

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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Director's Sec'y	_____

TEL. 1-800-555-7376

1989 SEP 30 312

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OO RUEHFB

DE FBIHN #0008 2620522

ZNR UUUUU

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 serial

page note

pages 2+3

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DE-374

1 CC TO WCCS, RM 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 ~~PRESIDENTIAL~~ LINES.

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

Indices 1st

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.

BT

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9/20/89

SSP
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UNCLAS

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.



b7E

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

WMB/jm

JP0:bja {5}

9/20/89

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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:

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

RFC

TELETYPE UNIT

0042 MRI 00356

OCT 2

21 OCT 89 12 30z

PP RUEHEB

DE FBIHQ 00002 2940528

ZNR UUUUU

P 210525Z OCT 89

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

TO DIRECTOR FBI (58-12342)/PRIORITY/

BT

UNCLAS

CITE: //3280//

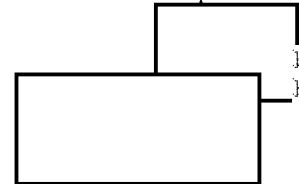
SUBJECT: DANIEL K. INOUE, UNITED STATES SENATOR, STATE OF
HAWAII, ALLEGATION OF BRIBERY BY MATSON NAVIGATION COMPANY;
BRIBERY-LEGISLATIVE BRANCH, OO: HONOLULU.

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

Dep. Dir.	
ADD Adm.	
ADD Inv.	
Asst. Dir.:	
Adm. Serv.	
Crim. Inv.	WMB/Adm
Ident.	
Insp.	
Intell.	
Lab.	
Legal Coun.	
Plan. & Insp.	
Rec. Mgmt.	
Tech. Serv.	
Training	
Off. of Cong. & Public Affairs	
Telephone Rm.	
Director's Sec'y	



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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 ALLEGATION 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, SEABREWER 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

PAGE FIVE DE FBIHN 0002 UNCLAS

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

0062 MRI 00371

21 SEP 89 08 34Z

RR RUEHFB

BUREAU
OF INVESTIGATION

DE FBIHN #0004 2640440

ZNR UUUUU

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.

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; [REDACTED] HAWAII PACIFIC MARITIME INC.;

58-12342-3

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1 CC TO WFO, LHM 5849
DATE: 9/21/89 BY: J. P. O.

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PAGE TWO DE FBIHN 0004 UNCLAS

AND DOING BUSINESS AS TRANS MARINE NAVIGATION.

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HONOLULU WILL CONDUCT NO ACTIVE INVESTIGATION IN THIS MATTER
UNLESS SPECIFICALLY DIRECTED BY FBIHQ.

BT

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Transmit attached by Facsimile

RECEIVED
F.B.I.

COMMUNICATIONS

☐ Immediate
☒ Priority
☐ Routine

4 58 PM '89

CLASSIFICATION:

☐ SECRET

☐ SECRET

☐ CONFIDENTIAL

☐ UNCLAS E F T O

☒ UNCLAS

Dep. Dir.	
ADD Adm.	
ADD Inv.	
Asst. Dir.:	
Adm. Serv.	
Crim. Inv.	<i>W. J. [unclear]</i>
Ident.	
Insp.	
Intell.	
Lab.	
Legal Coun.	
Rec. Mgmt.	
Tech. Serv.	
Training	
Cong. & Public Affs.	
Off. of Liaison & Int. Affs.	
Off. of Public Affs.	
Telephone Rm.	

To: DIRECTOR FBI

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

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

Date 12/21/89

☐ Fingerprint Record ☐ Map ☐ Newspaper clipping ☐ Photograph
☐ Artists Conception ☐ Teletype ☒ Other

HN T/T TO FBIHQ, 12/21/89

Special handling instructions

ATTN: SSA [redacted]
PUBLIC CORRUPTION UNIT
CID

① [redacted]
② [redacted]

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1- ENCLOSURE

Approved: *F/O*

58-12342-4

FBI/DOJ

/READ

0018 MRI 00534

PP FBIHQ

DE FBIHQ #0006 3550444

ZNR UUUUU

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.

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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58-12342-44
ENCLOSURE

58C-HN-7910-20

Searched _____

Indexed _____

Serialized _____

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]

b7E

PAGE THREE DE FBINN 0006 UNCLAS

BT

#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

TO : DIRECTOR, FBI
 FROM : SAC, HONOLULU (58C-HN-7910) (P)
 SUBJECT: DANIEL K. INOUE,
 UNITED STATES SENATOR,
 STATE OF HAWAII;
 ALLEGATION OF BRIBERY BY MATSON
 NAVIGATION COMPANY;
 BRIBERY-LEGISLATIVE BRANCH
 (OO: HONOLULU)

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.

③ - Bureau (Enc. 1) ENCLOSURE
 2 - Honolulu
 JRA:lmb
 (5)

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

1*

Approved: 7/12

Transmitted

Per

1 Airtel + 1 CC TO WCCS, RM 3849
 DATE: 12-12-89 BY: I. P. J.



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

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

1. Title: (use additional page if necessary)

DANIEL K. INQUIRY, 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

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) ☒ Symbolized 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

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

JRA:lmb
 (5)

Approved: JRE/mm5 Transmitted

(Number)

(Time)

Per

2 CC'S TO DOJ/PIS

2 Airtels + 1 CC TO WCCS, RM 3849

DATE: 12-5-89 BY: I. P. J.

Codes for Levels of Officials

Federal		Local (Continued)	
K01	President	M13	Law Enforcement Officer - command position Field Office or SSRA city
K02	Vice-President	M14	Law Enforcement Officer - command position Non-Field Office or SSRA city
K03	Cabinet Level	M15	Law Enforcement Officer - ranking officer Field Office or SSRA city
K04	U.S. Senator	M16	Law Enforcement Officer - ranking officer Non-Field Office or SSRA city
K05	U.S. Representative	M17	Other Elected Officials - Field Office or SSRA city
K06	Judge	M18	Other Elected Officials - Non-Field Office or SSRA city
K07	Prosecutor	M19	Public Employee (appointed) - Field Office or SSRA city, managerial level or above
K08	Law Enforcement Official	M20	Public Employee (appointed) - Non-Field Office or SSRA city, managerial level or above
K09	Federal Employee, GS-13 and above	M21	Public Employee (appointed) - Field Office or SSRA city, less than managerial
K10	Federal Employee, GS-12 and below	M22	Public Employee (appointed) - Non-Field Office or SSRA city, less than managerial
K11	Military Personnel, commissioned		
K12	Military Personnel, non-commissioned		
State		Territorial	
L01	Governor	N01	Governor
L02	Lt. Governor	N02	Lt. Governor
L03	Cabinet Level	N03	Cabinet Level
L04	Senator	N04	Senator
L05	Representative	N05	Representative
L06	Judge	N06	Judge
L07	Prosecutor	N07	Prosecutor
L08	Law Enforcement Officer	N08	Law Enforcement Officer
L09	State Employee, managerial or above	N09	Territorial Employee, managerial or above
L10	State Employee, less than managerial	N10	Territorial Employee, less than managerial
Local			
M01	Mayor - Field Office or SSRA city		
M02	Mayor - Non-Field Office or SSRA city		
M03	Legislator (Commissioner, Council- man, etc.) Field Office or SSRA city		
M04	Legislator (Commissioner, Council- man, etc.) Non-Field Office or SSRA city		
M05	Judge - Field Office or SSRA city		
M06	Judge - Non-Field Office of SSRA city		
M07	Prosecutor - Field Office or SSRA city		
M08	Prosecutor - Non-Field Office or SSRA city		
M09	Chief of Police - Field Office or SSRA city		
M10	Chief of Police - Non-Field Office or SSRA city		
M11	Sheriff - Field Office or SSRA city		
M12	Sheriff - Non-Field Office or SSRA city		

8. Type of Corruption Investigated (check all appropriate boxes)

Code Number/Description

- (A) Judicial Corruption
A1 ☐ Federal
A2 ☐ State
A3 ☐ Local
A4 ☐ Territorial

- (C) Contract Corruption
C1 ☐ Federal
C2 ☐ State
C3 ☐ Local
C4 ☐ Territorial

- (E) Law Enforcement Corruption
E1 ☐ Federal
E2 ☐ State
E3 ☐ Local
E4 ☐ Territorial

Code Number/Description

- (B) Legislative Corruption
B1 ☒ Federal
B2 ☐ State
B3 ☐ Local
B4 ☐ Territorial

- (D) Regulatory Corruption
D1 ☒ Federal
D2 ☐ State
D3 ☐ Local
D4 ☐ Territorial

9. Does corruption involve drug related activity? (check one) ☐ Yes ☒ No

10. Statistical Accomplishments (number since last submission)

- | | | | |
|-------------------------|-------|-----------------------|-------|
| A. Complaints | _____ | F. Acquittal | _____ |
| B. Informants | _____ | G. Recoveries | _____ |
| C. Indictments | _____ | H. Restitutions | _____ |
| D. Convictions | _____ | I. Potential Economic | _____ |
| E. Pre-trial Diversions | _____ | Loss Prevented | _____ |

11. Forfeiture Provisions Utilized (check one) ☐ Yes ☐ No

12. Status of Case (check one)

☐ Closed

13. Basis for Closing (check one)

- ☐ U.S. Attorney Declination
☐ Dismissal
☐ Acquittal
☐ Conviction
☐ Administrative by SAC (no other basis involved)

Additional Administrative Data (if needed):

Continued from Title:

ALLEGATION OF BRIBERY BY MATSON NAVIGATION CO.;
BRIBERY - LEGISLATIVE BRANCH
(00: HONOLULU)

ADMINISTRATION:

Confidential source is

REQUEST OF BUREAU:

b7E

b7D

b7E



U.S. Department of Justice

Federal Bureau of Investigation

In Reply, Please Refer to
File No.

Honolulu, Hawaii

November 13, 1989

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

On August 29, 1989, an anonymous caller telenphonically contacted Supervisory Special Agent (SSA) [redacted] and advised he recently read a newspaper article in the HONOLULU ADVERTISER concerning the Federal Bureau of Investigation's (FBI) public corruption effort. The caller stated he could not identify himself for fear of retribution; however, he stated he was a fifth generation Hawaiian and that his [redacted] had been a Republican Congressman representing Hawaii. He described himself as a [redacted]

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The caller indicated that he had heard for years discussions among officials in the maritime industry in Honolulu that MNC has paid off and continues to make cash pay-offs to United States Senator DANIEL K. INOUE to prevent competition in Honolulu. The caller advised that [redacted] HAWAII PACIFIC MARITIME, Aloha Tower, Honolulu, Hawaii, observed an MNC representative deliver a suitcase full of cash (amount unknown) to Senator INOUE a few years ago to ensure that MNC received favorable consideration in Washington on maritime issues. The caller stated that this was specifically to prevent AMERICAN PRESIDENTIAL LINES (APL) from being allowed to operate in Honolulu and thus, preventing any competition for MATSON NAVIGATION.

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The caller stated [redacted] TRANS MARINE NAVIGATION Waterfront Tower, Honolulu, Hawaii, and [redacted] citizen, also have information concerning this alleged bribery.

58-12342-6

ENCLOSURE

DANIEL K. INOUE; BRIBERY - LEGISLATIVE BRANCH

The caller stated 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.

A review of Honolulu General, Confidential, and ELSUR indices revealed no pertinent information relating to captioned matter for United States Senator, DANIEL K. INOUE; MNC; [redacted] of HAWAII PACIFIC MARITIME INC.; and [redacted] doing business as TRANS MARINE NAVIGATION.

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Honolulu has been unable to identify the anonymous caller who made the allegations against Senator INOUE and MNC and is not aware of an investigation that would likely result in identifying the anonymous complainant.

MNC has been serving Hawaii since 1882. On January 20, 1964, the United States Department of Justice filed a civil anti-trust action charging that control of MATSON by ALEXANDER & BALDWIN, CASTLE & COOKE, C. BREWER & CO., and AMERICAN FACTORS constituted illegal restraint of trade. In July, 1964, ALEXANDER & BALDWIN purchased the shares of the other three defendants in the anti-trust suit. In the next five years ALEXANDER & BALDWIN purchased the remaining outstanding stock, making MATSON a wholly owned subsidiary in 1969.

An article in the HONOLULU ADVERTISER dated Thursday, October 5, 1989, reported that APL has received preliminary approval to offer mainland-Hawaii cargo service but with conditions, notably that the authority be for a five-year period.

MNC, which has vigorously opposed APL's bid, said it will file exceptions to the decision which was issued Monday, October 2, 1989, by Administrative Law Judge DANIEL HEAD of the United States Department of Transportation.

The decision now goes to the United States Maritime Administrator for a final ruling. MNC 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.

DANIEL K. INOUE; BRIBERY - LEGISLATIVE BRANCH

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 MNC which is by far the dominant 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 MNC, but SEA-LAND SERVICE COMPANY which in 1987 succeeded bankrupt UNITED STATES LINES as the major competitor to MNC 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.

An MNC advertisement in the October, 1989, issue of the Hawaiian Investor stated that "No one goes to Hawaii as often as MNC 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."

On October 13, 1989, a confidential source 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 will come in over my dead body", referring to APL's attempt to compete with MNC.

On September 18, 1989, Assistant United States Attorney (AUSA) [redacted], District of Hawaii, was advised of the bribery allegations as detailed above. AUSA [redacted] advised that he would prosecute MNC officials and Senator INOUE if the allegations could be substantiated beyond a reasonable doubt.

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9/21/89

SSP

CLASS *[initials]*
SRC-D *[initials]*
SER *[initials]*
REQ *[initials]*

RE: DANIEL K. INOUE, UNITED STATES
SENATOR, STATE OF HAWAII;
~~MATSON~~ NAVIGATION COMPANY;
BRIBERY - UNITED STATES SENATE;
OO: HONOLULU

b7E

[redacted] in captioned matter based upon an anonymous telephone call received by the Honolulu Division on 8/29/89. After this anonymous caller provided several facts concerning his personal history in establishing his bona fides, the caller advised that the Matson Navigation Company has and continues to make bribe payments to United States Senator Daniel K. Inouye to limit competition for Matson Navigation Company in the Honolulu Maritime Industry. This caller provided the names of individuals in the Maritime Industry who could provide information central to these allegations.

Honolulu's investigation at this time is being limited in attempts to identify the anonymous caller, based upon information he provided regarding his personal history, a review of Honolulu indices concerning the individuals allegedly having knowledge of this criminal activity, and a discreet review of public source information concerning Hawaii's Maritime Industry.

I will keep you advised of pertinent developments as they occur.

NOT APPROPRIATE FOR DISSEMINATION TO THE PUBLIC.

TFJ/*[initials]*

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1 - *[redacted]*
1 - *[redacted]*
1 - *[redacted]*
1 - *[redacted]*
1 - *[redacted]*
1 - *[redacted]*
1 - Special Assistants, CID
JPO:bja (8)
[initials]

USSA/mg

58 1132-7

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b7C

[redacted]
[initials]

SPK

RECEIVED
TELETYPE UNIT
21 DEC 89 10 41
FEDERAL BUREAU
OF INVESTIGATION

dlw

Dep. Dir.	
ADD Adm.	
ADD Inv.	
Asst. Dir.:	
Adm. Servs.	
Crim. Inv.	<i>[initials]</i>
Ident.	
Insp.	
Intell.	
Lab.	
Legal Coun.	
Rec. Mg.	
Tech. Servs.	
Training	
Comp. Affs. Off.	
Off. of EEO	
Off. Liaison & Int. Affs.	
Off. of Public Affs.	
Telephone Rm.	
Director's Sec'y	

0242 MRI 00534

PP RUEHFB

DE FBIHN #0006 3550438

ZNR UUUUU

P 210428Z DEC 89

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

TO DIRECTOR FBI/PRIORITY/

BT

UNCLAS

CITE: //3280//

PASS: PUBLIC CORRUPTION UNIT, WHITE COLLAR CRIME SECTION.

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

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

58-12342-8

PER REFERENCED TELCAL, []

[]

[initials]

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FEB 8 1990

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b7C

[initials]

PAGE TWO DE FBIHN 0006 UNCLAS

REFERENCED FBIHQ TELETYPE AUTHORIZED [REDACTED] b7E
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 INFORMANTION 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] b6
[REDACTED] HAWAII PACIFIC MARITIME, AND [REDACTED] b7C
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 INDOYE 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] b7E
[REDACTED]

PAGE THREE DE FBIHQ 0006 UNCLAS

BT

#0006

NNNN

FBI

CLASSIFICATION:

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

Date 1/25/90

PRECEDENCE:

☐ Immediate
☐ Priority
☐ Routine

TRANSMIT VIA:

☐ Teletype
☐ Facsimile
☒ AIRTEL

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

1. Title: (use additional page if necessary)

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

Honolulu airtel to Bureau 11/13/89. (see additional administrative data)

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 9/11/89

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) ☒ Symbolized Informant
 Z11 (B) ☐ Cooperating Witness
 Z11 (C) ☐ Cooperating Subject
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 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

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

ENCLOSURE

MMS/lma
 (5)

Approved: [Signature] Transmitted _____ (Number) _____ (Time) Per [Signature]

2 CC'S TO DOJ/PIS
 1 CC TO WCCS, RM 3849
 DATE: 2-14-90 BY: I.P.J.

Codes for Levels of Officials

Federal		Local (Continued)	
K01	President	M13	Law Enforcement Officer - command position Field Office or SSRA city
K02	Vice-President	M14	Law Enforcement Officer - command position Non-Field Office or SSRA city
K03	Cabinet Level	M15	Law Enforcement Officer - ranking officer Field Office or SSRA city
K04	U.S. Senator	M16	Law Enforcement Officer - ranking officer Non-Field Office or SSRA city
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K09	Federal Employee, GS-13 and above	M21	Public Employee (appointed) - Field Office or SSRA city, less than managerial
K10	Federal Employee, GS-12 and below	M22	Public Employee (appointed) - Non-Field Office or SSRA city, less than managerial
K11	Military Personnel, commissioned		
K12	Military Personnel, non-commissioned		
State		Territorial	
L01	Governor	N01	Governor
L02	Lt. Governor	N02	Lt. Governor
L03	Cabinet Level	N03	Cabinet Level
L04	Senator	N04	Senator
L05	Representative	N05	Representative
L06	Judge	N06	Judge
L07	Prosecutor	N07	Prosecutor
L08	Law Enforcement Officer	N08	Law Enforcement Officer
L09	State Employee, managerial or above	N09	Territorial Employee, managerial or above
L10	State Employee, less than managerial	N10	Territorial Employee, less than managerial
Local			
M01	Mayor - Field Office or SSRA city		
M02	Mayor - Non-Field Office or SSRA city		
M03	Legislator (Commissioner, Council- man, etc.) Field Office or SSRA city		
M04	Legislator (Commissioner, Council- man, etc.) Non-Field Office or SSRA city		
M05	Judge - Field Office or SSRA city		
M06	Judge - Non-Field Office of SSRA city		
M07	Prosecutor - Field Office or SSRA city		
M08	Prosecutor - Non-Field Office or SSRA city		
M09	Chief of Police - Field Office or SSRA city		
M10	Chief of Police - Non-Field Office or SSRA city		
M11	Sheriff - Field Office or SSRA city		
M12	Sheriff - Non-Field Office or SSRA city		

8. Type of Corruption Investigated (check all appropriate boxes)

Code Number/Description

(A) Judicial Corruption

A1 ☐ Federal

A2 ☐ State

A3 ☐ Local

A4 ☐ Territorial

(C) Contract Corruption

C1 ☐ Federal

C2 ☐ State

C3 ☐ Local

C4 ☐ Territorial

(E) Law Enforcement Corruption

E1 ☐ Federal

E2 ☐ State

E3 ☐ Local

E4 ☐ Territorial

Code Number/Description

(B) Legislative Corruption

B1 ☒ Federal

B2 ☐ State

B3 ☐ Local

B4 ☐ Territorial

(D) Regulatory Corruption

D1 ☐ Federal

D2 ☐ State

D3 ☐ Local

D4 ☐ Territorial

9. Does corruption involve drug related activity? (check one) ☐ Yes ☒ No

10. Statistical Accomplishments (number since last submission)

A. Complaints _____

B. Informants _____

C. Indictments _____

D. Convictions _____

E. Pre-trial Diversions _____

F. Acquittal _____

G. Recoveries _____

H. Restitutions _____

I. Potential Economic

Loss Prevented _____

11. Forfeiture Provisions Utilized (check one) ☐ Yes ☐ No

12. Status of Case (check one)

☒ Closed

13. Basis for Closing (check one)

☒ U.S. Attorney Declination

☐ Dismissal

☐ Acquittal

☐ Conviction

☐ Administrative by SAC (no other basis involved)

Additional Administrative Data (if needed):

Honolulu teletype to Bureau 12/29/89 and Bureau teletype to Honolulu 1/12/90.

Confidential Source is

b7D

b7E

0227 MRI 00440

RR RUEHFB

DE FBIHQ #0003 0380500

CLASS
ZNR
SER

R 07045 12 FEB 90

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

TO DIRECTOR FBI/ROUTINE/

BT

UNCLAS

CITE: //3280//

SUBJECT: DANIEL K. INOUE, U.S. SENATOR, STATE OF HAWAII,
ALLEGATIONS OF BRIBERY BY MATSON NAVIGATION COMPANY; BRIBERY -
LEGISLATIVE BRANCH; OO: HONOLULU.

RE HONOLULU AIRTEL AND LHM TO THE BUREAU DATED 1/25/90, AND
BUREAU TELETYPE TO HONOLULU DATED 1/12/90.

FOR THE INFORMATION OF FBIHQ, FOLLOWING THE INTERVIEWS OF

[REDACTED] AND [REDACTED] AS SET OUT IN REFERENCED BUREAU
TELETYPE TO HONOLULU, AND HONOLULU AIRTEL AND LHM TO FBIHQ, THE
HONOLULU OFFICE WAS RECONTACTED BY [REDACTED]
ADVISED HE HAD THOUGHT ABOUT THE IDENTITY OF THE ANONYMOUS PHONE

Dep. Dir.	
ADD Adm.	
ADD Inv.	
Asst. Dir.:	
Adm. Servs.	
Crim. Inv.	
Ident.	
Insp.	
Intell.	
Lab.	
Legal Coun.	
Rec. Mgnt.	
Tech. Servs.	
Training	
Cong. Affs. Off.	
Off. of EEO	
Off. Liaison & Int. Affs.	
Off. of Public Affs.	
Telephone Rm.	
Director's Sec'y	

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b7C

b6
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366

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CALLER THAT HAD INITIATED THE INQUIRY INTO THIS MATTER. HE

BELIEVES THE ANONYMOUS CALLER'S NAME WAS [REDACTED]

STATED THAT [REDACTED] HAD BEEN [REDACTED] COMPANY,

HAWAII PACIFIC LINES LIMITED (HPLL). APPROXIMATELY [REDACTED]

AGO, [REDACTED] HPLL. [REDACTED] SAID THAT FOLLOWING

[REDACTED] MADE HARASSING PHONE CALLS TO

[REDACTED] HOUSE FOR APPROXIMATELY ONE YEAR. HE BELIEVES THAT

[REDACTED] WAS BITTER ABOUT [REDACTED] AND BELIEVES THAT THE

REASON [REDACTED] MADE THE PHONE CALL TO THE FBI WAS CONTINUING

HARASSMENT OF HIMSELF, [REDACTED]

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THE HONOLULU FBI OFFICE WAS ALSO CONTACTED BY [REDACTED]

[REDACTED] ADVISED HE HAD BEEN CONTACTED BY [REDACTED]

FOLLOWING [REDACTED] INTERVIEW BY THE FBI. [REDACTED] ADMITTED HE MADE

THE ANONYMOUS PHONE TIP TO THE FBI AND PROVIDED [REDACTED]

NAME AS WELL AS THE NAME OF [REDACTED] AS HAVING KNOWLEDGE OF

PAYOFFS TO SENATOR DANIEL INOUE. [REDACTED] CLAIMED THIS

KNOWLEDGE AROSE FROM A CONVERSATION AND OCCURRED AT [REDACTED]

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[REDACTED] HPLL, CONCERNING THE SUBJECT PAYOFFS.

INDIVIDUALS THAT ALLEGEDLY PARTICIPATED IN THE CONVERSATION WERE

[REDACTED] AND HIMSELF. HE SAID THIS

CONVERSATION OCCURRED APPROXIMATELY TWO YEARS AGO. [REDACTED] DID

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NOT KNOW WHETHER [] OR [] WOULD ACKNOWLEDGE THAT THE CONVERSATION TOOK PLACE. HE SAID THAT [] MAY BE RELUCTANT TO TALK, AS [] IS A [] AND BELIEVES THAT IF HE GOT INVOLVED, IT MIGHT SOMEHOW []. HE ALSO BELIEVED THAT [] MIGHT BE RELUCTANT TO TALK, DUE TO THE FACT THAT [] HAD BEEN IN [] IN HAWAII FOR HIS ENTIRE ADULT LIFE. BESIDES [] AND [] WAS NOT AWARE OF THE IDENTITY OF ANY OTHER INDIVIDUALS THAT MAY HAVE KNOWLEDGE OF PAYOFFS TO SENATOR INOUE OR OTHER PUBLIC OFFICIALS.

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FOLLOWING THE INTERVIEW OF [] WAS RECONTACTED. [] ADVISED THAT HE COULD ADD NO ADDITIONAL INFORMATION TO THE INFORMATION THAT HE PROVIDED DURING HIS INTERVIEW ON 1/17/90. BOTH [] AND [] DENIED THE FACT THAT CONVERSATIONS CONCERNING PAYOFFS BY MATSON NAVIGATION OFFICIALS, OCCURRED WITH [].

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BT

#0003

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327/012/191

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SSP
CLASS KC
SEC'D KC
SER KC
REC

1/12/90

UNCLAS

PRIORITY

FM DIRECTOR FBI

TO FBI HONOLULU (58C-HN-7910)/PRIORITY/

BT

UNCLAS

CITE: //0622//

SUBJECT: DANIEL K. INOUE, U.S. SENATOR, STATE OF HAWAII;
ALLEGATIONS OF BRIBERY BY MATSON NAVIGATION COMPANY; BRIBERY -
LEGISLATIVE BRANCH; OO: HONOLULU.

REHNTel DATED DECEMBER 21, 1989; AND JANUARY 11, 1990,
TELCALL OF BUREAU SSA [REDACTED] TO SSA [REDACTED]

THIS IS TO CONFIRM REFERENCED TELCALL, WHEREIN HONOLULU
WAS ADVISED THAT APPROVAL WAS GRANTED TO CONDUCT INTERVIEWS OF
[REDACTED] AND [REDACTED] AS OUTLINED IN REFERENCED
TELETYPE. HONOLULU IS TO ENSURE THAT U.S. SENATOR INOUE'S
NAME OR OFFICE IS NOT IDENTIFIED DURING THE INTERVIEW BY THE
INTERVIEWING AGENTS.

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58-12342-111

wmb/48x

DDP:ytd {3}
ytd

1/12/90 3849/6 5701

1 [REDACTED]
1 [REDACTED]

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FEDERAL BUREAU OF INVESTIGATION
COMMUNICATIONS CENTER
042134W
JAN 13 1990

DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION
COMMUNICATION MESSAGE FORM

PAGE 2

CONTINUATION SHEET

HONOLULU WILL PROMPTLY ADVISE THE BUREAU UPON COMPLETION
OF THE INTERVIEWS.

BT

1

APPROVED:

Director _____
Dep. Dir. _____
ADD-Adm. _____
ADD-Inv. _____

Adm. Servs. _____
Crim. Inv. Lynd _____
Ident. _____
Inspection _____
Intell. _____
Laboratory _____

Legal Coun. _____
Rec. Mgnt. _____
Tech. Servs. _____
Training _____
Cong. Affs. Off _____
Off. of FED _____

Off. of Liaison _____
& Int. Affs. _____
Off. of _____
Public Affs. _____

CLASS
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2/13/90

Mr. Baker:

RE: DANIEL K. INOUE, UNITED STATES
SENATOR, STATE OF HAWAII;
MATSON NAVIGATION COMPANY;
BRIBERY - UNITED STATES SENATE;
OO: HONOLULU

You were previously advised by note dated 2/21/89 (copy attached), that [redacted] in captioned matter based upon an anonymous telephone call received by the Honolulu Division on 8/29/89. After this anonymous caller provided several facts concerning his personal history in establishing his bonafides, the caller advised that the Matson Navigation Company has made and continues to make bribe payments to U.S. Senator Daniel K. Inouye to limit competition for Matson Navigation Company in the Honolulu Maritime Industry. This caller provided the names of [redacted] and [redacted] whom he advised were in the Maritime Industry and would provide information central to these allegations.

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The anonymous caller was subsequently identified by Honolulu as [redacted]. It should be noted that [redacted] is a [redacted] was interviewed and could provide no specific information. [redacted] and [redacted] were interviewed and had no information about the allegations. [redacted] and [redacted] indicated that [redacted] had been bitter about his [redacted]

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The U.S. Attorney's Office, Honolulu, and the Public Integrity Section, Department of Justice, have been kept apprised of this matter and concurred that no additional investigation need be conducted.

Honolulu has closed [redacted] No further investigation will be conducted.

b7E

NOT APPROPRIATE FOR DISSEMINATION TO THE PUBLIC

ENCLOSURE

Enclosure

1 - [redacted]
1 - [redacted]
1 - [redacted]
1 - [redacted]
1 - [redacted]
1 - [redacted]
1 - Special Assistants, CID

DP: ytd (8)

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b7C

58-13342-12
MAR 5 1990

9/21/89

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RE: DANIEL K. INOUE, UNITED STATES
SENATOR, STATE OF HAWAII;
MATSON NAVIGATION COMPANY;
BRIBERY - UNITED STATES SENATE;
OO: HONOLULU

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[redacted] in captioned matter based upon an anonymous telephone call received by the Honolulu Division on 8/29/89. After this anonymous caller provided several facts concerning his personal history in establishing his bona fides, the caller advised that the Matson Navigation Company has and continues to make bribe payments to United States Senator Daniel K. Inouye to limit competition for Matson Navigation Company in the Honolulu Maritime Industry. This caller provided the names of individuals in the Maritime Industry who could provide information central to these allegations.

Honolulu's investigation at this time is being limited in attempts to identify the anonymous caller, based upon information he provided regarding his personal history, a review of Honolulu indices concerning the individuals allegedly having knowledge of this criminal activity, and a discreet review of public source information concerning Hawaii's Maritime Industry.

I will keep you advised of pertinent developments as they occur.

NOT APPROPRIATE FOR DISSEMINATION TO THE PUBLIC.

1 - [redacted]
1 -
1 -
1 -
1 -
1 -
1 - Special Assistants, CID
JPO:bja (8)

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58-12342-12
ENCLOSURE