



LINDA LINGLE  
GOVERNOR  
JAMES R. AIONA, JR.  
LT. GOVERNOR

STATE OF HAWAII  
OFFICE OF THE DIRECTOR  
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS  
335 MERCHANT STREET, ROOM 310  
P.O. Box 541  
HONOLULU, HAWAII 96809  
Phone Number: 586-2850  
Fax Number: 586-2856  
www.hawaii.gov/dcca

LAWRENCE M. REIFURTH  
DIRECTOR  
RONALD BOYER  
DEPUTY DIRECTOR

TO THE HOUSE COMMITTEES ON  
CONSUMER PROTECTION & COMMERCE AND JUDICIARY  
THE TWENTY-FIFTH LEGISLATURE  
REGULAR SESSION OF 2009

Monday, March 16, 2009  
2:00 pm  
Conference Room 325

**TESTIMONY ON SENATE BILL NO. 301, S.D. 2  
RELATING TO THE HAWAII REGISTERED AGENTS ACT**

TO THE HONORABLE ROBERT N. HERKES AND THE HONORABLE JON RIKI KARAMATSU,  
CHAIRS, AND MEMBERS OF THE COMMITTEES:

My name is Tung Chan, Commissioner of Securities and head of the Business Registration Division, Department of Commerce and Consumer Affairs ("Department"). The Department appreciates the opportunity to testify on Senate Bill No. 301, Senate Draft 2, relating to the Hawaii Registered Agents Act. We strongly support this measure and respectfully request that the Committees pass Senate Bill No. 301, Senate Draft 2, as is.

The purpose of this bill is to allow registered agents to choose to register as a new designation, a "Commercial Registered Agent" ("CRA"). CRAs will then be provided a number of services, including the right to make single filings under certain circumstances and to coordinate entity representation through the Internet.

As background, it should be noted that every entity filed with the Department must have a registered agent for service of process. Almost all the states in the country require agents because of the critical nature of timely service of process and this has created a cottage industry where companies act as registered agents for multiple entities. Under current Hawaii law, when a registered agent changes its address, name or jurisdiction, it must file an application of change for each entity it represents. For example, in August, a registered agent was required by the U.S. Post Office to revise its address and had to file change of address applications for each of the entities it represented. It filed over 3000 applications with the Department and it took almost 3 months for staff to process all the filings, burdening staff and slowing down the other registry work.

Under this new bill, agents who choose to be registered as a CRA are able to file one single change application online that would change their address, name or type of entity for each of the entities they represent, thus streamlining the change process for them and increasing efficiency for the Department. This new bill also requires the CRAs to keep their records current. If a CRA does not do so, they can be deregistered as agents by the Director. The converse is that the bill requires the Department to make the CRA information and list of represented entities available to the CRA at regular intervals.

The bill also cleans up provisions in our current law. In particular, current law does not permit an agent to resign from a dissolved entity even if the entity has stopped paying the agent for its services. Under this bill, agents can resign from a dissolved

entity. The Department also appreciates adopting a model act that provides more uniformity of our business registration laws while improving the Department's efficiency and increasing the accuracy of agent information collected in our databases.

Regarding the amendments made by the previous committees and resulting in Senate drafts 1 and 2, we support all cumulative changes. While most changes made by Senate Draft 1 are nonsubstantive, a provision clarifying how commercial registered agent information will be handled in DCCA's business registry was also added in new section \_\_-6(d) of the Hawaii Registered Agents Act. This additional language will give the Department clear authority to change a commercial registered agent's business address in the records of all the business entities it represents with just one filing. This Senate Draft 2 makes nonsubstantive, technical amendments as recommended by the Legislative Reference Bureau.

I respectfully request your support of Senate Bill No. 301, Senate Draft 2, which will help improve the business climate in Hawaii. Thank you for the opportunity to testify. I will be happy to answer any questions the Committees may have.