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Testimony of the Department of Commerce and Consumer Affairs

**Before the
Senate Committees on Commerce and Consumer Protection and Labor and
Technology
Friday, February 6, 2026
10:00 a.m.
Via Videoconference**

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

Chairs Keohokalole, Elefante 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.

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 general fund on Page 79, line 17. Establishment of a

licensing program will require two licensing examiners, engagement of a blockchain analysis company and basic office equipment. Additionally, two Field examiners will be required to establish onsite and offsite monitoring and examination programs. The Division is unsure if there will be a sufficient number of licensees to support the cost of the program, so additional general funding should be considered 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 believes 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 3 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 was passed in 2025 which potentially could preempt any state-level regulation regarding stablecoins. There is also pending federal legislation surrounding non-stablecoin cryptocurrencies.

Pending SB 2493 is being proposed to study stablecoin regulation. The bill will require the Division, in collaboration with the Hawaii Technology Development Corporation, to conduct a two years study to gather data on how to establish a state-level regulatory framework for stablecoin and digital asset regulation, explore the potential financial opportunities for the State and the impact of federal regulation. The study also requires a draft of proposed legislation.

Thank you for the opportunity to testify on this bill.



Statement of
Skylor Tengan
Vice President
Pupukahi Tech
before the
**Senate Committees on Commerce and Consumer Protection,
and Labor and Technology**

Friday, February 6, 2026
10:00 AM
State Capitol, Conference Room 229 & Videoconference

In consideration of
SB2757
RELATING TO DIGITAL ASSETS

Pupukahi Tech Foundation strongly **SUPPORTS** SB2757, which requires the Department of Commerce and Consumer Affairs' Division of Financial Institutions and Hawai'i Technology Development Corporation to conduct a two-year study to gather data and create a report on how to establish a state-level regulatory framework for stablecoin digital assets.

On behalf of Pupukahi Tech Foundation, I strongly support SB2757. As a Hawaii-based organization advancing blockchain technology and digital literacy, we see regulatory clarity as essential to economic sovereignty and consumer protection.

In summary, SB2757 is a strategic endeavor that could enable the Hawaii state government to implement enhancements on top of consumer protection provisions around stablecoins if they are already in place or introduce a solid regulatory framework pertaining to stablecoins.

Pass SB2757. Establish Hawaii's digital asset charter program. Protect consumers while enabling local blockchain innovation—don't surrender our digital economy to mainland monopolies.

Thank you for the opportunity to offer these comments.



Statement of
Alika K. Kāne
Executive Director
Pūpūkahī Tech Foundation
before the
**Senate Committees on Commerce and Consumer Protection,
and Labor and Technology**

Friday, February 6, 2026
10:00 AM
State Capitol, Conference Room 229 & Videoconference

In consideration of
SB2757
RELATING TO DIGITAL ASSET CHARTERS

Pūpūkahī 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.

Pūpūkahī 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

Tad Tobar
Founder & CEO, USD Hawai'i Inc. (HI: 362368D1)
Chief Operating Officer, Lorenzo Protocol

before the
**Senate Committees on Commerce and Consumer Protection,
and Labor and Technology**

Friday, February 6, 2026
10:00 AM
State Capitol, Conference Room 229 & Videoconference

In consideration of
SB2757
RELATING TO DIGITAL ASSET CHARTERS

USD Hawaii Inc. 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.

USD Hawai'i Inc. is a Hawai'i-based digital asset company building a compliant, U.S. dollar-backed stablecoin and merchant payments network designed to keep more transaction value circulating locally. Our mission is straightforward: reduce payment friction for Hawai'i businesses, modernize local commerce infrastructure, and strengthen economic resilience through regulated blockchain technology.

In addition to serving as Founder and CEO of USD Hawai'i, I serve as Chief Operating Officer of Lorenzo Protocol, a global digital asset infrastructure platform operating within the Bitcoin ecosystem. In that role, I oversee institutional-grade custody integrations, on-chain asset management infrastructure, compliance operations, and regulatory engagement across multiple jurisdictions. This dual perspective—local operator in Hawai'i and executive within large-scale digital asset infrastructure—provides direct operational insight into how thoughtful regulation can mitigate risk while preserving innovation.

SB2757 is timely because digital asset markets are no longer experimental; they are embedded financial infrastructure. According to Pew Research (2023), approximately 17% of U.S. adults report having invested in or used cryptocurrency. Stablecoins in particular have reached systemic scale, with global settlement volumes in the trillions of dollars annually (Visa On-Chain Analytics; The Block Research). Adoption

has reached meaningful economic significance; supervisory frameworks must evolve proportionately.

For Hawai'i specifically, the economic implications are clear.

Hawai'i merchants lose a measurable portion of revenue to out-of-state payment processors. U.S. merchants typically pay between 2.2%–3.5% per credit card transaction in processing and interchange fees (Federal Reserve; Nilson Report). For small businesses operating on 5–10% net margins, those fees can consume 20–40% of total profit per transaction. In a tourism-driven economy like Hawai'i's—where retail, food service, and hospitality are core industries—fee leakage compounds across millions of transactions annually.

USD Hawai'i's model addresses this structural inefficiency. By issuing a fully reserved, dollar-backed digital token within a licensed framework, and enabling peer-to-merchant settlement over blockchain infrastructure, transaction costs can be materially reduced compared to traditional card networks. Lower-friction settlement enables merchants to reinvest savings into wages, expansion, price stabilization, or local sourcing—keeping more economic value circulating within the islands.

A Digital Asset Charter under SB2757 would:

- Provide regulatory certainty necessary for institutional banking relationships and reserve transparency.
- Establish a clear supervisory pathway under DCCA, increasing consumer confidence.
- Create defined compliance standards that differentiate serious operators from unlicensed actors.
- Encourage capital formation and high-quality job creation in compliance, engineering, risk management, and financial operations within Hawai'i.

Having operated within complex compliance environments at Lorenzo Protocol—including AML/KYC controls, reserve oversight expectations, institutional counterparties, and cross-border digital asset operations—I can attest that serious operators welcome supervision. Clear chartering standards increase access to capital, improve banking relationships, and reduce systemic risk by deterring undercapitalized or non-compliant entrants.

Importantly, SB2757 does not deregulate—it regulates. It brings digital asset activity into a supervised and accountable framework rather than leaving innovation in a gray zone. States that have adopted structured licensing regimes—such as New York's BitLicense framework and Wyoming's Special Purpose Depository Institution

model—have demonstrated that regulatory clarity and consumer protection can coexist with innovation.

For Hawai'i residents and businesses, a charter program provides guardrails, transparency, and enforceable standards. For responsible operators, it provides predictability and oversight. For the State of Hawai'i, it creates an opportunity to shape policy proactively rather than react to frameworks built elsewhere.

Hawai'i has a unique economic profile: a tourism-dependent economy, high cost of living, and significant payment fee outflows. A well-designed digital asset charter allows the state to modernize commerce infrastructure while preserving strong consumer protections.

Based on my experience operating both a Hawai'i-based stablecoin initiative and institutional digital asset infrastructure at scale, I believe SB2757 is a measured, strategically sound step toward building a durable and credible regulatory framework for digital assets in our state.

Digital asset markets are embedded financial infrastructure. The question before us is whether Hawai'i will proactively shape their responsible integration or allow that integration to be dictated by external jurisdictions.

In summary, SB2757 is a timely and necessary measure to ensure regulatory clarity that protects residents while enabling responsible innovation through blockchain technology and digital assets.

Thank you for the opportunity to offer these comments.

A handwritten signature in black ink, appearing to read "Tad Tobar".

Tad Tobar
Founder & CEO, USD Hawai'i Inc.
Chief Operating Officer, Lorenzo Protocol



Statement of
Ellen Ng
Founder, Inoa
Hawaii State Chapter President, Stand With Crypto
before the
**Senate Committees on Commerce and Consumer Protection,
and Labor and Technology**

Friday, February 6, 2026
10:00 AM
State Capitol, Conference Room 229 & Videoconference

In consideration of
SB2757
RELATING TO DIGITAL ASSET CHARTERS

As the founder of a Hawaii-based blockchain consulting and education company, [Inoa](#) and the Hawaii State Chapter President for the national crypto advocacy group, [Stand With Crypto](#), I strongly **SUPPORT** SB2757.

Implementing a digital asset regulatory framework will provide **regulatory clarity that protects residents and local organizations**, create **passive income generation opportunities**, 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.

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

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.

(ii) Passive income generation - The majority of Hawaii's banks offer interest rates of 0.5% and lower for savings accounts. Mainland, online banks and fintech companies offer 4-5% for high-yield savings accounts, often accompanied by minimum deposits, monthly actions or amount caps. Crypto exchange, Coinbase through its Coinbase One program² rewards users with 3.5% APY for holding USDC, a stablecoin pegged to the US dollar. Additionally, the user can opt to lend their USDC at a higher interest rate of 4.30%. These opportunities provide Hawaii's residents with passive income generation. However, consumers are also undertaking the risks associated without a regulatory framework in place to enable consumer protection.

(iii) 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 minutes³. 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.

(iv) 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

² Annual fee of \$49.99; approximately \$1,500 in USDC holdings will cover annual fee

³ Refer to fees table in References

to more revenue through lower payment processing costs is critical. Payments in crypto provide a solution to this problem.

(v) 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.

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

Statement of

Zachary Manafort

Owner, Trading Aloha Solutions LLC

before the

Senate Committees on Commerce and Consumer Protection, and Labor and Technology

Friday, February 6, 2026

10:00 AM

State Capitol, Conference Room 229 & Videoconference

In consideration of

SB2757

RELATING TO DIGITAL ASSET CHARTERS

I strongly **SUPPORT SB2757**, which establishes a digital asset charter program for licensing, regulating, and overseeing digital asset companies in Hawaii.

I am the Owner of Trading Aloha Solutions LLC, a Hawaii based business specializing in web3 marketing and blockchain consulting, where I work with clients across multiple blockchain ecosystems including DeFi protocols, layer-1 networks, and digital asset companies. I also serve as an active member of Stand With Crypto's Hawaii Chapter. As both a web3 professional and Hawaii resident who personally uses stablecoins for commerce, I offer testimony from dual perspectives: industry expertise and lived consumer experience.

SB2757 Fills Critical Gaps Left by Federal Legislation

The GENIUS Act only regulates stablecoin issuers exceeding \$10 billion in assets under management, leaving smaller, innovative issuers in regulatory limbo. Without state frameworks, Hawaii consumers using sub-\$10B stablecoins have zero federal protection and, without SB2757, no state protection either. Additionally, the GENIUS Act's summer 2026 state framework submission deadline is impossible for Hawaii to meet given our legislative calendar. SB2757's consumer protection provisions provide immediate safeguards while enabling Hawaii to maintain regulatory authority alongside federal frameworks.

Digital Assets Deliver Real Economic Benefits to Hawaii Residents

As a Hawaii resident and business owner, I personally use USDC stablecoins to pay contractors and service providers globally. According to the World Bank's Remittance Prices Worldwide database, traditional international wire transfers cost \$40-50 and take 1-5 business days. Stablecoin transfers cost \$0.01-2.00 and settle in minutes. For Hawaii's significant Filipino,

Pacific Islander, and Asian communities this represents over 60% of our population with strong family ties abroad. This is a substantial annual savings on recurring remittances.

Beyond payments, DeFi protocols enable Hawaii residents to earn 4-8% APY on stablecoin deposits versus 0.5% in traditional savings accounts. In a state where cost of living is 88% above the national average, access to these yield-generating opportunities matters.

Regulatory Uncertainty Costs Hawaii Economic Opportunity

In my professional capacity working with web3 clients across multiple blockchain ecosystems, I've witnessed how regulatory uncertainty prevents companies from expanding to Hawaii. Web3 companies ask "Can we operate in Hawaii?" and the unclear answer means lost jobs, tax revenue, and economic activity. I've represented Hawaii-based blockchain projects where founders' first question is always "How do we stay compliant?" Without clear answers, some relocate to Wyoming or establish offshore entities, which is economic activity Hawaii should capture.

States with clear digital asset frameworks such as Wyoming's Special Purpose Depository Institutions, Texas's supportive policy environment, have attracted blockchain businesses and associated high-wage jobs. Wyoming has chartered 11 digital asset depositories, with companies like Custodia Bank and Kraken Financial publicly citing regulatory clarity as the reason for choosing Wyoming. Hawaii's geographic position between Asia and the mainland US, time zone alignment with major Asian financial centers (Tokyo, Singapore, Seoul), and existing Asia-Pacific business infrastructure position us ideally as a Pacific gateway for web3 innovation, but only with regulatory clarity.

According to Chainalysis's 2024 Geography of Cryptocurrency Report, Asia accounts for the largest share of global cryptocurrency transaction volume. Asian blockchain companies seeking US operations consistently choose Delaware, Wyoming, or Texas. Hawaii isn't even considered, despite our natural advantages.

SB2757 Enables Responsible Innovation While Protecting Consumers

A state digital asset charter provides:

- **Local consumer protection** with Hawaii-specific oversight and complaint mechanisms
- **Reduced barriers to entry** for innovative startups that cannot afford costly federal registration
- **Clear compliance pathway** enabling companies to hire locally and pay Hawaii taxes
- **Competitive positioning** to attract responsible blockchain businesses to our state

Commodity-backed tokens and specialized stablecoins operate successfully in other jurisdictions with clear frameworks such as Paxos Gold, AgriDigital in Australia, Energy Web Chain for renewable energy credits. Hawaii entrepreneurs wanting to build similar blockchain applications for local commerce, supply chain transparency, or renewable energy markets currently face insurmountable barriers without SB2757.

Conclusion

As someone who operates a Hawaii-based business working with legitimate DeFi protocols and blockchain companies, and who uses stablecoins personally for daily transactions, I can attest that regulatory clarity enables responsible innovation while protecting consumers. SB2757 doesn't deregulate, it regulates by bringing digital asset activity into a supervised framework rather than leaving it in a gray zone.

The question is whether Hawaii will proactively shape digital asset integration or allow that integration to be dictated by external jurisdictions. SB2757 represents measured, strategically sound policy that protects Hawaii residents while enabling economic opportunity.

Thank you for the opportunity to offer these comments.

Zachary Manafort

Owner, Trading Aloha Solutions LLC

Stand With Crypto Hawaii Chapter Member

To: The Senate Committee on Commerce and Consumer Protection

From: Dagan Bernstein

Date: February 3, 2026

Subject: TESTIMONY IN STRONG SUPPORT OF SB2757 – RELATING TO DIGITAL ASSET CHARTERS

Aloha Chair, Vice Chair, and Members of the Committee,

My name is Dagan Bernstein, and I am an experienced K-12 educator with over 15 years of experience in Hawaii's schools. I currently serve as the President of the Hawaii Society for Technology in Education (HSTE) and as the director of a project program at a college-preparatory school on Hawaii Island. I am writing to express my strong support for SB2757, which seeks to establish a much-needed regulatory framework for digital asset companies in our state.

As an educator who has long championed the integration of forward-thinking technology in the classroom, I have witnessed firsthand how proper frameworks can transform digital tools from potential risks into powerful engines for engagement and innovation. The "Digital Asset Charter Program" proposed in this bill represents exactly the kind of thoughtful, structured oversight required to move the digital asset industry from an unregulated frontier to a safe, productive environment for all Hawaii residents.

My role as a financial literacy instructor also informs my support. I lead a middle school investment club where our students are increasingly curious about emerging financial technologies, including digital assets and cryptocurrencies. These young people are the future of Hawaii's economy, and it is our responsibility to provide them with the tools for effective financial literacy.

Meaningful financial education requires a stable and transparent marketplace. By mandating rigorous cybersecurity programs, anti-money laundering protections, and clear consumer disclosures, SB2757 ensures that the platforms our students may one day engage with are held to high standards of professional and financial responsibility. Specifically, the requirement for digital asset companies to implement defensive infrastructures and provide regular reporting will create a safer ecosystem for the next generation of Hawaii's digital citizens.

The findings of the Hawaii Digital Currency Innovation Lab have clearly shown that while these companies may not fit under traditional money transmitter licenses, the current lack of state regulation leaves our consumers—and our youth—vulnerable to fraud and financial abuse. SB2757 provides the necessary "guardrails" that allow for continued innovation while prioritizing the safety of our community.

I urge this committee to pass SB2757 to ensure that Hawaii remains a leader in technological innovation, backed by the professional and ethical standards our residents deserve.

Mahalo for the opportunity to testify.

Sincerely,

Dagan Bernstein

LATE

Senate Committee on Commerce and Consumer Protection
And
Senate Committee on Labor and Technology
SB 2757
Relating to Digital Asset Charters

Dear Chairs Keohokalole and Elefante and members of the Committees

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.

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.

The importance of a regulatory scheme is to protect 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.