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TO THE HOUSE COMMITTEES ON
CONSUMER PROTECTION & COMMERCE
AND JUDICIARY

TWENTY-SEVENTH STATE LEGISLATURE
REGULAR SESSION, 2014

MONDAY, MARCH 17, 2014
2:00 P.M.

TESTIMONY ON HOUSE CONCURRENT RESOLUTION NO. 194
AND HOUSE RESOLUTION NO. 154

TO THE HONORABLE ANGUS L.K. MCKELVEY
AND, KARL RHOADS, CHAIRS,
AND TO THE HONORABLE DEREK S.K. KAWAKAMI
AND SHARON E. HAR, VICE CHAIRS,
AND MEMBERS OF THE COMMITTEES:

The Department of Commerce and Consumer Affairs ("Department") appreciates the opportunity to testify on House Concurrent Resolution No. 194, and House Resolution No. 154 ("House Resolutions") Requesting The Director Of Commerce And Consumer Affairs To Convene A Working Group To Examine The Feasibility Of Establishing A Statewide Electronic Reporting System For Pawn Shops. My name is Keali'i Lopez, Director of the Department. The Department

offers the following testimony in support of the intent of the House Resolutions with requested amendments.

The House Resolutions propose to convene a working group that would examine the feasibility of establishing a statewide electronic reporting system for pawn shops and a unified statewide electronic database of pawn transactions.

While the Department does not have subject matter expertise or jurisdiction regarding pawn transactions, it generally supports the goals and objectives of the House Resolutions, and recognizes the need for statewide collaboration in electronic reporting. The Department however respectfully requests the following amendments.

As drafted, the House Resolutions requests that the Director of the Department serve as the chairperson of the working group. Given the Director's scheduling constraints and time demands, naming only the Director as the chairperson may limit the opportunities for the working group to meet and hinder its work. The Director requests that the House Resolutions be amended to name the Director or a designee of the Director to serve as the chairperson of the working group.

The House Resolutions seek to examine the feasibility of establishing a statewide (1) electronic reporting system for pawn shops and (2) unified electronic database of pawn transactions. Since these functions will essentially require information technology support, the Department requests that the House

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Resolutions be amended to include a representative of the Office of Information Management and Technology to provide information technology input on costs and availability of hardware and software, and policy and technical input on such issues as system architecture and integration with other databases.

Thank you for this opportunity to testify on House Concurrent Resolution No. 194, and House Resolution No. 154. I will be happy to answer any questions that the Committee members may have.



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TESTIMONY
OF
SARAH ALLEN, ACTING ADMINISTRATOR
STATE PROCUREMENT OFFICE

TO THE HOUSE COMMITTEE
ON
CONSUMER PROTECTION & COMMERCE
AND
JUDICIARY

March 17 2014, 2:00 pm

HCR 194/HR 154

REQUESTING THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS TO
CONVENE A WORKING GROUP TO EXAMINE THE FEASIBILITY OF ESTABLISHING
A STATEWIDE ELECTRONIC REPORTING SYSTEM FOR PAWN SHOPS.

Chair McKelvey, Vice Chair Kawakami, Chair Rhoads, Vice Chair Har and committee members, thank you for the opportunity to testify on HCR 194/HR 154

The State Procurement Office (SPO) opposes to be invited as a member of the working group to examine the feasibility of establishing a unified statewide electronic reporting system for pawn shops. The procurement laws, HRS §§103D and 103F, do not provide any fundamentals or guidelines of pawn transactions for pawn shops. Furthermore, SPO does not have any knowledge, information and enforcement background to be a value added member for the intended working group.

Thank you.

RICHARD I. DAN

March 16, 2014

TO: Angus McKelvey, Chair and Members
House Committee on Consumer Protection and Commerce

Karl Rhoads, Chair and Members
House Committee on Judiciary

FROM: Richard I. Dan



RE: **HR 154 and HCR 194**

(03/17/14, 2:00pm Hearing Date, Rm. 325)

My name is Richard Dan, and I have operated successful pawn shops throughout the State and most on Maui for the past 37 years. For more than 10 years, my business has reported all its pawn and buy transactions electronically to the Maui Police Department.

I fully support House Resolution 154 and House Concurrent Resolution 194 and urge you to pass it so that an effective and secure electronic pawn reporting system can be implemented for the benefit of the police and all law-abiding citizens in the State of Hawaii. I congratulate the members of this body on the depth of your understanding concerning the issues that were raised this session regarding electronic pawn reporting, and for your initiative in encouraging the study and possible adoption of a statewide system.

In previous testimony on both a Honolulu City Council bill and a bill before the State Legislature, I have laid out a number of considerations that I believe should inform a change in the regulations; and when Honolulu was considering adopting a local regulation, I offered to make the system I developed available for a test, free of charge. Regrettably, that offer was not taken up.

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I was concerned about the Honolulu bill, because I believe a statewide system is preferable, so that operators do not have to try to conform to different sets of rules in different jurisdictions. Also, so that law enforcement agencies can seamlessly work together, where appropriate, on their investigation.

While I am wholeheartedly for electronic reporting, there are also some possible pitfalls with civil rights, privacy considerations and compliance with federal regulations on pawn lenders, who are treated as "bank-like institutions" for purposes of anti-money laundering regulations. It will be important for Hawaii, when it moves to electronic reporting, to avoid problems that have been seen in some Mainland procedures.

If this working group is established, I intend to submit my name for consideration as a pawn business representative, as I think my experience as developer of the very first electronic pawn report would be valuable. In the same spirit, I would urge that the neighbor island law enforcement representative be someone from the Maui Police Department who has experience with electronic reporting.

The National Pawnbroker association, to which I belong, has wide experience with a variety of electronic systems, and I would encourage calling on its knowledge. A representative could be made available to consult in person, I am sure.

Finally, the stated goal of the resolution is to recover stolen property. Addressing pawn shops only will not do a great deal in this regard, as second-hand dealer, swap meets, internet forums and other places where thieves turn to monetize their loot are either unregulated or, if regulated, hardly ever inspected; so I hope the working group could also provide guidance to the Legislature regarding construction of a really effective system of prevention and recovery.

Thank you for this resolution and I hope to be a part of the solution.