

STATE OF HAWAII  
DEPARTMENT OF HUMAN SERVICES

P. O. Box 339  
Honolulu, Hawaii 96809-0339

January 31, 2013

**MEMORANDUM**

TO: The Honorable Mele Carroll, Chair  
House Committee on Human Services

FROM: Patricia McManaman, Director

SUBJECT: **H.B. 867 - RELATING TO THE MANDATORY REPORTING OF  
FINANCIAL ABUSE OF ELDERS BY FINANCIAL INSTITUTIONS**

Hearing: Thursday, January 31, 2013; 9:30 a.m.  
Conference Room 329, State Capitol

**PURPOSE:** The purpose of H.B. 867 is to require financial institutions to report instances of suspected financial abuse of an elder directly to the appropriate police department instead of the Department of Human Services.

**DEPARTMENT'S POSITION:** The Department of Human Services (DHS) strongly supports this Administration bill.

The DHS does not have the legal authority to directly seek judicial authorization to seize documents, freeze accounts or take other measures to immediately secure financial assets that may be at risk. Additionally, the DHS is without trained staff who have the expertise to review the complex financial records and transactions for the financial abuse cases identified by financial institutions.

Finally, the DHS does not conduct criminal investigations, nor does it prosecute crimes. The appropriate entity to receive reports of suspected financial abuse from financial institutions is the local police department which has investigators and legal

remedies at its disposal to immediately stop access to a “vulnerable elder’s” financial accounts when warranted.

For clarity, this bill amends the definition for “financial abuse” in subsection (d). There is an error in the Ramseyer format and we respectfully recommend that the definition for “financial abuse” read as follows:

**“Financial abuse” means [~~financial abuse or economic exploitation.~~] to take, appropriate, obtain, or retain, or assist in taking, appropriating, obtaining, or retaining, real or personal property of an elder adult by any means, including undue influence, for a wrongful purpose or with intent to defraud the elder adult.”**

Thank you for the opportunity to provide testimony on this bill.

NEIL ABERCROMBIE  
GOVERNOR OF HAWAII



WESLEY LUM, PhD, MPH  
DIRECTOR

LORETTA FUDDY, ACSW, MPH  
DIRECTOR OF HEALTH

Telephone  
(808) 586-0100

Fax  
(808) 586-0185

STATE OF HAWAII  
EXECUTIVE OFFICE ON AGING  
NO. 1 CAPITOL DISTRICT  
250 SOUTH HOTEL STREET, SUITE 406  
HONOLULU, HAWAII 96813-2831

**Committee on Human Services**

**HB867, RELATING TO THE MANDATORY REPORTING OF FINANCIAL ABUSE OF  
ELDERS BY FINANCIAL INSTITUTIONS**

**Testimony of Wes Lum  
Director, Executive Office on Aging  
Attached Agency to the Department of Health**

**Thursday, January 31, 2013; Conference Room 329**

**9:30 a.m.**

1 **EOA's Position:** The Executive Office on Aging (EOA) supports this measure, which is part of  
2 the Governor's Administrative Bill Package.

3 **Purpose and Justification:** This measure will make it mandatory for any officer or employee of  
4 a financial institution to report a suspected incident of financial abuse immediately by phone or as  
5 soon as practicably possible, and by written report sent within two business days, directly to the  
6 appropriate county police department instead of the Department of Human Services (DHS).

7 The police department, rather than DHS, has the expertise to properly investigate and  
8 prosecute instances of financial abuse. This bill will make for a more efficient and effective  
9 mechanism to report suspected financial abuse committed against Hawaii's older adults. The bill  
10 is a means to address and minimize the risk of elder financial exploitation by allowing for timely  
11 intervention by local law enforcement. The EOA defers to the DHS for the implementation of the  
12 statute changes. Thank you for the opportunity to testify.

POLICE DEPARTMENT  
**CITY AND COUNTY OF HONOLULU**

801 SOUTH BERETANIA STREET · HONOLULU, HAWAII 96813  
TELEPHONE: (808) 529-3111 · INTERNET: [www.honolulupd.org](http://www.honolulupd.org)

KIRK W. CALDWELL  
MAYOR



LOUIS M. KEALOHA  
CHIEF

DAVE M. KAJIHIRO  
MARIE A. McCAULEY  
DEPUTY CHIEFS

OUR REFERENCE **LH-NTK**

January 31, 2013

The Honorable Mele Carroll, Chair  
and Members  
Committee on Human Services  
State House of Representatives  
Hawaii State Capitol  
415 South Beretania Street  
Honolulu, Hawaii 96813

Dear Chair Carroll and Members:

Subject: House Bill No. 867, Relating to the Mandatory Reporting of Financial Abuse of Elders by Financial Institutions

I am Lester Hite, Captain of the Criminal Investigation Division of the Honolulu Police Department, City and County of Honolulu.

The Honolulu Police Department opposes Senate Bill No. 867, Relating to the Mandatory Reporting of Financial Abuse of Elders by Financial Institutions.

This bill proposes that the financial institutions report suspected financial abuse incidents against an elderly person to the appropriate county police department. We recommend that the Department of Human Services continue to protect and assist the elderly in instances of both civil and criminal fraud. The initial screening of the complaint is critical in obtaining the proper assistance for the elderly person in the most efficient way possible.

The primary role for law enforcement is to apprehend the perpetrator in criminal cases. Support services and assistance to the elderly victim in financial fraud cases may be unduly delayed with the proposed amendments.

We recognize that financial abuse incidents against the elderly are a growing concern. We have increased our education and enforcement efforts in this area and will continue to seek ways to address these crimes.

The Honorable Mele Carroll, Chair  
Page 2  
January 31, 2013

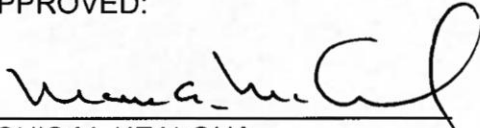
The Honolulu Police Department urges you to oppose House Bill No. 867, Relating to the Mandatory Reporting of Financial Abuse of Elders by Financial Institutions.

Thank you for the opportunity to testify.

Sincerely,

*for*   
LESTER HITE, Captain  
Criminal Investigation Division

APPROVED:

  
LOUIS M. KEALOHA  
*for* Chief of Police



1654 South King Street  
Honolulu, Hawaii 96826-2097  
Telephone: (808) 941.0556  
Fax: (808) 945.0019  
Web site: [www.hcul.org](http://www.hcul.org)  
Email: [info@hcul.org](mailto:info@hcul.org)



Testimony to the House Committee on Human Services  
Thursday, January 31, 2013

Testimony in support with amendments of HB 867 – Relating to the Mandatory Reporting of  
Financial Abuse of Elders by Financial Institutions

To: The Honorable Mele Carroll, Chair  
The Honorable Bertrand Kobayashi, Vice-Chair  
Members of the Committee on Human Services

My name is Stefanie Sakamoto, and I am testifying on behalf of the Hawaii Credit Union League, the local trade association for 78 Hawaii credit unions, representing approximately 804,000 credit union members across the state.

We are in support (with amendments) of HB 867, which would require that financial institutions report instances of suspected financial abuse of an elder to the “appropriate county police department”, instead of the Department of Human Services. While we support reporting to the police departments, we do not support removing DHS; we would support dual reporting. By being able to report such crimes directly to both DHS and the police department, valuable time could be saved. In many situations where an elderly person’s financial information and/or accounts are being threatened, credit unions have been able to circumvent the loss of funds simply by raising concerns to law enforcement. By placing local law enforcement in the “front lines”, an important layer of security is added, which could make the difference between losing money to fraud and being able to prevent it.

We also suggest an additional amendment be made. We suggest that electronic mail (e-mail) be specified as the primary method of communication. This would help to expedite the process.

Thank you for the opportunity to testify.