

Honolulu, Hawaii

April 23, 2008

RE: S.B. No. 3008
S.D. 2
H.D. 1
C.D. 1

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fourth State Legislature
Regular Session of 2008
State of Hawaii

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fourth State Legislature
Regular Session of 2008
State of Hawaii

Madam and Sir:

Your Committee on Conference on the disagreeing vote of the Senate to the amendments proposed by the House of Representatives in S.B. No. 3008, S.D. 2, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO THE CODE OF FINANCIAL INSTITUTIONS,"

having met, and after full and free discussion, has agreed to recommend and does recommend to the respective Houses the final passage of this bill in an amended form.

The purpose of this measure is to streamline and update the Code of Financial Institutions to improve the regulation of financial institutions in Hawaii by the Department of Commerce and Consumer Affairs.

Specifically, this measure:

- (1) Requires financial services loan companies to conspicuously display their licenses;



- (2) Addresses temporary closures of Hawaii financial institutions during emergencies;
- (3) Clarifies the authority of a person to serve as a trustee or trust company;
- (4) Clarifies how prepayment penalties are calculated;
- (5) Clarifies when the Commissioner of Financial Institutions may examine a financial institution holding company; and
- (6) Places a Hawaii-licensed foreign bank on equal footing with a Hawaii state-chartered financial institution when relocating its place of business less than a mile from its existing location.

Your Committee on Conference finds that amending the Code of Financial Institutions under chapter 412, Hawaii Revised Statutes, will reduce regulatory burden where significant consumer interests are not adversely affected; update the Code to recognize changes in the industry and make desirable clarifications to the statutes; provide more flexibility in supervising and regulating the industry; ensure adequate protection for the consumer; and make technical amendments of a "housekeeping" nature.

Your Committee on Conference has amended this measure by:

- (1) Adopting the language from S.B. No. 3008, S.D. 1 that amends the Code of Financial Institutions to allow the collection of information necessary to conduct criminal history record checks in accordance with section 846-2.7, Hawaii Revised Statutes;
- (2) Adopting the language from S.B. No. 3008, S.D. 1 that amends section 846-2.7, Hawaii Revised Statutes, to allow the Department of Commerce and Consumer Affairs to:
 - (A) Conduct criminal history record checks on proposed directors and executive officers of a bank, savings bank, savings and loan association, trust company, and depository financial services loan company as provided under sections 412:3-201 and 412:3-301, Hawaii Revised Statutes; and
 - (B) Conduct criminal history record checks on the original chartering applicants and proposed executive



officers of a credit union as provided under section 412:10-103, Hawaii Revised Statutes;

- (3) Changing the effective date of this measure from July 1, 2020, to July 1, 2008; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 3008, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 3008, S.D. 2, H.D. 1, C.D. 1.


Respectfully submitted on behalf
of the managers:

ON THE PART OF THE HOUSE

ON THE PART OF THE SENATE



ROBERT N. HERKES, Co-Chair



RUSSELL S. KOKUBUN, Chair



BLAKE L. OSHIRO, Co-Chair



BRIAN T. TANIGUCHI, Co-Chair



JAMES KUNANE TOKIOKA, Co-Chair



