

JAN 20 2023

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# A BILL FOR AN ACT

RELATING TO ACTIVITY DESKS.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. Section 468M-2.5, Hawaii Revised Statutes, is  
2 amended to read as follows:

3           " [f] §468M-2.5 [f]   **Activity desk principal;**  
4 **responsibilities.** (a) Each activity desk shall designate a  
5 principal who shall have direct management and supervision of  
6 the activity desk, including but not limited to compliance with  
7 sections 468M-9 and 468M-10.

8           (b) The activity desk shall designate the activity desk  
9 principal with each registration and registration renewal and  
10 shall provide notification in writing to the department within  
11 ten days after any change in the designation of the activity  
12 desk principal.

13           (c) The activity desk shall disclose the name and contact  
14 information of the activity desk principal to a client trust  
15 account beneficiary upon request.



1        (d) The principal shall be liable for any financial  
 2 deficiency when the activity desk's client trust account is  
 3 insufficient to pay consumers or activity partners.

4        [~~d~~] (e) For purposes of this section, "principal" means  
 5 a corporate officer or director, a partner in a partnership, a  
 6 sole proprietor, or an individual with an ownership interest in  
 7 the activity desk who shall be a signatory of any client trust  
 8 account of the activity desk."

9        SECTION 2. Section 468M-7, Hawaii Revised Statutes, is  
 10 amended to read as follows:

11        "~~§468M-7~~ **Action for damages.** Any activity desk,  
 12 together with its principal and all persons with an ownership  
 13 interest in the activity desk, shall be liable to the activity  
 14 provider for [a] any violation of this chapter for any damages  
 15 which result from a violation. Damages shall be awarded at the  
 16 rate of [~~no~~] not less than \$1,000 for each violation.

17 Violations shall be calculated as follows:

- 18        (1) For violations of [~~section 468M-3(1), (2), or (3),~~]  
 19 paragraphs (1) through (3) of section 468M-3, by  
 20 multiplying the number of days the violations occurred



1 by the number of locations of an activity desk where  
2 the violations occurred;

3 (2) For violations of section 468M-3(4), by counting the  
4 number of days where the client trust account held  
5 funds insufficient to meet the requirements of section  
6 468M-3(4); and

7 (3) Notwithstanding paragraphs (1) and (2), not more than  
8 \$10,000 shall be awarded if the activity desk has not  
9 previously been required to pay damages to an activity  
10 provider pursuant to this section."

11 SECTION 3. Statutory material to be repealed is bracketed  
12 and stricken. New statutory material is underscored.

13 SECTION 4. This Act shall take effect upon its approval.

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INTRODUCED BY:  \_\_\_\_\_



# S.B. NO. 1130

**Report Title:**

Activity Desk; Activity Desk Principal; Liability; Client Trust Accounts

**Description:**

Makes a principal of an activity desk liable for any financial deficiency when the activity desk's client trust account is insufficient to pay consumers or activity providers. Clarifies that an activity desk, along with its principal and all persons with an ownership interest in the activity desk, shall be held liable for statutory violations and subsequent damages.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

