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**PRESENTATION OF THE  
PROFESSIONAL AND VOCATIONAL LICENSING DIVISION**

TO THE HOUSE COMMITTEE ON  
TOURISM, CULTURE, & INTERNATIONAL AFFAIRS

TWENTY-FIFTH LEGISLATURE  
Regular Session of 2010

Monday, March 8, 2010  
9:30 a.m.

**TESTIMONY ON SENATE BILL NO. 2607, S.D. 2, RELATING TO ACTIVITY DESKS.**

TO THE HONORABLE JOEY MANAHAN, CHAIR,  
AND MEMBERS OF THE COMMITTEE:

My name is Lee Ann Teshima, Executive Officer for the Activity Desks Program, with the Professional and Vocational Licensing Division of the Department of Commerce and Consumer Affairs ("PVLD"). Thank you for the opportunity to submit testimony on Senate Bill No. 2607, S.D. 2, Relating to Activity Desks.

Senate Bill No. 2607, S.D. 2 is similar to the companion bill, House Bill No. 2417, H.D. 2, which was heard by the House Committees on Consumer Protection & Commerce and Judiciary on February 18, 2010 and passed out with amendments. The difference is that Senate Bill No. 2607, S.D. 2 on page 5, lines 6-8, repeals the rule making authority to allow for the use of other types of funds or accounts. We take no

000052

Testimony on Senate Bill No. 2607, S.D. 2  
Monday, March 8, 2010  
Page 2

position at this time since we have not had an opportunity to study the impact this may have on the activity desks.

Thank you for the opportunity to testify on Senate Bill No. 2607, S.D. 2.

000053



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PRESENTATION OF  
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS  
REGULATED INDUSTRIES COMPLAINTS OFFICE

TO THE HOUSE COMMITTEE ON  
TOURISM, CULTURE, AND INTERNATIONAL AFFAIRS

TWENTY-FIFTH STATE LEGISLATURE  
REGULAR SESSION, 2010

MONDAY, MARCH 8, 2010  
9:30 A.M.

TESTIMONY ON SENATE BILL NO. 2607 S.D.2  
RELATING TO ACTIVITY DESKS

TO THE HONORABLE JOEY MANAHAN, CHAIR,  
AND TO THE HONORABLE JAMES KUNANE TOKIOKA, VICE CHAIR,  
AND MEMBERS OF THE COMMITTEE:

The Department of Commerce and Consumer Affairs' Regulated Industries Complaints Office ("RICO") appreciates the opportunity to testify on Senate Bill No. 2607 S.D.2, Relating To Activity Desks. My name is Jo Ann Uchida, RICO's Complaints and Enforcement Officer. RICO supports Sections 1, 2, and part of Section 3 of the bill and takes no position on the remainder of the bill.

Senate Bill No. 2607 S.D.2 amends Chapter 468M, Hawaii Revised Statutes, to 1) establish record keeping requirements for client trust accounts; 2) require registration numbers on all advertising materials; 3) preclude an activity desk from

000054

booking or placing a reservation for activities until full payment for the activity is received or within three business days, except where direct payment is arranged; 4) clarify that all sums paid to an activity desk for activities furnished by an activity provider shall be held in trust for the benefit of the person making the payment and the activity provider; and 5) increase the maximum amount of bond or letter of credit to \$250,000.

RICO notes that this Committee heard a similar bill, House Bill No. 2417, and passed out a House Draft 1 with language similar to the language in this bill.

The language in Section 1 of the bill will assist RICO in conducting a thorough investigation of possible violations in an expeditious manner and will provide guidance to registrants as to how long records must be maintained.

The language in Section 2 of the bill will ensure that the activity desk does not book reservations with providers until it receives full payment or where direct payment is made to the activity provider at the time of the activity. The current law does not address this situation.

While the amendment in the Senate Draft 2 at page 3 lines 4-10 in Section 2 will pose increased risk of loss to the activity provider, the amendment's proponent, Activities and Attractions Association of Hawaii, has indicated that the amendment will still establish a short time frame for payment while providing the registrant some latitude in processing payments. RICO does not oppose this amendment.

Testimony on Senate Bill No. 2607 S.D.2  
March 8, 2010  
Page 3

The language in Section 3 of the bill on page 3 line 18 to page 4 line 2 clarifies the role of the activity desk, the activity provider, and the customer with regard to monies held in the client trust account. RICO has had cases in which client trust funds are used for improper purposes and this language will reinforce the responsibility of the activity desk as trustee of the trust funds.

Thank you for this opportunity to testify on Senate Bill No. 2607 S.D.2. I will be happy to answer any questions that the members of the Committee may have.

000056

March 6, 2010

## Testimony in Support SB 2607, SD2

The House Committee on Tourism, Culture & the Arts  
In room 312 at 0930 on Monday, 8 March 2010

Chair Manahan and Respected Members of the committee;

My name is Reg White. I work in the small passenger vessel sector of our tourism industry. This bill as amended seems to aid and protect the providers of events and services in our tourism industry. We support SB 2607, SD2 as is.

Respectfully,

Reg White  
Vp, project development  
Paradise Cruise, Ltd.

[REDACTED]

Honolulu, HI 96826-1919

[REDACTED]

[REDACTED]