

May 30, 2006

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LLP

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jkoneiji@wik.com**VIA U.S. MAIL & FACSIMILE: (521-7245)**Clayton C. Ikei, Esq.
Pacific Guardian Tower
1440 Kapi'olani Blvd., Suite 1203
Honolulu, Hawai'i 96813**Re: King C. Lum's October 15, 2004 Employment Agreement
with the Kaua'i Police Department**

Dear Mr. Ikei:

This is to inform you of Director of Finance Michael H. Tresler's decision to cancel King C. Lum's ("Lum") October 15, 2004 Employment Agreement ("Employment Agreement") with the Kaua'i Police Department pursuant to Sections 3-1.11 a) and (b) of the Kaua'i County Code. Director Tresler bases his decision to cancel Lum's Employment Agreement on the Honorable E. John McConnell's (Ret.) Findings of Fact and Conclusions of Law ("Findings of Fact") dated February 23, 2006 in Case 04-001, Judge McConnell's Hearing Officer's Report dated February 23, and the Kaua'i County Council's acceptance and ratification of the recommendation of the County of Kaua'i Board of Ethics for cancellation of Lum's Employment Agreement.

Director Tresler notes that Judge McConnell found that Michael Ching ("Ching") used his position as Police Commissioner to secure an unwarranted advantage and treatment for Lum over the other candidates in following manner:

- In meeting with the SHOPO Chapter Chair and requesting SHOPO's endorsement of Lum for Chief of Police and by misrepresenting his (Ching's) actions to the other Police Commissioners, Ching used his position to secure an unwarranted advantage and treatment for Lum over the other candidates for Chief of Police. In so doing, Ching violated the Kaua'i County Code of Ethics under the Kaua'i County Charter, Article XX, Section 20.02E and the Kaua'i County Code, Chapter 3, Article I, Sec. 3-1.6.
- Ching nominated and voted for Lum for Interim Chief who was then a current applicant for the Chief of Police position, thereby conferring an unfair advantage to Lum

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to the detriment of the other candidates for Chief of Police. The advantages conferred to Lum, but not to the other candidates, included gaining administrative experience and visibility. Thus, in nominating, advocating for and voting for Lum as Interim Chief, Ching used his official position for the benefit of Lum and thereby violated the Kauai County Code of Ethics under the Kauai County Charter, Article XV, Section 20.02E and the Kauai County Code, Chapter 3, Article I, Sec. 3-1.6.

- In the Hearing Officer's Report, Judge McConnell determined that Ching's conduct in actively soliciting support from SHOPO for Lum was concealed from one or more of his co-commissioners. Thus, Judge McConnell determined that the openness and transparency of the selection process was compromised.

It is clear to Director Tresler that Judge McConnell concluded that the selection of Lum as Chief of Police was the result of a tainted and/or compromised selection process. As such, Lum's Employment Agreement is voidable under Sections 3-1.11(a) and (b) of the Kauai County Code.

In arriving at his decision to cancel Lum's Employment Agreement, Director Tresler has fully considered Lum's interests and acknowledges that there was no finding of misconduct on the part of Lum by Judge McConnell. Director Tresler also notes that the cancellation of Lum's Employment Agreement was not in any way based on Lum's performance of his duties and responsibilities as Chief of Police for the Kauai Police Department. That said, Director Tresler must also consider the County of Kauai's ("County") interest in maintaining a fair, open and transparent process for the selection of a key County official such as the Chief of Police. In considering the overall picture, Director Tresler has an obligation to the County to see to it that the integrity of the selection process for the Chief of Police is maintained and observed. Since Lum's selection was the result of a tainted and/or compromised process, and thus is in direct contravention of the County's interest in maintaining the integrity of the selection process, Director Tresler has decided to cancel Lum's employment agreement.

Director Tresler will refer his decision to cancel Lum's Employment Agreement to the Kauai County Police Commission ("Commission") so that the Commission can initiate the selection process again for the Chief of Police position.

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In considering the interests of Chief Lum, Director Tresler learned that a lieutenant's position is available within the Department. We understand that Chief Lum may be reinstated in that position. In order to avoid a gap in his employment record with the County, which gap might adversely effect his retirement or employment status, Director Tresler will actually cancel the contract on June 7. During this one week period, if your client is inclined to return to his prior position of lieutenant, please have him make an appointment to see Gary Heu, the Mayor's executive assistant, so they can discuss his re-employment.

Should you have any questions, please do not hesitate to contact me. Thank you.

Very truly yours,

WATANABE ING & KOMEIJI LLP


JOHN T. KOMEIJI

cc: Director Michael Tresler
Mr. Gary Heu

JKo:cnm