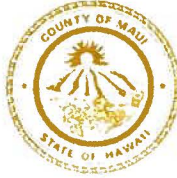


RICHARD T. BISSEN, JR.
Mayor

VICTORIA J. TAKAYESU
Corporation Counsel

MIMI DESJARDINS
First Deputy

LYDIA A. TODA
Risk Management Officer



**DEPARTMENT OF THE CORPORATION COUNSEL
COUNTY OF MAUI**

**200 SOUTH HIGH STREET, 3RD FLOOR
WAILUKU, MAUI, HAWAII 96793**

EMAIL: CORPCOUN@MAUICOUNTY.GOV
TELEPHONE: (808)270-7740

RECEIVED

2025 MAY 19 AM 7:33

OFFICE OF THE
COUNTY CLERK

May 16, 2025

Via email only at county.clerk@mauicounty.us

Honorable Alice Lee, Chair
and Members of the Council
County of Maui
Wailuku, Hawaii 96793

SUBJECT: Litigation Matter – Authorizing the Employment of Special Counsel in the Matter of the May 8, 2025 Complaint of Christopher Salem filed with the State of Hawaii Department of Commerce and Consumer Affairs

Dear Chair Lee and Council Members:

Please find attached separately a proposed resolution entitled "AUTHORIZING THE EMPLOYMENT OF SPECIAL COUNSEL KOBAYASHI SUGITA & GODA, LLP, TO DEFEND COUNTY OF MAUI AUDITOR LANCE TAGUCHI IN THE MATTER OF THE MAY 8, 2025 COMPLAINT CHRISTOPHER SALEM FILED WITH THE STATE OF HAWAII DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS." The purpose of the proposed resolution is to hire special counsel to defend County Auditor Lance Taguchi in this matter. Attached herewith is a copy of the May 8, 2025 Complaint of Christopher Salem.

I respectfully request the proposed resolution be scheduled for discussion and action, or referral to the appropriate standing committee as soon as possible, as time is of the essence. Counsel needs to be retained to timely advise and defend County Auditor Lance Taguchi.

An executive session may be necessary to discuss questions and issues pertaining to the powers, duties, privileges, immunities, and liabilities of the County, the Council, and/ or the Committee.

Should you have any questions or concerns, please do not hesitate to contact me. Thank you for your anticipated assistance in this matter.

Chair Lee and Council
May 16, 2025
Page | 2

Sincerely,


JOHN J. GORES
Deputy Corporation Counsel

cc: Lance Taguchi, County of Maui Auditor;
Victoria J. Takayesu, Corporation Counsel
Peter Hanano, Office of Council Services

Attachments

- (1) Proposed Resolution: AUTHORIZING THE EMPLOYMENT OF SPECIAL COUNSEL KOBAYASHI SUGITA & GODA, LLP, TO DEFEND COUNTY OF MAUI AUDITOR LANCE TAGUCHI IN THE MATTER OF THE MAY 8, 2025 COMPLAINT CHRISTOPHER SALEM FILED WITH THE STATE OF HAWAII DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS; and
- (2) May 8, 2025 Complaint of Christopher Salem

Christopher Salem
5100 Lower Honoapiilani Road
Lahaina, Hawai'i 96761

May 8, 2025

State of Hawai'i
Department of Commerce and Consumer Affairs
Regulated Industries Complaints Office
235 South Beretania Street - 9th Floor
Honolulu, HI 96813

COMPLAINT: County of Maui Auditor Lance Taguchi
Private Attorney David H. Nakamura, Esq.

I. INTRODUCTION

This complaint is submitted by a former staff member of the Office of the Mayor who was hired as a legislative liaison to assist Mayor Michael Victorino in presenting to the Maui County Council a system of assessment and collection of the thousands of unaccounted for private developer roadway infrastructure "deferral" agreements executed by Corporation Counsel over a period of four decades.

Christopher Salem is a West Maui resident and the whistleblower who discovered the County attorneys were knowingly and intentionally shifting tens of millions of dollars of private developers' financial obligations back onto the County and taxpayers through untracked "3 Lots or Less" subdivision agreements. The attached cover story provides the brief history.
(See Exhibit "A")

II. SUMMARY OF COMPLAINT

In violation of the Maui County Charter, Article 10 – Code of Ethics: Section 4.1.g, and the U.S. Government Auditing Standards, "independent" County Auditor, Lance Taguchi, breached his professional duties and used his official position to shield the evidence of unethical and unlawful conduct by the attorneys employed by the Department of the Corporation Counsel who's unclean hand executed the thousands of developer agreements.

This complaint is submitted to formally document serious ethical, professional, and legal misconduct by Maui County Auditor Lance Taguchi and private attorney David H. Nakamura. Both individuals have knowingly and materially violated the public interest, applicable professional conduct rules, and professional licensing standards. After years of seeking responsibility for the irreparable harm they have caused, the evidence has reached a point where licensing consequences must be taken into consideration.

III. BACKGROUND

a. County Auditor Lance Taguchi

In 2018, after a unanimous vote and request of the members of the Maui County Council, County Auditor Lance Taguchi self-initiated an Audit of the developer "deferral" agreements.

After a three-year investigation, Auditor Taguchi failed to issue any conclusions or provide any guidance to the Maui County Council or the Office of the Mayor on assessing and collecting the tens of millions of dollars in developer debts owed to the County of Maui.

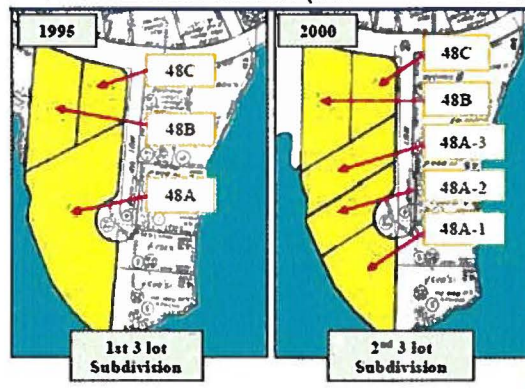
Christopher Salem
5100 Lower Honoapiilani Road
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May 8, 2025

Auditor Taguchi failed to report to the proper authorities the clear evidence that Corporation Counsel executed agreements with private developers outside the scope of County laws and ordinances, thereby further defrauding the County and its taxpayers. As the evidence now reveals, during the entire adopted audit, "independent" Auditor Taguchi admits he unethically solicited legal advice from conflicted Corporation Counsel, the very department his office was auditing for executing thousands of unaccounted for developer agreements.

In 2021, Auditor Taguchi suspended the audit, citing the complaint involving the one disputed subdivision agreement as the alleged reason. For years prior, Auditor Taguchi failed to investigate or present findings or conclusions surrounding the one disputed "3 Lot or Less" subdivision agreement that opened the door to the whistleblower discovery. As we now know, in the shadows was conflicted Corporation Counsel interfering with the Auditor's independent duties.

The facts are now clear and indisputable: during the re-subdivision of Lot 48A, Developer Lot 48A, LLC and their licensed professional consultants manipulated the lawful limitations of the "3 Lot or Less" subdivision deferral agreement through the execution of private warranty deeds recorded on the resulting parcels, Lot 48A 1/2/3. Robert Cella, one of the partners of Lot 48A, LLC, who manipulated the County subdivision agreement, is a licensed real estate broker. (See Exh "B" - DCCA Licensing Complaint)



Honorable Judge Peter T. Cahill has declared Corporation Counsel to be conflicted from representing the County of Maui in legal proceedings. Auditor Taguchi's and Corporation Counsel's failure to seek an upfront conflict of interest determination from the County Board of Ethics has caused irreparable harm to the County, the public interest, and whistleblower Salem's family.

b. Private Attorney David H. Nakamura

This complaint is also submitted to the Office of Disciplinary Counsel to bring to the recently discovered evidence of a grave and undisclosed conflict of interest involving attorney David H. Nakamura. Attorney Nakamura entered an appearance as legal counsel representing County Auditor Lance Taguchi in his **individual capacity** before the Board of Ethics, defending a formal complaint filed against Auditor Taguchi in his **official capacity**. (See Exh "C")

Christopher Salem
5100 Lower Honoapiilani Road
Lahaina, Hawai'i 96761

May 8, 2025

Without legal authority, private Attorney Nakamura submitted a position statement on behalf of Auditor Taguchi, offering legal conclusions regarding the Auditor's **official** duties in connection with the suspended audit of thousands of uncollected private developer infrastructure deferral agreements authored by Corporation Counsel. Attorney Nakamura acknowledges for the first time that Auditor Taguchi sought legal advice from conflicted Corporation Counsel. (See Exh "D")

Pursuant to the County Charter, the County Auditor has a duty to remain independent. If legal advice is necessary, pursuant to the Maui County Charter Section 3-6.6, "the County Auditor may, without Council approval, retain special counsel to represent the County Auditor in **implementing these powers.**"

Independent investigation now reveals that attorney Nakamura's law firm actually prepared and executed the unlawful private warranty deeds for Developer Lot 48A, LLC on Parcels 48A-1, 48A-2, and 48A-3. Resident Salem contends that attorney Nakamura's unauthorized appearance and **official** legal conclusions to defend Auditor Taguchi's breach of duties before the Board of Ethics constitute the outrageous furtherance of an ongoing civil conspiracy and a material breach of private attorney conflicts and legal ethics.

IV. COMPLAINT AGAINST AUDITOR LANCE TAGUCHI

Pursuant to the Maui County Charter, Article 10 – Code of Ethics, and the U.S. Government Accountability Office's Yellow Book (Government Auditing Standards, 2018 Revision):

- **Independent Auditor Taguchi improperly solicited legal advice from Corporation Counsel** while auditing the same County department, in direct violation of the requirement of *auditor independence* (see Yellow Book §§ 3.27, 3.30, and 3.59).
- **Independent Auditor Taguchi breached his duty under GAS § 9.03**, which requires auditors to report material fraud and abuse to appropriate authorities when discovered during an audit. Instead, Auditor Taguchi suspended the audit after three years without resolution, citing a single disputed "3 Lot or Less" agreement, and failed to report systemic abuse in the execution of thousands of untracked developer agreements.
- **Independent Auditor Taguchi violated the AICPA Code of Professional Conduct (ET §§ 0.300.050 and 1.200.001)** by failing to maintain objectivity and integrity, and by allowing a conflict of interest with conflicted Corporation Counsel to impair his judgment and independent performance of the audit.
- **Independent Auditor Taguchi violated Maui County Charter § 10-4.1(g)** by granting unwarranted consideration and preferential treatment to the conflicted Corporation Counsel and to Developer Lot 48A, LLC, to the detriment of the County, the public interest, and a courageous whistleblower.

Christopher Salem
5100 Lower Honoapiilani Road
Lahaina, Hawai'i 96761

May 8, 2025

V. COMPLAINT AGAINST ATTORNEY DAVID H. NAKAMURA

Attorney David H. Nakamura appeared before the Maui County Board of Ethics to represent Auditor Taguchi in his individual capacity in proceedings stemming from the above **official** conduct. However:

- **Attorney Nakamura failed to disclose a direct and disqualifying conflict of interest.** Attorney Nakamura's law firm previously served as the attorney of record executing the private warranty deeds that unlawfully expanded Lot 48A's subdivision, bypassing County restrictions under the "3 Lot or Less" ordinance.
- **Attorney Nakamura's concealment violates Hawai'i Rules of Professional Conduct (HRPC) Rule 1.7 (Conflict of Interest) and Rule 8.4 (Misconduct),** and constitutes a serious breach of fiduciary and ethical duty. Attorney Nakamura's representation gave the appearance of impartial legal conclusions while concealing his firm's prior role in facilitating the fraudulent infringement of real property land titles at issue in the Audit.
- **Attorney Nakamura's failure to respond to a good-faith opportunity to disclose and cure the conflict** further reinforces the ethical breach. (See Exhibit "E")

VI. REQUEST FOR INVESTIGATION AND ENFORCEMENT

The undersigned respectfully requests that the Regulated Industries Complaints Office:

1. **Open an investigation into Auditor Lance Taguchi** for violations of Government Auditing Standards, CPA licensing requirements, and the Maui County Charter;
2. **Coordinate with the Board of Public Accountancy** regarding Auditor Taguchi's failure to maintain independence and professional competence;
3. **Initiate disciplinary review of Attorney David H. Nakamura** under HRPC and refer the matter to the Office of Disciplinary Counsel (ODC);
4. **Refer appropriate findings to the Maui County Council and the Board of Ethics** for local enforcement of Charter Section 10 violations.

Attached is a comprehensive case history along with supporting exhibits. Further evidence and discovery documents shall be produced upon request.

Respectfully,

Christopher Salem

cc: Supreme Court Office of Disciplinary Counsel

Christopher Salem
5100 Lower Honoapiilani Road
Lahaina, Hawai'i 96761

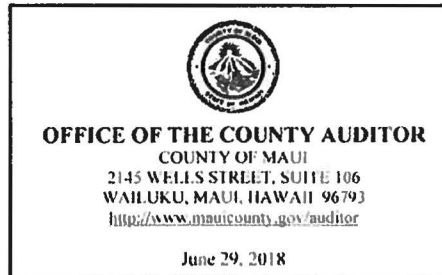
May 8, 2025

State of Hawai'i
Department of Commerce and Consumer Affairs
Regulated Industries Complaints Office
235 South Beretania Street - 9th Floor
Honolulu, HI 96813

COMPLAINT

COUNTY AUDITOR LANCE TAGUCHI

In 2018, responding to a petition of the County residents with over 2000 signatures, the Maui County Council unanimously voted to request an Audit of the thousands of unaccounted-for and uncollected private developer roadway infrastructure “deferral” agreements executed by conflicted Corp Counsel for over four decades. In June 2018, the County Auditor self-initiated an Audit to address resident Salem’s whistleblower discovery.



Self-Initiated Projects

- Audit of improvement agreements related to three lots or less subdivisions, aka “deferral agreements”.

i. The Audit was a result of over 20 years of obstruction by Corp Counsel

In 1999, JoAnne Johnson was elected as the West Maui Council Member. Shortly after, former County Clerk Kathy Kaohu was hired as her executive assistant. In early 2000, resident Salem contacted Johnson's office regarding the proposed County of Maui roadway infrastructure Capital Improvement Project (CIP) Phase IV of Lower Honoapiilani Road.

Christopher Salem
5100 Lower Honoapiilani Road
Lahaina, Hawai'i 96761

May 8, 2025

The Department of Public Works' grossly negligent and false notice of the commencement of construction of the Phase IV CIP adjacent to resident Salem's subdivision led to resident Salem's discovery of unaccounted-for roadway infrastructure "deferral" agreements. Resident Salem reported these findings to Council Member Johnson and Executive Assistant Kaohu almost 25 years ago.

Despite resident Salem's ongoing concerns about private developers' conditioned roadway infrastructure ultimately being paid by the County and taxpayers, conflicted Corp Counsel ignored resident Salem's whistleblower notices and continued to authorize and execute hundreds more "deferral" agreements with private developers.

The well-documented history shows that conflicted Corp Counsel and County Defendants intentionally and recklessly shifted tens of millions of dollars of private developers' financial obligations onto the County and taxpayers.

ii. *Staff Employee Salem relied on the County Auditor's duties.*

In July 2019, Christopher Salem accepted Mayor Victorino's offer of a position as a legislative liaison staff member in the Office of the Mayor, with Salem's first task being the creation and adoption of a fair and equitable system for assessing and collecting on thousands of developer agreements. Salem accepted his County position based on Mayor Victorino's expressed intent to clean up the County government, beginning with the filthy private developer "deferral" agreements.

Relying on the County Auditor's duty to provide an accurate accounting of the collectible developer "deferral" agreements to the Mayor's Office and Maui County Council, Salem introduced a nationwide professional consultant to Mayor Victorino to guide the County of Maui in adopting a system for assessing the developer debts. The County Auditor received the consultant's qualifications, proposal, and the "Fairness Bill" (PC-17) legislation, which staff member Salem and Director Molina previously authored as the foundation for a fair and equitable system of collection.

Records show that after initiating the Audit in 2018, as resident and staff member Salem provided the County Auditor with evidence of County Defendant violations, non-

Christopher Salem
5100 Lower Honoapiilani Road
Lahaina, Hawai'i 96761

May 8, 2025

compliance with County laws, and fraud in multiple subdivision “deferral” agreements island-wide that were facilitated by Corp Counsel Attorneys. The evidence included an admission from former Public Works Director David Goode confirming Salem’s claims:

“Compounding all that is that some deferral agreements, three lots, had another future three lots and a future three lot, so it got subdivided again and again, had different deferrals, And in some cases, especially in West Maui, the original three-lot subdivision was a huge piece of land that went halfway up the mountain.

And so there’s a possibility there’s going to be some (“3 Lots or Less”) deferral Agreements where theoretically there’s 1,000 different owners and they each owe us \$25.

I mean it’s getting really crazy...“

Budget and Finance Committee Minutes, April 19, 2012

David Goode - Director of Public Works

Undeniably, an ‘independent: audit would reveal that Corp Counsel and County Defendants executed numerous subdivision infrastructure “deferral” agreements with private developers outside the adopted County ordinance, unlawfully shifting developers’ financial obligations onto the County and taxpayers, including the most blatant abuse being in Salem’s former subdivision.

Had the County Auditor performed its independent duties in a timely manner in compliance with adopted professional auditing standards, the private developer debts would have been quantified, and collection actions would have been taken. Alternatively, by consulting with independent and non-conflicted legal counsel, the independent Auditor could determine that the developer agreements are legally unenforceable and should be removed as encumbrances on thousands of titles County-wide.

Either way, Christopher Salem would have been responsible for significant financial recovery for the County or slamming the door on Corp Counsel’s manipulations that benefited private developers at public expense for over 40 years. In conclusion, the previously concealed government records show that the County Auditor’s gross negligence was the direct and/or proximate cause of prolonging and obstructing the

Christopher Salem
5100 Lower Honoapiilani Road
Lahaina, Hawai'i 96761

May 8, 2025

reconciliation of the conspired fraud that caused resident Salem's loss of his family home and professional career.

iii. County Auditor's findings were never presented to Maui County Council

The previously withheld County records now reveal that just weeks after Salem's Office of the Maui staff employment began on July 1, 2019, the Office of the County Auditor scheduled a meeting with Mayor Victorino's newly appointed Public Works Director Rowena Dagdag Andaya, Deputy Director Stephen Welling, Public Works staff Chico Rebara, Glen Ueno, County Auditor Senior Analyst Scott Kaneshina, and Kainalu Severson.

The August 13, 2019, meeting regarding the Audit of the "3 Lot or Less" Subdivision "Deferral" agreements was referenced as having "High" Importance. As we now know, just a few days later, on August 22nd, highly qualified Deputy Public Works Director Stephen Welling announced his resignation after only four months on the job.



Yet to be discovered is what was discussed or disclosed at that "Highly Important" August 13th Auditor meeting, which involved long-standing Public Works staff members who had direct involvement and personal knowledge of the unlawful acts and manipulation of the "3 Lot or Less" roadway infrastructure "deferral" agreements.

Christopher Salem
5100 Lower Honoapiilani Road
Lahaina, Hawai'i 96761

May 8, 2025

County records also reveal that on July 25, 2019, County Auditor Lance Taguchi sent a letter to Public Works Director Rowena Dagdag-Andaya seeking information relating to the “deferral” agreements. Through Mayor Victorino, Director Dagdag-Andaya sent an informational response letter from County officials dated August 22, 2019.

DEPARTMENT COVER SHEET FOR DOCUMENTS TO MAYOR		RUSH <i>please thank you!! Auditor anytime to start audit.</i>
CONTACT PERSON:	Jill Anne S. Ono	DATE: August 22, 2019
DEPARTMENT:	Public Works, Development Services Administration	
SUBJECT BRIEF DESCRIPTION:	Transmittal Letter to Lance Taguchi, County Auditor re Audit of Improvement Agreements Related to Three Lots or Less Subdivisions, aka "Deferral Agreements" (Project 19-01) for approval for transmittal by Mayor Victorino	
DATE ACTION REQUIRED BY:		ASAP, please

Again, Salem asserts that the County Directors and employees are parties and witnesses to the decades of fraud and manipulation of the “deferral” agreements to serve private developers’ financial interests at the public expense. As the whistleblower and staff member of the Office of the Mayor, known to be actively working on a legislative solution to the deferral agreement problem, resident Salem was not included in the County Auditor or Department of Public Works communications.

iv. Conflicted Corp Counsel obstructed access to records of agreements.

The response letter from Honorable Michael P. Victorino also reveals that the County Auditor requested from Corp Counsel “internal memos and opinions from the Office of Corporation Counsel regarding enforcement of subdivision deferral agreements”.

Applying their repeating pattern of obstruction of government records, conflicted Corp Counsel responded, stating that the requested records were “not readily retrievable and will require additional time for completion”.

Pursuant to the County Charter, the County Auditor has a duty to remain independent. If legal advice is necessary, pursuant to the Maui County Charter Section 3-6.6, “the County Auditor may, without Council approval, retain special counsel to represent the County Auditor in implementing these powers.”

Christopher Salem
5100 Lower Honoapiilani Road
Lahaina, Hawai'i 96761

May 8, 2025

The evidence and Corp Counsel's privileged logs now reveal that conflicted Corp Counsel continues to withhold relevant inculpatory documents and has interfered with the County Auditor's independent duties to cover up their own documented pattern of misdealing's within countless "3 Lot or Less" subdivisions.

Honorable Michael P. Victorino
For Transmittal to
Mr. Lance T. Taguchi, County Auditor
**SUBJECT: AUDIT OF IMPROVEMENT AGREEMENTS RELATED TO THREE
LOTS OR LESS SUBDIVISIONS, AKA "DEFERRAL AGREEMENTS"**
August 22, 2019
Page 2

b. internal memos regarding the processing, tracking and enforcement of deferral agreements; and

Response: A draft policy was circulated for review and comment on June 25, 2012. See file Email_Draft Policy.

c. internal memos and opinions from the Office of the Corporation Counsel regarding the enforcement of subdivision deferral agreements

Response: The requested information is not readily retrievable and will require additional time for compilation.

Salem asserts that conflicted Corp Counsel never had any intention to enforce the developer agreements and obstructed resident Salem's whistleblower and Director Molina's efforts to adopt a system of assessment and collection for years prior. Resident Salem first attempted to do so as a private citizen, then as an executive assistant to the Maui County Council, and later as Mayor Victorino's legislative liaison.

v. The Office of the County Auditor breached their independence duties.

As a direct result of the Office of the County Auditor's failure to perform their independent duties in a responsible time frame, the Maui County Council, staff member Salem, and the Mayor Victorino Administration were unable to take the first step towards establishing a fair and equitable system of assessment of the tens of millions of dollars owed to the County of Maui.

On October 20, 2020, as a staff member of the Office of the Mayor, resident Salem sent a respectful communication to County Auditor Lance Taguchi requesting a status update on the audit of the unaccounted-for developer deferral agreements. The letter states:

Christopher Salem
5100 Lower Honoapiilani Road
Lahaina, Hawai'i 96761

May 8, 2025

“As a staff member of the Office of the Mayor, I was hired with the stated task of adopting and facilitating a system of collection and assessment of the agreements. With that said, the entire process is being stalled by the years of delays of your pending Audit. I am forwarding this communication to both ”

Christopher Salem - Office of the Mayor

As a staff member of the Office of the Mayor, Salem provided the County Auditor with further employee Whistleblower Discovery and evidence of the multiple unlawful subdivision “deferral” agreements executed by Corp Counsel attorneys and former Public Works Director Milton Arakawa that resident Salem uncovered while doing assigned roadway infrastructure research tasks assigned by Mayor Victorino.

Prior to Judge Cahill’s compelling order, the County Auditor and conflicted Corp Counsel had obstructed access to County records that prove that the County Auditor had possession and knowledge of the multiple unlawful developer agreements since 2018. As the record now shows, for years thereafter, the County Auditor failed to produce any Audit Findings or Reports to the Maui County Council.

The Maui County website states the Office of the County Auditor shall adhere to the following professional standards:

Professional Standards

The Office of the County Auditor adheres to very rigorous and demanding professional auditing requirements as described in Generally Accepted Government Auditing Standards, commonly referred to as GAGAS or The Yellow Book. These standards include requirements for planning the audits; ensuring properly trained and supervised staff; determining the rationale for the objectives, scope, and methodology of audits; selecting the criteria used to evaluate the audit subject, and ensuring the evidence is sufficient, relevant, and competent.

From the outset of the Audit, County Auditor Lance Taguchi had in his possession multiple private developer “3 Lot or Less” subdivision agreements executed by Corp Counsel, which were clearly and admittedly executed in violation of County laws and ordinances.

Christopher Salem
5100 Lower Honoapiilani Road
Lahaina, Hawai'i 96761

May 8, 2025

“Pursuant to 7.51 of the Yellow Book, “Auditors should report identified or suspected non-compliance with provisions of laws, regulations, contracts, and grant agreements and instances of fraud directly to parties outside the audited entity..”

The County Auditor failed to report the identified “deferral” agreements executed by Corp Counsel in violation of law, including those which the former Public Works Director, David Goode, made reference to in open Council hearings. Instead, under the assumed advice and interference of conflicted Corp Counsel, the “independent” County Auditor chose to suspend the entire Audit of the thousands of roadway infrastructure “deferral” agreements because of the one single, disputed subdivision “deferral” agreement alleged in resident Salem’s complaint.

Resident Salem asserts that had the County Auditor directed his “properly trained” staff and independent attorneys to act in accordance with the rigorous Professional Auditing Standards, the findings and facts surrounding Public Works Director Milton Arakawa’s “3 Lot or Less” Notice of Intent to Collect mailed to five property owners in resident Salem’s former subdivision, would have been just cause for the County Auditor to notify the proper authorities in 2019 of Mail Services Fraud and collusion between County officials and Developer Lot 48A, LLC. No litigation would have been necessary.

The County Auditor’s dubious and dishonorable decision to suspend the audit after years of investigation evidences complicit conduct and complete disregard for established government auditing standards by the Office of the County Auditor.

vi. The County Auditor was aware of the fraud in Salem’s subdivision.

Undeniably, the County Auditor had direct access to the evidence of multiple acts of fraud and falsification of government records by Director Arakawa and Corp Counsel, which have now been admitted to in the County Defendants' AMENDED RESPONSIVE PRETRIAL STATEMENT, filed with the Honorable Court on January 25, 2024.

Christopher Salem
5100 Lower Honoapiilani Road
Lahaina, Hawai'i 96761

May 8, 2025

40. No additional, new "3 Lot or Less" Subdivision Deferral Agreement was authorized or recorded by the Department of Corporation Counsel for the three additional parcels (Lot 48A-1, Lot 48A-2, Lot 48A-3) subsequently subdivided by Developer Lot 48A, LLC in 2001.

The County now admits they have no contractual or infrastructure "deferral" agreement with the overlapping subdivision parcels created by Developer Lot 48A, LLC in LUCA file No. 4.805 in 2001. The Maui County Code does not lawfully allow for three additional parcels to be added to a "3 Lots or Less" subdivision "deferral" agreement, thereby deferring five parcels from their infrastructure obligations. To the contrary, the Maui County Code requires full roadway frontage improvements in all subdivisions resulting in four or more lots.

vii. *The Office of the County Auditor was aware of corruption.*

Director Arakawa, the partners of Lot 48A, LLC, and their private attorneys circumvented County laws through private warranty deeds during the overlapping subdivision of Lot 48A, unlawfully adding their three new parcels to the County's "3 Lot or Less" subdivision agreement without Corp Counsel's approval.

In prior Court pleadings, Corp Counsel represented that private citizens and real estate brokers who contract away the rights and roles of the County and prevent the County from functioning appropriately under the laws are guilty of promoting corruption "at the highest level of local government."

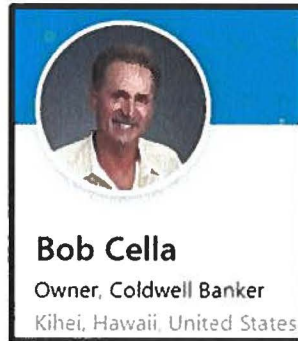
"If a private citizen were able to contract away the rights and roles of County officials, the County would cease to function appropriately under the law. .. Among other things, it could promote corruption at the highest level of local government."

Department of the Corporation Counsel (Dkt 147 - Page 14)

It is a material fact that one of the partners who manipulated the County contract and land titles was Robert Cella, the owner of Coldwell Island Properties. Simply stated, the licensed real estate experts and development partners were neither rookies nor naive about their unlawful acts.

Christopher Salem
5100 Lower Honoapiilani Road
Lahaina, Hawai'i 96761

May 8, 2025



Factually, the highest level of corruption is exactly what followed Developer Lot 48A, LLC's and licensed broker Robert Cella's manipulation of County contracts, County officials, and real property titles.

Years later, Lot 48A, LLC's former land planning partner, Director Arakawa, sent slanderous collection notices to five property owners, including the unlawful privately executed warranty deed owners, falsely informing them they would have to "haggle" over unspecified amounts owed to the County for a previously proposed roadway infrastructure CIP. The highest level of corruption was affirmed by Director Arakawa's and Corp Counsel's unlawful collection notices.

As we now know, the August 2019 Auditor meeting involved Mayor Victoriono's appointed Public Works Director Dagdag-Andaya and staff employees who were fully aware of the material fact that Director Milton Arakawa's misdealing's with Developer Lot 48A, LLC were corrupt.

The County Auditor was fully informed and noticed early in the Audit review that no adopted County law allowed for five real property titles to be bound by a "3 Lot or Less" subdivision infrastructure deferral agreement, and that Director Arakawa's notices represented clear and indisputable evidence of falsification of government records and manipulation of County laws.

Despite the documented evidence of misdealing's by County Officials and Corp Counsel attorneys since 2019, the Auditor failed to report the unlawful acts to the

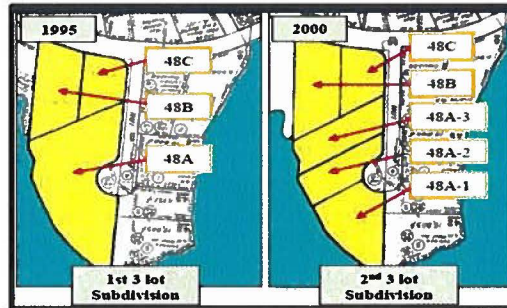
Christopher Salem
5100 Lower Honoapiilani Road
Lahaina, Hawai'i 96761

May 8, 2025

members of the Maui County Council or the County Prosecutor. Instead, the Auditor knowingly allowed conflicted Corp Counsel to interfere with the independent Auditor's duties and obstruct access to government records.

viii. Auditor Taguchi has engaged in a civil conspiracy to cover up a crime.

Recently filed affidavits to the Board of Ethics reveal a conspired, undisclosed attorney-client conflict of interest involving attorney David H. Nakamura and Developer Lot 48A, LLC. Attorney Nakamura entered an appearance as legal counsel representing County Auditor Lance Taguchi in his individual capacity before the Board of Ethics, defending a



formal complaint filed against Auditor Taguchi in his official capacity.

An independent investigation found that attorney Nakamura's law firm had actually prepared and executed the unlawful private warranty deeds for client Developer Lot 48A, LLC on Parcels 48A-1, 48A-2, and 48A-3. Resident Salem contends that attorney Nakamura's unauthorized appearance and official legal conclusions to defend Auditor Taguchi's breach of independent duties before the Board of Ethics constitute the outrageous furtherance of an ongoing civil conspiracy and a material breach of private attorney conflicts and legal ethics.

In conclusion, resident Salem asserts the County Auditor failed to uphold professional auditing standards in the Audit of the thousands of unaccounted for private developer roadway infrastructure "deferral" agreements. Resident Salem believes further discovery shall reveal the audit was desperately "postponed" by the Auditor Taguchi under the conflicted interference of Corp Counsel to cover up a crime, collusion, and a civil conspiracy.

Respectfully, *Christopher Salem*

EXHIBIT "A"



January 16, 2013 | 08:02 AM

The war in Maui County over deferral agreements is raging again. It flares up now and then through the years, only to dissipate a few weeks later. Silent for the last couple years, the issue began getting discussed a few weeks ago. In fact, county officials are insisting that the problem may even be coming to an actual solution.

A relatively ancient anecdote is in order.

Back in 2002, when the County of Maui first began talking of the Lower Honoapiilani Highway "Phase IV" development between Kahana and Napili, West Maui resident Christopher Salem visited an engineer who worked for the county. Salem, who lived in the area, had some infrastructure improvement ideas: speed control devices, using indigenous stone walls to replace the current steel barricades, and even burying overhead power lines underground to improve the neighborhood's aesthetics. According to Salem, the engineer looked over his proposal, then said the county had no money to make those kinds of improvements.

"What about the funds from the multiple developer reimbursement agreements along Phase IV?" Salem said he asked.

"Ah, we never collect those," Salem said the engineer told him.

"Ever?"

"Never."

Ah, deferral agreements. I had first heard of these a year or two after Salem's meeting, when I was discussing land development with then-Maui County Council member Jo Anne Johnson (now named Jo Anne Johnson Winer, she went to work in 2011 as the county transportation director). Deferral agreements were one of her perennial bugbears—an itch in the county's planning/public works/finance nexus that, no matter how much she scratched at it, never seemed to get better.

Put simply, deferral agreements were deals the County of Maui used to strike with those who wanted to divide up their land into three lots or less. The landowners had a choice: pay for whatever sidewalk, pavement, curb or gutter improvements were needed right then, or defer the payment. The practice began in 1974, and was mainly to help local families divide up their land for their offspring without having to become full-fledged developers.

Even simple questions like how many of these agreements exist aren't simple to answer. According to Maui County Public Works Director David Goode, a mid-2011 search by his office discovered 600 such agreements. That seems great, except that in 2010, his predecessor Milton Arakawa told the Maui County Council Planning Committee that his office found about "1,700" agreements.

"That was before we did our count," Goode told me. "The previous number, I can only imagine, is an estimate."

Goode, by the way, was County Public Works Director back in 2002 around the time when Salem first found out that the county "never" collects deferral agreements. A decade later, in 2012, Goode lamented to the County Council during budget hearings how "crazy" the whole situation had gotten.

"[I]n some cases, especially in West Maui, the original three-lot subdivision was a huge piece of land that went halfway up the mountain," Goode said during an April 19, 2012 budget hearing. "And so there's a possibility there's going to be some deferral agreements where theoretically there's 1,000 different owners and they each owe us \$25. I mean it's getting really crazy."

In any case, the issuing of these deferral agreements to those building three lots or less ended in 2007 after a number of problems emerged. First, as Salem discovered five years earlier, the county simply didn't collect any of the deferred monies. The deferral agreements just sat there, without the landowners making any payments, even as county officials actually went ahead and made some of the required infrastructure improvements.

"This is money," Johnson said at a Nov. 15, 2010 Maui County Council Planning Committee hearing on the matter. "It's not owed to me. It's not owed to Public Works. This is taxpayer money that is able to be collected if we would simply send people a bill for their proportionate share of whatever the improvements were made to the frontage abutting their property."

They did this, county public works officials admitted years later, because they had very little notion of who exactly owed them what. Just how many of these deferral agreements hadn't yet been paid, how many infrastructure improvements were made without first securing payment—even figuring out how many deferral agreements actually existed—were all unknowns at the County of Maui, even as late as 2010.

"[W]e intend to collect the necessary information on deferral agreements as we need it," then-Public Works Director Milton Arakawa told the Council's Planning Committee at a Nov. 15, 2010 hearing (this is the same hearing when he threw out the 1,700 figure that Goode disputes. "There are approximately 4,900 subdivision files at Kalana Pakui and an, an additional 5,800 files in storage. And, of course, not all of these have deferral agreements. So we do not need the information, all of this information, at the current time. And it would take many months of research to find deferral agreements through the 33 years that this provision was in existence."

As for how much money that added up to, Johnson estimated that the figure would run into the "millions of dollars."

Councilman Mike Victorino, who at that point had been on the council for four years, admitted during the hearing that he'd known nothing of deferral agreements, and what he was hearing "astonished" him.

"And it's astonishing that 33 years and some seven Administrations and I don't know how many Councils in between, this has just languished and languished," he said, according to the hearing minutes. "And I, I'll take responsibility, four years, I've just heard about it. I've never had any idea what the heck was going on. And now, now to have some reality set in, Mr. Chair, it's astonishing. But this could be millions and millions and millions of dollars that is due this County. And the problem is maybe some people even passed away, you know, people have left, sold it six, seven times, I don't know."

Victorino's last point, about the possibility of properties with deferral agreements on the books getting sold and re-sold, throwing the question of who owed the county what completely askew, was important. At the hearing, Arakawa agreed that property sales since the agreement made it all that more difficult to figure out dollar amounts.

Then Victorino called for action. "But it's the point that this County is due this money," he said. "And whether the next Administration takes it on or not I think the, the Council should make it, you know, very much an important issue that we need to work on this problem along with a few others because these are monies that the people of Maui County are owed."

The next day, The Maui News ran a story on the hearing under the pretty sensational but nonetheless

accurate headline "County unpaid for roadwork for decades." And then, as is often the case where these types of things are concerned, nothing changed. For all his talk of being "astonished," Victorino apparently didn't do anything after the hearing (he did not return a phone call for this story).

But Salem, the guy who discovered more than a decade ago the untapped potential of deferral agreements, decided to do something. There were two reasons for this. First, he had also worked as a County Council aide, and was very familiar with both engineering and legislative matters. And second, he owns a house in the Lower Honoapiilani Highway Phase IV area.

In mid-2010, Salem received a letter (dated May 27, 2010) from Public Works Director Arakawa. "[W]e would like to provide you the following "Notice of Intent to Collect," Arakawa wrote, referring to the fact that a deferral agreement was attached to his house, which was in the Phase IV project area. "As part of this project, the County will be seeking a payment of a pro rata share of roadway improvements as included in the terms of the deferral agreement."

The letter would have been alarming enough if Arakawa had stopped there. The letter included no due date, but was rather just a warning that such a collection notice would someday come. Deferral agreements are, after all, contingent liens—homeowners who don't pay them risk foreclosure.

But the letter also stated that the county didn't actually have a "pro rata share of the costs" to give him. Instead, Arakawa's letter said, Salem would have to negotiate his final share of the cost with the other original lot owners.

Title companies call that an "open-ended encumbrance"—a bill that, someday, will come due in some amount that's yet undetermined. Good luck selling a home—much less getting it appraised—with that attached to your deed.

Needless to say, Arakawa's letter outraged Salem. It was one thing to ask him to pay a bill—that was perfectly reasonable. But to put in writing that someday he'd have to pay an indeterminate amount that he'd have to negotiate himself? That was too much.

"He didn't have the authority to send that letter," Salem said. "There is no formula adopted by ordinance for the assessment and collection of these agreements. The county Charter says assessments have to be adopted by the Council."

Salem, who spent about 15 years working with the County Council, then wrote up the "Fairness Bill" (dubbed PC-17). The bill, said Salem, would get all the deferment agreements off the county's books and set up a method of collecting whatever money was still owed to the county. It would develop a formula for assessing and collecting the agreement amounts. He said it was partly based on a similar county parks ordinance.

"There already is an ordinance with parks," Salem said. "If you develop, you give up land for a park or pay a fee. That came out in 1987, and is exactly what's needed for deferral agreements." Of course, Salem said there was a three lots or less exemption built into the parks ordinance as well.

Anyway, the Fairness Bill seemed to be moving along until early December. Then, Salem said, Councilmember Don Couch suddenly killed it. What's more, the bill was not rolled over to the next council session.

According to Couch, the bill was "auto-filed," meaning that if a council member didn't ask for it to come up again during the next term, it was filed away. His reason, he told me, was that the bill simply wasn't necessary.

"The Department of Public Works is going ahead with deferral agreements where applicable, and not going ahead where nothing is going on. When they come up, I'm guessing a lot of them get rectified."

Goode agreed. "When the county comes in and does a project, then we would exercise the agreements," he said. "We're coming up on our first project now where we'd send out a letter [to those with deferral agreements]." The project, Goode explained, is the Lower Honoapiilani Highway Phase IV development that affects Salem.

As for Salem's "Fairness Bill," Goode said it that the County Corporation Counsel's office had said it wasn't legal.

"There was discussion on amending the law," Goode said. "But our attorneys said that you can't. It's a done deal and we have to live with it. I don't think at this point that there's any way to change the deal. It wouldn't fly."

For his part, Salem says he still concludes that the Maui County Charter is clear on this. "The park fee ordinance does have a formula for collection," he said. "They're never acknowledging these things. Will they acknowledge them in this year's budget?"