

BOOK REVIEW

Broken Trust: Greed, Mismanagement & Political Manipulation at America's Largest Charitable Trust, by Samuel P. King and Randall W. Roth (Honolulu: University of Hawai'i Press, 2006, 324 pp., soft cover, \$20.95)

Western values were rooted firmly in Hawaii by 1884 when a childless princess prepared to leave a ninth of all land on her island paradise to a single charitable trust. More than a century had passed since the arrival of Captain James Cook. Old gods had been rejected, and Princess Pauahi had become the refined, affluent and well-traveled Bernice Bishop, a devout Protestant with a haole American banker for a husband. One of only 44,000 Hawaiians to have survived mainland diseases, Princess Pauahi willed that her estate should go to build and finance English-language schools that would favour boys and girls of pure or partial aboriginal stock.

From humble beginnings, the Kamehameha Schools grew to become the largest private academy of its kind in the United States. Three large campuses and 31 preschools now accept some 6,700 elementary and secondary students each year. The schools have prepared generations of students for life in a changing world, while helping preserve the Hawaiian language and sense of community. Many graduates have joined the elite of society. The schools are now supported by income from about \$7.7 billion (U.S.) in land and other assets, yet some 350,000 acres of other land are held in reserve generating no income. Controversy over the handling of the estate prompted a mass protest rally and an important book. As forward thinking as she was, the princess did not anticipate how ulterior motives could grip future trustees of her Bishop Estate charitable trust. Temptations presented themselves as the value of her land multiplied many times, thanks to American statehood, jet-borne tourists and a revival of Hawaiian cultural practices like the hula. When she stipulated that Supreme Court justices would appoint future trustees, she failed to consider the potential for conflict between their responsibility as political appointees and as judges. She gave sweeping powers to trustees to manage the estate, set curriculum and determine school policy, without addressing compensation or self-dealing.

Unfortunately, Princess Pauahi's faith in the jurisdiction of the courts and the fiduciary duty of trustees proved misguided. Things

ran amok under the first group of five trustees to each have some Hawaiian ancestry. Four had tasted power in political office and the fifth — the first female director — as a senior administrator in the public school system. They thought so much of their own abilities they took near million-dollar salaries and, in other ways, spent freely on themselves and projects unrelated to the trust's mandate. They paid for political lobbying staff, monthly stipends for politicians, and entertainment for decision makers at hostess bars. They committed blunders that compromised the trust's status as a charity, exposing it to a billion-dollar tax bill.

The high-handed antics of the trustees proved too much for interested observers to bear. Concerned alumnae marched, the Internal Revenue Services pounced and a probing professor of trust law enlisted allies to author a newspaper exposé. The democratic uprising and various legal challenges did not faze the trustees, however. They further depleted charitable assets as they clung to power. At the height of their desperation, they hired the firm of a former state governor to investigate moving the Hawaiian trust to the tribal reserve of the Cheyenne River Sioux in South Dakota. This former governor had an abiding interest in the trust. While in office, he had appointed justices to the state's Supreme Court and expected they would later name him to one of those well-paid trustee positions.

Several years have passed since the scandal at the Bishop Estate made headlines in Hawaii. Yet the events passed largely unnoticed abroad. For those of us who missed the dramatic events, authors King and Roth present a fascinating, and suspenseful, account in *Broken Trust*. They write in a simple, journalistic fashion that will captivate both the casual and academic reader, particularly those with an interest in legal and estate matters. *Broken Trust* is rich in anthropological detail, and spiced with characters and quotations that would comfortably populate a John Grisham novel, even the obligatory sexual interlude. The authors are cogent, fearless and uncomplimentary when documenting the role and ethical quandaries of lawyers and judges. They even provide an index and photographs to help keep track of the large cast of characters, and they lighten the text with editorial cartoons. All that's missing are some maps.

One potential weakness of *Broken Trust* is that the authors are not dispassionate historians. They were active participants in the unseating of the five trustees who were at the centre of the controversy. When they quote the subjects of their book rebutting critics, they quote from the public record. If they ever sat down to interview the trustees, it is not apparent from the text. Some readers may feel deprived of another side to the story. Even so, the authors

had nothing to gain financially from the change of regime, nor from publishing their important book. All royalties are going to early childhood education charities. Personally, I found *Broken Trust* as enthralling as the business book *Barbarians at the Gate*, which was later turned into a movie. It would sit well on your library shelf, or that of wealthy client who is contemplating posterity.

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