

# SB394

Measure Title: RELATING TO REAL ESTATE BROKERS.

Report Title: Real Estate Brokers; Client Trust Accounts; Criminal Penalties; Real Estate Commission; Registration; Renewal; Enforcement

Description: Creates criminal penalties for real estate brokers for improper deposit, segregation, or disposition of client trust account funds. Requires the principal broker to report the client trust account number and name of the managing institution to the real estate commission. Specifies that the principal broker must report changes in the account number and account location within ten days of a change. Authorizes the real estate commission to take action in circuit court to enforce client trust account requirements.

Companion:

Package: None

Current Referral: CPH, JDL

Introducer(s): BAKER, ESPERO, RUDERMAN, S. Chang, English, Nishihara

**PRESENTATION OF THE  
REAL ESTATE COMMISSION**

TO THE SENATE COMMITTEE ON  
COMMERCE, CONSUMER PROTECTION, AND HEALTH

TWENTY-NINTH LEGISLATURE  
Regular Session of 2017

Tuesday, January 31, 2017  
9:00 a.m.

**TESTIMONY ON SENATE BILL NO. 394, RELATING TO REAL ESTATE BROKERS.**

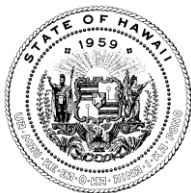
TO THE HONORABLE ROSALYN H. BAKER, CHAIR,  
AND MEMBERS OF THE COMMITTEE:

My name is Nikki Senter and I serve as the Chairperson of the Real Estate Commission ("Commission"). Thank you for the opportunity to present testimony on Senate Bill No. 394, Relating to Real Estate Brokers. The Commission supports this measure.

Senate Bill No. 394 creates the criminal offense of theft with regards to client trust accounts; requires principal brokers to file the account name and number with the Commission; and allows the filing of any action to enforce any violation regarding client trust accounts.

Under Section 467-4, Hawaii Revised Statutes, the Commission's statutory mandate is to protect "the general public in its real estate transactions." To this end, the Commission fully supports this measure.

Thank you for the opportunity to present testimony in support of Senate Bill No. 394.



DAVID Y. IGE  
GOVERNOR  
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PRESENTATION OF  
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS  
REGULATED INDUSTRIES COMPLAINTS OFFICE

TO THE SENATE COMMITTEE  
ON  
COMMERCE, CONSUMER PROTECTION, AND HEALTH

TWENTY-NINTH STATE LEGISLATURE  
REGULAR SESSION, 2017

TUESDAY, JANUARY 31, 2017  
9:00 A.M.

TESTIMONY ON SENATE BILL NO. 394  
RELATING TO REAL ESTATE BROKERS

TO THE HONORABLE ROSALYN H. BAKER, CHAIR,  
AND TO THE HONORABLE CLARENCE K. NISHIHARA, VICE CHAIR,  
AND MEMBERS OF THE COMMITTEE:

The Department of Commerce and Consumer Affairs ("Department") appreciates the opportunity to testify on Senate Bill No. 394, Relating to Real Estate Brokers. My name is Daria Loy-Goto and I am the Complaints and Enforcement Officer for the Department's Regulated Industries Complaints Office ("RICO"). RICO offers testimony in support of Sections 3 and 4 of this bill.

Senate Bill No. 394 establishes criminal penalties relating to the deposit, segregation, or disposition of client trust accounts; requires a principal broker to provide the Real Estate Commission ("Commission") with the account number and

name of the financial institution where the client trust account is held, including any changes in this information within ten days; and authorizes the Commission to enforce client trust account requirements in circuit court.

Section 3 requires a principal broker to provide certain client trust account information to the Commission and Section 4 gives the Commission the authority to file a court action relating to client trust account violations. From an enforcement perspective, the information required in Section 3 will expedite RICO's investigations of alleged client trust account violations and Section 4 will allow RICO to pursue court action, in addition to existing administrative remedies, to address client trust account violations.

Thank you for the opportunity to testify on Senate Bill No. 394. I will be happy to answer any questions the Committee may have.