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DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS**

**TO THE HOUSE COMMITTEE ON  
FINANCE**

**TWENTY-SEVENTH STATE LEGISLATURE  
REGULAR SESSION, 2014**

**THURSDAY, MARCH 27, 2014  
4:00 P.M.**

**TESTIMONY ON SENATE BILL NO. 2345, S.D. 1, H.D. 1  
RELATING TO THE INVESTOR EDUCATION PROGRAM**

TO THE HONORABLE SYLVIA LUKE, CHAIR,  
AND TO THE HONORABLE SCOTT Y. NISHIMOTO  
AND AARON LING JOHANSON, VICE CHAIRS,  
AND MEMBERS OF THE COMMITTEE:

The Department of Commerce and Consumer Affairs ("Department") appreciates the opportunity to provide testimony on Senate Bill No. 2345, S.D. 1, H.D. 1 ("House Draft 1"), Relating to the Investor Education Program. My name is Keali'i Lopez, Director of the Department. The Department offers the following testimony in support of the bill.

House Draft 1 proposes to support and protect Hawaii's kupuna by appropriating and unspecified amount in general funds to the securities commissioner of the Department for educational outreach targeted to kupuna, based on a model similar to the Department's investor education programs, particularly in the areas of indexed annuities, life-settlement annuities, variable annuities and Ponzi schemes.

As the bill notes, the Department has taken a proactive approach to preventing fraud against the State's citizens through the department's investor education program, which offers free educational presentations and materials for all investors. In particular, the program provides education and outreach to the State's kupuna, including information on how to make wise choices when investing and how to detect financial fraud. In this electronic age where financial fraud can occur through telephone and internet scams, and even without our knowledge through cyber theft of our personal financial information, the Department recognizes the ongoing, if not growing, need to educate and inform consumers of such threats, and strongly supports educational programs that will help to protect and empower Hawaii's seniors against financial fraud and scams.

With regard to the specific language and scope of the bill, the Department notes that the House Committee on Consumer Protection & Commerce narrowed the scope of the measure by clarifying that the appropriation is for educational outreach targeted at kupuna, based on a model similar to the Department's existing investor education programs, particularly in the areas of indexed annuities, life-settlement annuities, variable annuities, and Ponzi schemes.

While the Department welcomes the funding and legislative mandate to continue serving and educating Hawaii's kupuna, the Department is concerned that the scope of the language in the House Draft 1 may limit the Department's flexibility in educating Hawaii's seniors of fraudulent investment schemes. The Department requests that the scope of the educational program be clarified to provide that in addition to educational

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outreach funding in the areas of indexed annuities, life-settlement annuities, variable annuities, and Ponzi schemes, funding also include “other investment schemes.”

Thank you for this opportunity to testify on Senate Bill No. 2345, S.D. 1, H.D. 1. I will be happy to answer any questions that the members of the Committee may have.