

# HB 2409

## RELATING TO CONSUMER PROTECTION.

Authorizes the director of commerce and consumer affairs to enforce certain federal laws to protect military members and their families from abusive lending practices.



NEIL ABERCROMBIE  
GOVERNOR

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PRESENTATION OF THE  
OFFICE OF CONSUMER PROTECTION

TO THE SENATE COMMITTEE ON PUBLIC SAFETY,  
GOVERNMENT OPERATIONS AND MILITARY AFFAIRS

THE TWENTY-SIXTH LEGISLATURE  
REGULAR SESSION OF 2012

Tuesday, March 13, 2012  
2:50 p.m.

**TESTIMONY ON HOUSE BILL NO. 2409, RELATING TO CONSUMER PROTECTION.**

TO THE HONORABLE WILL ESPERO, CHAIR, AND  
TO THE HONORABLE MICHELLE N. KIDANI, VICE CHAIR,  
AND MEMBERS OF THE COMMITTEE:

The Department of Commerce and Consumer Affairs ("DCCA"), Office of Consumer Protection ("OCP") appreciates the opportunity to appear today and testify on H.B. No. 2409. My name is Bruce B. Kim and I am the Executive Director of OCP. OCP supports H.B. No. 2409.

Members of our armed forces and their dependents face many significant challenges. Multiple overseas deployments and coping with a spouse's prolonged absence from home can lead to a great deal of emotional and financial stress. Our

service members and their families may be particularly vulnerable to unscrupulous lenders who may charge excessive fees and interest rates, make loans without regard to the borrower's ability to repay, refinance a borrower's loans repeatedly over a short period of time without any gain for the borrower, or in worst cases, commit outright fraud or deception.

When Department of Defense ("DOD") representatives contacted OCP and asked for assistance on this measure, they made a convincing case that Hawaii needed to consider such legislation to help the DOD enforce these important consumer protection regulations for our service members and their dependents.

Hawaii's payday lending law, Chap. 480F, already affords significant protections to consumers. However 32 CFR 232, "Limitations on Terms of Consumer Credit Extended to Service Members and Dependents", has protections specific to service members and their families which are not found in Chap. 480F. These additional protections would provide OCP with additional enforcement avenues in pursuing unscrupulous payday lenders who try and take advantage of an unsuspecting service member or his or her dependent. Since local payday lenders are already subject to the John Warner National Defense Authorization Act for Fiscal Year 2007 (Public Law No. 109-364) ("Act") and 32 CFR Part 232, providing OCP with authority to enforce these measures is an important step in the right direction. It would be another arrow in OCP's enforcement quiver against unscrupulous payday lenders in Hawaii.

This bill is a common sense reasonable measure allowing the DCCA through

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March 13, 2012  
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OCP to enforce these important consumer protections for our service members and their dependents. It further authorizes the DCCA through OCP to enter into an agreement to access the Military Sentinel Network maintained by the Federal Trade Commission ("FTC"). OCP would benefit greatly if it was allowed access to this useful FTC database.

OCP therefore strongly supports passage of H.B. No. 2409. I appreciate the opportunity to testify on behalf of this bill today and would be happy to answer any questions the Committee may have.

**Testimony to the House Committee on Public Safety  
and Military Affairs**

**Tuesday, March 13, 2012**

**2:50 PM**

**Conference Room 224**

**RE: HOUSE BILL NO. 2409, RELATING TO CONSUMER PROTECTION**

**Chair Espero, Vice Chair Kidani and members of the committee.**

My name is Charles Ota and I am the Vice President for Military Affairs at The Chamber of Commerce of Hawaii (The Chamber). I am here to state The Chamber's strong support of House Bill No. 2409, Relating to Consumer Protection.

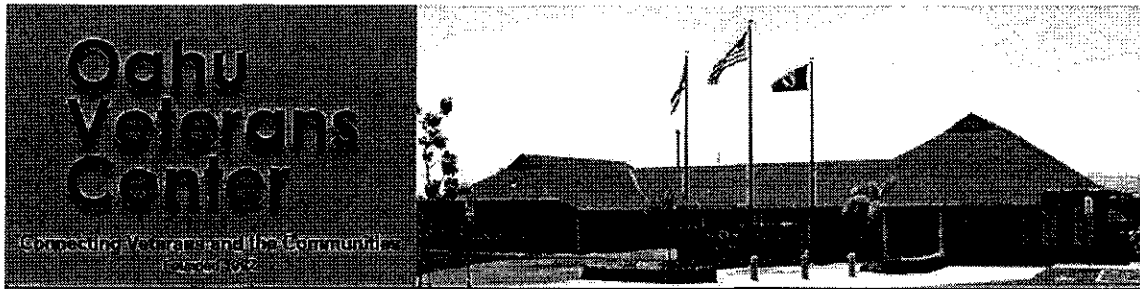
The measure proposes to authorize the Director of Commerce and Consumer Affairs to enforce certain federal laws to protect military members and their families from abusive lending practices.

Military members have long been vulnerable to abusive lending practices. Most are young service members aged 18-24 who are away from home for the very first time and have no experience in making major purchases. All too often they are victimized by sales people who take advantage of their inexperience.

The US Department of Defense has declared that abusive lending practices are a serious quality of life concern for service members and their families, and recommended that states act to adopt protective programs as provided under Title 32 of the Code of Federal Regulations, Part 232. This concern was especially prevalent over the past 10 years because of the high deployment rates faced by service members, and resulted in recognizing the need for Federal and State regulators to be the primary enforcers of the regulation.

In light of the above, we recommend the proposal be approved.

Thank you for the opportunity to testify.



March 11, 2012

**TESTIMONY IN SUPPORT OF HOUSE BILL 2409  
RELATING TO VETERANS**

**SENATE COMMITTEE ON PUBLIC SAFETY, GOVERNMENT OPERATIONS  
AND MILITARY AFFAIRS**

**HEARING ON TUESDAY, MARCH 13TH, AT 2:50 PM, IN CONFERENCE  
ROOM 224**

Aloha Chair Espero: The Oahu Veterans Council's delegates, are honored to represent the interests of our veterans and their families. Our Legislative Committee voted unanimously to support House Bill 2409.

We sincerely appreciate your efforts to authorize the director of commerce and consumer affairs to enforce certain federal laws to protect military members and their families from abusive lending practices.

With the largest per-capita military community in the nation, we are grateful Hawaii is doing the right thing to protect our military personnel and their families from predatory lenders.

The Oahu Veterans Council sincerely appreciates your thoughtful concern and respectfully urges your committee to consider passing House Bill 2409 as written; mahalo for allowing us to testify, regarding this extremely important issue.

*Dennis Egge*

Dennis Egge; Chairman, Legislative Committee



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