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Broken Trust: Greed, Mismanagement & Political Manipulation at America's Largest Charitable Trust

Book review by Alexander Mawyer

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. (Pictures, figures.) US\$16.00, paper. ISBN 0-8248-3044-X.

King and Roth's lucid and appealing Broken Trust chronicles twentieth-century Hawai'i through the lens of an extraordinary institution, a perpetual trust dedicated to the education of Hawaiian children. Established by the Princess Bernice Pauahi Bishop after her death in 1884, the trust initially created two schools later merged as the Kamehameha Schools and administered as the Bishop Estate. Pointing to the richness of traditional Hawaiian understandings of land tenure and person, King and Roth begin by considering the transformation of these understandings after the end of the Kingdom and in the twentieth century, and how they became integral to Hawaiian education. Broken Trust is worth reading alone for its examination of changing understandings of Hawaiian persons and their place in an emerging American state through decisions about the shape of Hawaiian education, a penetrating cultural history of Hawai'i's society.

But Broken Trust comes into its narrative own detailing the 1980s, when shifts in state land laws forced Bishop Estate to sell increasingly valuable properties, realizing an astronomical cash windfall. As the largest landholder in the Hawaiian islands, the Bishop Estate always enjoyed extraordinary influence, but this sudden capital expansion, combined with the cultural politics of the Hawaiian renaissance, seduced the board of trustees to abrogate their fiduciary duties and "break the trust." Excessive trustee compensation, unlawful or questionable use of trust funds to support trustees' private business deals, micro-management of the schools, and capital projects in excess of what is allowed to charitable trusts led the IRS to threaten revocation of the Bishop Estate's charitable status, with potential losses to future generations of Hawaiian children running to billions of dollars. After a century of near limitless corporate autonomy, the exposure of the estate's practices after 1997 and contestation over the replacement of a once untouchable board of trustees by different community action groups, including a teacher's union, the state attorney general, and ultimately the

IRS revealed incredible tensions within native Hawaiian communities previously kept out of the public eye.

While *Broken Trust* offers illuminating, occasionally breathless reading, many passages deserve a more lengthy treatment than they receive. For instance, though both authors have served as presidents of the Hawai'i's Bar Association, the legal analyses in *Broken Trust* are generally cursory. One wonders whether the decision not to explain or take stances on key details of trust law and various jurists' counterintuitive decisions was intended to protect the reader from tedium, or reflects the enduring political potency of *Broken Trust*'s many actors, including the reconstituted board of trustees. Similarly, the last chapter offers scant insights regarding Kamehameha Schools' new trustees, charged with making the estate pono, righteous, focusing on the problem of determining whether Kamehameha's future students will be Hawaiian, how that will be determined, and hence what "Hawaiian" might mean. These are lively, evolving issues and the outcome of that story is beyond the scope of the book, but King and Roth end on an ambiguous note. Do they wish us to conclude that the new trustees have successfully repaired the trust?

Broken Trust should be essential reading for anyone concerned about the legacy of the interdependence of Hawai'i's educational, legislative, judicial and corporate institutions. King and Roth are at their best when laying out how trustees' constituting decisions once yielded lasting institutional tendencies, with unanticipated effects over subsequent generations. In the Enron age, when corporate boardroom practices are increasingly scrutinized and, sometimes, repudiated, *Broken Trust* provides an exemplary primer into the endurance of boards and their corporate interests when they are woven into the fabric of other institutions.

ALEXANDER MAWYER
Loyola University of Chicago, USA