
A BILL FOR AN ACT

RELATING TO CHECK CASHING.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Chapter 480F, Hawaii Revised Statutes, is
2 amended by adding eight new sections to be appropriately
3 designated and to read as follows:

4 "§480F-A Registration required. (a) No check cashier
5 shall conduct business in this State, including deferred deposit
6 transactions, without first registering with the department.

7 (b) The director shall prescribe the form of the
8 application for registration. Each application shall be
9 accompanied by the appropriate fee as prescribed by the
10 director.

11 (c) Check cashers shall register annually and shall
12 include the following:

13 (1) The address of the principal office of the check
14 cashier;

15 (2) The name and address of the check cashier's agent for
16 service of process in the State; and



1 (3) The payment of the appropriate registration fees, as
2 established by the director.

3 **§480F-B Bond or other security device.** (a) Each
4 application for registration shall be accompanied by a surety
5 bond, irrevocable letter of credit, or other similar security
6 device acceptable to the director in the amount of \$10,000,
7 which shall be maintained during the term of the registration.

8 (b) The security device shall be in a form satisfactory to
9 the director and shall run to the State to pay any costs or
10 expenses which a registered check casher is required to pay to
11 the State under this chapter, and also to the State for the
12 benefit of any claimants against the registered check casher to
13 secure the faithful performance of the obligations of the
14 registered check casher relating to check cashing in the State.
15 In the case of a bond, the aggregate liability of the surety
16 bond shall not exceed the principal sum of the bond.

17 Claimants against the registered check casher may bring
18 suit directly on the security device or the director may bring
19 suit on behalf of the State or on behalf of the claimants,
20 either in one action or in successive actions. In the event of
21 any claims that result in payment from the security device, the



1 registered check casher within thirty days shall provide
2 replacement security to maintain the minimum amount required
3 under subsection (a).

4 (c) To meet the requirement of a security device or of any
5 portion of the principal amount thereof, the licensee may
6 deposit with the director, or with such banks in this State as
7 the licensee may designate and the director may approve, cash,
8 interest-bearing stocks and bonds, notes, debentures, or other
9 obligations:

10 (1) Of the United States or any agency or instrumentality
11 thereof;

12 (2) Guaranteed by the United States;

13 (3) Of the State, a county of the State, or
14 instrumentality of the State; or

15 (4) Guaranteed by the State,
16 in an aggregate amount based upon the principal amount or market
17 value, whichever is lower, of not less than the amount of the
18 security device or portion thereof.

19 (d) The securities or cash deposited pursuant to
20 subsection (c) shall secure the same obligations as would a
21 security device, but the depositor shall:



- 1 (1) Be entitled to receive all interest and dividends
2 thereon;
- 3 (2) Have the right, with the approval of the director, to
4 substitute other securities for those deposited; and
- 5 (3) Be required to substitute other securities for those
6 deposited upon a showing of good cause and written
7 order of the director.
- 8 (e) The security device shall remain in effect until
9 cancellation, which may only occur after thirty days written
10 notice to the director. Cancellation shall not affect any
11 liability incurred or accrued during that period.
- 12 (f) The security device shall remain in place for no
13 longer than one year after the registered check casher ceases
14 check cashing operations in the State. The director may also
15 permit a licensee to substitute a letter of credit or other form
16 of security device acceptable to the director for the security
17 device in place at the time the registered check casher ceases
18 check cashing operations in the State.
- 19 **§480F-C Records and reports.** Each registered check casher
20 shall keep records and make reports with respect to the



1 operation of the check casher's business as provided in rules
2 adopted by the director pursuant to chapter 91.

3 **§480F-D Examinations.** (a) The director may conduct an
4 annual on-site examination of a registered check casher with or
5 without prior notice. An examination may be conducted more
6 frequently than annually if the director has a reasonable basis
7 to believe that the registered check casher is not in compliance
8 with this chapter. The examination may be conducted by the
9 department or by an independent investigator hired by the
10 director. As part of the examination, the department or the
11 investigator may request relevant financial data from a
12 registered check casher in addition to the records and reports
13 required to be maintained under section 480F-C.

14 (b) The registered check casher shall bear the cost of
15 reasonable expenses incurred by the department or an independent
16 investigator hired by the director in conducting an examination
17 or making a report of the examination.

18 (c) In addition to payment by the registered check casher
19 of the reasonable cost of an examination or report, as provided
20 in subsection (b), the director shall charge an examination fee
21 to each registered check casher examined or investigated by the



1 department, based upon the cost per hour per examiner. The
2 hourly fee shall be \$60.

3 (d) In addition to the examination fee, the director shall
4 charge any registered check casher examined or investigated by
5 the department, additional amounts for travel, per diem,
6 mileage, and other reasonable expenses incurred in connection
7 with the examination.

8 **§480F-E Confidentiality of records.** (a) The director and
9 all employees, contractors, attorneys contracted or employed by
10 the State, and appointees of the department, shall not divulge
11 or furnish any information in their possession or obtained by
12 them in the course of their official duties to persons outside
13 the department. This shall not apply to disclosure otherwise
14 permitted by this section or any other law regulating registered
15 check cashers, in which case the disclosure shall not authorize
16 or permit any further disclosure of the information.

17 (b) Any information that may not be divulged or furnished
18 pursuant to subsection (a) is confidential and not subject to
19 subpoena or other legal process.

20 (c) The director shall furnish a copy of a report of
21 examination to the registered check casher. The report and its



1. contents shall remain the property of the director and shall not
2 be disclosed to any person who is not an officer, director,
3 employee, authorized auditor, attorney, other consultant, or
4 advisor of the registered check casher. Any person who has
5 received the report from the registered check casher shall be
6 bound by the confidentiality provisions of this section. The
7 report and its contents shall not be subject to subpoena or
8 other legal process requiring disclosure.

9 (d) The director may furnish reports of examination and
10 other information relating to the examination of a registered
11 check casher to:

12 (1) The governor, the attorney general, and heads of other
13 state governmental agencies with regulatory authority
14 over the registered check casher;

15 (2) Federal, state, or foreign regulatory agencies if the
16 requesting agency agrees to use the information only
17 for functions directly related to the exercise of its
18 appropriate supervisory authority; and

19 (3) Other agencies of the United States or a state for use
20 where necessary to investigate regulatory, civil, or
21 criminal charges in connection with the affairs of any



1 registered check casher under the supervision of the
2 director.

3 **§480F-F Suspension or revocation of registrations.** (a)

4 The director may suspend or revoke a registration if the
5 director finds that:

6 (1) The registered check casher knowingly violates any
7 material provision of this chapter or any rule or
8 order validly adopted by the director under the
9 authority of this chapter;

10 (2) The registered check casher is conducting its business
11 in an unsafe or unsound manner;

12 (3) The registered check casher is insolvent;

13 (4) The registered check casher has suspended payment of
14 its obligations, has made an assignment for the
15 benefit of its creditors, or has admitted, in writing,
16 its inability to pay its debts as they become due;

17 (5) The registered check casher has filed for bankruptcy,
18 reorganization, arrangement, or other relief under any
19 bankruptcy law; or



1 (6) The registered check casher refuses to permit the
2 director to make any examination authorized by this
3 chapter.

4 (b) The director may deny, suspend, revoke, or refuse to
5 renew a certificate of registration only after proper notice and
6 an opportunity for a hearing pursuant to chapter 91.

7 §480F-G Fees and expenses. No applicant or registrant
8 shall be issued a certificate of registration unless the
9 appropriate fees have been paid. Unless otherwise provided by
10 law, the director shall establish the amount of all fees and
11 expenses by rules adopted pursuant to chapter 91, and the fees
12 shall be deposited with the director to the credit of the
13 compliance resolution fund established pursuant to section 26-
14 9(o).

15 §480F-H Rules. The director shall adopt rules, pursuant
16 to chapter 91, to implement this chapter."

17 SECTION 3. Section 480F-1, Hawaii Revised Statutes, is
18 amended by adding two new definitions to be appropriately
19 inserted and to read as follows:

20 "Department" means the department of commerce and consumer
21 affairs.



1 "Director" means the director of commerce and consumer
2 affairs."

3 SECTION 4. Section 480F-4, Hawaii Revised Statutes, is
4 amended by amending subsection (d) to read as follows:

5 "(d) A check casher shall not enter into an agreement for
6 deferred deposit with a customer during the period of time that
7 an earlier agreement for a deferred deposit for the same
8 customer is in effect[~~-~~] or within twenty-four hours immediately
9 following the end of an earlier agreement for a deferred
10 deposit. The check casher must verify such information as
11 follows:

12 (1) If the check casher maintains a database of customers,
13 the check casher shall verify whether the customer has
14 terminated a deferred deposit agreement with the check
15 casher within the previous twenty-four hours; and

16 (2) The check casher shall obtain the signed, written
17 verification of the customer that the customer has not
18 terminated a deferred deposit agreement with that
19 check casher or any other check casher within the
20 previous twenty-four hours.



1 A deferred deposit transaction shall not be repaid, refinanced,
2 or consolidated by or with the proceeds of another deferred
3 deposit transaction."

4 SECTION 5. Section 480F-6, Hawaii Revised Statutes, is
5 amended by amending subsection (c) to read as follows:

6 "(c) A wilful violation of this chapter shall be
7 punishable by [a]:

- 8 (1) A fine of up to [~~\$500~~ \$1,000;
- 9 (2) Revocation of registration; and [~~up~~]
- 10 (3) Up to thirty days imprisonment."

11 SECTION 6. Statutory material to be repealed is bracketed
12 and stricken. New statutory material is underscored.

13 SECTION 7. This Act shall take effect on July 1, 2030.



Report Title:

Check Cashing; Deferred Deposit Agreements; Fees; Annual Percentage Rate

Description:

Creates standards, including authorization for the Department of Commerce and Consumer Affairs to adopt rules, for check cashing businesses, including requirements for registration, surety, recordkeeping, examinations, and confidentiality. Sets new penalties for check cashing businesses that violate the established standards. (SB737 HD2)

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