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April 2, 2018

Trever K Asam, Esq.  
Cades Schutte  
1000 Bishop Street, Suite 1200  
Honolulu, Hawaii 96813

Dear Mr. Asam:

Re: World Library Association/Hawaii Loa Ridge Preserve  
Inquiry (the "Inquiry")

At the outset, thank you for the cooperation we have received in this Inquiry. We have reviewed your February 23 and March 13, 2018 emails and the materials you submitted therewith and your representation that the purchase of the 184 Puu Ikena Drive Honolulu, Hawaii property did not involve any conflict of interest by members of the Board of Directors of the Hawaii Loa Ridge Preserve ("Preserve").

We note that the Preserve's articles of incorporation have been amended<sup>1</sup> to reflect that the purpose of the Preserve is to "protect the natural, cultural and scientific resources of Hawaii Loa Ridge . . . through community-led educational and conservation programs" among other things. We note that the Preserve made representations in its IRS Form 1023EZ (Part II questions 5, 6 and 7) that were not consistent with the actual contents of the form articles of incorporation that were filed with the Department of Commerce and Consumer Affairs on February 14, 2017. Nevertheless, it appears that the amended articles now qualify the Preserve for tax exempt status under section 501(c)(3) of the Internal Revenue Code.

We also note that the Preserve was able to purchase the Puu Ikena property through a grant made by the World Library Association ("Association"), a tax exempt social welfare organization, and that one or more directors of the Association are also directors or officers of the Preserve. We urge the boards of both organizations that this raises potential conflict of interest issues that require careful attention. We also note that the grant made by the Association to the Preserve seems far afield of the social welfare purpose of the Association as describe in its IRS Form 1024. However this issue seems to be one for the Internal Revenue Service to examine rather than the Department of the Attorney General, since the Association is not a charitable

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<sup>1</sup> We note that if the Preserve files IRS Form 990, this change will need to be reported to the IRS in Part VI, Section A of the form.

Mr Asam  
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entity or organization.

Accordingly, we are closing our inquiry in this matter. Please contact me at 586-1473 if you should have any questions regarding this matter.

Very truly yours,

A handwritten signature in black ink, appearing to read "Hugh R. Jones". The signature is stylized with a large, looped "H" and "J".

Hugh R. Jones  
Senior Deputy Attorney General