

THE SENATE
THE TWENTY-SIXTH LEGISLATURE
REGULAR SESSION OF 2011

COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

Senator Rosalyn H. Baker, Chair
Senator Brian T. Taniguchi, Vice Chair

NOTICE OF HEARING

LATE

DATE: Monday, February 28, 2011
TIME: 10:00 a.m.
PLACE: Conference Room 229
State Capitol, 415 South Beretania Street

RELATING TO CONDOMINIUM ASSOCIATIONS.

Reduces checkbox options for a condominium association's standard proxy form by deleting the option's relating to giving proxies to the board as a whole and the directors present at the meeting.

S.B. No. 617

Greetings and thank you for the opportunity to testify in opposition to SB #617. I'm Walt Flood, past president of a condo in Waikiki, and a member of the Board of Directors for over 15 years. I also have over thirty (30) years as a Realtor, past chairman of the Waikiki Neighborhood Board, and have served on a number of Condo Association Board of Directors since 1982.

Background: Two years ago a disgruntled condo Owner sent out a letter to all the Owners asking them to assign their proxy to her, such that she could be elected to the Board of Directors at the next Annual Meeting. She had only been an Owner for a couple of years and had some issues about the operation of the building – the special assessment and what she thought was the non-transparency of the Board. She only received a few proxies and the Board voted for another Owner for the replacement.

The next year, this same Owner, paired up with another disgruntled Owner, whose condo was in foreclosure, had previously sued the Board – twice, and between them they came up with a list of horrendous accusations and allegations against the Board members, Officers of the Corporation, the Resident Manager and the Property Managing Company.

The President thought that because the accusations were so outrageous and so unbelievable that no one would give them any heed. Big mistake.

Then came the Internet: WWW: These folks uploaded a website and escalated their accusations: The Board of Directors is under FBI investigation; they are evidence that board members and the Resident Manager had stolen large sums of money from the reserve account; claims that the Property Manager invested \$175K and \$300K in banks out of state and out of the country; claims of Kick-backs, claims that a board member (Attorney) had been disbarred; claims that a board member (Realtor) had been convicted of a Ethics Violation; and claims that there had been "Elder Abuse" crimes.

Next, they posted a graphic map, showing the "Trail of the Money" from Honolulu, to Phoenix, La Vegas, and even to Puerto Rico, but not back to Honolulu. They even posted pictures of the building, on their website, with arrows pointing the Board of Directors' condos with the caption: Where is the money? Is it here? Is it here?

All the claims, statements, pictures and graphics were totally false. Not one shred of evidence was ever produced, published, uploaded, displayed, or shared with the Owners – during the last three (3) months.

But the numbers showed that over 50% of the Owners were Investors who don't live in the condo, or live on the Mainland or in foreign counties. This Trio (3-owners, or less than 3% of the ownership), were able to put the seed of doubt, by using the Internet, sending out letters, and using a new owner, who had been brainwashed with their false accusations, to translate all the statements and letters into Japanese.

The result: For the Special Meeting, the Trio collected enough proxies, representing 53% of the ownership, to remove all the five (5) members of the Board of Directors, including the President, the Vice President and the Secretary. Then they voted in the person, as the President, whose condo was in foreclosure, had never been a president of any corporation, had never been on any Board of Directors, and had only owned one real estate property up to the age of 64 years, and for only 3 years. The combined experience of all the "new" Board of Directors was two (2) years, versus the combined experience of the previous board at 26 years.

How does this relate to the opposition of S.B. No. 617?

If this S.B. No. 617 is approved and the Section 514B-123, Hawaii Revised Statutes, is amended to strike (D) "To those directors present at the meeting with the vote to be shared with each director receiving as equal percentage."

Condo Associations, state-wide, could experience a repeat of the scenario which just occurred. One dishonest, immoral, psychopath could fabricate a campaign to collect enough proxies to vote himself to the Board of Directors.

The person noted above, who collected enough proxies to become the President of the AOA Corporation, was arrested for assault against a policemen and a paramedic and spent six (6) months in jail in California. And, his Waikiki condo unit goes to auction on March 22, 2011.

Please don't pass S.B. No. 617 in its present form.

Kind regards, Walt Flood
www.LaCasaCondo.org/

Testimony for CPN 2/28/2011 10:00:00 AM SB617

Conference room: 229

Testifier position: support

Testifier will be present: No

Submitted by: margaret kerr

Organization: Individual

Address:

Phone:

E-mail: annamalia2001@yahoo.com

Submitted on: 2/28/2011

LATE

Comments:

I support letter written by Charles Torigoe to try and loosen power of board members of condos voting themselves in year after year.

Testimony for CPN 2/28/2011 10:00:00 AM SB617

Conference room: 229
Testifier position: oppose
Testifier will be present: No
Submitted by: David O'Neal
Organization: Individual
Address:
Phone:
E-mail: oneald003@hawaii.rr.com
Submitted on: 2/28/2011

LATE

Comments:

This bill takes away a choice for owner's, and for many, giving their proxies to the current Board is the choice that works best for them and for the Association. The majority of owners in an Association are not aware of the issues faced by the Association, and this could lead to some very bad decisions being made. A self-serving individual could potentially put themselves in power by gaining control of the majority of proxies, since so few actually attend Annual Meetings. I strongly urge you to oppose this bill. Thank you.