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TO THE SENATE COMMITTEE ON
WAYS AND MEANS

TWENTY-NINTH LEGISLATURE
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Thursday, March 29, 2018
10:50 a.m.

WRITTEN TESTIMONY ONLY

TESTIMONY ON HOUSE BILL NO. 2345, H.D. 1, S.D. 1 RELATING TO MONEY TRANSMITTERS.

TO THE HONORABLE DONOVAN M. DELA CRUZ, CHAIR, AND MEMBERS OF THE COMMITTEE:

The Department of Commerce and Consumer Affairs (“Department”) appreciates the opportunity to testify on H.B. 2345, H.D. 1, S.D. 1, Relating to Money Transmitters. My name is Iris Ikeda, and I am the Commissioner of Financial Institutions (“Commissioner”) for the Department’s Division of Financial Institutions. The Department strongly supports this administration bill.

The purpose of this bill is to amend Hawaii’s Money Transmitters Act, Hawaii Revised Statutes (“HRS”) chapter 489D, to clarify the powers of the Commissioner and amend bond provisions for consistency with terms used elsewhere in the chapter. S.D. 1 amends this measure by changing its effective date to upon approval.

SECTION 1 of this bill amends HRS section 489D-7(b) to clarify that an applicant for licensure must provide a security device or bond that covers, among other things, transmission of “monetary value”, as well as money. This is needed because HRS

section 489D-4 defines “money transmission” as including “receiving money or monetary value for transmission. . . .” “Monetary value” is defined in the same section as a means of exchange, whether or not redeemable in money.

SECTION 2 of this bill amends HRS section 489D-34 to give the Commissioner specific powers to enforce HRS chapter 489D. It expressly authorizes the Commissioner to issue declaratory rulings and informal interpretations, develop licensure requirements, investigate complaints, subpoena witnesses, conduct hearings, require disclosures and criminal history record checks, hire qualified professionals for assistance, deposit revenues, fees, and fines into the compliance resolution fund, revoke or limit licenses for violation, and report licensee violations to an appropriate federal agency.

The Department supports this bill because clarification of the security device provision will enhance consumer protection for money transmitter customers. Clarifying the Commissioner’s authority to enforce chapter 489D and providing specific tools to do so will enhance the Commissioner’s ability to take appropriate action for chapter violations, deter noncompliance, and protect consumers.

The Department strongly supports this administration bill and requests that it pass out of this committee unamended. Thank you for the opportunity to testify, and we ask for your favorable consideration.