

DAWNIE ICHIMURA 6990  
Regulated Industries Complaints Office  
Department of Commerce and Consumer Affairs  
State of Hawaii  
Leiopapa A Kamehameha Building  
235 South Beretania Street, Suite 900  
Honolulu, Hawaii 96813  
Telephone: 808-586-2660

DEPT. OF COMMERCE  
AND CONSUMER AFFAIRS

2017 JAN 27 P 1:40

HEARINGS OFFICE

RECEIVED  
PROFESSIONAL  
LICENSING DIVISION  
2016 DEC -5 A 9:47

Attorney for Department of Commerce  
and Consumer Affairs

BOARD OF PRIVATE DETECTIVES AND GUARDS  
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS  
STATE OF HAWAII

In the Matter of the Guard Employee	)	PDG 2014-206-L
License of	)	
	)	SETTLEMENT AGREEMENT PRIOR TO
KENNETH J. ARAO,	)	FILING OF PETITION FOR DISCIPLINARY
	)	ACTION AND BOARD'S FINAL ORDER
Respondent.	)	
	)	
	)	

SETTLEMENT AGREEMENT PRIOR TO FILING OF PETITION  
FOR DISCIPLINARY ACTION AND BOARD'S FINAL ORDER

Petitioner, DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS' REGULATED INDUSTRIES COMPLAINTS OFFICE (hereinafter "RICO" or "Petitioner"), through its undersigned attorney, and Respondent KENNETH J. ARAO (hereinafter "Respondent"), enter into this Settlement Agreement on the terms and conditions set forth below.

A. UNCONTESTED FACTS:

1. At all relevant times herein, Respondent was licensed by the Board of Private Detectives and Guards (hereinafter the "Board") as a guard employee under license number GDE 7046. The license was issued on or about July 1, 2013. The license is set to expire on or about June 30, 2018.

2. Respondent's mailing address for purposes of this action is P.O. Box 2905, Kailua-Kona, Hawaii 96740.

3. RICO alleges that on or about September 13, 2004, Respondent was convicted of the offense of DUI by Impairment or .08 Breath under Case ID 00I00392H.

4. RICO alleges that Respondent, on his Application for Guard Employee Registration, which he dated June 22, 2013 and which was received on June 28, 2013, answered "no" to question 5 which asked, "Have you ever been convicted in any jurisdiction of a crime in which the conviction has not been annulled or expunged?"

5. RICO further alleges that on or about November 22, 2013, Respondent was again convicted of the offense of DUI by Impairment or .08 Breath under Case ID 3DTA-13-03111.

6. RICO alleges that Respondent, on his electronic PVL Renewal Application which was received on June 30, 2014, answered "no" to question 3 which asked, "In the past 3 years have you been convicted of a crime which has not been annulled or expunged?"

7. The foregoing allegations, if proven at an administrative hearing before the Board, would constitute violations of the following statute(s) and/or rules: Hawaii Revised Statutes ("HRS") § 436B-19(5) (procuring license through fraud or misrepresentation) and Hawaii Administrative Rules ("HAR") § 16-97-46(12) (misrepresentation of a material fact by an applicant in obtaining a license).

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

**B. REPRESENTATIONS BY RESPONDENT:**

1. Respondent is fully aware that Respondent has the right to be represented by an attorney and voluntarily waives that right.

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

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

4. Respondent, being at all times relevant herein licensed by the Board, acknowledges that Respondent is subject to penalties including but not limited to, revocation, suspension or limitation of the license and administrative fines, if the foregoing allegations are proven at hearing.

5. Respondent does not admit to violating any law or rule, but acknowledges that RICO has sufficient cause to file a Petition for Disciplinary Action against Respondent's license.

6. Respondent enters 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. Respondent agrees that this Settlement Agreement is intended to resolve the issues raised in RICO's investigation in RICO Case No. PDG 2014-206-L.

8. Respondent understands this Settlement Agreement is public record pursuant to Hawaii Revised Statutes chapter 92F.

C. TERMS OF SETTLEMENT:

1. Voluntary Surrender of License. Respondent agrees to the voluntary surrender of his guard employee card license number GDE 7046. The surrender shall become effective immediately upon the approval of this Settlement Agreement by the Board. Respondent shall turn in all indicia of his license to the Executive Officer of the Board within ten (10) days after receipt of notice that this Settlement Agreement has been approved.

Respondent understands that Respondent shall not apply for a new license until the expiration of at least five (5) years from the effective date of the surrender of the license. Respondent understands that if Respondent desires to become licensed again, Respondent must apply to the Board for a new license, pursuant to and subject to all the applicable laws and rules in effect at the time.

2. Failure to Comply with Settlement Agreement. If Respondent fails to fully and timely comply with the terms of this Settlement Agreement as set forth in paragraph(s) C.1 above, Respondent's license shall be automatically revoked upon RICO's filing of an affidavit with the Board attesting to such failure. In case of such revocation, Respondent shall turn in all indicia of the license to the Executive Officer of the Board within ten (10) days after receipt of notice of the revocation. In case of such revocation, Respondent understands Respondent cannot apply for a new license until the expiration of at least five (5) years after the effective date of the revocation. Respondent understands that if Respondent desires to become licensed again, Respondent must apply to the Board for a new license 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 Respondent violates any provision of the statutes or rules governing the conduct of a guard agency in the State of Hawaii, or if Respondent fails to abide by the terms of this Settlement Agreement.

4. Approval of the Board. Respondent agrees 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 Respondent in the Board's usual and customary fashion pursuant to the Administrative Procedure Act, Respondent agrees

that neither Respondent nor any attorney that Respondent may retain, will raise as an objection in any administrative proceeding or in any judicial action, to the Board's proceeding against Respondent 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 Respondent to induce entry into this Settlement Agreement, and Respondent is 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: Kala-Kona, Hawaii, 11-30-16.  
(CITY) (DATE)

  
KENNETH J. ARAO  
Respondent

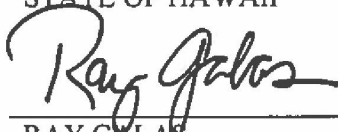
DATED: Honolulu, Hawaii, DEC - 5 2016.

  
DAWNIE ICHIMURA  
Attorney for Department of  
Commerce and Consumer Affairs

IN THE MATTER OF THE GUARD EMPLOYEE LICENSE OF KENNETH J. ARAO;  
SETTLEMENT AGREEMENT PRIOR TO FILING OF PETITION FOR DISCIPLINARY  
ACTION AND BOARD'S FINAL ORDER; CASE NO. PDG 2014-206-L.


---

APPROVED AND SO ORDERED:  
BOARD OF PRIVATE DETECTIVES AND GUARDS  
STATE OF HAWAII



---

RAY GALAS  
Chairperson



---

ALBERT DENIS  
Vice Chairperson

---

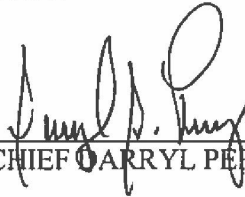
CHIEF HARRY S. KUBOJIRI

---

JAN 19 2017

---

DATE



---

CHIEF CARRYL PERRY



---

KENNETH CHANG

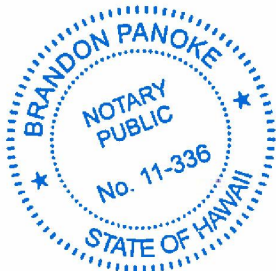
---

PVL 09/16

STATE OF Hawaii )  
 ) SS.  
COUNTY OF Hawaii )

On this 30<sup>th</sup> day of November, 2016, before me personally appeared  
KENNETH J. ARAO, to me known to be the person described, and who executed the foregoing  
instrument and acknowledged that he executed the same as his free act and deed.

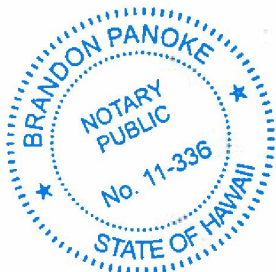
This 6-page SETTLEMENT AGREEMENT PRIOR TO FILING OF PETITION FOR  
DISCIPLINARY ACTION AND BOARD'S FINAL ORDER document dated  
November 30, 2016 was acknowledged before me by KENNETH J. ARAO this  
30<sup>th</sup> day of November, 2016, in the City of Kailua-Kona, in the  
County of Hawaii, in the State of Hawaii.



A handwritten signature of Brandon Panoke in black ink.

Name: Brandon Panoke  
Notary Public, State of Hawaii

My Commission expires: 11/13/2019



Document Date: 11/30/2016 Pages: 6

Notary Name: Brandon Panoke First Circuit

Doc. Description: Settlement Agreement

Prior to Filing of Petition For

11/30/2016  
Notary Signature Date

Disciplinary  
Action and  
Board's Final  
Order