



STATE OF HAWAII | KA MOKU'ĀINA 'O HAWAI'I
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Testimony of the Department of Commerce and Consumer Affairs

Before the
House Committee on Judiciary and Hawaiian Affairs
Friday, February 24, 2023
2:00 PM
State Capitol, Conference Room 325

On the following measure:
H.B. 642, H.D. 1, RELATING TO CONSUMER PROTECTION

Chair Tarnas and Members of the Committee:

My name is Mana Moriarty, and I am the Executive Director of the Department of Commerce and Consumer Affairs' (Department) Office of Consumer Protection. The Department appreciates the intent and offers comments of this bill.

The purposes of this bill are to: (1) require check cashiers to report suspected financial exploitation of elders and vulnerable adults in relation to check cashing; (2) provide immunity for good faith reporting; and (3) authorize a check casher to refuse to cash a check in situations of suspected financial exploitation.

The intent of this bill is to combat cases of financial abuse of elders and vulnerable adults. Existing laws require mandatory reporting of financial abuse by financial institutions, see HRS 412:3-114.5, and of financial exploitation by investment brokers, among others, see HRS 485A-802. It is unclear whether data collected pursuant to these mandatory reporting requirements has been used to combat financial abuse of elders and vulnerable adults. While we applaud efforts to combat financial

Testimony of DCCA

H.B. 642, H.D. 1

Page 2 of 2

abuse of elders and vulnerable adults, whether mandatory reporting requirements help to combat occurrences of financial abuse appears to be largely unstudied.

Thank you for the opportunity to testify on this bill.



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Testimony of the Department of Commerce and Consumer Affairs

**Before the
House Committee on Judiciary & Hawaiian Affairs
Friday, February 24, 2023
2:00 p.m.**

**On the following measure:
H.B. 642 HD1, RELATING TO CONSUMER PROTECTION**

Chair Tarnas and Members of the Committee:

My name is Iris Ikeda, and I am the Commissioner of Financial Institutions of the Department of Commerce and Consumer Affairs' (Department). The Department offers comments on this bill and an amendment.

The purpose of this bill requires check cashers to report suspected financial exploitation of elders and vulnerable adults in relation to check cashing; provides immunity for good faith reporting; authorizes a check casher to refuse to cash a check in situations of suspected financial exploitation.

The Department of Financial Institutions (DFI) defers to the Office of Consumer Protection (OCP), on this matter as Chapter 480F, Hawaii Revised Statutes (HRS), is under the purview of OCP's oversight. However, the proposal appears to have joint or concurrent jurisdiction over OCP and DFI as it relates to the new Part II. DFI believes the new Part II is duplicative of state and federal oversight over banks.

Further, it appears that the proposed new Part II poses an additional regulatory duplicative burden over banks if banks are required to also report these violations to

OCP. Banks are heavily regulated by DFI and the federal banking agencies to make sure the banks are providing products and services to consumers in a safe and sound manner and conducting transactions with regulatory compliance. Consequently, the provisions for check cashing would be covered by our ongoing supervision or with the regular examinations.

DFI notes that the standard of “financial exploitation” is a subset of “financial abuse” which is the standard banks must report. In banking laws and regulations, “financial exploitation” means the improper use of vulnerable adult’s funds, property or resources by another to be used for another person’s profit or gain. Whereas “financial abuse” is broader, and would apply to any person when someone takes or misuses another person’s money or property for the benefit of someone other than that person. (emphasis added)

DFI recommends that the exemption in new Part I, Section 5, apply to Part II.
Thank you for the opportunity to provide comments on this bill.



Testimony to the House Committee on Finance
Friday, February 24, 2023, 2:00 PM
Conference Room 308

Comments on HB 642, Relating to Check Cashers

To: The Honorable Kyle Yamashita, Chair
The Honorable Lisa Kitagawa, Vice-Chair
Members of the Committee

My name is Stefanie Sakamoto, and I am testifying on behalf of the Hawaii Credit Union League, the local trade association for 47 Hawaii credit unions, representing over 864,000 credit union members across the state.

HCUL offers the following comments regarding HB 642, Relating to Check Cashers. This bill would require check cashers to report suspected financial exploitation of elders and vulnerable adults in relation to check cashing, authorizes a check casher to refuse to cash a check in situations of suspected financial exploitation, and clarifies that all entities that are within the definition of "check casher" are subject to the requirements for reporting financial exploitation.

While we understand the intent of this bill, financial institutions are already subject to mandatory reporting for suspected financial exploitation of elders under HRS 412:3-114.5, which requires that financial institutions report any suspected abuse to the division of financial institutions and the police. Unfortunately, financial elder abuse is a crime that occurs often, and is often difficult to uncover. Hawaii's credit unions have long worked with law enforcement to investigate and prosecute these types of crimes.

Thank you for the opportunity to provide comments on this issue.



SanHi

GOVERNMENT STRATEGIES

A LIMITED LIABILITY LAW PARTNERSHIP

DATE: February 23, 2023

TO: Representative David A. Tarnas
Chair, Committee on Judiciary and Hawaiian Affairs

FROM: Mihoko E. Ito / Tiffany N. Yajima

RE: **H.B. 642 HD1 Relating to Consumer Protection**
Hearing Date: February 24, 2023 at 2:00 p.m.
Conference Room 325 & Videoconference

Dear Chair Tarnas, Vice Chair Takayama, and Members of the Committee on Judiciary and Hawaiian Affairs:

We submit these **comments** on behalf of the Hawaii Bankers Association (HBA). HBA represents seven Hawai'i banks and one bank from the continent with branches in Hawai'i.

HBA submits comments regarding H.B. 642, HD1 which requires check cashers to report suspected financial exploitation of elders and vulnerable adults in relation to check cashing, provides immunity for good faith reporting, authorizes a check casher to refuse to cash a check in situations of suspected financial exploitation, and clarifies that all entities that are within the definition of "check casher" are subject to the requirements for reporting financial exploitation.

HBA notes that financial institutions are already subject to mandatory reporting for suspected financial exploitation of elders under HRS 412:3-114.5, which requires that financial institutions must report any suspected abuse to the division of financial institutions and the police. This measure would seem to be duplicative if it is intended to include financial institutions in the proposed requirements under Section 2, which creates a new part to address financial exploitation of elders under Chapter 480F.

For these reasons, HBA would suggest that his bill may not be necessary, However, if the Committee is inclined to move this measure, we would request that financial institutions be exempted from the bill in Section 2 of the bill.

Thank you for the opportunity to submits comments regarding this measure.

HB-642-HD-1

Submitted on: 2/23/2023 9:37:26 AM

Testimony for JHA on 2/24/2023 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
lynne matusow	Individual	Support	Written Testimony Only

Comments:

Please let me start by saying how unnerved I am about making this effective almost 800 years in the future. None of us will be alive then. None of us are Methuselah. Stop playing with us and put in normal effective dates. This is one of the reasons the public has lost trust in the legislature and government in general. The year 3000 says you have no intention of passing a bill that should be passed henceforth and effective upon approval by the governor.

I am one of the persons this is supposed to help in 800 years. Almost daily there are media reports of elders being scammed, losing money, sometimes all their savings. This bill is a good first step to save us, but not after we are dead in 800 years. I know some persons in their 90s who will be helped by this, as they are not able to competently handle their financial affairs. Please pass this bill and make it effective upon approval of the governor.