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Testimony of the Department of Commerce and Consumer Affairs

**Before the
Senate Committee on Commerce, Consumer Protection, and Health
Thursday, February 6, 2020
9:30 a.m.
State Capitol, Conference Room 229**

**On the following measure:
S.B. 2585, RELATING TO NONDEPOSITORY TRUSTS**

Chair Baker and Members of the Committee:

My name is Iris Ikeda, and I am the Commissioner of Financial Institutions of the Department of Commerce and Consumer Affairs' (Department) Division of Financial Institutions (DFI). The Department supports this bill and suggests amendments below.

The purpose of this bill is to establish provisions concerning nondepository trust companies, including: (1) powers and duties of nondepository trust companies; (2) paid-in-capital and surplus requirements for nondepository trust companies; and (3) annual assessments for nondepository trusts beginning July 1, 2021.

The Department supports the bill's establishment of standards for nondepository trust companies, as these companies can provide fiduciary oversight for consumers who do not have friends or family members to manage their assets or whose assets do not qualify for asset management by banks or large investment firms. Chartered nondepository trust companies would provide a safe and sound alternative to kupuna and other individuals unserved or underserved in Hawaii's community.

For the Committee's information, the DFI would charter, supervise, and examine nondepository trust companies in the same manner as other financial services loan companies, whether depository (e.g., banks) or nondepository. In addition, the DFI would be their only regulator, as nondepository trust companies do not have the authority to accept deposits or lend and are therefore not insured by the FDIC.

Lastly, the Department suggests the following amendments to clarify that the measure is focused on nondepository trust companies:

1. Page 3, Line 14: Replace "Section 412:1-109" with "Section 412:8-101," as "total assets under management" is only used in Hawaii Revised Statutes article 8.
2. Page 13, Lines 10 to 11: Delete the words "type of trust" to read, ""Nondepository trust company" means a company that is not authorized to accept deposits."

Thank you for the opportunity to testify on this bill.

SB-2585

Submitted on: 2/4/2020 3:14:06 PM

Testimony for CPH on 2/6/2020 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
KATHERINE ROSEGUO	Individual	Support	No

Comments: