
HOUSE RESOLUTION

URGING THE DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS AND THE COMMISSIONER OF SECURITIES TO BE NOTIFIED OF AND AUTHORIZED TO ATTEND ANY MEETING AT WHICH PUBLIC EMPLOYEES ARE SUBJECT TO A BROKER-DEALER OFFERING BROKERAGE SERVICES TO THOSE PUBLIC EMPLOYEES.

1 WHEREAS, in Hawaii, a broker-dealer is defined as a person
2 engaged in the business of effecting transactions in securities
3 for the accounts of others or for the person's own account; and
4

5 WHEREAS, a broker-dealer acts as an intermediary for many
6 consumers who wish to participate in the securities market but
7 who lack the knowledge or skills to participate independently in
8 the securities market; and
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10 WHEREAS, any broker-dealer conducting business in the State
11 is subject to regulation pursuant to Chapter 485A, Hawaii
12 Revised Statutes, but these regulations are meant to penalize
13 exceptionally bad actors engaged in conduct including fraud or
14 deceit; and
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16 WHEREAS, broker-dealer salaries are commission-based and
17 broker-dealers are therefore incentivized to make as many sales
18 as possible to maximize their profits; and
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20 WHEREAS, maximization of a broker-dealer's profits often
21 comes at the cost of riskier and less prudent investments on
22 behalf of a broker-dealer's clients; and
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24 WHEREAS, many broker-dealers in the State offer their
25 brokerage services at large group meetings and functions,
26 sometimes for public employees; and
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28 WHEREAS, the Commissioner of Securities is vested with the
29 administration of Hawaii's laws regulating broker-dealers; and



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1 WHEREAS, currently, the Commissioner of Securities does not
 2 receive notification of meetings at which public employees are
 3 subject to a broker-dealer's offering of services; and
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5 WHEREAS, it would be in the best interests of the State and
 6 its public employees for the Commissioner of Securities to be
 7 aware of and have the option to attend any such meeting to
 8 ensure that the broker-dealer is not exerting undue pressure or
 9 otherwise taking advantage of any public employee; now,
 10 therefore,
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12 BE IT RESOLVED by the House of Representatives of the
 13 Thirtieth Legislature of the State of Hawaii, Regular Session of
 14 2020, that the Department of Commerce and Consumer Affairs is
 15 urged to require that the Commissioner of Securities be notified
 16 of and authorized to attend any public employer-approved meeting
 17 at which public employees are subject to a broker-dealer
 18 offering brokerage services to those public employees; and
 19

20 BE IT FURTHER RESOLVED that any entity conducting a public
 21 employer-approved meeting at which public employees are subject
 22 to a broker-dealer offering brokerage services to those public
 23 employees is urged to notify the Department of Commerce and
 24 Consumer Affairs of the date, time, and location of the meeting;
 25 and
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27 BE IT FURTHER RESOLVED that certified copies of this
 28 Resolution be transmitted to the Governor, Director of Commerce
 29 and Consumer Affairs, Commissioner of Securities of the
 30 Department of Commerce and Consumer Affairs, Director of Human
 31 Resources Development, Executive Director of the Employees'
 32 Retirement System of the State of Hawaii, Administrator of the
 33 Hawaii Employer-Union Health Benefits Trust Fund, Hawaii State
 34 Director of United Public Workers, Executive Director of the
 35 Hawaii State Teachers' Association, and Executive Director of
 36 Hawaii Government Employees Association.
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OFFERED BY:

[Signature] *Amy Pardo* *[Signature]* *[Signature]*



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