

Honolulu, Hawaii

MAR 01 2013

RE: S.B. No. 1067

S.D. 2

Honorable Donna Mercado Kim
President of the Senate
Twenty-Seventh State Legislature
Regular Session of 2013
State of Hawaii

Madam:

Your Committee on Ways and Means, to which was referred S.B. No. 1067, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO ESCROW DEPOSITORIES,"

begs leave to report as follows:

The purpose and intent of this measure is to update the laws regulating escrow depositories.

More specifically, this measure:

- (1) Specifies the powers of the Commissioner of Financial Institutions to supervise, regulate, and examine escrow depositories;
- (2) Authorizes the Commissioner to issue permanent and temporary cease and desist orders;
- (3) Increases the amount of administrative fines;
- (4) Adds enhanced civil penalties for violations directed at elders;
- (5) Increases net capital requirements;
- (6) Requires licensees to notify the Commissioner of any change in the designated escrow officer or the branch manager;



- (7) Imposes a fee for the transfer and change in control of a license;
- (8) Increases the amount of the fidelity bond;
- (9) Increases the amount of coverage under an errors and omission insurance policy; and
- (10) Increases licensing and related fees.

Your Committee received written comments in support of this measure from the Department of Commerce and Consumer Affairs. Your Committee received written comments in opposition to this measure from the Hawaii Escrow Association.

Your Committee finds that this measure makes overdue changes to the law on escrow depositories. This measure will enable the Department of Commerce and Consumer Affairs to better regulate escrow depositories and protect consumers in light of the higher stakes posed by the larger and more sophisticated financial transactions handled by today's escrow depositories.

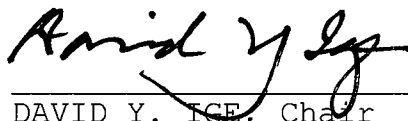
Your Committee has amended this measure by:

- (1) Clarifying that impending, as well as alleged violations, must be stated in the notice of charges for a cease and desist order;
- (2) Requiring the licensee to provide notice of a change in the designated escrow officer or branch manger within fifteen days after the escrow officer's or branch manager's termination, if unexpected circumstances prevent prior notice; and
- (3) Making technical nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1067, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1067, S.D. 2.



Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,



DAVID Y. ICKE, Chair



The Senate
 Twenty-Seventh Legislature
 State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:* SB 1067, SD 1	Committee Referral: CPN / JDL, WAM	Date: 2-22-13		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
IGE, David Y. (C)	✓			
KIDANI, Michelle N. (VC)	✓			
CHUN OAKLAND, Suzanne	✓			
DELA CRUZ, Donovan M.				✓
ENGLISH, J. Kalani	✓			
ESPERO, Will	✓			
KAHELE, Gilbert	✓			
KEITH-AGARAN, Gilbert S.C.	✓			
KOUCHI, Ronald D.				✓
RUDERMAN, Russell E.	✓			
THIELEN, Laura H.	✓			
TOKUDA, Jill N.	✓			
SLOM, Sam			✓	
TOTAL	10	0	1	2
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <i>Michelle N. Kelani</i>				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes