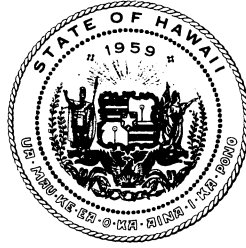


STATE OF HAWAII  
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## DEPT. COMM. NO. 14

December 23, 2005

The Honorable Robert Bunda  
President of the Senate  
State Capitol, Room 003  
Honolulu, Hawai'i 96813

Dear Mr. President:

I transmit to you a copy of our report, *Sunrise Analysis: Check Cashing and Deferred Deposit Agreements (Payday Loans)*.

We found little evidence of harm in Hawai'i from payday lenders but the potential for harm nevertheless exists with an annual loan rate as high as 459 percent. We concluded that, in lieu of enacting Senate Bill No. 1413, Chapter 480F, Hawai'i Revised Statutes, should be strengthened by requiring full disclosure to consumers, reducing the maximum fee, and instituting a mandatory registration program.

We hope that the report will assist you in reviewing the issues examined. We will place the report on our website, [www.state.hi.us/auditor](http://www.state.hi.us/auditor), and release it to the public and press, on Tuesday, December 27, 2005.

Sincerely,

Marion M. Higa  
State Auditor

Enclosure

c:/Paul Kawaguchi, Senate Clerk