In the Matter of the Contractors' Licenses of BLUEPRINT BUILDERS, INC. and ARTHUR K. INADA, Respondents.

Petitioner, DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS' REGULATED INDUSTRIES COMPLAINTS OFFICE (hereinafter "RICO" or "Petitioner"), through its undersigned attorneys, Respondent BLUEPRINT BUILDERS, INC. (hereinafter "Respondent Blueprint Builders"), and Respondent ARTHUR K. INADA (hereinafter "Respondent Inada") (hereinafter Respondent Blueprint Builders and Respondent Inada are
collectively referred to as “Respondents”), by and through their undersigned attorney, enter into this Settlement Agreement on the terms and conditions set forth below.

A. UNCONTESTED FACTS:

1. At all relevant times herein, Respondent Blueprint Builders was licensed by the Contractors License Board (hereinafter the "Board") as a general contractor under License Number CT 14409. The license was issued on or about December 3, 1987. The license will expire on or about September 30, 2010.

2. At all relevant times herein, Respondent Inada was licensed by the Contractors License Board (hereinafter the "Board") as a general contractor under License Number CT 13994. The license was issued on or about February 4, 1987. The license will expire on or about September 30, 2010.

3. At all relevant times herein, Respondent Inada was the Responsible Managing Employee for Respondent Blueprint Builders.

4. The mailing address for purposes of this action for Respondents is c/o Nelson W.S. Goo, Esq., 733 Bishop Street, Suite 2302, Honolulu, Hawaii 96813.

5. RICO received information on Respondent Inada plead guilty to Theft in the First Degree based on Respondent Inada’s involvement with a bid-rigging scheme involving the State of Hawaii Department of Transportation’s Airports Division. True and correct copies of the Memorandum of Plea Agreement filed December 10, 2003, Judgment filed December 20, 2006, and Terms and Conditions of Probation, in State of Hawaii v. Arthur Inada (Cr. No. 03-1-2586) are attached hereto as Exhibit “1.”

6. RICO alleges that Respondent Inada was convicted of a crime related to the profession and that Respondent’s engaged in professional misconduct.
7. Respondents allege that they worked with the State of Hawaii Office of the Attorney General and the U.S. Attorneys Office in their investigations of misconduct at the Airports Division, State of Hawaii Department of Transportation.

8. The foregoing allegations, if proven at an administrative hearing before the Board, would constitute violations of the following statute(s) and/or rule(s): Hawaii Revised Statutes ("HRS") § 436B-19(14) (criminal conviction related to the licensed profession) and § 444-17(1) (dishonest or deceitful conduct).

9. The Board has jurisdiction over the subject matter herein and over the parties hereto.

B. REPRESENTATIONS BY RESPONDENTS:

1. Respondents are fully aware that Respondents have the right to be represented by an attorney and are represented in this matter by Nelson W.S. Goo, Esq., 733 Bishop Street, Suite 2302, Honolulu, Hawaii 96813.

2. Respondents enter into this Settlement Agreement freely, knowingly, voluntarily, and under no coercion or duress.

3. Respondents are aware of the right to have a hearing to adjudicate the issues in the case. Pursuant to HRS § 91-9(d), Respondents freely, knowingly, and voluntarily waive the right to a hearing and agree to dispose of this case in accordance with the terms and conditions of this Settlement Agreement.

4. Respondents being at all times relevant herein licensed as contractors by the Board acknowledge that Respondents are subject to penalties including but not limited to, revocation, suspension or limitation of the licenses and administrative fines, if the foregoing allegations are proven at hearing.
5. Respondents do not admit to violating any law or rule, but acknowledge that RICO has sufficient cause to file a Petition for Disciplinary Action against Respondents’ licenses.

6. Respondents enter into this Settlement Agreement as a compromise of the claims and to conserve on the expenses of proceeding with an administrative hearing on this matter.

7. Respondents agree that this Settlement Agreement is intended to resolve the issues raised in RICO’s investigation in RICO Case No. CLB 2007-596-L.

C. TERMS OF SETTLEMENT:

1. Probation. Respondents’ contractor’s licenses are hereby placed on probation for a period of three years. During the probationary period, Respondents agree to comply with the following terms and conditions:

a. Administrative fine. Respondents agree to pay, jointly and severally, a fine in the amount of FIVE THOUSAND AND NO/100 DOLLARS ($5,000.00). Payment shall be made by cashier’s check or money order made payable to "DCCA - Compliance Resolution Fund" and mailed to the Regulated Industries Complaints Office, Attn: Wendy Utsumi, Esq., 235 S. Beretania Street, 9th Floor, Honolulu, Hawaii 96813. Payment of the fine shall be due at the time this fully executed Settlement Agreement is returned to RICO; and

b. Comply with terms of the criminal probation. Respondent Inada agrees to comply and fully satisfy the terms of the criminal probation in State of Hawaii v. Arthur Inada (Cr. No. 03-1-2586).

2. Failure to Comply with Settlement Agreement. If Respondents fail to fully and timely comply with the terms of this Settlement Agreement as set forth in paragraph(s) C.1 above, Respondents’ licenses shall be automatically revoked upon RICO’s filing of an affidavit with the Board attesting to such failure. In case of such revocation, Respondents shall turn in all
indicia of the licenses to the Executive Officer of the Board within ten (10) days after receipt of notice of the revocation. In case of such revocation, Respondents understand Respondents cannot apply for new licenses until the expiration of at least five (5) years after the effective date of the revocations. Respondents understand that if Respondents desire to become licensed again, Respondents must apply to the Board for new licenses pursuant to and subject to HRS §§ 92-17, 436B-21, and all other applicable laws and rules in effect at the time.

3. **Possible further sanction.** The Board, at its discretion, may pursue additional disciplinary action as provided by law to include further fines and other sanctions as the Board may deem appropriate if Respondents violate any provision of the statutes or rules governing the conduct of contractors in the State of Hawaii, or if Respondents fail to abide by the terms of this Settlement Agreement.

4. **Approval of the Board.** Respondents agree that, except for the representations, agreements and covenants contained in Paragraphs C.5, C.6, C.7 and C.8 below, this Settlement Agreement shall not be binding on any of the parties unless and until it is approved by the Board.

5. **No Objection if Board Fails to Approve.** If the Board does not approve this Settlement Agreement, does not issue an order pursuant thereto, or does not approve a lesser remedy, but instead an administrative hearing is conducted against Respondents in the Board's usual and customary fashion pursuant to the Administrative Procedure Act, Respondents agree that neither Respondents nor any attorney that Respondents may retain, will raise as an objection in any administrative proceeding or in any judicial action, to the Board's proceeding against Respondents on the basis that the Board has become disqualified to consider the case because of its review and consideration of this Settlement Agreement.
6. **Any Ambiguities Shall be Construed to Protect the Consuming Public.** It is agreed that any ambiguity in this Settlement Agreement is to be read in the manner that most completely protects the interests of the consuming public.

7. **No Reliance on Representations by RICO.** Other than the matters specifically stated in this Settlement Agreement, neither RICO nor anyone acting on its behalf has made any representation of fact, opinion or promise to Respondents to induce entry into this Settlement Agreement, and Respondents are not relying upon any statement, representation or opinion or promise made by RICO or any of its agents, employees, representatives or attorneys concerning the nature, extent or duration of exposure to legal liability arising from the subject matter of this Settlement Agreement or concerning any other matter.

8. **Complete Agreement.** This Settlement Agreement is a complete settlement of the rights, responsibilities and liabilities of the parties hereto with respect to the subject matter hereof; contains the entire agreement of the parties; and may only be modified, changed or amended by written instrument duly executed by all parties hereto.
IN WITNESS WHEREOF, the parties have signed this Settlement Agreement on the date(s) set forth below.

DATED: Honolulu, Hawaii, 01/16/09

BLUEPRINT BUILDERS, INC.

By: Arthur K. Inada
Its President

DATED: Honolulu, Hawaii, 01/16/09

ARThUR K. INADA
Respondent

DATED: Honolulu, Hawaii, 01/21/09

WENDY J. UTSUMI
Attorneys for Department of Commerce and Consumer Affairs

APPROVED AS TO FORM:

NELSON W.S. GOO, ESQ.
Attorney for Respondents
IN THE MATTER OF THE CONTRACTORS' LICENSES OF BLUEPRINT BUILDERS, INC. AND ARTHUR K. INADA; SETTLEMENT AGREEMENT PRIOR TO FILING OF PETITION FOR DISCIPLINARY ACTION AND BOARD'S FINAL ORDER; EXHIBIT "1"; CASE NO. CLB 2007-596-L

APPROVED AND SO ORDERED:
CONTRACTORS LICENSE BOARD
STATE OF HAWAI'I

TADY T. ARISUMI
Chairperson

F. M. SCOTTY ANDERSON
Vice Chairperson

NEAL ARITA

ERIC CARSON

RANDALL B. C. LAU

RONALD K. OSHIRO

DARYL SUEHIRO

FEB 20 2009
DATE

GUY M. AKASAKI

WILLIAM R. BROWN

JOSEPH S. KINDRICH, II

AUDREY E. J. NG, ESQ.

DENNY R. SADOWSKI

GERALD YAMADA

PVI 07/03/08

This decision has been redacted and reformatted for publication purposes and contains all of the original text of the actual decision.
STATE OF Hawaii
COUNTY OF Honolulu

On this 16th day of January, 2004, before me personally appeared
Arthur Kiyoshi Inada, to me known to be the person described and who executed the
foregoing instrument and acknowledged the same as his/her free act and deed.

Name:  Danny Cheng
Notary Public – State of
My commission expires: 10-22-2010
STATE OF Hawaii )
COUNTY OF Honolulu ) SS.

On this 16th day of January, 2009, before me personally appeared

Arthue Kayachi Junda, to me known to be the person described, and who executed the
foregoing instrument on behalf of Blue Print Builders, Inc. as

President, and acknowledged that he/she executed the same as
his/her free act and deed.

[Notary Public Seal]
Name: Danny Cheng
Notary Public, State of

My Commission expires: 10-22-2010
MEMORANDUM OF PLEA AGREEMENT

This Memorandum of Plea Agreement, hereinafter the "Agreement", is to be appended to, incorporated into, and made part of any plea form that is to be filed by the Defendant in the above entitled matter. This Agreement states all understandings and terms to which the parties to this Plea Agreement mutually agree to be bound by. The terms of the Agreement is as follows:

1. The Defendant agrees to voluntarily enter a plea of guilty to the charge of THEFT IN THE FIRST DEGREE in violation of Sections 708-830(2) and 708-830.5(1)(a) of the Hawaii Revised Statutes.
2. The Defendant admits the following facts and agrees that they are not a detailed recitation, but merely an outline of what happened in relation to the charge(s) to which the Defendant is pleading guilty:

During the period specified in the complaint, July 1, 1996, through October 16, 2001, I did on multiple occasions use deception to obtain and exert control over the funds of the Airports Division, Department of Transportation, State of Hawaii, in an amount totaling over $20,000.00, with the intent to deprive the State of Hawaii of its funds. This series of continuing thefts was carried out in the following way:

a. I originally was a draftsman by training and experience; however, I then become a construction contractor. I was first introduced to doing contract maintenance work at the Honolulu International Airport (HIA) by another contractor, Michael Furukawa. As I became more familiar with doing contract work at the HIA, I learned that there was a system in place at HIA to steer contracts to do repair work at HIA to certain contractors. In my particular case, because of the connections I had with highly-placed Airport personnel through my friendship with Michael Furukawa, I knew that I would be guaranteed work at HIA. Whenever I was contacted to submit a bid on a repair work at HIA, instead of having to actually compete with other contractors for a particular job, I would not only submit my bid, but two other fictitious bids. Submitting three bids was necessary to give the appearance that state procurement law was being followed. Under state law, the winning bid on work that the State needed done would be chosen from the lowest bid from among at least three bids submitted. Typically, the two other bids on work I bid on came from friends of mine: Michael Furukawa and Wesley Uemura. We would agree among ourselves that I would submit the lowest bid, and they would submit higher losing bids on certain contracts, and on other contracts, the roles would be reversed.

b. The two highly-placed Airport employees who were part of this bid-rigging scheme were Dennis Hirokawa, the Airport Maintenance Superintendent, and Richard Okada, the head of the VIP arrival section, who was also Furukawa’s cousin. As part of the bargain of being assured of getting work at HIA, both Hirokawa and Okada asked me for kickbacks. At first, the kickbacks consisted of Hirokawa asking me to treat Hirokawa and his staff of approximately six employees to lunch on a monthly basis and on special occasions. During that same time, Okada would ask me from time to time to cover the costs for certain events. As time went on, Okada asked me, on Hirokawa’s behalf, for a kickback of $500.00 for every winning bid I received at HIA. Eventually, the $500.00 per job became $2,000.00 per month. I would deliver the money directly to Hirokawa at first. After a while, I would drop off the money with Okada. I did this because Hirokawa would be persistent and call to demand payment if payments were not made on time, so by giving the kickbacks to Okada I not only had a witness to my paying a kickback, but I also avoided having to deal with Hirokawa. In addition to what Hirokawa was asking for, Okada asked me for kickbacks of $20,000.00 on two other occasions for what Okada told me were “political contributions”. One, sometime in 1998 and another in 1999. The payments were always in cash since Okada once told me cash would be harder to trace. I estimate that I paid Hirokawa and Okada a total of over $129,000.00 in kickbacks during the period covered by the complaint.

c. To cover the costs of the kickbacks to Hirokawa and Okada, I had to overbill the Airports Division for the work I did at HIA. As a matter of fact, Okada told me
on a number of occasions that I should include all my "expenses", meaning the payments I was asked to make to Hirokawa and Okada, as part of the invoices I would send to the Airports Division for payment.

d. After the Department of the Attorney General began its investigation into abuses of the state procurement system at HIA, I attended a meeting along with Hirokawa, Okada, Michael Furukawa, Wesley Uemura, and Bert Shiosaki where the point of the meeting was to get everyone's agreement to not cooperate with the Attorney General's investigation. I told Furukawa that I would be cooperating with the Attorney General's investigation.

3. The parties stipulate to the following for the purpose of sentencing the Defendant in connection with this matter:

a. The Defendant is to be sentenced at the conclusion of all state and federal proceedings concerning the theft and misappropriation of governmental funds at the Honolulu International Airport.

b. All recommendations on Defendant's sentencing will be deferred until the Defendant has completed his cooperation with state and federal authorities.

c. During the period specified in the complaint, the Defendant did, obtain and exert control over a total of more than $20,000.00 in funds belonging to the Airports Division, Department of the Transportation, State of Hawaii, by deception, with the intent of depriving the Airports Division of its funds. The Defendant committed Theft in the First Degree in the following manner:

1. The Defendant is the president of Blueprint Builders, Inc., which does general contracting work. He first started doing work at the Honolulu International Airport (HIA) because of his friendship with Michael Furukawa, who owns another contracting firm. The Defendant participated in a bid-rigging scheme where, to give the appearance that state procurement law was being complied with; Defendant would submit not only his own bid, but also two other bids from cooperating contractors. Defendant would agree with Michael Furukawa and Wesley Uemura, the two cooperating contractors, that they would take turns among themselves submitting the lowest and winning bid and the two higher losing bids on any particular project at HIA.

2. Defendant was able to succeed with the bid-rigging scheme because of the acquiescence and cooperation of two highly-placed Airport employees: Dennis Hirokawa, the Airport Maintenance Superintendent, and Richard Okada, the head of the Airport VIP arrivals section. Hirokawa was the Airport employee ultimately responsible for selecting the winning bid on each project at HIA. Okada was the person who would lobby the Legislature for the Department of Transportation to obtain state funds for the Airport Division's operational budget. Okada was also Michael Furukawa's cousin.

3. As part of the bid-rigging scheme, Defendant paid kickbacks to Hirokawa and Okada in return for the contracts he was awarded at HIA. Defendant paid a total of over $129,000.00 in kickbacks to Okada and Hirokawa during the period covered...
covered in the complaint. Among the larger kickbacks the Defendant made were $500.00 payments to Hirokawa for each job in which the Defendant was the winning bidder that was then raised to a flat fee of $2,000.00 per month and two “political contributions” of $20,000.00 each made in 1998 and 1999 to Richard Okada.

4. In order to compensate for the kickbacks made to Okada and Hirokawa, the Defendant had to overbill the Airports Division for the work he did at HIA. Okada would suggest to the Defendant on a number of occasions that he cover the payments that were being made to Hirokawa and Okada by overbilling.

5. When this investigation by the Department of the Attorney General became public, the Defendant was asked to attend a meeting with other individuals who were being investigated for their involvement in doing contract work at HIA. Among the people at the meeting were Michael Furukawa, Wesley Uemura, Dennis Hirokawa, and Richard Okada. The purpose of the meeting was to reach an agreement that the people at the meeting would not cooperate with the Attorney General’s investigation. Defendant told Furukawa that he would be cooperating with the Attorney General.

3. The Defendant agrees to waive his right to appeal any issue that he would be able to appeal under Rule 11(a)(2), Hawaii Rules of Penal Procedure.

4. Should the Court refuse to accept this Agreement, it is null and void, and neither party shall be bound thereto. The parties understand that the Court’s rejection of any stipulation between the parties does not constitute a refusal to accept this Agreement since the Court is expressly not bound by the stipulations between the parties.

5. The Defendant understands that the prosecution shall fully apprise the Court and the Adult Probation Office of the nature, scope and extent of the Defendant’s conduct regarding the charges against him, related matters, and any matters in aggravation or mitigation relevant to the issues involved in the sentencing.

6. The Defendant agrees that he will fully cooperate with the United States and the State of Hawaii in the following ways:

a. The Defendant agrees to testify truthfully at any and all criminal trials, hearings, and any other civil or administrative proceedings at which the United States or the State of Hawaii requests him to testify, including, but not limited to, any grand jury proceedings, criminal trial proceedings involving codefendants and others indicted later in the investigation of misconduct occurring at the Airports Division, State Department of Transportation, hereinafter “this investigation”, and any related civil or administrative proceedings.

b. The Defendant agrees to be available to speak with law enforcement officials and to representatives of the United States Attorney’s Office and the State of Hawaii at any time, and to give truthful and complete answers at such meetings, but he understands he may have counsel present at those conversations, if he so desires.

This decision has been redacted and reformatted for publication purposes and contains all of the original text of the actual decision.
c. The Defendant agrees he will not assert any privilege to refuse to testify at any grand jury, criminal trial, or other civil or administrative proceeding, involving or related to the crimes for which he is being charged, or any subsequent charges related to this investigation, at which the United States Attorney's Office or the State of Hawaii requests him to testify.

d. In the event the Defendant does not breach any of the terms of this Agreement, but the Court nonetheless refuses to accept the Agreement after the Defendant has made statements to any law enforcement authorities or representatives of the United States Attorney's Office or the State of Hawaii pursuant to this Agreement, the United States Attorney's Office and the State of Hawaii agree not to use any of the Defendant's statements in their case in chief should there be a later trial of the Defendant arising out of this matter. Defendant understands that this does not bar the use of information and evidence derived from such statements or prohibits the use of the statements by the United States Attorney's Office or the State of Hawaii in cross-examination or rebuttal.

7. The exact amount of restitution is to be determined at the time of sentencing, but is agreed to be an amount of not less than $300,000.00, unless otherwise reduced by payments from other parties. Payment of restitution is to be made to "DOT Airports Division". Payment is to be made in the following manner: $25,000.00 at the time of Defendant's plea, and the balance to be paid during the period of probation.

DATED: Honolulu, Hawaii, /18/02

[Signature]

LAWRENCE A. GOYA
Senior Deputy Attorney General
State of Hawaii

[Signature]

ARTHUR INADA
Defendant

[Signature]

NELSON W.S. GOO, Esq.
Attorney for Defendant Arthur Inada

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<th>STATE OF HAWAII</th>
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<td>CIRCUIT COURT OF THE FIRST CIRCUIT</td>
<td>OF CONVICTION AND PROBATION SENTENCE</td>
<td>Cr. No. 03-1-2586</td>
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<td>NOTICE OF ENTRY</td>
<td>DATE OF HEARING:</td>
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<td>STATE VS. (DEFENDANT):</td>
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<td>ARTHUR INADA</td>
<td>GUILTY</td>
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<td>ORIGINAL CHARGE(S):</td>
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<td>FINAL JUDGMENT AND SENTENCE OF THE COURT:</td>
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<td>RESTITUTION in an amount to be determined.</td>
<td>SEE ATTACHMENT (TERMS AND CONDITIONS OF PROBATION)</td>
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<td>CRIME VICTIM COMPENSATION FEE $100.00 forthwith.</td>
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<td>FINE $25,000.00.</td>
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<td>PROBATION:</td>
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<td>DECEMBER 20, 2006</td>
<td>DEXTER D. DEL FÉ</td>
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TO: DEFENDANT, ARTHUR INADA

IT IS THE ORDER OF THE COURT THAT DURING YOUR TERM OF PROBATION, YOU SHALL COMPLY IN ALL RESPECTS WITH THE FOLLOWING TERMS AND CONDITIONS:

1. You shall not commit another federal or state crime during your term of probation;

2. You shall report to your probation officer as ordered by the Court or by your probation officer. After this hearing or upon your release from confinement, you are ordered to report immediately to:
   Adult Client Services
   777 Punchbowl Street
   Honolulu, Hawaii 96813
   (808) 539-4500;

3. You shall not leave the island of O'ahu unless you first obtain permission to leave from your probation officer or the Court;

4. You shall report any change of address, telephone number, or employment to your probation officer before any such change;

5. You shall promptly notify your probation officer if you are arrested or questioned by a law enforcement officer; and

6. You shall permit your probation officer to visit your home and any other places specified by the Court at all reasonable times.

7. Your further special conditions of probation are as follows:

   YOUR FURTHER SPECIAL TERMS AND CONDITIONS OF PROBATION ARE ATTACHED.

WARNING:

IF YOUR WHEREABOUTS BECOME UNKNOWN TO YOUR PROBATION OFFICER BECAUSE OF YOUR FAILURE TO KEEP HIM/HER INFORMED, THE COURT MAY ORDER YOUR ARREST. UPON ANY FAILURE TO COMPLY WITH EACH OF THE TERMS AND CONDITIONS OF YOUR PROBATION, INCLUDING SPECIAL CONDITIONS, THE COURT MAY REVOKE YOUR PROBATION AND SENTENCE YOU TO PRISON OR CHANGE OR ADD TO THE CONDITIONS OF YOUR PROBATION.

YOU ARE FURTHER INFORMED THAT YOU ARE PROHIBITED FROM OWNING OR POSSESSING ANY FIREARM OR AMMUNITION PURSUANT TO HRS § 134-7.

THE TERMS AND CONDITIONS OF PROBATION HAVE BEEN EXPLAINED TO ME; I FULLY UNDERSTAND THEM, AGREE TO ABIDE BY THEM IN EVERY WAY AND UNDERSTAND THE CONSEQUENCES. I HAVE RECEIVED A COPY OF THESE TERMS AND CONDITIONS OF PROBATION.

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<tr>
<th>DATE</th>
<th>DEFENDANT'S SIGNATURE</th>
<th>SIGNATURE OF PROBATION OFFICER</th>
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Cr. No. 03-1-2586
State of Hawaii vs. ARTHUR INADA

7. Special Conditions Of Probation

YOU SHALL:

A. Follow all reasonable instructions which are given to you by your probation officer;

B. Not own or possess any firearms or ammunition. If you have any firearms or ammunition, you must immediately turn them in to the appropriate county police department;

C. Pay restitution in an amount to be determined;

D. Pay to the crime victim compensation fund $100.00 forthwith;

E. Pay a probation services fee in the amount of $150.00 forthwith;

F. Pay a fine in the amount of $25,000;

G. Payment of restitution and fine shall be determined after determination of restitution amount;

H. Sign a Waiver of Extradition.