

FEDERAL BUREAU OF INVESTIGATION  
FOI/PA  
DELETED PAGE INFORMATION SHEET  
FOI/PA# 1205227-0

Total Deleted Page(s) = 2  
Page 40 ~ Duplicate - IN FILE 58-HN-7910 SERIAL 33;  
Page 41 ~ Duplicate - IN FILE 58-HN-7910 SERIAL 33;

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TEL. ROOM

1989 SEP 30 31z

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DE FBIHN #0008 2620522

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190515Z SEP 89

FM FBI HONOLULU (58A-HN-7910) (P)

TO DIRECTOR FBI/IMMEDIATE/

BT

UNCLAS

CITE: //3280//

PASS: CRIMINAL INVESTIGATIVE DIVISION, WHITE COLLAR CRIME SECTION, PUBLIC CORRUPTION UNIT.

SUBJECT: DANIEL K. INOUE, UNITED STATES SENATOR, STATE OF HAWAII; ALLEGATION OF BRIBERY BY MATSON NAVIGATION; BRIBERY - UNITED STATES SENATE - PUBLIC CORRUPTION MATTER; OO: HONOLULU.

FOR INFORMATION OF THE BUREAU, ON 8/29/89, AN ANONYMOUS CALLER TELEPHONICALLY CONTACTED SSA [REDACTED] AND ADVISED THAT HE RECENTLY READ A NEWSPAPER ARTICLE IN THE HONOLULU ADVERTISER CONCERNING THE FBI'S PUBLIC CORRUPTION EFFORT. THE CALLER STATED HE COULD NOT IDENTIFY HIMSELF FOR FEAR OF

*Six copies*

*Page Note*

*Pages 2+3*

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DE-374 58-17378-X

1 CC TO WCCS, FM 3849  
DATE: 9/19/89 BY: pm

PAGE TWO DE FBIHN 0008 UNCLAS

RETRIBUTION; HOWEVER, HE STATED THAT HE WAS A FIFTH GENERATION HAWAIIAN AND THAT HIS [REDACTED] HAD BEEN A REPUBLICAN CONGRESSMAN REPRESENTING HAWAII. HE DESCRIBED HIMSELF AS A

[REDACTED]  
[REDACTED] IN HONOLULU. HE ALSO INDICATED THAT HE WAS AN [REDACTED] EMPLOYEE.

THE CALLER INDICATED THAT HE HAD HEARD FOR YEARS DISCUSSIONS AMONG OFFICIALS IN THE MARITIME INDUSTRY IN HONOLULU THAT ~~MATSON NAVIGATION COMPANY~~ HAS PAID OFF AND CONTINUES TO MAKE CASH PAYOFFS TO UNITED STATES SENATOR DANIEL K. INOUE TO PREVENT COMPETITION IN HONOLULU. THE CALLER ADVISED THAT [REDACTED] [REDACTED] ~~HAWAII PACIFIC MARITIME~~, ALOHA TOWER, HONOLULU, HAWAII, OBSERVED A MATSON NAVIGATION COMPANY REPRESENTATIVE DELIVER A SUITCASE FULL OF CASH (AMOUNT UNKNOWN) TO U.S. SENATOR INOUE A FEW YEARS AGO TO ENSURE THAT MATSON NAVIGATION COMPANY RECEIVED FAVORABLE CONSIDERATION IN WASHINGTON ON MARITIME ISSUES. THE CALLER STATED THIS SPECIFICALLY WAS TO PREVENT AMERICAN PRESIDENTIAL LINES FROM BEING ALLOWED TO OPERATE IN HONOLULU AND THUS, PREVENTING ANY COMPETITION FOR MATSON NAVIGATION.

THE CALLER STATED [REDACTED] ~~TRANS MARINE NAVIGATION~~,

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PAGE THREE DE FBIHN 0008 UNCLAS

WATERFRONT TOWER, AND [REDACTED] CITIZEN, ALSO HAVE INFORMATION CONCERNING THIS ALLEGED BRIBERY.

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THE CALLER STATED THAT HE IS REPORTING THIS INFORMATION WITHOUT MALICE AND THAT HE DOES NOT EVEN PERSONALLY KNOW SENATOR INOUE. HE STATED HE IS REPORTING THIS INFORMATION BECAUSE FOR YEARS THE RUMOR IN THE INDUSTRY IS THAT SENATOR INOUE IS ON THE TAKE. THE CALLER FURTHER INDICATED THAT HE DID NOT BELIEVE THAT THE FEDERAL GOVERNMENT (FBI) WOULD DO ANYTHING ABOUT THIS COMPLAINT.

TO DATE, HONOLULU HAS CONDUCTED NO INVESTIGATION CONCERNING THIS MATTER. HONOLULU PROPOSES TO REVIEW INDICES CONCERNING ALL INDIVIDUALS AND COMPANIES WHICH THE CALLER REFERRED TO. HONOLULU REQUESTS BUREAU AUTHORIZATION TO INTERVIEW THE FOLLOWING INDIVIDUALS:

1. [REDACTED], HAWAII PACIFIC MARITIME.
2. [REDACTED] TRANS MARINE NAVIGATION.
3. [REDACTED]
4. OFFICIALS OF AMERICAN RESIDENTIAL LINES.

*Indices 1st*

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IF THESE INTERVIEWS SUBSTANTIATE THE ALLEGATIONS, HONOLULU PROPOSES TO REVIEW SENATOR INOUE'S BANK ACCOUNT RECORDS AND

*no*

PAGE FOUR DE FBIHN 0008 UNCLAS

MATSON NAVIGATION COMPANY'S FINANCIAL RECORDS. HONOLULU WILL  
CONDUCT NO ACTIVE INVESTIGATION UNLESS SPECIFICALLY DIRECTED BY  
FBIHQ.

ON 9/18/89, AUSA [REDACTED], DISTRICT OF HAWAII, WAS  
ADVISED OF THE BRIBERY ALLEGATIONS AS DETAILED ABOVE. AUSA

[REDACTED] ADVISED THAT HE WOULD PROSECUTE MATSON NAVIGATION  
OFFICIALS AND SENATOR INOUE IF THE ALLEGATIONS COULD BE  
SUBSTANTIATED BEYOND A REASONABLE DOUBT.

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5/19/89

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PRIORITY

FM DIRECTOR FBI {58-12342}  
TO FBI HONOLULU {58A-HN-7910} {P}/PRIORITY/  
BT  
UNCLAS  
CITE: //0622//

SUBJECT: DANIEL K. ~~INOUE~~, UNITED STATES SENATOR, STATE OF HAWAII; ALLEGATION OF BRIBERY BY MATSON NAVIGATION COMPANY; BRIBERY - UNITED STATES SENATE - PUBLIC CORRUPTION MATTERS; OO: HONOLULU.

REFERENCE HONOLULU TELETYPE TO FBIHQ DATED SEPTEMBER 19, 1989.

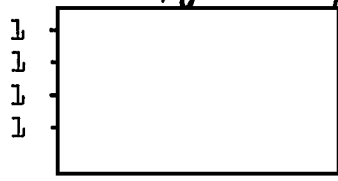


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REFERENCED HONOLULU TELETYPE SET FORTH ALLEGATIONS THAT UNITED STATES SENATOR DANIEL K. INOUE HAS BEEN THE RECIPIENT OF BRIBE PAYMENTS FROM MATSON NAVIGATION COMPANY, AS RECEIVED

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JPO:bjg {5} 9/20/89 3849-6 5701



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58-12342-1

49

FEDERAL BUREAU OF INVESTIGATION  
COMMUNICATIONS SECTION  
SEP 21 1989

BY THE HONOLULU DIVISION ON AUGUST 29, 1989, FROM AN ANONYMOUS TELEPHONE CALLER. THESE ALLEGATIONS INVOLVE SENATOR INOUE'S PURPORTED INFLUENCE IN THE MARITIME INDUSTRY IN HAWAII. THIS CALLER PROVIDED THE NAMES OF INDIVIDUALS IN THE MARITIME INDUSTRY WHO COULD PROVIDE INFORMATION CENTRAL TO THESE ALLEGATIONS. AFTER SETTING FORTH THIS INFORMATION, HONOLULU PROPOSED TO REVIEW HONOLULU'S INDICES CONCERNING THESE INDIVIDUALS AND, THEREAFTER, CONDUCT INTERVIEWS OF SAME UPON FBIHQ APPROVAL. HONOLULU ALSO PROPOSED TO REVIEW SENATOR INOUE'S AND THE MATSON NAVIGATION COMPANY'S FINANCIAL RECORDS.

FBIHQ AUTHORITY IS NOT GRANTED AT THIS TIME TO CONDUCT INTERVIEWS, SUBPOENA RECORDS, OR REVIEW FINANCIAL RECORDS OF SENATOR INOUE AND THE MATSON NAVIGATION COMPANY BASED UPON INFORMATION PROVIDED BY THE ANONYMOUS CALLER.

THIS MATTER SHOULD BE CLASSIFIED  WITH THE FOLLOWING INVESTIGATION BEING AUTHORIZED BY FBIHQ:

A REVIEW OF REFERENCED TELETYPE REVEALS THAT THE ANONYMOUS TELEPHONE CALLER PROVIDED SEVERAL FACTS CONCERNING HIS PERSONAL HISTORY IN ESTABLISHING HIS BONA FIDES WHICH MAY

LEAD TO THE IDENTITY OF THIS ANONYMOUS CALLER. HONOLULU SHOULD CONDUCT APPROPRIATE, DISCREET INVESTIGATION IN AN ATTEMPT TO IDENTIFY THE ANONYMOUS CALLER. UPON SUCH IDENTIFICATION, FBIHQ SHOULD BE ADVISED BY TELETYPE OF THE CALLER'S IDENTITY AND THE RESULTS OF A HONOLULU INDICES SEARCH CONCERNING THIS INDIVIDUAL. THIS TELETYPE SHOULD INCLUDE HONOLULU'S RECOMMENDATION CONCERNING INTERVIEW OF THIS INDIVIDUAL.

HONOLULU SHOULD CONDUCT AN EXTENSIVE INDICES SEARCH CONCERNING THOSE PERSONS AND COMPANIES NAMED BY THE ANONYMOUS CALLER AND PROVIDE THE RESULTS TO FBIHQ.

HONOLULU SHOULD CONDUCT A DISCREET EXAMINATION OF PUBLIC SOURCE RECORDS CONCERNING HAWAII'S MARITIME INDUSTRY AND PROVIDE AN ASSESSMENT TO FBIHQ OF THIS INFORMATION IN RELATIONSHIP TO THE ALLEGATIONS SET FORTH IN REFERENCED HONOLULU TELETYPE.

THROUGH ESTABLISHED SOURCES OF KNOWN RELIABILITY, WITHOUT DISCLOSING THE NATURE OR SUBJECT OF THIS INVESTIGATION, HONOLULU SHOULD ATTEMPT TO DETERMINE THE COMPETITIVE NATURE OF, REGULATIONS AFFECTING, AND GOVERNMENTAL UNITS HAVING



AUTHORITY OVER THE MARITIME INDUSTRY IN HAWAII IN RELATIONSHIP TO THESE ALLEGATIONS.

SUTEL RESULTS TO FBIHQ ATTENTION: PUBLIC CORRUPTION UNIT, RM 3849, BY CLOSE OF BUSINESS OCTOBER 20, 1989.

THIS INVESTIGATION IS MORE APPROPRIATELY CLASSIFIED AS A 58C MATTER {BRIBERY - LEGISLATIVE BRANCH}. ACCORDINGLY, HONOLULU SHOULD RECLASSIFY THIS MATTER.

BT

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APPROVED:	Adm. Servs. _____	Laboratory _____
Director _____	Crim. Inv. _____	Legal Coun. _____
Exec. AD-Adm. _____	Ident. _____	Off. of Cong. & Public Affs. _____
Exec. AD-Inv. _____	Inspection _____	Rec. Mgnt. _____
Exec. AD-LES _____	Intell. _____	Tech. Servs. _____
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RFC

TELETYPE UNIT

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FEDERAL BUREAU OF INVESTIGATION

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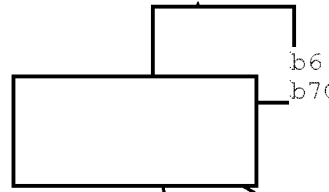
FM FBI HONOLULU (58C-HN-7910) (P)

TO DIRECTOR FBI (58-12342)/PRIORITY/

BT

UNCLAS

CITE: //3280//



SUBJECT: DANIEL K. INOUE, UNITED STATES SENATOR, STATE OF HAWAII, ALLEGATION OF BRIBERY BY MATSON NAVIGATION COMPANY; BRIBERY-LEGISLATIVE BRANCH, OO: HONOLULU.

RE BUREAU TELETYPE TO HONOLULU DATED 9/20/89.

REQUEST OF THE BUREAU:

THE BUREAU IS REQUESTED TO AUTHORIZE HONOLULU TO CONDUCT INTERVIEWS OF [REDACTED] OF HAWAII PACIFIC MARITIME, ALOHA TOWER, HONOLULU, HAWAII, AND [REDACTED] TRANS MARINE NAVIGATION, WATERFRONT TOWER, HONOLULU, HAWAII, REGARDING THEIR KNOWLEDGE OF PURPORTED CASH PAYOFFS BY MATSON NAVIGATION

58-12342-2

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10/23/89 Discussed w/ SSA [REDACTED] Authorization to conduct interviews being held in abeyance at this time pending T.T. furnishing results of complete indices search and justification for discontinuing efforts to further identify anonymous source. Upon receipt of T.T. will reconsider request of HN. to conduct further interviews. Suggested HN conduct D&B on each of the 5 fortune companies. No referral being made to DOJ re anti-trust matter as an alternative.

PAGE TWO DE FBIHQ 3002 UNCLAS

COMPANY TO UNNAMED PUBLIC OFFICIALS (WITHOUT IDENTIFYING UNITED STATES SENATOR DANIEL INOUE BY NAME OR OFFICE) TO PREVENT COMPETITION IN HAWAII. IN THE ALTERNATIVE, HONOLULU SUGGESTS THAT IF SUFFICIENT PREDICATE DOES NOT EXIST AT THIS TIME, THAT DOJ CONSIDER AN ANTI-TRUST INVESTIGATION CONCERNING THE ALLIGATION OF CONSPIRACY TO ESTABLISH A MONOPOLY BY MATSON NAVIGATION. FBIHQ IS REQUESTED TO ADVISE HONOLULU WHAT ADDITIONAL INVESTIGATIVE STEPS, IF ANY, CAN BE TAKEN.

REFERENCED BUREAU TELETYPE SPECIFICALLY DENIED AUTHORITY TO CONDUCT INTERVIEWS, SUBPOLNA RECORDS, OR REVIEW FINANCIAL RECORDS OF SENATOR INOUE AND/OR THE MATSON NAVIGATION COMPANY BASED UPON INFORMATION PROVIDED BY AN ANONYMOUS CALLER. REFERENCED TELETYPE WENT ON TO SET OUT SPECIFIC INVESTIGATIVE STEPS TO BE TAKEN BY HONOLULU.

HONOLULU HAS BEEN UNABLE TO IDENTIFY THE ANONYMOUS CALLER WHO MADE THE ALLEGATIONS AGAINST SENATOR INOUE AND MATSON NAVIGATION COMPANY AND IS NOT AWARE OF INVESTIGATION THAT WOULD LIKELY RESULT IN IDENTIFYING THE ANONYMOUS COMPLAINANT.

MATSON NAVIGATION COMPANY HAS BEEN SERVING HAWAII SINCE 1882. ON 1/23/64, THE U.S. DEPARTMENT OF JUSTICE FILED A CIVIL ANTI-TRUST ACTION CHARGING THAT CONTROL OF MATSON BY ALEXANDER

PAGE THREE DE FBIHN 6002 UNCLAS

AND BALDWIN, CASTLE AND COOKE, SEABREWSTER AND COMPANY, AND AMERICAN FACTORS CONSTITUTED ILLEGAL RESTRAINT OF TRADE. (FOR THE INFORMATION OF THE BUREAU, IT SHOULD BE NOTED THAT THE BIG FIVE COMPANIES IN HAWAII REFERRED TO BY THE ANONYMOUS CALLER INCLUDE THE FOUR AFOREMENTIONED COMPANIES AND THEO H. DAVIES AND COMPANY, LIMITED.)

IN JULY, 1964, ALEXANDER AND BALWIN PURCHASED THE SHARES OF THE OTHER THREE DEFENDANTS IN THE ANTI-TRUST SUIT. IN THE NEXT FIVE YEARS, ALEXANDER AND BALWIN PURCHASED THE REMAINING OUTSTANDING STOCK, MAKING MATSON A WHOLLY OWNED SUBSIDIARY IN 1969.

AN ARTICLE IN THE HONOLULU ADVERTISER DATED THURSDAY, 10/5/89, REPORTED THAT AMERICAN PRESIDENTIAL LINES (APL) HAS RECEIVED PRELIMINARY APPROVAL TO OFFER MAINLAND-HAWAII CARGO SERVICE, BUT WITH CONDITIONS, NOTABLY THAT THE AUTHORITY BE FOR A FIVE YEAR PERIOD.

MATSON NAVIGATION COMPANY WHICH HAS VIGOROUSLY OPPOSED APL'S BID SAID IT WILL FILE EXCEPTIONS TO THE DECISION WHICH WAS ISSUED MONDAY, 10/2/89, BY ADMINISTRATIVE LAW JUDGE DANIEL HEAD OF THE U.S. DEPARTMENT OF TRANSPORTATION.

PAGE FOUR DE FB1HN 2002 UNCLAS

THE DECISION NOW GOES TO THE U.S. MARITIME ADMINISTRATOR FOR A FINAL RULING. MATSON SAID THAT IN ALLOWING FOR THE SEVERAL STEPS AVAILABLE FOR REVIEW AND APPEAL, A FINAL RESOLUTION IS NOT EXPECTED UNTIL THE SECOND HALF OF 1990, AND AFTER THAT A REVIEW IN THE FEDERAL COURTS WOULD BE POSSIBLE.

APL FILED TWO AND ONE-HALF YEARS AGO FOR AUTHORITY TO PROVIDE THE SERVICE PROPOSING TO USE CONTAINER SHIPS THAT WOULD STOP IN HAWAII EN ROUTE TO THE FAR EAST.

APL SAID HAWAII BUSINESS WOULD BENEFIT BY HAVING ANOTHER MAJOR ALTERNATIVE TO MATSON WHICH IS BY FAR THE DOMINATE CARRIER IN THE TRADE. APL SAID IT HAD NO INTENTION OF STARTING A PRICE WAR BUT WOULD DEPEND ON "SUPERIOR SERVICE" TO WIN AND KEEP CUSTOMERS.

AT MARCH, 1988 HEARINGS IN SAN FRANCISCO, APL'S APPLICATION WAS PROTESTED, NOT ONLY BY MATSON, BUT BY SEA-LAND SERVICE COMPANY WHICH IN 1987 SUCCEEDED BANKRUPT UNITED STATES LINES AS THE MAJOR COMPETITOR TO MATSON IN THE MAINLAND-HAWAII MARKET.

THE PROTESTER'S MAIN ARGUMENT IS THAT BECAUSE APL RECEIVES FEDERAL SUBSIDIES, TO ALLOW IT TO COMPETE EFFECTIVELY IN THIS INTERNATIONAL BUSINESS, APL WOULD HAVE AN UNFAIR ADVANTAGE. THAT ARGUMENT HOLDS, THEY SAID, EVEN THOUGH APL WOULD FORFEIT PORTIONS

OF SUBSIDIES RELATED TO THE MAINLAND-HAWAII LEG OF ITS VOYAGES.

A MATSON ADVERTISEMENT IN THE OCTOBER, 1989 ISSUE OF THE HAWAII INVESTOR STATED THAT, "NO ONE GOES TO HAWAII AS OFTEN AS MATSON DOES, THREE TIMES A WEEK. FROM MORE PACIFIC COAST PORTS TO MORE HAWAIIAN PORTS THAN ANYONE ELSE. MATSON SERVES HAWAII WITH MORE SHIPS, MORE CONTAINERS, AND MORE CAPACITY THAN ANYONE IN THE BUSINESS."

So what?

ON 10/13/89, [REDACTED] WHO HAS FURNISHED RELIABLE INFORMATION IN THE PAST, ADVISED THAT SENATOR INOUE ATTENDED A 1987 MEETING AT THE PACIFIC CLUB IN HONOLULU, HAWAII, AND WAS OVERHEARD STATING, "APL (AMERICAN PACIFIC LINES) WILL COME IN OVER MY DEAD BODY", REFERRING TO APL'S ATTEMPT TO COMPETE WITH MATSON NAVIGATION.

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IN SUMMARY, HONOLULU RECOMMENDS (1) INTERVIEW OF SHIPPING INDUSTRY OFFICIALS REGARDING PAYMENTS OF BRIBES BY MATSON NAVIGATION TO UNNAMED PUBLIC OFFICIALS TO PREVENT OR RESTRICT COMPETITION; OR IN THE ALTERNATIVE, (2) THAT DOJ AUTHORIZE AN ANTI-TRUST INVESTIGATION CONCERNING ALLEGED CONSPIRACY BY MATSON NAVIGATION TO CREATE A MONOPOLY.

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TELETYPE UNIT

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R 210437Z SEP 89

FM FBI HONOLULU (58A-HN-7910) (P)

TO DIRECTOR FBI/ROUTINE/

BT

UNCLAS

CITE: //3280//

PASS: CRIMINAL INVESTIGATIVE DIVISION, WHITE COLLAR CRIME SECTION, PUBLIC CORRUPTION UNIT.

Exec AD Adm.	
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*WNG/AD*




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*SIX-12*

*(X)*  
*AD*

SUBJECT: DANIEL K. INOUE, UNITED STATES SENATOR, STATE OF HAWAII; ALLEGATION OF BRIBERY BY MATSON NAVIGATION; BRIBERY - UNITED STATES SENATE - PUBLIC CORRUPTION MATTER; OO: HONOLULU. RE HONOLULU TELETYPE TO BUREAU DATED 9/18/89.

A REVIEW OF HONOLULU GENERAL, CONFIDENTIAL, AND ELSUR INDICES REVEALED NO PERTINENT INFORMATION RELATED TO CAPTIONED MATTER FOR U.S. SENATOR DANIEL K. INOUE; MATSON NAVIGATION COMPANY;  HAWAII PACIFIC MARITIME INC.;

*58-12342-3*

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1 CC TO WILSON, 11/15/89  
DATE: 9/21/89 BY: J.S.O

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PAGE TWO DE FBIHN 0004 UNCLAS

AND  DOING BUSINESS AS TRANS MARINE NAVIGATION.

HONOLULU WILL CONDUCT NO ACTIVE INVESTIGATION IN THIS MATTER

UNLESS SPECIFICALLY DIRECTED BY FBIHQ.

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FD-448 (Rev. 3-7-88)

RECEIVED  
F.B.I.

COMMUNICATIONS

SSF

Transmit attached by Facsimile

- Immediate
- Priority
- Routine

4 5R PM '89

- SECRET
- CONFIDENTIAL
- UNCLAS E F T O
- UNCLAS

CLASS  
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REC

To: DIRECTOR FBI

From: SAC, HONOLULU (SBC-HN-7910) (P)

Subject: DANIEL K. INDUYE  
U.S. SENATOR, ETC

Date 12/21/89

- Mailing Unit
- Fingerprint Record
- Map
- Newspaper clipping
- Photograph
- Artists Conception
- Teletype
- Other **HN T/T TO FBIHQ, 12/21/89**

Special handling instructions

ATTN: SSA

PUBLIC CORRUPTION UNIT  
CID

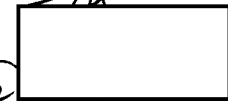
ENCLOSURE

Approved: **F/CS**

58-12342-4

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Off. of Public Affs.	
Telephone Rm.	



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P 210428Z DEC 89

FM FBI HONOLULU (58C-HN-7910) (P)

TO DIRECTOR FBI/PRIORITY/

BT

UNCLAS

CITE: //3230//

PASS: PUBLIC CORRUPTION UNIT, WHITE COLLAR CRIME SECTION.

SUBJECT: DANIEL K. INOUE, UNITED STATES SENATOR, STATE OF HAWAII; ALLEGATION OF BRIBERY BY MATSON NAVIGATION COMPANY (MNC); BRIBERY - LEGISLATIVE BRANCH; OO: HONOLULU.

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RE SSA [redacted] FBIHQ, TELCAL TO SSA [redacted]

HONOLULU, ON 12/20/89; HONOLULU AIRTEL TO FBIHQ DATED 11/13/89; HONOLULU TELETYPE TO FBIHQ DATED 10/21/89; AND FBIHQ TELETYPE TO HONOLULU DATED 9/20/89.

PER REFERENCED TELCAL, [redacted]

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[redacted]

58-12342-44  
ENCLOSURE

58C-HN-7910-30

Searched \_\_\_\_\_  
Indexed \_\_\_\_\_  
Serialized \_\_\_\_\_

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PAGE TWO DE FBIHN 0006 UNCLAS

REFERENCED FBIHQ TELETYPE AUTHORIZED A PRELIMINARY INQUIRY AND SPECIFIED CERTAIN LEADS TO BE COVERED. THE FIRST AUTHORIZED LEAD WAS TO ATTEMPT TO IDENTIFY THE ANONYMOUS COMPLAINANT. REVIEW OF HONOLULU INDICES AND CHECKS WITH DUN AND BRADSTREET, NEW YORK, HAVE FAILED TO DEVELOP SUFFICIENT INFORMATION TO IDENTIFY THE ANONYMOUS COMPLAINANT.

HONOLULU BELIEVES THAT FURTHER EFFORTS TO ATTEMPT TO IDENTIFY THE ANONYMOUS COMPLAINANT SHOULD BE DISCONTINUED.

HONOLULU PROPOSED BY 10/21/89 TELETYPE THAT [REDACTED]

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[REDACTED] HAWAII PACIFIC MARITIME, AND [REDACTED] TRANS MARINE NAVIGATION, BE INTERVIEWED REGARDING THEIR KNOWLEDGE OF PURPORTED CASH PAYOFFS BY MATSON NAVIGATION COMPANY TO UNNAMED PUBLIC OFFICIALS (WITHOUT IDENTIFYING U.S. SENATOR INOUE BY NAME OR OFFICE) TO PREVENT COMPETITION IN HAWAII. HONOLULU CONTINUES TO BELIEVE THIS PROPOSED COURSE OF INQUIRY IS LOGICAL AND APPROPRIATE GIVEN THE FACTS AND CIRCUMSTANCES OF THIS MATTER.

FBIHQ IS AGAIN REQUESTED TO AUTHORIZE THIS LINE OF INQUIRY.

PER REFERENCED TELCAL, HONOLULU WILL SUBMIT UPDATED LHM TO FBIHQ ON 1/12/90.

UACB, [REDACTED]  
[REDACTED]

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PAGE THREE DE FBIEN 0006 UNCLAS

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#0006

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FBI

TRANSMIT VIA:

- Teletype
- Facsimile
- AIRTEL

PRECEDENCE:

- Immediate
- Priority
- Routine

CLASSIFICATION:

- TOP SECRET
- SECRET
- CONFIDENTIAL
- UNCLAS E F T O
- UNCLAS

Date 12/7/89

*[Handwritten scribble]*

(X) JCA

1 TO : DIRECTOR, FBI

2 FROM : SAC, HONOLULU (58C-HN-7910) (P)

3 SUBJECT: DANIEL K. <sup>(P)</sup>INOUE,  
 4 UNITED STATES SENATOR,  
 5 STATE OF HAWAII;  
 6 ALLEGATION OF BRIBERY BY MATSON  
 NAVIGATION COMPANY;  
 BRIBERY LEGISLATIVE BRANCH  
 (OO: HONOLULU)

*[Handwritten initials]*

Re Honolulu airtel to the Bureau dated 11/13/89.

Enclosed is a copy of an article which appeared in the PACIFIC BUSINESS NEWS on Monday, 10/30/89, related to competition in the Hawaii shipping market.

*[Large handwritten circle]*

58-12342-5

15 DEC 11 1989

20 ③ - Bureau (Enc. 1) ENCLOSURE

21 2 - Honolulu

JRA:lmb

(5)

Delay in reporting is due to stenographic delinquency in the Honolulu Division, of which the Bureau is aware

*[Handwritten signature]*

1\*

Approved: *[Signature]* Transmitted \_\_\_\_\_ Per \_\_\_\_\_

1 Airtel + 1 CC TO WCCS, RM 3849

DATE: 12-12-89 BY: I. P. J.

*[Handwritten initials]*



# HAWAII TRANSPORTER

## No smooth sailing for Hawaii shipping Eleven firms quit in past three years

By Rod Smith

In the past three years, 11 shipping companies have quit serving Hawaii for various reasons, primarily because of the state's remote location, a top local maritime executive said.

"In terms of a major economic zone, we are probably one of — if not the most — remote places in the world," said Tim Guard, president of the state's largest and oldest stevedoring company, McCabe, Hamilton & Renny Ltd.

Hawaii is 4,200 nautical miles from Japan and 2,500 nautical miles from the Mainland, and is described as the longest "single hop" in the world with no alternative stop.

"Contrary to popular perceptions, we are not the crossroads of the Pacific. A ship from the Panama Canal to the Philippines will sail 400 miles south of us," said Capt. Don Gately, Oahu district manager of the state Harbors Division.

Guard said overcapacity, inadequate financing, and poor management also had been stumbling blocks to shippers trying to operate in Hawaii.

He said there have been too many vessels competing for too little cargo. Guard added that "slashing tariffs" and "strong competition" have spelled "too little revenue."

He also said shippers have been undercapitalized, earned "inadequate voyage revenues," and faced high costs for "certain services."

Some companies "have failed to pay attention to certain basic elements, including financial, sales, and operations, and they may have used unsuitable equipment or equipment that is poorly maintained."

Guard listed the 11 shipping and maritime companies he said have withdrawn from Hawaii service since 1986.

- U.S. Lines, now bankrupt, "had a number of ships built in the Far East when fuel was the primary consideration but which did not meet the needs of the around-the-world schedule they were trying to run," Guard said.

- Lykes Brothers Steamship Co. Inc. "pulled back from trans-Pacific routes because of overtonnage in the Pacific and the decrease in cargo volume and revenue." The firm is still operating in the North Atlantic.

- Pacific-Australia Direct Line merged with Sofrana for lack of freight revenues.

- Honolani Inc was a local barge company that Guard said "just couldn't make it" because of competition from other barge operators.

- Transport Express Lines and Coastal Hawaiian Lines, both went bankrupt after finding that "running a long-haul barge operation was difficult and costly," Guard said. "Without large barges and tugs, smaller barges find the trans-Pacific haul hard to sustain."

- The S.S. Monterey bankruptcy was "partly a marketing problem. They came in against entrenched competition and misestimated the difficulty of getting into the cruise-ship business."

- Kwoya Line failed because of insufficient volume and



Tim Guard

competition from NYK, the Japan-based shipping giant, Guard said.

- HML "could not sustain its service from Long Beach," but continues its service from the Pacific Northwest, where there is less competition.

- Polynesian Triangle Line "simply ran out of money" and went bankrupt, Guard said.

- Nauru Pacific Line filed for bankruptcy after it found the cargo volume insufficient.

Guard said inadequate volume was the biggest problem for all shippers, and that location was the most important factor in the tonnage coming through the state.

"Except for cargo from the West Coast of the U.S. to Hawaii, other volume is very small. Some specialized carriers do well, such as the small NYK ships Asian Progress and Royal Accord, but others depend on Hawaii as a convenient stopping-off place, and for most it is not," Guard said.

Although the state's remote location is a handicap for shippers, the state's plan for marketing the port as a good place to refuel has merit, he said.

At the Harbor's Division, Gately said the "bunkering of fuel" is the only way to effectively promote Honolulu as a port of call, and that if fuel is loaded offshore, the only cost is for the barge and a pilot.

"If you have cargo for here, you'll come in," he said. "Otherwise, the only thing we have to offer is repairs and cheap gas."

58-12042-5

FBI

TRANSMIT VIA:

- Teletype
- Facsimile
- AIRTEL

PRECEDENCE:

- Immediate
- Priority
- Routine

CLASSIFICATION:

- TOP SECRET
- SECRET
- CONFIDENTIAL
- UNCLAS E F T O
- UNCLAS

Date 11/13/89

*Handwritten initials*

To : Director, FBI (Attention: Criminal Investigative Division)  
 From : SAC, Honolulu (58C-HN-7910) (P)  
 Subject : Public Corruption Data Transmittal Form

*(X) JSA*

1. Title: (use additional page if necessary)  
 DANIEL K. INOUIE, UNITED STATES SENATOR,  
 STATE OF HAWAII;

Re: (continued on page 2)  
 Honolulu teletype to the Bureau dated 10/20/89.

2.  Enclosed are the original and three copies of a LHM for dissemination purposes.  
 (check if appropriate)

3. Office of Origin File No. 58C-HN-7910 (include alpha)

4.  Initial submission  Supplemental submission (check one)

5. Date opened upon SAC authority 9/22/89

*(Handwritten circle with 'A')*

6. Level of subject official (See codes on reverse. Use additional pages, as necessary, for additional subjects.)

Level K04 Number of Subject(s) 1  
 Level \_\_\_\_\_ Number of Subject(s) \_\_\_\_\_  
 Level \_\_\_\_\_ Number of Subject(s) \_\_\_\_\_

7. Indicate which of the following investigative techniques have been utilized to date.  
 (check all appropriate boxes)

Code Number / Description

- Z1  Acct. Tech. Assist.
- Z2  Aircraft Assist.
- Z3  Computer Assist.
- Z4  Consensual Monitoring
- Z5  Elsur - FISC
- Z6  Elsur - Title III
- Z7  Eng. Sect. Field Support
- Z8  Eng. Sect. Tape Exams
- Z9  Hypnosis Assist.
- Z10  Ident Div. Assist.
- Z11 (A)  Symbold Informant
- Z11 (B)  Cooperating Witness
- Z11 (C)  Cooperating Subject
- Z12  Lab. Div. Exams
- Z13  Lab. Div. Field Support

Code Number / Description

- Z14  Pen Registers
- Z15  Photo Coverage
- Z16  Polygraph Assist.
- Z17  Search Warrants Use
- Z18  Show Money Use
- Z19  Surveillance Squad Use
- Z20  Swat Team
- Z21  Tech. Agent
- Z22  Telephone Toll Records
- Z23  Group I UCO
- Z24  Group II UCO
- Z25  Undercover - Other
- Z26  NCAVG/VI - CAP
- Z27  VIA

*58-12342-6*

2 - Field Office - Honolulu  
 ③ FBIHQ (Enc. 4) **CLOSURE**  
 (1 - White-Collar Crimes Section, Public Corruption Unit)

DEC 5 1989

JRA:lmb  
 (5)

Approved: JRF/mms Transmitted \_\_\_\_\_ (Number) \_\_\_\_\_ (Time) \_\_\_\_\_ Per \_\_\_\_\_

*734*

2 CC'S TO DOJ/PIS  
 2 Airtels + 1 CC TO WCCS, RM 3849  
 DATE: 12-5-89 BY: I. P. J.

