

INTERVIEW OF BRIAN W. McMAHON

by Howard P. Willens

November 5, 1993

- Willens: Brian W. McMahon is a lawyer in Saipan who has been here for almost 20 years, and he has agreed to be interviewed with respect to some aspects of the Commonwealth. Brian, thank you very much for joining me for this project. Could you give me a little educational and professional background.
- McMahon: Certainly. I was born in Seattle, Washington in 1942 and attended school there. I went to college at Washington State University and to law school at the University of Oregon, graduating in 1969. I then became a public defender in Seattle, actually the first one that they hired, and practiced as a public defender for about four years before going into private practice. At the time I was in private practice, I happened to stumble across a friend of mine who worked for Legal Services and had been relocated to Kosrae. And he was looking all tanned and healthy, and he mentioned that there was a job in Saipan working for the government as a public defender. It just seemed wonderful, so a friend of mine, later to become my brother-in-law, and I headed on out to be public defenders the first public defenders in the Commonwealth. I guess I was a Public Defender here for almost ten years.
- Willens: When did you come to Saipan then?
- McMahon: In the summer of 1979.
- Willens: And you say that the Commonwealth had established a Public Defender's Office?
- McMahon: It had established a Public Defender's Office, and my friend and I were basically the first attorneys hired. My friend was the chief public defender, and I was his able assistant.
- Willens: And who was the friend?
- McMahon: Bruce Erickson. He stayed out here for about two years before returning to Seattle, where he now practices.
- Willens: How long did you remain with the Public Defender's Office?
- McMahon: I believe it was almost ten years, until about 1989. And then I decided to try private practice again. I shared office space with Bill Fitzgerald in this room, in this building, and stayed here for about a year before relocating to a larger office in the Horiguchi Building.
- Willens: What firm are you now affiliated with?
- McMahon: Just myself. I employ an associate, a paralegal and a secretary, and I share office space with Tim Bellis, another lawyer.
- Willens: Brian, at the time you joined the Public Defender's Office, what did you understand to be its responsibilities here in the Commonwealth, and what resources had been made available to it?
- McMahon: At the time I joined, of course, everything was uncertain. The institutions of the Commonwealth were inherited from the Trust Territory, including the public defender. But with the change in administration, there were a lot of physical changes. For example, the Trust Territory public defender was located in Garapan by Micro Beach, which is now

I think a museum. When I got there, they had already relocated to Civic Center. This is a pattern which I think was repeated in a lot of the government. They just basically moved the office to a place they thought was more convenient.

Willens: Did the Commonwealth inherit some of the personnel or resources of the TTPI's Public Defender's Office?

McMahon: I don't think so, no. In fact, quite honestly, there was hardly any contact with the prior attorneys from the public defender. Because they worked for a different entity, if they didn't happen to be here for some other reason, they had already left Saipan. Actually the way it worked out, my friend preceded me by about three months, so he may have had a little bit more contact with them. But just for example, files. There were very, very few files that came to us from the Trust Territory Public Defender Office.

Willens: Did you have to undertake cases that had been initiated during the tenure of your predecessors?

McMahon: There was some confusion about how those things would be processed. I believe the cases that were initiated in the Trust Territory Court remained in the Trust Territory Court, and perhaps were handled by Trust Territory AGs and Trust Territory defenders. But myself, I probably didn't appear in the Trust Territory High Court more than two times. They also had an Appellate Division, and there were some cases pending there. But again, maybe two? And they were always kind of weird cases.

Willens: Were the responsibilities of the Public Defender's Office in the Commonwealth limited to criminal defense work?

McMahon: No. We did both criminal defense and, because of the lack of attorneys when I came, we also had a fairly healthy civil side of the public defender.

Willens: Is that still the case, that the public defender here represents indigents on both the civil and criminal side?

McMahon: It's still the case, although I think the current public defender has taken a slightly different tack and is attempting to restrict his activities, because now funding is a bigger problem, so they want to focus on the criminal work.

Willens: Was the Micronesian Legal Services Corp. in operation at the time you arrived in 1979?

McMahon: Yes, it was, but of course, it takes two to tango. You know, one lawyer by himself is always lonely, so we would constantly be faced with this situation, for example there would be a domestic dispute, they'd file for divorce, one side would have an attorney and the other side wouldn't.

Willens: So how would you define the difference between the missions of the two offices?

McMahon: We didn't have many rules or guidelines regarding eligibility or regarding the type of cases that we would do. Of course, we were more focused on the criminal work, but, whereas Legal Services had a lot of rules about the class of case, type of case, waiting lists and this and that, and we didn't have that much contact with them. I did an awful lot of divorces, a lot of adoptions, a few probates, defending people on collection cases. Most of this is sort of like emergency work. When someone is handed a document they don't understand, they come to the public defender. We didn't take on class actions. For example, I remember there was a time when 12 waitresses descended upon our office, and they wanted help because they'd run away from their employer. I found out real quickly that their employer, who I thought was an Asian fellow, was in fact just a front for another

local fellow who was a politician and could exert great pressure on the defender. So we weren't really encouraged to do that type of work.

Willens: Could you have undertaken that case if you had wanted to?

McMahon: I think we could have, yes.

Willens: Are you suggesting that in general terms there was some political sensitivity that you had to respect because of the nature of politics in the community?

McMahon: This is a very unusual Public Defender Office. As public defender, I was in the Governor's cabinet, and I was an advisor to the Governor. So every Tuesday morning, I went up first to Carlos Camacho and then later to Pete P. and attended cabinet meetings. It was a cabinet position. So it was more political. But, to their credit, nobody ever asked the public defender to do something that I thought was weird or strange or wrong.

Willens: At what point in the year 1979 did you arrive, if you remember?

McMahon: Maybe September.

Willens: By the time you arrived, the new Commonwealth government had been in effect for approximately 18 months. Governor Camacho was inaugurated in January of 1978. Do you have any basis for judging how well the Commonwealth government in its early years assumed the responsibilities of self-government under the Covenant and the Constitution?

McMahon: I guess the best way to answer that is to say that I didn't really notice anything extraordinary. I was dimly aware that many of these people had occupied similar positions in the Trust Territory.

Willens: Which people are you referring to?

McMahon: The people that ran Planning and Budget, Tax and Revenue, the financial people. These are people who had some history here.

Willens: Now the Lt. Governor, Mr. Ada, was a former District Administrator. Is it your recollection that many of the people who assumed administrative responsibilities in the first Commonwealth government had some prior government experience?

McMahon: Yes. Yes, they did.

Willens: Was that on the whole a plus in your judgment, or not?

McMahon: Well, yes, because they knew what they were doing. I had a problem with the teachers, if you will, those that taught them how to do their job. I wasn't particularly attuned, or I didn't particularly like the Trust Territory and its presence, if you will, on the island.

Willens: Did the presence of the Trust Territory government on the island generate any difficulties or problems for the new Commonwealth government?

McMahon: No, it wasn't so much that. It was just that there was this enclave of expatriates, and they were sort of elitists. They lived upon the Hill, and I guess they prided themselves on their skills, etc., but I thought they were just a bunch of bureaucrats that had found a real wonderful niche that required them to do nothing.

Willens: At the point that you came, they still had administrative responsibilities for the other five districts of the Trust Territory.

McMahon: Oh, yes, and they were very active here. I mean active in the sense that this was headquarters, and I think that when I first came, they probably still occupied what's now

the Governor's office and the AG's office, the convention center, all the buildings on Capitol Hill.

Willens: Did there come a time when the Commonwealth government assumed responsibility and occupancy of those buildings?

McMahon: There certainly was, and that was important to Pete P.

Willens: How did that come about?

McMahon: All I remember that there was this continuing desire to move up on the Hill. I could never totally understand it, because I rather liked the buildings in Civic Center, and as a government seat, I thought this was a wonderful place. But there was this continuing, overwhelming desire. Then finally I realized that a lot of it had to do with regaining control of buildings. There was a process that was set forth in a variety of documents and agreements, and the local people wanted to push it along, so that getting the convention center back from the Trust Territory was wonderful.

Willens: When was that accomplished?

McMahon: That was in the early 1980s.

Willens: You suggested that was under the tenure of the second Governor, Governor Pete P. Tenorio.

McMahon: Yes, and I think Pete P. also moved up on the Hill. And at first that made for very difficult communication, because in those days, the phone systems didn't work so well. I mean, there were just lots of problems. But now it seems like the natural place to be.

Willens: In your capacity as head of the public defender's service and a member of the cabinet, did you become exposed to any issues with respect to interpreting the Covenant in the first years of the Commonwealth existence?

McMahon: No. That wasn't really talked about much. And now that I see all the activity that this agreement has generated, it's odd to look back and think of those early days, and I mean the first five or six years, when I don't even remember even general conversation. Of course, I was a public defender and not an attorney general, and I am sure that, for example, the Lt. Governor, Pete A. Tenorio, was very involved with developing plans. But Washington, D.C. was very distant, and most people were simply trying to run the local government. I think that what I'm getting at is that I think that the financing was fairly secure in the early years, and the plans were just paperwork that no one really wanted to get into. They'd think well, we'll do it later, because these funds were coming, and the government was still figuring out how to do business with one another.

Willens: Well, I don't understand that.

McMahon: Well, there were lots of problems with the budget from the Legislature, with just the way Finance distributed funds, with the way departments related to one another, and of course the biggest problem was the way the islands related to one another, a problem that continues to this day. There was a time when I was in the Governor's cabinet meeting when suddenly I realized, when we were talking about Rota, I suddenly realized every single guy in that room was the head of a department, and every single one of them seemed to have a problem with his counterpart on Rota. It was just amazing. This is kind of like legend, you know, every week there'd be a new problem with someone ignoring a directive from someone in Saipan.

- Willens: Well, was it your sense, staying with that issue for the moment, that the local administrators in Rota and Tinian were disobeying directives from the Commonwealth government, or was it a case of the Commonwealth government not honoring the commitments that had been made to Tinian and Rota?
- McMahon: Well, I suppose it depends on who you are talking to. I mean, a Rota person would answer that question one way, a Saipanese the other way.
- Willens: What was your sense?
- McMahon: My sense was that the Rota people never acknowledged the power of the administrative headquarters located on Saipan, and always preferred to go through the local Mayor's office.
- Willens: Were you generally aware that the problem of local self-government and the extent to which the Mayors on the islands exercised administrative responsibilities had been a source of considerable controversy during the First Constitutional Convention?
- McMahon: Not really. I was certainly aware that it was a source of controversy at that time, in 1979, 1980, 1981, 1982, and to this day. I sat in these cabinet meetings for several years, and suddenly one day it struck me, I was the only person in that room, an outsider, that ever went to Rota. I went there once a month. I didn't have a counterpart, so I traveled to Rota with the court. But out of the 15 people in that room, I was the only one who had been to Rota for years. Some people had never been to Rota. That was the problem. There were Saipanese who had never been to Rota. I thought, that's impossible; how could that be? But it was.
- Willens: Did you draw a distinction between Rota and Tinian in that regard?
- McMahon: Yes. Tinian was visited much more frequently. People traveled there much more frequently, although I suppose there are still people who have never set foot on Tinian. But the isolation of Rota was not necessarily looked upon as a bad thing by the leaders of Rota. In fact, the local government on Rota made no push to get telephones. They relied on a PA system. After everybody else had telephones, they had a PA system.
- Willens: A public address system as a way of communicating on the island of Rota?
- McMahon: If you wanted to communicate from Saipan to Rota, you couldn't use a telephone. You had to go to the police station or the Governor's office, and you'd use a radio, and you'd talk to Rota over the radio. The radio was located in the Mayor's office. That's who you would talk to. And while you were talking to someone else who had nothing to do with the Mayor, it was right in the same room. They always went to the Mayor's office, and when finally they had a phone that had a beam to Guam, picked up a Guam prefix, then you could call Saipan using this phone in the Mayor's store. That was the only phone. So if you wanted to go use the phone, you'd go to the Mayor's store, and then in front of the Mayor or his wife or the employees, you'd make your phone calls via Guam to Saipan or whatever. So communication was controlled, in part because they didn't have the money to do it and in part maybe because it wasn't such a great priority because it made it easier to kind of keep things organized.
- Willens: I have heard a report and I have not substantiated it that in the early years of Governor Camacho's Administration, he questioned whether he was required to make certain funds available to Rota and Tinian for capital improvement projects as seemingly provided by the Covenant. Do you remember any discussion within the Administration as to how to allocate CIP funds to those islands?

- McMahon: Oh, yes. There was a lot of talk about that. Unfortunately, I don't remember any details, because I never had the documents in hand to know the nature of the controversy. It would never be expressed that we will retain funds that were meant to go to Rota, it was just that these funds don't have to go to Rota because of some reason, and I cannot remember the reason.
- Willens: Was that ultimately resolved by litigation, if you remember?
- McMahon: No, I don't think it was resolved by litigation. The big project was the road from the airport to the village. That took a lot of money.
- Willens: When was that ultimately done?
- McMahon: They started acquiring land in perhaps 1984, and the road was probably completed in 1987, something like that.
- Willens: Turning to a slightly different subject for the moment, I've also heard reports that in the early years of the Commonwealth government, there was considerable conflict between the Executive Branch and the Legislative Branch, which as I understand it, was controlled by a different party than the Governor's party. Do you have any recollection of the way in which those two branches of government worked together or failed to work together in the early years of the Commonwealth?
- McMahon: Not really. I think that the current controversies between the Legislature and the Executive Branch are much more divisive than anything that occurred back then. I can't remember if maybe they were playing with the budget or something like that. Governor Camacho was a real loner. I went to his cabinet meetings but he never really went.
- Willens: He was not at his own cabinet meetings?
- McMahon: No, he was out.
- Willens: Who would typically preside?
- McMahon: Frank Ada, the Lt. Governor.
- Willens: Did you get the sense that the Lt. Governor was an active member of the Administration, or was Governor Camacho so much of a loner that he may not have involved his Lt. Governor?
- McMahon: My gut reaction is that I don't think Frank was involved. I think everybody was excluded. I mean I don't really know much about Carlos Camacho, because in all these years I've been here, I've never talked to the man. I hardly ever see him. You'd think that you'd see people on the street, in stores, in restaurants. I hardly ever see him. He's just invisible. And even when he was Governor, he was that way. I would sometimes go home on Capitol Hill at lunch, and I can remember driving down the road during lunchtime and watching Governor Camacho go by with his motorcade, with flags flopping and surrounded by motorcycles in a black limousine of some kind as he went home for lunch. It was always a pretty astounding sight to me. It was remarkable. But that was kind of the mark of the man. He was very quiet, secretive and, like I said, I never saw him.
- Willens: What would you cite as the particular successes of the first Administration as you were able to witness it?
- McMahon: Everything was so new, and that includes me of course, that there was a real problem just getting routines down making sure paychecks were issued, making sure we did in fact have meetings on Tuesday, making sure that each department did something. I don't know if anybody could have done any more than Governor Camacho or his team. It was simply

survival. While they had job experience, while they had occupied positions in the Trust Territory, this was different. This was a little bit different form of government.

Willens: Why was it so different that it sort of created these kinds of problems for them?

McMahon: Because before they always had to answer to someone. I think before, because of kind of discriminatory practices, these guys always had a boss right over them who would make decisions and such. Even when they were kind of in positions of power, it was pretty well-defined, and they were in a larger, very well-defined structure that I don't understand very well, but a lot of local politicians still understand that to this day and they can remember it quite well. But when they had to do their own thing, there was no book that said Tax and Revenue has to do this and this and this but only after the Planning and Budget does this.

Willens: Were you aware that there had been an effort extending over approximately 18 months to develop a set of plans including a government plan to assist the new Commonwealth to organize itself? It was something called an Office of Transitional Planning and Study if I have the name correct headed by the subsequent Lt. Governor, Pete A. Tenorio, and it was funded by the federal government as a result of the Covenant negotiations. I'm not sure that those plans would have dealt with the kind of specific and practical problems that you are recalling, but I have heard that those plans were thrown aside at the outset of the first Commonwealth Administration.

McMahon: I'm aware of this transitional period and that there were some attempts to set up a government so that it wouldn't just fall on its face, but I don't think it did address things like, how does the mailroom work and how do we make sure that the message from the Governor gets over to that place? Who's going to deliver it? Gee, the phone doesn't work. Where shall we put this department? We have DNR responsible for public land surveys, but they don't have any surveyors. I mean, there was a whole host of problems like that. So, frankly, most of the government did nothing as far as I could tell. Basically did nothing.

Willens: Were there major undertakings with respect to infrastructure, education, health, or any of the other economic development goals?

McMahon: Public Works is a good example. I think that Public Works ended up with probably 90% administrators, secretarial types, consultant types or whatever, and hardly anybody that would pick up the shovel.

Willens: Public Works was the department that had the responsibility for roads and infrastructure needs?

McMahon: Yes. And there was a real problem with Public Works during the early years, just getting them to do something, anything. My own personal thing was that I lived on a farm. I had no water for four years. I wanted water. I mean we had to dig a ditch and put a pipe in. This was something that was promised for years. But it wasn't until Mr. Pangelinan went out there and personally supervised this that it got done.

Willens: Whom are you referring to?

McMahon: The director of Public Works.

Willens: Who was that?

McMahon: Now I don't remember his first name.

Willens: Was it Mitch Pangelinan?

- McMahon: No, not Mitch. Gee, I'm sorry, it's just blank.
- Willens: Mitch Pangelinan was in the Administration, was he not?
- McMahon: He was in the Administration, yes. He was kind of a mysterious figure to me.
- Willens: Did he attend cabinet meetings?
- McMahon: I cannot remember.
- Willens: Do you recall him as being a politically active and oriented person?
- McMahon: Yes. I always wondered what happened to him. I don't often see him anymore. And he did seem like a mover and shaker type. I got the idea he was the Governor's aide, but I'm beginning to think he survived into Pete P.'s time too. I don't remember when I saw him. But there was this astounding incident where a Russian cruise ship came in, and six Soviet sailors ended up in the Saipan slammer because they saw some scantily clad Japanese tourist women on the beach and they decided to go investigate. So they left their ship. They said they had permission from local authorities.
- Willens: From local authorities to leave the ship?
- McMahon: Leave the ship and go wander around the island.
- Willens: Then the ship was here by agreement and permission of the Commonwealth government?
- McMahon: Yes.
- Willens: So we have six Soviet sailors who are tempted by Japanese tourists on the beach and leave the ship to investigate, and what happened?
- McMahon: What happened was apparently the landing agent or the local guy that was supposed to make sure that this was okay forgot to make sure it was okay, and through translation problems, it wasn't okay. They take off, just totally unaware, these are young guys, they look like Boy Scouts to me, or Sea Scouts. They were young, friendly, open kids that wanted to go play on the beach. And at that time, we had some of the strangest assortment of ex-FBI types that were police consultants here. Really weird guys who would go around Micronesia and just do all sorts of strange things on behalf of police departments. When they found out that there were Soviet sailors here, they had them arrested. All of a sudden I was called upon to go down to our local lock-up, which is just a mess, really a disgrace, and here's these six sailors locked up. Of course, I can't talk to them and they can't talk to me. You can tell, they're very dismayed at their predicament. It was like a stand-off developed. So I went back to Charlie Dock. The captain was threatening to leave without them, and it was just like a war. There was a captain and his crew at one end of the dock. At the other end in kind of a little blockade or something were the FBI guys and local police. I just couldn't believe it. What are we doing this for? This was the most amazing scene.
- Willens: Were they being charged with any offense?
- McMahon: Yes. I forget what it was, but it was an astounding penalty, like \$10,000 a minute or something.
- Willens: Were they being charged with doing something inappropriate?
- McMahon: No, they were being charged with being on United States property or territory without permission.
- Willens: How was this ultimately resolved?

- McMahon: This is where it gets back into Mitch Pangelinan. So I'm there, I'm trying to deal with one of the most aggressive FBI types who seems to think that these guys were up to espionage. I just couldn't believe it, like how do I deal with this fellow, you know? And on the other side there's a really irate captain who may do something crazy because he's getting so angry.
- Willens: Does he want his people back?
- McMahon: He wants his people back. He just can't stand this. And so it's really tense there. It's really tense. And all of a sudden at the end of Charlie Dock in drives this big car, I don't know if it was a Cadillac or what, but it's a big sleek American car, and out of it steps Mitch Pangelinan. And Mitch goes to work. And reduces the tension, calms everybody, and we got the guys out.
- Willens: How did he do that without some command of the Russian language?
- McMahon: I don't know. I think what he had to do basically was talk the American guy into laying off, which he did quite well.
- Willens: That happened in the first few years that you were here?
- McMahon: Yes. I think it happened when, not Mike DeAngelo, but the fellow after him was the AG. So I think it was in Pete P.'s time. That's what's confusing me a little bit. Maybe it wasn't. I don't know.
- Willens: You mentioned Public Works as an example of some of the inefficiencies and difficulties. What did you see happening in the education and health fields, if you have any personal experience in those areas?
- McMahon: I had no experience in education. There were a lot of U.S. teachers here at that time, and it pretty much functioned I think as it did before. I certainly didn't hear that many complaints.
- Willens: Was it generally your view that the Commonwealth government felt that it had sufficient funding under the initial seven-year guarantee program to fund the government and support the CIP projects that it wanted to?
- McMahon: I don't know. They were really good at manipulating funds. I never saw that. The problem from my perspective was always that Finance would always get their records screwed up. They had a terrible time converting to computers, and they had a terrible time finding people that could operate the computers. So my own particular budget was constantly being messed up, and I would find that I had no funds when I was supposed to have funds, and it would just be a zoo. I would basically just drive up there and camp out in Finance, waiting for someone to come by that would turn on the computer so we could look through the books and see what would happen.
- Willens: Was there a readiness to hire expatriates to work in the Commonwealth government, or was there a strong inclination to depend to the fullest extent possible on local people?
- McMahon: When I look back on it, I was the only haole in that cabinet room, which is probably as it should be. But later on in 1985 during the Constitutional Convention, one of the delegates, Ramon Villagomez, who's now a justice, made comments that really surprised me, to the effect that we will never be free until we occupy all the positions of power within government.
- Willens: Is the public defender's spot now filled by a local person?

- McMahon: No. But what was odd to me was that at the time he spoke those words, I could only think of two people that weren't local, and that was myself and Judge Heffner, or the judiciary in general I suppose. But I think at that time even Justice Dela Cruz was already on the bench. But it struck me because I thought wow, that's two out of 15 departments or one out of 15 departments, doesn't seem so bad to me. I think people here have learned to deal with administrator types centuries ago, and kind of keep their feelings to themselves in that regard. And they know, they just know how to get the job done.
- Willens: What was happening with respect to economic development during that first administration under Commonwealth?
- McMahon: There was none. I can't remember anything.
- Willens: Were there any increases in the hotel or other tourist facilities here in those years?
- McMahon: Nothing.
- Willens: Any new local industries or foreign investment such as the garment industry?
- McMahon: I think that the development here occurred so suddenly and explosively that no one can truly remember what it was like before. But I'll tell you, it was really quiet. I mean, the number of cars on the road was very small. Was there sufficient funding? It was almost like in those days, do we really care? I mean, it was quiet. It was very, very quiet. I can remember thinking, does anybody know where this place is? I mean this is the most isolated place in the world. And I was here after telephones. Talking to some friends and what it was like when they grew up here, it was just like the end of the earth. There was no place as isolated as Saipan, because it was isolated politically.
- Willens: Do you have a relatively clear recollection as to when it was that economic development took off here?
- McMahon: I became aware of it in 1984, I believe.
- Willens: And what do you recall as bringing it to your attention?
- McMahon: Well, suddenly they were going to build the Hotel Nikko. I remember that was kind of a surprise. I didn't know that was going to happen. But then it just gets to be a blur in my mind. I don't know if that's the first significant external event, but then everything happened within a matter of months. And of course, that led to terrible problems with Article 12, bad feelings, huge fortunes, and it kind of divided the community. And I was one of those. I mean I was a guy that in 1980 leased some property from a fellow on the beachfront, and I paid \$6.75 a square meter.
- Willens: Six dollars and 75 cents?
- McMahon: Yes, or maybe it was \$10, I don't really remember. But I was real clear to the guy I'm going to turn around and try to sell this. And if I'm really lucky, I may get \$12. I mean I said those words, and I actually thought that. And I thought geez, if I was really lucky, I could get \$15. But no one bought it.
- Willens: No one sublet.
- McMahon: Yes. I mean no one sublet.
- Willens: Or bought your interest.
- McMahon: Yes, or purchased my interest. And that just went on and on. I was amazed at how long it took, but when it took, wow, I mean like it was overnight. Again, it was this explosion of

- interest that was caused by things external to the Commonwealth which were happening in Japan.
- Willens: Did you ultimately sell your interest?
- McMahon: Yes, I sold my interest and that became an Article 12 case.
- Willens: So you sold at a significant profit, you needn't mention the figure, although maybe it's public record by now.
- McMahon: Yes, I sold too early. I did sell for a significant profit, but I sold for around \$100.
- Willens: A hundred dollars a square meter for which you had paid somewhere between \$6 and \$10.
- McMahon: Yes.
- Willens: And that could have been much more later on.
- McMahon: Like \$800.
- Willens: Is that the kind of the order of magnitude of the increased valuation of choice beach property?
- McMahon: Yes. In fact, not just during the 1980s in a period of several months. We're talking an explosion.
- Willens: Did that result then in a challenge to the first person's entitlement to the lease that you sold?
- McMahon: Yes. Actually the parcel where I leased my interest did not turn into a lawsuit immediately. But I also had an option from a fellow, and that case has become the granddaddy of all cases.
- Willens: And what was the name of the case?
- McMahon: Marian Aldan-Pierce vs. Leokadio Mafnas.
- Willens: So this was your land. Summarize the issue just briefly.
- McMahon: When we tried to exercise the option, Marian held the option, and our agreement was that I would finance her purchase of the land, and she in turn would give me a 55-year lease, or a 40-year lease, I can't remember now how it's worded.
- Willens: She was a qualified Northern Marianas person, and did she have a title to the property?
- McMahon: Well, we were trying to obtain the title because it was an option to purchase, an option to sell I mean. So that case became unfortunately quite famous.
- Willens: So you were one of those who provided the funds by which she could exercise the option to buy the property with the commitment that she would lease it for 55-years and an agreed-upon sum to you and others?
- McMahon: Right.
- Willens: And then you were free to dispose of it whatever.
- McMahon: That's right. And that was done. That whole idea was thought up in a really naive time. And again, you have to go back and look at what was happening and what it felt like to be here at that time. It was a sleepy, quiet, friendly place. Our speculation, if you will, was still \$10 to \$12, \$10 to \$24 at the most, maybe double your money. Because all this started before the explosion.

- Willens: That's the type of transaction that's produced widespread debate and litigation. But in that particular case, Ms. Pierce has publicly defended her role in it as having exercised her rights as a local person to buy property to dispose of it as she thought was profitable for her. Now, what is your sense about the nature of that transaction being consistent with the letter and spirit of Article 12?
- McMahon: I thought it was entirely consistent. I have always felt that every single one of these cases was in fact a money case, not a land case. I know for a fact that the real motivation behind all of this was the incredible and obscene profit made by outsiders because they just happened to be here when this totally unexpected, unpredictable thing occurred in Japan. When the appreciation in value of the Japanese yen and the Japanese sudden interest in overseas investment occurred, you just couldn't deal with it. It was just overwhelming. We're talking cash transactions. There was no sense to anything that happened here. People basically were given cash up front for leases. They never talked financing. There was never any talk about going to a bank or anything. People would come down with bags of money and just transferred it. You'd just suddenly find yourself with a million dollars. That's what fueled the Article 12 cases.
- Willens: Was it the amount of profits that were involved, or was it because it looked as though a significant percentage of the profit was going to the benefit of persons not of local ancestry like yourself? You hear the widespread allegation about the haole lawyers and others involved.
- McMahon: Sure, and you see there's a lot going on there that's never articulated. I felt terrible, because I'm a public defender at heart. I mean, my speculation was really small-time, and my whole involvement was brought about because I'd never bought a piece of land anywhere before. I didn't have any experience or sophistication that led me to do this. But the thought was that local folks were being taken unfair advantage of.
- Willens: Is it your sense that there were local people who were being employed as the alleged straw man to get the fee simple to property with a commitment to lease it to outsiders at a price that was nowhere near what the property might have been valued at the time?
- McMahon: I kind of reject the straw person term, of course. Let's say that my assessment would depend on the individual transaction. Did that local person get compensated for what they did? A lot of times local people would buy property, using the money of outsiders, and then the outsider says, look, I want to lease it to so and so, but they have their own local person that they work with, so we're going to transfer your interest. And then this local person says fine, that's okay, so they deed their remainder interest to the other person. Now, I guess that I've had a lot of years to study this now. I don't think that's a problem any more.
- Willens: That's not a problem? Why?
- McMahon: Because I think that the beauty of Article 12 is only realized if you simply let people do what they want to do. Now, if I can convince that local person, because I'm more sophisticated, to go ahead and sell the remainder interest to someone else for little money or no money, and they do so, okay, they may feel bad about that. But the point is from Article 12's perspective, it's still within the local community. This land will be moving around, but with each year there's increasing sophistication, so the movement will be more deliberate or more reasoned or whatever. But in the interim, people like Marian, who are very savvy, aren't discriminated against. I mean, it's just ridiculous that this be applied to her, because she knows exactly what she wants to do. And I don't think it was intended to deal with money problems. I mean it was in a way, but I think it was more

long range. I think that Article 12 is supposed to make sure that come 25 years from now, all the property is still owned by local people. Now it may have changed hands a million times because of whatever went on, but as long as it's held by local people, there's not a problem.

Willens: I understand that some of the lease agreements did provide that at the conclusion of the lease period, the lessor or the local person can't really recapture the land unless they purchase the improvements that have been placed on the land by the lessee. And given the fact that some of the land has been developed for a fairly expensive hotels that might be some kind of an obstacle to keeping the land within the local community and maximizing the profit to the local people from the land. What's your reaction to that?

McMahon: Well, my reaction is this. I think that that particular problem, the buy-back clause, presents actually a greater and more significant obstacle that has to be dealt with in a reasonable way. When I look at Article 12 now, with what I know now, that it was being developed by people that were not businessmen. When you look at just an everyday commercial lease and you look at how it runs afoul of Article 12, how easy it is to run afoul, you wonder well, how did they ever expect a hotel to get built because there's always going to be a problem with the fact that once you have the Hyatt Hotel on your private land and the lease has expired, something has to happen. Normally there's ways to deal with this. Well, Article 12 kind of limits your options a great deal. Now to me, it was just simply that they didn't anticipate commercial development as much, and as fast. I don't think they expected the pressure to be put on Article 12 quite so rapidly.

Willens: But to stay with the normal lease agreement, there are hotels developed in the United States, I think, on lease plans, or the land is owned by someone other than the owner and operator of the hotel, and the usual routine would be if they would reach the conclusion near the end of that lease agreement, 10 or 15 years earlier or whatever, you begin to renegotiate.

McMahon: And that's exactly what you should do. I think that Article 12 was drafted by people that weren't attuned to commercial business activities as much. But also, the people that drafted those early leases were using forms and were not thinking clearly about this. Now that sounds really dumb now, but in 1980, 1982, you never heard the phrase "Article 12". There was nothing happening here. So a bunch of people were here, lawyers who weren't used to commercial activities either. I suppose a form got introduced into the legal community, and they started using it. Now sometimes you wonder, how did this all happen? It's so dumb in retrospect, but again, those were very, very naive times, for everybody.

Willens: It's been suggested to me that, in fact, Article 12 achieved one of its objectives in the sense that many local people have reaped very substantial financial rewards from land transactions.

McMahon: But I don't think that's the purpose. I think that that's money. I think that Article 12 was more culture, and it was simply saying, in the long run, we don't want to be like Hawaii. In the long run, we want our people to have the land. Chamorros for centuries have dealt with land as trading chips and for power among families, and the whole system of landholding here is very well-developed. Not so much the concepts of maybe private property, but the structure of the family being maintained by the elders by the way they distribute land and such. And when you go to the recorder's office, you'll see an astounding number of transactions among Chamorros. The land has been moving for years, so they're used to that part. I think Article 12 just makes sure that that could continue. I don't think

it was intended to be a way to ensure that they could get some money. But when you read Aldan-Pierce, our local Supreme Court's simply saying stop, slow down, this isn't right. I think it could have been done differently. I think there could have been other kinds of relief provided. I think there could have been a way to force outsiders to share obscene profits.

Willens: Well, stick with that. I mean, who's going to decide what's obscene? And that calls into play another allegation that's widely publicized here that the Article 12 litigation all was initiated several years ago motivated largely by the greed of local people who saw that they had sold for less than they might have been able to sell for later on, and so they were trying essentially renege on transactions that they had entered into in a bona fide and knowing way.

McMahon: I think that our case, my transaction, Aldan-Pierce, is the first case, and I watched it develop. I watched what happened. No one really understands the background of that, but when I tried to exercise my option for that land, I didn't know at that time there was a Hotel Nikko right down the beach. But a member of Joeten's family did know. So they hired an attorney to try to buy that land from Mafnas. And to do that, they had to break the option he had with me. And so all along, it's been sort of like McMahon vs. an unsophisticated local guy when, in fact, it was McMahon vs. Joeten who wants this land. That's always irritated me, because no one knows that. That's just something that never got revealed because we didn't have a trial. We wanted summary judgment, and it's always been on appeal ever since that time. There's never been a fact taken in this case.

Willens: Was your option then with Mr. Mafnas then broken, or it was challenged?

McMahon: It was challenged.

Willens: Under stimulus from the Joeten interests?

McMahon: Yes. It was very out front, too. I got a phone call from a lawyer saying, "I represent Mafnas. He's got a really nice offer (which was like \$12 instead of \$10) from Joeten's family and he wants to do that. I think your option's bad. Why don't you give up or something."

Willens: And the suggestion was your option was bad for what reason?

McMahon: It was a good option. So there were three attorneys involved; there was the attorney representing Joeten, an attorney representing Mafnas, and myself. The attorney representing Mafnas and the attorney representing Joeten couldn't stand one another and got into a big dispute. Suddenly, the guy representing Mafnas left, and the attorney representing Joeten became Mafnas's attorney. All of a sudden we're in court because we're trying to enforce our option, and this is the way law is developed. I mean, he wasn't timely with his objection or with his memorandum in opposition to our motion for summary judgment. He came and filed it on the day of the hearing, we had that Hobson's choice of well, shall we let the judge consider this for next week or should we just go ahead now? We decided to go ahead. I think that is the first time I heard the words "resulting trust" spoken, I don't think it was in the brief, I think it was just said orally, and from that, we now have an entire, I mean years later we have this astounding amount of litigation over that one phrase, "resulting trust."

Willens: What in your judgment are the most promising ways to address the Article 12 problem here?

McMahon: First of all, remember, I don't think it's an Article 12 problem. All the land is still in the local community. It's a problem of the uneven distribution of wealth, and the fact that a lease is as valuable as a fee. That's the problem really. I can get a lease, and because of

concept of present value, future value, accounting concepts, the money value of land is mostly within the first 55 years. I think I figured it out once. If you were to be fair to a person that held the remainder interest and wanted them to be compensated along with you, you would pay them about 4% of what you got, 2, 3, 4%. And in present value analysis, the fact that they are receiving this money that they shouldn't expect for 55 years now would reduce the present value to something quite small. I mean, it works that way. That's just the way the numbers run. But again, I don't think Article 12 was intended to deal with issues like that. I always thought these problems, separate from Article 12, could have been addressed by a variety of techniques. One that I liked which was done in some jurisdictions was to require a person to hold land at least so many months before reselling it, and if they didn't, then they would have to give part of what they received from the person they bought it from. So that the true speculator, like if you sell the land within a year, you have to give the person you bought it from half of what you got. Now, Article 12 never would have come up in that regard, because there would never have been a problem. But it's a misuse of Article 12; it threatens Article 12. And it makes it do things it was never intended to do. And I think that if all that energy, I mean an incredible amount of energy, had been put into pushing legislation through to require something like that, I think we would have been much happier today.

Willens: Without going into a detailed analysis of its provisions, do you think legislation that's just been signed into law by the Governor presents any hope in clarifying some of the issues that have arisen?

McMahon: Yes, I think so. The legislation was sponsored by, created by, financed by Duty Free, but I was still impressed with SMART, because it was really nice to see local people truly share my opinion or that would be willing to talk to me about things like that. I was real impressed with the organizational effort and the number of local people involved in it.

Willens: Were you involved in the effort of SMART, which is an acronym for . . .

McMahon: Saipanese Mobilized on Article 12. And no, I wasn't, but I went to one meeting, and I was very impressed with the number of local people there. I was so happy.

Willens: Do you accept the basic contention that the uncertainty generated by Article 12 or its interpretation by the courts here has been a real deterrent to economic development in the last year or two?

McMahon: There's no doubt in my mind.

Willens: What's the basis for that?

McMahon: I think common sense, you know, you're a lawyer, a guy comes to you and says, I'm going to buy this land, how do I know if it's good or bad? I don't know. I could go to the person and ask them, did you have outside money, but it doesn't matter what they say. I could restructure the transaction, but every time you try that, in the interim if people have died, you end up dealing with a very difficult situation. I think that certainly the tremendous change of economic conditions in Japan caused them to reconsider all their overseas investment. My point has been, though, this should have been the last place affected, and it wasn't; it was the first place. It should have been the last place to go under, because it's so close to Japan, it's so close, it's so safe, they've always considered this to be their island. They've never really given up that little notion. And I think that it was very, very attractive to them. Here's a place that's outside of the country that they could fly to. In fact, and certainly tourism continues to increase every month here.

- Willens: Well, do you think incidentally that the fact that this is under the sovereignty of the United States is an important element in favor of Japanese interest here and economic development?
- McMahon: I've never really thought about that much, but yes, I do think so. I think that there's a real fascination with the West in Japan and vice versa. So I think it does help. Now if the Commonwealth went its own separate way and there was no U.S. flag, I think people would still come here. But I think that people do in fact rely on U.S. institutions and regard them as stable. Like if you were thinking about a place to put your money, Nauru or here, FDIC bank or the King's Bank in Nauru, I mean to me, there is stability with the larger government and the relationship.
- Willens: So let's turn our attention away from Article 12 and just go back for a brief time into history a little bit. The administration of Governor Camacho and Lt. Governor Ada was defeated in the election of 1981. Did you have any recollection or judgment as to why it was that Governor Camacho was defeated in his effort for reelection?
- McMahon: No, I didn't have any. My sources of information were really limited. I'm trying to think of how I would have even heard about the politics.
- Willens: What was your assessment of the administration of Governor Pete P. Tenorio and Lt. Governor Pete A. Tenorio?
- McMahon: Pete P. is one of the most gracious guys here and also I think a very smart fellow. He is not a vindictive person, and I recall that he didn't insist that all the directors resign, for example, but hung on to the people that he liked. In fact, I don't remember if there was any changeover in directors in the Executive Branch when he took office.
- Willens: I understand that he was more successful than his predecessor in dealing with the Legislative Branch.
- McMahon: Oh, yes.
- Willens: Was that because they were all of the same party at that point?
- McMahon: He was the president of the Senate for awhile. So he kept his contacts, and he knew how important they were. And just the way he did his business. Whereas Camacho might be a confrontationist, let's say, although truly I saw the man so little it's hard to say that, but that's kind of the image he conveyed, Pete P. wasn't a confrontationist. He was a consensus builder. And a lot of people thought that to get to the Governor, you truly had to get to Sophie, his wife, who's another very gracious woman and just so charming and very attractive and also really politically astute. So between the two of them, that Administration appeared very smooth.
- Willens: Did the Lt. Governor play an active role?
- McMahon: He was very active. The Lt. Governor was much more abrupt and just impatient, and so he was hard to control by Pete P. There were times when Pete P. would have to slow him down.
- Willens: Did the new Administration have any strategy for dealing with this rapid economic development that occurred in their first term?
- McMahon: They didn't have any idea. No, no, they had nothing. I mean it occurred so rapidly, the institutions couldn't respond. For example, take Commerce and Labor, and you look at that department. To this day, it's just a mess. Their record keeping is so awkward. They have never figured out how to deal with the mass of people here and their workers.

- Willens: Do you have any judgment about how well that Administration worked with the federal government?
- McMahon: Pete A. was more of the spokesman vis a vis any [Section] 902 type of negotiations. He got Brenda Tenorio involved to prepare a plan. I think that was Brenda's role at the time. And see, I didn't ever read it, so I can't quite remember what it was that they had to do, but they had to prepare a plan I think in order to get continued financing or something like that. But that again wasn't really discussed at cabinet meetings, and I just remember that they were behind schedule.
- Willens: Was it during their term, perhaps their second term, when the garment factory industry began here?
- McMahon: Yes, I think that was the second term.
- Willens: What prompted that particular development, if you know?
- McMahon: I don't know who got the idea to locate a garment factory here and to take advantage of Head Note 3A. But again, I think it's Marian Aldan-Pierce's husband was one of the kind of primary people involved, Richard Pierce, and Randy Fennell, who's with me on the Aldan-Pierce case. I think maybe he had something to do with that, too. Someone just had this bright idea, or perhaps was approached by some Korean or some Chinese outfit about locating here, and they built a factory, and lo and behold, it worked. So there was no conscious recruiting. In fact, most of the conscious recruiting of businesses here was an utter failure.
- Willens: Foreign Sales Corporations?
- McMahon: Yes, FSCs.
- Willens: I did hear about a mission to try to advertise Saipan as a base for that, and I gather it was not successful.
- McMahon: Absolutely unsuccessful. Nothing happened. They traveled all over the United States trying to generate business. Nothing happened. It's too far away. Their natural source of business was Asia, and so when Asian businessmen found out that you could locate a factory here, and get your garments in without a quota, wow. That business requires an awful lot of paperwork. And it requires a certain expertise in your local officials dealing with export and the percentages involved and just that whole system.
- Willens: Well, has the Commonwealth now developed sufficient expertise to regulate the industry?
- McMahon: I think that they have now, but again, that department operates under such stress that it still is not functioning the way I think it should.
- Willens: Do you have any personal knowledge as to the allegations with respect to the treatment of the alien laborers who have worked in those garment factories?
- McMahon: I have personal knowledge because I represent 54 Chinese workers that were abandoned here by their employer, and to this day, they reside in Koblerville living hand to mouth. And they have been subjected to a front page article in the *New York Times*.
- Willens: Do they want to go back to China?
- McMahon: Most of them don't, no. I mean, some of them do; some of them don't.
- Willens: What's the relationship between their abandonment by their employer and their treatment when they were employed?

- McMahon: Their treatment is somewhat unusual. They were brought here by a Korean businessman who had made some money on land transactions. He brought them in here when there was a construction boom, and he had no experience in construction. So what he was hoping to do was called U-drive. He just maintained men here.
- Willens: He what?
- McMahon: Maintained his force here, his labor force, and then he would just sit by the phone and then Shimuzu Corporation would call and say, "My God, we've got a project, we need ten guys, you got ten ditch diggers?" "Yes, I got ten." "Okay, send them over."
- Willens: Send them over to some place on the island?
- McMahon: Yes.
- Willens: So you have a temporary work facility like Manpower, Inc. or something.
- McMahon: Right. But that's not allowed. To bring them in here, he had to basically forge documents that would prove to Labor's satisfaction that he had projects.
- Willens: That they had a job in hand when they came.
- McMahon: Right. And so he just had a friend sign a contract, it was like \$5 million, and so he was able to get it through Labor and bring these people in. Of course, there was no project, the construction industry collapsed, he had no money, he never paid them, he didn't feed them, so then I say I'll represent them. When I said that, I thought well, no problem, because there's a surety bond. And if push comes to shove, they just call the bond, and we may not get much, but at least these guys can get back home to mainland China. So imagine my surprise when Labor, very cooperative with me, says yes, we'll call the bond World Surety. Well, then they went bankrupt. I go, "What? The surety company went bankrupt?" They have no money? They're supposed to pay for the airfare back if the employer can't pay the airfare back. So the surety bond company went bankrupt. Then I went through and read the statute, and I thought, there's no requirement of reinsurance or anything. I mean, again, we weren't prepared for it. We tried. We passed a law that requires a surety bond company. But all they need is \$25,000. It was probably done as a favor for a guy who wanted to make some money.
- Willens: What is your general assessment of the alien laborer problem on the island? There's been concern about aliens on this island for 20 plus years that I've been familiar with the situation. The number has grown to a percentage of local population that was never anticipated. What's your assessment of that particular situation?
- McMahon: Well, I guess there's several related questions. I suppose the first one is, is it healthy for a society to have so many alien workers? Is it appropriate than an American flag territory, if you will, whatever you want to call it, has so many people that can't vote.
- Willens: What are your answers to those questions?
- McMahon: Well, that's more a matter of philosophy. It wouldn't be an issue if workers were treated fairly.
- Willens: The issues you presented would exist even if the alien laborer was given a mansion.
- McMahon: Right, that's right. They would exist anyway. And I really don't have a comment on that. I get torn because I think this place should have the ability to control some of its own destiny. I think that was kind of written into the relationship. It should have its own, make its own decisions. But that Covenant is loose. It's loose intentionally. It's like where the

- U.S. promises not to take by eminent domain any land unless it needs it, provisions like that.
- Willens: With respect to aliens, the local people were given control over immigration, until Congress acted otherwise, because it was anticipated that the development of the kind of tourist or other industries here that would be most likely would require substantial numbers of alien laborers. The people wanted economic development; they have achieved a very surprising level of economic development.
- McMahon: That's right.
- Willens: But they have done so only by recognizing the need to have aliens. So people now argue that some kind of a balance is required, and I think it maybe an open question as to whether they can maintain or increase gradually the level of economic development they have and at the same time reduce the number of aliens.
- McMahon: But see, they can't. If you suddenly say, okay, we've got to reduce the number of aliens, the hotels could not function.
- Willens: Well, I've heard for example that aliens have been reduced in the order of magnitude of several thousand just in the last six or 12 months because of the economic impact of the recession. I have no idea whether that's true or not.
- McMahon: No, I think that that's true. See, the people that were really getting burned by all of this were construction workers. They're the ones that are being mistreated the most. And I was kind of surprised that they weren't the target by the U.S. Labor Department when they came in, and why U.S. Labor picked Willie Tan, well, I mean because he's big, you know. But I've been through those barracks.
- Willens: The barracks in which construction workers have been housed?
- McMahon: Yes. I've never seen one that's fit for human habitation.
- Willens: So were there hundreds if not thousands of aliens here to support the construction industry?
- McMahon: Yes. Mostly Filipino.
- Willens: And are those the ones that in significant numbers have left?
- McMahon: Yes, because there's no more jobs.
- Willens: So in your view, the aliens who work for the hotels in tourist-related industries and in the garment industries may on the whole receive fair treatment?
- McMahon: No. I don't have much personal involvement with the garment industry. It's just that those people come from environments where I think they're better able to take care of themselves. They don't mix much with the general community. I'm representing a club now, a couple of clubs in Garapan, and I'm realizing that the U.S. Labor Department is trying to take a stronger position out here and enforce FLSA [Fair Labor Standards Act].
- Willens: Are they effective?
- McMahon: No. I don't think so, not until they can maintain a presence here. Because what's happening now just as we speak is that President Clinton is recreating government. What that means is that the department doesn't have enough money to even come out here to finish what they have done. And there's nothing worse than coming out and starting, then stopping, starting, then stopping. I don't quite understand why the federal Labor Department didn't make a greater effort to deal with local labor officials first. It's just like

they went around them because they consider them part of the problem. And I don't like that, because there's a little bit of racism in there, a little bit of the old TT mentality, you know. These guys are just local guys, and they're not doing their job, they're part of the problem, so we'll just come in and blast people ourselves. I just think that's inappropriate. A lot of the stuff is not intuitive. Some of it is. People deserve a good place to live and a healthy environment and all that. But some of the FLSA regulations are just really hard to understand, and when they start enforcing them wholesale here, that's difficult for people. I think every single employer on this island is in violation of some of these things.

Willens: Just in summary, Brian, let me ask you, based on your 15 years here, how well you think this Commonwealth experiment has worked.

McMahon: I think it's working. I think we're all learning more about one another, about the relationship with the U.S., what has to be done, how to live with each other. So it's exciting. I guess that's how I can answer it. The reason I stay I think is because it's exciting and I feel really involved with what's happening.

Willens: So you feel involved as a haole or a mainland person having lived here so many years and doing the kind of work you've been doing?

McMahon: Yes, I feel involved. I suppose I'm not completely satisfied with the amount of mix in our community, but that maybe goes back to my statement about how I was so pleased with the SMART meeting, to see people that I knew, and it was like a common denominator that brought us together, and I was pleased with that, because I think that kind of stuff of course has to be part of the process. I've always viewed myself as a settler here. I'm here for the duration. I maintain a house in Seattle too, part-time.

Willens: So you have a family here?

McMahon: I have my family here. But what we do is we travel back and forth a lot. Any savings in taxes is spent in airplane fare, because I also enjoy Seattle, and I maintain a house there and a small office in the house. I'm there maybe three months a year and here nine months a year, but mostly here. I guess that it's really fascinating to see this place develop from the very beginning. And so I find that I read the paper front to back every day to see who's doing what to whom.

Willens: I've heard quite a different assessment from some mainland people who think that the government here is so shot through with corruption that it's an impossible place to settle and live here.

McMahon: I don't think so. We were talking about Pete P.'s time. And that was a time, a gracious time, a quiet time, and there were departments that did nothing. When Governor Guerrero took over, he did more. Now a lot of this was in progress, it was like he was just the beneficiary of what was done during Pete P.'s time. But this is a small enough community that one change will make a difference. For example, when, and again his first name escapes me, I almost had it, when Mr. Pangelinan died, the director of Public Works, he died in office, and if he didn't, he might still be there and Public Works might still do nothing. But since he did die, Governor Guerrero appointed a woman the head of Public Works. And it now functions 100 times better than it used to. Just that one change, like wow, what an amazing change. That's why I'm always so hopeful for this place, because it's so small that you can make a small change and have a very large impact. Us Western types have our own definition of corruption and our own definition of how democracy should work. And we come into this family-based society, and we find real fault with favoring your family or

the way they do business here. But I guess all we can really ask is that they be consistent, so that we know the rules. Maybe it's going to be harder for us to get involved with that particular thing, but I think that what we think is corrupt is not corrupt in Korea. I've seen examples of that actually here, where favors to government officials and such were bribery by our standards.

Willens: Brian, one last question with respect to the effort in the middle 1980s when several political leaders and some lawyers engaged in an effort to re-examine the Covenant and to support the proposition that the Commonwealth here exercised complete "internal sovereignty" over local matters. Do you have any knowledge as to how that developed?

McMahon: Only in a general sense, and this is just all from in the community. I became aware that Larry Hillblom entertained certain notions about sovereignty that he wanted to test here. And I think, with no proof, that as a result of that, there was a series of cases filed to challenge the existing attitude about sovereignty, to test it in the courts. This was popular locally. Local people liked the idea of sovereignty.

Willens: Well, why was it seized upon by local political leaders?

McMahon: I think because grabbing hold of their own destiny in a sense. It was very popular. It was just like saying, do you want to be free? Oh, sure, I want to be free.

Willens: Well, were there any specific grievances that they had with the federal government at the time that prompted this movement?

McMahon: Well, that was my big question. I couldn't figure out what exactly was the problem. What was the restraint that was driving people nuts? And I privately thought that Larry just had his own thing, because he wanted to avoid taxes or he wanted to create this little haven in the Pacific. He has an agenda that's unique to him because he's a billionaire, and there's things that only are a problem to him. So all of his experimentation in this testing, which is kind of consistent with his life, that's why DHL was formed, because he wanted to play with the post office, you know, people grabbed it here for other reasons, not fully understanding I think why it was popular. But again, if you were to say to someone, do you want to be free or not? Yes, I want to be free. Okay, you've got to have sovereignty. Well, fine, okay, we need sovereignty. What's the problem with the U.S.? I don't know, I don't ever go there. So, no one could articulate the problem except for Larry, and that was something private to him. But look what Larry did, I mean, so then the other billionaire comes. What was his name, from Computerland?

Willens: Maillard.

McMahon: Yes, Maillard comes, and Larry causes to be passed certain legislation which cuts Maillard out. Why? Because Larry felt threatened that somehow his fortune would be taxed differently? I don't know. It was just kind of odd that the two giants would meet. And speaking of giants, you bring up a subject that's near and dear to me. I've lived in this community since 1979, and I'll tell you, while I'm excited by the closeness of events, I'm so tired of living in this land of these two giants Larry Hillblom and Ted Mitchell. These guys do battle with one another. They just lunge at each other, and they crash, and then everybody is affected by what these guys are doing to each other. And it just astounds me how much they impact upon my little practice of law. I'm really tired of these guys, you know, both of them. They have these incredible personalities, they just leave me cold because they have huge, huge egos.

Willens: Well, that's one reason why people sometimes find it difficult to live in a small community, especially an island community. Brian, I want to thank you very much. You've been helpful and reflective, and I appreciate it.

McMahon: Okay. Thank you.