

# HAWAII YOUTH SERVICES NETWORK

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Rick Collins, President

Judith F. Clark, Executive Director

Bay Clinic

Big Brothers Big Sisters of  
Hawaii

Bobby Benson Center

Child and Family Service

Coalition for a Drug Free Hawaii

Domestic Violence Action Center

EPIC, Inc.

Family Programs Hawaii

Family Support Hawaii

Friends of the Children of  
West Hawaii

Hale Kipa, Inc.

Hale 'Opio Kauai, Inc.

Hawaii Children's Action  
Network

Hawaii Student Television

Ho'ola Na Pua

Kahi Mohala

Kokua Kalihi Valley

Maui Youth and Family Services

P.A.R.E.N.T.S., Inc.

Parents and Children Together  
(PACT)

Planned Parenthood of the  
Great Northwest and  
Hawaiian Islands

PHOCUSED

Salvation Army Family

Intervention Services

Sex Abuse Treatment Center

Susannah Wesley Community  
Center

The Catalyst Group

March 1, 2018

To: Representative Sylvia Luke, Chair  
And members of the Committee on Finance

## **TESTIMONY IN SUPPORT OF HB 2471 HD 1 RELATING TO CONSUMER PROTECTION**

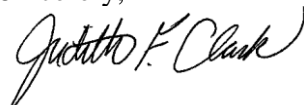
Hawaii Youth Services Network (HYSN), a statewide coalition of youth-serving organizations, supports SB 2471 HD 1 Relating to Consumer Protection.

Video games that contain variable-reward mechanisms (called loot boxes) are widely and easily available to consumers. Children and youth who play these games are introduced to the thrills of gambling at an age when their brains are not fully developed. They are vulnerable to developing behavioral addiction to gambling, and do not have the maturity and knowledge to recognize the risks they encounter. Parents and other responsible adults are often unaware of these features in the games their children are using.

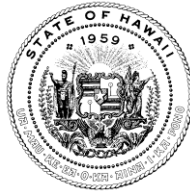
Regulating the sale to minors of video games that contain variable-reward mechanisms is prudent and sensible

Thank you for this opportunity to testify.

Sincerely,



Judith F. Clark, MPH  
Executive Director



DAVID Y. IGE  
GOVERNOR

DOUGLAS S. CHIN  
LIEUTENANT GOVERNOR

**STATE OF HAWAII**  
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TO THE HOUSE COMMITTEE ON FINANCE

TWENTY-NINTH LEGISLATURE  
Regular Session of 2018

Thursday, March 1, 2018  
2:30 P.M.

**TESTIMONY ON HOUSE BILL NO. 2471, H.D. 1, RELATING TO CONSUMER PROTECTION.**

TO THE HONORABLE SYLVIA J. LUKE, CHAIR, AND MEMBERS OF THE COMMITTEE:

The Department of Commerce and Consumer Affairs (“Department”) appreciates the opportunity to testify on H.B. 2471, H.D. 1, Relating to Consumer Protection. My name is Stephen Levins, and I am the Executive Director of the Department’s Office of Consumer Protection (“OCP”). The Department offers the following comments.

This bill adds a new section to Hawaii Revised Statutes (“HRS”) chapter 487 that establishes a Hawaii digital gaming commission within OCP to ensure proper oversight of game developers and marketers and protection of consumers from predatory and manipulative practices by the gaming industry. H.D. 1 amends H.B. 2471 by: (1) appropriating an unspecified amount to be expended by the Department to establish the Hawaii Digital Gaming Commission; and (2) changing the effective date to July 1, 2050, to encourage further discussion.

Concerns about the addictive nature of video games, particularly among children, have been raised by parents and mental health experts since video games were introduced decades ago. Recently, video game developers have introduced certain

predatory mechanisms in video games that, according to mental health experts, can create the same psychological, addictive, and financial risks as gambling.

The primary purpose of OCP is to promote fair and honest business practices by investigating alleged violations of consumer protection laws by taking legal action to stop unfair or deceptive practices in the marketplace. During the past several years, OCP received approximately 700 to 1,000 consumer complaints per year and has prosecuted many significant cases involving violations of Hawaii's consumer protection laws. These have included mortgage rescue fraud, data breaches, gift certificates, refunds and exchanges, as well as complex litigation involving alleged unfair or deceptive marketing practices by pharmaceutical companies and motor vehicle manufacturers.

While the Department acknowledges the serious issues concerning video games and appreciates that the bill recognizes that a large appropriation of funds will be necessary to establish the Hawaii Digital Gaming Commission within OCP, it has concerns that the establishment of this commission within OCP will take away critical resources required to effectively enforce the myriad of state and federal consumer protection laws that OCP enforces.

Based on the preliminary research that the Department has been able to perform, effective oversight will need to be the product of careful and thoughtful review and without more information, implementing the Hawaii Digital Gaming Commission at this time would seem premature.

Thank you for the opportunity to testify on H.B. 2471, H.D. 1. I would be happy to answer any questions the Committee may have.