

STAND. COM. REP. NO. 661

Honolulu, Hawaii

MAR 04 2021

RE: S.B. No. 973
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-First State Legislature
Regular Session of 2021
State of Hawaii

Sir:

Your Committee on Judiciary, to which was referred S.B. No. 973, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO HAWAII MONEY TRANSMITTER ACT,"

begs leave to report as follows:

The purpose and intent of this measure is to amend the Hawaii Money Transmitters Act by:

- (1) Incorporating definitions of key terms provided in the Model Money Services Business Law published by the Conference of State Bank Supervisors;
- (2) Adding supporting documentation to be submitted by a license applicant;
- (3) Extending the period of a license applicant's litigation and criminal conviction history review from five to ten years from the date of the application;
- (4) Requiring a license applicant to submit information concerning any bankruptcy or receivership proceedings; and
- (5) Clarifying the authority of the Commissioner of Financial Institutions relating to examinations and



investigations of licensees and to participate in nationwide protocols for licensing cooperation.

Your Committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs' Division of Financial Institutions.

Your Committee finds that existing law does not provide sufficient flexibility for Hawai'i to share supervisory information with other states to swiftly protect consumers who use money transmission companies. Furthermore, instantaneous global money transmission activity necessitates additional oversight of money transmitters to provide appropriate consumer protection, establish barriers to the entry of bad actors, and facilitate coordination among state agencies. The Division of Financial Institutions needs more flexibility to share supervisory information with other states to swiftly protect consumers who use money transmission companies. Therefore, this measure adopts certain model act provisions to allow Hawai'i to retain its state sovereignty while working alongside a network of states to license, supervise, and examine transglobal money transmission companies as a multi-state system to provide financial stability and economic growth while better protecting consumers.

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. 973, S.D. 1, and recommends that it pass Third Reading.

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



KARL RHOADS, Chair



The Senate
Thirty-First Legislature
State of Hawai'i

**Record of Votes
Committee on Judiciary
JDC**

Bill / Resolution No.:*	Committee Referral:	Date:
SB 973 SD1	CPN, JDC	02/25/2021

The Committee is reconsidering its previous decision on this measure.
If so, then the previous decision was to: _____

The Recommendation is:

Pass, unamended 2312 Pass, with amendments 2311 Hold 2310 Recommit 2313

Members	Aye	Aye (WR)	Nay	Excused
RHOADS, Karl (C)	✓			
KEOHOKALOLE, Jarrett (VC)	✓			
ACASIO, Laura	✓			
GABBARD, Mike	✓			
KIM, Donna Mercado	✓			
LEE, Chris	✓			
FEVELLA, Kurt	✓			
TOTAL	7	0	0	0

Recommendation: Adopted Not Adopted

Chair's or Designee's Signature: *Karl Rhoads*

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*Only one measure per Record of Votes