

# SB 2770

Measure Title: RELATING TO COLLECTION AGENCIES.  
Report Title: Collection Agencies; Exempt Out-of-State; Limitations; Disciplinary Action; Fines  
Description: Clarifies and strengthens enforcement provisions for exempt out-of-state collection agencies and increases fines for collection agencies governed under chapter 443B, Hawaii Revised Statutes.  
Companion: HB2508  
Package: Gov  
Current Referral: CPN, WAM  
Introducer(s): TSUTSUI (BR)

<b>Sort by Date</b>		<b>Status Text</b>
1/25/2012	S	Introduced.
1/25/2012	S	Passed First Reading.
1/25/2012	S	Referred to CPN, WAM.
1/27/2012	S	The committee(s) on CPN has scheduled a public hearing on 02-03-12 9:00AM in conference room 229



NEIL ABERCROMBIE  
GOVERNOR

BRIAN SCHATZ  
LT. GOVERNOR

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

TO THE SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

TWENTY-SIXTH LEGISLATURE  
Regular Session of 2012

Friday, February 3, 2012  
9:00 a.m.

**TESTIMONY ON SENATE BILL NO. 2770, RELATING TO COLLECTION AGENCIES.**

TO THE HONORABLE ROSALYN H. BAKER, CHAIR,  
AND MEMBERS OF THE COMMITTEE:

My name is Sandra Matsushima, Executive Officer for the Collection Agencies Program, Department of Commerce and Consumer Affairs ("Department"). The Department appreciates the opportunity to testify in support of Senate Bill No. 2770, Relating to Collection Agencies.

The purpose of S.B. No. 2770 is to clarify and strengthen enforcement provisions for exempt out-of-state collection agencies and to increase penalties for violations by all collection agencies governed under chapter 443B, Hawaii Revised Statutes.

Testimony on Senate Bill No. 2770  
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As the Regulated Industries Complaints Office ("RICO") is delegated the authority to investigate and prosecute any complaints that may be filed, the Department defers its comments regarding this measure to RICO.

Thank you for the opportunity to testify in support of S.B. No. 2770.



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

TO THE SENATE COMMITTEE ON  
COMMERCE AND CONSUMER PROTECTION

TWENTY-SIXTH STATE LEGISLATURE  
REGULAR SESSION, 2012

FRIDAY, FEBRUARY 3, 2012  
9:00 A.M.

TESTIMONY ON SENATE BILL NO. 2770  
RELATING TO COLLECTION AGENCIES

TO THE HONORABLE ROSALYN H. BAKER, CHAIR,  
AND TO THE HONORABLE BRIAN T. TANIGUCHI, VICE CHAIR,  
AND MEMBERS OF THE COMMITTEE:

The Regulated Industries Complaints Office ("RICO") of the Department of Commerce and Consumer Affairs ("Department") appreciates the opportunity to testify on Senate Bill No.2770, Relating To Collection Agencies. My name is Jo Ann Uchida, RICO's Complaints and Enforcement Officer. RICO strongly supports this Administration bill.

Senate Bill No. 2770 strengthens the Department's oversight of exempt out-of-state collection agencies by clarifying the requirements to maintain the exemption and specifying the conduct that would trigger enforcement action.

Data from the Department's Professional and Vocational Licensing division indicates that there were 199 exempt out-of-state collection agencies as of July 12, 2004. As of July 27, 2011, there were 402 exempt out-of-state collection agencies operating in Hawaii, more than doubling the number of exempt out-of-state collection agencies operating in Hawaii, while the number of registered collection agencies remained relatively stable at around 200. The Department believes that additional regulatory provisions are warranted to ensure that Hawaii consumers are afforded certain safeguards when contacted by an exempt agency.

Section 443B-3.5, Hawaii Revised Statutes, which sets forth the exemption from the collection agency law, was enacted in 2000 to, among other things, afford Hawaii registered collection agencies reciprocity with other participating states. This bill is designed to preserve the exemption while ensuring that there is adequate oversight of the conduct of exempt entities that contact Hawaii consumers.

Specifically, the bill provides the following:

- 1) Sets forth the requirements to obtain and maintain the exemption, including the documentation required;
- 2) Identifies the activities in which an exempt collection agency is prohibited from engaging;

3) Requires the exempt collection agency to notify the Department of disciplinary action or judgment against it within thirty days;

4) Provides for the automatic forfeiture of the exemption if the collection agency fails to maintain a current, unrestricted, and unconditional license in a reciprocal state;

5) Authorizes the Director to initiate court action for unlicensed activity when an exempt out-of-state collection agency operates contrary to the exemption requirements; and

6) Increases the fine amount for all collection agencies from a maximum of \$1,000 to a maximum of \$5,000. The fine amount has not been increased since 1987.

The Department believes that Senate Bill No. 2770 will allow it to more adequately oversee the growing number of exempt out-of-state collection agencies in a manner that both protects Hawaii's consumers and preserves the reciprocal benefits of exempt out-of-state collection agencies.

Thank you for this opportunity to testify on Senate Bill No. 2770. I will be happy to answer any questions that the members of the Committee may have.