the different title company clients, their documents after it's processed. We provided that service. But we were finding that the clerks who were sending it out were inundated. So to pad that, the title companies, title guarantee I know for sure, I don't know if the other title companies sent checks to the bureau to offset the pay for these clerks to send out their documents, basically. You know, but it changed somewhere midstream.

Slom: How was that amount determined how much they would send? Were they invoiced?

Enrique: The clerks would put in their hours on over . . . this was only on overtime, I'm sorry. It's not on their regular pay. (Slom: Okay.) And they would submit their overtime, and that amount was sent to the title company and they would send a check.

Slom: Was it other companies besides title guarantee?

Enrique: I didn't . . . I don't know of any other title company but I know it's title guarantee.

Slom: By the way, at one point you said there were ten primary companies (Enrique: Yeah) and at another point you said nine. Would you . . .

Enrique: Well, two of them are there's like a single owner and he has one clerk, so he's not really . . . he only does a cert . . . he only does timeshares.

Slom: I see.

Enrique: And his recordings are so negligible that it's almost like . . . he brings in like five recordings a day. Um . . .

Slom: I'm sorry.

Enrique: So that went on for a period and then they stopped, title guarantee stopped sending the check so they took back all of their recordings. So as it stands now, all the title companies, whatever they brought in for recording, they take it back to their office and they disperse the documents to whomever. So we have pickup drawers for them to pick up all their recording. But anyway, I went to that tour and one of the things that Mike Peach said was, oh, you know, we're trying to help the bureau because we know that, you know, financially and everything, you know, we're trying . . . is there anything, we're working with Sandra Furukawa, is there anything that we can do that possibly can help expedite, help us with our work, etc. But what caught my ear was, Mike Peach said, like, for example, when legislation is prepared, when Sandra Furukawa has to prepare legislation, we give her a staff attorney to help her with that legislation. And if that's not a conflict of interest, because they don't do any title guarantee work, they go and they help Sandra Furukawa with the legislation, what that does is give title guarantee an upper edge because they know what's coming down the pike as far as legislation, they can revamp all of their operations to coincide with the, with the . . .

Slom: And again this was back in the 1980's.

Enrique: Yeah.

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Enrique: We're not allowed to go and see Peter Young. Okay. We go to Bob Masuda. Everything goes through Bob Masuda. He funnels it to Peter Young.

Slom: \*\*\*Would that allow you to say I'm going to bypass Mr. Masuda and go directly to Peter Young?

Enrique: There's several times when I said it was warranted that I see Peter Young, but he never wanted to see me, so I don't know what to do.

Slom: Did you indicate to him what the meeting was about or what the issues are.

Enrique: He doesn't ask me what it's about. When he hears that I want to see him, it's no.

Slom: Even though you are the branch chief.

Enrique: Even if I'm the . . . I think it's . . . I don't know if it's a personal thing, but Nicole Gega-Chang can go and see him anytime, so I don't know if it's restricted to my branch or it's just . . .

Slom: But you do have the daily meetings?

Enrique: Yes, but he's not there. Peter's not there.

Slom: He's never there?

Enrique: He came . . . in the last three months he came once for two minutes. I timed him. He came for two minutes and he left cause he had to come to the Legislature or something. He had a meeting. And if you look at the attendance record, he's hardly every there.

Slom: So in summary, to solve these many problems that you've brought before us, do you think they are personnel issues or policy issues or both?

Enrique: It's a mix of everything. I think that . . . I want to also say that it's part of that "old boy" network that's been set up at DLNR. I think that Peter, Peter relies on his "old boys." I think that a lot of times, you know, instead of stepping back and saying, you know, I really don't know about this, let me go check it out, he relies on people like



Carl, and I think he fell into this a long time when he first started. But now, he's realizing, I feel, this is my personal opinion, I feel like he's realizing that, you know, things are not all what his division heads are seeing but he's never given them a chance, he's never given the line people a chance to step forward and say what they had to say. The other thing I have to say is in this age of the funds being short, you know, there's talk of privatization, the state cannot carry a lot of the programs, the only thing that's going to put us over the top is the moral of the employees that you do have. But if you're going to shoot them in the foot, you're cooked. All we have is to try and, you know, try to promote these people, not promote them in a employment situation, but help them because they're the ones that's going to make or break the bureau. That's how I feel. The other thing I have to say is I'm worried that Peter Young, as the keeper of all of the state's resources and land, the aina of the employ . . . everybody in the state of Hawaii, I'm worried, because his background doesn't, is not enough for him to be overseeing all of this with no administrative background. He's not relying on the right people. And I'm not saying I'm right. I'm not saying that the employees are always right. But he needs to take a better look at it and he's not. He's looking at whoever he wants to look at. It's not helping us. And the only way we can even voice our opinion, Senator, is coming to this confirmation hearing. This is our last ditch effort. We don't have any other recourse. The Governor appoints him and we're supposed to accept him at the downfall, when we as state employees, and also we're state residents, we're going to just accept this and we're going to let you guys just confirm him again, three more, four more years and let the place further deteriorate? If I saw that Peter was trying to help and he could do it, hey, I wouldn't be here.

Slom: You sat through the first couple days of hearings?

Enrique: I was home sick, but I saw it on TV.

Slom: You saw it on TV. So you saw the hundreds of people and organizations that came forward in his support? (Enrique: That's right, I did see.) Native Hawaiian groups.

Enrique: I did see them.

Slom: Environmental groups and fishermen.

Enrique: And I also feel like, in my, in just my memory of what happened, they don't have the longevity that I have. They haven't been there for 20-something years. They haven't seen it go up and down. They haven't worked with Peter for the whole term that he was there. You know, um, also, they're self serving. You must know that. All of you must know that. Nobody's gonna come forward and say, "Yeah for Peter Young," if they're not getting something from it. We're the employees. We're the ones being stepped on and suppressed.

Slom: And finally, since you brought up the "old boy" network, earlier too you said that in the Governor's inauguration speech she said, was there in fact an "old boys" network prior to . . .

Enrique: I believe there was. I believe that there was, and she set up a committee as her first act of business, along with that toll thing that she was going to do from West Hawaii. She was going to look into that "old boy" network. But she never did. What happened to that? I don't know what happened to that.

Slom: So are you saying that there was an "old boy" network and it's been suppressed by a new "old boys" network?

Enrique: The "old boy" network was, to me, and I'm not a political animal so I don't know. It felt like it was statewide. This "old boy" network is DLNR's "old boy" network.

Slom: Just DLNR. Just you.

Enrique: Yeah. That's how I feel, because the people who are in that "old boy" network, boy, they sure got some privileges that other people don't have.

Kokubun: Senator.

Slom: Okay. Yeah, I was finished. Thank you, Ms. Enrique.

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Kokubun: Thank you, very much. You know, I think we need to get down to Session. It is now 11:30 and we will recess this part with subpoenaed witness Harriett Enrique. Thank you very much.