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TO THE HOUSE COMMITTEE ON CONSUMER PROTECTION AND COMMERCE
THE TWENTY-SEVENTH LEGISLATURE
REGULAR SESSION OF 2014

Date: Monday, February 3, 2014
Time: 2:10 p.m.
Conference Room: 325

PRESENTATION OF
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
BUSINESS REGISTRATION DIVISION

**TESTIMONY ON HOUSE BILL NO. 1853
RELATING TO TRUSTEES**

TO THE HONORABLE ANGUS L.K. MCKELVEY, CHAIR, AND MEMBERS OF THE COMMITTEE:

Thank you for the opportunity to testify. My name is Tung Chan, Commissioner of Securities and head of the Business Registration Division ("Division") of the Department of Commerce and Consumer Affairs. We are offering comments to the bill regarding our concern with the definition of "investment advisor."

The stated intent of this bill is to provide for the creation of directed trusts (i.e., those that separate administration duties from investment duties) in Hawaii. We request that the Committee remove the definition of "investment advisor" on page 7, lines 19-20, for two reasons. First, adding the definition may cause ambiguity with the Uniform Securities Act, HRS chapter 485A, which regulates those persons meeting its definition of "investment advisor" and requires them to register with the Division. This new

definition does not seem to contemplate coordination with HRS chapter 485A, and thus may cause confusion. Secondly, the defined term "investment advisor" serves no purpose. The bill does not ever use the term "investment advisor" anywhere in its text, and it should be noted that neither does HRS chapter 554C, which this bill proposes to amend.

For the reasons above, we ask that the definition be stricken from the bill.

We apologize for the late submittal and thank you for the opportunity to testify. I would be happy to answer any questions the Committee may have.