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DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS

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Testimony of the Department of Commerce and Consumer Affairs

**Before the
Committee on Consumer Protection & Commerce
Tuesday, March 17, 2026
2:00 p.m.
Via Videoconference**

**On the following measure:
S.B. 2757, S.D. 2, RELATING TO RELATING TO DIGITAL ASSET CHARTERS.**

Chair Matayoshi and Members of the Committee:

My name is Dwight Young, and I am the Commissioner of the Department of Commerce and Consumer Affairs' Division of Financial Institutions. The Department offers comments on this bill.

The purpose of this bill is to establish within the Department of Commerce and Consumer Affairs Division of Financial Institutions, beginning 1/1/2027, a digital asset charter program for licensing, regulating, and overseeing digital asset companies and digital asset business activities. Authorizes companies that participated in the Hawai'i Digital Currency Innovation Lab to temporarily continue digital asset business activities without a charter in certain circumstances. Appropriates moneys out of the compliance resolution fund.

The Division would like the Committee to know that the cost to create, implement and maintain a digital asset regulatory regime will require funding in excess of the \$500,000 allocated from the compliance resolution fund ("CRF") on Page 80, Line 7.

Establishment of a licensing program will require two licensing examiners, engagement of a blockchain analysis company and basic office equipment at an annual cost of \$500,000. Additionally, two Field examiners will be required to establish onsite and offsite monitoring and examination programs with an additional annual cost of \$300,000. Furthermore, the Division is unsure if there will be a sufficient number of licensees to support the cost of the program. Due to the potential unsustainability of the program and the accompanying risk of insufficient CRF special funds, general funds should be allocated to start up the new digital asset program with additional general funding to augment any budget deficiencies once the program is implemented.

The licensing program would need to be created prior to the effective date of the law and will require 18 – 24 months of lead time. Development of an examination program will need to begin no later than six months prior to the effective date of the law. Accordingly, the Division requests the effective date of this bill should be pushed back to no earlier than 1/1/2028.

In an effort to protect consumers, the Division recommends that on Page 36, Line 6 be amended to include, “...that person, in addition to holding cash or cash equivalents equal to the value of the digital asset held in custody.” This additional requirement will ensure that a consumer can be made whole in the event of lost key or theft of the digital assets.

It should be noted that federal regulation, known as the GENIUS Act, was passed in 2025 and will likely preempt any state-level regulation regarding stablecoins. The federal regulators have not yet issued final implementing rules regarding stablecoin regulation creating uncertainty about what will be permitted under a state-level regulatory scheme.

Additionally, the Digital Asset Market Clarity Act (Clarity Act) passed the House of Representatives in 2025 and is being debated in the Senate. The Clarity Act aims to establish a federal regulatory framework for digital assets and divides oversight between the SEC and CFTC. The Clarity Act will likely have similar federal preemptions to the GENIUS Act.

Thank you for the opportunity to testify on this bill.

Statement of
Alika K. Kāne
Executive Director
Pūpūkahi Tech Foundation
before the
House Committee on Consumer Protection and Commerce

Tuesday, March 17, 2026
2:00 PM
State Capitol, Conference Room 329 & Videoconference

In consideration of
SB2757
RELATING TO DIGITAL ASSET CHARTERS

Pūpūkahi Tech Foundation strongly **SUPPORTS** SB2757, which establishes within the Department of Commerce and Consumer Affairs Division of Financial Institutions, beginning 1/1/2027, a digital asset charter program for licensing, regulating, and overseeing digital asset companies and digital asset business activities.

Pūpūkahi Tech Foundation is a local 501(c)(3) nonprofit organization dedicated to educating Native Hawaiians and local communities on AI, blockchain, digital currencies, and Web3. Our mission is to provide clear, accessible education that empowers individuals to make informed decisions and confidently participate in the digital economy of the future.

For generations, Hawai'i has struggled with a simple but painful reality: locals work hard, create value, and build culture. Yet too often the systems that govern money and opportunity are not designed for us to win. Today, we stand at a critical inflection point. The question before us is not whether digital assets and stablecoins will shape the future of finance. They already are¹. The real question is whether Hawai'i will prepare its people to participate in that future, or once again be left reacting after opportunity has passed.

Digital assets extend beyond being a new form of currency; they provide greater access, flexibility, and financial choice. Stablecoins serve as a practical link between traditional financial systems and an increasingly digital economy by enabling faster payments, reducing transaction costs, and expanding participation in financial activities. These benefits are especially meaningful for island communities facing geographic isolation and high living costs, where stablecoins can help to streamline payments and lower the expense of cross-border and remittance transactions that are often slow and costly through traditional channels².

On a personal level, I have seen what responsible access to digital assets can make possible. Through long-term participation and education, I was able to pay down

¹ <https://www.coindesk.com/research/stablecoins-and-cbdcs-report-december-2025>

² <https://ejournals.org/wp-content/uploads/sites/21/2025/05/Stablecoins-in-Digital-Payouts.pdf>

debt, fund two of my children to attend private school here in Hawai'i, and place a down payment on a home. These outcomes were not the result of speculation or shortcuts, but of understanding and responsibly engaging with new financial tools that expanded my options beyond what traditional systems had offered.

However, access without clarity is not empowerment. Clear, thoughtful regulation is what turns innovation into opportunity. Without defined rules, everyday people are left unsure of how to participate safely; businesses hesitate to engage, and bad actors are allowed to operate in the shadows. Regulation provides trust, consumer protection, and legitimacy³.

Younger generations already understand this shift intuitively. Millennials and Gen Z are significantly more digitally fluent than prior generations, and many already hold digital assets as part of their financial portfolios. Surveys consistently show that younger Americans are more likely to trust and use digital wallets than traditional banks⁴. For many of them, finance is already mobile, borderless, and instantaneous. They Venmo, Cash App, and send value digitally as a default. For some, the idea of walking into a physical bank branch feels as outdated as writing a paper check.

This reality matters deeply for Hawai'i. If we want our young people to stay, to build careers, families, and futures here, we must ensure that our policies align with how the next generation lives and works. Many of the careers emerging in technology, remote work, and digital entrepreneurship are location independent. Stablecoins and digital assets make it possible for locals to earn globally while remaining rooted locally⁵. This is something that is already happening. Without thoughtful legislation and education, these systems will evolve without local voices, values, or safeguards; and our communities will once again be on the outside looking in.

This legislation is not about chasing trends. It is about future-proofing Hawai'i. It is about creating clarity, trust, and responsible pathways for innovation so that residents, nonprofits, small businesses, and future generations can safely participate in the evolving financial landscape.

We have a choice in this moment: to respond to change with hesitation, or to lead with intention and foresight. Supporting SB2757 affirms that Hawai'i is not afraid of innovation and is committed to creating clear, responsible regulatory frameworks that protect residents while ensuring the benefits of blockchain technology and digital assets remain with the people who call these islands home. Mahalo for the opportunity to offer these comments.

³ <https://www.paxos.com/blog/what-are-the-benefits-of-digital-asset-regulation>

⁴ <https://www.forbes.com/sites/boazsobrado/2026/01/21/gen-z-to-inherit-15-trillion-and-they-trust-crypto-more-than-banks/>

⁵ <https://www.riseworks.io/blog/stablecoin-payroll-report-2025>

Statement of
Ellen Ng
Founder, Inoa
before the
House Committee on Consumer Protection and Commerce

Tuesday, March 17, 2026
2:00 PM
State Capitol, Conference Room 329 & Videoconference

In consideration of
SB2757
RELATING TO DIGITAL ASSET CHARTERS

As the founder of a Hawaii-based blockchain consulting and education company, [Inoa](#), I strongly **SUPPORT** SB2757.

Implementing a digital asset regulatory framework will provide **regulatory clarity that protects residents and local organizations**, enable **faster, affordable cross-border fund transfers** and **lower payment processing costs** as well as **incentivize responsible innovation**.

(i) Consumer protection - I was the program manager for the Digital Currency Innovation Lab (DCIL) from inception (2020) to early 2023. While running the lab, I personally fielded calls from members of the public who had lost their hard-earned money to crypto scams and large crypto institutions. These residents span a gamut from the elderly to savvy investors new to crypto. In 2023, with the collapse of BlockFi, DFI was able to help recoup funds for Hawaii's residents – made easier because it was a participant in the DCIL. Today, even as a consultant, I still receive calls from residents reporting crypto losses. The 2024 annual report from the FBI's Internet Crime Complaint Center¹ stated more than 149,000 complaints were made and \$9.3 billion in losses incurred with a 66% increase in losses through cryptocurrency fraud. The lion's share of these numbers is driven by crypto investment schemes. A regulatory framework offers protection to organizations such as businesses as well. These include businesses accepting crypto as payment or nonprofits who prefer to leave crypto donations in exchanges. I have consulted for these entities who expressed concerns about protection for their crypto assets should third party vendors default. The sentiment across the board is similar - frustration due to the lack of protection because of the absence of a regulatory framework.

¹ https://www.ic3.gov/AnnualReport/Reports/2024_IC3Report.pdf

(ii) Faster, affordable cross border fund transfers - As an immigrant living in Hawaii, I empathize with fellow immigrants who face high remittance costs and long wait times for fund transfers, especially in less developed countries. Before I came across crypto, I used Xoom, a remittance service by Paypal to send money back to Singapore. The fees were reasonable – approximately \$4.99 for \$2,000 and a fund transfer time of minutes². However, this requires the recipient to do a cash pick-up at a money exchange partner or receive the funds through a Visa debit card. Minutes become hours with a trip down to a money exchange, followed by a deposit of cash into the bank.

Today, I remit USDC, the same stablecoin I hold in Coinbase – with zero transaction fees, within seconds, to my father. Upon receipt in his Coinbase account, a “fast transfer” to his bank converts the USDC into Singapore dollars – within minutes, in the comfort of his living room. Interesting fact: if a user sends PYUSD (a stablecoin issued by Paypal), there are zero transaction fees. This is the future of remittances.

(iii) Lower payment processing costs - My firm, Inoa, is also the organizer of the Pacific Blockchain Summit, an annual event spearheading digital asset innovation dialogue in the region. Attendees paying for tickets in USD through Eventbrite or Luma (Stripe) incurred an average of 8% in processing fees, while those who paid for their tickets through Coinsub, a crypto payment platform incurred an average of 1.6% in processing fees. As an entrepreneur building a sustainable event, being able to hold on to more revenue through lower payment processing costs is critical. Payments in crypto provide a solution to this problem.

(iv) Incentivize responsible innovation - The federal GENIUS Act only applies to stablecoin issuers with more than \$10 billion in assets under management. That threshold effectively excludes startups and local projects. This leaves smaller Hawaii-based innovators with three impossible choices: grow to an unrealistic \$10B scale before operating legally, operate without clear rules and risk noncompliance, or incorporate in another digital asset friendly state such as Delaware or Wyoming. SB2757 closes this gap by providing guardrails that allows responsible stablecoin or other digital asset projects to launch compliantly from day one while maintaining strong consumer protections, and enabling innovation to flourish in the state.

For these reasons, I respectfully urge the Committee to pass SB2757.

Thank you for the opportunity to testify in strong support.

² Refer to fees table in References

REFERENCES

Paypal Xoom Remittance Fees

Cash Pickup

Paying with	Fee in USD
PayPal USD (PYUSD)	0.00
PayPal balance	4.99
Bank Account	4.99
Debit Card	40.49
Credit Card*	40.49

Testimony in Support of SB2757

Relating to Digital Asset Licensing

Hearing: WAM/JDC – Wednesday, 10:00 a.m.

Chair and Members of the Committee:

I respectfully submit testimony in strong support of SB2757, establishing a state-level licensing framework for digital asset companies operating in Hawaii.

This measure is particularly important to the real estate industry. Real estate transactions are increasingly intersecting with digital assets, stablecoins, and blockchain-based payment systems—especially in a state like Hawaii with significant cross-border investment from Asia and the Pacific.

Without a clear state framework, Hawaii risks losing innovation, jobs, and tax revenue to states that have already enacted digital asset licensing regimes. When regulatory clarity is absent, businesses do not stop building—they relocate.

For real estate professionals and consumers, SB2757 matters for three reasons:

- 1. Consumer Protection:** Real estate transactions involve large financial transfers and fiduciary responsibilities. A licensing regime establishes standards for custody, compliance, and financial oversight, reducing fraud risk and increasing confidence when digital assets are used in connection with property transactions.
- 2. Cross-Border Efficiency:** Hawaii residents and investors often move funds internationally. Stablecoin payment rails can reduce costs and settlement times significantly. A regulated environment ensures these tools operate within defined guardrails.
- 3. Innovation in Property Technology:** Tokenization of real-world assets and blockchain-based transaction systems are emerging nationwide. A state framework allows Hawaii to responsibly participate in this evolution rather than remain in regulatory uncertainty.

SB2757 strikes the right balance—providing oversight and consumer safeguards while preserving space for local innovation and economic growth.

For these reasons, I respectfully urge the Committee to pass SB2757.

Thank you for your consideration.

Shari S. Motooka-Higa, CSA, SRES, CCA, CAPS
Vice President
Locations

House Committee on Consumer Protection and Commerce
SB 2757, SD2
Relating to Digital Asset Charters

Dear Chair Matayoshi and members of the Committee

Thank you for hearing this important bill on digital assets regulation. My name is Iris Ikeda and I am testifying as an individual to support this new regulatory scheme. I previously served as the Commissioner of Financial Institutions, DCCA where the Division and HTDC conducted a study on digital currency (Digital Currency Innovation Lab - DCIL).

This bill is based on the guardrails used during the DCIL. The guardrails were erected to provide consumer protection to consumers and to provide a pathway to educate consumers about digital assets and its uses. During the study, we heard from consumers where were stopped from completing transactions when the disclosures were presented at the start of the transaction. The companies that participated in the study captured identifying information and information to allow the companies to comply with anti-money laundering laws, privacy laws, and have cybersecurity protections.

A regulatory structure can provide consumer protection, remove bad actors, economic development, and access to financial transactions for unbanked or underbanked consumers.

One example of protection provided to consumers who were able to get back their bitcoin from a company who failed during the study. Because this company was part of the DCIL, we were able to work with other states to provide the 80-90% of the bitcoin used by the company. Through the cooperation with the other states, the bankruptcy court and importantly the cooperation by the company, consumers were made almost whole.

Removing bad actors from an industry brings legitimacy and protections for consumers. For example, in 2011, mortgage brokers and agents became regulated, where individuals and companies were required to apply for licensure, be subject to investigations and examinations. The enforcement agency was able to remove bad actors who were scamming consumers with fraudulent mortgages.

Economic development grows with the tradability of the digital assets both within the United States borders and cross-borders. The digital assets are an emerging innovation which may be cost effective since sending money internationally and domestically is often costly and is not immediate. With digital assets, there is the potential for global coordination with the creation of systems and regulations that govern these transactions.

The emerging technologies are creating pathways to bridge the financial transactions and unbanked and underbanked consumers. There are several barriers that the unbanked and underbanked customers face in "regular" financial transactions such as discrimination, language

and wanting to not engage with banks because of fees or minimum balance requirements. Using digital assets may be one tool to build financial stability and security.

Finally, the importance of a regulatory scheme is to protect consumers and provide guardrails for companies to use in their interactions with consumers. The best way of protecting consumers is to have guardrails by a regulatory agency who can step in to license, examine, investigate and enforce the laws.

Thank you for the opportunity to provide testimony in support of this bill.

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TESTIMONY IN SUPPORT OF SB2757
RELATING TO DIGITAL ASSET CHARTERS

TO: Chair Matayoshi, Vice Chair Grandinetti, and Members of the Committee on
Consumer Protection & Commerce
FROM: Linda Chun, User Safety Professional in Crypto
DATE: Tuesday, March 17, 2026
RE: SB2757 – Relating to Digital Asset Charters – SUPPORT

Chair Matayoshi, Vice Chair Grandinetti, and Members of the Committee on Consumer
Protection & Commerce:

Thank you for the opportunity to submit testimony in strong support of SB2757, relating
to digital asset charters. I am a resident of Kāneʻohe and work as a customer support
agent specializing in user safety for a major crypto wallet provider. I submit this
testimony as a private individual.

Background: what changed and why it matters

In 2024, Hawaii’s Money Transmitters Modernization Act was amended so that it no
longer applied to cryptocurrency, and the Hawai’i Digital Currency Innovation Lab pilot
program concluded. Removing digital assets from the old money-transmitter statute was
an important and necessary step: the prior regime imposed a uniquely burdensome
“double-reserve” requirement (holding cash equal to 100% of customer crypto balances)
that made it virtually impossible for responsible exchanges to operate here.

However, when the Lab ended, we did not replace that fix with a purpose-built
framework. Digital asset companies were explicitly told they could continue operating in
Hawai’i “as an unregulated business,” leaving no state-level licensing, vetting, capital
requirements, or ongoing examination for firms serving Hawai’i residents.

Federal regulators do not fill this gap. FinCEN focuses on anti-money-laundering
registration, the SEC on tokens it classifies as securities, and FINRA on broker-dealers.
None of these regimes provide comprehensive oversight of the centralized exchanges
and custodians that most ordinary users rely on, and under the current administration
both the SEC and CFTC have dialed back crypto enforcement priorities.

A spectrum of comfort levels – and an underserved group

In my work, I see a wide spectrum in how people want to engage with crypto. Some are comfortable managing their own keys and accepting the full responsibility and risk of self-custody.

Others, especially less technical users as well as kūpuna, while eager to participate in crypto, are vulnerable in two ways: they often assume that any platform or exchange they use is safe, vetted, or “backed” by regulators, and their lack of technical experience can cause them to lose access to funds through mismanaged private keys.

Under today’s rules in Hawai‘i, that second group is poorly served. SB2757 fills this gap by creating a supervised option for those residents — chartered digital asset companies which can be trusted custodians for their funds, subject to review by the Division of Financial Institutions (DFI) — while still preserving the choice of self-custody for those who prefer full autonomy.

Benefits for innovation and local jobs

From an industry perspective, I support this bill because clear rules enable real innovation here. During the Digital Currency Innovation Lab, Hawai‘i attracted serious digital asset firms and generated valuable data on how to regulate this sector, precisely because there was a structured, supervised environment. SB2757 converts those lessons into a permanent framework.

By replacing today’s “anything goes” vacuum with predictable, technology-neutral oversight, SB2757 makes it realistic for reputable companies to base engineering, compliance, and operations roles in Hawai‘i instead of on the mainland. That supports high-skill local jobs and gives startups a reason to build here, rather than in jurisdictions with clearer rules.

Relationship to the federal CLARITY Act

Some argue that we should wait for a single national framework. The federal Digital Asset Market CLARITY Act has passed the U.S. House by a wide bipartisan margin but has not yet cleared the Senate, and its final form and timing remain uncertain. Until it becomes law, Hawai‘i residents are operating in a regulatory vacuum not because the state wanted zero oversight, but because we corrected an overbroad money-transmitter regime and then stopped halfway.

LATE

SB2757 completes that work. And if CLARITY is eventually enacted and preempts parts of state licensing, that is how our federal system is supposed to function: state frameworks protect residents now and yield where appropriate when a robust national regime is in place. Importantly, even under CLARITY, states retain authority to prosecute fraud and protect consumers, so DFI's most important tools would remain intact.

Conclusion

In summary, SB2757 does not try to force digital assets back into an ill-fitting money-transmitter box, nor does it accept a future of no oversight. Instead, it offers a balanced, middle path:

- It keeps self-custody and full autonomy available for those who want it.
- It creates vetted, supervised options for residents who want to participate in crypto but reasonably expect help with custody and due diligence.
- It supports responsible innovation and high-skill jobs here in Hawai'i.

For these reasons, I respectfully urge you to PASS SB2757.

Mahalo for the opportunity to testify.

Respectfully submitted,

Linda Chun
Kāne'ohe, Hawai'i
linda.e.chun888@gmail.com

TESTIMONY IN SUPPORT OF S.B. NO. 2757, S.D. 2 RELATING TO DIGITAL ASSET CHARTERS

House Committee on Consumer Protection & Commerce

Hearing: Tuesday, March 17, 2026, 2:00 PM **Position:** Strong Support
Submitted by: Andrew Chu, Founder — One2all.io & Whitespace
Contact: andrew@one2all.io | (646) 842-1359

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Dear Chair, Vice Chair, and Members of the Committee:

I am writing in strong support of S.B. 2757, S.D. 2. I am the founder of One2all.io, a Web3 product studio and two-time Coinbase Grant winner, and the creator of Whitespace, an AI-powered meditation app with its own digital asset (\$WHITE) on the Solana blockchain. My career spans over twenty years across financial services and technology—including Morgan Stanley, Tradeweb, LiquidX, Yahoo!, and Accenture. As Global Head of Product at LiquidX, I built a digital asset platform and service for corporates and commercial banks. I bring this perspective as both a builder in the digital asset space and a professional who understands why structured regulatory oversight matters.

The Regulatory Gap Is a Headwind for Local Entrepreneurs

Hawaii's four-year Digital Currency Innovation Lab concluded in June 2024 with the finding that digital asset activities do not align with traditional money transmission under Chapter 489D. But that left a gap—no money transmitter license is required, yet no dedicated regulatory framework exists. I have spoken with several local entrepreneurs who are interested in either augmenting their existing businesses or creating new ones using digital asset technology, but the lack of clear guidelines and regulations has proven a real headwind. Without a framework, responsible operators face uncertainty about what is permissible, and promising ideas stall before they start. This bill fills that gap with a purpose-built charter program that gives entrepreneurs a clear path forward.

What Digital Assets Actually Look Like in Practice

Over the past five years, One2all.io has had the opportunity to work with over sixty different teams spanning geographies and industries. Each project has typically been an exploration of how blockchain technology can enhance existing use cases—loyalty programs, event tickets, fan clubs, art, and even supply chain tracking. In every one of these cases, digital assets were used as a source of inspiration and innovation, not extraction. These are businesses trying to improve how they serve their customers, not speculative schemes. My own product, Whitespace, uses its \$WHITE token to create staking and discount mechanics that deepen user engagement with a meditation practice. This is the reality of how most responsible builders approach digital assets—as tools to create value within communities, not to take it from them.

Regulation Is the Best Answer to Fraud—Not Prohibition

Skepticism about digital assets is understandable—bad actors have caused real harm. But the presence of fraud in an industry is an argument for regulation, not against the technology itself. Every mature financial market went through a period where clear rules were needed to separate legitimate operators from bad actors. That is exactly what this bill does. By requiring charters, background checks, AML programs, cybersecurity standards, and consumer disclosures, S.B. 2757 brings the industry into the light. The best defense against fraud is not to leave a space unregulated and opaque—it is to create the conditions under which entrepreneurs can build openly and transparently, subject to examination and accountability. A community that builds together in this way is mutually incentivized to create positive

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outcomes. This is a principle deeply aligned with Hawaii's own cultural values of collective stewardship and shared responsibility.

Consumer Protections in the Bill

The bill's consumer protections are appropriately targeted: custody safeguards that protect customer assets from company creditors (§-14), mandatory disclosures on fees, risks, and the fact that digital assets are not money (§-15), robust AML and cybersecurity requirements aligned with federal standards (§-8, §-9), and additional penalties for conduct targeting elders (§-26(b)). The bill's definitions are also well-crafted—broad enough to cover stablecoins, decentralized assets, and tokens created through computing effort, while sensibly exempting gaming tokens, loyalty rewards, and prepaid cards that operate in closed loops.

This bill provides the regulatory clarity that responsible operators need, the protections Hawaii's consumers deserve, and a framework that positions the state as a credible leader in digital asset oversight. I urge the Committee to pass this measure.

Mahalo for the opportunity to submit testimony.

Respectfully submitted,

Andrew Chu

Founder, One2all.io & Whitespace | 2x Coinbase Grant Recipient