

ANNE E. LOPEZ 7609
Attorney General of Hawaii
In the Capacity as Parens Patriae

NATHAN S.C. CHEE 6368
KRISTIE CRUZ CHANG 6979
EUNICE PARK 9786
LANE K. OPULAUOHO 11069
Deputy Attorneys General
Department of the Attorney
General, State of Hawaii
425 Queen Street
Honolulu, HI 96813
Telephone: 586-1470
Email: Nathan.S.Chee@hawaii.gov
Kristie.C.Chang@hawaii.gov
Eunice.Park@hawaii.gov
Kaiwi.Opulauoho@hawaii.gov

Attorneys for the public's interest
In the Charitable Beneficiaries

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IN THE CIRCUIT COURT OF THE FIRST CIRCUIT

STATE OF HAWAII

In the Matter of the Estate

of

BERNICE P. BISHOP,

Deceased.

EQUITY NO. 2048

THE ATTORNEY GENERAL'S RESPONSE
TO THE SPECIAL MASTERS' REPORT ON
THE TRUSTEES' PETITION FOR REVIEW
OF TRUSTEE SELECTION PROCESS AND
TRUSTEE TERMS; CERTIFICATE OF
SERVICE

Hearing Date:

Date: September 19, 2024

Time: 10:00 a.m.

Judge: Hon. Jeannette H. Castagnetti

THE ATTORNEY GENERAL'S RESPONSE TO
THE SPECIAL MASTERS' REPORT ON THE TRUSTEES' PETITION FOR
REVIEW OF TRUSTEE SELECTION PROCESS AND TRUSTEE TERMS

TO THE HONORABLE PRESIDING JUDGE OF THE ABOVE-ENTITLED COURT:

Respondent ANNE E. LOPEZ, Attorney General, State of Hawaii (“Respondent”), appearing in her capacity as *parens patriae*, by and through her Deputy, KRISTIE CRUZ CHANG, pursuant to Hawaii Revised Statutes § 28-5.2 and Rules 3 and 10(c) of the Hawaii Probate Rules, states as follows:

1. Respondent has an interest in the above-referenced matter as *parens patriae* of charitable trusts.
2. As *parens patriae*, Respondent represents the public’s interest in the protection of charitable assets of the ESTATE OF BERNICE PAUAHI BISHOP, a charitable trust.
3. Respondent reviewed the Special Masters’ Report on the Trustees’ Petition for Review of Trustee Selection Process and Trustee Terms filed herein on June 10, 2024.
4. Respondent met with the Special Masters to seek clarification of some of the recommendations made therein.
5. After meeting with the Special Masters, Respondent received a letter from a few individuals raising concerns with the Special Masters’ Report. Respondent met with the concerned individuals to understand their concerns. Respondent brings forth their concerns to the Court for consideration. Their concerns are as follows:
 - a. Transparency: The Special Masters can improve transparency by removing the word “should” and replacing it with “shall” in two areas of the proposed revised Selection Process for Future Trustees. These suggested changes are in Section IV, Subsection III.A. of the Special Masters’ Report and read as follows:
 4. The Court should publish and make available to the public the names, resumes and cover letters of the selected Committee members in the Court’s Order of Reference.

and

6. The cover letter provided by an individual interested in serving as a Committee member should provide the basis for why the individual satisfies the qualifications of a Committee member.

b. Stakeholders: The Special Masters did not recommend that Committee members be limited solely to KS stakeholders (various definitions) and/or KS alumni without any compelling reason to counter their request to do so.

c. Selection Authority: The Special Masters recommend the continuance of the Probate Court as the selection authority arguing that "the normal and customary statutory procedure should apply" when a "mechanism in the Will has been rendered inoperable." The Special Masters further state that "in the absence of an alternative means for fulfilling this function, the legal authority for appointing (and removing) the trustees of the Trust is now vested in the Probate Court". The concerned individuals believe another alternative means exists similar to Lunalilo Home and Liliuokalani Trust whereby the selection of successor trustees is made through a process managed within their own governance structure. Based on this model, the selection process should be delegated to a Committee with selection authority that is appointed by and comprised of Kamehameha stakeholders. This Committee of stakeholders would actively seek applicants; identify and evaluate candidates; and select the successor trustee. The Probate Court would then fulfill its responsibility to legally appoint the successor trustee who has been selected by the stakeholders.

6. Additionally, Respondent met with the following from Bishop Estate: Trustees Elliott K. Mills, Crystal K. Rose, Jennifer N. Goodyear-Ka'opua, Michelle Ka'uhane, and Robert K.W.H. Nobriga, CEO Jack Wong, and General Counsel Nalani F. Kaina to understand their concerns. Specifically, the Trustees believe in line with good governance principles, the

Successor Trustee Selection process should have increased stakeholder involvement along with active and direct involvement of sitting Trustees (include serving on the Selection Committee). The Trustees further believe longer term limits would be warranted due to the complexity of the Trust and the importance of having Trustees see through on long-term objectives and projects.

7. Respondent understands the issues raised by the concerned individuals and the Trustees and agrees with the Special Masters that some of these concerns may be best addressed in a separate petition or petitions to permit adequate time to vet the issue(s).

8. Respondent thanks the Special Masters for their thorough review of the Successor Trustee Selection Process.

9. Respondent has no objection to the Special Masters' proposed Amended and Restated Procedure for Trustee Selection described in Section IV of their report.

DATED: Honolulu, Hawaii, August 19, 2024.

ANNE E. LOPEZ
ATTORNEY GENERAL
In her capacity as Parens Patriae

By: /s/ Kristie Cruz Chang
NATHAN S.C. CHEE
KRISTIE CRUZ CHANG
EUNICE PARK
LANE K. OPULAUOHO
Deputy Attorneys General

Hawaii Probate Rule 5(b) Certification

/s/ Kristie Cruz Chang
KRISTIE CRUZ CHANG
Deputy Attorney General
Attorney for the public's interest
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IN THE CIRCUIT COURT OF THE FIRST CIRCUIT
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CERTIFICATE OF SERVICE

CERTIFICATE OF SERVICE

I hereby certify that on August 19, 2024, a copy of the foregoing was duly served to the following either by depositing same in the United States mail, postage prepaid, or via the Hawaii State Judiciary Electronic Filing and Service System (JEFS) as indicated on the Notice of Electronic Filing filed concurrently herein:

RHONDA L. GRISWOLD, ESQ. (JEFS)
CADES SCHUTTE
1000 Bishop Street, Suite 1200
Honolulu Hawaii 96813
Attorney for the Trustees Under the Will and
of the Estate of Bernice Pauahi Bishop, Deceased

WALTER S. KIRIMITSU (U.S. MAIL)
Pauahi Tower, Suite 1700
1003 Bishop Street
Honolulu, Hawaii 96813
Master

BENJAMIN M. MATSUBARA, ESQ. (JEFS)
Charles R. Kendall Building
888 Mililani Street, Suite 308
Honolulu, HI 96813-2931
Special Master

ERIC H. SONNENBERG, ESQ.

(JEFS)

1212 Punahou Street, #2406
Honolulu, Hawaii 96826
Special Master

CAYCIE K. GUSMAN WONG, ESQ.

(JEFS)

First Hawaiian Center
999 Bishop Street, Suite 2600
Honolulu, Hawaii 96813
Special Master

DATED: Honolulu Hawaii, August 19, 2024.

/s/ Kristie Cruz Chang

KRISTIE CRUZ CHANG

Deputy Attorneys General