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December 17, 2025

TRANSMITTED VIA LEGISLATIVE WEBSITE

Dear President Kouchi, Speaker Nakamura, and Members of the Legislature:

Enclosed is a copy of the 2025 Annual Compliance Resolution Fund Report, as required by section 26-9(o), Hawaii Revised Statutes (HRS).

In accordance with section 93-16(a), HRS, a copy of this report will be transmitted to the Legislative Reference Bureau Library and viewable electronically at cca.hawaii.gov/reports/departamental/. Copies will also be transmitted to the State Publications Distribution Center and the University of Hawaii pursuant to section 93-3, HRS.

Sincerely,

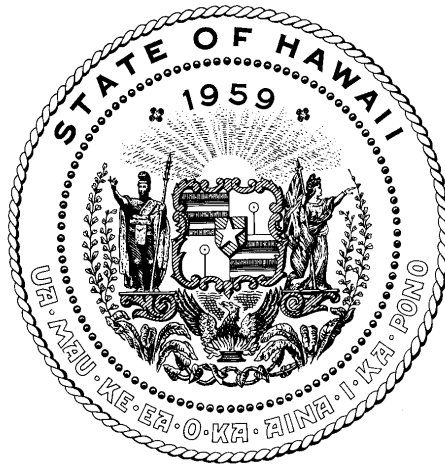
A handwritten signature in black ink that reads "Nadine Y Ando".

NADINE Y. ANDO
Director

Enclosure

- c: Legislative Reference Bureau Library (1 hard copy)
 State Publications Distribution Center (2 hard copies, 1 electronic copy)
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Annual Compliance Resolution Fund Report



**DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
STATE OF HAWAII
SUBMITTED DECEMBER 2025**

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INTRODUCTION

The Department of Commerce and Consumer Affairs (DCCA or Department) submits its Annual Compliance Resolution Fund (CRF) Report pursuant to Hawaii Revised Statutes (HRS) section 26-9(o). The report describes the use of the CRF for the fiscal year (FY) beginning July 1, 2024, and closing June 30, 2025, by presenting an overview of the functions and activities of core DCCA programs funded by the CRF. In addition, the report provides a financial summary of expenditures from the CRF, including personnel and operating expenses and revenues received.¹ The report complies with Act 100, Session Laws of Hawaii (SLH) 1999, which requires all state departments and agencies to identify their goals, objectives, and policies to provide a basis for determining priorities and allocating limited public funds and human resources.

As a special-funded department, the DCCA's primary funding source is the CRF, and the Department relies upon the fees and fines assessed by its programs instead of general tax revenues. Pursuant to HRS section 26-9(o), fees shall be assessed and deposited into the CRF for issuance of a license, permit, certificate, registration, and subsequent renewals, together with all other fines, income, and penalties collected or reimbursement of costs or attorneys' fees assessed from actions brought by the Department. The director of the DCCA may use the moneys in the CRF to employ and train hearings officers, attorneys, and other necessary personnel for CRF-funded operations, and the CRF shall defray all other administrative costs, including costs to operate the supporting offices of the DCCA. The CRF may also fund any other activity relating to compliance resolution.

"Compliance resolution" is defined in HRS section 26-9(o) and means a determination of whether:

- (1) Any licensee or applicant under any chapter subject to the jurisdiction of the DCCA has complied with that chapter;
- (2) Any person subject to HRS chapter 485A has complied with that chapter;
- (3) Any person submitting any filing required by HRS chapter 514E or HRS section 485A-202(a)(26) has complied with that chapter or section;
- (4) Any person has complied with the prohibitions against unfair and deceptive acts or practices in trade or commerce; or
- (5) Any person subject to HRS chapter 467B has complied with that chapter

and includes work involved in or supporting the above functions, licensing, or registration of individuals or companies regulated by the Department, consumer protection, and other activities of the Department.

¹ The CRF summary figures in this report are pre-close numbers.

OFFICE OF THE DIRECTOR

OVERVIEW AND COMPOSITION

The Office of the Director (Director's Office) provides general policy and administrative leadership in supervising and coordinating various department activities. The Director's Office also includes the **Hawaii Post-Secondary Education Authorization Program**, which authorizes accredited post-secondary degree-granting institutions to operate in the State, and the **Personnel Office**, which provides personnel management services to the Department.

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GOALS AND OBJECTIVES

The Department's goals and objectives are detailed in the report sections of each division² and summarized below:

- Ensure effective and timely oversight of regulated industries and greater promotion of consumer education by providing the Department's divisions with adequate resources to carry out their responsibilities.
- Improve and upgrade existing operating systems and technologies the Department uses to advance its capabilities in responding to consumer issues and helping businesses navigate the regulatory environment.
- Provide transparency and accountability in the Department's operations.
- Improve the regulatory environment for businesses and consumers by collaborating with other agencies to provide effective and efficient regulation, as well as safe and appropriate economic development.

² The Public Utilities Commission (PUC or Commission) is funded by the PUC Special Fund pursuant to HRS section 269-33 and not in any part by the CRF. HRS section 269-5 requires the Commission to submit its own annual report to the Legislature. Please see the 2025 Public Utilities Commission Annual Report for information on PUC operations.

ACCOMPLISHMENTS OF THE DIRECTOR'S OFFICE AND INFORMATION SYSTEMS AND COMMUNICATIONS OFFICE IN FY 2025

Consumer Education Program

The Consumer Education Program (CEP) is dedicated to empowering the community with essential information on consumer protection.

In March 2025, the CEP proudly sponsored the 20th annual National Consumer Protection Week Fair, the third consecutive in-person celebration following virtual events during the pandemic. This marked the second year it was hosted at the Hawaii State Capitol. Representatives from local, federal, and community organizations delivered key insights and addressed public concerns on topics such as identity theft, healthcare fraud, and various scams. Notable participants included the Internal Revenue Service, U.S. Attorney's Office – Hawaii, Hawaiian Electric Co., Better Business Bureau, Hawai'i Emergency Management Agency, and over two dozen other state, county, and community organizations.

In addition to its involvement in DCCA sponsored events, the CEP regularly engages in a number of community outreach events per month to maximize community engagement. The program ensures its presence in at least one community event monthly, as well as one community event on every neighbor island annually, strengthening its relationship with the public statewide and reaching underrepresented communities. In addition to participating in events, CEP also provides educational presentations to community groups on topics such as fraud prevention, scam awareness, and consumer protection best practices.

As part of a digital initiative, the CEP develops consumer content and highlights the information to consumers electronically via the department's website and social media platforms. To expand its social media reach, the CEP launched the DCCA Instagram page in November 2024, providing a new channel for visual consumer education and real-time updates. "Consumer Wise Wednesdays" is a weekly social media post that provides tips on a gamut of consumer issues, such as identity theft, condominium owners' rights and responsibilities, and hurricane preparedness. This information is also disseminated department-wide and made available to government and community stakeholders.

The CEP supported along with all of the department's divisions the DCCA website modernization initiative, which will redesign and improve the customer experience when accessing the department's website pages, including a revamped homepage, aimed at providing visitors with a seamless and intuitive browsing experience and a new complaint management system, signifying an ongoing commitment to enhancing user accessibility and engagement. The CEP provided design input as pages were created and currently manages the general complaint intake system. The project is part of a broader modernization effort, and CEP continues to support through coordination with external vendors to ensure timely updates and functionality enhancements.

In tandem with the website improvements, DCCA is preparing to launch a centralized call center by the end of 2025. CEP will be supporting this rollout through collateral updates and a public information campaign to maximize awareness and utilization of the call center.

In support of the electronic initiatives, DCCA implemented organic and paid digital outreach efforts through various multimedia vehicles which generated approximately 800,000 impressions across social media platforms.

Additionally, the CEP supports various department divisions, including the Real Estate Branch, the Business Registration Division's LifeSmarts program, and the Division of Consumer Advocacy, by developing digital media content, multimedia production, and graphic design materials.

A comprehensive communications campaign was also launched addressing contracting licensing and unlicensed activity, utilizing a blend of traditional and digital media, with an emphasis on Maui as the rebuilding process following the devastating wildfires. The campaign aims to raise awareness about unlicensed contracting, promote best practices in hiring professionals, and provide resources through DCCA's website. The campaign includes press releases, media interviews, digital advertisement, television and radio public service announcements, and physical advertisements.

In partnership with the Contractors Licensing Board (CLB) and contracted vendors, a comprehensive multi-modal campaign was executed to address ongoing concerns around unlicensed activity. The updated campaign included the production of three new licensed contractor public service announcements (PSAs), new digital assets, and expanded media placements.

The CEP also assisted to coordinate an advertorial with Hawaii News Now and a Maui wildfire impact video featuring Lahaina community leader and waterman Archie Kalepa. This video emphasized a localized message about contractor scams and rebuilding efforts for residents of Lahaina and greater Maui County.

To further support the campaign's messaging focus on hiring licensed professionals, a supplemental PSA was produced spotlighting BusinessCheck, DCCA's online tool that allows consumers to verify licensing, registration, and complaint history for businesses and individuals. In total, six new video assets were produced: three licensed contractor PSAs, one BusinessCheck PSA, the Maui-centric video with Archie Kalepa, and the Hawaii News Now advertorial. With additional 15- and 5-second cutdowns, the campaign resulted in 14 new educational video pieces.

In collaboration with Lahaina Representative Elle Cochran and the Maui Office of Economic Recovery CEP supported the distribution of warning signs to deter unlicensed contracting in Lahaina recovery zones.

In addition to paid PSA campaign outreach, CEP assisted the expansion of no-cost public service announcements through the statewide cable franchise agreements with Hawaiian Telcom and Spectrum Cable. This initiative ensures that high-value educational content is available to stakeholders at no charge while leveraging existing infrastructure to broaden community reach. Through the state's cable television franchise agreements, approximately 8,500 government-sponsored PSAs are available statewide for government, community, and public access organizations annually.

The Military Consumer Guide was updated in 2024, with refreshed content available to the public in both digital and hardcopy format. The booklet offers comprehensive information to protect against fraudulent activities, and information for military families to live and work in the state. The guide provides information about consumer topics that often affect Hawaii's military community, including housing, buying a car, specific protections, and identity theft. It also explains laws and regulations governing professional licensure and starting a business in Hawaii. 1,500 hard copies were published and distributed to the military community through DBEDT's military liaison office and respective military transition and financial readiness centers.

Finally, CEP continues to strengthen its partnerships with the Federal Trade Commission, AARP, and other national and local organizations to expand the reach of consumer protection information across Hawaii.

Hawaii Post-Secondary Education Authorization Program

In FY 2025, HPEAP issued no new school authorizations. Two of its authorized schools closed their Hawaii location in FY 2025, leaving 19 authorized institutions in Hawaii. HPEAP continues to issue transcripts for former students of Argosy University – Hawaii, which closed in 2019, Heald College Honolulu, which closed in April 2015, and World Medicine Institute, which closed in April 2018.

HPEAP is the designated state portal entity for the State Authorization Reciprocity Agreement (SARA). SARA is an agreement among member states that establishes comparable national standards for interstate offering of post-secondary education distance courses. There are 16 participating Hawaii schools in total as of FY 2025.

HPEAP continues to work with stakeholders, including the U.S. Department of Education and accrediting agencies, to ensure that Hawaii schools and students will continue to fully participate in and benefit from Title IV programs.

Office of the Director's Legislative Coordination

In FY 2025, the Director's Office, including multiple DCCA administrative services and support offices, oversaw the Department's legislative activities concerning budgetary, fiscal, personnel, and administrative matters. The Director's Office assisted with the legislative operations of each division and liaised with other state departments, agencies, branches of government, and community and business groups on legislative matters.

During the Regular Session of 2025, the Department submitted 408³ testimonies and comments and recommendations pertaining to consumer and commerce matters. In addition, the Department supported various nominees for the boards and commissions attached to the DCCA. Several of the Department's legislative proposals, which were introduced as part of the Governor's administration package, received favorable consideration by the Legislature and were enacted.

Following the adjournment of session, the Department's legislative coordinator/administrative assistant continued to support the DCCA in implementing legislative directives and coordinating departmentwide activities for the 2026 legislative session.

³ This total does not include testimonies submitted by the PUC.

Information Systems and Communications Office

The Information Systems and Communications Office (ISCO) assists the Department with information technology hardware, software, and custom programming support, departmental website support, and telephone and other communication services support.

ISCO continues to modernize the department's digital infrastructure, including migration of the departments IT infrastructure from our on-premises data center to the cloud and modernizing legacy applications using the Salesforce low-code, no-code platform.

On the infrastructure side, ISCO worked with a systems integrator (SI) vendor to define and implement the future-state DCCA-wide cloud network based on Amazon Web Services (AWS). This landing zone includes the foundational network, security groups, and monitoring for the AWS-based network. We have been collaborating with ETS to maintain alignment with their future direction on their own AWS migration initiatives.

ISCO had started migrating our infrastructure to AWS, transitioning servers from on-premises to the cloud. This move enhances scalability, reliability, and security while reducing maintenance overhead and enabling more flexible resource management. By leveraging AWS, we aim to future-proof our operations and support faster innovation.

Migration of ISCO infrastructure to the cloud efforts this year include:

1. Deploying a Palo Alto Firewall within our AWS environment and integrated it with ETS to securely share traffic logs. This setup enhances network visibility, strengthens threat detection, and promotes transparency across our infrastructure, ensuring robust protection and streamlined monitoring.
2. Migrating an on-premises Avamar backup system to a modern cloud-based solution, Cohesity, to enhance data accessibility, scalability, and security while reducing reliance on physical infrastructure.

On the application side, migrating DCCA's legacy business applications, some of which have been operational for over two decades, to contemporary technology platforms:

1. For Business Registration Division's modernization project, ISCO supported the division and the system integrator with extensive analysis, architecture support, data cleanup, data extraction and migration, and continues to support the project moving forward.
2. For Cable Television Division's IROC system, ISCO supported the system integrator vendor in modernizing from Ironspeed to Salesforce, with target completion in FY2025.
3. For Professional and Vocational Licensing Division's Developer Public Report platform modernization from legacy Ironspeed to an open-standards platform in AWS, started in FY 2024, with target completion in FY 2025.
4. As part of our ongoing commitment to modernize IT operations and improve service delivery, ISCO successfully transitioned from our legacy Lotus Notes-based ticketing system to a new fully integrated IT Service Management (ITSM) platform using Freshworks.

In addition to system-wide upgrades, ISCO has been actively expanding its expertise in Artificial Intelligence, developing and deploying AI-powered applications designed to enhance the divisions' operational efficiency.

Notable examples of these innovations include:

1. Docsearch, a custom-built chatbot that empowers end-users to retrieve project documentation information from subject-specific knowledge bases using natural language. This was used in support of a vendor transition for our Hoala system.
2. Vscribe, a highly accurate transcription app that converts audible dialog from recordings of professional board meetings into formatted, diarized, and timestamped digital text.
3. Minutehand, an app which utilizes the text-processing ability of a Large Language Model (LLM) to automate the creation of meeting minutes formatted as required by each specific Board.

Other initiatives to modernize and improve reliability and supportability for DCCA include:

1. Upgrading analog phone system to a modern VoIP (Voice over Internet Protocol) system. This transition streamlines our communication infrastructure, reduces operational costs, and supports greater flexibility and scalability, helping us modernize the office and prepare for future growth.
2. On-going improvements to Neighbor Island offices communication, adding Wi-Fi to the Kona office and working with Hawaiian Tel to get on Fiber circuits and new routers for faster, more reliable communication for the Kauai office.
3. Completed a full replacement of the Uninterruptible Power Supplies (UPS) across all Intermediate Distribution Frames (IDFs) within our infrastructure. This initiative was driven by a critical need to ensure continued reliability, safety, and performance of our network backbone.

ISCO continued to support multiple state technical committees, representing DCCA for the Access Hawaii Committee; Employee Emergency Communications (Alert Media); Enhancing the Value of State Data working group; Statewide IT Portfolio Governance working group; Information Privacy & Security Council (IPSC); the ETS IT Coordination Team; and multiple committees of the IT Consolidation Working Group.

OFFICE OF ADMINISTRATIVE HEARINGS

The Office of Administrative Hearings (OAH) is a support office under the Director's Office and is responsible for conducting administrative hearings and issuing recommended decisions for all DCCA divisions that are statutorily required to provide contested case hearings under chapter 91, HRS. The office is comprised of five Hearings Officers and four staff. The OAH's primary CRF caseload includes cases involving:

- Disciplinary actions filed by the Regulated Industries Complaints Office against licensees;
- Appeals of the decisions of the boards, commissions, and programs attached to the Professional and Vocational Licensing Division to deny license applications;
- Petitions for declaratory relief;
- Citations issued to persons or businesses engaged in unlicensed activities;
- Trade name or trademark disputes;
- Securities enforcement actions brought pursuant to the Uniform Securities Act;
- Denials of personal injury protection insurance benefits;
- Disciplinary actions arising from HPEAP; and
- Other matters from other divisions.

The OAH is also responsible for conducting administrative review hearings on:

- Procurement cases from all agencies and divisions of the State, its four counties, and the University of Hawaii that arise under the Hawaii Public Procurement Code;
- Certain kinds of motor vehicle dealer, distributor, and manufacturer disputes under HRS chapter 437, part 2;
- Appeals of benefit determinations from the Employer-Union Health Benefits Trust Fund under a Memorandum of Understanding;
- Appeals of benefits determinations from the Hawaii Employees' Retirement System under a Memorandum of Understanding;
- Public Utilities Commission hearings relating to excavator and motor carrier violations; and
- Salary overpayment and other limited issues for the Department of Education.

Another integral part of the OAH's responsibilities is its administration of the Medical Inquiry and Conciliation Panel (MICP) and the Design Claim Conciliation Panel (DCCP). The MICP conducts informal conciliation hearings on inquiries regarding health care providers before any claims against those providers can be filed as lawsuits. Similarly, the DCCP conducts informal conciliation hearings on claims against design professionals (i.e., engineers, architects, surveyors, and landscape architects) before those claims can be filed as lawsuits. The MICP does not make any decisions on the merits of the parties' positions. The decisions of the DCCP are advisory and not binding on the parties, should a party decide to pursue the matter in court.

For a comprehensive report on MICP and DCCP activities, please visit cca.hawaii.gov/oah/reports/ to view the 2025 Annual Report on the Medical Inquiry and Conciliation Panel and Design Claim Conciliation Panel.

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OAH GOALS AND OBJECTIVES

- Conduct contested case hearings and issue consistent and well-reasoned, recommended decisions in a fair and impartial manner and as expeditiously as possible.
 - The OAH implements processes and procedures to ensure all cases are timely processed, from the date of filing to the issuance of a final order. These processes and procedures include: entering additional data fields in the OAH's database so that all pending cases can be tracked for timeliness throughout the entire hearings process; inventorying all OAH cases every February and August of each year; and disposing of cases where no party has taken any action.
 - Make available to the public an efficient means of submitting their hearing and related requests to the OAH electronically.
 - Provide greater accessibility to contested case hearings by offering several methods to conduct hearings, including in-person and remote options.
- Make available to the public all decisions issued by CRF-related boards, commissions, programs, and divisions.
 - The OAH makes available online all procurement protest decisions shortly after it notifies the parties of the decisions. Since January 2009, the OAH has posted on its website all decisions in other areas.
 - Through new software, the OAH redacts personal information protected by privacy laws from decisions and makes decisions compliant with the Americans with Disabilities Act.
 - The OAH routinely publishes all decisions shortly after they are issued to foster greater awareness of state laws, encourage voluntary resolution of disputes, and maintain consistency in rendering decisions.
- Make available to the public various forms and detailed written instructions to access and initiate the contested case hearing process.

OAH ACCOMPLISHMENTS IN FY 2025

Contested case hearings continue to be conducted on a regular basis, utilizing remote as well as in-person platforms where appropriate. Upgraded equipment in the hearings rooms have allowed hearings to be conducted in any format, including hybrid proceedings.

The OAH has completed the second stage of its digital scanning project. This phase of the project involved digital storage of closed files that are retained pursuant to the OAH's one-year retention policy. The system will allow for files to be retained electronically and purged after the retention period ends.

To advance the goal of making OAH decisions and Board and Commission final orders accessible to the public, the OAH website is undertaking a long-term improvement project which will work in tandem with the DCCA website improvements using artificial intelligence to make filing information, forms and prior case decisions available to users. The OAH also plans to develop an online filing portal for all petitions and requests for administrative hearings which will also allow participants to obtain electronic copies of all filings.

The table below summarizes CRF-related activities the OAH conducted in FY 2025:

Type of Proceeding Conducted	Number
Pre-hearing conferences	50
Status conferences	16
Motions	8
Hearings	32

The table below summarizes the number of cases and relative percentage of CRF-related activities the OAH conducted in FY 2025.

DCCA Divisions Referring Matters to the OAH	Cases Filed	%
Insurance Division (denial of personal injury protection benefits and enforcement actions)	4	7
Regulated Industries Complaints Office (petitions for discipline and appeals from citations for unlicensed activities)	18	31
Business Registration Division (trade name revocation proceedings, corporate name abatement proceedings, and violations of securities laws)	4	7
Professional and Vocational Licensing (license denials)	8	14
Hawaii Employees' Retirement System (retirement benefit denials)	7	12
Procurement Administrative Reviews (protest denials)	11	19
Other CRF-related hearings	6	10

The OAH caseload is dependent on filings from the public and other divisions of the DCCA. Changes to statutes, as well as insurance and licensing practices contribute to the number and types of filings.

The OAH routinely receives requests from other agencies to conduct contested case hearings where the agency does not have the resources to conduct the hearings themselves. By agreement, in addition to conducting hearings for the Employees Retirement System, the OAH has assisted the Department of Education with salary overpayment matters. Additionally, the OAH conducts hearings for the Public Utilities Commission (PUC) regarding hearing motor carrier citation and order to show cause matters for the PUC. This will assist the PUC in enforcing motor carrier and excavator regulations.

The OAH Hearings Officers assist the MICP program by serving as non-paid MICP panel chairs. They also serve as resources for other panel members. The Hearings Officers also serve as arbitrators for the State Certified Arbitration Program.

Additional statistical data pertaining to CRF-related activities the OAH conducted may be found in the statistical tables presented by the Regulated Industries Complaints Office.

DCCA CRF FINANCIAL SUMMARY FOR FY 2025

The following is the Department's CRF financial summary for FY 2025:

Personnel Expenses	Operating Expenses	Total Expenses	Revenues Received
\$ 49,535,914	\$ 35,116,416	\$ 84,652,330	67,681,391

As a special-funded department, the DCCA requires that revenue-generating divisions secure revenues to cover their expenses and contribute equitably to overhead costs, while ensuring that they can address anticipated major improvements and expenditures and maintain adequate reserves. Maintaining an adequate reserve ensures fund solvency and continuation of mandatory public services. Since the onset of the CRF, the Department's primary fiscal goal has been to implement this strategy through conservative spending and adjusting its expenses to align with projected revenues. Accordingly, the Department's financial planning accounts for current FY year expenses, as well as future major projects and expenditures. The increase in total expenses over revenues collected during the fiscal year was primarily due to the King Kalakaua Building roof replacement project.

The following is the Director's Office's (includes the Administrative Services Office, CEP, HPEAP, ISCO, OAH, and Personnel) CRF financial summary for FY 2025:

Personnel Expenses	Operating Expenses	Total Expenses	Revenues Received
\$ 7,691,147	\$ 20,129,463	\$ 27,820,610	\$ 731,025

BUSINESS REGISTRATION DIVISION

OVERVIEW AND COMPOSITION

The Business Registration Division (BREG) has three primary functions: (1) to process and maintain business registration filings for corporations, general and limited partnerships, limited liability partnerships, limited liability limited partnerships, limited liability companies, cooperatives, trade names, trademarks, service marks, and publicity rights; (2) to provide general assistance with state business registration requirements; and (3) regulatory oversight over the securities industry and franchises in the State in the following areas: registration of broker-dealers, agents, investment advisers, investment adviser representatives, investment companies, and securities and franchise offerings for sale in the State; field examinations of broker-dealers and investment advisers in the State; review of securities and franchise offerings for sale in the State; and enforcement of the Hawaii Uniform Securities Act and the Hawaii Franchise Investment Law. BREG also conducts statewide outreach through its Investor Education Program, which provides free presentations and resources relating to securities fraud protection.

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The **Documents Registration Branch** consists of the Documents Information Section, Documents Processing Section, and Records Section. The branch maintains the State's business registry for corporations, limited liability companies, general partnerships, limited partnerships, limited liability limited partnerships, and limited liability partnerships conducting business activities in the State. In addition, the registry contains filings for trade names, trademarks, service marks, and publicity rights.

The **Business Action Center** provides general assistance with state business registrations. The center has offices on Oahu and Maui.

The **Securities Enforcement Branch** enforces state laws governing the securities industry under the Hawaii Uniform Securities Act and franchises under the Franchise Investment Law. The branch investigates and prosecutes cases involving state securities law and franchise law violations.

The **Securities Compliance Branch** is responsible for the registration of securities broker-dealers, agents, investment advisers, investment adviser representatives, investment companies, securities offerings, and the filing of franchise offering circulars in the State. The branch also conducts field examinations of broker-dealers and investment advisers in Hawaii.

The **Investor Education Program** falls under the Securities Compliance Branch and provides investor education and financial literacy outreach statewide. The program maintains outreach programs in the areas of: kupuna (seniors) and caregivers; working families and union members; keiki (youths); industry professionals; military; and Hawaiian and other ethnic communities. Additionally, the program serves as the State Coordinator of the Hawaii LifeSmarts Program, a free, national educational program for youth. The program's free educational materials, presentations, and exhibits help consumers and investors detect and prevent securities fraud and report state securities law violations.

GOALS AND OBJECTIVES

- **Documents Registration Branch:** Maintain an accurate and efficient state business registry.
 - Review and implement policies and procedures to efficiently process document filings and information requests in a timely manner.
 - Develop and improve its online services to better assist the public and to provide faster and more efficient service.
 - Enhance information systems to improve retrieval, processing, recording, and maintenance of public filing information while protecting the integrity of the data system.
- **Business Action Center:** Be a responsive and helpful resource for businesses in Hawaii.
 - Provide practical information and efficient customer service to the public.
 - Develop and maintain relationships with the business community and seek ways to reach communities in need of business registration assistance.

- **Securities Enforcement Branch:** Be an effective state securities regulatory agency that is responsive, appropriately aggressive, and efficient.
 - Investigate and prosecute state securities law violations under the Hawaii Uniform Securities Act and franchise law violations under the Hawaii Franchise Investment Law.
 - Investigate and prosecute consumer complaints timely.
 - Reduce case backlog.
 - Inform consumers of enforcement matters and investment scams through participation in the Investor Education Program.
 - Attend and develop training to keep staff current on emerging investigative techniques, legal analyses, and securities issues.
- **Securities Compliance Branch:** Be a state securities regulatory agency that is responsive, effective, and efficient.
 - Accurately and timely review and approve securities and franchise applications and/or filings.
 - Maintain a regular field examination cycle for registered broker-dealers and state registered investment advisers.
 - Develop and implement internal procedures to process applications efficiently.
 - Keep current with regulatory changes and updates by providing ongoing training for professional staff.
- **Investor Education Program:** Develop meaningful investor education programs, materials, and active outreach programs that respond to the public's needs and address the financial issues that investors face. Develop and expand:
 - Partnerships with federal, state, and county agencies, nonprofit organizations, and private companies to provide outreach to various audiences throughout Hawaii.
 - Outreach through fraud prevention presentations and investor education materials at various community events.
 - The use of multimedia technology and social media to reach audiences in a current and relevant manner.
 - An industry training program to help financial professionals report financial exploitation and securities fraud.
 - A securities training program for law enforcement agencies to build partnerships to help prosecute financial fraud.

ACCOMPLISHMENTS IN FY 2025

Hawaii LifeSmarts

A team of high school students from Iolani School came in 8th out of 35 teams at the 2025 National LifeSmarts Championship in Chicago, Illinois from April 24 – 27, 2025. Since 2013, Hawaii LifeSmarts has reached 2,144 students from public and private schools across the state. LifeSmarts is a free consumer education program designed to teach students in grades 6-12 about personal finance, health and safety, the environment, technology, and consumer rights and responsibilities.

The Hawaii LifeSmarts program is locally sponsored by the Department of Commerce and Consumer Affairs' Business Registration Division and Insurance Division, in partnership with the Hawaii Credit Union League, and is run by the National Consumers League. Visit <https://cca.hawaii.gov/lifesmarts/> or contact BREG's Investor Education Program at (808) 587-7400 for more information.

Protecting Hawaii Investors

BREG's Securities Enforcement Branch (SEB) investigates and prosecutes state securities and franchise investment law violations under the Hawaii Uniform Securities Act and Hawaii Franchise Investment Law. The SEB takes necessary action and continuously works to protect Hawaii investors against fraud and deceptive business practices. In FY 2025, the SEB closed 57 cases and participated in 12 multi-state actions.

Education and Outreach

The Investor Education Program (IEP) continues to return to in-person outreach events and presentations. Some of the in-person activities the IEP participated in are highlighted, below:

- **Kupuna Alert Partners (KAP) – Presentations**

KAP is a multi-agency partnership that offers presentations and information to the community statewide on Medicare Fraud, Prescription Drug Misuse, Securities Fraud, and the Top 5 Scams in Hawaii. KAP partners include the State Departments of the Attorney General, Health, Commerce and Consumer Affairs, and Law Enforcement. Presentations are offered statewide, year-round.

- **“Celebrating Safe Communities” Event**

This annual event is a partnership between the IEP, U.S. Attorney's Office, Department of the Attorney General, Honolulu Police Department, and other community organizations to provide outreach on fraud awareness and protection to the community in Leeward Oahu.

- **Outreach**

The IEP continues to work to provide outreach to the public on investor education, financial literacy, detecting and reporting fraud, and more. The IEP constantly strives to reach new audiences through community events and presentations and working with various organizations across the state. This year, the IEP has participated in event and/or presentation activities for the following target groups seniors/Kupuna, students/keiki, families, military, working adults, and industry professionals.

CRF FINANCIAL SUMMARY FOR FY 2025

Personnel Expenses	Operating Expenses	Total Expenses	Revenues Received
\$ 6,269,963	\$ 3,074,019	\$ 9,343,982	\$ 17,539,580

BREG is specially funded through its statutorily established filing, application, registration, renewal, and copy fees, as well as fines, penalties and other actions taken by its Securities Enforcement Branch. While BREG's revenue does fluctuate due to various economic factors, the division anticipates it will continue receiving sufficient funds to cover its budgeted expenditures.

CABLE TELEVISION DIVISION

OVERVIEW AND COMPOSITION

The Cable Television Division (CATV) supports the DCCA director in the issuance of cable franchises, and regulation of cable operators. The CATV's primary regulatory function is to determine whether the issuance, renewal, or transfer of a cable franchise is in the public interest. In so doing, the CATV takes under consideration the: (1) public need for the proposed service; (2) legal, technical, financial, and operational ability of the applicant or franchisee to provide safe, adequate, and reliable service at a reasonable cost to subscribers; (3) comments arising from public hearing and the advice of the Cable Advisory Committee (CAC) appointed by the Governor pursuant to HRS chapter 440G; and (4) other matters deemed appropriate under the circumstances.

After the issuance, renewal, or transfer of a franchise, the CATV's role in protecting the public interest continues through the duration of the franchise. The CATV monitors and enforces the franchisee's obligations under the franchise order and ensures compliance with state rules and regulations relating to cable operators' practices and procedures. This includes monitoring the franchisee to ensure its cable operating system and service provided is reliable and responsive to the public, signified in part by the franchisee's provision of diverse informational sources and services and enhanced communication capabilities for served communities through public television; public, educational, or governmental (PEG) access; and the interconnection of public facilities.

As part of its cable television regulatory responsibilities, the CATV seeks to ensure that all public inquiries, concerns, and complaints regarding franchised cable operators and the cable television service provided are appropriately resolved. In furtherance of this goal, the CATV will respond to the consumer directly; refer the matter to the concerned cable operator; or inform the consumer of the appropriate complaint filing procedures. The CATV also monitors the resolution of cable operators of customer service concerns and assesses customer satisfaction through review of cable operator submitted surveys and reports. The CATV also continues to encourage cable operators to develop new, improved, and more effective services and facilities to enhance customer-based services to the people of Hawaii.

The State's Institutional Network (INET), provided for under the cable television franchise agreements, supplies broadband communications for state and county government and state public schools and institutions of higher learning. The INET provides fiber connections for facilities related to emergency management, disaster response, fire safety, public safety, education, waste management, and more. To the extent permitted by federal law, the DCCA/CATV negotiates with the cable operators for the valuable INET benefits (network capacity and service connections) and for other data communications networks as part of the issuance of a franchise. The DCCA/CATV is generally responsible for the administration of submitted INET requests while other INET

Cable Television Division (CATV)

Partners⁴ manage and operate the State's communications networks, of which the INET is a significant component.

The CATV also requires that cable operators support PEG access facilities and services for the franchised areas in which they operate. Support may be provided in various ways, including setting aside several channels for PEG access and providing a percentage of gross revenues for PEG services. The DCCA/CATV contracts operation of these access channels to nonprofit entities (PEG access organizations) located in each of Hawaii's four counties. The designation of access organizations for PEG services is ongoing and is based on a comprehensive review of community needs, suitability of the applicant, and the applicant's ability to competently manage its assets and operations.

The CATV is cognizant of the increasing importance of ancillary services provided through cable television service to the people of Hawaii, including informational and educational programming, high speed internet access, and other data services. As the infrastructure to support cable television services extends to more areas across the State, more residents can gain access to broadband and the many opportunities and advantages it offers in areas such as health care, education, job resources, consumer welfare, entrepreneurship, and civic engagement. The CATV therefore continually monitors franchise service areas to identify locations that may qualify for the extension of cable service under the franchise agreements.

In 2010, the Legislature passed Act 199, SLH 2010, charging the DCCA/CATV with broadband-related duties that include supporting public and private efforts to facilitate deployment of and access to competitively priced broadband and internet access services; and facilitating broadband application development to bolster usage and demand for broadband. In June 2025, House Bill 934 was signed into law as Act 201 (2025) creating the state's Broadband Office. Taking effect on July 1, 2025, Act 201 repeals HRS Section 440G-11.5, and transfers the duties of the director relating to broadband services from DCCA/CATV to the Broadband Office. The Act also removes CATV's duties under Act 151 (2011) relating to providing notice of actions relating to the installation, improvement, construction, or development of broadband infrastructure and transfers the Broadband Office.

Contact information:

Office address:	335 Merchant Street Room 101 Honolulu, Hawaii 96813
Mailing address:	P.O. Box 541 Honolulu, Hawaii 96809
Phone:	(808) 586-2620

⁴ The INET Partners are the following state agencies: (1) the Department of Accounting and General Services, through Enterprise Technology Services; (2) the University of Hawaii; (3) the Department of Education; and (4) the DCCA/CATV.

Website: cca.hawaii.gov/catv

Email: cabletv@dcca.hawaii.gov

GOALS AND OBJECTIVES

- Ensure consistent cable television regulatory policies and practices.
 - Conduct regular franchise fee and PEG reviews.
 - Designate access organizations to provide PEG access services.
 - Ensure timely response to and resolution of customer service complaints and inquiries.
 - Convene CAC meetings upon the DCCA director's request to advise on matters under HRS chapter 440G.
- Monitor and participate in federal telecommunications legislation and rulemaking.
 - Monitor federal actions for issues that may impact Hawaii cable television subscribers and provide support as requested by federal agencies and Hawaii's congressional delegation.
 - Participate in relevant Federal Communications Commission (FCC) proceedings on universal service support, broadband, and other cable-and certain telecommunications-related matters.
- Use the DCCA's franchise authority to provide benefits for the State and counties and the franchise areas to the extent permitted by federal law.
 - Require cable franchisees, to the extent permitted by federal law and regulation, to invest in infrastructure to provide capacity and connections for public, educational, and government facilities to expand and strengthen the INET.
 - Ensure efficient management of INET and use negotiated INET benefits for the optimal benefit of state and county government and educational facilities.
 - Facilitate communication between the State's INET users and cable providers on new INET construction projects relating to emergency response, public safety, administration, education, and other public services.

ACCOMPLISHMENTS IN FY 2025

Approval of New Cable Television Franchises

In July 2024, DCCA/CATV issued Decisions & Orders approving Hawaiian Telcom Services Company, Inc.'s (HTSC) applications for new cable franchises to provide video service to subscribers and expand its fiber network in the Island of Kauai, County of Hawaii and County of Maui. Approval of these franchises will provide the residents and communities in these areas with increased fiber network access and another option in cable service providers.

Renewal of Kauai Cable Television Franchise

In November 2024, DCCA/CATV approved Spectrum Oceanic, LLC's (Spectrum) application for renewal of its cable franchise for the Island of Kauai. Spectrum has committed to continue to offer reliable cable television services and INET support on Kauai for another 15 years.

Update of IROC System

The INET Request Online Coordination (IROC) system managed by DCCA allows government entities to submit requests for INET connections. As the original IROC system was scheduled to be taken offline due to the obsolescence of the platform, in FY 2025, CATV started a project to modernize IROC with a third-party software developer vendor. The updated system is set to go-live in August 2025.

FCC Rulemaking and Appeals

The CATV monitors developments in Congress and at the FCC relating to cable television, telecommunications, and broadband. In FY 2025, the CATV continued to monitor FCC proceedings and appeals that directly impact cable television subscribers in Hawaii, in particular:

Cable Franchise Fees (MB Docket No. 05-311; U.S. Court of Appeals Case Nos. 19-4161/19-4162/19-4163/19-4165)

On August 2, 2019, the FCC issued an order, effective September 26, 2019, changing how local franchising authorities (LFAs) may regulate incumbent cable operators. Among other matters, the FCC ordered that cable-related "in-kind" contributions required by franchising agreements, including costs associated with the construction, maintenance, and services of INETs, are franchise fees subject to the 5% cap and are to be valued at fair market value (FMV). As this determination would significantly impact the distribution of franchise fees for the State, the DCCA/CATV, along with numerous LFAs, government agencies, and PEG organizations across the country, appealed the FCC order.

On May 26, 2021, the Sixth Circuit court issued its ruling affirming in part and reversing in part the FCC order. The court affirmed the FCC's definition of franchise fees to include in-kind contributions such as INETs (i.e., the construction, maintenance, and service of INETs), but reversed the FCC's FMV determination regarding the cost of in-kind contributions including INETs. The Sixth Circuit court ruled that "noncash cable-related exactions should be assigned a value equal to the cable operator's marginal cost in providing them." A petition for certiorari was filed with the United States Supreme Court, which was denied on February 22, 2022.

CATV will continue to represent the State's interest in applicable future proceedings and monitor developments regarding this matter. In addition, throughout this process, the CATV has and will continue to send notices and updates to the INET Partners and the counties to prepare them for potential changes in cost and application of INET connections that have historically been negotiated with the cable operators to be provided at no cost or "at-cost" (i.e., discounted).

Impacts of the FCC's ruling as amended by the Sixth Circuit Court will be a continuing challenge to the CATV in FY 2026. Additional petitions to the FCC for reversal or clarification of the ruling, as amended, continue to be evaluated.

Early Termination Fees (ETFs) and Billing Cycle Fees (BCFs) (MB Docket No. 23-405)

On December 14, 2023, the FCC issued a draft Notice for Proposed Rulemaking (NPRM) seeking to prohibit ETFs and BCFs by cable and direct satellite service operators that make it difficult for consumers to exercise choice in their selection of service providers. After reviewing the NPRM, CATV filed its comments with the FCC on February 5, 2024, supporting the prohibition of ETFs and BCFs. The CATV continues to monitor this proceeding and awaits the FCC decision.

Broadband Projects/Activities

In FY 2025, the DCCA/CATV conducted broadband-related activities that included:

- Continuing the DCCA/CATV Hi-WiFi program until the winding down of the pilot WiFi project on Hawaii Island, undertaken in partnership with the County of Hawaii to provide community access to broadband-level WiFi internet services at seven county facilities in unserved and underserved areas around the island (Hi-WiFi Pilot Project). DCCA/CATV's contract with the County of Hawaii ended in October 2024.
- After the successful completion of the partnership with the County of Hawaii, CATV is collaborating with the County of Kauai to expand the Hi-WiFi project for the Island of Kauai. A total of eight locations accessible by the public are being considered for use as Wi-Fi hotspots utilizing satellite-based technology.
- Maintaining broadband-related information on its website such as internet speed data provided by Ookla, a proprietor of Speedtest.net, links to federal and local broadband agencies, digital literacy resources, and other consumer broadband information.

CRF FINANCIAL SUMMARY FOR FY 2025

Personnel Expenses	Operating Expenses	Total Expenses	Revenues Received
\$885,562	\$1,418,523	\$2,304,085	\$6,326,123

The CATV is special funded almost exclusively by annual fees collected from each of the State's two cable operators. These annual fees are paid to the CATV during the beginning of the third quarter of each fiscal year, and amounts are calculated based on each cable operator's gross revenues for the prior calendar year. Revenue for the CATV is thus dependent on the market for cable television services in the State, which varies from year-to-year and which is projected to decline as the market for streaming services over the internet continues to grow. Due to these factors, the CATV has set a target reserve of approximately 24 months of operating expenses to ensure continuity of the division's operations in a declining market for cable television service.

DIVISION OF CONSUMER ADVOCACY

OVERVIEW AND COMPOSITION

The Division of Consumer Advocacy (DCA) represents, protects, and advances the interests of consumers of utility and transportation services before regulatory agencies, primarily the Hawaii Public Utilities Commission (Commission). The DCA reviews requests for rate and tariff changes, capital improvement projects, integrated resource plans, certificates for authority to operate, and many other types of applications filed by regulated public utility and transportation companies in Commission proceedings. The DCA also participates in proceedings opened by other regulatory agencies to investigate or review various regulatory issues. In representing consumers, the DCA must perform complex legal, engineering, financial, and socioeconomic analysis that is informed by existing laws and administrative rules, past Commission decisions, current industry standards, information provided by the utility and transportation companies to support their applications, and information and data from a range of relevant resources to develop its recommendations. The DCA files either written statements of position or testimonies explaining its analyses, findings, and recommendations with the Commission. When necessary, DCA analysts and/or consultants provide written and oral testimony, subject to cross-examination, in contested case evidentiary hearings to resolve differences among the parties.

Contact information:

Office address:	335 Merchant Street Room 326 Honolulu, Hawaii 96813
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Phone:	(808) 586-2800
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Email:	dca@dcca.hawaii.gov

The **Engineering Branch** analyzes and makes recommendations on technical matters such as production capacity and efficiency, depreciation allowances, maintenance cost factors, engineering safety standards, plans for capital improvements, purchased power agreements, and quality of service standards.

The **Research Branch** analyzes and advises on matters imposed on regulated public utility and transportation industries, provides services and advice relating to the current operations of and evolving changes to regulated public utilities and transportation industries, conducts special studies on the changes in various regulatory areas, including energy and telecommunications, and

assists and participates with other branches in developing data and conducting analyses on matters under examination.

The **Legal Branch** provides the DCA's legal representation before regulatory agencies, performs analysis of proposed legislation, administrative rule changes, and provides analysis of complex legal regulatory matters to help inform the DCA's recommendations to the Commission. The branch also has administrative professionals that help ensure the efficient and effective day-to-day operations of the office by providing general clerical support by updating and maintaining the DCA's docket, general office, and electronic database files, formatting draft documents prepared by staff for filing with regulatory agencies and utility companies, and maintaining DCA's library.

In addition to these three branches, the DCA has staff that includes program specialists and an education specialist. Program specialists are responsible for analyzing highly complex regulatory matters. The education specialist interfaces with the general public to help provide information and education to utility customers on utility programs to help customers lower their bills and to help customers understand the impact that certain regulatory matters and decisions may have on them.

GOALS AND OBJECTIVES

Consumer Advocacy

The DCA's primary goal is advocacy to help ensure that Hawaii's regulated utilities and transportation service companies provide their customers with safe and reliable regulated utility services, delivered equitably at reasonable and just rates, and where applicable, also ensuring that utilities are sufficiently progressing toward the State's clean energy mandates and environmental goals. Accomplishing all these goals involves balancing various competing interests.

The DCA is primarily involved in proceedings before the Commission. The DCA's participation in Commission proceedings typically involves some or all of the following:

- Review of applications to ensure compliance with regulations;
- Participation in Commission held public hearings;
- Completing of information discovery with the utilities and other intervenors;
- Analyzing applications and supporting documents to determine the accuracy and reasonableness of the requests;
- Providing recommendations to the Commission on the merits of the application through statements of position and written and/or oral testimonies, which are subject to cross-examination in proceedings where evidentiary hearings are necessary; and
- Completing related legal actions, such as filings of legal briefs, motions, and appeals, as necessary.

The DCA tracks various categories of information to measure the DCA's performance in advocating for consumer interests. The DCA monitors consumer savings resulting from its participation in Commission proceedings, the percentage of Commission decisions that adopt settlements reached by parties to a proceeding, the number of service quality investigations the

DCA participates in, and the number of filings before the Commission that are reviewed by the DCA. Chart 1 describes the total number of dockets the DCA reviewed, the proportion of dockets reviewed by area, and the total consumer savings due to DCA participation.

Policy Advancement

Chart 1: Dockets Reviewed by Area and Overall Consumer Savings, FY 2025

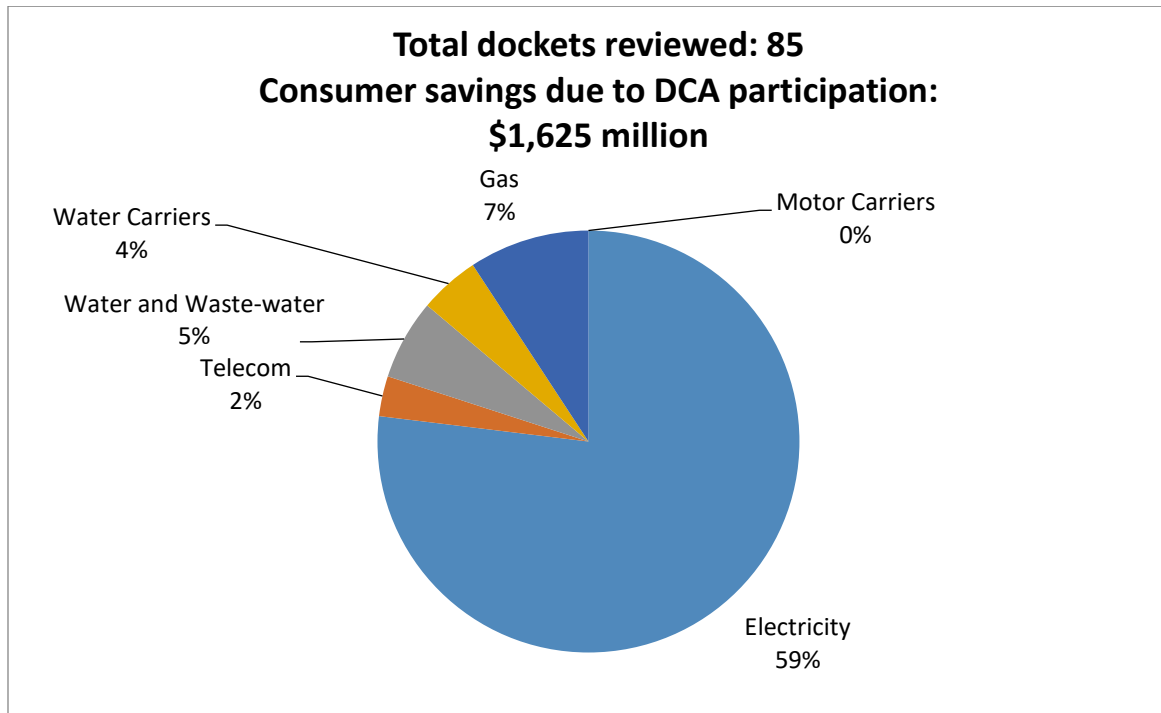
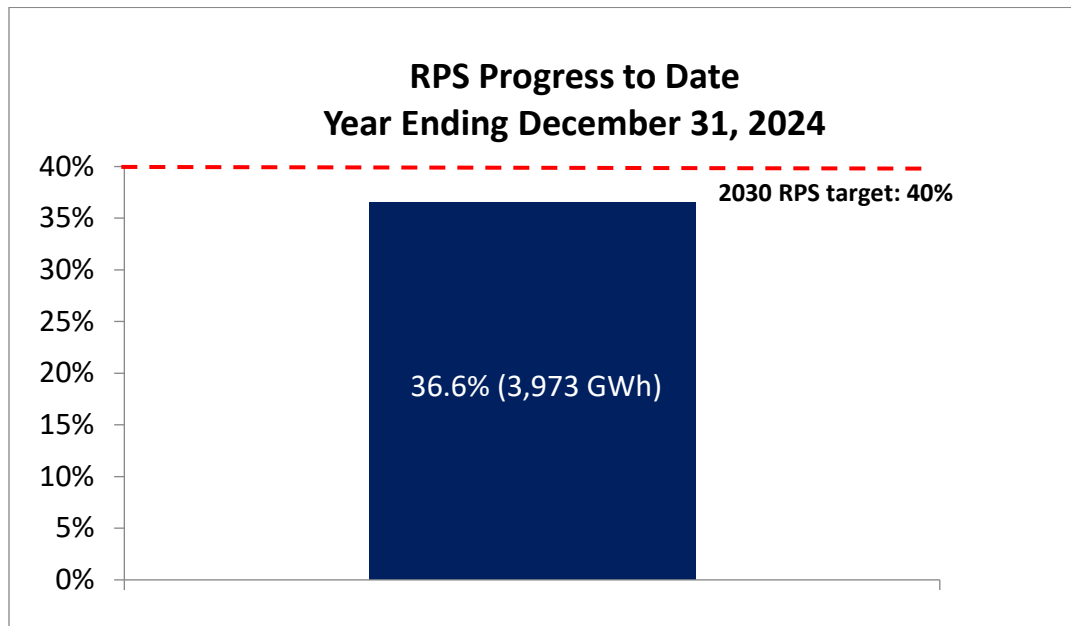


Chart 2 reflects Hawaii's progress on its Renewable Portfolio Standard (RPS) goals. As of December 31, 2024, Hawaii's percentage of renewable generation is 36.6% of its net electricity generation, pursuant to Act 240 (H.B. 2089). Hawaii appears to be on track to meet its 2030 RPS goal of 40%.

Chart 2: Hawaii's RPS Goals

It should also be noted that there is also ongoing work to evaluate the State's energy efficiency potential as well as its Energy Efficiency Portfolio Standard (EEPS) goals.

Measuring the performance of the DCA's efforts to promote policy objectives is inexact. While the DCA generally tracks the percentage of its positions with which the Commission ultimately agrees, this measure does not capture the efforts throughout proceedings to educate and work with other parties to reach agreement on issues.

Commission Proceedings

In the Commission's general, investigative, or policy proceedings, the DCA follows a similar approach to its review and analysis of applications. A typical investigative proceeding may involve the following steps:

- After the DCA and other parties to the proceeding state their initial positions on the issues, discovery and analyses are done to determine the reasonableness of the other parties' positions;
- Technical meetings between the parties are often held to discuss and educate each other on the issues and positions taken and to determine where possible agreement may be reached;
- The DCA provides the Commission with a recommendation that DCA believes is in the best interest of consumers;
- The DCA participates in evidentiary or panel hearings conducted by the Commission; and
- The DCA presents its evidence by way of expert testimony on specific technical issues.

Legislative and Policy Matters

At the state level, the DCA is actively involved with the State Legislature and provides testimonies that detail consumer benefits or risks of specific proposals and bills being considered by various legislative committees and whether and to what extent amendments to proposed legislation should be considered. In 2025, the DCA monitored and/or testified on numerous bills and resolutions and submitted a significant amount of written testimony.

At the federal level, the DCA also monitors congressional activity in the energy and telecommunications areas. The DCA maintains contact with Hawaii's congressional delegation, particularly those members sitting on committees that deal with energy and telecommunications and provides input where appropriate and when called upon. The DCA is also actively involved in the National Association of State Utility Consumer Advocates, which participates in proceedings before the Federal Communications Commission (FCC), Federal Energy Regulatory Commission, Congress, and the federal courts to advance consumer interests on national issues, many of which affect Hawaii consumers.

Community Outreach and Engagement

The DCA's goal is to encourage the public to be wiser consumers of public utility services by, among other things, emphasizing the possible effects that their consumption habits may have on utility rates and the environment. It is through the community outreach and engagement process that the DCA aims to gather consumer input on utility issues and to encourage consumers to be more involved in utility proceedings. The DCA attends public meetings and hearings to learn of consumer complaints, issues, and concerns and provides informational resources to help reduce their utility bill.

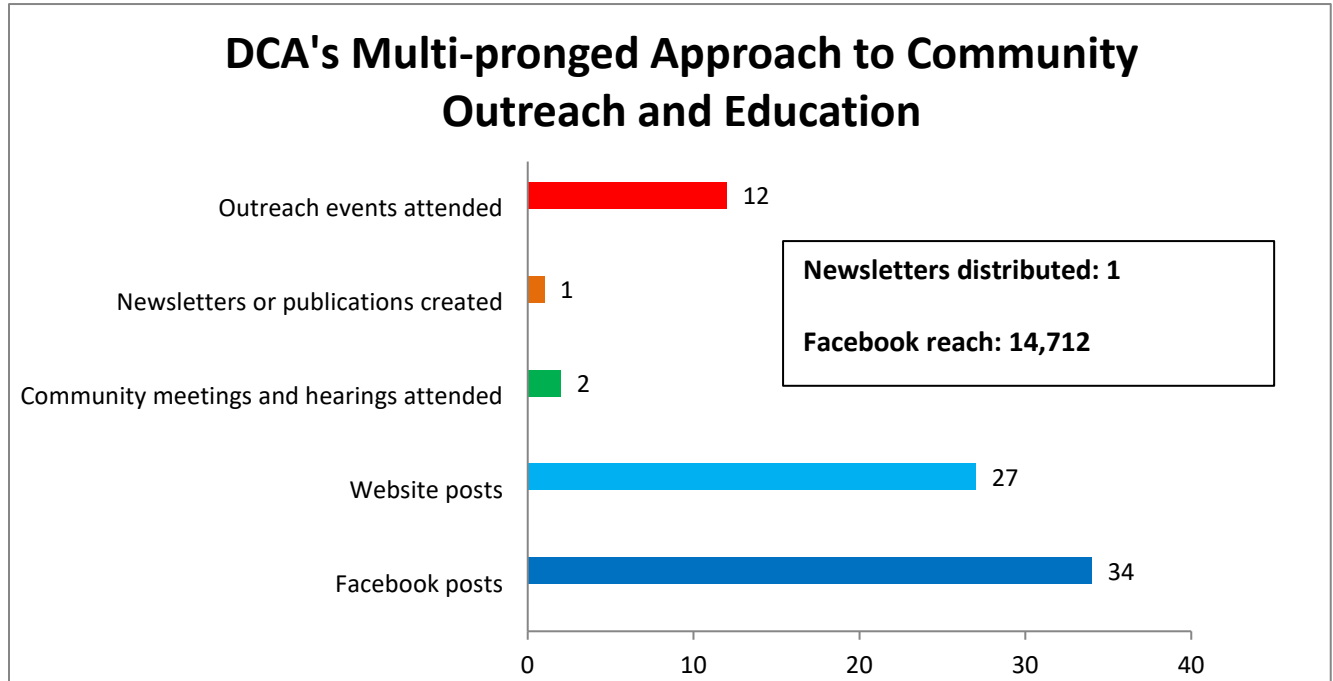
The DCA can accomplish its goal of positively affecting the habits of consumers statewide through its website and public outreach activities. The DCA established the following action plan to accomplish its goals and objectives:

- Update and improve its website with consumer-friendly and useful content;
- Use social media, such as Facebook, to reach a greater number of consumers;
- Attend public hearings and meetings to listen to consumer complaints and concerns;
- Establish information booths and provide presentations at community events, such as home shows and public fairs throughout the State and build positive relationships with both business and individual community members;
- Improve communications with consumers and the public through expanded distribution and publication of its newsletter;
- Hold informational seminars or use public service announcements to highlight different utility issues and topics; and
- The DCA also seeks virtual events to attend to reach an increased number of consumers.

To measure its performance and progress on community outreach and engagement activities, the DCA tracks the number of people reached through community outreach and engagement events, newsletters and other publications distributed, and consumers assisted with complaints and other

issues. Chart 3 illustrates various ways the DCA engaged in community outreach and education in FY 2025.

Chart 3: DCA's Multi-pronged Approach to Community Outreach and Education



ACCOMPLISHMENTS IN FY 2025

Advocacy Before the Legislature

DCA provided significant amounts of testimony this past legislative session on many issues. The primary area of focus during the 2025 session continued to be legislation related to the tragic wildfires of August 8, 2023, that devastated Lahaina and other parts of Maui and Hawaii islands. Consistent with the prior session, the DCA advocated for amendments to legislation to provide necessary protections for consumers. Various bills were re-introduced seeking different forms of financial and liability protections for utilities that were deemed to contribute to the risk of wildfires within Hawaii. Some of the bills required that those utilities establish wildfire safety mitigation plans, and in some instances, included provisions that would have shielded the utilities from liability if, for example, the utility submitted a wildfire safety plan that was approved by the Commission and the utility complied with the plan. Additionally, similar to last session, legislation was proposed to establish ratepayer backed securitization as a mechanism to recover utility costs directly related to the wildfires and/or the costs of developing and implementing wildfire safety plans and/or the costs of establishing and contributing to a fund to cover potential future costs from property damage caused by wildfires regardless of whether the utility had liability related to the fire. DCA's general position and testimony was focused on ensuring that utilities remained

accountable for actions related to their operations, the utilities quickly obtaining access to the most cost-effective forms of financing to cover costs of investing in infrastructure to reduce the risk of future wildfires and protecting ratepayers from bearing costs that should be borne by the utilities' shareholders. DCA also sought to expand the focus of legislative efforts to include resilience to additional hazards such as flooding and high winds. With DCA's input, SB 897, SD 3, HD 2, CD 1 was passed by the Legislature and was ultimately enacted as Act 258, SLH 2025 ("Act 258"). As regulatory proceedings related to Act 258 (i.e., aggregate liability limit for economic damages from a covered catastrophic wildfire, securitization of certain electric utility costs, and establishment/implementation of a wildfire mitigation fund) are initiated, the DCA intends to be fully engaged and continue to advocate for the interest of the public. During this upcoming legislative session, DCA will continue to focus its efforts to encourage an emphasis on holistic resiliency planning across all the State's regulated utility and transportation sectors with the goal of increasing the State's resilience to hazardous events and mitigating the potential for adverse impacts on the public from natural disasters.

DCA also communicated with multiple utilities on various pieces of legislation including the Hawaiian Electric Companies, Young Brothers, Hawaii Gas, and State agencies such as the Public Utilities Commission and Hawaii State Energy Office to ensure lines of communications were open to seek areas for collaboration or be transparent with different perspectives.

Some key pieces of legislation in which DCA provided commentary included, but are not limited to, HB1015 (Energy Efficiency Standards), HB1052 (Universal Services Fund), SB589 (Distributed Energy Resources, Microgrids, Wheeling), SB897 (Wildfire, Securitization), SB1220 (Renewable Gas Tariff), SB1500 (Appoint a receiver for Investor-Owned Utilities), SB1501 (Step-In Agreement).

Advocacy Before the Public Utilities Commission

The DCA's primary activities consist of its advocacy on behalf of consumers of regulated utility and transportation services before the Commission. DCA was able to assist in the expedient review of matters critical to consumers before the Commission regarding issues pertaining to regulated public utility and transportation service providers across various sectors as described in greater detail below.

Proceedings Involving the Electric Utilities

(1) Safety – Disaster Resilience / Wildfire Recovery

The DCA views the safe operations of an electric utility, or any utility, as a critical area of consumer advocacy and public interest.

DCA staff participated in the Hawaiian Electric Companies' Wildfire Safety Working Group, attended public hearings, and met with a community advocacy group to

understand their concerns and help inform the DCA's advocacy on behalf of all customers. The DCA provided its recommendations on Hawaii Electric's Wildfire Safety Strategy to the Commission that the Wildfire Safety Strategy be accepted, but not approved, considering the progress that the Hawaiian Electric Companies have made thus far, but also noting critical areas that needed to be addressed such as wildfire risk modeling.

The DCA is currently reviewing the Hawaiian Electric Companies application to expend more than \$350 million in funds to implement its Wildfire Safety Strategy as to, among other things, the reasonableness of the plan's costs and its prioritization of specific mitigations.

The DCA is also currently reviewing Kauai Island Utility Cooperative's (KIUC) Wildfire Safety Plan and will be providing its recommendations to the Commission regarding the sufficiency of the plan.

(2) **Reliability and Resilience**

DCA continues to advocate that electric utilities sufficiently prioritize reliability while also prioritizing safety. Certain safety-related changes that electric utilities have enacted to increase safety also decrease reliability (e.g., plans to shutoff power during certain types of weather conditions and blocking of reclosers from automatically reenergizing a line or circuit after a fault). While such actions have been deemed necessary to prioritize safety, they can also result in increasing the number and frequency of outages. It is therefore important that cost-effective solutions are sought to prioritize both safety and reliability by considering operational and technological solutions to decrease the number and frequency of service outages. To that end, the DCA reviewed the Hawaiian Electric Companies' proposed pilot to evaluate the effectiveness of certain types of new technologies and protection schemes that the Hawaiian Electric Companies are proposing to help mitigate their overall impact.

Additionally, the DCA retained outside expertise that reviewed the Hawaiian Electric Company's Wildfire Safety Strategy and provided its comments and recommendations on improvements to the Wildfire Safety Strategy to help support increased reliability with safety. The DCA also continues to advocate that electric utilities Wildfire Safety Strategy and Plans should be the first step in enhancing the overall resilience of the State's public utilities to a range of hazards to which we are vulnerable in addition to wildfire that include hazards such as high winds and flooding.

(3) **Cost-Effectiveness, Affordability, and Equity**

The DCA's review of nearly all applications before the Commission involve consideration of aspects of cost-effectiveness, affordability, and equity in some form. DCA has been advocating over the years for the need to consider equity and affordability in energy dockets so that the clean energy transition appropriately considers and incorporates the needs of vulnerable customers.

- a. Legislative Support - The legislature previously passed SR 43 and SCR 48 that called for the Commission to consider the energy burden in Hawaii and to investigate considerations of energy equity and justice. The Commission subsequently opened the Energy Equity and Justice Docket (Docket No. 2022-0250). DCA has been an active participant in that proceeding providing comments and recommendation in both the working group meetings and through various filings. DCA also provided input as the Commission developed its request for proposals to seek a community engagement consultant. The consultant will work with communities to identify their needs and ensure they are incorporated into the decision-making process related to the siting of utility-scale energy projects within the Hawaiian Electric Companies' service territory. In addition, SCR 242 requested the creation of a working group to evaluate a state program to supplement the Federal Low-Income Home Energy Assistance Program (LIHEAP) currently referred to as the Hawaii Home Energy Assistance Program (H-HEAP). The DCA has advocated for a state-level program multiple times in the past. Legislation that would have enabled the establishment of a supplemental State-sponsored program gained increasing traction within the state legislature this past session. The DCA is hopeful that it and other stakeholders' efforts will result in legislation enabling a Hawaii state-level Home Energy Assistance Program during this legislative session.
- b. Protecting Vulnerable Customers - DCA has also helped several customers over the years maintain their utility services by acting as a liaison between customers in crisis, utilities, and organizations providing utility bill assistance to help customers find resolutions to restore their services. The DCA also generated a comprehensive resource of contact information for customers that provides information on organizations helping provide bill assistance and programs designed to decrease the upfront costs of investing in energy efficient and clean energy technologies to help customers permanently reduce their bill. The DCA is also advocating for changes to the disconnection process to eliminate or reduce disconnection/reconnection fees with the electric utilities to decrease the burden on financially distressed customers.

The DCA is advocating to encourage utilities to adopt a “trusted partner” approach to helping customers maintain their utility services. The Commission has opened a proceeding to investigate and consider whether changes are needed to electric utilities’ disconnection practices. The proceeding is in its early stages and the Consumer Advocate has provided several recommendations to help support and enable success within that process that include: identifying the most vulnerable customers, investigating how electric utilities can increase customer trust through effective and transparent messaging and increased customer knowledge of resources for helping keep customers interconnected, investigating the impact of different disconnection reform practices, identifying and maintaining key monitoring metrics to help maintain regulatory oversight, and piloting or implementing the most potentially impactful solutions that also do not burden other customers.

- c. Cost-Effectiveness – Rate cases are one type of proceeding where the reasonableness of a utility’s expenditures and the areas in which utilities are prioritizing their expenditures can be scrutinized. For the Hawaiian Electric Companies, the Commission approved a Performance Based Regulation Framework (PBR Framework) that intends only periodic review of the sufficiency of a portion of the utility’s revenues. PBR enables revenues to change periodically through a straight-forward, formula based, adjustment to its Commission approved “target revenue” amount and increases or decreases to revenues based on whether the Hawaiian Electric Companies achieve certain targeted performance metrics. The PBR Framework was established in Docket No. 2018-0088, and the Consumer Advocate is participating in the first five-year review of the PBR Framework. The Consumer Advocate has advocated that, if the Hawaiian Electric Companies are allowed to propose any adjustment to their target revenues, such adjustment must be scrutinized together with an evaluation of whether and to what extent the Hawaiian Electric Companies are sufficiently prioritizing key customer service considerations such as safety, reliability, cost-effectiveness and affordability, equity, and progress on our State’s energy goals. KIUC filed its most recent rate case in Docket No. 2022-0208 in which the Consumer Advocate was successful in advocating for a decrease in KIUC’s requested increase to its revenue increase request.

The Consumer Advocate also reviewed requests from Hawaiian Electric for regulatory approval of debt and equity financing and recommended that the Commission require Hawaiian Electric to pursue the most cost-effective financing,

which is likely securitized financing, which was authorized by the passage of Act 258 this past legislative session.

(4) **Progress Toward the State's Clean Energy Goals**

a. **Integrated Resource Planning and Fossil Fuel Retirement Plan**

Throughout most jurisdictions, energy utility companies are required to conduct long-term planning processes to efficiently plan for how to meet customer needs with an optimal mix of resources, such as central station generation, distributed generation, and demand-side resources. The need for energy planning is heightened in Hawaii because Hawaii's RPS and EEPS objectives require careful planning to ensure that Hawaii's energy rates do not unreasonably escalate, and the safety and reliability of electric services are appropriately prioritized and not adversely impacted. Although such planning was historically done through Integrated Resources Planning proceedings, and more recently as Power Supply Improvement Plans proceedings, the Hawaiian Electric Companies have continued hosting a series of Integrated Grid Planning meetings and workshops as part of Docket No. 2018-0165 that the DCA participates in. The Hawaiian Electric Companies' Fossil Fuel Retirement Plan is also filed in this docket and reviewed by the Consumer Advocate.

b. **Utility Scale Renewable Energy Procurement**

In Docket No. 2017-0352, the Commission provided a forum through which the Hawaiian Electric Companies could issue requests for proposals to acquire new renewable energy projects. The DCA continues to be an active party in this proceeding and the resulting applications seeking approval of new and revised purchased power agreements (PPAs) with independent power producers (IPPs). The DCA also reviews utility requests to commit funds toward energy projects.

As part of advocating for increasing the cost-effective deployment of renewable generation on the electrical system, the Consumer Advocate reviews the terms and conditions of new and revised PPAs and the business cases for utility owned renewable generation projects to evaluate the net benefits to customers. The Consumer Advocate participated in or is in the process of reviewing several new or revised PPAs for utility-scale energy projects including:

Renewable Generation and Storage PPAs

- Oahu: Puuloa Solar (Docket No. 2025-0218)
- Maui: Ukiu Energy (Docket No. 2025-0356)
- Maui: Kuihelani Solar (Docket No. 2025-0170)

- Hawaii Island: Keamuku Solar (Docket No. 2025-0171)
- Kauai Island Utility Cooperative: Kaawanui Solar (Docket No. 2025-0198)
- Kauai Island Utility Cooperative: Mana Solar + Storage (Docket No. 2025-0191)

c. **Deployment of Customer-Sited Distributed Energy Resources (DERs)**

DERs provide an important additional means of deploying renewable energy and grid services and helping achieve the State's clean energy and climate goals. The deployment of DERs together with work to design and deploy programs and mechanisms for compensating DER customers for the delivery of grid services and the design of advanced rates to meet different policy objectives have been considered in Docket 2019-0323, which the Commission has recently closed. The DCA has been actively participating within that Docket to advocate that the compensation mechanisms for DER customers reflect the value of the services delivered at the time they are provided, and rates are designed to reflect the costs to provide service to various types of customers. Such consideration is important to help ensure that DER customers receive fair compensation for the services that they provide and other customers who cannot afford such systems do not unfairly subsidize the DER system customers by overpaying.

The DCA continues to participate in and review proposals from the Hawaiian Electric Companies and stakeholders pertaining to programs to increase the deployment of customer sited DERs. The DCA is working to support a program to enable customers enrolled in Hawaiian Electric's Net Energy Metering to expand the size of their system to help provide grid services, while also ensuring that compensation provided is reasonable. The DCA's advocacy within this area focuses on equity for all customers so that compensation to customers participating in DER programs accurately reflects the value of the services delivered to the grid at the time of delivery, and non-participating customers, or customers that are unable to participate in customer-sited DER, are not subsidizing the compensation received by customers that have the financial means to afford DER systems. As part of that evaluation, the DCA also considers the benefits that DER technologies deliver to grid reliability, resilience, and the State's clean energy goals. These issues are being considered as the Hawaiian Electric Companies and stakeholders work collaboratively to design and implement new DER customer programs managed by the Hawaiian Electric Companies, new types of contracts with third parties that manage the delivery of grid services, and new advanced rate designs.

d. **Electrification of Transportation**

Increasing the electrification of the transportation sector and building new clean renewable energy generation to serve the corresponding load are critical aspects of achieving the State's clean energy goals. The DCA reviews all applications from the Hawaiian Electric Companies related to electrifying transportation which generally consist of reviewing rate design proposals for different types of electric vehicle (EV) customers (residential and commercial) and different sub-classes of those customers (e.g. residential – single family, residential – multi-unit dwelling, commercial - EBus) as well as rates for fast-charging stations that are privately owned or owned by the Hawaiian Electric Companies and the Hawaiian Electric Companies' make-ready infrastructure programs. Other reviews include the Hawaiian Electric Companies' Electrification of Transportation Roadmap and Charging Backbone Study. The Consumer Advocate typically reviews the applications to ensure that the rate designs are equitable and not subsidized by other customers as well as being aligned with public policy goals. Some recent dockets in which work was performed is on-going include Docket Nos: 2023-0457, 2018-0135, Transmittal No. 25-03, and 2018-0422.

e. **Customer Funded Programs Increasing Clean Energy Technology Deployment – Green Energy Market Securitization (GEMS) Program and Energy Efficiency**

Customers pay charges on their bills to fund programs that help customers make investments in clean energy infrastructure more accessible and affordable (i.e., the Green Infrastructure Fee and Public Benefits Fund Surcharge). The Green Infrastructure Fee supports the Hawaii Green Infrastructure Authority's Green Energy Money Saver On-Bill financing program that enables underserved utility customers that are homeowners or renters to invest in solar photovoltaic (PV) electricity systems, solar thermal water heaters, solar PV water heaters, and heat pump water heaters. Revenue collected through the Public Benefits Fee (PBF) surcharge is transferred to a third-party administrator contracted by the Commission and is used to support investments in clean energy technology, demand response technology, energy use reduction, and demand-side management infrastructure, programs, and more affordable services. The DCA provides its observations and recommendations to the Commission on the performance of the energy program funded by the PBF surcharge (Docket 2007-0323) and in proceedings related to the GEMS Program (2014-0135).

f. **Intragovernmental Wheeling**

The Commission opened Docket No. 2024-0200 to investigate the establishment of electricity wheeling. Since that time, Act 266 has been signed into law. The Commission has currently divided the docket into two tracks to include a retail wheeling track with an intragovernmental wheeling track. The DCA will be an active participant within the proceeding, which is continuing to progress.

g. **Community Based Renewable Energy (CBRE)**

CBRE projects provide a means for customers that are unable to participate in customer sited DER programs to receive the financial benefits of those projects while participating in the clean energy transition. The DCA will continue to review applications for CBRE projects that come before the Commission.

h. **Hawaiian Electric Companies' Interconnection Process and Retirement of Fossil Fuel Generation**

The Commission opened Docket No. 2021-0024 to review the Hawaiian Electric Companies' transition plans to replace the fossil fueled generation with renewable energy projects and interconnection process for renewable generation. The DCA is actively participating in the evaluation of this transition by reviewing the impacts of retiring fossil fuel units both from a perspective of having sufficient generating resources to meet and grid services available to maintain sufficient reliability and assessing the potential financial impact on customers as the Hawaiian Electric Companies seeks to rebase the target amount of revenues that they are allowed to collect. Some examples from previous years include Retirement of Honolulu 8 and 9 Generation Assets - Docket No. 2022-0243 and Retirement of Waiau Generation Units 3 & 4 – Docket No. 2023-0418.

Proceedings Involving Other Sectors (Telcom, Transportation, Gas, Water, Wastewater)

Hawaiian Telcom (HT)

The DCA reviews and makes a recommendation to the Commission as to whether designated eligible telecommunications (ETC) carriers participating in the High-Cost Program of the Universal Service Fund should be certified by the Commission Pursuant to 47 Code of Federal Regulations §54.314(a). The DCA reviews HT's efforts and compliance in this area. The DCA is also monitoring its deployment of broadband within Hawaii.

Sandwich Isles Communications (SIC)

The DCA continues to work together with the Department of Hawaiian Homelands (DHHL) to help ensure telecom customers that were served by SIC continue to have access to telecom services

and mitigate the risk to customers of any unforeseen billing issues with SIC. The DCA has been in contact with customers that were referred to by DHHL who have continued to receive bills despite having canceled service. The DCA informed SIC on behalf of those customers that they have canceled service to help address concerns that they might be incorrectly back billed for services that were not provided. The DCA remains in regular communications with SIC as this matter continues forward.

Transportation

Young Brothers

The DCA recognizes the substantial role that interisland shipping has in serving the islands of Hawaii and our critical dependence of the entire public on those services. The impact on small businesses and agriculture within the State depends on those services. DCA continues to participate in dockets meant to encourage the State's only regulated water carrier provider, Young Brothers, LLC (YB), to be more efficient and to reduce the chances of further rate increases after the Commission had to grant an emergency rate increase (ERI) of \$47 million in 2021 because YB had not adequately controlled its costs. DCA and YB reached a settlement related to the ERI in December of 2024, resulting in YB returning a \$1.2 million credit from YB for over collecting revenues from its customers during the time that ERI was in effect. The Commission approved the settlement amount and further ordered that the amount be returned to YB's customers as a refund rather than a credit.

Soon thereafter, YB requested an additional urgent temporary rate increase (TRI) of approximately 25% because of its financial situation becoming increasingly dire. The DCA recommended a smaller temporary increase in revenues than was requested to reflect that the rate case was originally expected to be determined over a shorter time frame and provided a guardrail against continuing to pay significantly increased rates if the TRI continued for an extended duration as the ERI.

DCA is also participating in YB's most recently opened rate case where it is requesting an approximately 27% increase in revenues at present rates (Docket No. 2024-0255). The DCA reviewed YB's requested increase using expert outside consultants who determined that an increase of roughly 20% to YB's revenues was supported. Within the rate case, YB is also seeking approval for an automatic rate adjustment mechanism to adjust its annual revenues for inflation in between rate cases. The adjustment is known as the Water Carrier Inflationary Cost Index (WICI) mechanism. The DCA has recommended that this mechanism not be approved for numerous reasons including that such an automatic rate adjustment shifts significant financial risk onto customers and it removes regulatory scrutiny of whether such cost increases are justified. An automatic rate adjustment removes the responsibility of the utility to control its cost and undertake cost-effective decision making. Automatic rate adjustment mechanisms, from a utility regulatory perspective, are only acceptable for costs that are large, unpredictable, and outside the utility's

control. An example of where these types of mechanisms are sometimes allowed is pertaining to fuel costs. YB already has an automatic rate adjustment mechanism for fuel adjustment costs. In YB's case, its largest and most rapidly increasing operating expense is labor. Additionally, YB made substantial capital investments and dividend distributions that have left YB and the public that it serves vulnerable with YB currently in default on its loans and all its assets subject to being financially vulnerable to its customers.

The DCA is also continuing to review YB's requests to modify its loans to avoid its creditors exercising their default rights, which includes the creditors ability to foreclose on YB's assets. The DCA has expressed its concerns and previously recommended that YB be required to file its plans to continue providing services in the event that it remains in default on the loan and the YB's lenders elect to exercise their default rights (Docket No. 2022-0155).

The DCA also reviewed YB's request to dispose of its tug (Hoku Loa – Docket No. 2025-0161) and recommended to the Commission as a condition, and the Commission adopted, that YB submit its plans to ensure continued provision of its regulated services in the event that it remains in default on any term of the credit agreement.

Hawaii Gas

DCA participated in Hawaii Gas' pending rate case where it requested an increase of \$24.346 million in revenue or 17.67% increase in its revenue over its present rates (Docket No 2024-0158).

In 2022, due in part to DCA's recommendation to initiate an integrated resources planning (IRP) docket for Hawaii Gas to help evaluate the possibility of a decarbonization standard, the Commission opened Docket No. 2022-0009 and DCA has been an active participant pushing Hawaii Gas to develop an IRP that addresses decarbonization, improved fuel security, and improved long-term planning.

Water and Wastewater Utilities

The DCA has participated in several dockets brought forth this year by the State's water and wastewater utilities, and was successful in advocating for a decrease to the proposal increase by the utilities and several rate cases that are currently ongoing. DCA is continuing to work with parties on the Launiupoko Irrigation Co., LLC's rate case (Docket 2020-0089). Notably, DCA recommended decreases in revenue requirements proposed in rate increase requests from several utilities including Kaupulehu Waste Water Company (Docket 2023-0456), Launiupoko Water Company, Inc. (Docket 2023-0465), Hawaii American Water Company (Docket 2024-0038 - Consolidated: Hawaii Kai, Mauna Lani, and Waimea service districts), Punaluu Water and Sanitation (PWS) (Docket 2025-0167), Princeville Utilities (Docket 2025-0172), Puhi Sewer & Water Company (Docket 2025-0213), Hawaii Water Service Company, Inc: Kapalua Water and Wastewater Divisions (Docket 2025-0220).

One engagement of note is the PWS rate case. PWS is located in the Kau District of Hawaii Island. PWS continues to be in a dire financial situation. Previous to its temporary rate increase and approval by the Commission request earlier this year, the utility had not had a rate increase in approximately 47 years, which is by far the largest duration for any water or wastewater utility in Hawaii to go without requesting a rate increase. As a result, the state of the system has deteriorated over the years from insufficient maintenance and upkeep. Additionally, the land on which PWS facilities are located was foreclosed upon earlier this year around the time that PWS filed its temporary rate increase and indicated that it would soon be out of funds to operate the utility without a rate increase. The Consumer Advocate recommended that the Commission appoint a receiver to temporarily take over PWS operations in order to improve the facilities to receive solicitations from potential buyers that could continue to improve the system. While the Commission did not opt to take such approach, it did adopt other Consumer Advocate's recommendations to help safeguard PWS customers. The DCA has also participated in local community meetings regarding PWS and has been in several conversations to help support and seek a solution to promote the long-term financial health of the utility with PWS's customers. While the PUC did not implement a receiver, they took other recommendations to protect customers. The DCA has coordinated or participated in several discussions, community meetings, and public hearings related to the rate case. The DCA continues to meet with a representative from the community and a member of the Rural Community Assistance Partnership (RCAC) to keep apprised of the day-to-day situation and seek a solution to help support better provision of service to PWS's customers. The DCA has also had informal conversations on the matter with other water/wastewater utility companies, a state representative, employees at the Department of Health, and the County of Hawaii's Water and Wastewater division, and local wastewater operator to gauge interest.

Advocacy through Participation on Committees and Boards

The DCA seeks to represent, protect, and advance customers' interests by participating in various committees and boards that are related to regulated utility and transportation services. Some of the committees and boards that the DCA served on in FY 2025 include the following:

- **Enhanced Wireless 911 Services:** Pursuant to Act 168, SLH 2011, the Enhanced Wireless 911 (E911) Board and the E911 Fund were created to ensure that the State's E911 system can meet emergency needs;
- **Hawaii Energy Policy Forum:** The Hawaii Energy Policy Forum is an organization that brings together various entities from government, education, industry, and other interested stakeholders to discuss energy-related issues and how to best pursue changes that are consistent with the State's goals and objectives;
- **Hawaii Clean Energy Initiative:** Initiated by a Memorandum of Agreement between the U.S. Department of Energy and the State of Hawaii, the Hawaii

Clean Energy Initiative is a key driving factor in Hawaii's clean energy transition efforts;

- **Hawaii Home Energy Assistance Program Working Group (HIHEAP):** As mentioned above, DCA has been participating in the working group that is tasked with exploring the feasibility of creating a state program similar to the Federal LIHEAP to assist low-income customers. A report was filed with the legislature in FY 2023. The Commission put forth a legislative proposal to formally establish HIHEAP during the FY 2024 legislature that did not pass. DCA anticipates the Commission putting forth a similar legislative proposal to establish the HIHEAP program during the FY 2025 legislative session.

Community Outreach & Engagement

The DCA continued its outreach activities to communities throughout the State. DCA developed a comprehensive resource for utility customers of bill assistance programs that were available to help customers that were struggling to pay their utility bills and programs that permanently help to reduce their bill by providing funding and rebates for technology that reduces energy usage or enables energy generation.

The DCA used its website, social media, and its monthly newsletter to reach customers. Social media (Facebook) provided a method for quickly reaching customers that needed assistance. DCA's outreach efforts also included providing energy and water-saving tips and notifying consumers of utility-related online newspaper articles, blog posts, and radio and television programs to help increase customer awareness of relevant issues. The DCA also uses its website, Facebook page, and monthly newsletters to provide important information regarding Hawaii's regulated utilities and water carriers that includes information on public hearings, consumer fairs, utility and green energy conferences, and media events.

The DCA also acts as a liaison between utility customers and the utility or community organizations providing utility bill assistance. Through the DCA efforts a number of customers either facing imminent disconnection of their utility services or having already lost utility service were able to be maintained or restored.

CRF FINANCIAL SUMMARY FOR FY 2025

Personnel Expenses	Operating Expenses	Total Expenses	Revenues Received
\$2,933,365	\$1,498,619	\$4,431,984	\$5,269,454

DCA anticipates having sufficient funds to meet its general funding requirements for this fiscal year. However, DCA anticipates that public utility companies will continue to seek rate increases

at an increased frequency especially with inflation rates continuing to be high. DCA anticipates that additional revenues for the upcoming fiscal years will be necessary to obtain outside services with expertise in issues that will arise within regulatory investigations related to the Maui wildfires and to help cover the workload resulting from the increased number of rate case applications reviewed.

DIVISION OF FINANCIAL INSTITUTIONS

OVERVIEW AND COMPOSITION

The Division of Financial Institutions (DFI) provides regulatory oversight for the State's financial service providers, which include both bank and nonbank companies. The DFI provides supervision, regulation, and examination of all Hawaii state-chartered and state-licensed financial institutions, including banks, foreign banking agencies and representative offices, savings banks, trust companies, financial services loan companies (both depository and nondepository), money transmitters, mortgage loan originators and companies, mortgage servicers, escrow depositories, installment lenders, and credit unions.

In supervising financial institutions authorized to take deposits, the DFI works closely with the Federal Deposit Insurance Corporation (FDIC), Federal Reserve Bank of San Francisco, Consumer Financial Protection Bureau, and National Credit Union Administration. The DFI supervises nondepository financial institutions with other state regulators through a system referred to as networked supervision. The partnerships with the federal bank regulators and networked supervision provides a comprehensive oversight over financial institutions.

The major functions of the DFI are to:

- Charter, supervise, regulate, and examine all state banks and credit unions, foreign bank branches, agencies and representative offices, and intra-Pacific branches.
- License, supervise, regulate, and examine nondepository companies, including escrow depositories, money transmitters, mortgage loan originators ("MLO"), mortgage loan originator companies, and mortgage loan originator branches, mortgage servicer companies, small dollar consumer lenders, and non-depository trust companies.
- Provide guidance to supervised financial institutions.
- Accept and investigate complaints by consumers.

The DFI is recognized by two accreditation organizations for appropriately licensing, supervising, and examining chartered and licensed companies, providing consumer protection to individuals, and providing the highest standards of training for its staff. The DFI was first accredited by the Conference of State Bank Supervisors (CSBS) in 1990 and reaccredited in 1995, 2000, 2005, 2012⁵, 2018 and 2023. The CSBS accreditation program sets high standards for state banking regulators nationwide. During the pandemic, some states were unable to maintain the accreditation standard. Hawaii is one of the forty-four out of 52 states⁶ that met CSBS bank accreditation requirements.

⁵ Hawaii did not seek reaccreditation in 2010. A new commissioner was appointed in 2011.

⁶ Includes the District of Columbia and Puerto Rico.

In 2Q FY 2015, the DFI was the eighteenth state in the nation to be accredited by the CSBS/AARMR accreditation program sets high standards for state mortgage regulators nationwide. Currently, 30 of 66 mortgage regulatory agencies meet CSBS/AARMR accreditation standards. The accreditation program includes mortgage loan originators, mortgage loan originator companies, and mortgage servicer programs. In 2023, the DFI underwent the five-year reaccreditation review and was successfully reaccredited for both banking and mortgage. DFI's next accreditation will be in 2028.

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Email for mortgage program:	dfi-nmls@dcca.hawaii.gov

The **Administrative Section** coordinates and facilitates activities within the DFI, with other divisions, and with other state and federal agencies regarding regulatory and supervisory oversight issues. This section also coordinates interactions with the legislature, proposed legislation, investigates complaints regarding possible state and federal law violations, and conducts the UIPA/FOIA requests. This section conducts studies related to emerging financial products and services.

The **Licensing and Regulatory Analysis Branch** is responsible for licensing activities and other regulatory approvals, and the quarterly off-site monitoring program. Licensing activities include reviewing and analyzing all applications for new financial institutions (bank and nonbank), opening, relocating, or closing branches, and adding new or unique services to determine whether consumers may be harmed by the action of any licensee. The branch reviews all license renewals for state and federal compliance before issuing an approval. The branch has two sections: one section focuses on emerging financial technology companies including money transmitters, while the other section focuses on the mortgage industry, including mortgage loan originators, mortgage loan originator companies, and mortgage servicers. An informal section also oversees banks, escrow depositories, small dollar installment lenders, and the nondepository trust companies.

⁷ The AARMR is a trade organization for mortgage regulators.

The **Field Examination Branch** is responsible for on-site and off-site examinations of all state-chartered and state-licensed financial institutions. Examinations, unlike accounting audits, are forward-looking and risk-based reviews of factors underlying the safety and soundness of financial institutions. For example, examiners not only evaluate existing and projected financial information, but also assess the effectiveness of management, its policies, and implementation of those policies in administering the institution's risk management programs and practices. The branch is divided into two sections: one section focuses on the safety and soundness of state-chartered banks, trust companies, small dollar installment lenders, credit unions, and money transmitters, while the other section focuses on compliance with federal and state regulatory laws and guidance for mortgage-related industries and escrow depositories.

GOALS AND OBJECTIVES

In January 2024, all DFI team members participated in updating the Division's three-year strategic plan. The updated strategic plan sets forth four goals:

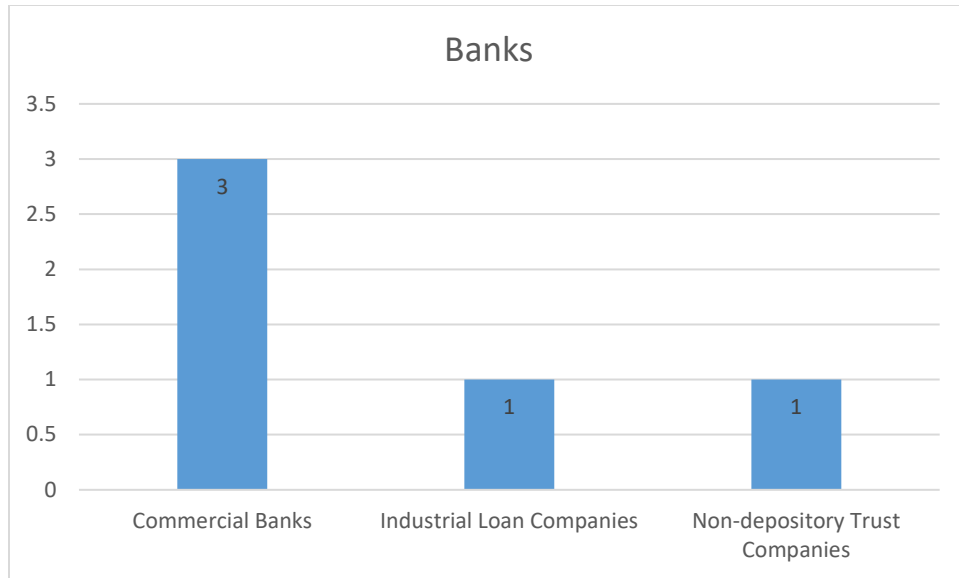
- Maintain a strong and efficient system of financial regulation.
 - The DFI does not receive any general funds. Instead, the division receives funding from its chartered and licensed companies and individuals. DFI also receives almost half of its revenues from the franchise tax paid by the banks and other financial institutions. The DFI operates like a business, as it balances revenues and expenses to provide oversight and supervision for the benefit of Hawaii's residents.
 - Examiners would identify training opportunities to keep abreast of emerging technologies and financial products during the quickly evolving innovative products and services by financial technology ("fintech") companies.
 - The DFI reviews and proposes changes to its laws to appropriately meet the everchanging environment in which it functions. The innovative business models and functions of licensees have changed the landscape of compliance to become complex and multifaceted. Instant fulfillment of services has become the norm for consumers, and the DFI strives to continue maintaining proper supervision of licensees amidst this environment.
- Maintain the networked supervision model.
 - The DFI would leverage other states' experience in licensing and examinations. States want to leverage off each other's skill set and experience to provide a more efficient and economical examination of companies.
 - Participate in multi-state examinations to allow for many examinations going on at the same time. Hawaii, like other states, have a finite number of staff that can conduct examinations. When Hawaii joins multi-state examinations, we can conduct more examinations. For instance, when Hawaii conducts an examination by itself, it schedules three to four examiners. When Hawaii joins a multi-state examination, it schedules one or two examiners, thereby freeing up the DFI staff to conduct an examination on another company.

- Share DFI's skills with the other states, especially in the area of regulatory compliance. Hawaii has been recognized as having a very strong examination team.
- The DFI leverages its resources with other federal agencies to provide oversight over state-chartered and licensed companies. This networked supervision involves communication skills to efficiently discuss and take appropriate action on licensees.
- Continue to improve our operational efficiencies.
 - The DFI strives to develop an internal searchable database. The DFI recognizes that the database topics are only recognizable to the individual branch team members. Documents are not easily identifiable if you work in a different DFI branch.
- Recognize the workforce of tomorrow challenges.
 - The DFI emphasizes cross-training among its branches to allow a more holistic understanding of the DFI supervisory reach.
 - Encourage coaching, mentoring, and leadership training to develop the DFI team for succession planning.
 - Train IT and cybersecurity examiners as this area touches all of our licensees.
 - The DFI seeks to recruit new staff who, through on-the-job training, will be able to adjust to the rapidly changing landscape of the financial services industry. New financial service products continue to be created, modified, and initiated by licensees that the DFI regulates and supervises.

ACCOMPLISHMENTS IN FY 2025

The DFI continues to provide supervision for five state-chartered banks with assets totaling over \$56 billion dollars. The DFI has 13 financial institution examiners to supervise these state-chartered banks. This bank supervisory team has three licensing examiners and ten field examiners⁸. The national banks, which are not supervised by the DFI, have assets totaling over \$10 billion dollars. The DFI notes that although it does not supervise the national banks, the national banks are invited to training sessions offered by the DFI since all banks must comply with the same regulations.

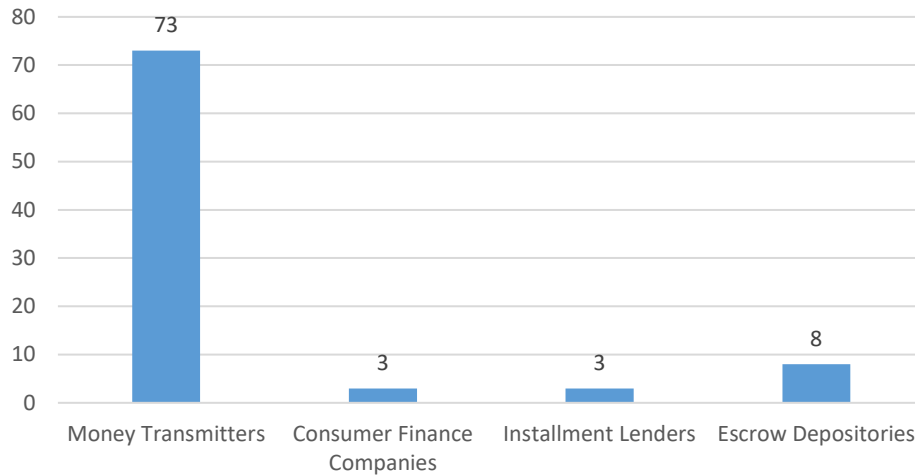
⁸ DFI notes that the field financial institution examiners also conduct examinations of money transmitter examinations, small dollar lenders, consumer finance companies, and trust companies.



Total Assets	As of 6/30/25
Commercial Banks	\$54,880,212,000
Industrial Loan Corporations	\$708,870,000
Non-depository Trust Companies	\$3,426,947

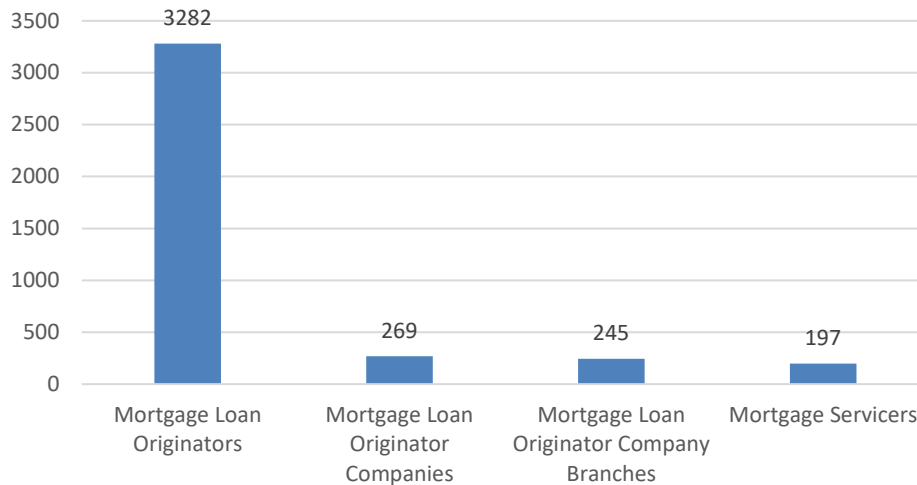
The DFI supervises over 4,000 non-depository licensees and their delegates with our limited number of examiners. These non-depositories include the mortgage industry, money transmitters, escrow depositories, installment lenders, and finance companies. The DFI money transmitter team has 6 dedicated money transmitter examiners comprised of 5 licensing examiners and 1 field examiner. The DFI mortgage industry team has 13 dedicated mortgage industry examiners comprised of 5 licensing examiners and 8 field examiners.

Non-Depository Institutions



Non-Depository Institutions Activity		
	Number	Total Amount
Money Transmissions Sent	44,108	\$10,469,222,822
Consumer Finance Companies Loans Originated		\$220,276,189
Installment Lenders Loans Originated	12,134	\$6,349,718

Mortgage Industry



Mortgage Industry Activity		
Mortgage Loans Originated	8,583	\$5,313,287,476
Mortgage Loans Serviced	134,980	\$51,726,056,354

Nationwide Coordination and Consumer Protection

The DFI team worked with federal and state regulators and as well as with Congress to keep state financial regulation at the forefront of the policy discussion as financial services continue to evolve and the nation recovers from the global pandemic. Navigating changes means staying abreast of emerging issues as they may affect banks and licensees.

- The DFI continues to be a member of CSBS that works with Congress to address banking and non-depository industry issues.
- The DFI worked with federal regulators to improve access to sharing data which led to more effective analytics and better collaboration between state and federal agencies.
- The DFI participated in a multi-state enforcement action against a nationwide payment processor who debited consumers' mortgage payments twice for a single payment.

State Consumer Protection

In FY 2025, the DFI ordered restitution totaling \$55,548 to 81 consumers for overcharging of fees in violation of consumer protection laws identified through examinations of mortgage loan origination companies. DFI assessed more than \$1,929,384 in administrative fines for violations of Hawaii's laws, rules, and regulations by its licensees, including joining a multistate administrative fine of \$1.6 million for a large nationwide money transmitter for Bank Secrecy Act, Anti-Money Laundering Program violations.

The DFI examination team has expanded its participation in multi-state examinations for money transmitters, mortgage loan originator companies, and mortgage servicer companies. In FY 2025, the DFI participated in one multi-state examination of a large nationwide money transmitter.

The DFI's licensing staff continues to be challenged by the number of work items submitted. These work items included amendments to the application for change in control by key individuals, name changes to the company, change of employers, and surrender of licenses. The DFI believes the interest rate environment over the past two years has created movement within the mortgage industry as well as a reevaluation of how they conduct business.

This year, mortgage interest rates leveled and the mortgage industry remained even. The DFI expects to see a continued 15-20% decline in the number of mortgage industry renewals due to the high cost of getting a mortgage. Although the mortgage origination market was booming in FY 2022, economic factors continue to show that housing prices were largely unaffordable. An eventual lowering of interest rates will stimulate the housing market and will reverse the downturn in renewals and encourage originators back into the industry.

Added to the number of applications, mortgage loan originator companies and money transmitter companies were making changes to their business models, layering subsidiaries, affiliates, and related companies to facilitate the transactions. The DFI licensing team reviewed thousands of pages of business models, explanations, additional policies, and flow of funds to determine if consumers would continue to be protected by state and federal laws. These subsidiaries, affiliates and related company key individuals also had to be vetted to determine whether they met the

regulatory criteria which proved to be difficult in some cases because of the global status of the individuals involved.

Filling Internal Leadership Roles

The retirement of DFI's Commissioner and Deputy Commissioner on July 31, 2024, created a significant leadership void. Licensing Manager, Dwight Young, and Field Examination Manager, Marc Hirai, were promoted to fill the respective vacancies. The Licensing Manager and Field Examination Manager positions were backfilled internally by seasoned supervisors. Those supervisory positions were backfilled by experienced examiners willing and capable of thriving in a supervisory role.

Training, cultivating leaders and retaining institutional knowledge has been an immediate focus for DFI. The ability to promote internally reinforces our commitment to provide an upward career path for all desiring to assume a leadership role and wanting to make a meaningful impact on the Division and its mission of consumer protection.

Continued Accreditation Status for Banking and Mortgage

In October 2023, DFI went through the CSBS bank accreditation review and the CSBS/AARMR mortgage accreditation review. The accreditation review team interviewed 13 DFI employees serving in various administrative, managerial, and examiner positions. The review team also reviewed a sample of examination reports, correspondence, and related information for banks and mortgage companies of various asset sizes and risk classifications. The DFI met all accreditation standards and successfully retained both bank and mortgage accreditations for another 5 years.

CRF FINANCIAL SUMMARY FOR FY 2025

Personnel Expenses	Operating Expenses	Total Expenses	Revenues Received
\$4,831,187	\$1,040,556	\$5,871,743	\$8,183,424

INSURANCE DIVISION

OVERVIEW AND COMPOSITION

The Insurance Division (INS) is responsible for overseeing the State's insurance industry, which includes insurance companies, insurance agents, self-insurers, and captives. The division ensures that commercial and individual consumers are provided with insurance services that meet acceptable standards of quality, equity, and dependability at fair rates by establishing and enforcing appropriate service standards and by monitoring the solvency of insurers. The INS licenses, supervises, and regulates all insurance transactions in the State under HRS title 24. Legal service plans also fall under the division's duties.

The following list shows the number of active insurance licensees at the end of the last two FYs:

Type of License	Licenses as of June 30, 2025	Licenses as of June 30, 2024
Adjuster	3,755	3,776
Captive	269	273
Certificate of authority (insurer)	1,093	1,094
Foreign risk retention group (registered)	84	77
Fraternal benefit society	9	10
Health maintenance organization	5	5
Independent bill reviewer	23	22
Life settlement broker	31	40
Life settlement provider	19	18
Limited lines motor vehicle rental company producer	32	38
Limited lines portable	19	18
Limited lines producer	1,634	1,657
Limited lines self-service storage producer	16	17
Managing general agent	123	99
Mutual benefit society	3	3
Nonresident producer	97,102	96,107
Pharmacy benefit manager registration	47	47
Producer	8,373	8,520
Purchasing group (registered)	235	230
Reinsurance intermediary	62	49
Service contract provider registration	236	230
Surplus lines broker	3,160	2,926
Third party administrator	271	252
Vehicle protection product warrantor registration	70	66
TOTAL:	115,574	112,105

The INS administers HRS chapters 431 (Insurance Code), 431C, 431K, 431L, 431M, 431P, 431S, 432, 432C, 432D, 432E, 435C, 435E, 448D, 481R, 481X, and 488, which relate to the licensing, supervision, and regulation of all insurance transacted in the State by all insurance entities.

Contact information:

Office address: 335 Merchant Street
Room 213
Honolulu, Hawaii 96813

Mailing address: P.O. Box 3614
Honolulu, Hawaii 96811

Phone: (808) 586-2790

Website: cca.hawaii.gov/ins

Email: insurance@dcca.hawaii.gov

The **Captive Insurance Branch** handles all aspects of licensing, regulating, and developing the State's captive insurance industry. With 269 active licenses as of June 30, 2025, Hawaii's captive insurance domicile is ranked eighth worldwide and fifth in the U.S. for the largest captive domiciles. Pursuant to Act 1, SLH 2005, the Captive Insurance Administrative Fund defrays funds expended for the INS' captive insurance program. Accordingly, the CRF does not fund the cost of this program.

When a complaint is filed with the INS, the **Compliance and Enforcement Branch** investigates to ensure compliance with applicable statutes and rules. When violations are identified, the branch recommends appropriate disciplinary actions. In addition, the branch is responsible for processing administrative hearing requests, qualifying applicants to the Hawaii Joint Underwriting Plan assigned claims program, reviewing background information of producer licensing applicants to identify criminal and administrative histories, assisting consumers, and coordinating and qualifying applications for written consent pursuant to 18 United States Code section 1033 and HRS section 431:2-201.3.

The **Financial Surveillance and Examination Branch** conducts financial analyses and examines Hawaii-domiciled insurance companies, agencies, health maintenance organizations, and mutual benefit societies to assess their financial condition, solvency, and compliance with applicable laws and regulations. To safeguard consumer interests and maintain the integrity of the insurance industry, the branch also:

- Licenses more than 1,400 domestic, foreign, and alien insurers.

- Processes and collects more than \$219 million in premium and surplus lines taxes on behalf of the General Fund and workers' compensation levies on behalf of the Department of Labor and Industrial Relations.
- Processes and administers tax credits claimed against insurance premium taxes.
- Authorizes and monitors accredited, certified, and trustee reinsurers.
- Registers purchasing groups and foreign risk retention groups.
- Regulates self-insurers.
- Maintains security deposits.
- Monitors market share and competitive standards of mergers and acquisitions.

The INS is subject to periodic review by the National Association of Insurance Commissioners' (NAIC) Financial Regulation Standards and Accreditation Program, which requires state insurance departments to regulate domestic insurers' corporate and financial affairs. The Financial Surveillance and Examination Branch introduces legislation and promulgates administrative rules to ensure the INS has adequate statutory and administrative authority and the resources necessary to satisfy its regulatory obligations.

The **Health Insurance Branch** regulates health insurers, including health maintenance organizations and mutual benefit societies. The branch's primary responsibilities include: receiving inquiries and complaints pertaining to health insurance, including long-term care insurance; receiving requests from consumers for external reviews of a health plan's coverage decisions under HRS chapter 432E and administering the external review process; reviewing premium rate filings and forms to ensure readability and disclosure of required information; and coordinating with the Financial Surveillance and Examination Branch to conduct financial surveillance of health insurers.

The **Insurance Fraud Investigations Branch** conducts a statewide program for the prevention, investigation, and prosecution of insurance fraud cases and complaints. The branch's jurisdiction includes all lines of insurance, except workers' compensation. The branch reviews referrals submitted by the insurance industry, other agencies, and the public and initiates an investigation when a crime may have been or is being committed. State law requires that any insurer, insurer's employee, or insurer's agent that believes a fraudulent claim is being made refer the case to the Insurance Fraud Investigations Branch within 60 days.

The **Legal Branch** advises the INS on all legal matters and serves as the interface between the INS and the Department of the Attorney General. The branch serves as hearings officers for administrative hearings as assigned by the insurance commissioner; researches insurance issues; interprets statutes and rules; reviews and analyzes administrative decisions and rulings; prepares legislative bills, legislative testimonies, and administrative rules; responds to requests for formal and informal legal opinions; assists other INS branches in enforcing compliance with the Insurance Code; and provides assistance to other branches in supervision, rehabilitation, and liquidation proceedings.

The **Licensing Branch** handles and administers individual and business entity, resident and nonresident, insurance licenses and registrations as well as the continuing education (CE) program in Hawaii. The branch is responsible for the issuance, extension, inactivation, and reinstatement of various individual and business entity licenses or registrations, and the administration of the insurance commissioner's CE advisory board to review, approve, or deny CE providers or courses. In addition, the branch also handles license amendments, including name change, contact information change, lines of authority addition or deletion, and designated responsible license producer addition or deletion. The branch also answers calls, emails, or assist walk-ins for any licensing related inquiries.

The **Office Services Branch** provides general reception services; answers and screens telephone calls; provides clerical, typing, and other administrative services for the INS; maintains the INS' central administrative files, including memoranda, newspaper articles, documents, and reports; orders office supplies and equipment for the INS and maintains its inventory; and receives and distributes the INS' mail.

The **Rate and Policy Analysis Branch** provides systems and procedures for the analyses of rate and policy filings of domestic, foreign, and alien insurance companies for compliance with the State's insurance laws. The branch analyzes and approves or disapproves rate filings for casualty, property, motor vehicle, inland marine, surety, credit life and disability, and Medicare supplement insurance. The branch also reviews policy form filings for workers' compensation, motor vehicle, credit life and disability, long-term care, Medicare supplement, temporary disability, and title insurance.

For a comprehensive report on the INS' activities, please visit cca.hawaii.gov/ins/reports/ to view the Annual Report of the Insurance Commissioner of Hawaii.

GOALS AND OBJECTIVES

- Continue meeting its statutorily mandated requirements.
 - The INS will continue complying with the Insurance Code and the Hawaii Administrative Rules (HAR) through proper personnel and caseload management.
- Maintain accreditation status with the NAIC.
 - Accreditation of state insurance regulators is administered by the NAIC and requires state insurance departments and divisions to maintain adequate statutory and administrative authority, as well as sufficient resources to effectively regulate the financial solvency of insurance companies. To maintain its accreditation status, the INS will ensure the required level of funding for its financial surveillance resources. In addition, the INS will review and submit to the Legislature, when necessary, proposed legislation for the adoption of NAIC model laws required for accreditation.
- Improve Hawaii's world ranking as a leading captive insurance domicile.

- Hawaii has long been an attractive domicile for the captive insurance industry because of its nearly 40 years of experience and expertise in the area. The INS continued to review its marketing strategy and amend existing components to remain competitive with the maturing and dynamic captive market in the United States. Hawaii actively pursues opportunities in Asia and has maintained its standing as a captive insurer domicile world leader.
- Develop and implement sustainable solutions to address ongoing challenges in Hawaii's insurance market.
 - Over the past year, condominium insurance rate increases have stabilized following a period of rapid escalation caused by a hardening global insurance market and the increasing frequency and severity of catastrophic events worldwide. While this stabilization is a positive development, significant concerns remain about the limited number of admitted insurers writing many lines of insurance in Hawaii, which reduces consumer choice and market competitiveness.
 - The Insurance Division is now focused on long-term strategies to encourage insurer participation, improve availability, and reduce reliance on non-admitted markets. These efforts include exploring legislative proposals, regulatory updates, and market initiatives to promote a more sustainable and resilient insurance marketplace for Hawaii residents and businesses.

ACCOMPLISHMENTS IN FY 2025

Provided Substantial Support to the Joint Executive and Legislative Task Force for Property Insurance and the Hawaii Hurricane Relief Fund (HHRF)

During FY 2025, the Insurance Division played a critical role in supporting the Joint Executive and Legislative Task Force for Property Insurance and the reactivation of the Hawaii Hurricane Relief Fund (HHRF). The Division provided in-depth data analysis, market assessments, and technical expertise to assist policymakers in evaluating the state's growing insurance challenges. This work was instrumental in shaping emergency legislation to stabilize the property insurance market and ensure access to hurricane coverage, particularly for condominium associations facing limited options in the admitted market. The Division also helped establish operational processes for the HHRF, including program guidelines and application procedures, to facilitate a smooth rollout of coverage and provide immediate relief to communities at risk. Through these efforts, the Division advanced the state's preparedness and strengthened consumer protections amid ongoing market pressures.

Savings to Hawaii Consumers

Through a combination of the rate review process and the complaint investigation process, the INS helped consumers save a total of \$4.4 million in FY 2025. The INS reviewed and issued dispositions on 4,775 filings and handled 746 complaints. The Rate and Policy Analysis Branch recorded \$11.1 million of long-term care premium savings and \$52.2 million of property and

casualty premium savings. Review of health rate filings resulted in consumers savings of \$12.5 million.

CRF FINANCIAL SUMMARY FOR FY 2025

Personnel Expenses	Operating Expenses	Total Expenses	Revenues Received
\$9,697,612	\$3,384,864	\$13,082,476	\$14,284,680

With the growth in licensees and the revenue associated with those licenses, the INS expects to have enough funds to cover budgeted expenditures.

OFFICE OF CONSUMER PROTECTION

OVERVIEW AND COMPOSITION

The Office of Consumer Protection (OCP) was created to coordinate the services offered to the consumer by various state and county agencies, together with private organizations, and to aid in the development of preventive and remedial programs affecting the interest of the consumer public. OCP's core activities include investigating and prosecuting violations of laws enacted for consumer protection purposes. OCP strives to help the public be more aware and knowledgeable through consumer education programs and materials. OCP also offers information on the Residential Landlord-Tenant Code, HRS chapter 521, to the public through the Landlord-Tenant Information Center.

OCP receives complaints from a variety of sources, including individuals, businesses, professionals, government officials, law enforcement, out-of-state agencies, and persons who choose to remain anonymous. Complaints are filed primarily by individuals. OCP staff initiates complaints when, for example, conduct or information that indicates a suspected violation comes to staff attention.

OCP's **enforcement jurisdiction** encompasses a wide range of businesses and commercial activities that are the subject of state consumer protection laws. See Table 1: Laws Enforced by OCP. The top ten categories of consumer complaints include towing, car & truck rental, refunds, internet services, travel & accommodations, and cosmetics and beauty products. OCP initiated enforcement actions to protect consumers from misleading and deceptive practices by mortgage rescue consultants, tow operators, and financial technology (fintech) companies.

Contact information:

Main office address: Leiopapa A Kamehameha Building
 (State Office Tower)
 235 South Beretania Street
 Suite 801
 Honolulu, HI 96813
 (808) 586-2630

Maui office address: Wells Professional Center
 2145 Wells Street
 Suite 106
 Wailuku, HI 96793
 (808) 243-4648

Hilo office address: Bank of Hawaii Building
120 Pauahi Street
Suite 212
Hilo, Hawaii 96720
(808) 933-8845

Website: cca.hawaii.gov/ocp

Email: ocp@dcca.hawaii.gov

Online Complaints Portal: consumercomplaint.hawaii.gov

OCP has investigators, attorneys, and administrative and support staff. OCP's neighbor islands offices are comprised of one investigator each.

Intake: Consumer Resource Center

OCP's complaints intake function is performed by the Consumer Resource Center, a division of the Regulated Industries Complaints Office. Intake investigators answer consumers' questions, distribute OCP complaint forms, receive written consumer complaints, and forward cases to OCP for review, closure, or further investigation. The Regulated Industries Complaints Office and OCP share a common case management system that facilitates the transition of information between divisions. In FY 2025, the CRC resolved approximately 2,236 OCP complaint inquiries without a formal investigation. Consumers can visit OCP's Honolulu office to view hard copies of case files.

Investigation Section

The Investigation Section is the largest section within OCP and includes investigators in OCP's Honolulu, Hilo, and Wailuku offices. Investigators communicate directly with respondents (or their counsel) that are the subject of complaints. Formal investigations often require communications with complainants and respondents, obtaining and analyzing information and records, site visits, and witness interviews. Complaints may close in the Investigations Section for a variety of reasons, including the absence of sufficient credible evidence to prove a violation, evidence establishing that no violation has occurred, or an education contact or a warning being issued. Investigators gather evidence, and in the appropriate case, refers the evidence to the Legal Section for legal action. See Table 3: Numerical Breakdown of Dispositions of all OCP Cases and Table 4: OCP's Top Ten Complaints.

Investigators may continue working on complaints after a referral to the Legal Section by assisting OCP staff attorneys with pre-trial and trial work, such as gathering information or witness declarations that can be used to conduct examinations under oath or depositions, serving process on defendants, or testifying as a witness.

The Hilo and Wailuku offices handle a high volume of telephone calls, many of which bring non-OCP matters and concerns to the table. In FY 2025, OCP's neighbor island staff collectively assisted with referrals to other DCCA and non-DCCA agencies on 79 occasions.

Legal Section

The Legal Section consists of staff attorneys and related administrative and clerical staff. The primary obligations of the staff attorneys are investigative and legal in nature. At the investigation stage, staff attorneys provide guidance and advice to investigators, draft, defend, and enforce administrative subpoenas, and conduct examinations under oath. Staff attorneys may also negotiate voluntary compliance agreements with individuals in lieu of court action. At the legal stage, staff attorneys prepare and file lawsuits under various consumer protection laws which OCP enforces. Staff attorneys are responsible for assessing whether there exists sufficient evidence and legal authority to warrant legal action, conducting formal discovery, and participating in all court proceedings.

Staff attorneys may analyze state and federal legislative and regulatory activities related to consumer protection. These activities fulfill the office's mandate to study the operation of laws affecting consumers and recommend new laws and amendments to the Governor and the Legislature in the consumers' interest.

Residential Landlord-Tenant Information Center (phone: 808-586-2634, Consumer Dial Information Service:

The Residential Landlord-Tenant Information Center provides information about the rights and duties of landlords and tenants. This service is provided free of charge to landlords and tenants. OCP publishes the Hawaii Residential Landlord-Tenant Handbook, which summarizes key provisions of the Residential Landlord-Tenant Code, chapter 521, HRS, and distributes dozens of copies annually. Additional information on landlord-tenant matters is available on OCP's website. The number of online inquiries for landlord-tenant information increased in FY2025, while the number of other inquiries, including phone and in-person, was virtually unchanged from the prior year.

Consumer Education

OCP strives to promote consumer education to enhance awareness of various consumer problems. OCP issues press releases on multiple consumer topics and distributes written materials tailored to provide specific consumer information. OCP provides consumer information through its website, which includes information on various topics. OCP participates in numerous educational forums such as in the media, at community fairs, and via live webinars. In FY 2025, OCP's consumer education efforts provided relevant information to hundreds of consumers and businesses.

GOALS AND OBJECTIVES

- Foster a fair and safe marketplace for consumers and businesses.
- Investigate allegations of unfair or deceptive trade practices.
- Enforce Hawaii's consumer laws.

- Educate consumers and businesses on their respective rights and responsibilities.
- Support innovative legislation designed to protect consumers in Hawaii.
- Facilitate the exchange of information with a wide array of civil and criminal law enforcement agencies.

Accomplishments in FY 2025

OCP has taken significant steps to address the growing challenge of data breaches through public education, legislative advocacy, staff development, and enhanced enforcement. OCP advanced its goal to enforce Hawaii's law and protect Hawaii consumers' data privacy when it participated in a nationwide multistate settlement with a large hotel company following a large-scale data breach of its guest reservation database that exposed over 131 million records. The \$52 million settlement requires the hotel company to strengthen its data security practices, implement a comprehensive information security program, and provide new consumer protections. Hawai'i received \$438,045 from this resolution, which holds the hotel company accountable for failing to implement reasonable safeguards.

Challenges in FY 2026

Enforcing Consumer Protection Laws Against Tow Companies

Towing companies continue to generate consumer complaints at a high volume and an area where protecting consumers from unlawful practices and excessive fees is critical. Following amendments to Hawaii Revised Statutes (HRS) Chapter 290 in 2024, OCP proactively engaged towing companies statewide to provide education and guidance on the new requirements. Since then, the office has actively investigated complaints and pursued enforcement actions against violators. Through these efforts, OCP has secured restitution for consumers who were overcharged and has assisted vehicle owners in recovering their cars from tow yards.

An additional challenge in towing enforcement is ensuring that the various counties perform oversight of the towing vendors that they contract for police tows when a vehicle is disabled. OCP has an excellent working relationship with neighbor island county officials and seeks to collaborate with the City and County to ensure that the language in future Request for Proposals (RFP) for upcoming towing contracts appropriately incorporates the key consumer protections established by state law, helping to address issues like excessive charges seen under previous contracts.

Enforcing Consumer Protection and Data Privacy Laws to Protect Consumer Privacy

Over the past two years, including FY 2025, the number of businesses experiencing security breaches has continued to rise. Under Hawaii law, businesses that maintain personal information must notify consumers if their data has been compromised and placed at risk of misuse by identity thieves. When a breach affects 1,000 or more Hawaii residents, businesses are also required to notify OCP. OCP has prioritized staff development in consumer data privacy by supporting International Association of Privacy Professionals (IAPP) certification for its attorneys, participating in multistate data breach investigations, and engaging in monthly meetings with other state attorneys general on state comprehensive consumer data privacy laws.

OCP will continue advocating for legislative reforms to state data privacy laws, as the need and threat to consumers continues to expand. In early 2025, media reports revealed a data breach at a prominent personal genomics and biotechnology company. The company provides direct-to-consumer genetic testing services, giving consumers ancestry insights and health risk information. As a result of special interests continually stalling needed reforms to our state data breach law, OCP did not receive notice of the breach from the company because Hawaii's definition of personal information does not include genetic data.

CRF Financial Summary FOR FY 2025

Personnel Expenses	Operating Expenses	Total Expenses	Revenues Received
\$2,704,039	\$416,225	\$3,120,263	\$2,221,392

OCP continues to be funded virtually entirely through collections from settlements, judgments, and assurances of voluntary compliance entered into by the office through its civil enforcement efforts. Unlike other divisions that rely on fees set by statute for their operating expenses, OCP must identify wrongdoing, investigate the wrongdoing, and obtain legal resolutions on legal claims supported by evidence in order to obtain sufficient funds for its general operating expenses. As a result, OCP's revenues vary year over year depending on the type and nature of the cases that OCP can collect upon.

OCP collected nearly \$2,000,000 (actual \$1,927,698.04) in fines, penalties, costs, and restitution for Hawaii consumers in FY 2025. The collections were primarily the result of judgments or assurances of voluntary compliance through multistate investigations in which OCP collaborated with other states in reaching a legal resolution. A significant portion of the collections came from a judgment against Johnson & Johnson (\$1,321,193.38) as a resolution of claims that the company misrepresented the safety of the talc powder contained in its flagship products, which the states alleged was carcinogenic and was known to the company to be carcinogenic.

Because OCP's revenues vary year over year, and the office does not receive general funds, expanding the office by funding new positions to address new consumer protection challenges poses a conundrum. Essentially no general fund moneys have been committed to making consumer protection a higher priority for the Hawaii consumer public, despite a myriad of challenges in areas both old and new. New challenges in the form of protecting consumers' data privacy, and protecting consumers from usurious lending by unregistered lenders, demand new thinking and new resources. OCP will continue to work within its existing framework and encourage policy makers to focus on ways to prioritize consumer protection during the legislative session.

TABLES**Table 1: Laws Enforced by OCP**

HRS section 127A-30	Rental or sale of essential commodities during a state of emergency; prohibition against price increases ⁹
HRS section 290-11	Vehicles left unattended on private and public property; sale or disposition of abandoned vehicles
HRS chapter 437D	Motor Vehicle Rental Industry Act
HRS chapter 446	Debt Adjusting
HRS chapter 446E	Unaccredited Degree Granting Institutions
HRS chapter 476	Credit Sales ¹⁰
HRS chapter 477E	Fair Credit Extension
HRS section 480-2	Unfair competition, practices, declared unlawful ¹¹
HRS chapter 480D	Collection Practices ¹²
HRS chapter 480E	Mortgage Rescue Fraud Prevention Act
HRS chapter 480F	Check Cashing
HRS chapter 481A	Uniform Deceptive Trade Practice Act
HRS chapter 481B	Unfair and Deceptive Practices, including: Unsolicited Goods; Commercial Mail Order Buying Clubs; Unlawful Offers of Gifts or Prizes; Misrepresentation as to Aid to Handicapped; Returns for Refunds, Merchandise Credits, and Exchanges; Sale of Solar Energy Devices; Sale of Computers; Sensitivity-Awareness Group Seminars; Credit Repair Organizations; Gift Certificates; and Ticket Brokers and Fees
HRS chapter 481C	Door-To-Door Sale
HRS chapter 481D	Going Out of Business Sales
HRS chapter 481F	Sale of Prints
HRS chapter 481H	Water Treatment Units
HRS chapter 481K	Assistive Technology Warranty Act
HRS chapter 481L	Motor Vehicle Lease Disclosure Act
HRS chapter 481M	Lease-Purchase Agreements for Personal Property
HRS chapter 481P	Telemarketing Fraud Prevention Act
HRS chapter 481X	Service Contracts
HRS chapter 486N	Health Clubs
HRS section 487-5	General functions, powers, and duties of director of OCP
HRS chapter 487A	Language of Consumer Transactions
HRS chapter 487J	Personal Information Protection
HRS chapter 487N	Security Breach of Personal Information
HRS chapter 487R	Destruction of Personal Information Records
HRS chapter 506	Mortgages of Real Property or Fixtures
HRS chapter 521	Residential Landlord-Tenant Code ¹³

⁹ This statute makes violations into unfair or deceptive acts or practice under HRS section 480-2. OCP's enforcement authority, however, is prescribed pursuant to its enabling statute, HRS chapter 487, which does not authorize OCP to pursue legal action on behalf of landlords or tenants. See also HRS chapter 521, *infra*, note 18.

¹⁰ HRS section 476-31. OCP has also filed cases based upon the Federal Truth in Lending Act and the State's usury statute, HRS chapter 478.

¹¹ The OCP also has enforcement power over certain lemon law agreements under HRS section 481I-4. Also, HRS chapter 514E sets forth a comprehensive regulatory scheme for time-share development, sales, and maintenance and establishes 13 specific types of conduct that constitute *per se* violations of HRS section 480-2. Under HRS section 490:2A-104, Uniform Commercial Code leases are explicitly subject to state consumer protection statutes and case law.

¹² See also HRS section 443B-20 (Unfair competition, unfair or deceptive acts or practices of collection agencies).

¹³ HRS section 521-77 provides that OCP may receive, investigate, and attempt to resolve any dispute arising under HRS chapter 521. In 1976, however, the Legislature repealed HRS section 521-76 to remove OCP's authority to

Table 2: OCP's Information Requests

REQUEST AND INQUIRIES	FY 2023	FY 2024	FY 2025
Requests for prior complaint history	13,691	12,460	11,659
Website inquiry general information	19,068	26,067	41,609
Website inquiry landlord/tenant information	10,608	12,513	32,739
Requests for landlord/tenant information	5,700	6,751	6,669
Complaint inquiries	11,492	8,746	8,067
Requests for records review	5	8	11
TOTAL	60,564	66,545	100,754

Table 3: Numerical Breakdown of Dispositions of all OCP Cases

DISPOSITIONS	FY 2023	FY 2024	FY 2025
Advisory contact	9	2	11
Business vs. business	19	16	21
Civil dispute/personal matter	120	333	182
Complaint withdrawn	5	9	8
Legal action and referrals to Legal Section	46	53	58
Complainant uncooperative	25	22	55
Refer to investigation	153	228	250
No jurisdiction	33	79	341
Other (Admin error, threshold, prior action taken, educational contact)	6	14	10
Insufficient evidence	141	156	302
Consumer complaint resolved	79	59	121
Transferred to other government agency	250	237	13
Security Breach	22	76	25
Respondent died or bankrupt	21	29	43
No violation	20	24	46
Warning letter	8	10	18
Information only/inquiry	791	87*	36
TOTAL	1,835	1,434	1540

*Note: Drop from the prior year due to no longer including IC3 count

represent indigent tenants in court actions. This was seen as a solution that would enable OCP to continue providing information on the rights and duties of landlords and tenants, without incurring the risk of conflicts of interest.

Table 4: OCP's Top Ten Complaints

Rank	FY 2023	FY 2024**	FY 2025
1	Scams (Imposter, Romance, Phishing, Spoofing, Robo-Calls)	Privacy & Data Security	Towing (Signage, Refuse to Drop, Payment, Overcharges)
2	Refunds	Refunds	Car & Truck Rental
3	Travel & Accommodations (Airlines, Hotels, Vacation Rentals, Cruise Ships)	Towing	Refunds
4	Auto Related (Rental, Auto Body Repair, Maintenance Service, Parking)	Internet Transactions	Hotels & Motels (Accommodations)
5	Telephone Related (Mobile Devices, Account Services, Billing)	Car & Truck Rental	Internet Services (Transactions, Online Retail Marketplaces)
6	Identity Theft	Cosmetics & Beauty Products	Travel & Accommodations (Airlines, Hotels, Vacation Rentals, Cruise Ships)
7	Internet Services (Transactions, Online Retail Marketplaces)	Scams (Imposter, Romance, Phishing, Spoofing, Robo-Calls)	Health Services/Products (Medical Treatments & Cures)
8	Food & Drink (Caterers, Delivery Services, Restaurants, Grocery Stores, Bars)	Travel & Vacations (Airlines, Cruise Ships)	Cosmetics/Beauty Products (Faux Spas)
9	Health Related (Billing, Medical Treatments & Cures, Health Clubs, Gyms, Spas, Cosmetics)	Hotels & Motels (Accommodations)	Appliances
10	Towing (Signage, Refuse to Drop, Payment, Overcharges)	Appliances	Food & Drink (Caterers, Delivery Services, Restaurants, Grocery Stores, Bars)

**Note: OCP updated its subject codes in 2024, which resulted in changes in some descriptions from previous years.

PROFESSIONAL AND VOCATIONAL LICENSING DIVISION

OVERVIEW AND COMPOSITION

The Professional and Vocational Licensing Division (PVL/Division) is responsible for implementing the licensing regulations of 52 different professions, trades, and vocations. The Division: provides support to licensing regulatory boards, commissions, and programs; handles applications and licenses; reviews and processes renewals; maintains license records; provides guidance to properly implement licensing laws and administrative rules; and responds to consumer inquiries on whether a person or an entity is properly licensed, to help them decide whether to use the services of that person or entity.

The **PVL website** (<https://cca.hawaii.gov/pvl/>) provides consumers licensing information for all of its licensing areas; fillable license applications; publications; licensing laws and administrative rules; FAQs; a link to the division's online services (https://cca.hawaii.gov/pvl/e_services/); board meeting schedules, agendas, and meeting minutes; and a geographical report that lists current, active, or inactive licensees by county.

The PVL's **Licensing Search website** (<https://mypvl.dcca.hawaii.gov/public-license-search/>) helps consumers verify the licenses of businesses or individuals, including their license identification number; whether a license is active or inactive; current status of the license; original date of licensure; expiration date of licensure; current and former persons, businesses, or tradenames; information on "conditional license" codes and descriptions; and any formal disciplinary action taken against the licensee. The PVL Licensing Search website was viewed 10,053,223 times with 3,524,774 online searches in FY 2025.

The public can create a customized list of licensees using the PVL's **List Builder website** (<https://mypvl.dcca.hawaii.gov/list-builder/>). The list is sortable by board, program, commission, license type, zip code, license issuance, license status, and island. Lists are available for download within 24 hours of making the request.

The Division's **MyPVL website** (<https://mypvl.dcca.hawaii.gov/public-license-search/>) allows licensees to access information and services from a single dashboard, including: managing or renewing their existing licenses; making address changes; and printing pocket identification cards and wall certificates online at no cost. Applicants for licensure can also submit their initial license applications and supporting documents; pay fees; monitor their application status; and receive correspondence. As of FY 2025, MyPVL has over 263,987 individual MyPVL user accounts with licenses.

Contact information:

Office address: 335 Merchant Street
Room 301
Honolulu, Hawaii 96813

Mailing address: P.O. Box 3469
Honolulu, Hawaii 96801

Phone: (808) 586-3000

Website: <https://cca.hawaii.gov/pvl/>

Email: pvl@dcca.hawaii.gov

The **Licensing Branch** is comprised of the Applications Section and the Records Section. The Applications Section reviews and processes applications for licensure, issues licenses, and maintains records of licensing applications. The Applications Section, on behalf of the boards, commissions, and programs, conducts highly intensive reviews of all initial licensing applications, and determines the status of those applications. The Licensing Branch received approximately 74,587 calls in FY 2025, or approximately 6,216 calls per month. The Division continues to work with a third-party call center to assist with calls routed to the Division's main public line. The call center has provided both the Applications Section staff and the Administration Branch phone support by addressing routine inquiries, such as the status of an application or where to obtain and file applications. The Records Section is PVL's frontline for in-person customer service. They assist the public with licensing information at the main PVL walk-in counter. The Records Section is also responsible for renewing, restoring, and reactivating licenses, maintaining records of all licensees, and responding to phone inquiries. Both sections of the Licensing Branch use the PVL's computerized licensing database to obtain immediate information about applicants and licensees. Inquirers may request information on whether a person or entity is licensed, the original date of licensure, the status of licensure, the expiration date of the license, Hawaii disciplinary sanctions imposed on the licensee and, if applicable, whether mandatory insurance (e.g., workers compensation, liability insurance) is current and in effect.

The **Administration Branch** handles board and commission affairs such as coordinating, preparing, facilitating, and recording board, commission, or advisory committee meetings; ensuring board and commission compliance with applicable laws that guide and direct its conduct; and implementing board decisions on applications, policies and procedures, and disciplinary actions. The branch also responds to requests for interpreting licensing laws and rules, oversees licensing and examination activities, and guides and assists with regulatory compliance issues. The same activities are done for the 27 programs (absent the necessity of board/commission meetings) on behalf of the DCCA director. The Administration Branch also performs substantial coordination and facilitation activities with other state, county, and federal agencies involved with licensing and regulatory issues.

The **Examination Branch** is responsible for ensuring the proper administration of licensing examinations for various boards, commissions, and programs. Its duties include conducting in-house examinations, reviewing, and processing requests for special accommodations, maintaining examination records, and transmitting eligibility information for individuals pursuing licensure, certification, or registration in Hawai‘i. The branch also ensures approved applicants receive the necessary pre-examination materials and post-examination score reports. In addition, in collaboration with board members and subject matter experts, the branch regularly reviews and updates examination content to maintain the validity and reliability of all exams.

The **Real Estate Branch** performs the same functions as the Administration Branch, but for real estate licensing and regulation, and condominium property regimes. With a large volume of applicants, licensees, and registrations, the Real Estate Branch administers the Real Estate Recovery Fund, Real Estate Education Trust Fund, and the Condominium Education Trust Fund. The Branch also administers education and research programs in the field of real estate and condominiums. Information on the programs, financial reports, and the Commission’s annual report may be reviewed at the Branch’s website: www.hawaii.gov/hirec.

All four branches within the Division work collectively toward processing applications, licenses, and renewals to ensure the public has choices among competent and licensed practitioners. In FY 2025, 93.27% or 66,961 licensees renewed their licenses online, as compared to 92.66% or 62,765 licensees who renewed online in FY 2024. The PVL encourages applicants and licensees to use its online services. For example, the PVL’s online renewal system reduces the processing of renewals from 14 to 21 business days to 1 to 3 business days, which saves valuable time and effort and ensures no disruption in practice.

For a statistical summary of key PVL activities, see:

Table 1: PVL Statistical Overview;

Table 2: Total Number of Current PVL Licensees;

Table 3: Total Number (Percentage) of Licenses Renewed Online; and

Table 4: Total Number of Email Inquiries.

GOALS AND OBJECTIVES

- Focus on improving customer service by optimizing workflow processes and streamlining procedures through increased use of technology for all branches. The Division continues its business process reengineering project with the Public Consulting Group (PCG). The goal of this project is to build a high functioning core team to service our customers efficiently and effectively, which will result in licenses being issued timely and correctly.
- Collaborate on the development of the Department-wide call center and website improvement initiatives to improve the overall customer experience.
- Continue efforts to reduce paper transactions, thereby decreasing license processing time and providing greater availability of application and renewal materials amongst staff.

- Focus on greater public transparency in the broadcast and internet streaming of all of the PVL's Boards and Commissions meetings.

Examination Branch

- Identify and implement enhancements to the examination component of the licensing process to improve the applicant experience and increase PVL's operational efficiency.
- Collaborate with vendors to update existing examinations, including the development and revision of exam questions.
- Establish a new contract with PSI to administer all Barber and Cosmetology exams, providing applicants with expanded options to test nationwide, through online proctoring, and at test centers located on Hawai'i, Kaua'i, Maui, and O'ahu.
- Advance the development of procedures for the electronic recording and secure storage of computer-based testing scores.

Real Estate Branch¹⁴

The Real Estate Branch (REB) will continue to improve the offering and delivery of real estate pre-licensing and continuing education (CE) courses. Work continues on revisions to Hawaii Administrative Rules (HAR) chapters 99 for real estate brokers and salespersons, which will result in the replacement of the existing chapter with three smaller chapters for future ease of use, as well as other changes, as recommended by the Legislative Reference Bureau, and 119 which will implement rules for the recodified Hawaii Revised Statutes chapter 514B. The REB will continue educating its licensees on various real estate related topics through the Real Estate Commission's (REC) mandatory core course and quarterly Real Estate Bulletin. For the condominium program, through the formation of a new Ad Hoc Committee on Condominium Board Education, the REB is currently working on researching, soliciting, and procuring for new free comprehensive condominium educational courses which would supplement the current ABC's Course. The new course will be designed for registered associations not able to send members due to financial constraints. Additionally, REC created an Ad Hoc Committee for Condominium Affairs and Solutions. This committee formed to assist and provide guidance to the REC with the many issues related to condominium association living. REB continues to enhance online public access to condominium projects, Association of Unit Owners registrations, and further develop its communication efforts with unit owners, developers, boards, associations, the legislature, and the general public. For a comprehensive report on the REB's and REC'S FY 2025 goals and objectives, please refer to www.hawaii.gov/hirec, publications to view its Annual Report for fiscal year ending June 30, 2024.

ACCOMPLISHMENTS IN FY 2025

¹⁴ For a comprehensive report on the goals and objectives of the Real Estate Branch and the Real Estate Commission, please visit <https://cca.hawaii.gov/reb/> to view the 2025 Annual Report of the Real Estate Commission.

Conversion of Licensing Documents to Electronic Format

The Division continued its scanning and imaging project of converting licensing documents into electronic format. Conversion protects historical documentation from damage or destruction and allows Division staff to retrieve and review documents electronically, thereby eliminating the delay that comes with physically retrieving files. The Division also moved toward incorporating a documents management system to enable it to more efficiently file scanned documents to the appropriate licensing files. Further, in consultation with PCG, the Division has continued to expand its online services to include an express change real estate broker form, which launched in August 2025.

Licensing Branch Accomplishments

The Licensing Branch received approximately 22,310 new applications and issued 16,803 licenses in FY 2025. The branch received 74,587 calls in FY 2025, or approximately 6,216 calls per month with the assistance of its internal and contracted call center. The Licensing Branch team continues to process all initial and renewal applications and hope to reduce its processing times to pre-pandemic numbers of 15 to 20 business day processing times through recommendations and strategies provided through its business processing reengineering project.

Examination Branch Accomplishments

The Examination Branch consistently demonstrated efficiency and professionalism by processing applicant eligibility for testing and issuing post-examination results within 5 to 7 days of key milestone dates. The branch also collaborated effectively with testing organizations, applicants, and Division staff—including Executive Officers, Program Specialists, and the Licensing Branch—to ensure that requests for special testing accommodations were addressed promptly and in full compliance with established timeframes.

By leveraging the capabilities of the Ho‘ala system, the Examination Branch successfully integrated program requirements, agency updates, and national organizational changes, further enhancing accuracy and efficiency in its operations.

Real Estate Branch Accomplishments

In line with PVL’s objectives of improving and expanding the Division’s online services, REB created and implemented a new online Express Change Broker Request. The system is simple to use and removes the cumbersome hard-copy paper processing. It is updated daily; and more detailed information may be found at www.hawaii.gov/hirec or https://cca.hawaii.gov/reb/real_ed/gen_info/ecbr/. For a comprehensive report on the REB’s and REC’S FY 2025 goals and objectives, please refer to its Publications, www.hawaii.gov/hirec to view its Annual Report for FY ending June 30, 2025.

CRF FINANCIAL SUMMARY FOR FY 2025

Personnel Expenses	Operating Expenses	Total Expenses	Revenues Received
\$7,663,502	\$1,957,263	\$9,620,765	\$11,475,538

TABLES

Table 1: PVL Statistical Overview

	FY 2023	FY 2024	FY 2025
Applications received	23,091	23,654	22,310
Applicants licensed	15,059	18,199	16,803
Licenses renewed	74,607	69,882	71,806
Permits issued	1,016	1,141	1,397
Calls received by Licensing Branch	92,224	50,582	74,587
Current licensees	173,459	178,091	176,190
Total licensee population (all statuses, i.e., current, forfeited, delinquent)	527,114	533,403	554,661

Table 2: Total Number of Current PVL Licensees

Boards and Commissions (shown by asterisks) and Programs	FY 2023	FY 2024	FY2025
Accountants*	2,788	3,447	3,561
Activity desks	837	800	432
Acupuncturists*	714	749	765
Appraisal management companies - license effective 9/1/24	79	21	47
Athletic trainers	226	245	253
Barbering and cosmetology*			
Barbers	1601	1,528	1,590
Barber shops	257	220	237
Beauty operators*	10,045	9,674	9,988
Beauty instructors	132	115	122

Professional and Vocational Licensing Division (PVL)

Boards and Commissions (shown by asterisks) and Programs	FY 2023	FY 2024	FY2025
Beauty schools	12	12	13
Beauty shops	1,656	1,467	1,563
Behavior analysts	641	619	682
Boxing (all categories)*	31	16	16
Cemeteries and pre-need funeral authorities	21	22	22
Chiropractors*	634	571	591
Collection agencies	592	571	558
Contractors*	12,233	12,546	11,827
Dentists*	1,525	1551	1,520
Community service dentists	15	15	16
Dental hygienists	1,183	1,143	1,167
Community service dental hygienists	0	2	1
Dispensing opticians	195	175	181
Electricians (all categories)*	3,330	3,509	3,586
Plumbers (all categories)*	1,328	1,245	1,299
Electrologists	16	17	14
Elevator mechanics*	256	258	306
Employment agencies	76	73	72
Engineers, architects, surveyors, and landscape architects*			
Engineers	7,375	7,365	7,665
Architects	2,539	2,464	2,567

Professional and Vocational Licensing Division (PVL)

Boards and Commissions (shown by asterisks) and Programs	FY 2023	FY 2024	FY2025
Surveyors	207	210	213
Landscape architects	148	148	150
Hearing aid dealers and fitters	113	99	109
Marriage and family therapists	694	777	812
Massage therapists*	7,609	6,656	6,841
Massage establishments	842	786	799
Medical and osteopathy*			
Physicians (MD)	10,667	10,889	11,386
Podiatrists	90	85	87
Osteopaths (DO)	1,257	1,289	1,302
Physician assistants	678	691	752
Emergency medical technicians	951	896	960
Emergency medical technicians-1	16	24	29
Emergency medical technicians -advanced	39	37	39
Emergency medical technicians-paramedics	624	600	619
Mental health counselors	793	891	960
Midwives	29	36	37
Mixed martial arts	23	43	44
Motor vehicle dealers*	248	249	255
Motor vehicle dealer branches	43	34	35
Motor vehicle distributors	36	37	37
Motor vehicle manufacturers	54	52	55
Motor vehicle salespersons	1,468	1,272	1,409

Professional and Vocational Licensing Division (PVL)

Boards and Commissions (shown by asterisks) and Programs	FY 2023	FY 2024	FY2025
Motor vehicle others (auction, broker, consultant)	10	10	12
Motor vehicle repair dealers*	415	515	538
Motor vehicle mechanics	1,041	1,166	1,218
Naturopaths*	170	157	170
Nursing*			
Registered nurses (RN)	30,231	38,149	41,319
Licensed practical nurses (LPN)	1,770	2,202	2,412
Advanced practice registered nurses (APRN)	2,488	3,130	3,545
Nurse aides	8,488	8,875	8,741
Nursing home administrators	153	147	153
Occupational therapists	729	895	734
Occupational therapist assistants	163	197	170
Optometrists*	451	435	447
Pest control operators*	169	159	156
Pest control field representatives	215	186	196
Pharmacists*	2,989	2,851	2,913
Pharmacies	257	246	238
Wholesale prescription drug distributors	60	56	59
Miscellaneous permits	812	805	858
Physical therapists	2,022	2,261	2,005
Physical therapist assistants	434	479	415
Port pilots	11	8	9
Deputy port pilots	3	2	2
Private detective agencies*	32	30	36

Professional and Vocational Licensing Division (PVL)

Boards and Commissions (shown by asterisks) and Programs	FY 2023	FY 2024	FY2025
Private detectives	81	76	80
Guard agencies	87	90	99
Guards	107	104	113
Guard employees	15,685	10,933	13,080
Psychologists*	1,399	1,411	1,470
Real estate appraisers	622	576	567
Real estate brokers*	6,459	6,681	6,302
Real estate salespersons	12,347	13,164	11,515
Real estate branch offices	141	147	119
Condominium hotel operators	27	26	27
Respiratory therapists	869	1,033	1,099
Social workers	2,702	3,018	3,175
Speech pathologists*	903	821	923
Audiologists	123	116	126
Travel agents	835	767	694
Uniform athlete agents	6	5	7
Veterinarians	763	787	851
Veterinary Technicians	190	203	214
TOTAL	173,459	178,091	184,398

Table 3: Total Number (Percentage) of Licenses Renewed Online

License Types	FY 2022	FY 2023	FY 2024	FY2025
Accountants	2,529 (99.33%)		2,468 (97.7%)	
Accountancy firm permits to practice	644 (94.72%)		625 (92.46%)	
Activity desks	195 (97.5%)		194 (97%)	
Acupuncturists		652 (96.74%)		641 (96.39%)
Architects	2,137 (97.76%)		2,260 (97.62%)	
Audiologists	88 (100%)		101 (100%)	
Barbers	1,173 (87.6%)		1,188 (87.03%)	
Barber shops	193 (89.77%)		170 (85%)	
Beauty operators	7,491 (93.26%)		7,768 (93.33%)	
Beauty instructors	95 (87.96%)		106 (92.17%)	
Beauty shops	1,127 (92.08%)		1,219 (92.49%)	
Behavior analysts	402 (99.26%)		504 (98.05%)	
Chiropractors	501 (94.89%)		495 (94.83%)	
Contractors		8,361 (75.29%)		8,487 (77.82%)
Community service dentists	9 (100%)		13 (100%)	
Dental hygienists	1,026 (98.18%)		1,049 (97.76%)	
Dentists	1,176 (94.61%)		1,323 (92.84%)	
Dispensing opticians	160 (97.56%)		166 (97.65%)	
Electrologists		15 (100%)		14 (100%)
Electricians		3,191 (95.25%)		
Elevator mechanics	193 (95.54%)		235 (96.71%)	

Professional and Vocational Licensing Division (PVL)

License Types	FY 2022	FY 2023	FY 2024	FY 2025
Emergency medical technicians	569 (79.25%)		676 (81.35%)	
Emergency medical technicians-1			5 (55.56%)	
Emergency medical technicians (advanced)	16 (50%)		22 (64.71%)	
Emergency medical technicians (paramedic)	429 (82.18%)		487 (87.28%)	
Guards	74 (84.09%)		86 (86%)	
Guard agencies	57 (87.69%)		76 (86.36%)	
Guard employees			8,900 (94.38%)	
Hearing aid dealers and fitters	96 (100%)		87 (98.86%)	
Landscape architects	133 (98.52%)		134 (96.4%)	
Land surveyors	187 (98.87%)		201 (98.05%)	
Marriage and family therapists		576 (93.05%)		
Massage establishments	619 (92.66%)		659 (91.53%)	
Massage therapists	5,465 (94.09%)		5,810 (91.38%)	
Mental health counselors		738 (98.4%)		
Midwives		23 (95.83%)		
Motor vehicle auctions	5 (100%)		5 (100%)	
Motor vehicle branches	31 (96.88%)		30 (100%)	
Motor vehicle consumer consultants	5 (100%)		5 (100%)	
Motor vehicle dealers	222 (90.98%)		204 (84.65%)	
Motor vehicle salespersons	1,145 (94.32%)		1,044 (94.05%)	
Motor vehicle distributors	30 (88.24%)		34 (100%)	

Professional and Vocational Licensing Division (PVL)

License Types	FY 2022	FY 2023	FY 2024	FY2025
Motor vehicle manufacturers	43 (93.48%)		47 (97.92%)	
Motor vehicle repair dealers		396 (90.62%)		367 (93.13%)
Motor vehicle repair registered mechanics		133 (86.36%)		116 (89.92%)
Nurses, advanced practice registered (APRN)		2,204 (95.78%)		2,948 (97.42%)
Nurses, licensed practical (LPN)		1,576 (95.05%)		1,681 (97.22%)
Nurses, registered (RN)		27,243 (97.85%)		30,969 (98.53%)
Nursing home administrators	125 (95.42%)		129 (98.47%)	
Occupational therapists		569 (97.77%)		643 (98.62%)
Occupational therapist assistants		144 (95.13%)		150 (98.04%)
Optometrists	391 (98.49%)		394 (98.01%)	
Osteopaths	775 (85.92%)		1,002 (94.35%)	
Pest control field representatives	153 (85%)		141 (78.33%)	
Pharmacists	2,631 (97.81%)		2,679 (97.38%)	
Pharmacies	262 (97.4%)		232 (93.83%)	
Pharmacy – miscellaneous permits	554 (82.2%)		600 (82.53%)	
Pharmacy – wholesale prescription drug distributors	42 (80.77%)		41 (80.39%)	
Physical therapists		1,696 (94.75%)		1,769 (97.41%)
Physical therapist assistants		383 (96.96%)		382 (98.71%)
Physicians	6,248 (72.4%)		7,820 (83.44%)	
Plumbers			1,103 (93.24%)	

Professional and Vocational Licensing Division (PVL)

License Types	FY 2022	FY 2023	FY 2024	FY2025
Podiatrists	55 (19.43%)		64 (79.01%)	
Private detectives	65 (90.28%)		66 (86.84%)	
Private detective agencies	24 (88.89%)		28 (90.32%)	
Professional engineers	6,361 (98.87%)		676 (98.43%)	
Psychologists	1,134 (96.35%)		1,321 (97.2%)	
Real estate branch offices		99 (96.12%)		95 (93.14%)
Real estate brokers		5,904 (96.11%)		5,824 (96.68%)
Real estate salespersons		10,946 (96.91%)		10,384 (97.95%)
Respiratory therapists		765 (97.7%)		
Social workers	2,117 (96.79)			2,481 (97.33%)
Speech pathologists	610 (99.03%)		630 (98.9%)	
Travel agencies	469 (94.18%)		437 (91.42%)	
Uniform athlete agents	2 (100%)		3 (75%)	
Veterinarians	565 (97.08%)		738 (97.49%)	
Veterinary Technicians			175 (94.59%)	
TOTAL	55,664 (91.26%)	65,614 (93.52%)	62,765 (92.66%)	66,951 (94.86%)

Table 4: Total Number of Email Inquiries

Boards and Programs	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Accountancy	1,881	2,794	2,447	2,273	1,661	2,502
Activity desk	138	330	193	41	149	271
Acupuncture	393	816	450	566	624	675

Professional and Vocational Licensing Division (PVL)

Boards and Programs	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Appraisal management company – effective 1/1/2018	123	271	374	315	80	734
Athletic trainer	285	417	204	172	96	369
Barbering and cosmetology	2,308	5,546	4,863	7,761	8,909	10,449
Behavior analyst	257	464	540	238	243	427
Boxing	124	30	68	209	258	441
Cemetery and pre-need funeral authority	50	16	110	143	120	264
Chiropractor	440	1,106	1,035	610	1,536	1,210
Contractor	4,319	13,388	9,429	10,715	3,288	11,032
Dentist and dental hygienist	2,005	2,981	4,358	3,507	1,838	4,462
Dispensing optician	74	62	178	132	117	166
Electrician and plumber	686	1,501	1,165	1,358	1,088	1,664
Electrologist	133	317	96	107	59	74
Elevator mechanic	192	228	190	88	280	335
Employment agency	149	421	120	279	94	328
Engineer, architect, surveyor, and landscape architect	2,169	2,872	2,143	4,524	10,578	9,513
Exam Branch	1,436	1,777	1,531	1,477	1610	1,610
Hearing aid dealer and fitter	295	349	98	135	112	218
Marriage and family therapist	744	1,475	954	781	1,056	1,131
Massage therapy	1,826	2,775	3,093	3,322	4,394	5,334
Medical and osteopathy	8,905	11,050	16,175	14,951	16,303	20,855

Professional and Vocational Licensing Division (PVL)

Boards and Programs	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Mental health counselor	1,184	2,242	2,352	1,167	2,605	3,172
Midwives – effective 7/1/2020	7	295	160	147	54	174
Mixed martial arts	144	11	137	259	269	135
Motor vehicle industry	301	466	30	1,142	1,053	979
Motor vehicle repair	89	253	413	644	709	446
Naturopathy	638	395	764	487	520	617
Nurse aide	620	1,608	677	247	255	740
Nursing	16,815	30,005	57,323	42,663	34,439	26,940
Nursing home administrator	462	1,123	341	150	176	460
Occupational therapist	222	782	303	850	569	795
Optometry	781	820	319	837	753	843
Pest control	387	932	657	496	297	796
Pharmacy and pharmacist	4,717	8,196	6,787	4,026	3,399	5,643
Physical therapy	1,613	3,172	2,366	2,465	2,886	4,607
Port Pilot	8	26	32	98	131	157
Private detective and guard	968	3,315	4,564	2,219	2,035	4,030
Psychology	1,557	2,761	2,560	2,036	1,438	2,893
Real estate	13,271	36,599	25,273	19,212	15,184	15,987
Real estate appraiser	871	737	1,588	1,259	800	1,350
Respiratory therapist	371	511	1,004	787	441	634
Social worker	1,065	2,155	2,310	1,996	2,336	3,497

Annual Compliance Resolution Fund Report

Professional and Vocational Licensing Division (PVL)

Boards and Programs	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Speech pathology and audiology	382	772	903	1,114	743	1,562
Subdivision	106	192	144	211	130	142
Time share	466	577	517	545	535	640
Travel agency	198	168	170	342	829	838
Uniform athlete agent	132	149	29	7	4	105
Veterinary	647	2,082	1,735	1,857	162	2,035
Veterinary technician – license effective 7/1/2018	264	596	207	220	5	162
TOTAL	83,561	165,078	175,750	150,762	139,731	155,641

REGULATED INDUSTRIES COMPLAINTS OFFICE

OVERVIEW AND COMPOSITION

The Regulated Industries Complaints Office (RICO) is an independent, prosecutorial agency that appears before the licensing boards, commissions, and programs (Boards) that are administratively attached to the DCCA through the Department's Professional and Vocational Licensing (PVL) division.¹⁵ While the Boards oversee occupations in a regulated industry by issuing licenses to those who are competent and qualified to perform the specialized services, when a customer or client complains about the conduct of a licensee, RICO can investigate, prosecute and make sanction recommendations to the Boards for final action. RICO also investigates and prosecutes persons engaging in unlicensed work in a regulated industry before the circuit courts of the State.

RICO's investigative and prosecutorial functions begin with the filing of formal complaints and tips of potential misconduct from a variety of sources including individuals, businesses, government officials, law enforcement, out-of-state agencies, professional affiliations and associations, hospitals, and persons who choose to remain anonymous. RICO staff also initiate complaints when it becomes apparent during a site inspection that a licensing law violation may have occurred.

Related to enforcement, RICO provides opportunities for the public to become more knowledgeable as consumers, and for licensees to remain legally compliant, through an education campaign consisting of online resources and direct interfacing with the community. RICO also administers the State Certified Arbitration Program (SCAP) for "lemon" motor vehicle claims that can be brought directly against vehicle manufacturers for serious suspected defects that are covered by the new car's warranty.

Contact information:

RICO is located in five separate offices throughout the State: Honolulu (Oahu), Hilo (Hawaii), Kailua-Kona (Hawaii), Wailuku (Maui), and Lihue (Kauai). The Hilo, Kailua-Kona, Wailuku, and Lihue offices are commonly referred to as RICO's neighbor island offices. The Oahu location serves as RICO's main hub.

Main office address:	State Office Tower Leiopapa a Kamehameha Building 235 S. Beretania Street, 9 th Floor Honolulu, Hawaii 96813 Phone: (808) 587-4272
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Kauai office address:	3060 Eiwa Street
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¹⁵ Currently, 52 boards, commissions and programs have regulatory authority over industries that require a professional or vocational license from the PVL to engage in certain industry professions or trades. The industries regulated by the 52 boards affect the health, safety, and welfare of Hawaii's citizens.

	Room 204 Lihue, Hawaii 96766 Phone: (808) 241-3300
Maui office address:	Wells Professional Center 2145 Wells Street Suite 106 Wailuku, Hawaii 96793 Phone: (808) 243-5808
Hilo office address:	120 Pauahi Street Suite 212 Hilo, Hawaii 96720 Phone: (808) 933-8846
Kona office address:	Hualalai Center, Room C-309 75-170 Hualalai Road Kailua-Kona, Hawaii 96740 Phone: (808) 327-9590
Website:	cca.hawaii.gov/rico
Email:	rico@dcca.hawaii.gov

RICO has a complaints and enforcement officer, intake investigators, field investigators, attorneys, and administrative and support staff. Approximately one-fifth of RICO's positions are located in the four neighbor island offices.

Intake Section (RICO's Consumer Resource Center or CRC)

RICO's Intake Section, or CRC, is often the first contact a consumer will have with the division. The CRC handles the intake functions exclusively for RICO primarily.¹⁶ CRC staff includes intake investigators and clerical support.

CRC's Intake investigators address a variety of preliminary matters related to RICO's jurisdiction, complaints processing, investigations, and prosecutions. They contribute to the resolution of customer inquiries and complaints before official RICO action begins by providing a templated self-help letter for consumers to use to communicate directly with a service provider. The investigators sometimes solicit an explanation from a licensee and in some of those cases the explanation will end the matter especially where the dispute has resulted from a misunderstanding or inadvertent neglect. Even when a formal complaint form is received, intake investigators may allow the parties additional time to work together to resolve the dispute and if they succeed the

¹⁶ The CRC also provides temporary & basic intake services for the Office of Consumer Protection (OCP), a separate agency and division within the DCCA with an enforcement mandate that differs from the RICO division.

matter will end in the CRC without the need for further official action such as a formal RICO investigation or review.

The majority of the CRC intake investigators' time is spent on conducting preliminary investigations or reviews to determine if further official action by RICO may be warranted. Further official action could include an investigation of certain subject matters by the intake investigator including through RICO's Early Complaints Resolution (ECR) program,¹⁷ monitoring a matter that may be pending with another agency or jurisdiction, and referring a complaint to the Field Investigation Section for a more formal investigation. Many complaints are closed in the CRC for a variety of reasons including jurisdiction concerns, no violation can be established, insufficient evidence, and through education contacts and warnings.

Licensing and Business Information Section in the CRC

The Licensing and Business Information Section (LBIS), is a call center within the CRC that is available to the public by telephone (808-587-4272 or 808-587-4CRC) Monday through Friday, from 7:45 A.M. to 4:30 P.M. The LBIS provides business registration information, RICO complaints history information, and information about whether a business or individual has a current professional or vocational license.¹⁸ The LBIS also screens calls for intake investigators.

Field Investigation Section

The Field Investigation Section contains the largest concentration of RICO employees with investigators and clerical support staff in offices in Honolulu, Hilo, Kailua-Kona, Wailuku, and Lihue.

Complaints are referred to Field for review and investigation from other units within RICO, but Field investigators may also initiate complaints too. They conduct formal investigations that may include in-depth communications with the parties, obtaining and analyzing information and records, site visits, and interviews. Field investigators may also consult confidentially with an industry expert about issues in a complaint.

Where there is at least sufficient evidence of a probable licensing law violation, complaints may be referred to the Legal Section for consideration. But, similar to the CRC, many complaints will end in Field Section too for a variety of reasons including the absence of sufficient credible evidence of a licensing violation; the investigation established that no violation occurred; or an education contact or warning is appropriate.

The Field Section has two full-time Unlicensed Task Force (UTF) teams that are based on Oahu. They respond to tip information about unlicensed jobs or unlicensed activity, but they can initiate unlicensed complaints too. The UTF will on occasion travel to assist RICO's neighbor island investigators with "unlicensed sweeps," which are large-scale, community-wide inspections of

¹⁷The ECR program involves investigating and direct-referring a matter to the Legal Section, which preserves resources through bypassing the Field Section.

¹⁸ LBIS also furnishes OCP complaints history information if requested.

businesses (also known as licensure compliance checks), that are conducted over several days. Compliance checks also include instances when the UTF and neighbor island investigators scour and review advertisements for suspected unlicensed activity and then take appropriate action.

During a site inspection or compliance check, the Field investigator can issue and serve a formal citation on an unlicensed person that is engaging in activity requiring licensure. Citations may also be issued and served on massage and beauty operators that fail to publicly display their licensing credentials at their work site. Citations consist of a monetary fine and an order of abatement.

Field investigators assist RICO staff attorneys during pre-trial and trial work including obtaining or clarifying additional information for litigation purposes; serving hearing notices on parties; and testifying as witnesses in contested case proceedings.

Finally, the Hilo, Kailua-Kona, Lihue, and Wailuku RICO offices serve as local RICO and DCCA liaisons for the respective neighbor island communities. They handle a high volume of telephone calls and walk-in visitors who need assistance with RICO/DCCA and non-RICO matters too.

Legal Section

The Legal Section is comprised of attorneys and legal support staff. The section reviews completed investigations to determine if reliable evidence and good cause exists to pursue formal enforcement action such as discipline in the case of licensees, or, a court judgment or formal settlement in the case of unlicensed persons. Many factors influence whether a complaint will be prosecuted by the Legal Section and the outcome, including but not limited to the conduct at issue; the violations alleged; the credibility, reliability, and admissibility of the evidence; the likely impact of a prosecution; the resources necessary to effectively pursue action; and the likelihood of success through litigation.

Enforcement cases involving licensees are prosecuted by the Legal Section staff attorneys as HRS Chapter 91 contested case proceedings convened before hearings officers with the Office of Administrative Hearings (OAH), or resolved through formal settlements. The Professional and Vocational Licensing (PVL) boards, commissions and programs have the final say. They issue final orders on a hearings officer's recommended decision and negotiated settlements. The orders contain the disciplinary terms imposed such as license revocations, suspensions, probation, reprimands, censures, monetary fines, professional evaluations, professional education, monitoring, treatment and, in a few isolated cases, indisputable or conceded restitution to consumers.

Enforcement cases involving unlicensed persons are prosecuted by the Legal Section staff attorneys through lawsuits filed in the Circuit Courts, and through assurances of voluntary compliance, which are formal negotiated settlements for unlicensed cases. Staff attorneys handle appeals of citations that were issued by Field investigators to individuals and entities engaging in

unlicensed work. Enforcement action in unlicensed cases most often end with the imposition of monetary fines and an injunction prohibiting further unlicensed activity.

In the burgeoning area of public information requests aimed at increasing government transparency, each year the Legal Section handles hundreds of formal and informal requests for RICO complaints information that are received from parties, the public, litigants, employers, educational and professional institutions, credentialing organizations, reporters, researchers, and even other government agencies. They also defends appeals that are filed with the Office of Information Practices (OIP) to challenge RICO decisions made pursuant to Chapter 92F HRS.

The Legal Section reviews and responds to routine subpoenas that are served on RICO for RICO case records. The specialized and time-sensitive process of responding includes reviewing records, initiating and filing applicable pleadings including motions to quash and/or for protective order, and even appearing with the records custodian at depositions or court hearings.

Collections Program in the Legal Section

Since calendar-year 2022, the Legal Section has added collections-work to its busy agenda. The program is designed to timely pursue respondents and defendants, also known as judgment debtors, who have not paid imposed fines. The program seeks to enforce and extend RICO's statutory right to collect unpaid orders and judgments, if and when a judgment debtor comes into funds. The program's work includes confirming as Circuit Court judgments the board final orders that have outstanding fines still, and otherwise act swiftly to seize available funds to satisfy the debts. It also includes evaluating and not pursuing debtors that may be judgment proof. In the end, the Legal section's systematic collections effort is a small but vital step towards holding debtors accountable for their actions by sending a clear message that RICO will seek to protect Hawaii's consumers and licensed businesses beyond the entry of a judgment or board final order, through extra efforts to recover unpaid fines too.

State Certified Arbitration Program (SCAP) in the Legal Section

The Legal Section operates the State Certified Arbitration Program (SCAP), which is a program that administers Hawaii's "Lemon Law." SCAP provides a low-cost arbitration forum for consumers to resolve car warranty complaints with manufacturers,¹⁹ It operates under the direction of a lemon law administrator. It is a member of the International Association of Lemon Law Administrators (IALLA). The affiliation serves as a key source for current information on lemon law legislation and best practices, vehicle recalls, flood damaged vehicles, class action lawsuits, and technological advancements. While only a small percentage of cars sold in the State each year are declared lemons, all new car buyers benefit from the program because it further incentivizes manufacturers to deliver to the market cars that are free from defect and to act quickly to address ongoing problems through repair or voluntary recall.

¹⁹ Specifically, under certain conditions a consumer may be entitled to a refund or replacement vehicle if the car they purchased has a nonconformity, defect, or condition that is covered by the car's warranty and that substantially impairs the use, market value, or safety of the car.

Consumers wishing to participate in SCAP are urged to review the Lemon Law Consumer Handbook for information and instructions and then write to the manufacturer for direct assistance. If they are unable to reach a resolution, the consumer can utilize the Program by filing a demand for arbitration. SCAP will evaluate the demand and schedule an arbitration hearing where appropriate. The consumer pays a modest \$50 filing fee that will be refunded if the consumer prevails in arbitration. Before an arbitration hearing can be scheduled, however, the manufacturer or its authorized repair dealership must be given a reasonable opportunity to repair the vehicle.

Education Campaign

Finally, RICO is committed to making available helpful information to consumers and licensees through its website, complaints processing, and in person where possible.

GOALS AND OBJECTIVES

- Focus on high-impact cases when determining prosecution priorities.
- Continue processing complaints as expeditiously as possible without compromising integrity, impartiality, and fairness.
- Continue informal collaborations with state and federal enforcement agencies to better regulate the professions and vocations within RICO's jurisdiction.
 - Continue to partner with and conduct operations with law enforcement or County officials when appropriate;
 - Continue to monitor and track criminal proceedings involving licensed persons so that a conviction can be acted upon quickly;
 - Continue to pursue, on the civil side, licensees who have already been proven to have run afoul of wage and standard laws; and
 - Continue to pursue, on the civil side, licensees who have already been proven to have run afoul of City ordinances.
- Continue modernizing and expediting complaints processing through:
 - Merging RICO's current call center and call functions with the Department's new call center;
 - Continued use and improvement of IMPACT, RICO's newer complaints management system including the portals that make it possible to share and receive information in real time;
 - Regular updates to RICO's website and the information on it; and
 - Updating equipment and accessories used by RICO staff for efficient field and remote work when needed.
- Collaborate internally on subjects or projects aimed at expediting complaints processing.
- Continue staff professional growth and development.

ACCOMPLISHMENTS IN FY 2025

Despite constant challenges with managing the volume of complaints and high staff attorney turnover, inquiries and matters received by RICO annually, the division continues to meet its goal and objectives and it produces impactful work, through the diligence of its dedicated staff, by maintaining a resourceful and user-friendly website for visitors, and by using modernized intake systems that make the receipt and review of information more expeditious. The division's significant accomplishments are listed below.

Consumer Resource Center

Accomplishments during FY 2025:

- In keeping with previous fiscal years, the reported statistics from the Consumer Resource Center continue to decline gradually as anticipated, as consumers and customers continue to pivot to the division's user-friendly e-portals and website data and resources for help in answering questions, concerns, and disputes.
- The LBIS call center answered over 7,913 telephone calls where they assisted customers with at least 30,346 inquiries about a regulated industry, licensing information, or prior complaints histories. This is a marginal increase (.69%) in telephone calls from the prior fiscal year.
- The CRC distributed 2,326 RICO complaint forms to interested consumers from the Oahu office alone, which is an increase of 144.3% from the prior fiscal year and closed approximately 1,868 complaints and complaint inquiries without having to initiate further official action by RICO. The number of complaints closed was 35.07% higher than the prior fiscal year.²⁰
- CRC's intake investigators processed 38 complaints through the ECR Program, which reduces the number of complaints referred for a full field investigation and increases the number of complaints available for quicker review by the Legal Section. The 38 complaints represented a 5% decrease in ECRs from the preceding fiscal year. Another 2,862 RICO complaints were officially processed against licensees and unlicensed persons and many began as formal complaint forms that were reviewed in the CRC before being investigated by an intake investigator and/or referred to the Field or Legal Sections for further handling. The number was 28.92% higher than complaints processed in the prior fiscal year.
- CRC received and processed 635 e-tips of possible unlicensed activity, up 22.82% from the previous fiscal year where 517 e-tips were received and processed expeditiously by CRC. In the years before RICO's electronic tip portal debuted in FY 2021, anonymous tips of witnesses of unlicensed activity could only be reported in paper form.
- CRC received and processed 991 e-filed complaints, a slight 12.61% increase from the previous fiscal year. RICO first debuted the electronic complaints filing portal during FY

²⁰ If a caller wishes to file a complaint with the Office of Consumer Protection (OCP), the intake investigator will walk the consumer through their generalized understanding of the OCP complaint process or refer the consumer to an OCP investigator for more information. In FY 2025, the CRC distributed 185 OCP complaint forms to interested persons.

2022, where 648 e-filed complaints were received. The availability of the portal continues to make intake more efficient by increasing the rate of screening and review at intake.

- Finally, in the area of professional growth and development, the CRC intake investigators and support staff participated in at least 58 in-house, in-person, or virtual courses during the fiscal year.

Field Investigation Section

Accomplishments during FY 2025:

- The Field Section completed 1,281 licensed and unlicensed investigations statewide.
- The Field Section initiated at least 271 complaints and investigated each one of them.
- Collectively, the neighbor island staff expended more than 595 hours assisting consumers, the public, and others as part of their regular duties. This represented a miniscule (0.17%) decrease from the prior fiscal year.
- Collectively, the neighbor island staff provided assistance with at least 2,701 non-RICO matters, which constitutes a nonconsequential (0.44%) decrease in similar assistance from the previous fiscal year.
- Collectively, the neighbor island staff provided at least 63 RICO complaint forms to the public, which represented a 58.44% decrease from the previous fiscal year as the division continues to foresee more neighbor island customers using the convenient e-portals for filing complaints electronically.
- The UTF and neighbor island investigators were able to conduct at least 1,990 site inspections²¹ or licensure compliance checks statewide. This was a slight (16%) decrease from inspections conducted during the previous FY.
- The UTF issued 62 citations for unlicensed activity and/or failure to properly display licenses by businesses. This represented an 81.82% increase in citation work from the previous fiscal year.
- The UTF was able to conduct neighbor-island business sweeps in the Kauai, Hilo and Kona communities. The sweeps resulted in 51 physical site inspections, 10 citations, and invaluable education for the businesses that were visited.
- The Field Section continued to maintain impactful in-house projects too, such as the property management working group which focuses on randomly auditing real estate licensees' fiscal property management practices. The working group's goal continues to be helping to prevent or minimize situations where questionable fiscal practices can result in substantial monetary losses by owners and renters of realty. During the fiscal year in September 2024, the working group was able to initiate the 6th phase of sending out 18 educational/informational letters and questionnaires to licensees. Phase 7 was initiated in May 2025 where 30 educational/informational and questionnaires were sent to licensees.
- In direct response to the Maui Wildfire event of 2023, the Field Section took the initiative during FY 2024 to create an in-house RICO Maui Wildfire (WF) team. The WF team is active still and consists of members of the UTF who meet monthly for updates on

²¹ The number includes inspections of written media and publications, and licensee business websites too, for advertising compliance.

information pertaining to permits, construction, and drive-by site inspections in the Lahaina/Kula areas. As more residential homes become permitted for construction, an estimated 342 educational contact letters have already been sent during the FY to homeowners who have been authorized to rebuild.

- Finally, in the area of professional growth, Field Section personnel completed at least 147 training courses covering areas regulated by RICO, and/or professionalism, ethics, safety, work practices, or substantive investigations.

Legal Section

Accomplishments during FY 2025:

- The Legal Section hired several new staff members this year. Despite the ongoing staff shortage and new staff in training, the Legal Section managed to average a superb case clearance rate of 108%. This means the section was still able to successfully close more cases than were referred or assigned to the section during the fiscal year. The attorneys filed 213 civil and administrative actions, up 29% from the number of filings from the previous fiscal year. Furthermore, this year's prosecutions resulted in a larger number of cases with severe sanctions compared to the previous year, including the revocation of 22 licensees and the suspension of 3 more. In addition, more than \$720,000.00 in total monetary fines were assessed during the FY; \$390,000.00 was collected.
- Fifty-nine (59) citation cases were referred to the Legal Section in FY 2025, and 50 resulted in a final order, eight resolved through an assurance of voluntary compliance, one resolved through Consent Judgment, and all except one case were paid in full. In addition, \$532.00 in fines from three prior citation cases were collected during the fiscal year.
- Substantive legal action highlights included the sanctioning of at least: (a) 18 licensees based upon or involving an entry of a judgment of criminal conviction; (b) at least 1 licensee for either the nondisclosure or existence of unpaid tax liens or civil judgments, and (c) at least 1 licensee for aiding and abetting unlicensed practices in a different industry. One licensee was warned about complying with the State's wage and labor laws.
- Based upon Act 38 (SLH 2016), now codified in the Hawaii Revised Statutes, RICO's Discipline Based On Action Taken By Another State ("DBOATS") initiative allows RICO to partner with the medical, nursing, pharmacy and dental boards to take swift action against local licensees who are licensed elsewhere, based on discipline imposed by another state. At least two cases during FY 2025 resulted in disciplinary action through the DBOATS initiative.
- The Legal Section processed at least 149 requests for information that resulted in the release of approximately 2,175 pages of publicly disclosable records. This represented an 11.19% increase in the total number of requests processed, compared to the previous fiscal year.
- During the fiscal year RICO was also served with, and responded to, subpoenas arising from external litigation.
- Over the last two fiscal years and going forward, the Legal Section is focused on prioritizing evidence-ready and impactful cases for enforcement action. The Section's innovative case screening process scrutinizes completed investigations immediately to

determine if they are grounded in reliable evidence, can adequately withstand potential defenses, can be successfully prosecuted without undue strain on existing priorities and resources, and will have a meaningful impact for the community. The screenings are performed with minimal burden on Section attorney time. The approach has been highly successful in resolving backlogged and aged cases, and in reducing the total caseload carried by the unit such that meaningful cases are being addressed promptly and with overall better outcomes.

- Finally, in the area of professional growth, the Legal Section continued taking continuing education courses as well as conducting in-house meetings and education sessions. In all, a total of 111 courses covering a variety of subjects were completed by staff attorneys. Additionally, experienced attorneys provided 25 in-house trainings for attorneys newer to RICO and RICO staff.

SCAP – Legal Section

Accomplishments during FY 2025:

- SCAP continues its commitment to streamline and modernize the program to make it user-friendly and efficient for litigants and arbitrators. Hence, SCAP is in the fourth year of using an online application portal where consumers can electronically submit a demand for arbitration. After several years of encouraging and promoting the portal, today most consumers are indeed filing their demands electronically. The portal also allows parties and arbitrators to virtually submit and view evidence and other important supporting documents.
- This fiscal year the Program created an electronic library of resources that are accessible to arbitrators to assist the hearings and deliberations process. The library includes the laws and rules that govern SCAP, sample forms, and prior decisions.
- SCAP continued to rely on several strategies to effectively manage claims, including virtual hearings, email communications with parties where allowed by law, electronic signatures, and the portal for submission and sharing of key pieces of evidence, all of which have proven to be effective and satisfactory for both consumers and manufacturers. One consumer commented positively about the portal saying, “The SCAP Portal worked amazingly well and was very easy to use. The staff of SCAP are an asset to the State of Hawaii, they conducted themselves professionally, always answered my questions, addressed my concerns and offered guidance when needed.” More information, including a glimpse into the SCAP program and its resources and portal, is available on the RICO website at <https://cca.hawaii.gov/rico/lemon-law/>.
- A total of 65 SCAP claims were initiated and an additional 19 claims were submitted, but not initiated. This represents a 5% increase in claims submitted since the previous fiscal year (FY 2024), a year that saw an unprecedented 423% increase in claims from FY 2023. Of the 65 initiated cases, 22 decisions favored consumers, 5 favored manufacturers, 19 were settled after filing, and 3 were withdrawn. Moreover, a further 16 cases are still pending final resolution, including 5 which are completing settlement.
- SCAP issued over \$2,660,000.00 in consumer refunds and bank loan payoffs.

- In the area of professional growth, the SCAP administrator conducted several training courses virtually. Three classes were held to train new arbitrators.
- Finally, SCAP has been very successful in the last two fiscal years with recruiting and training new volunteer arbitrators from a wide cross-section of the legal community. Currently, SCAP has 48 active arbitrators, some of whom volunteer to handle multiple claims each year.

Collections - Legal Section

Accomplishments during FY 2025:

A final and significant accomplishment of the Legal Section was the further development of its collections program. Specifically:

- This past fiscal year, RICO continued to employ two staff attorneys with prior experience in collections law, whose duties also include regular RICO enforcement cases, to pursue the purposeful collection of unpaid fines. The work has included collecting on unpaid fines or debts owed, through court-enforced means or engaging in proactive negotiations. It includes representing RICO in tax intercept cases and in other matters, as well as reviewing both aged and newly closed cases for collections potential and further action.
- A total of \$390,323.46 in monetary fines and penalties were paid in cases resolved this fiscal year. An additional \$331,832.99 in fines were imposed but have yet to be collected. The cases will be reviewed as part of the collections program.
- The Legal Section's collections program also actively reviewed at least 45 closed cases and took collection enforcement action in 26. This resulted in the renewal of 5 stale judgments, \$10,417.76 in accounts receivables through negotiations, tax intercepts and 7 supplemental court actions such as wage garnishment and civil contempt proceedings. Finally, after careful review by the program, a determination of uncollectable was made in at least 18 closed cases.

Education Accomplishments during FY 2025:

- RICO's website received more than 83,000 hits as members of the public and licensees perused information about the regulated industries, complaints process, and brochures designed to assist consumers with making informed choices. Most who visited were interested in knowing if a person had a record of discipline because more than 144,000 queries occurred in the RICO's complaints history portal alone, which is significant even if it was 19.33% less than the queries from the previous year.
- RICO personnel continued to participate in the division's education campaign too by counseling parties about licensure requirements through educational contacts, warnings, and brochures, and by answering questions from complainants, licensees, or unlicensed persons as RICO staff reviewed, investigated, and processed complaints. Likewise, the SCAP team conferred with consumers regularly about Lemon Law tips and whether their dispute was appropriate for arbitration.

CRF FINANCIAL SUMMARY FOR FY 2025

Personnel Expenses	Operating Expenses	Total Expenses	Revenues Received
\$ 7,771,835.23	\$ 1,058,759.13	\$ 8,830,594.36	\$ 9,597,678.68

RICO is 100% special-funded through licensing fees primarily, and fines and assessments paid during the fiscal year. Licensee fee collections vary annually because of licensee retirements and resignations, and because most renewal fees are assessed biennially and collected at different times of the year depending on the profession. The amount of fines that are paid annually through the enforcement process vary too according to the timing of different legal actions and the solvency of individuals and entities. Despite these variables, RICO's revenue source and resulting operations have remained stable.

CONCLUSION

RICO is responsible for investigating and prosecuting licensing law violations for the 52 industry boards, commissions, and programs. RICO continues to do so by maintaining a high level of productivity and responsiveness, by having staff remain committed to professional growth and development, and through the division's investment in technological advances that include receiving and processing information electronically to ensure a fair marketplace for Hawaii's consumers and licensed professionals.

TABLES

The following tables illustrate the level of public interest in RICO-related information and the variety and complexity of work performed daily by division employees.

Table 1: Top 5 Subjects of Callers Seeking Assistance from the LBIS

FY 2025
1. Contractor (3,392)
2. Is a person or business licensed? (2,700)
3. Real Estate (836)
4. Automotive Repair (389)
5. Motor Vehicle Industry (378)

Table 2: Top 5 Industries that are the Subject of Information Requests

FY 2025
1. Medical (34)
2. Dental (33)
3. Contractor (20)
4. Real Estate (11)
5. Nurses (7)

Table 3: Top 5 Public Internet Inquiry Areas Related to RICO

FY 2025
1. RICO complaints history queries (144,872)
2. RICO homepage (83,629 hits)
3. RICO complaints history portal (127,556 hits)
4. RICO webpage on filing a complaint (12,017 hits)
5. RICO complaints history details (13,894 hits)

Table 4: Top 5 Industry Complaints Processed by RICO

FY 2025
1. Real Estate (692)
2. Medical (544)
3. Contractor (518)
4. Barber (309)
5. Motor Vehicle Sales (135)

Table 5: Top 5 Industry Prosecutions – Licensees

FY 2025
1. Real Estate (32)
2. Medical (13)
3. Contractor (8)
4. Barbering and Cosmetology (7)
5. Pharmacy and Nursing (5)

Table 6: Top 5 Industry Prosecutions – Unlicensed Persons

FY 2025
1. Barbering and Cosmetology (40)
2. Massage Therapy (11)
3. Motor Vehicle Repair (5)
4. Contractor (4)
5. Dispensing Optician, Electrologist, Electrician and Plumber, Private Detective and Guard, and Real Estate (1)