DURING HIS 1971-1993 TERM AS TRUSTEE, MATSUO TAKABUKI’S LEADERSHIP LAWFULLY AND TREMENDOUSLY INCREASED BISHOP ESTATE’S VALUE AND INCOME.

“Broken Trust” is a book published in 2006 which was authored by Senior United States Federal District Court Judge Samuel P. King (deceased) and Law Professor Randall W. Roth.

Broken Trust alleges that the actions of the Bishop Estate trustees after 1993 resulted in the breaking of the trust. It discusses these actions in detail. Other than to provide information about the background of each of the individuals who were trustees in 1994 and thereafter and relevant facts about his or her appointment as trustee, it was not necessary for Broken Trust to discuss events prior to 1993 to state its case. But it did. It discussed (1) the controversial 1971 appointment of Matsuo Takabuki as trustee; (2) Takabuki’s functioning as the “lead trustee” for the management of the Estate’s assets and investments; and (3) trustee Hung Wo Ching’s disagreements with many of Takabuki’s recommendations and the unsuccessful court case Ching filed in 1980 against Takabuki regarding Bishop Estate’s acquisition of Kawaiaha`o Plaza. The question is why? The answer is obvious. Seeking to include Takabuki within its list of trust breakers, it presented these three events in support of its subtle and false allegation that they were a sequence of events in the 1970s and the 1980s that led to the breaking of the trust in the 1990s. The need to contradict these false allegations and to correct the historical record motivated me to write this response.

After participating in WWII as a member of the famed 442nd Regimental Combat Team and obtaining his law degree from the University of Chicago, Takabuki came home.

In Chapters Four, Five and Six of his memoir titled “An Unlikely Revolutionary[,]” Takabuki describes his involvement in the world of finance, real estate development and investment. It began during his practice of law when he assisted clients in the structuring of financial deals. In Takabuki’s words, “[t]his was the start of my learning how to structure a deal. I was not only involved in the formal documentation of the project, I participated in the ‘number crunching,’ weighing and evaluating the risks involved as well as the tax implications.” He became a “financial consultant” for clients seeking advice on contemplated business endeavors, development projects and investments.

Chinn Ho’s Capital Investment of Hawaii, Inc. (CIH) was one of his clients. In the early 1960s, Chinn Ho and CIH commenced the Ilikai project, a two high-rise building project. Eventually, the project planned for the first building to be the first luxury high-rise hotel in Hawai’i and the second building to be one of the first high-rise residential condominiums in Hawai’i. Bank of Hawaii provided the construction loan.

As noted by Takabuki,

[recognizing that [long term] financing was the key to the completion of the Ilikai project, Chinn also knew that such financing was not available in Hawai’i. Not only would the loan amount stretch the limits of major island banks, but Merchant Steet would
not look favorably on a local businessman without strong financial resources, especially with one with a reputation for taking risks. Sam Silverman - a highly skilled New York mortgage banker - was therefore asked to procure a [long-term] loan for this project. . . . Equitable Life Insurance Company, which had done some major loans in Hawai`i, then committed to a permanent take-out loan.

Silverman connected Chinn Ho and Takabuki to individuals and institutions on the East Coast who were willing to structure, obtain, assist in obtaining, and/or provide credit and financing for development projects in Hawai`i. Columbia University and King Upton, the head of real estate lending at First National Bank of Boston, were among the first to be involved.

Takabuki was involved with CIH’s subsequent development projects and with many other development projects in Hawai`i. Long term financing was provided by east coast financiers. Takabuki invested his and CIH’s money. He participated in development projects and investments with Harry Weinberg. The business dealings and personal friendships he had with many of New York’s most knowledgeable and influential financial experts and institutions continued to grow. As time passed, no one in Hawai`i had the breadth and depth of his financial knowledge and connections locally and on the east coast.

Starting in the late 1960s and until 1977, my law office adjoined Takabuki’s office in CIH’s office building on Merchant Street in Honolulu.

 Except during WWII, from 1900 to 1959, Hawai`i’s “big business” oligarchy was very influential in the President’s appointments of the Justices of the Hawaii Supreme Court. From 1959 to December of 1962, this oligarchy was very influential in the Governor’s appointments of the Justices of the Hawaii Supreme Court.

The Justices of the Hawaii Supreme Court, acting in their individual capacities, appointed Bishop Estate’s five trustees.

In 1965, Bishop Estate’s trustees were Atherton Richards, Frank Midkiff, Edwin Puahaulani Murray, Herbert Kealoha Keppeler, and Richard Lyman. Bishop Estate was land rich and otherwise poor. For various reasons, the trustees were very conservative when deciding land development and investment issues. This conservative approach was impeding both Bishop Estate’s and the State of Hawaii’s economic development. My father and the Justices recognized that a change was necessary.

Murray died in 1968. My father and no less than a majority of the Justices gave serious consideration to the appointment of Takabuki as a Bishop Estate trustee. They knew that he was an expert in finance, real estate development and investments, that he was well connected with people and entities involved in those areas in Hawai`i and on the east coast, and that he would faithfully seek to accomplish the purposes of Bishop Estate by leading a successful effort to dramatically increase Bishop Estate’s value and income.

My father and the Justices were aware, however, that an Asian had never been appointed
as a Bishop Estate trustee. They also were aware of the generally unspoken prejudice some non-Asians in Hawai‘i had against Asians, especially Japanese. Because there was less prejudice against Chinese than Japanese, it was decided that the unspoken racial barrier against the appointment of an Asian as a trustee would be broken by the appointment of my father’s friend and supporter, Hung Wo Ching, who was a successful Chinese businessman. As expected, Ching’s appointment was relatively uncontroversial.

In 1970 and 1971, notwithstanding Bishop Estate’s need for money to fulfill its mission, individuals and organizations who were anti-development and/or pro-Hawaiian “rights” protested Bishop Estate’s Kalama Valley land development project and the eviction of Hawaiians and others, some of whom were holdover tenants who had been given notice to vacate, unlawfully occupying the Kalama Valley land. As noted in Broken Trust at page 64, “[i]n the minds of many, Bishop Estate had turned, within a short time, from the esteemed guardian of Hawaiian lands to the greedy landowner that evicted Hawaiians in the name of the bottom line.” In response, as noted in Broken Trust at page 62, Trustee Lyman astutely “acknowledged that progress did not always benefit everyone, and that was unfortunate; but the trustees of Bishop Estate were duty bound to pursue just one mission: to educate as many Hawaiian boys and girls as possible. That took money, and lots of it.”

In 1971, Takabuki was appointed to the seat previously occupied by Keppler. Trustee Richard Lyman supported his appointment.

Chapter 5 of Broken Trust begins on page 64 with the following title: “The Trust Plays Politics and Activism Grows”. Then, after noting that my father, John A. Burns, was the governor of Hawaii from 1962 to 1774, it states on pages 65-66:

The American Benefactor magazine in a 1998 article concluded that politics was at the core of Bishop Estate’s many problems: “Princess Pauahi’s will, which named the justices of Hawaii’s Supreme Court as selectors of the trustees, inadvertently put her estate at the mercy of a political spoils system.” . . .

. . . Burns’ most loyal support came from Japanese Americans, at the time the biggest single ethnic group in Hawai‘i. Japanese Americans were strong in the civil service and the public school system, increasingly strong in the professions and in business, and politically very well organized.

In 1971, during Jack Burns’ third term as governor, a seat on the Bishop Estate board became vacant. Burns had appointed all five sitting justices of the Supreme Court: Masaji Marumoto, Kazuhisa Abe, Bert Kobayashi, Bernard Levinson, and William Richardson. Now he had someone in mind for the Bishop Estate opening: Matsuo Takabuki.

The chief justice, Richardson, had been Burns’ lieutenant governor until the governor
moved him to the top seat on the bench. Now, in 1971, Richardson and the other justices did as Burns asked: they chose Takabuki as a trustee. Takabuki, a party insider, had first been elected to the Honolulu board of supervisors in 1952 and then to the city council after statehood, eight terms in all. As the governor’s campaign organizer and moneyman, he was Burns’ closest confidant.

The selection of Takabuki, announced in the middle of the standoff at Kalama Valley, stirred up a storm of protest. At the time, the only pure or part Hawaiian on the Bishop Estate board was Richard Lyman, and there was strong feeling among pure and part Hawaiians that there should be more. The bigger concern, however, was the perception that Takabuki was a political appointee, heavily involved in the politics of money. Detractors pronounced Takabuki’s name “Take-A-Buck-y.” A rally against Takabuki brought a thousand marchers out in Waikiki along Kalakaua Avenue to Kapi`olani Park, chanting “Huli Takabuki!” The Royal Hawaiian Band played. Speakers gave five non-stop hours of reasons why Takabuki was the worst possible Bishop Estate appointee. Tom Gill, a reform Democrat who had run against Burns for governor the preceding year, called Takabuki a skilled operator in the politics of land and power. According to Gill, “Takabuki could probably move a subdivision around faster than you can see it.” Others called Takabuki, “the governor’s man,” meaning that his first loyalty would be to the head of his political party, not to Bishop Estate or to the people it was there to serve.

Clearly, Broken Trust alleges that Takabuki was appointed trustee because he was Japanese and my father’s “most loyal support came from Japanese Americans”, that Takabuki would use his position for the benefit of the personal and political friends of himself, my father and the Justices, and that the broken trust began breaking with the appointment of Takabuki as trustee. These allegations have no basis in fact. Nothing could be further from the truth. Yes, Takabuki had long been my father’s close friend, political ally and trusted advisor. That relationship allowed my father to know Takabuki well enough to conclude that Takabuki would be the kind of trustee Bishop Estate needed. My father did not need to give his Japanese American supporters another reason to support him. If my father wanted a person appointed as trustee who would use his position for the benefit of the personal and political friends of my father and the Justices, others, including Hawaiians, were available. As shown by the protests against Takabuki’s appointment, there were many reasons for my father and the Justices not to want the appointment of Takabuki. The appointment of Takabuki and his acceptance of the appointment required the ability and willingness to endure the protests.

The allegation that the only reason the justices appointed Takabuki was because my father asked them to do so is fiction. Justices Abe, Kobayashi and Richardson had worked with Takabuki and were very familiar with him and his qualifications. Like my father, they knew Takabuki well enough to conclude that Takabuki would be the kind of trustee Bishop Estate needed.

Judge King ran unsuccessfully against my father for Governor in 1970. Having been a politician, having political connections, and being a political appointee did not disqualify Judge King from being appointed as a federal District Court Judge and did not prevent Judge King from being a good judge. The same is true of Bishop Estate trustees. Having been a politician,
having political connections and being a political appointee did not disqualify Takabuki from being appointed as a Bishop Estate trustee and did not prevent Takabuki from being an outstanding trustee.

Everyone who knew Takabuki agreed that he had the expertise, experience and connections necessary to be the kind of trustee Bishop Estate so badly needed. The questions were (1) should a Japanese person be appointed as a trustee, (2) was Takabuki ethical and honest, and (3) would Takabuki serve the interests of Bishop Estate and not himself or the people responsible for his appointment. The record proves that the protestors were wrong. The answer to each of the three questions was “yes”.

On page 69, Broken Trust reports the following:

. . . With the blessing of three other trustees, Takabuki effectively took control of investing for the trust - which meant control over the flow of increasingly large sums of money. The lone dissenter in those years, Hung Wo Ching, sometimes tried to stop Takabuki’s recommendations from passing, but he never managed to succeed. One of the many battles between Takabuki and Ching ended up in court. Takabuki wanted Bishop Estate to buy into a project being promoted by Kawaiha’o Plaza Associates (KPA), a limited partnership whose managing partner, James Trask, had political and family connections with the Burns administration. KPA had been plagued by financial problems, and its Kawaiha’o Plaza project was publicly reported to be, in the words of the Supreme Court decision, “on the brink of disaster.” To Ching, it looked as though Takabuki’s primary goal was to bail out KPA rather than do what was best for the trust. An independent consultant told the trustees that the proposed transaction was “questionable as a sound fiduciary investment.” Despite these warning signs, the other three trustees sided with Takabuki against Ching. Believing this to be a serious breach of trust, Ching sued Takabuki. He did not prevail. The probate judge and a unanimous Supreme Court declined to intercede in this matter of “business judgment.”

Part of Takabuki’s deal with KPA was that Bishop Estate would move its headquarters to the new, modern-looking building next to Kawaiha’o Church, which was called Kawaiha’o Plaza.

The “James Trask” named above was my cousin, James K. Trask, Jr. His mother was one of my father’s two younger sisters. His grandfather was David K. Trask, Sr. His father was a brother of Arthur K. Trask, Bernard K. Trask and David K. Trask, Jr. His cousins included Mililani and Haunani K. Trask.

In substance, Broken Trust alleges that Takabuki violated his duties as a trustee when he led the trustees to provide a “bail-out” for my father’s nephew, the proposed transaction was “questionable as a sound fiduciary investment[,]” and the other three trustees were ignoring the “warning signs” and violating their duties as trustees when they agreed with Takabuki and disagreed with Ching. These allegations are false. Broken Trust ignores the following facts: (1) the primary purpose of the acquisition was to provide Bishop Estate with a new headquarters and the Kawaiha’o Plaza building was the right building in the right place; and (2) the
acquisition was a "sound fiduciary investment."

Broken Trust’s statement on page 85 that “[w]hen one trustee, Hung Wo Ching, tried to keep his fellow trustees in check by suing Matsuo Takabuki over the Kawaiaha’o Plaza deal, he ran into a brick wall at the state Supreme Court” is an allegation that Ching’s suit had merit. As noted above, this allegation is without basis in fact or law. Obviously, Ching was unhappy that the other three trustees were agreeing with Takabuki’s, and not his, recommendations. In his view, he was no less an expert in how to manage the Estate’s assets and investments than was Takabuki. Unlike the other three trustees, however, he failed to recognize that, in the world of managing assets and investments, Takabuki was a major league player and he was not.

Broken Trust fails to explain the basis for its implicit conclusions that whenever Ching disagreed with Takabuki, Ching was right and Takabuki was wrong and the other three trustees breached their fiduciary duties when they agreed with Takabuki and disagreed with Ching.


On page 97, Broken Trust states:

Matsuo Takabuki’s decision to take control of investing marked the beginning of what evolved into a “lead trustee” system, in which trustee functions and areas of responsibility were divvied up among the Bishop Estate trustees. This was a serious breach of trust for a number of reasons. For example, each co-trustee has a fiduciary duty to stay informed and involved, and to petition the appropriate court when confronted with serious, ongoing breaches of trust. Under Bishop Estate’s lead trustee system, however, access to information was tightly controlled, even among trustees. A single trustee was able to decide what information would go out from his or her area; when, in which directions, and in what form it would be presented to the board, or whether it would be presented at all.

By 1995 the lead trustee system was both deeply rooted and pervasive. Henry Peters was in control of asset management. Lokelani Lindsey had education and communications. Dickie Wong handled government relations, and Gerard Jervis was in charge of legal affairs. For awhile Oz Stender was lead trustee for alumni relations, but then the other trustees took that away, and he was left with nothing.

The statement that “Matsuo Takabuki’s decision to take control of investing marked the beginning of what evolved into a ‘lead trustee’ system”, in which trustee functions and areas of responsibility were divvied up among the Bishop Estate trustees” can be read as alleging that Takabuki did not function as a “lead trustee”. Rather, he was in total control. These allegations are false. Takabuki was a “lead trustee”. The other trustees retained their
discretion not to approve his recommendations.

The statement that it was “Matsuo Takabuki’s decision to take control of investing” can be read as alleging that Takabuki did so without the approval of a majority of the other trustees. That allegation is wrong. Broken Trust, on page 69, admits Takabuki became the “lead trustee” for investments “[w]ith the blessing of three other trustees”.

As noted above, Broken Trust alleges that

by 1995 the lead trustee system was both deeply rooted and pervasive. Henry Peters was in control of asset management. Lokelani Lindsey had education and communications. Dickie Wong handled government relations, and Gerard Jervis was in charge of legal affairs. For awhile Oz Stender was lead trustee for alumni relations, but then the other trustees took that away, and he was left with nothing.

I label this “the 1995 system”. A system where a trustee is “in control of” a specified category of the trust’s business is not a lead trustee system.

In context, this quote is an admission that the change from operating with one lead trustee for one specified category of the trust’s business to “the 1995 system” occurred before 1995 but after Takabuki’s departure from the Board of Trustees in 1993. It also contradicts the statement that operating with one lead trustee for one specified category of the trust’s business “evolved” into “the 1995 system”. Such a change in such a short period of time was not the product of evolution. It was a sudden, drastic, total change.

Broken Trust appears to conclude that having a lead trustee for one or more specified categories of the trust’s business is “a serious breach of trust” because it violates the requirement that “each co-trustee has a fiduciary duty to stay informed and involved, and to petition the appropriate court when confronted with serious, ongoing breaches of trust.” It assumes, without basis or explanation, that having a lead trustee necessarily results in a breach of the co-trustees’ fiduciary duty to stay informed and involved. Broken Trust fails to comprehend the essential requirements for being a “lead trustee”. It fails to recognize that “to lead” is “to guide”. It confuses a system using one or more lead trustees with various other systems. It appears to be unaware of HRS § 560:7-302, which has been the law since 1976. This statute states as follows:


Except as otherwise provided by the terms of the trust, the trustee shall observe the standards in dealing with the trust assets that would be observed by a prudent person dealing with the property of another, and if the trustee has special skills or is named trustee on the basis of representations of special skills or expertise, the trustee is under a duty to use those skills.

In a system utilizing one or more lead trustees, a trustee who has “special skills or expertise” regarding a specified category of the trust’s business (such as the management of the
trust’s assets and investments) is designated by no less than a majority of the other trustees to be the Board’s leader regarding that specified category of the trust’s business. A lead trustee is involved with all categories of the trust’s business but he pays special attention to the specified category. As leader, he keeps himself and his fellow trustees fully informed. When he recommends action or non-action by the Trustees, he states all of the relevant facts and alternative courses of action. He truthfully answers all of the relevant questions asked by his fellow Trustees. After discussion and deliberation, each of the other trustees responds with an informed consent or dissent. Takabuki was a lead trustee. Neither a trustee’s functioning as a lead trustee nor his involvement in, and approval of, a system utilizing one or more lead trustees is a breach of trust.

On page 97, Broken Trust describes “the 1995 system” where “access to information was tightly controlled, especially among trustees” and where a single trustee was “able to decide what information would go out from his or her area; when, in which directions, and in what form it would be presented to the board, or whether it would be presented at all[.]” “[T]he 1995 system” described is not a lead trustee system and it was not the system used when Takabuki was a trustee.

On page 100, Broken Trust describes “the 1995 system” where the trustees at Bishop Estate functioned as lead trustees, which made them the equivalent of full-time CEOs, rather than part-time directors. Dickie Wong frequently expressed pride in the lead trustee system, describing it as “five fingers acting as one hand.” He said it enabled the trustees to do the work of a chief executive officer, chief operating officer, chief financial officer, chief legal officer, and chief communications officer, as well as a board of directors. . . .

“[T]he 1995 system” is not a lead trustee system and it was not the system used when Takabuki was a trustee. In “the 1995 system”, the trustees do not and did not function “as lead trustees”. Trustees who function under “the 1995 system” violate their fiduciary duties.

The 1998 Master’s Report describes two kinds of systems, neither of which is a lead trustee system:

9. Both the Andersen Report and your Master's own inquiry identified significant morale problems created by the Five CEO/Lead Trustee management system. Both management and staff morale are aversely impacted as they are placed in circumstances when they have been required to do the bidding of one Trustee; withholding information from other Trustees; revising staff reports or recommendations to the Board of Trustees at the behest of a single Trustee; being subjected to conflicting demands from two or more Trustees; and being directed by a single Trustee outside of established lines of authority and communication. Management and staff face considerable confusion and stress as they find themselves accountable to five individual Trustees who may not always agree, in addition to their direct supervisors in the formal management hierarchy.
11. There have been instances under the Five CEO/Lead Trustee system of management where Trustees have deferred to the judgment of a lead Trustee with respect to matters falling within that trustee's subject matter area; Trust Estate employees who work within a lead Trustee's area have been expected to obey the directions of the lead Trustee even in matters upon which the full Board of Trustees has not deliberated or acted; a lead trustee has caused information to be filtered before being presented to the full Board of Trustees for their consideration; . . . .

Paragraph “9.” generally describes a system where the trustees do not function together as a Board. Each functions as if he or she was the one and only trustee. Trustees who function under a paragraph “9” system violate their fiduciary duties.

Paragraph “11” generally describes a system where general areas of the trust’s functions are identified. For example, after 1993, Bishop Estate’s trustees identified the following general areas of the trust’s functions: (1) asset management, (2) education and communications, (3) government relations, (4) legal affairs, and (5) alumni relations. For each of the identified general areas of the trust’s function, no less than a majority of the other trustees gave their proxies to one trustee. These proxies delegated to the proxy holder trustee complete authority and control of everything included within the jurisdictional boundaries of that general area of the trust’s functions. Within those jurisdictional boundaries, the proxy holder Trustee became the decider, the dictator, the emperor, the czar. The other trustees were passive spectators. The “five fingers acting as one hand” system is a paragraph “11” system. Trustees who function under a paragraph “11” system violate their fiduciary duties.

Broken Trust implies that Takabuki was a paragraph “11” proxy holder trustee regarding the management of Bishop Estate’s assets and investments. In doing so, it accuses Midkiff, Lyman, Thompson, Richardson, Peters and Stender of serious breaches of their fiduciary duties while they were co-trustees with Takabuki. It implies that these trustees were blind followers who unlawfully delegated all decision making authority regarding the management of assets and investments to Takabuki. For obvious reasons, such an accusation ought not be made without evidence supporting it. In this case, there is no such evidence. To the contrary, the record shows that each of these trustees exercised their independent judgment when deciding whether or not to follow Takabuki’s lead and support his recommendations. As Broken Trust notes on page 69 when discussing the Kawaiaha`o Plaza project, “Hung Wo Ching, sometimes tried to stop Takabuki’s recommendations from passing, but he never managed to succeed. . . . The other three trustees sided with Takabuki against Ching.”

Broken Trust states, on page 1, that “[a] 1995 Wall Street Journal article described Bishop Estate as ‘the nation’s wealthiest charity,’ with an endowment estimated $10 billion - greater than the combined endowments of Harvard and Yale universities.” On its title page, Broken Trust states that Bishop Estate is “America’s Largest Trust”. Broken Trust criticizes Takabuki for being the lead trustee in the management of Bishop Estate’s assets and investments from 1971 to 1993 but inexplicably fails to identify Takabuki as the trustee most responsible for Bishop Estate’s increased value and income during that period.
According to USA Today, "[Matsy] Takabuki is credited with making the Bishop Estate a player on Wall Street." The former World War II veteran, city councilman, business executive and Bishop Estate trustee had a quiet way of dealing with even the most controversial situations and has had a hand in many of Hawaii’s important institutions and deals in the past half-century.

Shanghai businessman Dean Ho, son of business icon Chinn Ho, remembers Takabuki’s work for the Ho family's Capital Investment Co. Says Ho: "He was a magnificent businessman. He had a very quick, mathematical mind. That was in sharp contrast - he didn't appear to be a great businessman at the beginning of the conversation, because he was always so taciturn."

No question that, as a Bishop Estate trustee, Takabuki's engineering of a deal with Goldman Sachs put what is today Kamehameha Schools on firm financial footing for decades to come. Takabuki took point in negotiating the deal with former Goldman Sachs chairman Jon Corzine, who is now a United States senator. By some estimates, the investment returns from Kamehameha's original $500 million exceeded $2.5 billion by 2003 or were nearly 50 percent of the estate's $5.4 billion endowment market value that year.

In 2003, MN Capital Partners directors Bruce Nakaoka and Eric Martinson nominated Takabuki for the Kamehameha School's Order of Ke Alii Pauahi Award. Their supporting letter says, "In the early years of Mr. Takabuki's tenure, the trust was often referred to as "land rich, cash poor." Today, KS/BE is the sixth largest education endowment in the country, trailing only Harvard, Yale, the University of Texas System, Princeton and Stanford."

The endowment is a testament to Takabuki's focus on personal loyalties, as well as community service. When he was the first Japanese-American named as a trustee in 1972, the Hawaiian community erupted in protest. Takabuki and his family got phone calls threatening their lives. His daughter, Anne, says she asked him why he was giving up all the business opportunities he had worked hard for in exchange for working for less money and a group that clearly didn't want him. Anne Takabuki says, "He simply told me that there are some things you just have to do. Basically, it was his loyalty and commitment to his friends [Gov. John A. Burns, the Supreme Court justices and others] and his sense of obligation to make a contribution to his community, by giving the children of Hawaiian ancestry the opportunity for a first-rate education."

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Matsy Takabuki enhanced an already substantial reputation as a financial expert during the twenty-two years he served as a trustee of the Bishop Estate. Based upon an interview with trustees Richard Lyman and Atherton Richards, the estimated value of the Bishop Estate in 1971 was $400,000 million, the annual income was a meager $5 million,
for a return of roughly 1.25 percent. In 1971, about 5,000 Hawaiians and part-Hawaiians were being served by the beneficiary of those funds, the Kamehameha Schools. . . . In 1992, the Kamehameha Schools served an estimated 40,000 young Hawaiians and part-Hawaiians.


His nomination as a Bishop Estate trustee in 1971 sparked protests by native Hawaiians, who called it a political payoff, angry that a non-Hawaiian was selected.

But when Matsuo Takabuki retired from the estate more than two decades later, he was revered as a kupuna or elder who, as former Bishop Estate trustee Myron "Pinky" Thompson put it, "was as Hawaiian as anyone around here."

In its 113-year history, few have left a bigger imprint on the daily operations of the Bishop Estate. During his tenure, the trust evolved from a land-rich, cash-poor charity that barely met the expenses of the estate-run Kamehameha Schools to a multibillion-dollar conglomerate whose vast holdings span three continents.

. . . .

Investment decisions made by this former trustee will end up paying for the education of hundreds of native Hawaiian children for years to come.

"I give him high marks for supporting the intentions of Princess Bernice Pauahi Bishop," said Senior U.S. District Judge Samuel King, who once represented a Kamehameha Schools graduate who sued the estate over Takabuki's appointment.

"I think he was supportive of Hawaiians and did a good job on the educational end of the estate."


Ke Ali'i Foundation is a Hawai'i nonprofit corporation recognized as a 501(c)(3) charitable support organization of Kamehameha Schools. The Order of Ke Ali'i was established in 1956. Nominees are evaluated on qualities of character and leadership consistent with the spirit of Ke Ali'i Pauahi; contributions or service to the Hawaiian community; and personal and professional achievements. Nominees need not be Hawaiian, a Hawai'i resident, or a Kamehameha Schools alumnus. The Order of Ke Ali'i Pauahi award is the highest and most distinguished award given to those who have exemplified the vision of the Kamehameha Schools founder - Princess Bernice Pauahi Bishop, great granddaughter of Kamehameha the Great. A total of 53 individuals have been recognized since the inception of the award. In 2003, Kamehameha Schools redefined the criteria for the award to align with its 2000-2015 Strategic Plan of extending its reach to more Hawaiians in the community. The Order of Ke Ali'i Pauahi
now recognizes those whose works have positively impacted the Hawaiian community.

The awardees for 2003 are:

- Isabella Aiona Abbott, Ph.D
- Noa Emmett 'Auwae Aluli, M.D.
- Winona K. Desha Beamer
- Pualani Kanaka'ole Kanahele
- Ret. Col. David Merritt Peters
- Matsuo Takabuki

Broken Trust asserts that Takabuki violated his duties as a Trustee. The record indisputably shows the opposite. It shows that Takabuki lawfully led Bishop Estate from being land rich and otherwise poor to being rich. It shows that on the subject of the management of Bishop Estate’s assets and investments, Matsuo Takabuki was the most effective lead trustee in the history of Bishop Estate.