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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-1, Hawaii Revised Statutes, is  
2 amended by adding a new definition to be appropriately inserted  
3 and to read as follows:

4           "Ownership interest" means, with respect to any entity,  
5 any ownership interest, whether in whole or in part, in the  
6 entity and any economic rights, such as a right to  
7 distributions, net cash flow or net income, to which the owner  
8 of the ownership interests is entitled."

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

11           "[+]§468M-2.5[+] **Activity desk principal;**  
12 **responsibilities.** (a) Each activity desk shall designate a  
13 principal who shall have direct management and supervision of  
14 the activity desk, including but not limited to compliance with  
15 sections 468M-9 and 468M-10:

16           (b) The activity desk shall designate the activity desk  
17 principal with each registration and registration renewal and



1 shall provide notification in writing to the department within  
2 ten days after any change in the designation of the activity  
3 desk principal.

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

7 (d) The principal and all persons with an ownership  
8 interest in the activity desk shall be jointly and severally  
9 liable for any financial deficiency when the activity desk's  
10 client trust account is insufficient to pay consumers or  
11 activity partners.

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

17 SECTION 3. Section 468M-7, Hawaii Revised Statutes, is  
18 amended to read as follows:

19 "[~~§~~§468M-7[~~]~~] **Action for damages.** Any activity desk,  
20 together with its principal and all persons with an ownership  
21 interest in the activity desk, shall be liable to the activity



1 provider for [a] any violation of this chapter for any damages  
2 which result from a violation. Damages shall be awarded at the  
3 rate of [~~no~~] not less than \$1,000 for each violation.

4 Violations shall be calculated as follows:

- 5 (1) For violations of [~~section 468M-3(1), (2), or (3),~~]  
6 paragraphs (1) through (3) of section 468M-3, by  
7 multiplying the number of days the violations occurred  
8 by the number of locations of an activity desk where  
9 the violations occurred;
- 10 (2) For violations of section 468M-3(4), by counting the  
11 number of days where the client trust account held  
12 funds insufficient to meet the requirements of section  
13 468M-3(4); and
- 14 (3) Notwithstanding paragraphs (1) and (2), not more than  
15 \$10,000 shall be awarded if the activity desk has not  
16 previously been required to pay damages to an activity  
17 provider pursuant to this section."

18 SECTION 4. Statutory material to be repealed is bracketed  
19 and stricken. New statutory material is underscored.

20 SECTION 5. This Act shall take effect on July 1, 2050:



**Report Title:**

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

**Description:**

Makes a principal of an activity desk, and all persons with an ownership interest in the activity desk, jointly and severally 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. Effective 7/1/2050. (SD1)

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

