

STAND. COM. REP. NO.

2227

Honolulu, Hawaii

FEB 12 2008

RE: S.B. No. 3008  
S.D. 1

Honorable Colleen Hanabusa  
President of the Senate  
Twenty-Fourth State Legislature  
Regular Session of 2008  
State of Hawaii

Madam:

Your Committee on Commerce, Consumer Protection, and  
Affordable Housing, to which was referred S.B. No. 3008 entitled:

"A BILL FOR AN ACT RELATING TO THE CODE OF FINANCIAL  
INSTITUTIONS,"

begs leave to report as follows:

The purpose of this measure is to streamline and update the  
Code of Financial Institutions under chapter 412, Hawaii Revised  
Statutes by eliminating obsolete requirements and improving the  
procedures for the licensing and regulation of financial  
institutions in Hawaii by the Department of Commerce and Consumer  
Affairs, Division of Financial Institutions.

Specifically, this measure amends the Code of Financial  
Institutions by:

- (1) Reducing regulatory burden;
- (2) Providing clarification;
- (3) Providing flexible regulation;
- (4) Providing further protection for consumers; and
- (5) Making technical amendments.

Testimony in support of this measure was submitted by the  
Department of Commerce and Consumer Affairs and the Hawaii

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Financial Services Association. First Hawaiian Bank submitted comments.

Your Committee finds that amending the Code of Financial Institutions under chapter 412, Hawaii Revised Statutes, will reduce regulatory burden where significant consumer interests are not adversely affected; update the Code to recognize changes in the industry and make desirable clarifications to the statutes; provide more flexibility in supervising and regulating the industry; ensure adequate protection for the consumer; and make technical amendments of a "housekeeping" nature. However, testimony indicates concerns regarding the wording of the requirement to display a financial services loan company's license in a conspicuous location at each place of the business to enhance consumer confidence and protection. Furthermore, testimony indicates concerns regarding permitting the Commissioner to examine a financial institution holding company without a prerequisite finding that there is cause to believe that a holding company is experiencing adversity.

Accordingly, your Committee has amended this measure by:

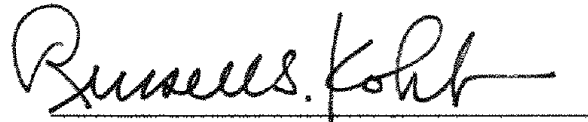
- (1) Adopting language from the Division of Financial Institutions that clarifies the wording of the requirement to display a financial services loan company's license in a conspicuous location at each place of the business;
- (2) Adopting language from the Division of Financial Institutions that clarifies the examination of a financial institution holding company without a prerequisite finding that there is cause to believe that a holding company is experiencing adversity;
- (3) Changing the effective date of this measure from effective upon its approval to effective on July 1, 2008; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity and style.

Your Committee believes that this measure, as amended fulfills the intent of this measure, which is to streamline and update the Code of Financial Institutions under chapter 412, Hawaii Revised Statutes.



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. 3008, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3008, 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,



RUSSELL S. KOKUBUN, Chair



The Senate  
 Twenty-Fourth Legislature  
 State of Hawaii

**Record of Votes**  
**Committee on Commerce, Consumer Protection and Affordable Housing**  
**CPH**

|  |                          |                         |                                  |         |
|--|--------------------------|-------------------------|----------------------------------|---------|
| Bill / Resolution No.:*  | Committee Referral:      | Date:                   |                                  |         |
| SR 3008  | CPH, JDL                 | 02/08/08                |                                  |         |
| <input type="checkbox"/> The committee is reconsidering its previous decision on this measure.<br>If so, then the previous decision was to: _____                                      |                          |                         |                                  |         |
| The Recommendation is:   |                          |                         |                                  |         |
| <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313 |                          |                         |                                  |         |
| Members  | Aye                      | Aye (WR)                | Nay                              | Excused |
| KOKUBUN, Russell S. (C)  | ✓                        |                         |                                  |         |
| IGE, David Y. (VC)   |                          |                         |                                  | ✓       |
| ESPERO, Will   | ✓                        |                         |                                  |         |
| IHARA, Jr., Les  |                          |                         |                                  | ✓       |
| SAKAMOTO, Norman   | ✓                        |                         |                                  |         |
| TANIGUCHI, BRIAN T.  |                          |                         |                                  | ✓       |
| TRIMBLE, Gordon  | ✓                        |                         |                                  |         |
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| <b>TOTAL</b>   | 4                        |                         |                                  | 3       |
| Recommendation:  |                          |                         |                                  |         |
| <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted   |                          |                         |                                  |         |
| Chair's or Designee's Signature:   |                          |                         |                                  |         |
| <i>Will Espero</i>   |                          |                         |                                  |         |
| <b>Distribution:</b>   |                          |                         |                                  |         |
| Original<br>File with Committee Report   | Yellow<br>Clerk's Office | Pink<br>Drafting Agency | Goldenrod<br>Committee File Copy |         |

\*Only one measure per Record of Votes