

RE: House Bill No. 670

Testimony of Anthony L. Ranken, Esq. on behalf of Maui Loan, Inc. dba Kamaaina Loan

This bill would accomplish nothing except to create a new and unnecessary bureaucracy.

In 1999 the Hawaii State Legislature passed a regulatory scheme for check cashing businesses, amended in 2001 and 2003. It is codified as Hawaii Revised Statutes chapter 480F. It is well thought out, detailed, and complete. There is no need to add to it. We are not aware of any problems with check cashing in Hawaii so as to necessitate revisions, further regulation, or a new bureaucracy to oversee lenders.

In 2005 the Legislature commissioned a study of Chapter 480F and the check cashing/payday loan industry. The report was prepared by the State Auditor and released in December 2005. The basic message of the report is that check cashers in this State are operating responsibly, the current law is providing consumers with adequate protection, and there are no real problems that need to be solved. As the saying goes, "if it ain't broke, don't fix it!"

The only thing that H.B. 670 would accomplish is to allow the commissioner of financial institutions to shut down a check cashing business that violates the provisions of Chapter 480F. However, the current law already contains strong protections for the public, in the form of severe civil and criminal penalties including up to 30 days imprisonment. (See HRS § 480F-6)

The requirement contained in the bill that an applicant disclose the criminal records of all those affiliated with the company serves no function, because the proposed bill does not authorize the commissioner to deny a registration or take any other action based on such disclosure. Moreover it is unreasonable to require that the applicant disclose the criminal record of each of its employees. In many cases the applicant will not be aware of its employees' criminal records. Is the applicant supposed to do a nationwide (or worldwide) background check on each of its employees before completing the registration form?

For all of the foregoing reasons, we urge the committee to reject this unnecessary and ill-considered bill.