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**PRESENTATION OF THE
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS**

TO THE SENATE COMMITTEE ON
JUDICIARY AND LABOR

THE TWENTY-EIGHTH LEGISLATURE
REGULAR SESSION OF 2016

THURSDAY, MARCH 31, 2016
9:30 a.m.

**TESTIMONY ON H.B. NO. 2319, H.D.1, S.D.1
RELATING TO MONEY TRANSMITTERS**

THE HONORABLE GILBERT S.C. KEITH-AGARAN, CHAIR,
AND MEMBERS OF THE COMMITTEE:

My name is Iris Ikeda, Commissioner of Financial Institutions ("Commissioner"),
testifying on behalf of the Department of Commerce and Consumer Affairs in strong
support of this administration bill, H.B. No. 2319, H.D.1, S.D.1.

This bill improves the change in control provision of the Money Transmitters law,
Chapter 489D, Hawaii Revised Statutes ("HRS"), in two ways. First, it expands the
class of persons who may apply for the Commissioner's approval of a change of control
of a money transmitter licensee. Currently, only a licensee may submit such an

application. This is impracticable in hostile takeover situations in which the licensee may be uncooperative. H.B. No. 2319, H.D.1, S.D.1 would resolve this situation by authorizing the persons requesting approval of change in control of a licensee to submit the application.

Second, the bill would enable the Division of Financial Institutions (“DFI”) to conduct criminal background checks on persons who are to assume control of the licensee. This would provide important information for the Commissioner’s determination whether, pursuant to Section 489D-15, HRS, the persons requesting approval of the change in control, possess the character, and general fitness to control the licensee lawfully and properly, without jeopardizing the interest of the public. Criminal history record checks are already required of key personnel of an applicant for a new money transmitter license, pursuant to Section 489D-9, HRS. To protect the public, it is equally important to check criminal history records of persons who plan to take over control of a money transmitter licensee.

The bill also updates the name of the federal agency that oversees Regulation E, from the Federal Reserve Board to the Consumer Financial Protection Bureau, pursuant to 12 CFR Part 100.

The Senate Draft 1 of this bill replaced the defective effective date with “upon its approval”.

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DFI strongly supports this administration bill, H.B. No. 2319, H.D.1, S.D.1, and respectfully requests it be passed.

Thank you for this opportunity to testify. I would be pleased to respond to any questions that you may have.