

# SB2394 SD1

Measure Title: RELATING TO CONSUMER PROTECTION.  
Report Title: Consumer Protection; Lending Practices; Military Members  
Description: Authorizes the director of commerce and consumer affairs to enforce certain federal laws to protect military members and their families from abusive lending practices. (SD1)  
Companion:  
Package: None  
Current Referral: PGM, CPN  
Introducer(s): ESPERO

<b><u>Sort by Date</u></b>		<b>Status Text</b>
1/20/2012	S	Introduced.
1/23/2012	S	Passed First Reading.
1/23/2012	S	Referred to PGM, CPN.
1/30/2012	S	The committee(s) on PGM has scheduled a public hearing on 02-02-12 2:50PM in conference room 224.
2/2/2012	S	The committee(s) on PGM recommend(s) that the measure be PASSED, WITH AMENDMENTS. The votes in PGM were as follows: 4 Aye(s): Senator(s) Espero, Kidani, Ryan, Slom; Aye(s) with reservations: none ; 0 No(es): none; and 1 Excused: Senator(s) Baker.
2/8/2012	S	Reported from PGM (Stand. Com. Rep. No. 2054) with recommendation of passage on Second Reading, as amended (SD 1) and referral to CPN.
2/8/2012	S	Report adopted; Passed Second Reading, as amended (SD 1) and referred to CPN.
2/21/2012	S	The committee(s) on CPN will hold a public decision making on 02-28-12 10:00AM in conference room 229.



NEIL AMBERCROMBIE  
GOVERNOR

BRIAN SCHATZ  
LT. GOVERNOR

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KEALI'I S. LOPEZ  
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PRESENTATION OF THE  
OFFICE OF CONSUMER PROTECTION

TO THE SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

THE TWENTY-SIXTH LEGISLATURE  
REGULAR SESSION OF 2012

Tuesday, February 28, 2012  
10:00 a.m.

**WRITTEN TESTIMONY ONLY**

**TESTIMONY ON SENATE BILL NO. 2394, S.D. 1 - RELATING TO CONSUMER PROTECTION.**

THE HONORABLE ROSALYN H. BAKER, 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 S.B. No. 2394, S.D. 1. My name is Bruce B. Kim and I am the Executive Director of OCP. OCP supports S.B. No. 2394, S.D. 1.

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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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 S.B. No. 2394, S.D. 1. 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 Senate Committee on Commerce  
and Consumer Protection**

**Tuesday, February 28, 2012**

**10:00 AM**

**Conference Room 229**

**RE: SENATE BILL NO. 2394, SD1, RELATING TO CONSUMER PROTECTION**

**Chair Baker, Vice Chair Taniguchi, 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 support of Senate Bill No. 2394, SD1, 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.

We concur with the comments stated in Section 1 of the proposed bill. Military members have long been vulnerable to abusive lending practices. Most are young service members aged 18-24 and have little or 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. This concern was especially prevalent over the past 10 years because of the high deployment rates faced by service members due the wars in Iraq and Afghanistan.

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

Thank you for the opportunity to testify.

Testimony for CPN 2/28/2012 10:00:00 AM SB2394

Conference room: 229

Testifier position: Support

Testifier will be present: No

Submitted by: Brenda Kosky

Organization: Individual

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Submitted on: 2/27/2012

Comments:

Strongly support!