STAND. COM. REP. NO.

345

Honolulu, Hawaii

FEB 1 5 2007

RE: S.B. No. 1392

S.D. 1

Honorable Colleen Hanabusa President of the Senate Twenty-Fourth State Legislature Regular Session of 2007 State of Hawaii

Madam:

Your Committee on Commerce, Consumer Protection, and Affordable Housing, to which was referred S.B. No. 1392 entitled:

"A BILL FOR AN ACT RELATING TO ENHANCED PENALTIES FOR SECURITIES VIOLATIONS COMMITTED AGAINST ELDERS,"

begs leave to report as follows:

The purpose of this measure is to authorize enhanced civil and administrative penalties for securities violations, when the violations are directed toward, target, or are committed against seniors who are sixty-two years of age and older.

This measure authorizes civil and administrative penalties of up to \$50,000 for each violation.

Testimony in support of this measure was submitted by the Department of Commerce and Consumer Affairs, the Department of the Attorney General, and AARP Hawaii. The National Association of Insurance and Financial Advisors submitted testimony in opposition to this measure.

Your Committee finds that investment fraud against seniors is a growing concern in Hawaii, as demonstrated in a recent statewide survey conducted by AARP Hawaii. This measure is directly responsive to these concerns, as it allows for greater civil and administrative penalties for violations of the State's securities laws when the violations are directed towards, target, or are committed against seniors. This measure will allow the State to be proactive in deterring investment fraud against seniors.

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Your Committee has amended this measure, based upon an agreement between the Department of Commerce and Consumer Affairs and other interested parties, to provide a limited exception from the enhanced penalty provisions for registered dealers and registered broker-dealers that commit only supervisory infractions.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Affordable Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1392, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1392, S.D. 1, and be referred to the Committee on Judiciary and Labor.

Respectfully submitted on behalf of the members of the Committee on Commerce, Consumer Protection, and Affordable Housing,

BRIAN T. TANIGUCHI, Cha

## The Senate Twenty-Fourth Legislature State of Hawaii

## Record of Votes Committee on Commerce, Consumer Protection and Affordable Housing CPH

Bill / Resolution No.:*  SB 1392	Committee Referral: Date: 2/13/2007				
The committee is reconsidering its previous decision on this measure.  If so, then the previous decision was to:					
The Recommendation is:					
Pass, unamended Pass, with amendments Hold Recommit 2312 2311 2310 2313					
Members		Aye	Aye (WR)	Nay	Excused
TANIGUCHI, Brian T. (C)		- V			
IGE, David Y. (VC)					
ESPERO, Will		<b>V</b>			
IHARA, Jr., Les					V
SAKAMOTO, Norman		<b></b>			
SLOM, Sam		V		s incluing - 1 they joined the cons.	E not court a complete of our amount a ma
TOTAL		5			A. Constraint.
Recommendation:  Adopted  Not Adopted					
Chair's or Designee's Signature:					
Distribution: Original Oyellow Pink File with Committee Report Clerk's Office Drafting Agency					

<sup>\*</sup>Only one measure per Record of Votes