

STAND. COM. REP. NO.

345

Honolulu, Hawaii

FEB 15 2007

RE: S.B. No. 1392
S.D. 1

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fourth State Legislature
Regular Session of 2007
State of Hawaii

Madam:

Your Committee on Commerce, Consumer Protection, and
Affordable Housing, to which was referred S.B. No. 1392 entitled:

"A BILL FOR AN ACT RELATING TO ENHANCED PENALTIES FOR
SECURITIES VIOLATIONS COMMITTED AGAINST ELDERS,"

begs leave to report as follows:

The purpose of this measure is to authorize enhanced civil
and administrative penalties for securities violations, when the
violations are directed toward, target, or are committed against
seniors who are sixty-two years of age and older.

This measure authorizes civil and administrative penalties of
up to \$50,000 for each violation.

Testimony in support of this measure was submitted by the
Department of Commerce and Consumer Affairs, the Department of the
Attorney General, and AARP Hawaii. The National Association of
Insurance and Financial Advisors submitted testimony in opposition
to this measure.

Your Committee finds that investment fraud against seniors is
a growing concern in Hawaii, as demonstrated in a recent statewide
survey conducted by AARP Hawaii. This measure is directly
responsive to these concerns, as it allows for greater civil and
administrative penalties for violations of the State's securities
laws when the violations are directed towards, target, or are
committed against seniors. This measure will allow the State to
be proactive in deterring investment fraud against seniors.

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Your Committee has amended this measure, based upon an agreement between the Department of Commerce and Consumer Affairs and other interested parties, to provide a limited exception from the enhanced penalty provisions for registered dealers and registered broker-dealers that commit only supervisory infractions.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Affordable Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1392, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1392, S.D. 1, and be referred to the Committee on Judiciary and Labor.

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



BRIAN T. TANIGUCHI, Chair



