

Honolulu, Hawaii

FEB 17

, 2006

RE: S.B. No. 2143  
S.D. 1

Honorable Robert Bunda  
President of the Senate  
Twenty-Third State Legislature  
Regular Session of 2006  
State of Hawaii

Sir:

Your Committee on Commerce, Consumer Protection, and Housing,  
to which was referred S.B. No. 2143 entitled:

"A BILL FOR AN ACT RELATING TO MONEY TRANSMITTERS,"

begs leave to report as follows:

The purpose of this measure is to protect the public welfare  
and consumers by establishing a licensing regime that regulates  
the money transmitter industry in Hawaii.

Testimony in support of this measure was submitted by the  
Commissioner of Financial Institutions, the Department of the  
Prosecuting Attorney of the City and County of Honolulu, Hawaii  
Credit Union League, Non-Bank Funds Transmitters Group, Hawaii  
Financial Services Association, Philippine National Bank-Honolulu  
Agency, Kwik Money Remittance, Laborers' Union Local 368, and one  
individual. Testimony in opposition to this measure was submitted  
by Hawaii Bankers Association.

Hawaii has a relatively large transmitter industry that  
annually transmits hundreds of millions of dollars. Currently,  
Hawaii is only one of five states that do not regulate money  
transmitters.

Your Committee finds that effective licensing of money  
transmitters will help to maintain consumer trust, ensure that all  
money transmitter businesses are operated on a sound fiscal basis,  
and promote best business practices within the industry.

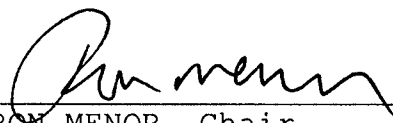


Your Committee has amended this measure by:

- (1) Decreasing the net worth and the bond or security requirements from \$100,000 to \$1,000 for purposes of continued discussion;
- (2) Clarifying that qualified banks, bank holding companies, credit unions, building and loan associations, savings and loan associations, savings banks, financial services loan companies or mutual banks remain exempt under this measure even if these entities act as authorized delegates;
- (3) Adding the requirement that contracts between licensees and authorized delegates include certification by the delegates that they are in compliance with federal and state laws pertaining to money laundering;
- (4) Changing the effective date of the chapter to July 1, 2007, to allow adequate time for the program to be implemented; and
- (5) Making technical, nonsubstantive amendments for purposes of clarity.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2143, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2143, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on  
behalf of the members of the  
Committee on Commerce, Consumer  
Protection, and Housing,

  
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RON MENOR, Chair



