



U.S. Department of Justice

Executive Office for United States Trustees

Office of Research and Planning

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PRESS RELEASE

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**HAWAII DEFENDANT PLEADS GUILTY
TO TWO COUNTS OF BANKRUPTCY FRAUD**

HONOLULU--Arthur Kahahawai, 57, of Lihue, Kauai, pleaded guilty Oct. 4 to two counts of bankruptcy fraud in connection with his concealment of a worker's compensation settlement payment, United States Trustee Harry Sherr announced today.

According to information produced in connection with the plea, Kahahawai violated 18 USC 152(1) by concealing a \$71,517 worker's compensation settlement payment, and violated 18 USC 152(3) by knowingly making a false declaration in his bankruptcy schedules and statements when he failed to disclose the settlement and receipt of funds. Kahahawai filed for bankruptcy approximately three weeks after he received the settlement payment.

"Kahahawai faces significant criminal penalties--up to five years imprisonment and a \$250,000 fine--for his attempt to hide these funds from the Bankruptcy Court and from his creditors," Sherr stated. Kahahawai is scheduled to be sentenced on Feb. 14, 2000.

The matter was reported to the office of the United States Trustee, which investigated and referred the case to the United States Attorney's office and the Federal Bureau of Investigation for further investigation and criminal prosecution. The United States Trustee Program is a component of the Justice Department that monitors the administration of bankruptcy cases nationwide. Sherr is the United States Trustee for Region 15, which includes the District of Hawaii.

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