

A Bill for an Act Relating to Industrial Loan Companies.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. Chapter 408, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

"§408- Loan solicitation office. (a) A licensed industrial loan company may establish a loan solicitation office upon the prior written approval of the commissioner. Applications shall be submitted by letter and shall be accompanied by a \$250 application fee. Approvals are site specific, nontransferable and shall be void upon the sale, assignment, or discontinuance of industrial loan company operations, or the revocation of the industrial loan company license. A licensee shall notify the commissioner prior to any voluntary discontinuance of a loan solicitation office.

- (1) A "loan solicitation office" means an office established at a specific location separate and apart from a branch office. It should be enclosed or separately partitioned from those parts of the premises in which other business activities are conducted and staffed only by qualified and trained employees of the licensee. A loan solicitation office may only engage in the following activities:
 - (A) Soliciting loans on behalf of the licensed industrial loan company; or
 - (B) Collecting loan payments made by the licensed industrial loan company.
- (2) An office is not deemed to be a loan solicitation office if the office:
 - (A) Processes loan applications at that location;
 - (B) Closes loans at the location; or
 - (C) Disburses loan proceeds out of its own account at that location.
- (b) In determining whether approval shall be granted, the commissioner may consider the following:
 - (1) Good standing and financial condition of the licensee;
 - (2) The proposed location of the loan solicitation office;
 - (3) Whether the loan solicitation office can be supervised adequately and is under the direct control of a designated officer of the industrial loan company; and
 - (4) Whether the licensee has presented evidence satisfactory to the commissioner that the loan solicitation office will be staffed only by qualified and trained employees of the licensee.

In issuing approvals, the commissioner may impose conditions regarding the identification and conduct of the loan solicitation office.

- (c) No licensee may establish a loan solicitation office outside of the State.
- (d) A loan solicitation office shall be subject to examinations in accordance with this chapter. Records, books, and original loan documents must be maintained at the main office of the licensee in the State.

- (e) The commissioner may withdraw his approval upon finding that:
 - (1) The licensee is conducting activities beyond what was approved by the commissioner without the prior approval of the commissioner;
 - (2) The loan solicitation office has not actively engaged in conducting loan solicitation office activities for six months or more;
 - (3) The licensee has violated this section; or

- (4) There exists any cause which would have clearly warranted the commissioner to refuse to issue the original approval.”

SECTION 2. This Act does not affect rights that matured, obligations that were incurred, penalties that were incurred, and proceedings that were begun before its effective date.

SECTION 3. New statutory material is underscored.¹

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

(Approved June 7, 1989.)

Note

1. Edited pursuant to HRS §23G-16.5.