

Rewald Listens In as Attorneys Seek to Drop His Case

By Charles Memminger
Star-Bulletin Writer

Ronald Rewald, for the second day this week, was taken from prison this morning, this time to attend a state court hearing on a motion by his attorneys that they be allowed to withdraw as his counsel.

Rewald was taken from prison for seven hours yesterday to go through the files of his bankrupt company, Bishop Baldwin Rewald Dillingham and Wong, in search of assets to pay off investors who put from \$10 million to \$12 million into the company but he was not much help.

Bankruptcy trustee Thomas Hayes said Rewald's search was fruitless and Rewald will not be returned to the company offices.

"The condition of his coming down, and in order for him to continue coming down, was that he had to produce something of substance," Hayes said. "He didn't."

TODAY, ATTORNEYS Peter Wolff and Brook Hart sought to withdraw as counsel and also asked that Rewald be declared indigent so a public defender could be appointed to represent him.

Wolff said Rewald has no money to use in his defense because of two federal court orders seizing his assets as part of the bankruptcy proceedings.

But Judge Robert Won Bae Chang declined to rule on the motion until Wolff files a formal request in federal court to have some of the assets released, a move Hayes opposes.

"I don't want one penny released," Hayes said after the hearing. "What are we going to do, rip off the creditors even more?"

Wolff said his associate, Michael Wilson, had asked U.S. Judge Martin Pence to release some money for Rewald to defend himself against two state theft charges, but Pence refused. Chang said he wanted the request made formally through court documents.

ASKED AFTER the proceeding how much money he thought Pence would allow released for Rewald's defense, Wolff said, "Zero."

Wolff told Chang his office wanted to withdraw as Rewald's attorneys because Rewald is unable to pay his attorneys. Wolff said the case would be time-consuming for whatever attorney takes the case and if there is going to be a change in attorneys, now would be a good time.

Judge Chang asked Wolff to

Isle Puerto Ricans Planning a Fiesta

The Puerto Rican Heritage Society of Hawaii will sponsor a "Le Lo Lai Fiesta" at 8 p.m. Saturday that will include slides, dancing and light refreshments.

Cost is \$3. Music will be by the Los Jibaros Diamantes. The fiesta will be in the social hall of the United Puerto Rican Association of Hawaii at 1249 S. School St.

contact the Public Defender's Office so it can begin an investigation into Rewald's financial situation and clear the way for Chang to rule on the indigency question. The Public Defender's Office has not started such an investigation on its own, Chang said, because it was worried it would be unethical.

When Wolff leaned over and asked Rewald if he would mind if the Public Defender's Office began such an investigation, Rewald shook his head in an agitated manner and said, "It doesn't make any difference."

THROUGHOUT the proceeding, Rewald, his arms chained to his sides, rocked his head back and forth and appeared uninterested in the court activity.

Rewald's unusual release yesterday came after a deal was struck between Rewald's attorney, Robert Smith, Deputy City Prosecutor Peter Carlisle and Hayes.

Rewald was brought to the offices at Grosvenor Center under guard at about 8 a.m. and began going through company records with the aid of his former office manager Sue Wilson and his former secretary Mira Kanashigi, Hayes said.

The search did not occur in his plush former office — the one with the waterfall — but at a sparsely furnished office at the other end of the 26th floor. Hayes moved the company there last week to save rent money.

Rewald concentrated his search on files relating to an Indonesian tea plantation in which his company had allegedly invested. But Hayes said he already investigated the reported plantation and that nothing was found.

"There was no plantation," Hayes said.

HAYES SAID Rewald was quiet and spent his day going through files which secretaries brought at his request. At about 3 p.m. he was taken back to Oahu Community Correctional Center, where he is being held in lieu of \$10 million bail.

Hayes said that because Rewald was unable to help uncover any assets, he will not be allowed to return to the company offices. He also said Wilson will be not be back to help look for assets.

"I don't need Wilson ... Rewald or anyone else," Hayes said.

Carlisle also said this morning it was unlikely Rewald would be taken from prison again.

Carlisle said it was unusual that the furlough was granted, but said it was akin to a murderer being released to help authorities find a body.

Rewald's attorney could not be reached for comment yesterday, but on Tuesday, Smith confirmed that a deal was being worked out to let Rewald out of prison to search for assets.

Also today, Hayes was to seek a federal court order allowing him to sell Rewald's boat "Nancy" — named after Rewald's wife.

Hayes contends the boat is worth only about \$1,500 and has been sitting at Hawaii Steel Boat-builders awaiting repairs. The repair company wants the boat taken off its lot.

Physicians Invested Heavily in Rewald

Saturday, September 10, 1983 Honolulu Star-Bulletin A-3

By Charles Memminger
Star-Bulletin Writer

The attorney and administrator of the Hawaii Physicians Protective Association, which invested \$100,000 in the bankrupt company of Ronald Rewald, Dillingham & Wong, has been removed from his position because of his association with company head Ronald Rewald.

Russell D.C. Kim, who resigned as legal consultant to Rewald's company almost two years ago, confirmed that he no longer is attorney to the physicians' association and said his removal is just part of the fallout from his relations with Rewald.

The physicians' association board of directors has hired Robert Lerud as its new administrator and also has hired attorney Richard Griffith to go over the association's financial records to see if any legal action will be taken against Kim.

The money invested came from the self-defense fund used to defend physicians in malpractice suits, according to Lerud.

Kim contends, however, that it was the board of directors that decided to invest the money in Bishop, Baldwin, Rewald, Dillingham & Wong and not him.

Kim was replaced as administrator at the board's Aug. 23 meeting, Lerud said. The board did not give a specific reason for removing Kim, he said, but it was

partially because of Kim's association with Rewald and because he spent a lot of time out of the state on business. Kim has been involved in a number of business ventures in the Far East.

Kim, in an interview earlier this week, said he thinks the physicians' association incident is just part of the problems he will be facing because of his relationship with Rewald. But, like other consultants Rewald hired, Kim contends he was used by Rewald just as investors were.

He was shocked to learn that Rewald was not the seasoned investment adviser and lawyer he had claimed to be. Unlike other consultants who also had invested money in Rewald's company, however, Kim said he still owes Rewald money from loans he was given.

Kim's association with Rewald followed the pattern of several other attorneys who eventually ended up working with Rewald. Kim was looking for office space and arranged to lease space through company president Sunlin Wong in the company's Grosvenor Center suites in 1980.

KIM SAID HE began doing some legal work for Rewald, but was surprised when Rewald included his name in company literature listing him as a consultant.

Kim said he was too busy trying to get his own businesses

going in the Far East to do much work for Rewald, and finally, in late 1981, he resigned as one of Rewald's attorneys. However, he continued to maintain his office there, he said.

Kim had a close relationship with Rewald. In fact, he prepared Rewald's will and bought Rewald's Kumuakahi Place house in Hawaii Kai, the house Rewald bought from former Cambodian Prime Minister Lon Nol.

In retrospect, however, Kim concedes that he actually did not know Rewald as well as he had thought. He had accepted Rewald's claim that he had graduated from Marquette University Law School and played professional football. "Everyone wanted to believe in Ron," Kim said.

One of Kim's legal projects was the transfer of 75 shares of Korean of stocks from retired Gen. Hunter Harris to Rewald's company.

At one point, an investor offered to buy the stocks for \$5,000 a share, but Rewald hung on to them, Kim said.

WHEN REWALD went to the company offices Wednesday on a special furlough from prison to look for company assets, one of the persons he called was Kim. Kim said Rewald asked him to see if there still was a buyer for the stocks. Kim said he could not try to sell the stocks because they legally belonged to the trustee.



PORTRAIT OF THE QUEEN—Lydia Maioho, left, curator of the Royal Mausoleum, presents a photograph of Queen Liliuokalani to trustees of the Office of Hawaiian Affairs yesterday. Maioho said the photo was given to her by the late Helen Kane of Nanakuli. It was restored by Ipo and Kunani Nihipali. —Star-Bulletin Photo by Ken Sakamoto.

Rewald's Associates Testify Before Federal Grand Jury

By Charles Memminger
Star-Bulletin Writer

A federal grand jury investigating Ronald Rewald and his bankrupt company Bishop, Baldwin, Rewald, Dillingham & Wong met for about seven hours yesterday but returned no indictments.

It is believed to be the second time the grand jury has met since Rewald's company was forced into bankruptcy last month.

Former company president Sunlin L.S. "Sunny" Wong testified yesterday as he had done during the earlier grand jury session. Wong would make no comment as he left the courthouse shortly before 4:30 p.m.

Also testifying was Sue Wilson, Rewald's former office manager. Wilson's attorney, Howard Chang, would not say how long Wilson appeared before the grand jury.

While at the federal courthouse however, Wilson was served with a subpoena to testify before the Oahu Grand Jury. Chang said he did not know who would be the target of the state grand jury in light of Rewald's previous indictments.

WILSON HAS been described as Rewald's "right-hand man" and accompanied him to the company office Wednesday when Rewald was let out of prison for a short time to help look for company assets.

Little has been heard of Wilson since the company shut down. But Chang said Wilson has not been in hiding and has complied with every subpoena and summons she has been served with.

Wilson was scheduled to be interviewed by attorneys for

bankruptcy trustee Thomas Hayes this week but that was postponed, Chang said.

Wilson also was given a subpoena to produce office records by detectives in the police department's white-collar crime unit, but Chang said Wilson had no records to turn over.

Rewald is being held in lieu of \$10 million bail on two state charges of theft of investors' money. The FBI is one of several federal agencies investigating Rewald to see if he had violated any federal laws.

Halvorsen Guardian Sues to Oust Trust Administrator

By Charles Memminger
Star-Bulletin Writer

The mother of the beneficiary of the multimillion-dollar Halvorsen Trust filed suit in federal court yesterday, seeking to have attorney Robert Jinks replaced as the trust's administrator and charging that he mismanaged the trust's funds.

Jinks denied the allegation and said the suit is rooted in an adverse relationship he has with Elizabeth L. Halvorsen since he represented her husband in acrimonious divorce proceedings in 1978.

Leland Don Halvorsen, a sportsman and retired oil man, was murdered in 1978 and the case is still unsolved. At the time of his death, Halvorsen was separated from Elizabeth and divorce proceedings were under way, Jinks said.

The trust, set up three years before the murder, listed Halvorsen's son, Kit Lee, as the beneficiary.

Elizabeth Halvorsen, who lives next-door to Ronald R. Rewald's Kuliouou house, had invested \$805,394 of her own money in Rewald's bankrupt company, Bishop, Baldwin, Rewald, Dillingham & Wong.

JINKS SAID he was not surprised that Halvorsen wants him replaced as trustee because of the poor relationship he had with her. Before Leland Halvorsen's death, Jinks said he was seeking a restraining order to keep her from coming into contact with Halvorsen because of the couple's stormy relationship.

"This was not a normal divorce," Jinks said.

Before the divorce was completed, Leland Halvorsen was shot to death. Although a 47-year-old man eventually was arrested and charged in the case, charges eventually were dropped.

Mrs. Halvorsen's attorney, Susan Tius, would not comment on what led to the suit being filed.

In her complaint, Mrs. Halvorsen charges Jinks with "various acts of mismanagement, self-dealing and breach of fiduciary duty," including making "imprudent and unreasonable investments into Bishop, Baldwin, Rewald, Dillingham & Wong." She said Jinks mismanaged the trust assets by co-leasing the Grosvenor Center office space occupied by Rewald's company, and that he failed to file tax returns.

JINKS DENIED all the allegations, and said he was not surprised it was filed.

"Anytime there has been this kind of publicity, I guess anything can happen," he said. "It goes back to Don's death. We (Mrs. Halvorsen and Jinks) did not have a good relationship be-

able. As a result, he said, the trustee has to find tax-sheltered investments for the trust money.

Jinks denied that he has failed to file tax returns for the trust.

"All of the taxes have been prepaid and there are carry-overs for subsequent years," Jinks said.

THE STAR-BULLETIN reported erroneously in a previous story that there was a \$4,086 state tax lien against the trust. Actually, the lien was against Elizabeth Halvorsen personally for 1981 income. The confusion stems from the complex trust arrangement in which Kit Halvorsen is the beneficiary but Elizabeth Halvorsen is his guardian.

"She is not involved in any way in the trust," Jinks said.

Even though Jinks said, when he found out that Elizabeth Hal-

vorsen had lost her own money in Bishop, Baldwin, Rewald, Dillingham & Wong's collapse, he increased the amount of payments to Kit Halvorsen and personally gave Elizabeth Halvorsen money to live on.

Jinks also defended his use of the trust to co-lease office space at the Grosvenor Center as a sound investment.

CONCERN ABOUT the Halvorsen trust surfaced after Thomas Hayes was appointed trustee of Bishop, Baldwin, Rewald, Dillingham & Wong when it was forced into bankruptcy a month ago. After looking at the company records, Hayes discovered that most of the company's \$10 to \$12 million in assets were gone. Most apparently were spent on Rewald's exotic lifestyle.

Two large trust funds, the McCormick trust and the Mitchell trust, were found to have been drained of their assets. Because Elizabeth Halvorsen also was listed as an investor and the Halvorsen trust was listed in connection with the office lease, there was some confusion as to whether any Halvorsen trust assets were invested in Rewald's company. There also was concern because Jinks was a consultant to Rewald as well as the Halvorsen trustee.

Jinks, however, while acknowledging that he had used Rewald's company as a conduit to move some trust funds into tax shelters, has steadfastly denied that any trust funds were put into investment accounts.

Hayes has said he has not uncovered any evidence that any trust money was invested.

In Hawaii...

Friday, September 2, 1983 Honolulu Star-Bulletin A-3 *

Rewald Pre-Trial Publicity Alarms Public Defender

By Ellen Dyer
Maui Correspondent

KAANAPALI, Maui — Honolulu Public Defender Barry Rubin said yesterday he is "seriously concerned" about pre-trial publicity surrounding the case of Honolulu businessman Ronald R. Rewald.

Rewald headed the company of Bishop, Baldwin, Rewald, Dillingham & Wong, which was forced into bankruptcy three weeks ago, with most of the estimated \$10 million to \$12 million dollars invested in the firm unaccounted for.

"I am seriously concerned about what I see," Rubin said. He also said that he could not "understand the \$10 million" bail set for Rewald, who has been indicted by the Oahu Grand Jury on two counts of theft.

Rubin's comments came during a meeting of the Hawaii State Law Enforcement Officials Association. The meeting continues through today at the Maui Marri-

RUBIN SAID people have asked his opinion about the kind of sentence Rewald might receive. He said these individuals do not even know what Rewald has been charged with.

"I think there has been a complete saturation" in terms of publicity surrounding the case, Rubin said. He said the "very complex issue of pre-trial publicity" will have to be dealt with by lawyers for the prosecution and defense.

Rubin said that he did not know whether his office would be handling Rewald's defense. He said Rewald has not applied to the public defender's office for assistance.

But he noted that Honolulu attorney Brook Hart has indicated, in a motion to withdraw as Rewald's attorney, that Rewald is indigent and that a public defender should be appointed.

Rubin was among six panelists who gave their views on the topic "Law Enforcement and the Media."

EARLIER yesterday, Thomas

Cardoza, the regional commissioner of the Internal Revenue Service, said law enforcement and the media "have similar goals — integrity and honesty in our society and government. While the system is not perfect, it is and can be a workable tool" for a "better enforcement effort and a satisfaction of the public's right to know."

Cardoza said it is "essential to government functions" that the public be kept informed to enable people "to comply with new requirements, protect their lives and property, and influence political decisions. It is the media that provides the best conduit of this information to the public, and it is the media who can best expose government misinformation or conduct detrimental to the public good."

He said this "creates a natural tension between the media and law enforcement" but he said that "is proper because it tends to keep both sides alert, responsive and honest in their roles and relationships."

Ronald Rewald tells his story

from page one

made by one of the sporting goods company employees. Rewald said he was charged because he was an owner.

Because the proceedings were "far away from my home, (as I recall, approximately 160 miles), it was economically unfeasible for me to fight the prosecution," he said. It "made more sense to plead guilty to a misdemeanor, which I did." Rewald also said he paid the money back.

● **Schooling** — He said he was born in Milwaukee, Wis., in 1942 and grew up here, "attending" South High School.

Rewald made no reference to his claim, now rejected by the university itself, that he was graduated from Marquette University and its law school, but his Kansas City Chiefs training camp roster listed his college as Marquette, indicating Rewald was claiming that association almost 20 years ago.

● **His family** — He said he married his present wife, Nancy Imp Rewald, when he was 18, and that they have three daughters and two sons, aged 12 to 19.

● **The Central Intelligence Agency** — "The information out thus far on Rewald's or (the company's) connection to the CIA, if any, has not come from me regardless of what the (bankruptcy) trustee or media purport. My only position thus far has been one of no comment to anyone in this regard."

Rewald's affidavit was filed in support of his motion seeking release of some of his assets to pay for his defense in a criminal theft case and in civil proceedings against him and his company. He is being held in Oahu Community Correctional Center on \$10 million bail on two theft counts.

He also sought to block a motion for a summary judgment that would declare his company bankrupt without trial.

Interim bankruptcy court records estimated that 600 investors pumped \$10 million to \$12 million into Bishop, Baldwin, since its formation in 1977, and that most of the money is gone.

Rewald attempted suicide by slashing his forearms on July 29 after Channel 2 television broadcast a report of state regulators' questions about his firm. He was arrested on his release from Queen's Medical Center and has since been indicted on two state counts of theft.

His only previous public statement was an interview with television reporter Larry Price while Rewald was still in the hospital.

Rewald's affidavit was part of a larger package of documents sealed Friday by the U.S. district court clerk on belief that it all came under a sealing order issued Thursday by U.S. District Judge Martin Pence because of possible reference to the CIA and classifiable national security matters.

The filings were made by attorney Smith, who said earlier that he was going to request that a portion be sealed in any event, but that part of it contained no classifiable materials.

The Advertiser was able to review a copy of the non-classified portion of the filing. It included only one reference to the CIA — Rewald's claim that he himself has made no statement about that agency. It also contained several local newspaper clippings referring to the alleged CIA connection.

The sealed documents have been referred to the U.S. attorney's office and the CIA for examination in detail.

When the clerk's office closed Friday, the U.S. attorney's office had not made any conclusions about which portions of the filing, if any, should remain sealed. It was understood that CIA personnel



Ronald Rewald

motion for summary judgment in the bankruptcy case.

Smith gave notice in the filing of his intent to rely on classified information in Rewald's case — a move that would lay the basis for seeking dismissal of charges against Rewald if the federal government refuses to release such documents. The federal government hasn't filed criminal charges against Rewald.

Smith said his client has been railroaded by the media and hamstrung by the courts.

"If it appears to the court from the evidence adduced thus far publicly that Mr. Rewald has run amok with investors' money, then it is equally true that the media has run amok with publicity in this case and thus far has swept the legal system along in the bargain," Smith said.

Effectively, Mr. Rewald has been charged, tried and found guilty in the public press and has been deprived by the court system of any means of defending himself, all without a trial by jury, which is his constitutional right. In America, this is not supposed to happen.

Rewald, Smith said, must be allowed access to his personal assets to pay for his criminal and civil defense.

The company assets, Rewald said, include:

● Wendell Phillips' oil drilling investments, potentially worth \$1 million. (Hayes says these may be worthless or may bring \$750,000, depending on whether oil is struck somewhere off the coast of Korea.)

● An interest with Honolulu attorney Russell Kim in a Far East trading company due \$175,000 in commissions, half of which would come to Bishop, Baldwin. Kim is a formal legal consultant to the firm who maintained his law offices in Rewald's suite at Grosvenor Center. Kim could not be reached for comment yesterday.

● An allegedly delinquent \$75,000 loan from the company to a John Von Crom in American Samoa. (Von Crom, reached by telephone yesterday, said he received a personal loan of \$9,000 from Rewald in 1979 and — later — a \$30,000 loan from Bishop, Baldwin to finance a condominium

purchase on Maui. The interest on both loans was about 26 percent, he said.

(Unable to pay back the loans, Von Crom said, he arranged to deed the condominium and its property to the corporation in 1981. During a foreclosure proceeding last year, Von Crom said, he learned that company president Sunlin "Sunny" Wong never completed the deed transfer and that Bishop, Baldwin was unable to sell the property.)

● Promissory notes totaling more than \$130,000, most of them apparently from Kim. (Hayes said these and the Von Crom loan may not be collectible.)

● Office furnishings worth \$2 million. (Hayes says \$150,000.)

● Bank accounts with \$280,000 on deposit. (Hayes confirms.)

● A \$500,000 interest in Motor Cars Hawaii. (Only \$241,000, says Hayes.)

● Some \$40,000 in sporting goods stores. (Hayes confirms.)

Rewald said his personal assets have a net value, "at best," of \$3 million, including a \$1.8 million equity in his home. He said he bought the home with money made from sales of his Wisconsin home (a \$23,000 profit) and his former Kumukahi Street home. Those transactions, he said, produced the \$50,000 down payment on his present home, plus the \$200,000 due and paid a year later.

He said Kim still owes Rewald's wife, Nancy, \$137,000 on a promissory note.

Rewald did not dispute the bankruptcy trustee's claim that his mortgage payments had been made with Bishop, Baldwin funds. But even if that were true, Rewald said, the total was no more than \$340,000, indicating that he had a right to 42 percent of the value of the equity in the home.

(Hayes has said the home is an asset of the company and the equity may be worth \$1 million.)

Rewald said there were other, less tangible assets in the form of debts which he expected were scooped because of his publicity about his firm.

Rewald said he hoped that some day Bishop, Baldwin (will be) in a position to assert a claim for damage against those responsible for the present chaos." The claims would include the value of work or projects halted when his firm "shut down."

Rewald said, "On July 29, before I learned of the Barbara Tanabe television broadcast (raising questions about the firm), I had completed a deal with Cliff Melim of Northwestern Mutual Life Insurance Co. for a 10 percent interest in a \$29 million project involving Mokeleia Homesteads, a large residential project on Oahu."

Not so, Melim said Friday night. Melim said Rewald suggested he had the political clout to get the Mokeleia project through the government bureaucracy, and would do so for a 10 percent interest. "I said we'd think about it," Melim said, but it was a long way from an agreement.

The same day, Rewald said, he had received a report "from one of our consultants who had just returned from Spain to outline a project in which Bishop, Baldwin would have had a \$22 million controlling interest in a residential development in Soto Grande, Spain."

Hayes said the company to his knowledge has no interest in any real estate developments in Hawaii, Spain or anywhere else.

An Advertiser exclusive report:

Ronald Rewald tells his story

By Walter Wright
Advertiser Staff Writer
9/18/83

Ronald Rewald says he personally is worth \$3 million, his embattled company is worth at least \$4 million more, and the only way investors will get that money back is if he is given money to defend himself and the firm.

But interim bankruptcy trustee Thomas Hayes replied that he is stuck by his estimate that both the company and Rewald are worth no more than a total of \$1.5 million to \$2 million, far from the \$10 million to \$12 million Hayes says was invested.

Rewald's company, Hayes said, is hopelessly bankrupt and should be declared so promptly. In a 16-page affidavit written in prison and filed Friday in U.S. District Court, Rewald broke his six-week silence on his side in the saga of his company — Bishop-Baldwin-Rewald Dillingham & Wong.

"I truly believe that my defense, and the defense of Bishop, Baldwin, against

the charges of insolvency being levied against it, is the key to investor recovery in this case," Rewald said.

He said that only if the court carefully uses his information, including some filed in a secret document apparently relating to a connection with the CIA, if there is hope that investors would recover their funds.

And Rewald added, "Only if the truth is set free will I be able to remove the stigma which has been put upon me and once again hold my head high, if not proudly, whether in this community or elsewhere." Rewald said the company's office furniture alone was worth \$2 million and that there was a \$1.8 million equity in his waterfront home.

Rewald claimed his company had closed or was about to close a multimillion-dollar deal from Hawaii, Spain, in July when he attempted suicide as a result of television broadcast raising questions about his firm. The suicide attempt brought his operation to

a standstill.

But the owner of one major Hawaii project that Rewald mentioned said Friday that Rewald was "fantasizing" when he claimed involvement.

Rewald said, "I may or may not be guilty of heinous crime as presently charged" in his dealings with investors in Bishop, Baldwin.

But guilty or not, Rewald said, he is imprisoned under an "impossibly high bail and unable to prevent the destruction of his company and the seizure of his personal assets "by default."

Rewald's civil attorney, Robert A. Saulty, said in the court-filing that it would take \$300,000 to \$500,000 and six months to prepare Rewald's defense, especially because travel to several foreign cities would be required.

Rewald also shed new light on these chapters of his stormy life:

Professional football — He insisted he did play professional football, and produced press clippings about the Cleveland Browns, a copy of a contract

with the Baltimore Colts and a Kansas City Chiefs training camp roster as evidence.

In any event, he said, "I never discuss football or my days in it with anyone. They were not that great, as I bounced around a good deal, never amounting to anything. I finally gave it up to devote more time to my family."

His previous bankruptcy — He said he began working in 1964 for a sporting goods venture in Wisconsin that failed and led to his personal bankruptcy because he had guaranteed loans and lines of credit for the company. Rewald said he repaid his home to help pay off the debts.

His criminal conviction in 1976 for violating Wisconsin's franchise investment law, Rewald was accused of selling a franchise for sporting goods stores to two men in 1974 without first registering with the state. — He said the charges were the result of statements

See Ronald Rewald on Page A-4

Aloha!Today is Monday,
Sept. 19, 1983

Had no intent to bilk clients, Rewald insists

By Walter Wright
Advertiser Staff Writer

Ronald Rewald suggested yesterday that had he intended to defraud investors in his firm he would not have accepted investments from family and employees, and he would have fled with \$680,000 in cash instead of attempting suicide on July 29.

But the bankruptcy trustee in the case countered last night that Rewald's operation was "a fraud, an absolute scam, and it is an absolute disservice to the public and those who may hope to get their money back for Rewald or his attorney to represent what was going on as legitimate."

Rewald — who contacted The Advertiser last night through his attorney, Robert A. Smith — says there is no need for the \$10 million bail in his theft case because he has no money stashed away so he cannot flee.

Smith said some of Rewald's points are included in documents filed Friday in federal court.

Those points are in the "confidential" portions of the court filing, Smith said, but they themselves do not involve classifiable information. The court has sealed for government review any filings relating to any connection between Rewald and the CIA or to other classifiable matters.

Rewald's company appears to have been used at least as a mail and telephone "drop" for

five CIA "cover" entities.

Hayes confirmed yesterday that many of Rewald's relatives and employees were among those who lost funds as investors. However, he said, that fact does not prove Rewald innocent.

Smith also raised a new argument about Rewald's intentions: "If he intended to bilk the company of money for his own personal gratification, there was \$280,000 in Hawaii National Bank and \$400,000 in a payroll account on July 29 which he could have taken" and fled instead of attempting suicide.

It is Hayes's position that Rewald spent much of the company's money on himself over a long period of time, and he finally was about to be caught. "If things were going so well on July 29, why did he attempt suicide?" Hayes asked.

Rewald also said that Hayes told him during Rewald's visit to the company offices two weeks ago that he believed he could account for "every penny" of the money that came through the firm, and that he said it had all been spent.

"That," Smith contends, "does away with the notion that there are vast amounts of money stashed away. And that in turn does away with the argument for a high bail" on grounds Rewald is so rich he could meet a lower bail and flee, Smith said.

Rewald's argument holds water, Hayes said, only if you assume that Rewald got only money that first hit the company books.

Rewald yesterday also "corrected" information from his affidavit. He says he believes his personal net worth is \$4 million, not \$3 million, and that Bishop, Baldwin, Rewald, Dillingham and Wong is due \$175,000 in commissions from a trading company in the Far East, not half that amount as reported. Rewald's and the firm's assets have been frozen by the court.

Rewald also augmented the record on his education. He said he received a degree from a junior college in Wisconsin, and then, in the mid-1960s, took at least three night courses from Marquette University.

Rewald reportedly had claimed earlier that he was graduated from Marquette.

Saturday, September 17, 1983 Honolulu Star-Bulletin A-3

Rewald Trustee Asks Change in Sealing of CIA Records

By Charles Memminger
Star-Bulletin Writer

The trustee of the bankrupt investment company Bishop, Baldwin, Rewald, Dillingham & Wong plans to ask a federal judge to modify his broad order sealing records in the bankruptcy case related to the CIA.

The order, issued by U.S. Judge Martin Pence Thursday, created some confusion among court clerks and attorneys as to what exactly was to be sealed and what was not.

Attorneys also were worried about the broad wording of the order that seemed to limit them from even talking about the CIA to anyone, whether it related to the case or not.

The order said, in part, that "all parties and their attorneys and their agents . . . are hereby prohibited from communicating to any person . . . information relating to matters pertaining to the CIA."

That prompted one of Ronald R. Rewald's attorney's, Peter Wolff, to wonder whether the order violated the First Amendment.

IRONICALLY, THE order was issued because Rewald's civil attorney planned to submit court

documents that might contain classified information. The U.S. Attorney's Office filed a motion to have all documents mentioning the CIA sealed.

Court clerks, both in the U.S. District Court and U.S. Bankruptcy Court, reacted to the order by saying that all documents filed in Rewald's cases would be sealed because they did not have time to figure out which documents might be sensitive and which were not.

By yesterday, the confusion about the order had subsided somewhat, but there still was not general agreement about how the court records would be handled.

A District Court clerk's office official said that only documents filed by Smith or the U.S. Attor-

ney's Office would be sealed. But it still was not clear if the court docket sheet, which lists all documents filed in a case, would be public.

Bankruptcy court clerks, however, showed their docket sheet on the case to reporters, saying that it was public.

To complicate matters, Smith filed a stack of memorandums and documents yesterday, some of which apparently have nothing to do with the CIA but were sealed.

Smith filed a motion stating that he planned to use classified information in Rewald's defense and also asking that some of Rewald's frozen assets be released to pay his attorneys.

COURT OFFICIALS would not release any of those documents. Another motion sealed with apparently no connection to the CIA is a request by Smith to have Hayes pay insurance premiums on Rewald's life insurance policy.

Attorney Don Gelber, representing trustee Thomas Hayes, said he thought the motions were not sealed and he had showed them to at least one news reporter.

Smith also filed 94 exhibits and a confidential affidavit by Rewald that also were sealed.

As far as Smith's request to release assets to pay attorneys' fees, Gelber said he definitely is against it.

He said the assets represent property acquired with money "taken from investors under false pretenses" and to allow the funds to be used in Rewald's defense "is ludicrous."

B-2 Thursday, September 15, 1983 The Honolulu Advertiser

Rewald lawyers request funds be freed for fees

Ronald Rewald's attorneys yesterday asked the bankruptcy court to release money to pay for Rewald's defense against state charges he stole investors' money. The request was set for hearing Sept. 21.

The attorneys, Brook Hart and Peter Wolff, tried last week to withdraw as Rewald's counsel on grounds Rewald can't pay them.

But State Circuit Court Judge Robert Won Bae Chang told Wolff first to make a formal bid for funds previously frozen by the federal court.

Trustee Preparing Rewald Claim List

9/15/83
By Charles Memminger
Star-Bulletin Writer

More than half of the some 400 people who invested in the bankrupt company Bishop, Baldwin, Rewald, Dillingham & Wong have not filed claims in U.S. Bankruptcy Court.

But bankruptcy trustee Thomas Hayes said he will be submitting claims for all of the investors at some point, unless an investor asks specifically that he not do so.

As of yesterday, about 150 claims for more than \$6 million had been submitted by investors and by businesses that did work for Ronald Rewald's company.

Hayes estimates that from \$10 million to \$12 million was invested in the defunct company. Claims submitted, however, include the promised high interest rates the investors were told they would receive. With that interest, the money owed investors could be as much as \$17 million.

Hayes said that as of this week, he has uncovered assets worth only \$1.5 to \$2 million.

BANKRUPTCY proceedings were scheduled to begin again today in federal court, but a hearing before U.S. Judge Martin Pence was continued until Tuesday, Hayes said.

Hayes said that, so far, most of the claims submitted are legitimate, although there are a few that appear to be "phonies," Hayes said.

Hayes said one man has claimed the company owes him about \$250,000. Hayes said the money was actually just a "stroke of the pen" transfer of funds from Rewald's "phony" account to the man's.

Hayes said he did not know exactly when he will be submitting claims for the majority of

investors who have yet to step forward, but said he will abide by the wishes of those who don't want to make a claim.

HAYES IS continuing his search for company assets, especially in foreign bank accounts, and with sometimes amusing results. Hayes uncovered a Swiss bank account in Rewald's name that contained only \$8.50.

One of the most intriguing discoveries was Rewald's plan in 1982 to buy an entire bank in Chile that appeared to have been nothing more than a scam in which Rewald would have been the victim.

He said the people behind the bank scam apparently were setting up Rewald, but that for reasons unknown Rewald did not come up with the \$200,000 they wanted.

Hayes said had Rewald come up with the money, he would have found himself having to then produce \$3 million to clear the title to the bank or lose the \$200,000.

Meanwhile, Rewald's criminal attorneys, Brook Hart and Peter Wolff, have filed a motion in federal court seeking to have some of his frozen assets released to pay for attorneys fees in his state criminal case.

The action was taken upon the order of state Circuit Judge Robert Won Bae Chang in connection with Wolff and Hart's motion to withdraw as his counsel.

IN HIS affidavit filed with yesterday's motion, Wolff said he anticipates "a need to litigate in the U.S. District Court over the release of certain materials which have heretofore been sealed by the court. It is anticipated that the fees for defending this case would be quite substantial."

Insurance Firm Sues to Void Rewald Policies

By Charles Memminger
Star-Bulletin Writer 9/14/83

An insurance company filed suit in federal court yesterday seeking to invalidate two life insurance policies worth a total of \$3 million issued to Ronald Rewald.

The action was filed by attorney Jeffrey S. Portnoy on behalf of Sovereign Life Insurance Company of California, only a day before a two-year incontestability clause would have taken effect. If the policy had not been contested, the insurance company would have had to pay \$2 million in the event of Rewald's death to a trust Rewald set up.

The invalidation is sought, the suit says, because Rewald allegedly provided false information on his application.

Rewald took out the other \$1 million policy, which lists his wife, Nancy, as beneficiary, only five months ago so there was still more than a year left to contest that policy.

The life insurance policies are only two of several Rewald had taken out during the past several years. According to court records, Rewald had other policies with Northwestern Mutual Life, the company that owns the Mokuleia polo grounds.

PORTNOY SAID Sovereign Life did not intentionally wait until the last minute to contest the \$2 million policy, but that company officials only recently learned about Rewald's July 29 attempted suicide and the bankruptcy of his company, Bishop, Baldwin, Rewald, Dillingham & Wong.

Portnoy said a man representing himself as Rewald's attorney recently contacted the insurance company to see if any money could be released from Rewald's policies.

That prompted an investigation of Rewald's policy that turned up inconsistencies in information Rewald had put on his insurance application.

According to the suit, Rewald took out the \$2 million policy on

Sept. 14, 1982, listing as beneficiary a trust fund he set up with attorney Russell D.C. Kim as trustee. In the application, Rewald gave information about his occupation and business history, including a statement that he came to Hawaii in 1973. Portnoy said.

"From everything we've read," Portnoy said, "he came here in 1977."

THE SUIT CHARGES that Rewald provided incorrect information in his applications.

wald failed to make other "good faith" disclosures about his background.

The suit makes similar charges about the \$1 million policy Rewald took out, which listed his wife as beneficiary. Portnoy said that if Rewald had been successful in his suicide, the insurance company might have tried to void the policies on the grounds that Rewald provided incorrect information in his applications.

Firm suing to void Rewald insurance

By Walter Wright
Advertiser Staff Writer

9/14/83

A California insurance company yesterday filed a last-minute suit to void \$3 million of life insurance on Ronald Rewald on grounds he lied and concealed information when applying for the policies.

The coverage includes a \$2 million term life insurance policy which was purchased two years ago today and which would have been "incontestable" as of today.

That means the company would have been obliged to honor the \$2 million policy even if the application was fraudulent.

Rewald attempted suicide July 29 after a television broadcast raising questions about his investment firm of Bishop, Baldwin, Rewald, Dillingham and Wong.

He was later indicted on two counts of theft and is being held in lieu of \$10 million bail in the hospital unit at Oahu Community Correctional Center, where he is "closely monitored," according to prison spokesman Chapman Lam.

The Advertiser reported Saturday that Rewald held \$5 million in term life insurance, most of it incontestable. The total insurance now is believed to be \$6.25 million, with two companies.

Sources close to the embattled businessman have suggested that, with the insurance policies in force, Rewald saw suicide as an escape from his problems which would leave his wife and children financially secure.

Ironically, it now appears that

Rewald's creditors would have been among the first to claim proceeds from the insurance policies if Rewald had succeeded in his suicide attempt.

Attorney Jeffrey Portnoy of Honolulu, who filed the suit for Sovereign Life Insurance Company of California, said the company was contacted last week by Rewald's attorney, Robert A. Smith of Honolulu.

Portnoy said Smith asked the insurance company "if the company might help in obtaining funds for Mr. Rewald's defense."

Portnoy said the insurance policy has no cash value and would not produce any cash unless Rewald died.

Rewald has been described as discouraged over his inability to obtain use of any funds for his defense in the criminal case.

The attorneys he first hired for that job, Brook Hart and Peter Wolf, have asked to be allowed to withdraw because, they say, Rewald cannot pay them.

U.S. District Judge Martin Pence has frozen Rewald's assets and those of the company, and Thomas Hayes, interim trustee in the company's bankruptcy proceeding, says Rewald's assets appear to have been purchased with company funds and therefore belong to the company.

Hayes estimates that almost all of the \$13 million placed with the firm by 400 investors is gone.

The suit against Rewald over the insurance policy also names his wife, Nancy, and Russell Duke

Chun Kim, trustee under the Ronald Rewald trust agreement of Oct. 27, 1980.

Rewald himself and Kim as his trustee are the beneficiaries of a \$2 million term life insurance policy purchased by Rewald on Sept. 14, 1981, the suit says.

Mrs. Rewald is the beneficiary of the second policy, for \$1 million, purchased by Rewald in March 1983. It would not be incontestable for two years, and would not pay in the event of death by suicide at this time.

Rewald's other insurance policies, totaling \$3.25 million, are with Northwestern Mutual Life Insurance Company, and all but \$250,000 of that amount has been in force long enough to be incontestable, according to Hayes' office.

The suit by Sovereign says Rewald failed to make good faith disclosures of essential facts affecting his insurability, and "this failure amounted to fraud."

The suit also says certain material representations made by Rewald were untrue, and that Sovereign would not have issued the policies except for those false representations.

Portnoy said reports in the media about Rewald indicate that some of his statements to the insurance company were untrue.

"For example, he told my clients that he arrived in Hawaii in 1973, and immediately began working for Bishop, Baldwin," Portnoy said. "From what we've seen in the media, he didn't arrive until 1977. There's a four-year period of time

in which he claims he was in Hawaii and working when in fact it appears he was somewhere else and having difficulty in his personal and financial life."

Portnoy appeared to be referring to reports of corporate bankruptcy proceedings involving Rewald in Wisconsin, and Rewald's no contest plea to a charge of misdemeanor theft in a Wisconsin case.

"My client is also very concerned," Portnoy said, "that if the allegations about how Rewald earned his money over the past couple of years are true, we had no knowledge of that activity and, had we known of it, it would have led us to the conclusion that he was a moral hazard and not insurable."

In another development in the Bishop, Baldwin case yesterday, Don P. Desonier, president of the West Honolulu Association of Life Underwriters, a life insurance underwriters industry group, confirmed that about \$20,000 — most of the association's reserves — was deposited with Bishop, Baldwin early in 1983.

He said the money represented dues collected from members for association activities.

Desonier said it is clear that the association's board did not act to authorize the deposit, but he declined to comment further on how the deposit was made.

Desonier sent a letter to association members recently saying that the group definitely would be able to carry out its 1983-84 programs despite the reduction in association reserves.

\$5 million in life insurance held by Rewald

By **Walter Wright**
Advertiser Staff Writer

If Ronald Rewald had succeeded when he tried to kill himself on July 29, his wife and children stood to receive \$3.5 million in life insurance money, according to reliable sources.

Rewald had about \$5 million in term life insurance, and most of it had been in force for more than two years and therefore was payable, no matter how Rewald died.

Observers have wondered for weeks how Rewald could have built a huge financial empire on others' investments without planning against the possibility that it all would collapse some day.

Now sources close to the embattled businessman say the life insurance policies may have been the key to Rewald's escape hatch.

"Here was a man who was extremely devoted to his family, thought the world of them," said one.

With the insurance policies in force, suicide may have appeared to Rewald an honorable solution to his problems — a samurai-style exit from a world collapsing around him.

Ironically, even if Rewald had succeeded in suicide, he might have failed to secure the financial future of his family.

"There is little doubt that creditors

would have moved against any insurance proceeds," said one source investigating the Rewald affair.

And, because at least some of the insurance premiums were paid by his Bishop, Baldwin, Rewald, Birmingham and Wong firm, that company itself might have claimed a right to any insurance proceeds.

The money thus could have become part of the assets to be distributed in a bankruptcy.

That possibility today would make any second suicide attempt by Rewald a bad financial investment.

Rewald, 41, founder and chairman of the board of Bishop, Baldwin, checked into the Sheraton-Waikiki Hotel on

Friday, July 29. That day, KHON-TV News broadcast a story about state regulators' interest in the firm.

The next day, hotel personnel found Rewald in his room when he failed to check out on time. Police called to the scene said Rewald had slashed his wrists.

Rewald was rushed to the Queen's Medical Center for treatment.

While in the hospital, Rewald gave a single interview, to KITV reporter Larry Price, in which he said he attempted suicide because "I was personally devastated by what I considered an unwarranted attack on me personally last Friday by the media."

When he was released from the hospital on Aug. 8, Rewald was arrested immediately for investigation of the grand jury. He remains in custody in the hospital unit at Oahu Community Correctional Center in lieu of \$10 million bail. His wife and family are believed to be living in Wisconsin, where the Rewalds lived before coming to Hawaii in 1977. Most of the insurance policies were said to be issued by Northwestern Mutual Life Insurance Co. and to have been purchased by Rewald over several years through an agent he knew in Wisconsin.

The Honolulu

Advertiser

Final Edition Oahu Edition: 25c
Beyond Oahu: 30c



Isle ombudsman: 44 inmates abused

Aloha!

Today is Saturday,
Sept. 10, 1983

Hawaii

Panorama Air Tour officials say

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letters

Laws, UH pay

ADVERTISER 9/5/83

Investment climate

The failure of financial institutions is sweeping across the nation. Investment firms such as Bishop, Baldwin, Rewald, Dillingham and Wong and Manoa Finance are leaving our investment community financially crippled as well as skeptical.

In order for persons such as Ron Rewald to get into the business of soliciting money for investment, he need only apply and pay a \$50 registration fee to the state Dept. of Commerce and Consumer Affairs and obtain an excise license and off he goes into business.

Should he or others like him decide that those monies are to be used for other than investing, the wrath of the law will surely intervene, however the penalty for such acts are classified under the law as class C type felonies. The maximum penalty for a class C felony is five years. Clearly a crime that should carry a \$10 million bail should be treated a bit more severely.

Perhaps we should urge our legislators to enact laws that would provide more protection for the investment community as well as the public at large. I suggest a few laws that could help protect our investors as well as brighten the investment atmosphere:

1. A law requiring any and all financial or investment type firms to obtain and present to the Dept. of Commerce and Consumer Affairs proof of bonding and financial insurance (FSLIC, FDIC, etc.) as well as monthly ongoing verifiable proof.

2. The penalty for such a crime be reclassified from a class C felony to that of a class B felony (maximum of 10 yrs.)

Perhaps if laws such as I have mentioned were enacted and maintained the present atmosphere in the investment community would improve and those who may be inclined toward ripoffs will be deterred.

HANK FERGERSTROM

Court asked to sell assets of Rewald's firm

By Walter Wright
Advertiser Staff Writer

9/7/83

Ronald Rewald's investment firm "cannot possibly pay its debts" and should be declared bankrupt without trial, a group of creditors is arguing in federal court.

Robert J. Smolenski, attorney for the group, asked the bankruptcy court to appoint a trustee to gather and sell off the assets of Bishop, Baldwin, Rewald, Dillingham and Wong.

But Robert A. Smith, attorney for the company, says he will fight Smolenski's request at a hearing Sept. 27.

Interim bankruptcy trustee Thomas Hayes has estimated the company took in about \$13 million from 400 investors, and Hayes says it appears that most of the money is gone.

The company closed its doors Aug. 1 after Rewald attempted suicide July 29 following the broadcast of information about a state inquiry into the company's practices.

Rewald is in Oahu Community Correctional Center in lieu of \$10 million bail on theft charges.

In related action yesterday, U.S. District Judge Martin Pence approved Hayes' sale of Bishop Baldwin's interest in Aspengren Travel for \$10,000, severing the relationship between the defunct investment company and the travel firm.

Bishop Baldwin had spent \$15,000 toward its purchase of an interest in the travel company.

And in another related matter, attorneys for Elizabeth Halvorsen reportedly reached a resolution of their dispute with Halvorsen Trust trustee Robert W. Jinks, an attorney, and cancelled a scheduled 3 p.m. hearing on a motion to oust Jinks as trustee.

Mrs. Halvorsen, mother of trust beneficiary Kit Halvorsen, had charged Jinks mismanaged the trust and made imprudent investments in the Bishop, Baldwin firm.

Court clerks said attorney Susan Tius, representing Elizabeth Halvorsen, reported that a resolution had been reached and an appropriate filing would be made with the court.

Neither Tius nor Jinks could be reached late yesterday, and attorney Dwight Rush, also representing Mrs. Halvorsen, declined comment on the matter.

9-16-83

U.S. Judge Seals CIA-Related Rewald Papers

By Charles Memminger
Star-Bulletin Writer

A federal judge yesterday issued an order sealing any court documents relating to the CIA filed in connection with the bankrupt investment company Bishop, Rewald, Dillingham & Wong.

The order also prohibits anyone connected with the case from talking about the CIA at all. Attorney Peter Wolff, who represents Ronald R. Rewald in his state criminal case, said he had never heard of such an order being issued before and said it "raises some serious First Amendment questions."

"Isn't there a right to free speech?" Wolff asked. U.S. Judge Martin Pevne issued the order at the request of the U.S. Attorney and attorneys for the Securities and Exchange Commission, who based their action on a secret affidavit filed by CIA attorney Robert Laprade.

The motion apparently was made to keep secret any court memorandums mentioning the CIA that are to be filed by Rewald's attorneys.

Attorneys for Ronald Rewald and Bishop, Baldwin, Rewald, Dillingham & Wong have made statements that documents they intend to file will contain information pertaining to the Central Intelligence Agency, the motion states.

Rewald's civil attorney, Robert Smith, said the order did not bother him. In fact, he was planning to file court documents containing possibly classified material today and was planning to ask that the material be sealed, he said.

REWALD, WHO is in prison in lieu of \$10 million bail, had told associates he had CIA connections. A team of CIA agents from Washington, D.C., went through his company files on Pevne's orders to search for any "classified" material. Six packets of material were separated.

Investigators involved in the Rewald case have conceded he might have had a minor connection

with the CIA, but said it has nothing to do with charges that Rewald stole millions of dollars of investors money.

Pevne ordered that all documents filed in Rewald's case "containing matters directly related or indirectly pertaining" to the CIA be sealed.

CLERKS FROM federal court and U.S. bankruptcy court said today that they sought a clarification from Pevne about his ruling so that documents can be properly processed.

The clerks initially said yesterday they would be sealing any documents coming in connection with Rewald or the bankruptcy because they did not have time to determine which documents were CIA-related and which were not.

But, after talking with Pevne this morning, the clerks said they will now seal only documents filed by Rewald's attorney Smith or the CIA.

Assistant U.S. Attorney John F. Peyton, who filed the motion on behalf of U.S. Attorney Daniel Bent, who is out of town, said documents filed

will be "instantaneously" reviewed by a judge to see if they can be made public. His remark came when a newspaper reporter expressed concern that access to files considered part of the public record would be hampered by the order.

PEYTON SAID the intent of the order is to go no further than Pevne's previous order which sealed CIA-related documents. But after that order, one document in the possession of the bankruptcy trustee was made public anyway.

The new order attempts to protect against that. But some attorneys feel the order is so broad that it might violate a person's constitutional right to free speech, and, if followed literally, would prevent attorneys from even discussing the case among themselves.

The order states that "all parties and their attorneys and their agents who have notice of this order are hereby prohibited from communicating to any person information relating to matters pertaining to the CIA."

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Aloha!

Today is Thursday,
Sept. 8, 1983

Entertainment

Music Television, cable TV's answer to radio, is breaking new ground in pop music world

Page D-6

Focus

Education writer Laurel Loo takes in-depth look at legacy of Bernice Pauahi Bishop: The Kamehameha Schools

Page D-1

Sports

Chris Evert Lloyd advances to her 13th consecutive women's semifinal with victory at U.S. Open

Page C-1

The Index

4 sections, 48 pages

Ann Landers	D5
Asia-Pacific roundup	B1
Bridge	D5
Canadian news roundup	B1
Classified ads	C8-15
Comics	D5
Crossword puzzle	D5
Don Chapman	on vacation
Editorials	A14
Entertainment	D8-8
Erma Bombeck	D5
Focus	D1-4
Global Report	B1
Honolulu Calendar	A4
Horoscope	D5
Money	B3-8
Ms. Fixit	on vacation
Names and Faces	D2
National news roundup	B1
Obituaries	A8, C16
Sports Report	C1-6
Stocks	B4
TV tonight	D6
Tides	A2
Weather	A2
Word game	D4
World news roundup	B1

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Rewald freed for 8 hours to look for assets

By Walter Wright

Liberty Staff Writer

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Ronald Rewald left prison yesterday for eight hours to help look for assets of his embattled firm of Bishop, Baldwin, Rewald, Dillingham and Wong.

But he failed to find anything of value, said Thomas Hayes, the trustee handling the company in an involuntary bankruptcy proceeding.

Rewald was brought to his former Grosvenor Center offices by two guards. He was wearing dungarees, a long-sleeved sweatshirt, leg chains and handcuffs. The handcuffs were removed when he entered the office so he could examine the files.

Assisting in the search at Rewald's request were Sue Wilson, former office manager of the company and described as Rewald's "right-hand man," and personal secretary Myra Kaneshige.

Both Wilson and Kaneshige were searched by a prison matron before being allowed to join Rewald in the office.

Rewald was described as being "very businesslike." Hayes added: "His world has crashed down on him and he was obviously down, but he was

See Rewald's on Page A-5

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Isle Firm to Join in Administering Halvorsen Trust

4/7/83
By Charles Memminger
Star-Bulletin Writer

Attorney Robert Jinks has agreed to allow Hawaiian Trust Co. Ltd. to become co-trustee of the multimillion dollar Halvorsen Trust.

Jinks was named in a federal court suit last week that threatened to have him removed as trustee.

In an interview before the agreement was reached yesterday, Jinks said he always had wanted a trust company to assist in the management of the trust, but that no local company was interested when it was set up several years ago.

The trust was set up by oilman and Big Island sportsman Leland Don Halvorsen before he was murdered in 1978. The trust beneficiary is Halvorsen's son, Kit Lee. Halvorsen was separated from his wife, Elizabeth, and divorce proceedings had begun at the time of his death.

The trust became a point of controversy because of Jink's involvement as a consultant to Ronald R. Rewald's investment company, Bishop, Baldwin, Rewald, Dillingham & Wong. After the company was forced into bankruptcy a month ago, some \$10 to \$12 million in investments were found to be unaccounted for, including the assets of several large trust funds. Investigators were worried that the Halvorsen Trust was among those that had been "drained."

BUT JINKS has maintained that while some of the trust money was "moved through" Rewald's firm into tax shelters, there was no money invested in the company at the time of its collapse. Unlike most trusts, assets in the Halvorsen trust are taxable and have to be invested in tax shelters to protect the fund, he said. Most trust companies did not want to get involved in that type of a trust, he said.

Elizabeth Halvorsen, who lives next door to Rewald's Kalaniana'ole Highway house, invested \$805,394 of her own money in Rewald's company. She is one of many creditors waiting to see how much of their investments, if any, will be returned during the bankruptcy proceedings.

She filed suit against Jinks last week as legal guardian of Kit Lee, seeking to have Jinks re-

moved as trustee. It is not known if the suit will be dropped. Her attorney declined comment on the agreement.

In her suit, she charged the Jinks mismanaged the trust.

Jinks denied it and said he was not surprised the suit was filed because his relationship with Mrs. Halvorsen has not been the best since he represented her husband in the couple's divorce proceedings.

MEANWHILE, an attorney for creditors of Bishop, Baldwin, Rewald, Dillingham & Wong yesterday asked that a federal court judge finalize the company's bankruptcy and appoint a permanent trustee.

Robert Smolenski, representing the same group of creditors that forced Rewald's company into bankruptcy, filed the motion to clear the way for eventual liquidation of the company's assets without going to trial.

Rewald's attorney, Robert Smith, opposes the order and has filed a demand for a jury trial.

Also yesterday, U.S. Judge Martin Pence approved the sale of the bankrupt company's shares of Aspengren Travel back to the majority owners of the travel agency for \$10,000.

James Wagner, attorney for bankruptcy trustee Thomas Hayes, said Rewald had agreed to buy 51 percent interest in the company for \$60,000 and had paid \$15,000 into the travel company so far. A lot of the company's business came from travel arrangements for Rewald's consultants who traveled around the world in search of possible investments, Wagner said.

WAGNER ALSO sought permission to have Hayes sell Rewald's 37-foot cabin cruiser, named "Nancy" after Rewald's wife. The boat is only worth about \$1,500 to \$2,000, Wagner said, and probably could not be sold for that because of the poor state of repair it is in.

Attorney Smith opposed the sale, saying the boat is an asset that should be protected until a judge rules on the company's bankruptcy. Rewald told Smith the boat is worth \$40,000.

Pence put off any decision on the sale of the boat until attorneys see if the boat can be moved to a Coast Guard lot and stored.

belly's Hawaii

WHAT a great sports weekend, not the least of which was the UH Rainbows' win over Colorado State thanks to an awesome defensive display that should have the rest of



the Western Athletic Conference—especially quarterbacks—extremely nervous. . . . Then there was a wealth of TV football (though KHON managed to serve up a rerun of a pre-game interview instead of the final two minutes of its first game yesterday. They made up for it, sort of, with a later repeat following the second game.) . . . Real sports fans had to switch over and watch Jimmy Connors whip Ivan Lendl in the U.S. Open of tennis. That ended just in time to tune in Ted Turner's WTBS cable channel and see the

be dolls made by Mrs. Hatsuyo Funamoto and her students of the Funamoto doll studio of Honolulu. . . . Another "newsy" T-shirt has surfaced. This one reads, "I Invested in Bishop, Baldwin, Rewald, Dillingham & Wong...And All I Got Was This Lousy T-shirt." . . . Ed Greene of Jameson's is holding a news conference today to announce plans for a series of "Aloha Friday Pau Hana Concerts." The City & County, which is interested in the revitalization of downtown Honolulu, is participating in the briefing.

WHO says volunteer work doesn't pay: Pearl Stevenson, a member of the Honolulu Symphony's women's association, won a round trip for two to Washington, D.C., on American Airlines—plus a condo to stay in while there—for selling the most Symphony season subscriptions. Another volunteer, Symphony receptionist Stephanie Stone, was selected as the hula dancer to perform for Steve Allen's melodic "Island" number at the Shell. Allen said he wanted to think of an island no one had written a song about yet, so Stephanie danced to his moving rendition of

dinner, that's After nearly Diane Brogden has just given The Brogden of an entrepreneur ACTRESS in HPAC's program was sporting appropriate that is. It was her by husband McCombs, pre



★★ The Honolulu Advertiser Thursday, September 8, 1963 A-9

Rewald's office search fails to locate assets

from page one

not at all emotional when I was with him."

Hayes said "there was nothing he could show us in the records which we didn't know about already. There is no reason to continue this personal search by Rewald — and we are not going to continue it."

Hayes said the arrangement, made in cooperation with the prosecutor's office, was for Rewald to come out for one day at a time as long as he was able to

provide assistance in locating assets. But he was unable to provide any assistance on the first day, Hayes said.

Robert A. Smith, attorney for the investment firm, said he feels Rewald needed more than a single day-long visit to help locate assets.

"I don't think he's had enough time, but I recognize that we have an obligation to persuade the trustee of that, and therein lies a problem," Smith said.

Smith said he believes there still may be a way to rehabili-

tate the company, despite Hayes' statement that most of the \$13 million invested with the firm is gone.

Hayes said Rewald asked for files dealing with investments in Indonesia, but no such files have been found. Hayes said Rewald made reference to a tea plantation in Indonesia. The trustee said he called the company's former representative in Singapore, who told both Rewald and Hayes on the telephone that he knew of no investments the company had ever made in Indonesia.

James Wager, one of Hayes' attorneys, said Rewald has frequently made reference to assets which left the company and were invested abroad.

He said Rewald has not made clear whether those assets were taken from the company or invested by it.

Smith said Rewald arrived at his former downtown offices about 7:30 a.m. and was returned to the Oahu Correctional Center at 3:30 p.m. Rewald, facing theft charges, is being held in lieu of \$10 million bail.

Rewald needs lawyer, but nobody's courting the case

Help wanted: One or more attorneys to represent executive in well-publicized theft case involving 100,000 or more documents and records, massive investigation, scores of witnesses, foreign intrigue. Maximum fee: \$3,000.

By Walter Wright
Advertiser Staff Writer

Some Honolulu lawyers were cringing yesterday at the possibility they might be named special public defender for Ronald Ray Rewald if he is judged too poor to pay for his own attorney.

Rewald himself, looking drowsy and disconsolate, shrugged off a question yesterday about whether he would apply for appointed counsel.

"It doesn't make any difference, it doesn't matter," Rewald whispered to attorney Peter Wolff during a Circuit Court hearing.

Rewald looked so woozy that reporters asked Wolff later about his condition. Wolff said Rewald often appears that way in public settings.

That was in contrast to Rewald's demeanor the day before when he was escorted to his old offices to help search for company assets. People who dealt with him then said he was alert and businesslike — but didn't come up with anything.

Sources at Oahu Community Correctional Center, where Rewald is being held in lieu of \$10 million bail on theft charges, said Rewald is not being given medication and doesn't want any, but may be showing signs of de-

pression and lack of sleep.

And Wolff suggested to the court yesterday that Rewald probably didn't want to talk to him about a legal defense any more because Wolff and associate Brook Hart are trying to withdraw as Rewald's counsel. They say Rewald, once the proud possessor of polo ponies, Rolls Royces and gold-plated table settings, can't afford a lawyer.

Circuit Judge Robert Won Bae Chang yesterday told Wolff to make a formal request to the bankruptcy court for funds to pay for Rewald's representation. If the bankruptcy court refuses, Chang said, then Chang might allow Hart and Wolff to withdraw.

Wolff said he really didn't want to "grind around" in federal court any more for Rewald without pay, but would follow Chang's instruction.

Thomas Hayes, bankruptcy trustee in the case, said he would object to use of any company funds to pay Rewald's defense. Hayes contends any assets Rewald may claim were purchased with part of the estimated \$13 million invested in his company, Bishop, Baldwin, Rewald, Dillingham and Wong.

The bankruptcy court already has frozen Rewald's personal and company funds.

In the meantime, Chang said, Rewald should apply to the public defender's office for a determination that he cannot afford to hire legal counsel.

Public Defender Barry Rubin said yesterday his office would consider an application from Rewald. But Rubin added that his workload may force him to ask the courts to appoint a private

attorney to take the Rewald case.

And that could delay justice for Rewald for months.

Rubin's problem is that he has funding for 36 attorneys for Oahu, compared with 60 in the prosecutor's office, he said.

The problem in finding a private attorney to take the case under court appointment, Ruben said, is that the maximum fee under court appointment for a case like Rewald's, involving two "Class C" felonies, is \$3,000.

Court appointment of counsel to represent Henry Huihu in a case of similar magnitude took months, Rubin pointed out.

Rubin said he feels it is inappropriate for his office to even consider representing Rewald as long as Rewald has other counsel, whether it be Hart and Wolff, or Robert A. Smith, who has been involved in civil proceedings involving Rewald's defunct investment firm.

Several issues could cloud the question of whether Rewald can afford an attorney, Rubin suggested.

It is not yet clear, he said, that Rewald has no resources, "here or elsewhere," with which to obtain counsel.

The bankruptcy court's freeze on assets may not cover places like Hong Kong, where the company was said to have had some presence.

If Rewald can't afford counsel, Rubin said, it may be only because he is being held on a record bail of \$10 million. "Presumably he has an earning capacity. Most people facing two counts of theft are released by posting \$200 with a bondsman and are out on

the street doing whatever they do," Rubin said.

Even if a defendant has no ready cash, he may have sufficient credit in some quarters to obtain counsel, Rubin said.

In related action in the Rewald saga yesterday:

- Bankruptcy trustee Hayes agreed to remove Rewald's 38-foot Chris Craft cruiser, named after Rewald's wife, Nancy, from a Sand Island boatyard within a week. One of Hayes' attorneys, James Wagner, said he wants to explore getting back the \$39,000 Rewald paid for the boat, now valued at less than \$1,500. The seller, Bob Campbell of Hawaii Kai, said last night he had no comment on Wagner's statement that the boat was supposed to be in sound condition when it was sold last May.

- Attorneys for Elizabeth Halvorsen asked a federal judge to approve an agreement in which Hawaiian Trust Co. would share trustee duties with attorney Robert Jinks over a trust in which Mrs. Halvorsen's son is beneficiary. A master would be appointed to make a complete accounting of trust activity. Mrs. Halvorsen earlier asked that Jinks be ousted as trustee on grounds he mismanaged the trust and made imprudent investments in the Bishop, Baldwin firm.

- U.S. District Judge Martin Pencer scheduled a hearing Thursday at 11 a.m. on whether Bishop, Baldwin should be declared bankrupt without a trial, and a permanent trustee appointed to gather and sell the assets.

Hawaii Report

The Honolulu Advertiser

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Ronald Rewald
It doesn't make any difference



don
chapman
is on vacation.

It Was His Only Link with Rewald

Zobel Presses Quest for New Polo Site

By Charles Memminger
Star-Bulletin Writer

There will be polo after Ronald R. Rewald, but it won't be quite the same.

Polo players are losing their polo grounds to an insurance company and have lost their club name to Rewald.

With the help of international figures such as Philippines Banker Enrique Zobel and the Sultan of Brunei, local polo players and supporters hope to soon find a new location to play the game.

They also will have to find a new name since Rewald is legal owner of the name, Hawaii Polo Club, according to Robert MacGregor, Hawaii's self-described senior polo player.

MacGregor said yesterday a search has begun because the

lease on the Mokuleia property, owned by Northwestern Mutual Life, runs out this year. The insurance company has told the polo players that it cannot renew the lease on the grounds because it plans development in the area.

However, the move from Mokuleia to another site would have occurred even if Rewald had not taken over the club.

Zobel, a billionaire and a former polo champion, is one of Hawaii's top polo boosters even though he is not a resident, polo players have said.

He began searching for a new location for the grounds as soon as it became obvious that there would be no more play at Mokuleia next year, MacGregor said.

WHEN ZOBEL found out that Rewald, who bought the club's

name last year, also was looking for a site, he decided to join Rewald in the search for a new location so they would not duplicate each others' efforts, MacGregor said.

The result was the formation of Ayala Hawaii Corp., a corporation which listed Zobel and Rewald as directors.

When Rewald's company — Bishop Baldwin, Rewald, Dillingham & Wong — was forced into bankruptcy, Ayala Hawaii Corp. attracted the attention of a number of people who may have concluded that Rewald and Zobel had bigger business plans than just the development of a polo site.

Zobel could not be reached for comment this week.

But Zobel's associate, Tomas Gomez, in a recent interview, said

the entire purpose of the corporation was to find a site for polo.

In fact, Gomez said, Zobel agreed to help find a polo site with Rewald, though Zobel suspected that Rewald's company was not everything it claimed to be.

"Right from the start, he was very suspicious," Gomez said of Zobel's perception of Rewald.

"Any prudent man, shorn of greed, would have taken a second look at Rewald's company."

But because Rewald officially represented polo in Hawaii, Zobel had to deal with him in the search for the polo site, Gomez said.

GOMEZ SCOFFED at any suggestion that Zobel would have business dealings with Rewald. As a seasoned banker who under-

stood high finance, Zobel was "one person" who could not be taken by Rewald," Gomez said.

In fact, Zobel went out of his way to convince his closest polo-playing friend in Hawaii, Tommy Campos, to withdraw the \$135,000 Campos had invested in Bishop, Baldwin, Rewald, Dillingham & Wong, Gomez said. Zobel also aided Campos' sister in withdrawing money from the company.

Flor Martinez, public information officer for the Philippine Consulate here, said he did not think Zobel's reputation in the Philippines had been hurt by his brief association with Rewald.

Martinez said the consulate officials obtained a copy of Ayala Hawaii Corp. incorporation records and were satisfied that the corporation was entirely legal.

Asked why the consulate wanted the corporation documents, Martinez said: "We were just curious."

Gomez also said he did not think Zobel had been hurt by his association with Rewald.

"He is like a rock in the Philippines," Gomez said.

Although Ayala Hawaii Corp. is now being dissolved, the search for a polo site is continuing.

MacGregor said several sites are being considered, but that it will be a few weeks before the informal committee of polo players makes a decision.

Although Rewald is no longer responsible for the move of polo from Mokuleia to a new site, his short but notable involvement in the club may be remembered for years when polo fans remember the "good old days" at Mokuleia

Claims Against Rewald Mount

By Charles Memminger
Star-Bulletin Writer

The former head of the CIA office here yesterday filed claims worth \$157,430 on behalf of himself and family members in connection with the bankruptcy of Bishop, Baldwin, Rewald, Dillingham & Wong.

John C. Kindschi, who was a consultant to company head Ronald R. Rewald, filed the claim on behalf of himself and his wife, Helen.

He also filed for a Hazel C. Kindschi of Platteville, Wis., but there was no indication what relationship Hazel Kindschi is to the former CIA head.

Kindschi ironically listed himself as "her agent" in signing the bankrupt documents.

Hazel Kindschi claims Rewald's company owes her \$112,385 for her investment account. At one time, her account contained as much as \$145,356, but a month before the company's collapse she withdrew \$30,000 according to the court records.

John and Helen Kindschi are claiming only \$45,045 because of Kindschi's acknowledgment that he withdrew \$140,000 from his account shortly before the company was shut down.

ACCORDING TO bankruptcy laws, that money may have to be returned. If that occurs, Kindschi noted, he would raise his claim to \$187,045.

Kindschi started his investment account with \$74,292, but deposited \$100,000 on April 20. He then withdrew \$12,000 in May and \$3,000 on June 15 before apparently being given \$140,000 at the end of the month at Rewald's orders.

Kindschi also gave police a statement claiming Rewald deceptively convinced him to invest money. On the basis of the statement, detectives filed one of two criminal complaints against Rewald that led to theft charges.

Rewald remains in jail in lieu of \$10 million bail after being indicted last month by the Oahu Grand jury on two counts of theft by deception.

Also filing claims yesterday were:

—Mary Lou McKenna-Moran on behalf of the Fuller Paint Manufacturing Co. in Manila, Philippines, \$148,000.

—Edward Moran, also of Manila, \$88,000.

—Teressa B. Black of Waialua, \$96,941.

—Ethan H. and Alice B. Ewers, of Portland, Ore., \$43,111.

MEANWHILE, BANKRUPTCY Trustee Thomas Hayes said yesterday that Rewald's former office manager, Sue Wilson, has been served with a subpoena and is scheduled to be interviewed by his attorneys next week.

Wilson, who worked for the National Security Agency for nine years, was considered by some former consultants as one

of the most powerful people in the office. She has been described as Rewald's "right hand" because she controlled the office with such a stern hand.

Wilson has been a somewhat mysterious figure in the company because of her alleged work with the secretive National Security Agency, under the jurisdiction of the Department of Defense.

But it was learned that her work with the intelligence gathering agency was mainly clerical and secretarial, even though she did handle sensitive documents.

According to information obtained by the Star-Bulletin, Wilson joined the security agency in Maryland at the age of 18. She started in various secretarial capacities but worked her way into more responsible positions.

At one point, she was secretary to the chief of the Trajectory Missile and Space Division and to the chief of the Cryptanalysis and Operations Division.

WHILE WITH the National Security Agency as part of Wilson's duties was to maintain control of records pertaining to highly classified projects.

In 1973 Wilson was sent to Pearl Harbor as secretary to the chief of operations for the National Security Agency here. In 1975, instead of being transferred back to the Mainland, Wilson resigned and settled in Hawaii.

Wilson did various part-time and temporary work after her resignation, including being a waitress and a beautician. She also worked for Aloha Business Machines, the Princess Kaiulani Hotel, United Airlines, Waikiki Realty and the Honolulu Board of Realtors before joining Bishop, Baldwin, Rewald, Dillingham & Wong in 1980.

Wilson was not a legal secretary to attorney Russell Kim, as was reported erroneously in a Star-Bulletin article Thursday.

However, she was part of the secretarial staff initially available to attorneys in Rewald's office.

Kim had an office in Bishop, Baldwin, Rewald, Dillingham & Wong's suite and represented the 35-year-old Wilson in her divorce proceedings.

IN OTHER developments in the Rewald case, U.S. Judge Martin Pence has agreed to seal several packets of classified documents found in Rewald's files, even though he does not think Rewald's CIA activities were very extensive.

"This judge found nothing, absolutely nothing, in any of the documents which might indicate or possibly lead to the location of any possible hard assets of the debtor," Pence wrote in his ruling.

The documents led this judge to the conclusion that Rewald, through contacts with members and former members of the CIA, considered himself a more important, undisclosed private associate of the CIA organization than he was in fact.

Pence said there was nothing in Rewald's "slight involvement with intelligence activities" that would explain any of the financial actions of his company.

Trustee Hayes said Pence seems to agree with his assessment that Rewald was just a "bit player" for the CIA and possibly a mail-drop.

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