
A BILL FOR AN ACT

RELATING TO ACTIVITY DESKS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Chapter 468M, Hawaii Revised Statutes, is
2 amended by adding a new section to be appropriately designated
3 and to read as follows:
4 "§468M- Record keeping requirements for client trust
5 accounts. (a) An activity desk shall maintain all books and
6 records necessary to comply with this chapter and any rules
7 adopted pursuant to this chapter and shall make all records
8 relating to client trust accounts available for inspection and
9 audit within three business days of a written request by the
10 director. Nothing in this section shall prevent the director
11 from inspecting or auditing the books and records of an activity
12 desk as otherwise provided pursuant to this chapter or rules
13 adopted by the director pursuant to chapter 91.
14 (b) An activity desk shall keep and maintain copies of all
15 bank statements, deposit slips, cancelled checks, drafts, and
16 wire or electronic transaction documents relating to client
17 trust accounts for a period of at least two years."



1 SECTION 2. Section 468M-3, Hawaii Revised Statutes, is
2 amended to read as follows:

3 " ~~[f]~~ §468M-3 ~~[f]~~ Prohibited acts. No activity desk shall
4 engage in any of the following practices:

- 5 (1) Covering, concealing, or obscuring the name, address,
6 or telephone number of an activity provider in any
7 card or brochure;
- 8 (2) Placing a telephone number, address, or other
9 information on any card, brochure, or other
10 advertising material produced or published by an
11 activity provider, whether by decal, sticker, stamp,
12 or otherwise, without identifying the activity desk by
13 name ~~[and]~~, address ~~[f]~~, and registration number;
- 14 (3) Using a promotional card or brochure that does not
15 clearly display the name and telephone number of the
16 activity provider whose activity is being sold or
17 booked when the activity is located in this ~~[State,]~~
18 state;
- 19 (4) Withdrawing any funds of a consumer from a client
20 trust account, other than a sales commission up to a
21 maximum of fifteen per cent or to make a refund to the



1 consumer, until the activity provider has been paid;

2 [~~or~~]

3 (5) Failing to possess a current and valid registration
4 prior to engaging in business or advertising as an
5 activity desk[-]; or

6 (6) Failing to obtain full payment for activities later
7 than three business days after the time activity
8 reservations are booked or placed with the activity
9 provider, except where the reservation specifically
10 provides for direct payment of the amounts owed to the
11 activity provider at the time of the activity."

12 SECTION 3. Section 468M-9, Hawaii Revised Statutes, is
13 amended by amending subsections (a) and (b) to read as follows:

14 "(a) Within three business days of receipt, an activity
15 desk shall deposit all sums received from a consumer[-] for
16 excursions or activities offered by the activity desk in a trust
17 account maintained in a federally insured financial institution
18 located in Hawaii. All sums paid by any person to an activity
19 desk for activities furnished by an activity provider shall be
20 held in trust for the benefit of the person making the payment
21 and the activity provider. The activity desk shall be



1 considered the trustee of the funds paid into the client trust
2 account, less any commission.

3 (b) The trust account required by this section shall be
4 established and maintained for the benefit of the consumers
5 paying money to the activity desk[-] and the activity provider.
6 The activity desk shall not in any manner encumber the amounts
7 in trust and shall not withdraw money therefrom except:

- 8 (1) In partial or full payment for excursion or activities
9 to the activity provider directly providing the
10 services; or
11 (2) To make refunds as required by this chapter."

12 SECTION 4. Section 468M-10, Hawaii Revised Statutes, is
13 amended by amending subsections (f) and (g) to read as follows:

14 "(f) The amount of coverage shall be equal to the average
15 monthly net sales revenues of the activity desk as determined
16 for the twelve-month period ending on the last sales period
17 ending date of the fifth month prior to the anniversary date of
18 the bond or the irrevocable letter of credit; provided that the
19 amount of coverage of the bond or irrevocable letter of credit
20 shall not be less than \$50,000 and shall not be more than
21 [~~\$100,000.~~] \$250,000. Any activity desk providing a bond or
22 irrevocable letter of credit for the first time during the



1 period beginning on September 1, 1992, and ending on March 31,
2 1993, shall base its initial coverage amount on the twelve-month
3 period ending on June 30, 1992. If an activity desk does not
4 have a full twelve-month period on which to base the amount, the
5 amount shall not be less than the average monthly net sales
6 revenues as determined for the months available; provided that
7 this amount shall not be less than \$75,000, notwithstanding the
8 minimum amount of \$50,000 for regularly computed coverage.

9 (g) No later than four months before the anniversary date
10 of coverage, each activity desk shall submit a notarized annual
11 report to the department verifying the monthly net sales revenue
12 figures for the twelve-month period upon which the amount of the
13 bond or irrevocable letter of credit is based. However, each
14 activity desk shall have the option not to submit the annual
15 report if the activity desk provides a bond or an irrevocable
16 letter of credit for the maximum amount of [~~\$100,000.~~]
17 \$250,000."

18 SECTION 5. Statutory material to be repealed is bracketed
19 and stricken. New statutory material is underscored.

20 SECTION 6. This Act shall take effect on January 1, 2112.



Report Title:

Activity Desks; Client Trust Accounts

Description:

Establishes recordkeeping requirements for client trust accounts held by activity desks. Requires activity desk registration numbers to be included on advertising and promotional material. Prohibits an activity desk from failing to obtain full payment for activities later than three business days after the time activity reservations are booked or placed with the activity provider, unless direct payment to the provider is arranged. Requires an activity desk to hold sums paid to an activity desk for activities furnished by an activity provider, in trust for the person making the payment and the activity provider. Increases the maximum bond or letter of credit requirement for activity desks to \$250,000. Effective January 1, 2112. (HB2417 HD2)

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

