

STAND. COM. REP. NO.

3024

Honolulu, Hawaii

FEB 29 2020

RE: S.B. No. 3046  
S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Thirtieth State Legislature  
Regular Session of 2020  
State of Hawaii

Sir:

Your Committee on Judiciary, to which was referred S.B.  
No. 3046 entitled:

"A BILL FOR AN ACT RELATING TO PENAL LIABILITY FOR BUSINESS  
ENTITIES,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Require a court to order the charter of a corporation forfeited and the certificate authorizing a foreign corporation to do business in the State revoked upon a felony or misdemeanor conviction of the corporation or its high managerial agent that is committed in the conduct of the affairs of the corporation;
- (2) Repeal the requirement for specific findings for a court to order forfeiture of a charter or revocation of a certificate; and
- (3) Require similar penalties for various partnership entities and limited liability companies and their foreign counterparts convicted of a felony or misdemeanor.

Your Committee received testimony in support of this measure from the Young Progressives Demanding Action and five individuals.



Your Committee finds that corporations and other business entities are a powerful part of contemporary society and their conduct, like that of individuals, should be subject to penal sanctions under circumstances when its criminal actions injure substantial societal values and can be morally condemned. Existing law requires the court to find that the board of directors or a high managerial agent acting in behalf of the corporation has, in conducting the corporation's affairs, intentionally engaged in a persistent course of criminal conduct and that the public interest requires the charter of the corporation to be forfeited and the corporation to be dissolved or its certificate of authority to be revoked for the prevention of future criminal conduct of the same character. This heightened finding is ineffective as either a deterrent or punishment for corporate crimes. Thus, your Committee finds that when a corporation or high managerial agent of a corporation is convicted of a felony or misdemeanor committed in the conduct of the affairs of the corporation, the court, in sentencing the corporation or the agent, shall order the charter of a corporation organized under the laws of this State forfeited or the certificate of a foreign corporation authorizing it to do business in this State revoked.

Your Committee has amended this measure by making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3046, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3046, S.D. 1, and be placed on the calendar for Third Reading.

Respectfully submitted on  
behalf of the members of the  
Committee on Judiciary,



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KARL RHOADS, Chair



