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SCMF-10-0000186

IN THE SUPREME COURT OF THE STATE OF HAWAI‘I

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In the Matter of the

DISCIPLINARY BOARD OF THE HAWAI‘I SUPREME COURT

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ORDER APPROVING THE BUDGET OF THE DISCIPLINARY  
BOARD OF THE HAWAI‘I SUPREME COURT FOR CALENDAR YEAR 2024

(By: Recktenwald, C.J., McKenna, and Eddins, JJ., and Intermediate Court of Appeals Chief Judge Ginoza, and Intermediate Court of Appeals Associate Judge Leonard, assigned by reason of vacancies)

Upon consideration of the 2024 proposed budget, submitted to this court on October 5, 2023 by the Disciplinary Board of the Hawai‘i Supreme Court, and our review of the Hawai‘i State Bar Association’s letter dated September 29, 2023, wherein the HSBA concurred with the 2024 proposed Disciplinary Board budget, we note the Disciplinary Board seeks approval of a budget with projected revenues of \$1,630,350 and projected expenditures of \$1,910,613, and find that the Disciplinary Board has reserves sufficient to cover the deficit. Therefore,

IT IS HEREBY ORDERED, pursuant to Rule 2.4(e)(8) of the Rules of the Supreme Court of the State of Hawai'i, that the Disciplinary Board's proposed budget for calendar year 2024, a copy of which is attached hereto, is approved.

DATED: Honolulu, Hawai'i, October 18, 2023.

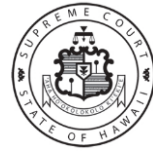
/s/ Mark E. Recktenwald

/s/ Sabrina S. McKenna

/s/ Todd W. Eddins

/s/ Lisa M. Ginoza

/s/ Katherine G. Leonard



PROPOSED 2024 DISCIPLINARY BOARD BUDGET  
(07/17/2023)

		2023 Budget	2023 Estimated Actual	2024 Budget
1	<b>Revenue</b>			
2	Attorney Registration Fees	\$ 1,479,250	\$ 1,520,916	\$ 1,500,350
3	Interest on Bank Accounts	\$ 5,000	\$ 10,000	\$ 10,000
4	Lawyers' Fund	\$ 100,000	\$ 100,000	\$ 120,000
5				
6	<b>TOTAL REVENUE</b>	<b>\$ 1,584,250</b>	<b>\$ 1,630,916</b>	<b>\$ 1,630,350</b>
7	<b>Expenditures</b>			
8	<b>Salaries</b>			
9	Chief Disciplinary Counsel (Tamm)			
10	Deputy Chief Disciplinary Counsel (Fasi)			
11	Deputy Disciplinary Counsel (Hebblethwaite)			
12	Deputy Disciplinary Counsel (Harada)			
13	Disciplinary Investigator (Sayavong)			
14	Law Student (Sewell)			
15	Manager Office Administration (Okamoto)			
16	IT and Administrative Specialist (A Sakurai)			
17	IT and Administrative Specialis (E Sakurai)			
18	Administrative Assistant (new)			
19	Disciplinary Board Administrative Dir (Hee)			
20				
21	<b>TOTAL SALARIES</b>	<b>\$ 1,011,257</b>	<b>\$ 878,832</b>	<b>\$ 948,000</b>
22	Disciplinary Board Professional Contract Service (includes Board Counsel)	\$ 15,000	\$ 8,000	\$ 15,000
23	ODC Professional Contract Services (Adjunct/Contract Trustees)	\$ 250,000	\$ 250,000	\$ 250,000
24			\$ -	\$ -
25				
26	<b>TOTAL SALARIES AND PROFESSIONAL CONTRACT SERVICES</b>	<b>\$ 1,276,257</b>	<b>\$ 1,136,832</b>	<b>\$ 1,213,000</b>
27				
28	<b>Benefits:</b>			
29	Retirement	\$ 101,126	\$ 53,728	\$ 94,800
30	Medical Plans	\$ 109,080	\$ 92,040	\$ 109,860
31	Group Life Insurance	\$ 5,000	\$ 4,000	\$ 4,000
32	FICA	\$ 77,014	\$ 69,232	\$ 72,522
33	Workers' Compensation	\$ 3,000	\$ 3,000	\$ 3,000

PROPOSED 2024 DISCIPLINARY BOARD BUDGET  
(07/17/2023)

		2023 Budget	2023 Estimated Actual	2024 Budget
34	Unemployment Comp.	\$ 9,000	\$ 10,000	\$ 10,000
35	TDI	\$ 6,500	\$ 9,239	\$ 9,500
36	Long Term Disability Ins.	\$ 5,000	\$ 3,500	\$ 3,500
37	Bar Membership Fees	\$ 3,054	\$ 2,545	\$ 2,036
38	Parking	\$ 12,000	\$ 12,000	\$ 12,000
39	EAP	\$ 1,000	\$ 1,000	\$ 1,000
40	TOTAL BENEFITS	\$ 331,774	\$ 260,284	\$ 322,218
41				
42	Current Expenses:			
43	Services on a Fee Basis			
44	Accountant Fees	\$ 6,250	\$ 6,276	\$ 6,276
45	IT Services (MB Technologies)	\$ 12,000	\$ 12,200	\$ 13,000
46	Michael Matters (Database Consultant	\$ 2,500	\$ 2,500	\$ 2,500
47	InTech-Cyber-Security Consultant	\$ 10,800	\$ 12,850	\$ 15,000
48	Pension Services Corp.	\$ 3,000	\$ 2,200	\$ 3,000
49	Akamai Messenger Service	\$ 2,500	\$ 2,200	\$ 2,500
50	Ceridian	\$ 3,200	\$ 3,200	\$ 3,200
51	CPA Review of Financials	\$ 7,000	\$ 7,000	\$ 7,000
52	Gum Design	\$ -	\$ 900	\$ 900
53	Stationery & Supplies	\$ 5,000	\$ 4,000	\$ 4,000
54	Postage/Postal Charges	\$ 5,000	\$ 4,000	\$ 4,000
55	Telephone (Servpac)	\$ 10,000	\$ 8,000	\$ 9,000
56	Trans (Inter-Island)	\$ 8,200	\$ 900	\$ 4,000
57	Subsistence (Inter-Island)	\$ 2,000	\$ 5,000	\$ 5,000
58	Trans (Out of State)	\$ 900	\$ 1,800	\$ 3,000
59	Subsistence (Out of State)	\$ 1,715	\$ 3,000	\$ 5,145
60	Conference Registration Fees	\$ 1,500	\$ 1,200	\$ 1,500
61	Car Rental/Taxi/Uber-Lyft	\$ 1,000	\$ 200	\$ 1,000
62	Ads/Legal Notices	\$ 500	\$ -	\$ -
63	Publications/Subscriptions	\$ 226	\$ 350	\$ 350
64	Office Rent (CFT)	\$ 97,093	\$ 95,822	\$ 93,823
65	Office Rent (1136 Union Mall #201)	\$ 17,491	\$ 17,491	\$ 17,491
66	R & M (Leasing of Equipment)	\$ 8,500		
67	Vyanet Security Camera		\$ 700	\$ 700
68	Copier Lease		\$ 7,800	\$ 7,800
69	Postage Meter Lease		\$ 1,300	\$ 1,300
70	R & M (Office)	\$ 500	\$ 500	\$ 500

PROPOSED 2024 DISCIPLINARY BOARD BUDGET  
(07/17/2023)

		2023 Budget	2023 Estimated Actual	2024 Budget
71	Insurance			
72	Commercial Package	\$ 1,500	\$ 1,500	\$ 1,500
73	Umbrella	\$ 1,000	\$ 1,000	\$ 1,000
74	Erisa Bond	\$ -	\$ 275	\$ -
75	Director's & Officers Liability	\$ 5,500	\$ 5,400	\$ 5,500
76	Cyber Security Insurance	\$ 2,500	\$ -	\$ -
77	Professional Organization Dues			
78	NOBC	\$ 1,600	\$ 1,200	\$ 1,200
79	ABA (CPR)	\$ 500	\$ 500	\$ 500
80	NCLDB	\$ 100	\$ 100	\$ 100
81	OBI	\$ 150	\$ 150	\$ 150
82	Hawaii Employers Council	\$ 1,610	\$ 1,610	\$ 1,610
83	Computer Fees	\$ 53,452		
84	Luhina (Internet Service)		\$ 5,640	\$ 5,650
85	Zoom		\$ 2,100	\$ 2,100
86	Logmein		\$ 1,700	\$ 1,700
87	Microsoft		\$ 5,100	\$ 5,600
88	Dropbox		\$ 1,000	\$ 1,000
89	Westlaw		\$ 21,000	\$ 21,000
90	Hawaii Information Service		\$ 1,300	\$ 1,300
91	Pacer		\$ 500	\$ 900
92	Duo Advantage		\$ 1,000	\$ 1,000
93	Adobe		\$ 3,500	\$ 3,500
94	Data Management System Maintenance	\$ -	\$ -	\$ -
95	Employee Training	\$ 2,500	\$ 650	\$ 2,500
96	Litigation Costs	\$ 20,000	\$ 10,000	\$ 20,000
97	Trusteeship Costs	\$ 20,000	\$ 20,000	\$ 20,000
98	Trusteeship Costs-Recovered	\$ -	\$ -	
99	Contract Trustee			\$ -
100	Contract Trustee Costs-Recovered		\$ -	
101	Judgment Filing Costs	\$ 300	\$ 150	\$ 300
102	Miscellaneous	\$ 500	\$ 500	\$ 500
103	HSBA Credit Card Fee Charge	\$ 33,000	\$ 32,200	\$ 33,000
104	Storage Reduction Project	\$ 30,000	\$ 20,000	\$ 20,000
105	TOTAL CURRENT EXPENSES	\$ 381,087	\$ 339,464	\$ 363,595
106				

PROPOSED 2024 DISCIPLINARY BOARD BUDGET  
(07/17/2023)

		<b>2023</b> Budget	<b>2023</b> Estimated Actual	<b>2024</b> Budget
107	Capital Expenses:			
108	Equipment:			
109	Computer Hardware	\$ 2,000	\$ 6,000	\$ 10,000
110	Recorders, Tapes, etc.	\$ 300	\$ 300	\$ 300
111	Furnishing:			
112	Desks, Tables, etc.	\$ 1,500	\$ 1,500	\$ 1,500
113	TOTAL CAPITAL EXPENSES	\$ 3,800	\$ 7,800	\$ 11,800
114	(RECOVERVED COSTS)		\$ 9,727	
115	TOTAL EXPENDITURES	\$ 1,992,918	\$ 1,734,653	\$ 1,910,613
116				
117	Excess of Revenue over Expenditures	\$ (408,668)	\$ (103,737)	\$ (280,263)
118	Beginning Reserves	\$ 548,730	\$ 584,774	\$ 481,037
119	Ending Reserves	\$ 140,062	\$ 481,037	\$ 200,774
120	TOTAL RESERVES			
121				
122	ALLOCATED RESERVES			
123	OPERATING EXPENSES RESERVES			
124	SURPLUS RESERVES			
	7/17/2023			

COMPUTATION OF DISCIPLINARY BOARD FUNDS IN 2024

A. PROJECTED 2024 REGISTRATION FEES BY CATEGORY (estimated).

Category	No of Attorneys*	Registration Fee	Amount
Active Attorneys			
5+ Years	4587	\$ 250.00	\$ 1,146,750.00
1-4 Years	283	\$ 150.00	\$ 42,450.00
Inactive Attorneys	2443	\$ 50.00	\$ 122,150.00
Pro Hac Vice	315	\$ 600.00	\$ 189,000.00
			<u>\$ 1,500,350.00</u>

\*Based on 2023 Attorney Registration Receipts from HSBA as of May 31, 2023.

B. CALCULATION OF 2024 TOTAL AVAILABLE REVENUE.

2024 ARS Receipts*	\$ 1,500,350.00
Interest on Bank Accounts	\$ 10,000.00
Lawyers' Fund Admin Fee	\$ 120,000.00
	<u>\$ 1,630,350.00</u>

C. CALCULATION OF CARRYOVER AT DECEMBER 31, 2023

2023 Projected Revenue	\$ 1,630,916.00
2023 Projected Expenditures	\$ 1,734,653.00
2023 Excess of Expenditure Over Revenue	\$ (103,737.00)
December 31, 2022 Carryover	\$ 584,774.00
	<u>\$ 481,037.00</u>

D. TOTAL FUNDS AVAILABLE FOR 2024 \$ 2,111,387.00

7/17/2023

NOTES

A. Attorney Registration Fees [Line 2]

The revenue projection is based on the number of attorneys registered in 2023 by HSBA through May 31, 2023.

B. Lawyers' Fund for Client Protection [Line 4]

ODC currently provides, under contract, administrative and professional support to the Lawyers' Fund primarily consisting of shared use of two administrative staff members, one disciplinary investigator (Fund Investigator), and one disciplinary counsel (Fund Counsel) for processing Lawyers' Fund claims, and the Chief Disciplinary Counsel who serves as the Fund Administrator.

In 2023, ODC and the Fund, based on current and projected claims, decreased the fee paid to the Disciplinary Board to \$100,000.00. However, upon review of time billed by ODC staff through June 2023, an increase to \$120,000.00 is justified. The Lawyers' Fund Trustees approved this increase in fees for 2024.

C. Salaries [Line 8]

The salaries are based upon the following 11 full-time positions:

- 1 - Chief Disciplinary Counsel
- 1 - Deputy Chief Disciplinary Counsel
- 2 - Deputy Disciplinary Counsel
- 1 - Disciplinary Investigator
- 1 - Law Student<sup>1</sup>
- 1 - Manager Office Administration
- 2 - IT and Administrative Specialist
- 1 - [new] Administrative Assistant
- 1 - Disciplinary Board Administrative Director

All "counsel" positions are compensated based on experience and individual skills. Additional annual "management premiums"

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<sup>1</sup> The Law Student position is presently filled by a former Disciplinary Investigator who is anticipated will sit for the bar in summer 2024. Subject to fiscal constraints, ODC may chose to transition this position to an additional Deputy Disciplinary Counsel slot.



(pro-rated monthly) are paid to the Chief (\$30,000) and Deputy Chief (\$10,000) counsel to compensate for additional workload.

In 2024, ODC is budgeting for a maximum 5% salary increase for all employees. This is for budgeting purposes only, as the final salary amount will be based upon the individual employee's annual performance review.

D. Professional Services

1. Disciplinary Board Professional Contract Services  
[Line 22]

This category includes the purchase of outside legal services as needed, including an employment attorney and tax/ERISA attorney. The Board Counsel is also an outside attorney/contractor, who provides legal research and advice to the Board in its adjudicatory and administrative roles. All of the above offer discounted rates to the Board.

2. ODC Professional Contract Services (Adjunct DC/Contract Trustees) [Line 23]

This category includes the utilization of independent contractors, on an hourly basis, Adjunct Deputy Disciplinary Counsel to supplement full time ODC staff, and attorneys who are appointed to serve as compensated trustees by the Hawaii Supreme Court. This category also includes hiring of outside consultants, Special Assistant Disciplinary Counsel to serve where ODC and the Disciplinary Board are conflicted or disqualified, such as when a complaint is filed against a Board member, Board counsel, or Disciplinary Counsel.

E. Benefits

1. Retirement Plan-Employer's Contribution [Line 29]

10% of gross salary total with 11 employees = \$94,800

2. Medical Plans [**Line 30**]

- a. Qualified ODC employees: \$605.00/month x 11 employees x 12 months = \$79,860.00

(Current premium for UHA plan effective September 1, 2023, to August 31, 2024 is \$604.01 per month, a 6% increase over the previous year.)

- b. Additional maximum allowance for qualified employees enrolled in a dependent/family plan (partial coverage): \$500.00/month x 5 employees x 12 months = \$30,000.00

Total a + b = **\$109,860.00** (11 employees, 5 with dependent/family plans)

Remaining benefits (e.g., Life ins., FICA, Work Comp., Unemployment Ins., TDI, LTD, EAP) are based on either a percentage of salary total, or actual costs.

3. Bar License Fees [**Line 37**]

This category includes mandatory HSBA annual license/dues for full-time ODC attorneys.

<u>HSBA Dues</u>	
	Admitted 5+ Years
HSBA	\$210.00
Processing Fee	15.00
Disciplinary Board	250.00
<u>AAP</u>	<u>34.00</u>
	509.00 x 4 attys

Total HSBA Dues: \$2,036.00

4. Parking [**Line 38**]

Parking at City Financial Tower, at \$250.00 per month, will be paid in full for the following positions:

Chief Disciplinary Counsel  
Deputy Chief Disciplinary Counsel  
IT/Admin Specialist  
Disciplinary Board Administrative Director

Employees in these (4) managerial positions are on-call and need access to the building, and parking, 24/7.

\$1,000.00/mo x 12 months = **\$12,000.00**  
TOTAL Line 48 = **\$12,000.00**

5. Employee Assistance Program (EAP) [**Line 39**]

This program assists employees, as well as their family members, with personnel-related, and/or other health and wellness issues, by providing individual employee counseling, family counseling, and/or mediation.

F. Transportation and Subsistence-Inter-Island  
[**Lines 56 and 57**]

1. Inter-Island [**Line 56**]

In 2023, a hybrid Disciplinary Board meeting was held in person in Honolulu. Four Board members from the neighbor islands attended. In 2024, it is anticipated that this hybrid meeting could be scheduled four times a year and this budget reflects those travel costs. In person/hybrid meetings will be encouraged for meetings involving disciplinary hearings to provide better Board member participation to Respondents.

Five board members for four Board meetings in Honolulu at \$200.00 per trip

5 Board Members at \$200.00 per trip = \$1,000.00 x four meetings = \$4,000.00

Total Line 58 = **\$4,000.00**

2. Subsistence (Inter-Island) [Line 57]

This category includes parking validation at DB/LFCP/ODC office (presently \$5.50 per hour) and any other related expenses. In 2023, remote employees are required "touch-down" in office once a week for six hours and ODC validates their parking. This will continue in 2024, along with an increase in more in-person Board meetings, ODC hearings, and perhaps sponsored training seminars. Public, vendor and respondent parking are not validated.

Total Line 58 = \$5,000.00

G. Travel and Subsistence-Out of State [Lines 58 and 59]

In 2024, ODC will resume sending Disciplinary Counsel to NOBC meetings and the Board will continue to send a Disciplinary Board member to the annual NCLDB.

1. Travel-Out of State [Line 58]

a. National Council of Lawyer Disciplinary Boards (NCLDB).

Round trip airfare \$1,000.00 (est. location dependent)

b. National Organization of Bar Counsel (NOBC) - (One ODC attorney to attend the Mid-Year Meeting and one ODC attorney to attend the Annual Meeting)

Round trip airfare \$1,000.00 x 2 = \$2,000.00 (est. location dependent)

Total a + b = \$3,000.00

2. Subsistence-Out of State [Line 59]

Hotel: \$250.00/night x 5 nights = \$1,250.00/trip

Meals: \$73.00/day x 5 days = \$365.00/trip

Ground Transportation: \$100.00/trip

Total: \$1,715.00 per trip x 3 trips = \$5,145.00

3. Conference Registration Fees [Line 60]

Participation or attendance (live or virtual) at NOBC, NCLDB, ABA or OBI functions, seminars, conventions.

H. Office Rent-City Financial Tower [Line 64]

The budget for 2024 is as follows:

01/01/24 - 11/30/24 = \$3,494.32/month x 11 month =	38,437.52
12/01/24 - 12/31/24 = \$3,581.69/month x 1 month=	3,581.69
2024 CAM = \$4,317/month x 12 months	= 51,804
TOTAL	= \$93,823.21

I. Office Rent-1136 Union Mall [Line 65]

In 2024, ODC will continue renting a small windowless commercial space at 1136 Bishop Street (Union Mall) to process and store client files in active trusteeship cases [Document Processing Facility].

The cost of the space remains at \$1,457.59/mo x 12 months = \$17,491.08.

J. Repair and Maintenance

1. Leasing of Equipment [Lines 66-69]

ODC will continue to lease selected office equipment, including two printer/copier/scanners, and a postage meter. Leasing is a cost-effective method of financing and maintaining technological equipment.

2. Office [Line 70]

This category includes cost of general repairs within the office, not covered by building management.

K. Membership in Professional Organizations [**Lines 77-82**]

National Organization of Bar Counsel (NOBC). Only organization that provides educational seminars, interactive forums (listserv) and consulting on topics/issues specific to attorney discipline. All ODC attorneys are enrolled.

American Bar Association (ABA) annual membership for at the Chief and Deputy Chief of ODC. This membership also includes the Center for Professional Responsibility (CPR), providing resource materials, and access to ABA Formal Ethics Opinions, along with other educational (CLE) programs that can be rebroadcast for ODC staff training.

National Council of Lawyer Disciplinary Boards (NCLDB), which is the Board's counterpart to the NOBC.

Organization of Bar Investigators (OBI), which provides information sharing and educational opportunities for ODC's Disciplinary Investigator.

Hawaii Employers' Council (HEC) provides support and guidance to employers on personnel issues. The membership includes a hotline for questions about (employment) discipline, discrimination, bullying, and leaves of absence. HEC is also a great resource for staff training, from how to be a manager, to first aid and CPR.

L. Computer Fees [**Lines 83-93**]

In 2024, ODC professional staff work remote, and nearly all records have been digitized. Our budget reflects the critical technology needed to keep our computer systems safe and secure. This category includes the cost of subscriptions to the following:

- Luhina (internet service)
- Zoom (remote conferencing for outside participants)
- LogMeIn (Remote Desktop for staff)
- Microsoft Monthly Subscription (Office 365, Teams for secure internal conferencing).
- Dropbox (secure cloud storage/backup)
- Westlaw (Legal Research-Public Records)

- Hawaii Information Service (Real Estate/Business Records)
- Pacer (Federal court records access)
- Duo Advantage (dual factor/cyber security application)
- Adobe DC (pdf document management software)

M. Data Management System Maintenance [**Line 94**]

This line item has been consolidated with Computer Fees.

N. Litigation Costs [**Line 96**]

This category includes costs for any court or bank documents used in investigation of ODC cases, service of subpoenas and Supreme Court orders, transcription of hearings, interviews, and more recently the transcription of telephone calls from the public used to assist in the filing of complaints, storage of ODC investigative and administrative files, and any other costs associated with the investigation and litigation of cases by ODC and the Board.

O. Trusteeship Costs

Under Supreme Court Rule 2.20, trustees are appointed by the Court where an attorney dies, is disabled, is suspended or disbarred, or abandons his or her law practice, and no other responsible party can be found to wind down the practice. ODC is charged with initiating these proceedings and supervising trustee performance, reviewing fee/cost applications, and other oversight.

Presently there are 44 active trusteeships, with 18 assigned to compensated trustees. Funds for compensation of trustees comes out of ODC's professional contract services budget (**Line 26**; see D.2 above).

1. Trusteeship Costs [**Line 97**]

Costs include postage, shipping, movers, commercial storage (other than storage at ODC's document processing facility), publication of notices of trustee appointment, secure destruction of files, and other trusteeship related expenses.

2. Contract Trustee [**Line 99**]

In 2024, the Board expects to pay for the services of contract Trustees in the following trusteeships: Robert Smolenski, Thomas Yano, Ronnie Menor, Arnold Phillips, Michael Lippert, Clayton Kimoto, Melody Parker, Brian De Lima, Grant Kidani, Walter Vierra, David Sereno, Maria Avinante, Gary Tsuji, Charles Ferrera, Stephanie St. John, Stuart Ing, and Lionel Riley..

In 2024, this line item will be combined with "ODC Professional Contract Services" [Line 25] (see *Paragraph 2 of these Notes*).

P. Storage Reduction Project [**Line 104**]

In 2024, ODC will complete its transition to be a "paperless" office. This category includes cost for delivery and destruction of the last remaining 450 boxes from storage with Access.

Q. Computer Hardware [**Line 109**]

In 2023, four older computers needed to be compatible with increased software and security demands. In 2024, due to back up storage issues and remote worker access to our servers, an upgrade to our server, and UPS (power back up systems) for in office work stations, are needed and the line item reflects this purchase.

07/20/2023