



NEIL ABERCROMBIE
GOVERNOR

SHAN S. TSUTSUI
LT. GOVERNOR

STATE OF HAWAII
OFFICE OF THE DIRECTOR
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS

335 MERCHANT STREET, ROOM 310
P.O. Box 541
HONOLULU, HAWAII 96809
Phone Number: 586-2850
Fax Number: 586-2856
www.hawaii.gov/dcca

KEALI' I S. LOPEZ
DIRECTOR

JO ANN M. UCHIDA TAKEUCHI
DEPUTY DIRECTOR

PRESENTATION OF THE
OFFICE OF CONSUMER PROTECTION

TO THE HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE

THE TWENTY-SEVENTH LEGISLATURE
REGULAR SESSION OF 2013

WEDNESDAY, FEBRUARY 6, 2013
2:30 P.M.

TESTIMONY ON HOUSE BILL NO. 670
RELATING TO CHECK CASHING.

TO THE HONORABLE ANGUS L.K. MCKELVEY, CHAIR,
AND TO THE HONORABLE DEREK S.K. KAWAKAMI, 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 House Bill No. 670, Relating To Check Cashing. My name is Bruce B. Kim and I am the Executive Director of OCP.

OCP opposes H.B. 670 as it will encourage instead of restrain the number of payday lending operations in Hawaii making enforcement more difficult and expose Hawaii consumers to a proliferation of internet payday lending operations.

The bill amends HRS Chap. 480F, Check Cashing, by adding provisions requiring registration and licensing for check cashiers; and places registration, licensing

and enforcement responsibilities in the DCCA's Commissioner of Financial Institutions.

Chap. 480F was enacted in 1999. The current statute caps the amount of a payday loan at \$600.00 and limits the fee to fifteen percent (15%) of the face amount of the check. HRS § 480F-4(c).

OCP currently receives complaints and carries out enforcement actions against payday lenders who violate Chap. 480F, as violations of Chap. 480F constitute an unfair or deceptive act or practice within the meaning of HRS § 480-2. HRS § 480F-6.

Check cashers appeal to vulnerable individuals, including the elderly, who believe they have no access to traditional financial products or may not be aware about more reasonable financing options for short-term credit. By any reasonable analysis, payday lending in Hawaii comes at an extremely high cost for these consumers.

Given the proliferation of internet-based payday lending operations, amending existing law to permit registration and licensing of such operations will not afford increased protections to Hawaii consumers. Indeed, it will make enforcement much more difficult given the anticipated flood of mainland-based operations who will blanket the Hawaii market with payday lending television, radio and internet solicitations under the guise of being licensed to conduct such activities.

Section 1 of H.B. 670 also imposes a significant administrative burden upon the DCCA to register, draft administrative rules and regulate this industry as well as incurring the cost of hiring staff to administer the program. The Commissioner of Financial Institutions would incur substantial start up costs for this new regulatory

Testimony on House Bill No. 670
February 6, 2013
Page 3

responsibility.

Thank you for the opportunity to testify on H.B. 670. I will be happy to answer any questions that the members of the Committee may have.



February 4th, 2013

**TESTIMONY IN SUPPORT OF HOUSE BILL 670
RELATING TO CHECK CASHING..**

**HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE
HEARING ON WEDNESDAY, FEBRUARY 6TH AT 2:30 PM, IN CONFERENCE
ROOM 325**

Aloha Chair McKelvey: The Oahu Veterans Council is honored to serve at the pleasure of our veterans and their families. On February 2nd, our committee reviewed and voted unanimously to support House Bill 670.

We are extremely grateful for your renewed efforts to prohibit persons from engaging in the business of check cashing without a registration issued by the commissioner of financial institutions.

Providing this consumer protection in state law is greatly appreciated by our veterans, military and national guard personnel, and especially those who are newly stationed here. They all serve selflessly and expect no more financial peace of mind than we would ask for ourselves.

The Oahu Veterans Council respectfully urges your committee to consider passing House Bill 670 as written. Mahalo, for allowing us to testify, regarding this extremely important issue.

Dennis Egge

Dennis Egge; Chairman, Legislative Committee



1298 Kukila Street, Honolulu, Hawaii 96818

Email: sballard@oahuveternascenter.com; Phone: 808-422-4000; Fax: 808-422-4001

www.oahuveternascenter.com

To: Rep. Angus L.K. McKelvey, Chair
Rep. Derek S.K. Kawakami, Vice Chair
Committee on Consumer Protection and Commerce

From: R. Craig Schafer, President
Money Service Centers of Hawaii, Inc.

Date: February 4, 2013

Subject: In support of HB670

Money Service Centers of Hawaii, Inc. is a locally owned and operated money service business headquartered in Kapaa, Kauai. We operate 10 fee-based money service centers throughout the State under the trade name PayDayHawaii.

Money Service Centers of Hawaii, Inc. supports registration of check cashers by the Department of Financial institutions. We believe registration would be beneficial to consumers who have a right to expect the financial businesses they patronize to comply with the law. Registration of check cashers will help DFI identify those business governed by HRS 480F and help ensure compliance.

Sincerely,

R. Craig Schafer
President,
Money Service Centers of Hawaii, Inc.
2/4/2013

Dollar Financial Group, Inc.
1436 Lancaster Avenue
Berwyn, PA 19312
(610) 640-6511

February 5, 2013

Representative Angus L.K. McKelvey, Chair
Representative Derek S.K. Kawakami, Vice chair
Committee on Consumer Protection & Commerce
Hawaii State Capitol, Room 325
Honolulu, HI 96813

RE: HB670 Relating to Check Cashing

Dear Chair McKelvey, Vice Chair Kawakami and Members of the Committee:

Thank you for the opportunity to submit testimony regarding House Bill 670. My name is Kerry Palombo, and I am Director of Compliance for Dollar Financial Group, Inc. based in Berwyn, Pennsylvania. Through a subsidiary, we operate nine Money Mart[®] stores in the State of Hawaii, where we employ 37 state residents who are drawn from the neighborhoods we serve. These stores offer check cashing services that would be affected by House Bill 670. We fully support the provisions of this bill as drafted, namely the requirement of persons engaging in the business of check cashing to have a registration issued by the commissioner of financial institutions.

Thank you for your consideration. At the Committee's request, I would be pleased to provide additional information or make myself available to answer any follow-up questions you may have.

Respectfully Submitted,

Kerry Palombo
Director of Compliance

kawakami2 - Rise

From: mailinglist@capitol.hawaii.gov
Sent: Friday, February 01, 2013 3:59 PM
To: CPCtestimony
Cc: w9w@hotmail.com
Subject: Submitted testimony for HB670 on Feb 6, 2013 14:30PM

HB670

Submitted on: 2/1/2013

Testimony for CPC on Feb 6, 2013 14:30PM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Kurt Hanson	Individual	Oppose	No

Comments: Im against the state licensing business activity. Please study Milton Friedman and watch the video series "Free to choose." Let the free market decide.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

Do not reply to this email. This inbox is not monitored. For assistance please email webmaster@capitol.hawaii.gov

RE: House Bill No. 670

Testimony of Anthony L. Ranken, Esq. on behalf of Maui Loan, Inc. dba Kamaaina Loan

This bill would accomplish nothing except to create a new and unnecessary bureaucracy.

In 1999 the Hawaii State Legislature passed a regulatory scheme for check cashing businesses, amended in 2001 and 2003. It is codified as Hawaii Revised Statutes chapter 480F. It is well thought out, detailed, and complete. There is no need to add to it. We are not aware of any problems with check cashing in Hawaii so as to necessitate revisions, further regulation, or a new bureaucracy to oversee lenders.

In 2005 the Legislature commissioned a study of Chapter 480F and the check cashing/payday loan industry. The report was prepared by the State Auditor and released in December 2005. The basic message of the report is that check cashers in this State are operating responsibly, the current law is providing consumers with adequate protection, and there are no real problems that need to be solved. As the saying goes, "if it ain't broke, don't fix it!"

The only thing that H.B. 670 would accomplish is to allow the commissioner of financial institutions to shut down a check cashing business that violates the provisions of Chapter 480F. However, the current law already contains strong protections for the public, in the form of severe civil and criminal penalties including up to 30 days imprisonment. (See HRS § 480F-6)

The requirement contained in the bill that an applicant disclose the criminal records of all those affiliated with the company serves no function, because the proposed bill does not authorize the commissioner to deny a registration or take any other action based on such disclosure. Moreover it is unreasonable to require that the applicant disclose the criminal record of each of its employees. In many cases the applicant will not be aware of its employees' criminal records. Is the applicant supposed to do a nationwide (or worldwide) background check on each of its employees before completing the registration form?

For all of the foregoing reasons, we urge the committee to reject this unnecessary and ill-considered bill.