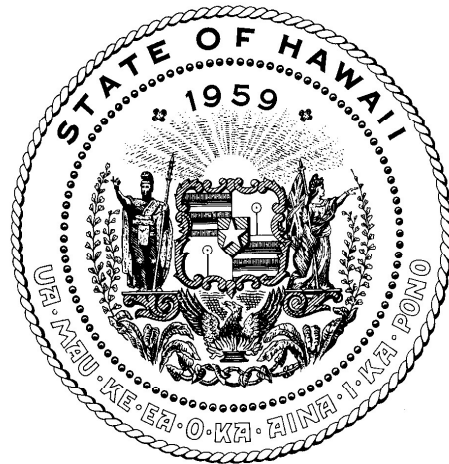


Annual Compliance Resolution Fund Report



DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
STATE OF HAWAII
SUBMITTED DECEMBER 2023

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INTRODUCTION

The Department of Commerce and Consumer Affairs (DCCA or Department) submits its Annual Compliance Resolution Fund (CRF) Report pursuant to Hawaii Revised Statutes (HRS) section 26-9(o). The report describes the use of the CRF for the fiscal year (FY) beginning July 1, 2022, and closing June 30, 2023, by presenting an overview of the functions and activities of core DCCA programs funded by the CRF. In addition, the report provides a financial summary of expenditures from the CRF, including personnel and operating expenses and revenues received.¹ The report complies with Act 100, Session Laws of Hawaii (SLH) 1999, which requires all state departments and agencies to identify their goals, objectives, and policies to provide a basis for determining priorities and allocating limited public funds and human resources.

As a special-funded department, the DCCA's primary funding source is the CRF, and the Department relies upon the fees and fines assessed by its programs instead of general tax revenues. Pursuant to HRS section 26-9(o), fees shall be assessed and deposited into the CRF for issuance of a license, permit, certificate, registration, and subsequent renewals, together with all other fines, income, and penalties collected or reimbursement of costs or attorneys' fees assessed from actions brought by the Department. The director of the DCCA may use the moneys in the CRF to employ and train hearings officers, attorneys, and other necessary personnel for CRF-funded operations, and the CRF shall defray all other administrative costs, including costs to operate the supporting offices of the DCCA. The CRF may also fund any other activity relating to compliance resolution.

“Compliance resolution” is defined in HRS section 26-9(o) and means a determination of whether:

- (1) Any licensee or applicant under any chapter subject to the jurisdiction of the DCCA has complied with that chapter;
- (2) Any person subject to HRS chapter 485A has complied with that chapter;
- (3) Any person submitting any filing required by HRS chapter 514E or HRS section 485A-202(a)(26) has complied with that chapter or section;
- (4) Any person has complied with the prohibitions against unfair and deceptive acts or practices in trade or commerce; or
- (5) Any person subject to HRS chapter 467B has complied with that chapter;

and includes work involved in or supporting the above functions, licensing, or registration of individuals or companies regulated by the Department, consumer protection, and other activities of the Department.

¹ The CRF summary figures in this report are pre-close numbers.

OFFICE OF THE DIRECTOR

OVERVIEW AND COMPOSITION

The Office of the Director (Director's Office) provides general policy and administrative leadership in supervising and coordinating various department activities. The Director's Office also includes the **Hawaii Post-Secondary Education Authorization Program**, which authorizes accredited post-secondary degree-granting institutions to operate in the State, and the **Personnel Office**, which provides personnel management services to the Department.

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GOALS AND OBJECTIVES

The Department's goals and objectives are detailed in the report sections of each division² and summarized below:

- Ensure effective and timely oversight of regulated industries and greater promotion of consumer education by providing the Department's divisions with adequate resources to carry out their responsibilities.
- Improve and upgrade existing operating systems and technologies the Department uses to advance its capabilities in responding to consumer issues and helping businesses navigate the regulatory environment.
- Provide transparency and accountability in the Department's operations.
- Improve the regulatory environment for businesses and consumers by collaborating with other agencies to provide effective and efficient regulation, as well as safe and appropriate economic development.

² The Public Utilities Commission (PUC or Commission) is funded by the PUC Special Fund pursuant to HRS section 269-33 and not in any part by the CRF. HRS section 269-5 requires the Commission to submit its own annual report to the Legislature. Please see the 2022 Public Utilities Commission Annual Report for information on PUC operations.

**ACCOMPLISHMENTS OF THE DIRECTOR'S OFFICE AND
INFORMATION SYSTEMS AND COMMUNICATIONS OFFICE IN FY 2023****Consumer Education Program**

The Consumer Education Program (CEP) provides the community with various information relating to consumer protection.

In March 2023, the CEP sponsored a public event to celebrate the 18th National Consumer Protection Week Fair. Throughout the pandemic, DCCA celebrated National Consumer Protection Week (NCPW) through a series of informative virtual seminars featuring panelists from across the country. This year marked the return to an in-person consumer fair members of the public who engaged with representatives from local, federal, and community organizations and agencies. Some agencies that participated in this year's fair included: Identity Theft Resource Center, State Health Insurance Assistance Program, Social Security Administration, Office of Consumer Protection and the U.S. Postal Inspection Service. Representatives from participating organizations delivered information and addressed questions about identity theft, Medicare fraud, social security, COVID-19 scams and mail scams.

During the pandemic, the CEP made its information available to consumers electronically via the DCCA's website and other social media. As an example, "Consumer Wise Wednesdays" is a weekly post on Facebook and Twitter that provides tips on a gamut of consumer issues, such as identity theft, condominium owners' rights and responsibilities, and hurricane preparedness. In support of the electronic initiatives, DCCA implemented paid digital outreach efforts through various multimedia vehicles which amounted over 250,000 impressions across social media platforms.

The CEP also offers two consumer education publications in hard copy and on the DCCA website. The first, the Military Consumer Fraud Guide, is a 44-page booklet that offers comprehensive guidelines to protect against fraudulent activities, as well as necessary information for military families to live and work in the State. The guide provides information about consumer topics that often affect Hawaii's military community, including housing, buying a car, payday lending, and identity theft. It also explains laws and regulations governing professional licensure and starting a business in Hawaii. Information in the publication is being updated to reflect changes resulting from the 2021 legislative session. The second publication, the Consumer Guide to Healthcare Providers, is a 14-page booklet that focuses on issues relating to Hawaii's health care providers. It provides descriptions of the health care provider licenses issued by the DCCA; contact information for the health care provider boards and programs; tips on how to select a health care provider; and information on how to resolve health care concerns or complaints.

The CEP continues its partnerships with the Consumer Financial Protection Bureau, the Federal Trade Commission, the U.S. Postal Service, and other national and local agencies to increase the amount of helpful consumer information disseminated in the State.

Hawaii Post-Secondary Education Authorization Program

In FY 2023, HPEAP issued three new school authorizations. However, one of its authorized schools, Central Texas College, closed their Hawaii location in FY 2023. In addition, two other schools issued notice of intent to close their Hawaii location before the end of calendar year 2023. HPEAP continues to issue transcripts for former students of Argosy University – Hawaii, which closed in 2019, Heald College Honolulu, which closed in April 2015, and World Medicine Institute, which closed in April 2018.

HPEAP is the designated state portal entity for the State Authorization Reciprocity Agreement (SARA). SARA is an agreement among member states that establishes comparable national standards for interstate offering of post-secondary education distance courses. In FY 2023, HPEAP added Honolulu Community College to its list of SARA institutions.

HPEAP continues to work with stakeholders, including the U.S. Department of Education and accrediting agencies, to ensure that Hawaii schools and students will continue to fully participate in and benefit from Title IV programs.

Office of the Director’s Legislative Coordination

In FY 2023, the Director’s Office, including multiple DCCA administrative services and support offices, oversaw the Department’s legislative activities concerning budgetary, fiscal, personnel, and administrative matters. The Director’s Office assisted with the legislative operations of each division and liaised with other state departments, agencies, branches of government, and community and business groups on legislative matters.

During the Regular Session of 2023, the Department submitted 440³ testimonies and comments and recommendations pertaining to consumer and commerce matters. In addition, the Department supported various nominees for the boards and commissions attached to the DCCA. Several of the Department’s legislative proposals, which were introduced as part of the Governor’s administration package, received favorable consideration by the Legislature and were enacted.

Following the adjournment of session, the Department’s legislative coordinator/administrative assistant continued to support the DCCA in implementing legislative directives and coordinating departmentwide activities for the 2024 legislative session.

³ This total does not include testimonies submitted by the PUC.

Information Systems and Communications Office

The Information Systems and Communications Office (ISCO) assists the Department with information technology hardware, software, and custom programming support, departmental website support, and telephone and other communication services support.

During FY 2023, ISCO took a lead role in providing support to DCCA's Insurance Division in completing the modernization of a decades-old legacy custom application, migrating to a modern, nationally-adopted cloud-based system. Go-live date for the new Insurance division system was in November 2022.

For disaster resilience, ISCO provisioned VCDR, a cloud disaster recovery system, enabling recovery in hours in the event of disaster, to maintain service for staff and public without concern for hardware duplication or replacement (Completed FY2024).

ISCO enhanced DCCA's Office of Administrative Hearings' (OAH) case tracking application (custom-developed by ISCO), adding support for Medical Inquiry and Conciliation Panel (MICP) and Design Claim Conciliation Panel (DCCP) cases, as requested by OAH leadership.

ISCO improved email reliability, integrating with ETS's secure and redundant mail servers. ISCO also increased security by expanding multi-factor authentication protection to vendors connecting to our network.

For the Business Registration division's modernization project, ISCO supported the division and the system integrator with extensive analysis, architecture support, data cleanup, data extraction and migration, as well as scanner procurement and configuration. The project is expected to be completed late FY24 or early FY25.

ISCO continued to enhance its legislative tracking system (LeTS), which assists DCCA Legislative Coordinators in tracking active measures from the Hawaii State Legislature website. This application filters and tracks items of interest, including dates and responses from the Department. The latest enhancements include in-app alerts for testimony submissions, increased frequency of hearing notice updates, and overall improvements to system resiliency and performance.

ISCO embarked on a major IT strategy re-design, with the three major thrusts being migration of servers and infrastructure to the cloud to improve robustness and resilience to disaster, insourcing of Salesforce support, and improved data integration.

ISCO improved system responsiveness, upgrading to fiber channel switches connecting to file storage.

ISCO continued to support multiple state technical committees, representing DCCA for the Access Hawaii Committee; Employee Emergency Communications (Alert Media); Enhancing the Value of State Data working group; Statewide IT Portfolio Governance working group; Information Privacy & Security Council (IPSC); the ETS IT Coordination Team; and multiple committees of the IT Consolidation Working Group.

CRF FINANCIAL SUMMARY FOR FY 2023

The following is the Department's CRF financial summary for FY 2023:

Personnel Expenses	Operating Expenses	Total Expenses	Revenues Received
\$37,679,731	\$12,371,602	\$50,051,334	\$71,325,195

As a special-funded department, the DCCA requires that revenue-generating divisions secure revenues to cover their expenses and contribute equitably to overhead costs, while ensuring that they can address anticipated major improvements and expenditures and maintain adequate reserves. Maintaining an adequate reserve ensures fund solvency and continuation of mandatory public services. Since the onset of the CRF, the Department's primary fiscal goal has been to implement this strategy through conservative spending and adjusting its expenses to align with projected revenues. Accordingly, the Department's financial planning accounts for current FY year expenses, as well as future major projects and expenditures.

The following is the Director's Office's (includes the Administrative Services Office, CEP, HPEAP, ISCO, Office of Administrative Hearings, and Personnel) CRF financial summary for FY 2023:

Personnel Expenses	Operating Expenses	Total Expenses	Revenues Received
\$ 5,633,390	\$4,244,040	\$9,877,430	\$1,323,997

BUSINESS REGISTRATION DIVISION

OVERVIEW AND COMPOSITION

The Business Registration Division (BREG) has three primary functions: (1) ministerial business registration, processing, and maintenance of business registration documents for public access, including corporations, general and limited partnerships, limited liability partnerships, limited liability limited partnerships, limited liability companies, cooperatives, trade names, trademarks, service marks, and publicity rights; (2) to provide general assistance to businesses applying for state business registrations and information on employer registrations and state taxpayer IDs; and (3) regulatory oversight over the securities industry and franchises in the State in the following areas: registration of broker-dealers, securities agents, investment advisers, investment adviser representatives, investment companies, and securities and franchise offerings for sale in the State; field examinations of broker-dealers and investment advisers in the State; review of securities and franchise offerings for sale in the State; and enforcement of the Hawaii Uniform Securities Act and the Hawaii Franchise Investment Law. BREG also conducts statewide outreach through its Investor Education Program, which provides free presentations and resources relating to investment fraud protection.

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Maui office address:	(Business Action Center – Maui) Wells Professional Center 2145 Wells Street, Suite 106 Wailuku, HI 96793 Phone: (808) 243-8679

The **Documents Registration Branch (phone: (808) 586-2727)** consists of the Documents Information Section, Documents Processing Section, and Records Section. The branch maintains the State's business registry for corporations, limited liability companies, general partnerships, limited partnerships, limited liability limited partnerships, and limited liability partnerships conducting business activities in the State. In addition, the registry contains filings for trade names, trademarks, service marks, and publicity rights.

The **Business Action Center (phone: (808) 586-2545)** provides general assistance with state business registrations, and information on other requirements such as employer registrations, state taxpayer IDs, and more. The center has offices on Oahu and Maui. Services are delivered in-person and via phone, email, mail, fax, and Live Chat, an instant messaging system that allows customers on the Hawaii Business Express website to obtain real-time assistance from a customer service representative.

The **Securities Enforcement Branch (phone: (808) 586-2740)** enforces state laws governing the securities industry under the Hawaii Uniform Securities Act and franchises under the Franchise Investment Law. The branch investigates and prosecutes cases involving state securities law and franchise law violations.

The **Securities Compliance Branch (phone: (808) 586-2722)** is responsible for the registration of securities broker-dealers, securities agents, investment advisers, investment adviser representatives, investment companies, securities offerings, and the filing of franchise offering circulars in the State. The branch also conducts field examinations of broker-dealers and investment advisers in Hawaii.

The **Investor Education Program (phone: (808) 587-7400)** falls under the Securities Compliance Branch and provides investor education and financial literacy outreach statewide. The program maintains outreach programs in the areas of: kupuna (seniors) and caregivers; working families and union members; keiki (youths); industry professionals; military; and Hawaiian and other ethnic communities. Additionally, the program serves as the State Coordinator of the Hawaii LifeSmarts Program, a free, national educational program for youth. The program's free educational materials, presentations, and exhibits help consumers and investors detect and prevent securities fraud and report securities law violations.

GOALS AND OBJECTIVES

- **Documents Registration Branch:** Maintain an accurate and efficient state business registry.
 - Review and implement policies and procedures to efficiently process document filings and information requests in a timely manner.
 - Develop and improve its online services to better assist the public and to provide faster and more efficient service.
 - Enhance information systems to improve retrieval, processing, recording, and maintenance of public filing information while protecting the integrity of the data system.

- **Business Action Center:** Be a responsive and helpful center for business registration and licensing for all businesses in Hawaii.
 - Provide practical information and efficient customer service to the public.
 - Develop and maintain relationships with the business community and seek ways to reach communities in need of business registration assistance.

- **Securities Enforcement Branch:** Be an effective state securities regulatory agency that is responsive, appropriately aggressive, and efficient.
 - Investigate and prosecute state securities law violations under the Hawaii Uniform Securities Act and Hawaii Franchise Investment Law.
 - Investigate and prosecute consumer complaints timely.
 - Reduce case backlog.
 - Inform consumers of enforcement matters and investment scams through participation in the Investor Education Program.
 - Attend and develop training to keep staff current on emerging investigative techniques, legal analyses, and securities issues.

- **Securities Compliance Branch:** Be a state securities regulatory agency that is responsive, effective, and efficient.
 - Accurately and timely review and approve securities and franchise applications and/or filings.
 - Maintain a regular field examination cycle for registered broker-dealers and state registered investment advisers.
 - Develop and implement internal procedures to process applications efficiently.
 - Keep current with regulatory changes and updates by providing ongoing training for professional staff.

- **Investor Education Program:** Develop meaningful investor education programs, materials, and active outreach programs that respond to the public's needs and address the financial problems that investors face. Develop and expand:
 - Partnerships with federal, state, and county agencies, nonprofit organizations, and private companies to provide outreach to various audiences throughout Hawaii.
 - Outreach through fraud prevention presentations and investor education materials at various community events.
 - The use of multimedia technology and social media to reach audiences in a current and relevant manner.
 - An industry training program to help financial professionals report financial exploitation and securities fraud.
 - A securities training program for law enforcement agencies to build partnerships to help prosecute financial fraud.

ACCOMPLISHMENTS IN FY 2023

Historic Win for Hawaii LifeSmarts

A team of high school students from Maryknoll School were crowned the 2023 champions at the National LifeSmarts Championship on Sunday, April 30, 2023, in Cincinnati, Ohio. Maryknoll's win marks the first-ever National LifeSmarts Championship for Hawaii in the state's 19 years of participation. LifeSmarts is a free consumer education program designed to teach students in grades 6-12 about personal finance, health and safety, the environment, technology, and consumer rights and responsibilities. The Hawaii LifeSmarts program is locally sponsored by the Department of Commerce and Consumer Affairs' Business Registration Division and Insurance Division, in partnership with the Hawaii Credit Union League, and is run by the National Consumers League. Visit <https://cca.hawaii.gov/lifesmarts/> or contact BREG's Investor Education Program at (808) 587-7400 for more information.

Protecting Hawaii Investors

BREG's Securities Enforcement Branch (SEB) investigates and prosecutes state securities law violations under the Hawaii Uniform Securities Act and Hawaii Franchise Investment Law. The SEB takes necessary action and continuously works to protect Hawaii investors against fraud and deceptive business practices. In FY 2023, the SEB closed 90 cases and participated in 16 multi-state actions.

Education and Outreach

FY 2023 brought the steady return of in-person outreach events and presentations. Some of the in-person activities the IEP participated in are highlighted, below:

- **DCCA's Annual Financial Literacy Fair**

The in-person event resumed this year after being held virtually throughout the pandemic. This event, hosted by the IEP, celebrates Financial Literacy Month in April with an informational fair featuring various government agencies and nonprofit organizations, to provide the general public with information on saving and investing, insurance, home ownership preparation, credit, planning for retirement, tips on financial fraud prevention, and more. The fair was held at Tamarind Park, Bishop Square in Downtown Honolulu.

- **Kupuna Alert Partners (KAP) – Presentations**

KAP is a multi-agency partnership that offers presentations and information to the community statewide on Medicare Fraud, Prescription Drug Misuse, Securities Fraud, and the Top 5 Scams in Hawaii. KAP partners include the State Departments of the Attorney General, Health, Commerce and Consumer Affairs, and Public Safety. Presentations are offered year-round.

- **“Thinking Money” Seminars**

In May 2023, representatives from the Financial Industry Regulatory Authority's (FINRA) Washington, D.C. headquarters and Florida field office flew to Hawaii to participate in a statewide series of seminars hosted by AARP. The events featured information on saving, investing, and investment fraud prevention through expert presentations, moderated roundtable discussions, and resource tables. The free events were held in Hilo, Kahului, Kona, and Honolulu.

CRF FINANCIAL SUMMARY FOR FY 2023

Personnel Expenses	Operating Expenses	Total Expenses	Revenues Received
\$5,135,189	\$1,781,816	\$6,917,005	\$16,184,932

BREG is specially funded through its statutorily established filing, application, registration, renewal, and copy fees, as well as fines, penalties and other actions taken by its Securities Enforcement Branch. While BREG's revenue does fluctuate due to various economic factors, the division anticipates it will continue receiving sufficient funds to cover its budgeted expenditures.

CABLE TELEVISION DIVISION

OVERVIEW AND COMPOSITION

The Cable Television Division (CATV) supports the DCCA director in the issuance of cable franchises, regulation of cable operators, and facilitation of expanded access to and use of broadband services throughout the State. The CATV's primary regulatory function is to determine whether the issuance, renewal, or transfer of a cable franchise is in the public interest. In so doing, the CATV takes under consideration the: (1) public need for the proposed service; (2) legal, technical, financial, and operational ability of the applicant or franchisee to provide safe, adequate, and reliable service at a reasonable cost to subscribers; (3) comments arising from public hearing and the advice of the Cable Advisory Committee (CAC) appointed by the Governor pursuant to HRS chapter 440G; and (4) other matters deemed appropriate under the circumstances.

After the issuance, renewal, or transfer of a franchise, the CATV's role in protecting the public interest continues through the duration of the franchise. The CATV monitors and enforces the franchisee's obligations under the franchise order and ensures compliance with state rules and regulations relating to cable operators' practices and procedures. This includes monitoring the franchisee to ensure its cable operating system and service provided is reliable and responsive to the public, signified in part by the franchisee's provision of diverse informational sources and services and enhanced communication capabilities for served communities through public television; public, educational, or governmental (PEG) access; and the interconnection of public facilities.

As part of its cable television regulatory responsibilities, the CATV seeks to ensure that all public inquiries, concerns, and complaints regarding franchised cable operators and the cable television service provided are appropriately resolved. In furtherance of this goal, the CATV will respond to the consumer directly; refer the matter to the concerned cable operator; or inform the consumer of the appropriate complaint filing procedures. The CATV also monitors the resolution of cable operators of customer service concerns and assesses customer satisfaction through review of cable operator submitted surveys and reports. The CATV also continues to encourage cable operators to develop new, improved, and more effective services and facilities to enhance customer-based services to the people of Hawaii.

The State's Institutional Network (INET), provided for under the cable television franchise agreements, supplies broadband communications for state and county government and state public schools and institutions of higher learning. To the extent permitted by federal law, the DCCA/CATV negotiates with the cable operators for the valuable INET benefits (network capacity and service connections) and for other data communications networks as part of the issuance of a franchise. The DCCA/CATV is generally responsible for the administration of the INET benefits while other INET Partners⁴ manage and operate the State's communications networks, of which the INET is a significant component.

⁴ The INET Partners are the following state agencies: (1) the Department of Accounting and General Services, through Enterprise Technology Services; (2) the University of Hawaii; (3) the Department of Education; and (4) the DCCA/CATV.

The CATV also requires that cable operators support PEG access facilities and services for the franchised areas in which they operate. Support may be provided in various ways, including setting aside several channels for PEG access and providing a percentage of gross revenues for PEG services. The DCCA/CATV designates and contracts operation of these access channels to nonprofit entities (PEG access organizations) located in each of Hawaii's four major counties. Designation is made upon written application and after a public hearing, and taking into consideration the: (1) public need for the proposed service; (2) legal, technical, financial, and operational ability of the applicant to provide the proposed service in an efficient and effective manner that is fair to the public in the service area; (3) comments arising from public hearing and from the CAC; and (4) other matters deemed appropriate under the circumstances.

The CATV is cognizant of the increasing importance of ancillary services provided through cable television service to the people of Hawaii, including informational and educational programming, high speed internet access, and other data services. As the infrastructure to support cable television services extends to more areas across the State, more residents can gain access to broadband and the many opportunities and advantages it offers in areas such as health care, education, job resources, consumer welfare, entrepreneurship, and civic engagement. The CATV therefore continually monitors franchise service areas to identify locations that may qualify for the extension of cable service under the franchise agreements.

In 2010, the Legislature passed Act 199, SLH 2010, charging the DCCA/CATV with broadband-related duties that include supporting public and private efforts to facilitate deployment of and access to competitively priced broadband and internet access services; and facilitating broadband application development to bolster usage and demand for broadband. Broadband-related duties include working with state and county government agencies, the Legislature, service providers, and other stakeholders to address issues related to the advancement of broadband; working with public and private agencies to expand and expedite broadband access and adoption; and participating in Federal Communications Commission (FCC) proceedings related to reforms affecting potential funding for telecommunications and broadband for the State.

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GOALS AND OBJECTIVES

- Ensure consistent cable television regulatory policies and practices.
 - Conduct regular franchise fee and PEG reviews.
 - Designate access organizations to provide PEG access services.
 - Ensure timely response to and resolution of customer service complaints and inquiries.
 - Convene CAC meetings upon the DCCA director's request to advise on matters under HRS chapter 440G.

- Monitor and participate in federal telecommunications legislation and rulemaking.
 - Monitor federal actions for issues that may impact Hawaii cable television subscribers and broadband users and provide support as requested by federal agencies and Hawaii's congressional delegation.
 - Participate in relevant FCC proceedings on universal service support, broadband, and other cable-and certain telecommunications-related matters.
 - Monitor other relevant government programs to identify potential funding for the State's broadband-related activities.

- Use the DCCA's franchise authority to provide benefits for the State and counties and the franchise areas to the extent permitted by federal law.
 - Require cable franchisees, to the extent permitted by federal law and regulation, to invest in infrastructure to provide capacity and connections for public, educational, and government facilities to expand and strengthen the INET.
 - Ensure efficient management of INET and use negotiated INET benefits for the optimal benefit of state and county government and educational facilities.

- Facilitate and support broadband infrastructure deployment and a competitive internet service marketplace.
 - Work with state, and county agencies, broadband providers, and other stakeholders to identify policies and programs to facilitate deployment of broadband infrastructure and expand access to broadband services.
 - Assist with identification of broadband service gaps across the State.
 - Liaison between government stakeholders/private consumers and internet service providers regarding coverage and other service matters.
 - Assist with federal broadband programs as requested, including broadband mapping programs, and disseminate information on such programs to local public and private stakeholders.
 - Facilitate communication for BAAC members and participants to share broadband deployment and program information.

ACCOMPLISHMENTS IN FY 2023

FCC Rulemaking and Appeals

The CATV monitors developments in Congress and at the FCC relating to cable television, telecommunications, and broadband. In FY 2023, the CATV continued to monitor FCC proceedings and appeals that directly impact cable television subscribers in Hawaii, in particular:

Cable Franchise Fees (MB Docket No. 05-311; U.S. Court of Appeals Case Nos. 19-4161/19-4162/19-4163/19-4165)

On August 2, 2019, the FCC issued an order, effective September 26, 2019, changing how local franchising authorities (LFAs) may regulate incumbent cable operators. Among other matters, the FCC ordered that cable-related “in-kind” contributions required by franchising agreements, including costs associated with the construction, maintenance, and services of INETs, are franchise fees subject to the 5% cap and are to be valued at fair market value (FMV). The new rules also clearly stated that any existing franchise order terms to the contrary will be automatically preempted, thereby prospectively negating any such previously negotiated benefits for the State. As this determination would significantly impact the distribution of franchise fees for the State, the DCCA/CATV, along with numerous LFAs, government agencies, and PEG organizations across the country, appealed the FCC order. The various appellate proceedings were consolidated and moved to the Sixth Circuit for adjudication.

On May 26, 2021, the Sixth Circuit court issued its ruling affirming in part and reversing in part the FCC order. The court affirmed the FCC’s definition of franchise fees to include in-kind contributions such as INETs (i.e., the construction, maintenance, and service of INETs), but reversed the FCC’s FMV determination regarding the cost of in-kind contributions including INETs. The Sixth Circuit court ruled that “noncash cable-related exactions should be assigned a value equal to the cable operator’s marginal cost in providing them.”

On November 5, 2021, a petition for certiorari was filed with the United States Supreme Court, which was denied on February 22, 2022.

Although a petition for certiorari was filed and denied, the CATV will continue to represent the State’s interest in applicable future proceedings and monitor developments regarding this matter. In addition, throughout this process, the CATV has and will continue to send notices and updates to the INET Partners and the counties to prepare them for potential changes in cost and application of INET connections that have historically been negotiated with the cable operators to be provided at no cost or “at-cost” (i.e., discounted).

Currently, while implementation appears to be on hold, possible impacts of the FCC’s ruling as amended by the Sixth Circuit Court will be a continuing challenge to the CATV in FY 24 due to the uncertainty. Further petitions to the FCC for reversal or clarification of the ruling, as amended, are strongly being considered.

Internal Controls Review – PEG Access Organizations

Beginning in FY22 and throughout FY23, the CATV, through its financial consultant, conducted a review of the internal controls of the PEG access organizations as it relates to franchise fees and capital contributions. Recommendations were made by the financial consultant to each PEG access organization regarding improvements that could be made to their processes and procedures. The CATV will continue to monitor the plans and updates to the internal controls made by the PEG access organizations based on the consultant’s recommendations.

Broadband Projects/Activities

In FY 2023, the DCCA/CATV conducted broadband-related activities that included:

- Gathering data on unserved and underserved areas and broadband performance across the State to better inform policies and strategies to advance the State’s broadband goals. To that end, the CATV continued to: (1) manage its No Internet Service application to gather and map consumer-provided data on locations where internet service is unavailable (<https://cca.hawaii.gov/broadband/no-internet-service-map/>); (2) make available on its website data on the availability of fixed and mobile service and built and funded locations under federal programs; (3) manage its “Internet Speed Map” tool, which allows residents to report their home wireline internet speeds to create a crowd-sourced map (<http://cca.hawaii.gov/broadband/speedmap/>); (4) update its website with speed test data provided by Ookla, proprietor of Speedtest.net, for public use; and (5) support Hawaii’s participation in the FCC’s Measuring Broadband America program, which gathers subscriber broadband service performance data across the nation.
- Continuing the DCCA/CATV Hi-WiFi program, including the pilot WiFi project on Hawaii Island, undertaken in partnership with the County of Hawaii to provide community access to broadband-level WiFi internet services at seven county facilities in unserved and underserved areas around the island (Hi-WiFi Pilot Project). In FY 2023, the pilot project served as a model in implementing the Hi-WiFi project with the County of Kauai to provide hotspots at seven locations around the Island of Kauai.
- Serving as a consumer resource to assist consumers with broadband-related inquiries and complaints; provide access to broadband coverage information and broadband deployment resources; and provide digital literacy resources and other consumer broadband information.

CRF FINANCIAL SUMMARY FOR FY 2023

Personnel Expenses	Operating Expenses	Total Expenses	Revenues Received
\$740,950	\$688,778	\$1,429,729	\$1,564,949

The CATV is special-funded almost exclusively by annual fees collected from each of the State's two cable operators. These annual fees are paid to the CATV during the beginning of the third quarter of each fiscal year, and amounts are calculated based on each cable operator's gross revenues for the prior calendar year. Revenue for the CATV is thus dependent on the market for cable television services in the State, which varies from year-to-year and which is projected to decline as the market for streaming services over the internet continues to grow. Due to these factors, the CATV has set a target reserve of approximately 24 months of operating expenses to ensure continuity of the division's operations in a declining market for cable television service. On May 9, 2019, Decision and Order No. 375 was issued to reduce the annual fees collected from 1% to zero, beginning on July 1, 2019, to better align the CATV's cash balance with its reserve target. On December 29, 2022, Decision and Order No. 380 was issued reinstating the collection of the 1% annual fee, beginning on February 1, 2023, to provide sufficient revenues to support the functions of the CATV.

DIVISION OF CONSUMER ADVOCACY

OVERVIEW AND COMPOSITION

The Division of Consumer Advocacy (DCA) represents, protects, and advances the interests of consumers of utility and transportation services before regulatory agencies, primarily the Hawaii Public Utilities Commission (PUC or Commission). The DCA reviews requests for rate and tariff changes, capital improvement projects, integrated resource plans, certificates for authority to operate, and other applications filed by public utility and transportation companies, in addition to other proceedings opened by regulatory agencies to investigate or review generic issues. In representing the consumers of utility and transportation services before the Commission, the DCA must analyze financial and statistical data, prior docketed material, industry standards, and the information provided by the utility and transportation companies to support their applications. Based upon analyses of this information, the DCA files either written statements of position or testimonies explaining its analyses, findings, and recommendations with the Commission. When necessary, DCA analysts and/or consultants provide oral testimony, subject to cross-examination, in contested case evidentiary hearings to resolve differences among the parties in utility and transportation proceedings.

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The **Engineering Branch** analyzes and makes recommendations on technical matters such as production capacity and efficiency, depreciation allowances, maintenance cost factors, engineering safety standards, plans for capital improvements, purchased power agreements, and quality of service standards.

The **Research Branch** analyzes and advises on matters imposed on regulated public utility and transportation industries, provides services and advice relating to the current operations of and evolving changes to regulated public utilities and transportation industries, conducts special studies on the changes in various regulatory areas, including energy and telecommunications, and assists and participates with other branches in developing data and conducting analyses on matters under examination.

The **Legal Branch** provides legal representation before regulatory agencies. The branch also provides general clerical support by: updating and maintaining the DCA's docket, general office, and electronic database files, formatting draft documents prepared by the technical staff and attorneys for filing with regulatory agencies and utility companies; and maintaining DCA's library.

Besides these three branches, the DCA also has program, educational, and administrative specialists.

GOALS AND OBJECTIVES

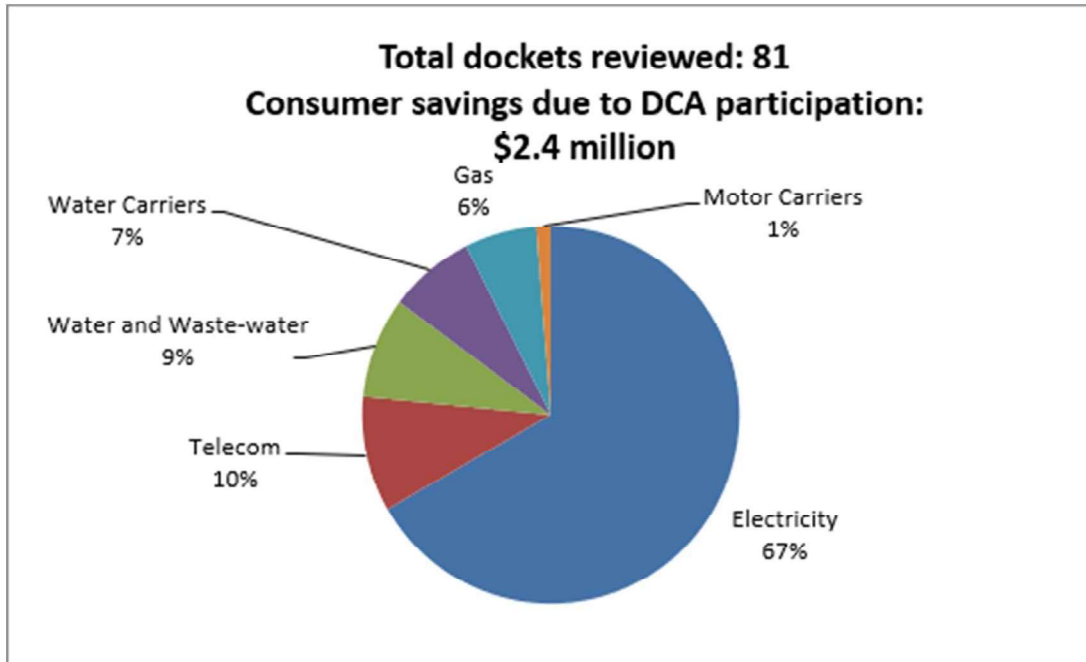
Consumer Advocacy

The DCA's primary goal is ensuring that Hawaii's consumers receive safe and reliable services at reasonable and just rates, while also ensuring customer and environmental protections and advancing renewable resource use. This goal involves balancing various competing interests.

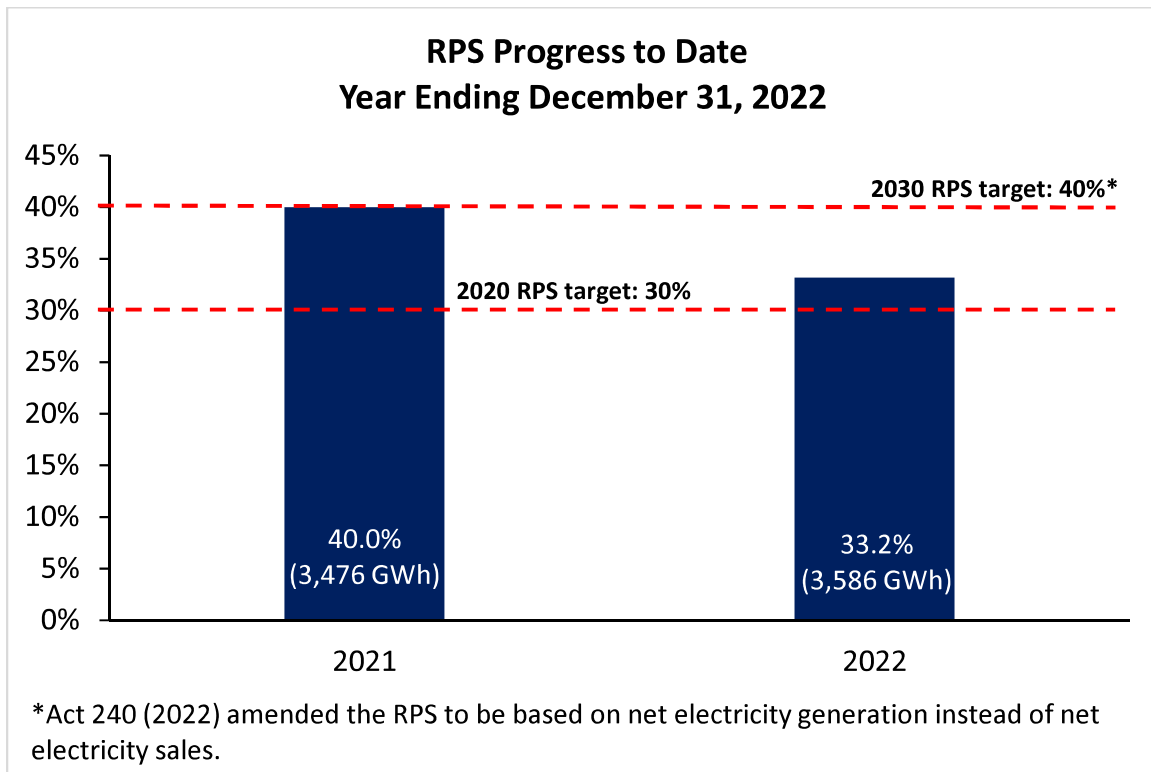
The DCA's resources are focused on PUC proceedings, which affect the rates and reliability of Hawaii utility and transportation systems and services. The DCA's participation in PUC proceedings will typically involve some or all of the following:

- Review of applications to ensure compliance with regulations;
- Participation at PUC public hearings;
- Procurement of consultant services to manage workload and for complex cases;
- Completion of discovery;
- Analysis of applications and supporting documents to determine the accuracy and reasonableness of the requests;
- Provision of recommendations to the Commission on the merits of the application through statements of position or direct testimonies and provision of oral testimonies, which are subject to cross-examination in proceedings where evidentiary hearings are necessary; and
- Completion of related legal actions, such as filings of legal briefs, motions, and appeals, as necessary.

To measure the DCA's performance in advocating consumer interests, the DCA tracks various categories of information. The DCA monitors consumer savings resulting from its participation in PUC proceedings, the percentage of PUC decisions that adopt settlements reached by parties to a proceeding, the number of service quality investigations the DCA participates in, and the number of filings before the Commission that are reviewed by the DCA. Chart 1 describes the total number of dockets the DCA reviewed, the proportion of dockets reviewed by area, and the total consumer savings due to DCA participation.

Chart 1: Dockets Reviewed by Area and Overall Consumer Savings, FY 2023**Policy Advancement**

The DCA seeks to promote policies to protect and advance the interests of utility and transportation consumers on the local, state, and national levels. The DCA will continue to promote and facilitate Hawaii's transition from using imported fossil fuels to clean renewable energy, as well as advance federal and state broadband initiatives. Chart 2 reflects Hawaii's progress on its Renewable Portfolio Standard (RPS) goals. As of December 31, 2022, Hawaii's percentage of renewable generation is 33.2% of its net electricity generation. The percentage decrease in RPS progress shown in Chart 2 from 2021 to 2022 is a result of Act 240 (H.B. 2089) amending the RPS calculation from renewable energy as a percentage of sales to renewable energy as a percentage of net electricity generation. Hawaii appears to be on track to meet its 2030 RPS goal of 40%.

Chart 2: Hawaii's RPS Goals

Regarding the energy efficiency portfolio standards, there is ongoing work to evaluate the State's energy efficiency potential as well as its Energy Efficiency Portfolio Standard (EEPS) goals.

In the Commission's generic, investigative, or policy proceedings, the DCA follows a similar approach to its review and analysis of applications. A typical investigative proceeding may involve the following steps:

- After the DCA and other parties to the proceeding state their initial positions on the issues, discovery and analyses are done to determine the reasonableness of the other parties' positions;
- Technical meetings between the parties are often held to discuss and educate each other on the issues and positions taken and to determine where possible agreement may be reached;
- The DCA provides the Commission with a recommendation that DCA believes is in the best interest of consumers; and
- The DCA participates in evidentiary or panel hearings conducted by the Commission. The DCA presents its evidence by way of expert testimony on specific technical issues.

The DCA monitors congressional activity in the energy and telecommunications areas. The DCA maintains contact with Hawaii's congressional delegation, particularly those members sitting on committees that deal with energy and telecommunications, and provides input where appropriate and when called upon.

The DCA is actively involved in the National Association of State Utility Consumer Advocates, which participates in proceedings before the Federal Communications Commission (FCC), Federal Energy Regulatory Commission, Congress, and the federal courts to advance consumer interests on national issues, many of which affect Hawaii consumers.

The DCA is actively involved with the Legislature and provides testimonies that detail consumer benefits or detriments of specific proposals and bills being considered by various legislative committees. In 2023, the DCA monitored and/or testified on 157 bills and resolutions and submitted written testimony on 61 occasions.

Measuring the performance of the DCA's efforts to promote policy objectives is inexact. While the DCA generally tracks the percentage of its positions with which the Commission ultimately agrees, this measure does not capture the efforts throughout proceedings to educate and work with other parties to reach agreement on issues.

Education and Outreach

The DCA's goal is to encourage the public to be wiser consumers of public utility services by, among other things, emphasizing the possible effects that their consumption habits may have on utility rates and the environment. It is through the education and outreach process that the DCA aims to gather consumer input on utility issues and to encourage consumers to be more involved in utility proceedings. The DCA attends public meetings and hearings to learn of consumer complaints and concerns.

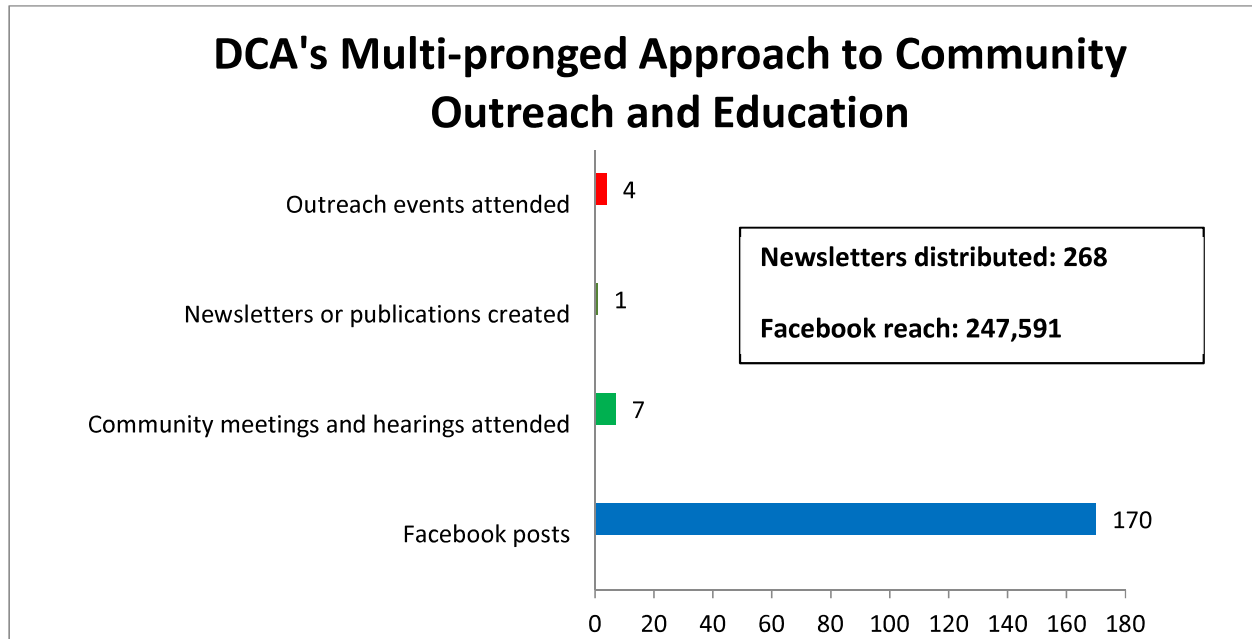
The DCA can accomplish its goal of positively affecting the habits of consumers statewide through its website and public outreach activities. The DCA established the following action plan to accomplish its goals and objectives:

- Update and improve its website with consumer-friendly and useful content;
- Use social media, such as Facebook, to reach a greater number of consumers;
- Attend public hearings and meetings to listen to consumer complaints and concerns;
- Establish information booths and provide presentations at community events, such as home shows and public fairs throughout the State and build positive relationships with both business and individual community members;
- Improve communications with consumers and the public through expanded distribution and publication of its newsletter;
- Hold informational seminars or use public service announcements to highlight different utility issues and topics; and
- As a result of the ongoing pandemic affecting community events, the DCA is looking for virtual events that might be able to provide outreach opportunities.

To measure its performance and progress on education and outreach activities, the DCA tracks the number of people reached through education and outreach events, newsletters and other

publications distributed, and consumers assisted with complaints and other issues. Chart 3 illustrates various ways the DCA engaged in community outreach and education in FY 2023.⁵

Chart 3: DCA’s Multi-pronged Approach to Community Outreach and Education



ACCOMPLISHMENTS IN FY 2023

Advocacy Before the Public Utilities Commission

The DCA’s primary activities consist of its advocacy before the Commission. Through its activities, DCA was able to assist in the timely review of contracts for new renewable projects – as well as the amendments – in a timely manner to facilitate meeting the RPS goals even while balancing many sometimes-conflicting priorities, such as reliability and affordability, as well as to assist in attracting federal dollars to help reduce the cost of infrastructure improvements against the challenges such as internal vacancies. DCA also sought to collaborate with other stakeholders in important policy dockets to advocate that all consumers’ interests are considered. Through its efforts, DCA has been able to benefit a multitude of consumers, such as ensuring continuation of telecommunications services for Department of Hawaiian Home Lands (DHHL) beneficiaries and reductions in requested increases in utility rates. The following are some of DCA’s key accomplishments in FY 2023.

⁵ The COVID-19 pandemic resulted in the cancellation of in-person outreach events. In addition, the education specialist position was vacant for approximately six months of FY 2023.

Energy Dockets

(1) **Resource Planning**

Throughout most jurisdictions, energy utility companies are required to conduct long-term planning processes to efficiently plan on how to meet customer needs with an optimal mix of resources, such as central station generation, distributed generation, and demand-side resources. The need for energy planning is heightened in Hawaii since Hawaii's RPS and EEPS objectives require careful planning to ensure that Hawaii's energy rates do not unreasonably escalate, or the reliability and resiliency of electric services do not suffer. Although such planning was historically done through Integrated Resources Planning proceedings, and more recently as Power Supply Improvement Plans proceedings, the Hawaiian Electric Companies (HECO Companies) continued hosting a series of Integrated Grid Planning meetings and workshops as part of Docket No. 2018-0165. In addition, based on the expected termination of purchased power agreements for and retirement of fossil fueled generation, the Commission has opened Docket No. 2021-0024 to review the HECO Companies' transition plans to replace the fossil fueled generation with renewable energy projects. The DCA is actively participating in the evaluation of this transition and also participated in the efforts to ensure the reliability of Oahu's grid when the AES power plant on Oahu closed on September 2022. DCA anticipates that the review of these planning dockets will become even more complex as the need for more detailed planning for resiliency and risk mitigation increases.

(2) **Utility Scale Renewable Energy Procurement**

In Docket No. 2017-0352, the Commission provided the forum through which the HECO Companies could issue requests for proposals to acquire new renewable energy projects. The DCA continues to be an active party in this proceeding and the resulting applications seeking approval of purchased power agreements with independent power producers. Due to various factors, including the COVID pandemic, there were force majeure claims for some of the projects and DCA has been working on reviewing contract amendments caused by the force majeure claims to ensure that the amendments are reasonable and that the projects can still come online to assist in meeting RPS goals at reasonable costs and the challenges of review in compressed timeframes and limited resources will need to be overcome.

(3) **Distributed Energy Resources (DER), Grid Modernization, Microgrids, and Advanced Rate Design**

The DCA continues to participate in Docket No. 2019-0323, which was opened by the Commission to comprehensively investigate technical, economic, and policy issues associated with DER, including those associated with the provision of demand response and grid services.

The Commission opened Docket No. 2018-0141 to investigate grid modernization, including the need to upgrade the grid to facilitate DER, among other things. The DCA continues to participate in this docket, including Phase II, to promote the cost effective roll out of grid modernization to benefit all customers, protect consumers' data privacy and access issues, advocate for customer access to their own usage data, compliance with

nationally recognized data standards, and access to anonymized data for research and planning. The DCA continues to review the Companies' progress on grid modernization.

Pursuant to Act 200, SLH 2018, the Commission opened Docket No. 2018-0163, a proceeding to establish a microgrids services tariff to address concerns with disasters and grid resiliency. The DCA has been participating in this proceeding and continues to recommend that the docket focuses on resiliency issues and determining what barriers exist, including the need for grid modernization and updated rate designs to facilitate microgrids.

To facilitate market-based transactions and to provide better pricing signals to consumers and producers, the DCA continues to participate in various dockets to ensure that fair rate design is being advanced. This work spans a number of different dockets, such as those for DER, microgrid, grid modernization, and rate cases. The DCA provided analyses and recommendations regarding the proposed time-of-use pilot for the Hawaiian Electric Companies that was originally expected to be implemented on July 1, 2023 (but that has been delayed to unforeseen circumstances). Due to various circumstances, the delay and analysis of developing long-term advanced rate design will become more complex and will require increased focus and resources from DCA to ensure that all customers are treated equitably and still allow the State to achieve its stated clean energy goals.

(4) Performance-Based Ratemaking (PBR)

Act 5, SLH 2018, required the Commission to establish performance incentives and penalty mechanisms to tie revenues to performance instead of investments. Thus, as part of the Commission opened Docket No. 2018-0088 and adopted a PBR framework in December 2020, but the Commission continues to consider additional modifications and amendments. The DCA has continued its active participation in this proceeding to protect consumers' interests.

(5) Energy Equity

DCA has been advocating the need to consider equity and affordability in energy dockets so that the clean energy transition should not leave vulnerable and low-income customers behind. Along those lines, the legislature passed SR 43 and SCR 48 that called for the Commission to consider the energy burden in Hawaii and to investigate considerations of energy equity and justice. Thus, the Commission opened Docket No. 2022-0250. DCA has been an active participant providing comments in both the working group meetings as well as in various filings. In addition, SCR 242 requested the creation of a working group to evaluate a state program to supplement the Federal Low-Income Home Energy Assistance Program (LIHEAP), which DCA has proposed multiple times in the past. The DCA is hopeful that its efforts will expand the available assistance to low-income customers while balancing progress on clean energy goals.

(6) Inflation Reduction Act and Infrastructure Investment and Jobs Act

The Biden administration passed two bills that has made once in a generation type of funding available towards goals that are aligned with many of Hawaii's public policy goals, such as clean energy and expanded broadband availability. The DCA has been working

with utilities and the Commission to maximize the amount of funding that might be allotted to Hawaii so that those federal funds not only assist Hawaii in accelerating its efforts in the clean energy transition and expanding broadband but helps to reduce the costs that might be recovered from customers. For instance, DCA submitted letters of support for various applications and conducted expedited review of an application before the Commission seeking matching funds of about \$95 million (which was granted in August 2023).

Dockets Involving Other Industries

The DCA participated in various dockets involving regulated water, wastewater, telecommunications, utility gas, and transportation companies. These dockets included, investigating integrated resource planning for Hawaii Gas, ongoing rate proceedings for water/wastewater utility companies, and eligible telecommunications carrier certification for various telecommunications companies.

Hawaii Gas

In 2022, due in part to DCA recommendation to initiate an integrated resource planning (IRP) docket for Hawaii Gas to help evaluate the possibility of a decarbonization standard, the Commission opened Docket No. 2022-0009 and DCA has been an active participant pushing Hawaii Gas to develop an IRP that addresses decarbonization, improved fuel security, and improved long-term planning.

Young Brothers

DCA continues to participate in dockets meant to encourage water carrier Young Brothers (YB) to be more efficient and to reduce the chances of further rate increases after the Commission had to grant an emergency rate increase of \$47 million in 2021 because YB had not adequately controlled its costs.

Sandwich Isles Communications

Due to issues with Sandwich Isles Communications (SIC), DHHL beneficiaries continued to face the possibility of their telecommunications services being terminated in FY 23. DCA has continued to actively engage with PUC, DHHL, FCC, and various parties to prevent the termination of services, which could have affected the health and safety of DHHL beneficiaries. DCA was able to secure a commitment from Hawaiian Telcom that it would not seek to discontinue middle mile services to SIC, which should allow DHHL beneficiaries continued services for now. DCA continued to participate in the PUC proceeding reviewing whether SIC should remain a certificated provider of telecommunications services.

Advocacy through Participation on Committees and Boards

The DCA seeks to represent, protect, and advance customers' interests by participating in various committees and boards that are related to regulated utility and transportation services. Some of the committees and boards that the DCA served on in FY 2023 include the following:

- **Enhanced Wireless 911 Services:** Pursuant to Act 168, SLH 2011, the Enhanced Wireless 911 (E911) Board and the E911 Fund were created to ensure that the State's E911 system can meet emergency needs;

- **One Call Center Advisory Committee:** Pursuant to Act 141, SLH 2004, the One Call Center Advisory Committee seeks to properly educate contractors and customers about procedures and services available to help avoid damaging underground utility facilities and associated injuries;
- **Hawaii Energy Policy Forum:** The Hawaii Energy Policy Forum is an organization that brings together various entities from government, education, industry, and other interested stakeholders to discuss energy-related issues and how to best pursue changes that are consistent with the State’s goals and objectives;
- **Hawaii Clean Energy Initiative:** Initiated by a memorandum of agreement between the U.S. Department of Energy and the State of Hawaii, the Hawaii Clean Energy Initiative is a key driving factor in Hawaii’s clean energy transition efforts;
- **Hawaii Home Energy Assistance Program Working Group:** As mentioned above, DCA has been participating in the working group that is tasked with exploring the feasibility of creating a state program similar to the Federal LIHEAP to assist low-income customers. A report was filed with the legislature in FY 23; and
- **Powering Past Coal Task Force and Maui Accelerating Clean Energy & Decarbonization Implementation Technical Working Group:** DCA worked with various stakeholders to address various issues anticipated to retire the coal generating unit on Oahu and the potential reliability issues that might be caused by that retirement. In addition, DCA worked on a similar task force meant to address the potential reliability issues on Maui as well as the planned retirement of the Kahului Generation Station.

Education and Outreach

In FY 2023, the DCA continued its outreach activities to communities throughout the State. DCA took action to inform customers of utility bill assistance programs that were available to help those customers that were struggling to pay their utility bills. The DCA used its website, social media, and its monthly newsletter to reach customers. Social media (Facebook) provided a method for quickly reaching customers that needed assistance. DCA’s outreach efforts also included providing energy and water-saving tips and notifying consumers of utility-related online newspaper articles, blog posts, and radio and television programs to help increase customer awareness of relevant issues.

The DCA continues to use its website, Facebook page, and monthly newsletters to provide important information regarding Hawaii’s regulated utilities and water carriers that includes information on public hearings, consumer fairs, utility and green energy conferences, and media events.

CRF FINANCIAL SUMMARY FOR FY 2023

Personnel Expenses	Operating Expenses	Total Expenses	Revenues Received
\$1,999,962	\$1,364,038	\$3,364,000	\$ 4,829,373

Since DCA is special funded through the monies collected through PUC Fees, DCA continues to have sufficient funds to meet its general funding requirements. DCA anticipates, however, that additional budget and revenues for the upcoming fiscal years will be necessary to obtain outside services with expertise in issues that will arise within regulatory investigations related to the Maui wildfires.

DIVISION OF FINANCIAL INSTITUTIONS

OVERVIEW AND COMPOSITION

The Division of Financial Institutions (DFI) provides regulatory oversight for the State's financial service providers, which include both bank and nonbank companies. The DFI provides supervision, regulation, and examination of all Hawaii state-chartered and state-licensed financial institutions, including banks, foreign banking agencies and representative offices, savings banks, trust companies, financial services loan companies (both depository and nondepository), money transmitters, mortgage loan originators and companies, mortgage servicers, escrow depositories, installment lenders, and credit unions.

In supervising financial institutions authorized to take deposits, the DFI works closely with the Federal Deposit Insurance Corporation (FDIC), Federal Reserve Bank of San Francisco, Consumer Financial Protection Bureau, and National Credit Union Administration. The DFI supervises nondepository financial institutions with other state regulators through a system referred to as networked supervision. The partnerships with the federal bank regulators and networked supervision provides a comprehensive oversight over financial institutions.

As the COVID-19 pandemic progressed into endemic status, the DFI continued to provide seamless services to applicants, licensees, and consumers. The DFI started on-site examinations on our banks with the federal regulators and on non-depository licensees with other states.

The major functions of the DFI are to:

- Charter, supervise, regulate, and examine all state banks and credit unions, foreign bank branches, agencies and representative offices, and intra-Pacific branches.
- License, supervise, regulate, and examine nondepository companies, including escrow depositories, money transmitters, mortgage loan originators ("MLO"), mortgage loan originator companies, and mortgage loan originator branches, mortgage servicer companies, small dollar consumer lenders, and non-depository trust companies.
- Provide guidance to supervised financial institutions.
- Accept and investigate complaints by consumers.

The DFI is recognized by two accreditation organizations for appropriately licensing, supervising, and examining chartered and licensed companies, providing consumer protection to individuals, and providing the highest standards of training for its staff. The DFI was first accredited by the Conference of State Bank Supervisors (CSBS) in 1990 and reaccredited in 1995, 2000, 2005, 2012⁶, and 2018. The CSBS accreditation program sets high standards for state banking regulators nationwide. During the pandemic, some states were unable to maintain the accreditation standard. Hawaii is one of the forty-four out of 52 states⁷ that met CSBS bank accreditation requirements.

⁶ Hawaii did not seek reaccreditation in 2010. A new commissioner was appointed in 2011.

⁷ Includes the District of Columbia and Puerto Rico.

In 2Q FY 2015, the DFI was the eighteenth state in the nation to be accredited by the CSBS/AARMR⁸ for mortgage supervision. The CSBS/AARMR accreditation program sets high standards for state mortgage regulators nationwide. Currently, 29 of 66 mortgage regulatory agencies meet CSBS/AARMR accreditation standards. The accreditation program includes mortgage loan originators, mortgage loan originator companies, and mortgage servicer programs. In 2023, the DFI will undergo the five-year reaccreditation review and hopes to maintain the accreditation for both banks and mortgage.

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Email for mortgage program: dfi-nmls@dcca.hawaii.gov

The **Administrative Section** coordinates and facilitates activities within the DFI, with other divisions, and with other state and federal agencies regarding regulatory and supervisory oversight issues. This section also coordinates interactions with the legislature, proposed legislation, investigates complaints regarding possible state and federal law violations, and conducts the UIPA/FOIA requests. This section conducts studies related to emerging financial products and services.

The **Licensing and Regulatory Analysis Branch** is responsible for licensing activities and other regulatory approvals, and the quarterly off-site monitoring program. Licensing activities include reviewing and analyzing all applications for new financial institutions (bank and nonbank), opening, relocating, or closing branches, and adding new or unique services to determine whether consumers may be harmed by the action of any licensee. The branch reviews all license renewals for state and federal compliance before issuing an approval. The branch has two sections: one section focuses on emerging financial technology companies including money transmitters, while the other section focuses on the mortgage industry, including mortgage loan originators, mortgage loan originator companies, and mortgage servicers. An informal section also oversees banks, escrow depositories, small dollar installment lenders, and the nondepository trust companies.

⁸ The AARMR is a trade organization for mortgage regulators.

The **Field Examination Branch** is responsible for on-site and off-site examinations of all state-chartered and state-licensed financial institutions. Examinations, unlike accounting audits, are forward-looking and risk-based reviews of factors underlying the safety and soundness of financial institutions. For example, examiners not only evaluate existing and projected financial information, but also assess the effectiveness of management, its policies, and implementation of those policies in administering the institution’s risk management programs and practices. The branch is divided into two sections: one section focuses on the safety and soundness of state-chartered banks, credit unions, and money transmitters, while the other section focuses on compliance with federal and state regulatory laws and guidance for mortgage-related industries and escrow depositories.

GOALS AND OBJECTIVES

In January 2023, all DFI team members participated in updating the Division’s three-year strategic plan. The updated strategic plan sets forth four goals:

- Maintain a strong and efficient system of financial regulation.
 - The DFI does not receive any general funds. Instead, the division receives funding from its chartered and licensed companies and individuals. DFI also receives almost half of its revenues from the franchise tax paid by the banks and other financial institutions. The DFI operates like a business, as it balances revenues and expenses to provide oversight and supervision for the benefit of Hawaii’s residents.
 - Examiners would identify training opportunities to keep abreast of emerging technologies and financial products during the quickly evolving innovative products and services by financial technology (“fintech”) companies.
 - The DFI reviews and proposes changes to its laws to appropriately meet the everchanging environment in which it functions. The innovative business models and functions of licensees have changed the landscape of compliance to become complex and multifaceted. Instant fulfillment of services has become the norm for consumers, and the DFI strives to continue maintaining proper supervision of licensees amidst this environment.

- Maintain the networked supervision model.
 - The DFI would leverage other states' experience in licensing and examinations. States want to leverage off each other's skill set and experience to provide a more efficient and economical examination of companies.
 - Participate in multi-state examinations to allow for many examinations going on at the same time. Hawaii, like other states, have a finite number of staff that can conduct examinations. When Hawaii joins multi-state examinations, we can conduct more examinations. For instance, when Hawaii conducts an examination by itself, it schedules three to four examiners. When Hawaii joins a multi-state examination, it schedules one or two examiners, thereby freeing up the DFI staff to conduct an examination on another company.
 - Share DFI's skills with the other states, especially in the area of regulatory compliance. Hawaii has been recognized as having a very strong examination team.
 - The DFI leverages its resources with other federal agencies to provide oversight over state-chartered and licensed companies. This networked supervision involves communication skills to efficiently discuss and take appropriate action on licensees.

- Continue to improve our operational efficiencies.
 - The DFI strives to develop an internal searchable database. The DFI recognizes that the database topics are only recognizable to the individual branch team members. Documents are not easily identifiable if you work in a different DFI branch.

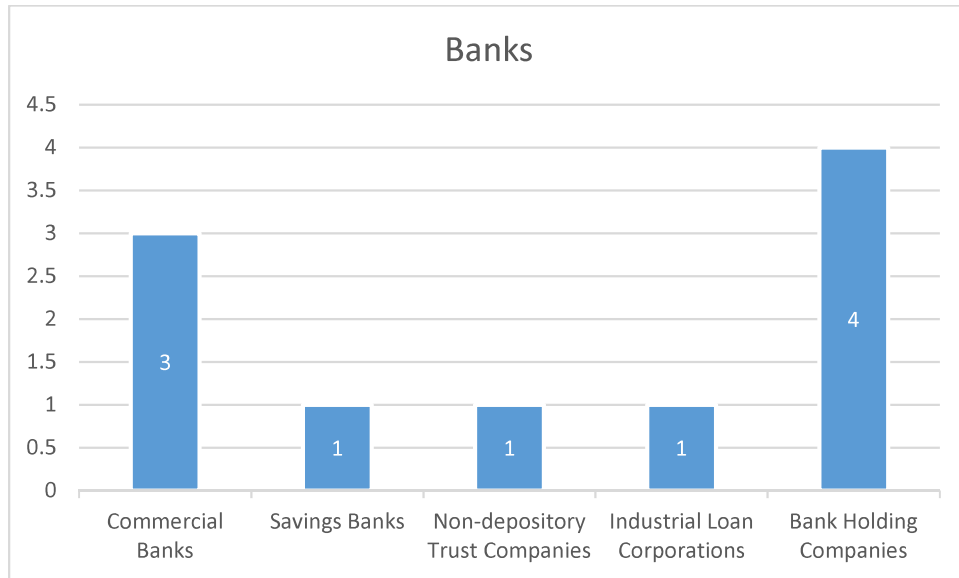
- Recognize the workforce of tomorrow challenges.
 - The DFI emphasizes cross-training among its branches to allow a more holistic understanding of the DFI supervisory reach.
 - Encourage coaching, mentoring, and leadership training to develop the DFI team for succession planning.
 - Train IT and cybersecurity examiners as this area touches all of our licensees.
 - The DFI seeks to recruit new staff who, through on-the-job training, will be able to adjust to the rapidly changing landscape of the financial services industry. New financial service products continue to be created, modified, and initiated by licensees that the DFI regulates and supervises.

ACCOMPLISHMENTS IN FY 2023

The DFI continues to provide supervision for five state-chartered banks with assets totaling over \$55 billion dollars. The DFI has 11 financial institution examiners to supervise these state-chartered banks. This bank supervisory team has three licensing examiners and eight field examiners⁹. The national banks, which are not supervised by the DFI, have assets totaling over \$8 billion dollars. The DFI notes that although it does not supervise the national banks, the national

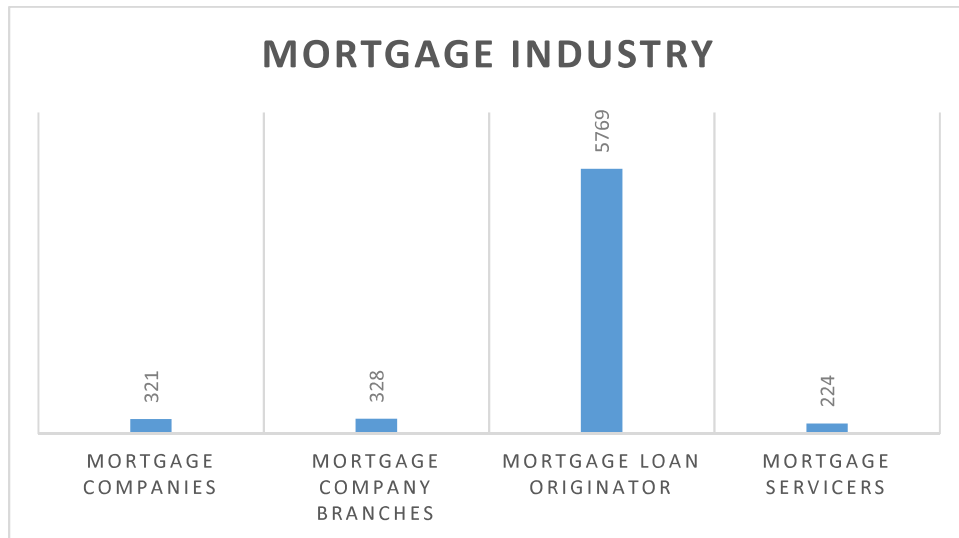
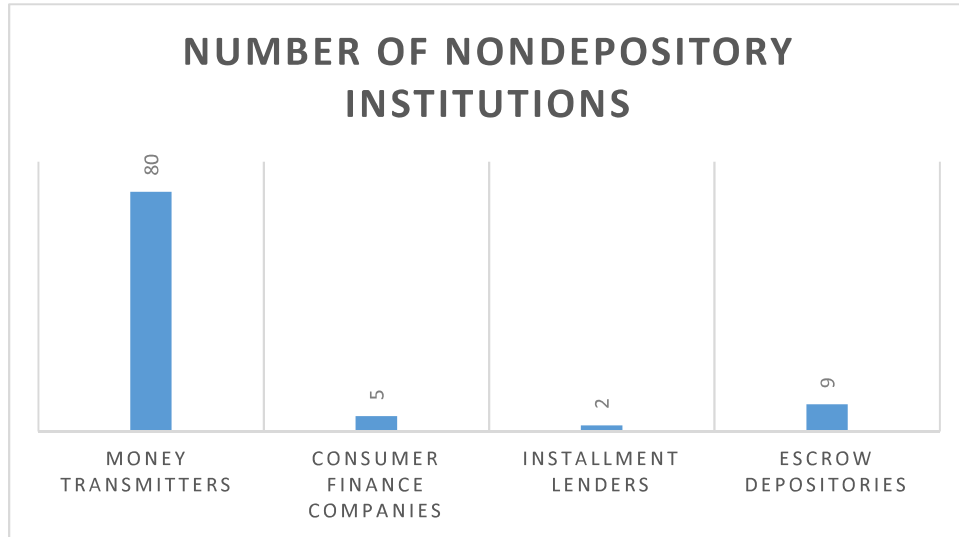
⁹ DFI notes that the examination financial institution examiners also conduct money transmitter examinations.

banks are invited to training sessions offered by the DFI since all banks must comply with the same regulations.



Total Assets	
Commercial Banks	\$55,575,728,000.00
Savings Banks	\$2,170,062,000.00
Non-depository Trust Companies	\$2,872,532.00
Industrial Loan Corporations	\$596,976,000.00
One Bank Holding Companies	\$55,619,033,062.00

The DFI supervises over 6,700 non-depository licensees with our limited number of examiners. These non-depositaries include the mortgage industry, money transmitters, escrow depositories, installment lenders, and finance companies. The DFI has seven dedicated money transmitter examiners and 13 dedicated mortgage industry examiners.



Nationwide Coordination and Consumer Protection

The DFI team worked with federal and state regulators and as well as with Congress to keep state financial regulation at the forefront of the policy discussion as financial services continue to evolve and the nation recovers from the global pandemic. Navigating changes means staying abreast of emerging issues as they may affect banks and licensees.

- The DFI commissioner continues to work with Congress to address the banking and cannabis issue to allow banks to serve cannabis businesses.
- The DFI worked the CSBS to submit comment letters to the Federal Reserve related to the unfairness of tiered review framework.

- The DFI joined a multi-state settlement with more than 600 MLOs where MLOs surrendered their licenses for three months and paid fines of \$1,000 per state license due to fraudulent completion of continuing education.
- The DFI worked with federal regulators to improve access to sharing data which led to more effective analytics and better collaboration between state and federal agencies.
- The DFI took part in the CSBS DataPalooza, a multi-track, multi-day conference dedicated to advancing state regulators' tactical and strategic approaches to data analytics.

State Consumer Protection

Through DFI's ongoing supervision of our banks, DFI required restitution for over 31,000 customers for overdraft fees. The DFI ordered escrow depositories to return funds to 90 customers who used escrow depositories for mortgage transactions. The DFI ordered restitution to 230 mortgage customers from examinations of mortgage loan origination companies. DFI assessed more than \$230,000 in administrative fines for violations of Hawaii's laws, rules, and regulations by its licensees. However, DFI collected only a portion of the fines, staying the collection of the fines for clerical or medical reasons and an assurance that the licensee will address operational processes to not violate the laws again.

The DFI examination team has expanded its participation in multi-state examinations for money transmitters, mortgage loan originator companies, and mortgage servicer companies. In FY23, the DFI participated in two large multi-state mortgage originator companies and service examinations. The DFI participated in other multi-state mortgage originator companies and service examinations with western states in order to combine resources and skills.

The DFI's licensing staff continues to be challenged by the number of work items submitted. These work items included amendments to the application for change in control by key individuals, name changes to the company, change of employers, and surrender of licenses. The DFI believes these changes were largely due to the changes in federal tax law allowing companies to take advantage of new provisions.

This year, with mortgage interest rates climbing, the mortgage industry cooled significantly. The DFI expects to see a 15-20% decline in the number of mortgage industry renewals due to the high cost of getting a mortgage. Although the mortgage origination market was booming in FY2022, economic factors continue to show that housing prices were largely unaffordable.¹⁰

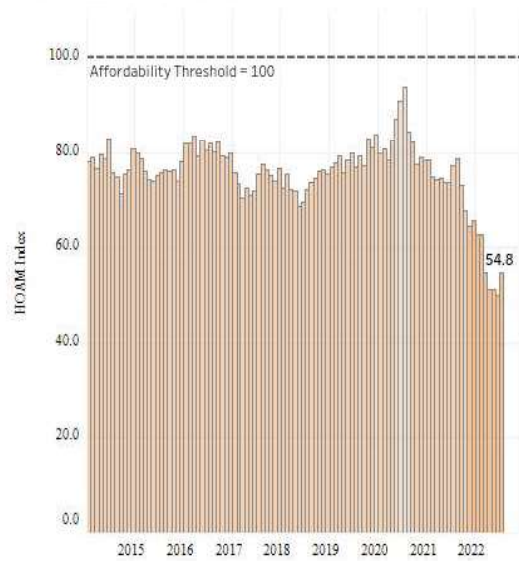
¹⁰ No statistics were available for Maui from the Atlanta Federal Reserve study conducted by their Center for Housing and Policy section.

Hilo, HI

January 2014 to July 2022

Federal Reserve Bank of Atlanta Metro Home Ownership Affordability Monitor (HOAM) Index

Index Less than 100 = Unaffordable

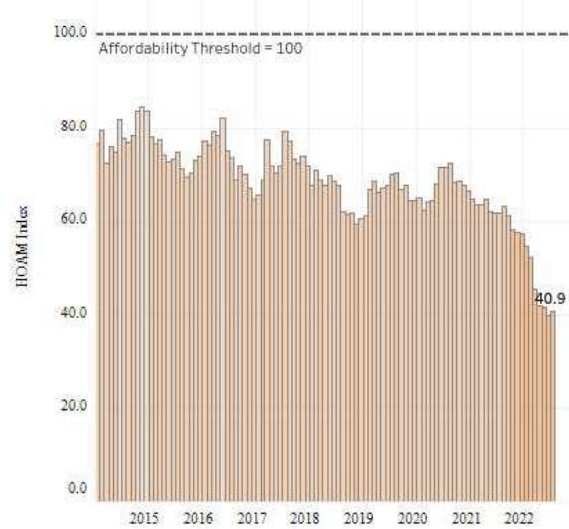


Kapaa, HI

January 2014 to July 2022

Federal Reserve Bank of Atlanta Metro Home Ownership Affordability Monitor (HOAM) Index

Index Less than 100 = Unaffordable



Urban Honolulu, HI

January 2014 to July 2022

Federal Reserve Bank of Atlanta Metro Home Ownership Affordability Monitor (HOAM) Index

Index Less than 100 = Unaffordable



The DFI team licensing money transmitters continues to see an increase in the number of applications. A number of applications are from companies who want to offer digital currency transactions. These applicants are informed, prior to applying, that it is likely that the company will not meet the licensing standards due to the volatility and fluctuation of digital currency.

Consequently, the licensing staff reviews the application only to let the applicant know that it cannot meet the licensing standards and either denies the application or allows the applicant to withdraw the application. The other money transmitter applications are increasingly complex as money transmitters used creative fintech applications and platforms to either request an exemption from the law or have such complex business structures making it difficult to determine how the flow of money occurred during the transactions. Additionally, many money transmitters became increasingly global, and had directors and key individuals (control persons of the company) outside the jurisdiction of the United States. DFI continues to discuss with other states about how discipline can be applied for companies operating outside the jurisdiction of the United States.

Added to the number of applications, mortgage loan originator companies and money transmitter companies were making changes to their business models, layering subsidiaries, affiliates, and related companies to facilitate the transactions. The DFI licensing team reviewed thousands of pages of business models, explanations, additional policies, and flow of funds to determine if consumers would continue to be protected by state and federal laws. These subsidiaries, affiliates and related company key individuals also had to be vetted to determine whether they met the regulatory criteria which proved to be difficult in some cases because of the global status of the individuals involved.

Digital Currency Innovation Lab

The DFI created the Digital Currency Innovation Lab (DCIL) to study whether the money transmitter law was the appropriate licensing scheme, and to determine whether digital currency companies should be licensed for consumer protection. This study was to last for two years to allow the DFI to determine its next steps in whether to regulate the industry. The DCIL started operations in August 2020 with twelve companies¹¹. In June 2021, another four companies were allowed to participate in the DCIL.

For the 2022 legislative session, DFI and the Hawaii Technology Development Corporation (“HTDC”) created a regulatory scheme to license digital currency companies, as well as draft legislation to exempt digital currency from the money transmitter law. The 2022 legislature did not pass any legislation related to a licensing scheme or exemption for the digital currency industry. In 2023, the regulatory scheme proposed by the DFI and HTDC passed the legislature but was vetoed by the Governor as recommended by the DCCA. Consequently, the DCIL was extended another two years and is scheduled to end on June 30, 2024 for consumer transactions and December 31, 2024 for the companies’ winddown period.

Continued Accreditation status for Banking and Mortgage

The DFI hopes to continue its accreditation status for banking and mortgage when the CSBS accreditation team reviews the supervisory, regulatory, and examination processes. The DFI team members continued to attend in-person and virtual training sessions, process applications, provide on-going supervision, and conduct examinations onsite and offsite. The DFI team members worked with the FDIC, FRB, CFPB to coordinate on-going supervision and conduct onsite examinations on our banks.

¹¹ One company failed to comply with DCIL requirements, and its membership was terminated.

The network of states continues to work together to license companies and conduct examinations. The networked supervision allows states to use subject-matter experts to share expertise in the area of regulatory compliance, information security, cybersecurity, and financial analysis.

Although the DFI's partnership with other agencies and training is ongoing, every effort the DFI undertook sought to ensure the safety and soundness of the financial system, protect consumers, and encourage economic growth – all while promoting innovative and responsive supervision.

Lastly, through the efforts of state banking agencies, including the DFI, state regulators were represented through the State Liaison Committee on the Federal Financial Institutions Examination Council, issued new customer due diligence and beneficial ownership examination procedures; issued tools for cybersecurity risk assessment, and identified areas of the supervisory process that could be modernized to reduce burden and improve efficiency.

CRF FINANCIAL SUMMARY FOR FY 2023

Personnel Expenses	Operating Expenses	Total Expenses	Revenues Received
\$3,988,069	\$837,747	\$4,825,816	\$6,502,827

INSURANCE DIVISION

OVERVIEW AND COMPOSITION

The Insurance Division (INS) is responsible for overseeing the State's insurance industry, which includes insurance companies, insurance agents, self-insurers, and captives. The division ensures that commercial and individual consumers are provided with insurance services that meet acceptable standards of quality, equity, and dependability at fair rates by establishing and enforcing appropriate service standards and by monitoring the solvency of insurers. The INS licenses, supervises, and regulates all insurance transactions in the State under HRS title 24. Legal service plans also fall under the division's duties.

The following list shows the number of active insurance licensees at the end of the last two FYs:

<u>Type of License</u>	<u>Licenses as of June 30, 2023</u>	<u>Licenses as of June 30, 2022</u>
Adjuster	3,604	3,796
Captive	262	254
Certificate of authority (insurer)	1,076	1,068
Foreign risk retention group (registered)	75	73
Fraternal benefit society	7	7
Health maintenance organization	5	5
Independent bill reviewer	22	25
Life settlement broker	35	34
Life settlement provider	22	22
Limited lines motor vehicle rental company producer	38	33
Limited lines portable	18	21
Limited lines producer	1,627	1,461
Limited lines self-service storage producer	17	13
Managing general agent	79	58
Mutual benefit society	4	5
Nonresident producer	93,208	85,806
Pharmacy benefit manager registration	46	41
Producer	8,461	8,437
Purchasing group (registered)	224	234
Reinsurance intermediary	47	45
Service contract provider registration	219	228
Surplus lines broker	2,711	2,505
Third party administrator	238	224
Vehicle protection product warrantor registration	60	57
TOTAL:	112,105	104,452

The INS administers HRS chapters 431 (Insurance Code), 431C, 431K, 431L, 431M, 431P, 431S, 432, 432C, 432D, 432E, 435C, 435E, 448D, 481R, 481X, and 488, which relate to the licensing, supervision, and regulation of all insurance transacted in the State by all insurance entities.

Contact information:

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Room 213
Honolulu, Hawaii 96813

Mailing address: P.O. Box 3614
Honolulu, Hawaii 96811

Phone: (808) 586-2790

Website: cca.hawaii.gov/ins

Email: insurance@dcca.hawaii.gov

The **Captive Insurance Branch** handles all aspects of licensing, regulating, and developing the State's captive insurance industry. With 262 active licenses as of June 30, 2023, Hawaii's captive insurance domicile is ranked eighth worldwide and fifth in the U.S. for the largest captive domiciles. Pursuant to Act 1, SLH 2005, the Captive Insurance Administrative Fund defrays funds expended for the INS' captive insurance program. Accordingly, the CRF does not fund the cost of this program.

When a complaint is filed with the INS, the **Compliance and Enforcement Branch** investigates to ensure compliance with applicable statutes and rules. When violations are identified, the branch recommends appropriate disciplinary actions. In addition, the branch is responsible for processing administrative hearing requests, qualifying applicants to the Hawaii Joint Underwriting Plan assigned claims program, reviewing background information of producer licensing applicants to identify criminal and administrative histories, assisting consumers, and coordinating and qualifying applications for written consent pursuant to 18 United States Code section 1033 and HRS section 431:2-201.3.

The **Financial Surveillance and Examination Branch** conducts financial analyses and examines Hawaii-domiciled insurance companies, agencies, health maintenance organizations, and mutual benefit societies to assess their financial condition, solvency, and compliance with applicable laws and regulations. To safeguard consumer interests and maintain the integrity of the insurance industry, the branch also:

- Licenses more than 1,300 domestic, foreign, and alien insurers.

- Processes and collects more than \$204 million in premium and surplus lines taxes on behalf of the General Fund and workers' compensation levies on behalf of the Department of Labor and Industrial Relations.
- Processes and administers tax credits claimed against insurance premium taxes.
- Authorizes and monitors accredited, certified, and trustee reinsurers.
- Registers purchasing groups and foreign risk retention groups.
- Regulates self-insurers.
- Maintains security deposits.
- Monitors market share and competitive standards of mergers and acquisitions.

The INS is subject to periodic review by the National Association of Insurance Commissioners' (NAIC) Financial Regulation Standards and Accreditation Program, which requires state insurance departments to regulate domestic insurers' corporate and financial affairs. The Financial Surveillance and Examination Branch introduces legislation and promulgates administrative rules to ensure the INS has adequate statutory and administrative authority and the resources necessary to satisfy its regulatory obligations.

The **Health Insurance Branch** regulates health insurers, including health maintenance organizations and mutual benefit societies. The branch's primary responsibilities include: receiving inquiries and complaints pertaining to health insurance, including long-term care insurance; receiving requests from consumers for external reviews of a health plan's coverage decisions under HRS chapter 432E and administering the external review process; reviewing premium rate filings and forms to ensure readability and disclosure of required information; and coordinating with the Financial Surveillance and Examination Branch to conduct financial surveillance of health insurers.

The **Insurance Fraud Investigations Branch** conducts a statewide program for the prevention, investigation, and prosecution of insurance fraud cases and complaints. The branch's jurisdiction includes all lines of insurance, except workers' compensation. The branch reviews referrals submitted by the insurance industry, other agencies, and the public and initiates an investigation when a crime may have been or is being committed. State law requires that any insurer, insurer's employee, or insurer's agent that believes a fraudulent claim is being made refer the case to the Insurance Fraud Investigations Branch within 60 days.

The **Legal Branch** advises the INS on all legal matters and serves as the interface between the INS and the Department of the Attorney General. The branch serves as hearings officers for administrative hearings as assigned by the insurance commissioner; researches insurance issues; interprets statutes and rules; reviews and analyzes administrative decisions and rulings; prepares legislative bills, legislative testimonies, and administrative rules; responds to requests for formal and informal legal opinions; assists other INS branches in enforcing compliance with the Insurance Code; and provides assistance to other branches in supervision, rehabilitation, and liquidation proceedings.

The **Licensing Branch** reviews, issues, extends, activates, and inactivates insurance licenses and registrations and administers continuing education (CE) programs. The branch maintains records of the licenses and registrations of producers, nonresident producers, surplus lines brokers, adjusters, service contract providers, vehicle protection product warrantors, and pharmacy benefit managers, among others. In addition, the branch issues CE deficiency notices; processes remittance checks, amendments, renewals, appointments, and terminations of appointment; prepares and updates fee schedules; addresses licensing inquiries from the public; and provides online confirmation to licensees. The branch also works with the insurance commissioner's CE advisory board to approve or deny CE providers or courses.

The **Office Services Branch** provides general reception services; answers and screens telephone calls; provides clerical, typing, and other administrative services for the INS; maintains the INS' central administrative files, including memoranda, newspaper articles, documents, and reports; orders office supplies and equipment for the INS and maintains its inventory; and receives and distributes the INS' mail.

The **Rate and Policy Analysis Branch** provides systems and procedures for the analyses of rate and policy filings of domestic, foreign, and alien insurance companies for compliance with the State's insurance laws. The branch analyzes and approves or disapproves rate filings for casualty, property, motor vehicle, inland marine, surety, credit life and disability, and Medicare supplement insurance. The branch also reviews policy form filings for workers' compensation, motor vehicle, credit life and disability, long-term care, Medicare supplement, temporary disability, and title insurance.

For a comprehensive report on the INS' activities, please visit cca.hawaii.gov/ins/reports/ to view the 2023 Annual Report of the Insurance Commissioner of Hawaii.

GOALS AND OBJECTIVES

- Continue meeting its statutorily mandated requirements.
 - The INS will continue complying with the Insurance Code and the Hawaii Administrative Rules (HAR) through proper personnel and caseload management.
- Maintain accreditation status with the NAIC.
 - Accreditation of state insurance regulators is administered by the NAIC and requires state insurance departments and divisions to maintain adequate statutory and administrative authority, as well as sufficient resources to effectively regulate the financial solvency of insurance companies. To maintain its accreditation status, the INS will ensure the required level of funding for its financial surveillance resources. In addition, the INS will review and submit to the Legislature, when necessary, proposed legislation for the adoption of NAIC model laws required for accreditation.

- Improve Hawaii’s world ranking as a leading captive insurance domicile.
 - Hawaii has long been an attractive domicile for the captive insurance industry because of its rigorous standards and geographical location. The INS continued to review its marketing strategy and amend existing components to remain competitive with the maturing and dynamic captive market in the United States. Hawaii actively pursues opportunities in Asia and has maintained its standing as a captive insurer domicile world leader.
- Assist Maui residents who lost their properties during the August 2023 wildfires.
 - The INS responded to the August 2023 wildfires that destroyed or damaged over 2000 properties on Maui. The INS will continue to work with those affected and assist them with their insurance claims process and questions.

ACCOMPLISHMENTS IN FY 2023

Savings to Hawaii Consumers

Through a combination of the rate review process and the complaint investigation process, the INS helped consumers save a total of \$35.3 million in FY 2023. The INS reviewed and issued dispositions on 1,645 rate filings and handled 638 complaints. The Rate and Policy Analysis Branch recorded \$1.9 million of long-term care premium savings and \$26.1 million of property and casualty premium savings. Review of health rate filings resulted in consumers savings of \$7.0 million.

Growth in Licensees

The INS saw a 7.3% growth in licensees in FY 2023. The increase was primarily attributed to additional nonresident producers licensing in Hawaii. The INS processed these new licensees without adding any additional staff.

Captive Domicile of the Year – More than \$5B Gross Written Premium

The State of Hawaii received the 2023 Domicile of the Year Award at the U.S. Captive Review Award in the Greater than \$5 billion Gross Written Premium category. This is the category with the largest captive domiciles in the world. This award was given to the domicile that displayed excellence in the response of domicile regulators to its captives' needs, either through regulation, or any other proactive initiatives; numbers demonstrating growth in the domicile, in both number of captives and growth in premium; and innovations introduced that have had a clear positive outcome.

Transitioned to a New INS Database

The INS licensed the NAIC’s State Based System and went live during FY23. The transition to this new system has improved efficiency and provided better online services to consumers and licensees.

CRF FINANCIAL SUMMARY FOR FY 2023

Personnel Expenses	Operating Expenses	Total Expenses	Revenues Received
\$7,058,903	\$1,302,837	\$8,361,740	\$14,336,348

The growth in licensees and the revenue associated with those licenses, the INS expects to have enough funds to cover budgeted expenditures, allowing the INS to forego an industry assessment in FY 2024.

OFFICE OF ADMINISTRATIVE HEARINGS

OVERVIEW AND COMPOSITION

The Office of Administrative Hearings (OAH) is a support office under the Director's Office and is responsible for conducting administrative hearings and issuing recommended decisions for all DCCA divisions that are statutorily required to provide contested case hearings under chapter 91, HRS. The OAH's primary CRF caseload includes cases involving:

- Disciplinary actions filed by the Regulated Industries Complaints Office against licensees;
- Appeals of the decisions of the boards, commissions, and programs attached to the Professional and Vocational Licensing Division to deny license applications;
- Petitions for declaratory relief;
- Citations issued to persons or businesses engaged in unlicensed activities;
- Trade name or trademark disputes;
- Securities enforcement actions brought pursuant to the Uniform Securities Act;
- Denials of personal injury protection insurance benefits;
- Disciplinary actions arising from HPEAP; and
- Other matters from other divisions.

The OAH is also responsible for conducting administrative review hearings on:

- Procurement cases from all agencies and divisions of the State, its four counties, and the University of Hawaii that arise under the Hawaii Public Procurement Code;
- Certain kinds of motor vehicle dealer, distributor, and manufacturer disputes under HRS chapter 437, part 2;
- Appeals of benefit determinations from the Employer-Union Health Benefits Trust Fund under a Memorandum of Understanding; and
- Appeals of benefits determinations from the Hawaii Employees' Retirement System under a Memorandum of Understanding.

Another integral part of the OAH's responsibilities is its administration of the Medical Inquiry and Conciliation Panel (MICP) and the Design Claim Conciliation Panel (DCCP). The MICP conducts informal conciliation hearings on inquiries regarding health care providers before any claims against those providers can be filed as lawsuits. Similarly, the DCCP conducts informal conciliation hearings on claims against design professionals (i.e., engineers, architects, surveyors, and landscape architects) before those claims can be filed as lawsuits. The MICP does not make any decisions on the merits of the parties' positions. The decisions of the DCCP are advisory and not binding on the parties, should a party decide to pursue the matter in court.

For a comprehensive report on MICP and DCCP activities, please visit cca.hawaii.gov/oah/reports/ to view the 2023 Annual Report on the Medical Inquiry and Conciliation Panel and Design Claim Conciliation Panel.

Contact information:

Office and mailing address: 335 Merchant Street
Suite 100
Honolulu, Hawaii 96813

Phone: (808) 586-2828

Website: cca.hawaii.gov/oah

Email: oah@dcca.hawaii.gov

GOALS AND OBJECTIVES

- Conduct contested case hearings and issue consistent and well-reasoned, recommended decisions in a fair and impartial manner and as expeditiously as possible.
 - The OAH implements processes and procedures to ensure all cases are timely processed, from the date of filing to the issuance of a final order. These processes and procedures include: entering additional data fields in the OAH’s database so that all pending cases can be tracked for timeliness throughout the entire hearings process; inventorying all OAH cases every February and August of each year; and disposing of cases where no party has taken any action.
 - Make available to the public an efficient means of submitting their hearing and related requests to the OAH electronically.
 - Provide greater accessibility to contested case hearings by offering several methods to conduct hearings, including in-person and remote options.
- Make available to the public all decisions issued by CRF-related boards, commissions, programs, and divisions.
 - The OAH makes available online all procurement protest decisions shortly after it notifies the parties of the decisions. Since January 2009, the OAH has posted on its website all decisions in other areas.
 - Through new software, the OAH redacts personal information protected by privacy laws from decisions and makes decisions compliant with the Americans with Disabilities Act.
 - The OAH routinely publishes all decisions shortly after they are issued to foster greater awareness of state laws, encourage voluntary resolution of disputes, and maintain consistency in rendering decisions.
- Make available to the public various forms and detailed written instructions to access and initiate the contested case hearing process.

ACCOMPLISHMENTS IN FY 2023

The OAH reopened to the public for regular office hours on September 19, 2022. Utilizing electronic filing has continued to be the preferred method of filing documents. Email correspondence with the parties and public has also ensured that the OAH can address inquiries and assist the parties in their proceedings. Contested case hearings continue to be conducted on a regular basis, utilizing remote as well as in-person platforms where appropriate. Upgraded equipment in the hearings rooms have allowed hearings to be conducted in any format, including hybrid proceedings. OAH staff utilize telework where appropriate, in compliance with the DCCA telework policy.

The OAH completed a digital scanning project of its archived documents. This project allowed the OAH to remove its physical files from storage, eliminating storage fees. The second phase of the project involved digital storage of closed files that are retained pursuant to the OAH's one-year retention policy. The OAH was in the final stages of testing the digital storage of its closed files in the spring of 2023. Unfortunately, the company contracted to perform the project furloughed its employees in June of 2023. The DCCA will be retaining another company to complete the project.

The OAH began accepting electronic filings and issuing orders and other documents electronically on a regular basis in 2020, which has facilitated coordination of the scanning projects. These projects satisfy the goal of moving toward "paperless" records and retention.

To advance the goal of making OAH decisions and Board and Commission final orders accessible to the public, the OAH website is undertaking a long-term improvement project. In the initial stage of the project, a search function was added to the OAH website making Boards and Commissions final orders searchable by basic key words or phrases. This will allow users to find decisions relevant to their specific issues. The project will also reorganize the forms and instructions on the website to make the information easily accessible to the public. Further improvements to the forms and instructions on the website are in progress.

The table below summarizes CRF-related activities the OAH conducted in FY 2023:

Type of Proceeding Conducted	Number
Pre-hearing conferences	58
Status conferences	37
Motions	6
Hearings	32

The table below summarizes the number of cases and relative percentage of CRF-related activities the OAH conducted in FY 2023.

DCCA Divisions Referring Matters to the OAH	Cases Filed	%
Insurance Division (denial of personal injury protection benefits and enforcement actions)	22	19%
Regulated Industries Complaints Office (petitions for discipline and appeals from citations for unlicensed activities)	27	24%
Business Registration Division (trade name revocation proceedings, corporate name abatement proceedings, and violations of securities laws)	17	15%
Professional and Vocational Licensing (license denials)	33	29%
Hawaii Employees' Retirement System (retirement benefit denials)	10	9%
Procurement Administrative Reviews (protest denials)	4	4%
Other CRF-related hearings	0	0%

The OAH caseload is dependent on filings from the public and other divisions of the DCCA. As reported last year, in FY 2022, the OAH experienced a marked decrease in filings related to insurance matters, including but not limited to no-fault claim denials, which previously made up the majority of the caseload. In FY 2021, 160 cases were filed in insurance matters, making up 68% of the OAH caseload. By contrast, in FY 2022, only 26 insurance matters were filed with the OAH, totaling 20% of the OAH caseload. In FY 2023, 23 insurance matters were filed with the OAH. It is assumed that the decrease in no-fault denial cases may be related to the significant decrease of motor vehicle traffic in 2020-2021, due to the pandemic.

Additionally, there has been a steady decline in the number of procurement appeals filed with the OAH since 2021. On July 6, 2021, Governor Ige signed into law SB 1329, SD2, HD3, CD1, which, among other things, requires that any party initiating a proceeding under Hawaii Revised Statutes 103D-709(d) shall pay to the DCCA a cash or protest bond in the amount of one percent of the estimated value of the contract. Generally, unless the petitioner prevails in the matter, the bond is forfeited to the General Fund.

The OAH is fully staffed with 5 full-time Hearings Officers. With the lower case inventory, the OAH is able to assist other agencies with contested case hearings. Accordingly, the OAH has recently begun preliminary discussions with the Public Utilities Commission (PUC) regarding hearing motor carrier citation and order to show cause matters for the PUC. This will assist the PUC in being able to meet the enforcement of motor carrier and excavator regulations.

The OAH Hearings Officer also assist the MICP program by serving as non-paid MICP panel chairs. They also serve as resources for other panel members.

Additional statistical data pertaining to CRF-related activities the OAH conducted may be found in the statistical tables presented by the Regulated Industries Complaints Office.

OFFICE OF CONSUMER PROTECTION

OVERVIEW AND COMPOSITION

The Office of Consumer Protection (OCP) investigates and prosecutes violations of laws enacted for consumer protection purposes. OCP is, therefore, DCCA's enforcement division for non-licensee conduct that violates state consumer protection laws. Related to enforcement, OCP strives to help the public be more aware and knowledgeable as consumers through education programs and materials that consist of both online resources and interfacing with the community. OCP also provides consumer education and promotes awareness of important consumer protection issues through its media releases. In addition to its enforcement duties, OCP offers information on the Residential Landlord-Tenant Code, HRS chapter 521, to the public through the Landlord-Tenant Information Center.

OCP receives complaints of potential misconduct from a variety of sources, including individuals, businesses, professionals, government officials, law enforcement, out-of-state agencies, and persons who choose to remain anonymous. Complaints are filed by individuals predominantly, but OCP staff may initiate complaints when, for example, conduct or information that indicates a suspected violation comes to its attention.

OCP's **enforcement jurisdiction** encompasses a wide range of businesses and commercial activities that are the subject of state consumer protection laws, including, but not limited to: the unfair and deceptive acts or practices in trade or commerce, misleading or false advertising, mortgage rescue fraud, door-to-door sales, gift certificates, offers of gifts and prizes, going-out-of-business sales, refunds and exchanges, collection practices, credit sales, health clubs, towing, and motor vehicle rentals. See Table 1: Laws Enforced by OCP. More recently, the OCP has investigated and initiated enforcement actions to protect consumers from the misleading and deceptive practices by travel clubs, towing, and financial technology (fintech) companies.

Contact information:

Main office address: Leiopapa A Kamehameha Building
 (State Office Tower)
 235 South Beretania Street
 Suite 801
 Honolulu, HI 96813
 (808) 586-2630

Maui office address: Wells Professional Center
 2145 Wells Street
 Suite 106
 Wailuku, HI 96793
 (808) 243-4648

Hilo office address: Bank of Hawaii Building
120 Pauahi Street
Suite 212
Hilo, Hawaii 96720
(808) 933-8845

Website: cca.hawaii.gov/ocp

Email: ocp@dcca.hawaii.gov

Online Complaints Portal: consumercomplaint.hawaii.gov

OCP has investigators, attorneys, and administrative and support staff. OCP's neighbor islands offices are comprised of one investigator each.

Intake: Consumer Resource Center (phone: 808-587-4272)

OCP's complaints intake function is performed by intake investigators at the Consumer Resource Center, a division of the Regulated Industries Complaints Office. These intake investigators answer consumers' questions, distribute OCP complaint forms, receive written consumer complaints, and forward cases to OCP for review, closure, or further investigation. The Regulated Industries Complaints Office and OCP share a common case management system that facilitates the transition of information between divisions. For more information about the intake investigators at the Consumer Resource Center, please see the description of their function in the Regulated Industries Complaints Office chapter of this report.

In FY 2023, the CRC resolved approximately 1,516 OCP complaint inquiries without a formal complaint. If circumstances permit, consumers can visit OCP's Honolulu office to view hard copies of case files. Prior to the release of any file, OCP reviews its contents to ensure legally protected private information is not disclosed.

Investigation Section (phone: 808-586-2630)

Investigation Section is the largest section within OCP and includes investigators located in OCP's Honolulu, Hilo, and Wailuku offices, as well as related administrative staff. Investigations receives cases from the Consumer Resource Center and gathers evidence to determine whether consumer protection laws have been violated. See Table 3: Numerical Breakdown of Dispositions of all OCP Cases and Table 4: OCP's Top Ten Complaints.

Investigators conduct investigations of respondents suspected to be engaging in activities that violate state consumer protection laws. Formal investigations often require in-depth communications with complainants and respondents, obtaining and analyzing information and records, site visits, and witness interviews.

The purpose of a typical investigation is to better determine whether sufficient evidence of a violation of consumer protection laws exists and warrants a referral to the Legal Section.

Complaints may end in Investigations for a variety of reasons, including: the absence of sufficient credible evidence to prove a licensing violation; the investigation establishes that no violation has occurred; or an education contact or a warning is issued.

Investigators may initiate complaints when they encounter suspected violations of consumer protection laws.

Investigators may continue working on complaints during the prosecution stage by assisting OCP staff attorneys with pre-trial and trial work such as gathering information or witness declarations that can be used to conduct examinations under oath or depositions; serving process on defendants; and testifying as a witness in a court proceeding.

The Hilo and Wailuku offices handle a high volume of telephone calls and walk-ins, many of whom bring non-RICO matters and concerns to the table. In FY 2023, OCP's neighbor island staff collectively assisted provided assistance with referrals to DCCA and non-DCCA agencies on 132 occasions.

Residential Landlord-Tenant Information Center (phone: 808-586-2634, Consumer Dial Information Service: 808-587-1234)

Long operated by OCP, the Residential Landlord-Tenant Information Center provides information about the rights and duties of landlords and tenants, a service which is provided free of charge to both landlords and tenants. OCP publishes the Hawaii Residential Landlord-Tenant Handbook, which summarizes key provisions of the Residential Landlord-Tenant Code, chapter 521, HRS, and distributes hundreds of copies every year. Additional information on landlord-tenant matters is available on the DCCA's 24-hour Consumer Dial Information Service and on OCP's website. During the period from July 1, 2017 through June 30, 2022, for instance, OCP received on average 9,724 requests for opinions annually (per fiscal year from July 1 through June 30). This number fell in FY 2023, to a total of approximately 5,700 inquiries.

Legal Section (phone: 808-586-2636)

The Legal Section consists of staff attorneys and related administrative and clerical staff. The primary obligations of the staff attorneys are investigative and legal case management in nature. At the investigation stage, staff attorneys work closely with investigators, provide advice to investigators regarding legal issues and obtaining information relevant to pending complaints, prepare administrative subpoena, and conduct examinations under oath to obtain information relevant to investigations. Staff attorneys also negotiate voluntary compliance agreements with individuals and lieu of court action.

Regarding legal case management, staff attorneys handle complex cases, often involving the ability to analyze financial improprieties. Staff attorneys prepare and file lawsuits under various consumer protection laws which OCP is mandated to enforce. In each case, staff attorneys are responsible for assessing whether there exists sufficient evidence and legal authority to warrant legal action, conducting formal discovery, and participating in all court proceedings, through trial.

The Legal Section also performs functions related to legislative matters. Staff attorneys may analyze state and federal legislative and regulatory activities related to consumer protection and may draft legislative approvals and/or testimony on legislative measures. These activities fulfill the office's statutory mandate to study the operation of laws affecting consumers and recommend to the Governor and the Legislature new laws and amendments of laws in the consumers' interest.

OCP also provides the following services:

Consumer Education

To enhance consumer awareness of various consumer problems, OCP continuously strives to promote consumer education. OCP issues press releases on a variety of consumer topics and distributes written materials tailored to provide specific consumer information. OCP also provides consumer information through its website and its Consumer Dial Information Service, which is available 24 hours a day and provides information on a variety of topics. OCP participates in numerous educational forums. In FY 2023, OCP's consumer education efforts provided relevant information to hundreds of consumers and businesses.

Neighbor Island Assistance Requests

OCP offers assistance to neighbor island residents in DCCA-related matters and other areas. In FY 2023, OCP neighbor island investigators provided assistance and referrals in other areas in 132 instances. See Table 5 for statistics on OCP's Neighbor Island Assistance in FY 2023.

GOALS AND OBJECTIVES

- Fulfill the OCP's statutory mandate of fostering a fair and safe marketplace for consumers and businesses.
- Continue to investigate allegations relating to unfair or deceptive trade practices, enforce Hawaii's consumer laws, and educate consumers and businesses on their respective rights and responsibilities.
- Maintain fiscal responsibility on behalf of DCCA and OCP operations.
- Support innovative legislation designed to protect consumers in Hawaii.
- Proactively initiate cases against problematic business practices before widespread consumer harm occurs.
- Disseminate consumer education to the largest possible populace.
- Facilitate the exchange of information with a wide array of civil and criminal law enforcement agencies.
- Require annual training and professional development for OCP staff.
- Review and update personnel position descriptions to attract qualified job applicants.

ACCOMPLISHMENTS IN FY 2023

In a trend continuing from FY 2021 and FY 2022, OCP refocused its efforts to reach Hawaii consumers through the broad utilization of internet online resources. Staffing shortages that persisted post-COVID resulted in OCP promoting and make numerous enhancements to its

complaints management system (IMPACT) to enable staff to achieve OCP's mission goals with greater efficiency. OCP's Wailuku Office Investigator position was staffed in April 2023, which enables OCP to expand its consumer outreach efforts on Maui, and more conveniently conduct investigations involving Maui consumers and businesses.

Legal Action – Settlements and Judgments

OCP's legal actions in FY 2023 resulted in the collection of more than \$5 million in fines and penalties.

Foremost among the multistate settlements obtained by OCP in FY 2023 was a settlement with Google over its location tracking practices relating to Google account settings. This settlement requires Google to be more transparent with consumers about its practices and limits Google's use and storage of certain types of location information. To date, it is the largest multistate privacy settlement in the history of the United States, and Hawaii received more than \$4.7 million in penalties.

OCP legal actions involved nearly every area of consumer protection including price gouging, mortgage rescue fraud, towing, data breaches, gift certificates, wire transfers, refunds and exchanges, advertising, and unfair or deceptive trade practices, including complex multistate enforcement actions based on unfair or deceptive marketing practices by a jeweler marketing to servicemembers, and an online tax preparer.

Consumer Education

Since COVID-19 restrictions were lifted in FY 2022, OCP re-started its in-person community outreach events. In-person consumer outreach events in FY 2023 included presentations at the Kupuna Hub at C4 Church, the Koolau Senior Center, and the ILWU, as well as participation in DCCA's Consumer Fair. OCP participated in several consumer education outreach at local media outlets such as Hawaii Public Television, Hawaii Public Radio, and local television news stations. Lastly, OCP partners with numerous public and private agencies to promote consumer protection throughout Hawaii.

Legislation

OCP testified and provided input on numerous measures related to consumer protection during the Regular Session of 2023, including bills relating to the Residential Landlord-Tenant Code, shipping charges, financial exploitation of seniors, check cashers, peer-to-peer motor vehicle sharing, motor vehicle rentals, and privacy.

Investigations

OCP received more than 1,452 consumer complaints in FY 2023. During the past several years, OCP averaged approximately 1,400 consumer complaints per year. The actual number of OCP complaints varies from year to year, depending on circumstances. Many factors influence the number of complaints to OCP in any given year, such as the number of victims impacted by a business' illegal conduct.

OCP investigators employ many different strategies to ensure its goals is achieved in a meaningful and cost-effective manner. Investigators attempt to provide as much phone assistance as possible, thereby enabling consumers to resolve their concerns without needing official or formal government procedures or intervention. Investigations of actions that present significant consumer harm may be “fast-tracked” for immediate legal intervention. To proactively address perceived consumer problems, OCP initiates investigations of problematic commercial practices.

Residential Landlord-Tenant Information Center

In FY 2023, OCP responded to 60,564 requests and inquiries from the public, including 5,700 requests for landlord/tenant information through its Residential Landlord-Tenant Information Center. See Table 2: OCP’s Information Requests.

CRF FINANCIAL SUMMARY FOR FY 2023

Personnel Expenses	Operating Expenses	Total Expenses	Revenues Received
\$ 2,085,251	\$ 430,842	\$ 2,516,093	\$ 5,188,953

Through its efforts, OCP assessed more than \$5,000,000 in fines, penalties, costs, and restitution for Hawaii consumers. OCP anticipates receiving fines and penalties in FY 2023 from multistate settlements and cases.

TABLES**Table 1: Laws Enforced by OCP**

HRS section 127A-30	Rental or sale of essential commodities during a state of emergency; prohibition against price increases ¹²
HRS section 290-11	Vehicles left unattended on private and public property; sale or disposition of abandoned vehicles
HRS chapter 437D	Motor Vehicle Rental Industry Act
HRS chapter 446	Debt Adjusting
HRS chapter 446E	Unaccredited Degree Granting Institutions
HRS chapter 476	Credit Sales ¹³
HRS chapter 477E	Fair Credit Extension
HRS section 480-2	Unfair competition, practices, declared unlawful ¹⁴
HRS chapter 480D	Collection Practices ¹⁵
HRS chapter 480E	Mortgage Rescue Fraud Prevention Act
HRS chapter 480F	Check Cashing
HRS chapter 481A	Uniform Deceptive Trade Practice Act
HRS chapter 481B	Unfair and Deceptive Practices, including: Unsolicited Goods; Commercial Mail Order Buying Clubs; Unlawful Offers of Gifts or Prizes; Misrepresentation as to Aid to Handicapped; Returns for Refunds, Merchandise Credits, and Exchanges; Sale of Solar Energy Devices; Sale of Computers; Sensitivity-Awareness Group Seminars; Credit Repair Organizations; Gift Certificates; and Ticket Brokers and Fees
HRS chapter 481C	Door-To-Door Sale
HRS chapter 481D	Going Out of Business Sales
HRS chapter 481F	Sale of Prints
HRS chapter 481H	Water Treatment Units
HRS chapter 481K	Assistive Technology Warranty Act
HRS chapter 481L	Motor Vehicle Lease Disclosure Act
HRS chapter 481M	Lease-Purchase Agreements for Personal Property
HRS chapter 481P	Telemarketing Fraud Prevention Act
HRS chapter 481X	Service Contracts
HRS chapter 486N	Health Clubs
HRS section 487-5	General functions, powers, and duties of director of OCP
HRS chapter 487A	Language of Consumer Transactions
HRS chapter 487J	Personal Information Protection
HRS chapter 487N	Security Breach of Personal Information
HRS chapter 487R	Destruction of Personal Information Records
HRS chapter 506	Mortgages of Real Property or Fixtures
HRS chapter 521	Residential Landlord-Tenant Code ¹⁶

¹² This statute makes violations into unfair or deceptive acts or practice under HRS section 480-2. OCP's enforcement authority, however, is prescribed pursuant to its enabling statute, HRS chapter 487, which does not authorize OCP to pursue legal action on behalf of landlords or tenants. See also HRS chapter 521, *infra*, note 18.

¹³ HRS section 476-31. OCP has also filed cases based upon the Federal Truth in Lending Act and the State's usury statute, HRS chapter 478.

¹⁴ The OCP also has enforcement power over certain lemon law agreements under HRS section 481I-4. Also, HRS chapter 514E sets forth a comprehensive regulatory scheme for time-share development, sales, and maintenance and establishes 13 specific types of conduct that constitute *per se* violations of HRS section 480-2. Under HRS section 490:2A-104, Uniform Commercial Code leases are explicitly subject to state consumer protection statutes and case law.

¹⁵ See also HRS section 443B-20 (Unfair competition, unfair or deceptive acts or practices of collection agencies).

¹⁶ HRS section 521-77 provides that OCP may receive, investigate, and attempt to resolve any dispute arising under HRS chapter 521. In 1976, however, the Legislature repealed HRS section 521-76 to remove OCP's authority to represent indigent tenants in court actions. This was seen as a solution that would enable OCP to continue providing information on the rights and duties of landlords and tenants, without incurring the risk of conflicts of interest.

Table 2: OCP's Information Requests

REQUEST AND INQUIRIES	FY 2021	FY 2022	FY 2023
Requests for prior complaint history	5,277	8,435	13,691
Website inquiry general information	55,115	37,239	19,068
Website inquiry landlord/tenant information	31,186	14,033	10,608
Requests for landlord/tenant information	11,121	7,646	5,700
Complaint inquiries	9,982	8,457	11,492
Requests for records review	6	4	5
TOTAL	112,687	75,810	60,564

Table 3: Numerical Breakdown of Dispositions of all OCP Cases

DISPOSITIONS	FY 2021	FY 2022	FY 2023
Complaint withdrawn	6	3	5
Legal action and referrals to Legal Section	44	42	46
Advisory contact	9	10	9
Civil dispute/personal matter	71	107	120
Monetary threshold	0	0	22
Complainant uncooperative	24	35	25
Consumer complaint resolved	73	51	79
Respondent died or bankrupt	16	36	21
Business vs. business	8	13	19
No jurisdiction	19	30	33
Refer to investigation	135	189	153
Other	15	0	6
Warning letter	27	0	8
Insufficient evidence	232	197	141
Transferred to other government agency	147	188	250
No violation	49	37	20
Information only/inquiry	102	953	791
TOTAL	776	1,891	1,835

Table 4: OCP's Top Ten Complaints

Rank	FY 2023	FY 2022	FY 2021
1	Scams (Imposter, Romance, Phishing, Spoofing, Robo-Calls)	Scams (Imposter, Romance, Phishing, Spoofing, Robo-Calls)	Travel & Accommodations (Airlines, Hotels, Vacation Rentals, Cruise Ships)
2	Refunds	Telephone Related (Mobile Devices, Account Services, Billing)	Refunds
3	Travel & Accommodations (Airlines, Hotels, Vacation Rentals, Cruise Ships)	Internet Services (Transactions, Online Retail Marketplaces)	Scams (Imposter, Romance, Phishing, Spoofing, Robo-Calls)
4	Auto Related (Rental, Auto Body Repair, Maintenance Service, Parking)	Identity Theft	Auto Related (Rental, Auto Body Repair, Maintenance Service, Parking)
5	Telephone Related (Mobile Devices, Account Services, Billing)	Travel & Accommodations (Airlines, Hotels, Vacation Rentals, Cruise Ships)	Food & Drink (Caterers, Delivery Services, Restaurants, Grocery Stores, Bars)
6	Identity Theft	Refunds	Health Related (Billing, Medical Treatments & Cures, Health Clubs, Gyms, Spas, Cosmetics)
7	Internet Services (Transactions, Online Retail Marketplaces)	Investment Related (Financial Investment Products and Institutions, Art, Rare Coins, and Gems Investments, Investment Seminars and Advice)	Internet Services (Transactions, Online Retail Marketplaces)
8	Food & Drink (Caterers, Delivery Services, Restaurants, Grocery Stores, Bars)	Auto Related (Rental, Auto Body Repair, Maintenance Service, Parking)	Identity Theft
9	Health Related (Billing, Medical Treatments & Cures, Health Clubs, Gyms, Spas, Cosmetics)	Health Related (Billing, Medical Treatments & Cures, Health Clubs, Gyms, Spas, Cosmetics)	Towing (Signage, Refuse to Drop, Payment, Overcharges)
10	Towing (Signage, Refuse to Drop, Payment, Overcharges)	Consumer Credit (Credit Cards, Store Cards, Credit Reporting Agencies, Credit Repair)	Telephone Related (Mobile Devices, Account Services, Billing)

Table 5: OCP's Neighbor Island Assistance in FY 2023

DIVISION	HILO	MAUI	TOTAL
Division of Financial Institutions	2	0	2
Business Registration	6	0	7
Cable Television	1	0	1
Insurance Division	0	0	0
Division of Consumer Advocacy	0	0	0
Professional and Vocational Licensing	5	0	5
Regulated Industries Complaints Office	8	6	14

DIVISION	HILO	MAUI	TOTAL
Non-DCCA related	64	2	66
Other DCCA divisions	37	0	37
TOTAL	123	9	132

PROFESSIONAL AND VOCATIONAL LICENSING DIVISION

OVERVIEW AND COMPOSITION

The Professional and Vocational Licensing Division (PVL) is responsible for implementing the licensing regulations of 51¹⁷ different professions and vocations. PVL: provides support to licensing regulatory boards, commissions, and programs; handles applications and licenses; reviews and processes renewals; maintains license records; provides guidance to properly implement licensing laws and administrative rules; and responds to consumer inquiries on whether a person or an entity is properly licensed, to help them decide whether to use the services of that person or entity.

The **PVL website** (<https://cca.hawaii.gov/pvl/>) provides consumers licensing information for all of its licensing areas; fillable license applications; publications; licensing laws and administrative rules; FAQs; a link to the division's online services (https://cca.hawaii.gov/pvl/e_services/); board meeting schedules, agendas, and meeting minutes; and a geographical report that lists current, active, or inactive licensees by county.

The PVL's **Licensing Search website** (<https://mypvl.dcca.hawaii.gov/public-license-search/>) helps consumers verify the licenses of businesses or individuals, including their license identification number; whether a license is active or inactive; current status of the license; original date of licensure; expiration date of licensure; current and former persons, businesses, or tradenames; information on "conditional license" codes and descriptions; and any formal disciplinary action taken against the licensee. The PVL Licensing Search website was viewed 2,872,737 times with 1,527,437 online searches in FY 2023.

The public can create a customized list of licensees using the PVL's **List Builder website** (<https://mypvl.dcca.hawaii.gov/list-builder/>). The list is sortable by board, program, commission, license type, zip code, license issuance, license status, and island. Lists are available for download within 24 hours of making the request.

The division's **MyPVL website** (<https://mypvl.dcca.hawaii.gov/>) allows licensees to access information and services from a single dashboard, including: managing or renewing¹⁸ their existing licenses; making address changes; and printing pocket identification cards¹⁹ and wall certificates online at no cost. Applicants for licensure can also submit their initial license applications and supporting documents; pay fees; monitor their application status; and receive correspondence. As of FY 2023, MyPVL has over 234,528 individual MyPVL user accounts with licenses.

¹⁷ Twenty-five licensing regulatory boards, including two commissions, are administratively attached to the DCCA/PVL, as well as twenty-six licensing programs whose board duties and functions are vested in the DCCA director. Note: HRS chapter 466L (Appraisal Management Companies) was repealed on June 30, 2023.

¹⁸ While the PVL still accepts and processes renewals mailed by licensees, a majority of renewals are now submitted online.

¹⁹ The pocket ID card has a QR code that consumers can scan to verify a licensee's current status.

Contact information:

Office address: 335 Merchant Street
Room 301
Honolulu, Hawaii 96813

Mailing address: P.O. Box 3469
Honolulu, Hawaii 96801

Phone: (808) 586-3000

Website: cca.hawaii.gov/pvl

Email: pvl@dcca.hawaii.gov

The **Licensing Branch (phone: 808-586-3000)** is comprised of the Applications Section and the Records Section. The Applications Section reviews and processes applications for licensure, issues licenses, and maintains records of licensing applications. The Applications Section, on behalf of the boards, commissions, and programs, conducts highly intensive reviews of all initial licensing applications, determines the status of those applications, and, in some instances, makes the final determination to either issue or defer issuance of licenses. The Applications Section also performs customer service duties by answering the PVL's main public call-in line, which answered approximately 92,224 calls in FY 2023, or approximately 7,685 calls per month. To address the high call volume, the division was awarded Coronavirus State and Local Fiscal Recovery Funding to outsource a call center in addition to internal call center staff. The call center has provided both the Applications Section staff and the Administration Branch phone support during the COVID-19 pandemic by addressing routine inquiries, such as the status of an application or where to obtain and file applications. This project is set to end in April 2024. The Records Section is PVL's frontline for in-person customer service. They assist the public with licensing information at the main PVL walk-in counter. The Records Section is also responsible for renewing, restoring, and reactivating licenses, maintaining records of all licensees, and responding to phone inquiries. Both sections of the Licensing Branch use the PVL's computerized licensing database to obtain immediate information about applicants and licensees. Inquirers may request information on whether a person or entity is licensed, the original date of licensure, the status of licensure, the expiration date of the license, Hawaii disciplinary sanctions imposed on the licensee and, if applicable, whether mandatory insurance (e.g., workers compensation, liability insurance) is current and in effect.

The **Administration Branch (phone: 808-586-2690)** handles board and commission affairs such as coordinating, preparing, facilitating, and recording board, commission or advisory committee meetings; ensuring board and commission compliance with applicable laws that guide and direct its conduct; and implementing board decisions on applications, policies and procedures, and disciplinary actions. The branch also responds to requests for interpreting licensing laws and rules, oversees licensing and examination activities, and guides and assists with regulatory compliance

issues. The same activities are done for the 26 programs (absent the necessity of board/commission meetings) on behalf of the DCCA director. The Administration Branch also performs substantial coordination and facilitation activities with other state, county, and federal agencies involved with licensing and regulatory issues.

The **Examination Branch (phone: 808-586-2711)** assists in ensuring proper administration of required licensing examinations of the boards, commissions, and programs. The branch proctors' in-house examinations, reviews, and processes requests by applicants for special examination accommodations, maintains examination records, and transmits eligibility information for applicants seeking licensure, certification, or registration in Hawaii. The branch ensures approved applicants are provided the necessary pre-examination information and generates post-examination score reports. Additionally, with input from board members and other subject matter experts, the branch confirms the validity and reliability of numerous exams by reviewing and revising the exam content.

The **Real Estate Branch (Phone 808-586-2643)** performs the same functions as the Administration Branch, but for real estate licensing and regulation, and condominium property regimes. With a large volume of applicants, licensees, and registrations, the Real Estate Branch administers the Real Estate Recovery Fund, Real Estate Education Trust Fund, and the Condominium Education Trust Fund. The Branch also administers education and research programs in the field of real estate and condominiums. Information on the programs, financial reports, and the Commission's annual report may be reviewed at the Branch's website: <https://cca.hawaii.gov/reb/>.

All four branches within the PVL work collectively toward processing applications, licenses, and renewals to ensure the public has choices among competent and licensed practitioners. In FY 2023, 93.52% or 65,614 licensees renewed their licenses online, as compared to 91.26% or 55,664 licensees who renewed online in FY 2022. The PVL encourages licensees to use its online renewal system, which helps them save valuable time and effort. The PVL's online renewal system reduces the processing of renewals from 14 to 21 business days to 3 to 5 business days.

For a statistical summary of key PVL activities, see:

- Table 1: PVL Statistical Overview;
- Table 2: Total Number of Current PVL Licensees;
- Table 3: Total Number (Percentage) of Licenses Renewed Online; and
- Table 4: Total Number of Email Inquiries

GOALS AND OBJECTIVES

- Focus on improving customer service by changing workflow processes and streamlining unnecessary procedures through increased use of technology. Most recently, the Division began a business process reengineering project with the Public Consulting Group (PCG). The goal of this project is to build a high functioning core team to service our customers efficiently and effectively, which will result in licenses being issued timely and correctly.

Simply put, the goal of this project is to perform an analysis of the Division's processes for optimization and recommendations for change.

- Store documents electronically until they are ready for processing, as this will decrease the amount of time staff spends manually filing paper and will allow greater access to relevant documents.
- Implement other means of reducing paper transactions, such as processing high-volume transactions online.

Examination Branch

- Identify appropriate ways to improve the exam portion of the licensing process to benefit both the applicant population and the PVL's own operations.
- Work with vendors to update existing exams, including item writing.
- Continuing the development of procedures for recording and storing computer-based testing scores electronically.

Real Estate Branch²⁰

The Real Estate Branch (REB) will continue to improve the offering and delivery of real estate pre-licensing and continuing education (CE) courses. Work continues on revisions to Hawaii Administrative Rules (HAR) chapter 99 for real estate brokers and salespersons, which will result in the replacement of the existing chapter with three smaller chapters for future ease of use, as well as other changes, as recommended by the Legislative Reference Bureau. The REB will continue educating its licensees on various real estate related topics through the Real Estate Commission's (REC) mandatory core course and quarterly Real Estate Bulletin. For the condominium program, through the formation of a new Ad Hoc Committee on Condominium Board Education, the REB is currently working on researching, soliciting, and procuring for new free comprehensive condominium educational courses which would supplement the current ABC's Course. The new course will be designed for registered associations not able to send members due to financial constraints. REB continues to enhance online public access to condominium projects, Association of Unit Owners registrations, and further develop its communication efforts with unit owners, developers, boards, associations, the legislature, and the general public. The COVID-19 pandemic pushed the REB to adjust to providing a vast majority of its programs online and virtually. For a comprehensive report on the REB's and REC'S FY 2024 goals and objectives, please refer to <https://cca.hawaii.gov/reb/>, publications to view its Annual Report for fiscal year ending June 30, 2023.

²⁰ For a comprehensive report on the goals and objectives of the Real Estate Branch and the Real Estate Commission, please visit <https://cca.hawaii.gov/reb/> to view the 2023 Annual Report of the Real Estate Commission.

ACCOMPLISHMENTS IN FY

Conversion of Licensing Documents to Electronic Format

The PVL continued its scanning and imaging project of converting licensing documents into electronic format. Conversion protects historical documentation from damage or destruction and has allowed PVL staff to retrieve and review documents electronically, thereby eliminating the delay that comes with physically retrieving files. The division also moved toward incorporating a documents management system to enable it to more efficiently file scanned documents to the appropriate licensing files.

Licensing Branch Accomplishments

The Licensing Branch received approximately 23,091 new applications and issued 15,059 licenses in FY 2023. The branch answered 92,224 calls in FY 2023, or approximately 7,685 calls per month with the assistance of its internal and contracted call center. The Licensing Branch team continue to process all initial applications and hope to reduce the 45 to 60 business day processing times to pre-pandemic numbers of 15 to 20 business day processing times through recommendations and strategies provided through its business processing reengineering project.

Examination Branch Accomplishments

During FY 2023, the Exam Branch began working with PSI Services, LLC. For the first time, test takers for multiple exam types, who were previously only able to test in-State via paper, may now take exams in locations nationwide, and in some cases, may take them remotely from home. The change in vendors also allowed for updates to multiple exams and the development of processes for the electronic transmission of candidate exam eligibility and score reporting.

The Examination Branch continued processing applicant eligibility for testing as well as post-examination results in a timely manner, and in most cases, within 5 to 7 days of key triggering dates. The branch worked closely with testing organizations, applicants, and affected PVL staff, such as the Executive Officers and the Licensing Branch, to process requests from applicants for special testing accommodations. The branch handled all requests in a timely and professional manner.

Utilizing the functions of the Ho‘ala system, the Examination Branch continues to integrate program requirements, testing agencies, and national organization changes into Ho‘ala.

Real Estate Branch Accomplishments

In line with PVL’s objectives of improving and expanding the division’s online services, REB continued its implementation of online services, including condominium association registration and improving a continuing education system which provided real estate licensees the ability to view the number of CE hours required and earned for the current licensing period, their CE history, online renewal of their license, and the ability to search for future CE courses being offered by approved CE providers. Additionally, real estate principal brokers and brokers-in-charge may monitor and view the current CE hours, CE history, and license status of all licensees associated with the brokerage. The system is simple to use and updated daily; information may be found at

<https://myce.dcca.hawaii.gov/> For a comprehensive report on the REB's and REC'S FY2024 goals and objectives, please refer to <https://cca.hawaii.gov/reb/>. Publications to view their Annual Report for fiscal year ending June 30, 2023.

CRF FINANCIAL SUMMARY FOR FY 2023

Personnel Expenses	Operating Expenses	Total Expenses	Revenues Received
\$5,131,371	\$931,091	\$6,044,462	\$9,744,843

TABLES

Table 1: PVL Statistical Overview

	FY 2022	FY 2023
Applications received	26,427	23,091
Applicants licensed	17,317	15,059
Licenses renewed	58,834	74,607
Permits issued	1,033	1,016
Calls received by Licensing Branch	94,359	92,224
Current licensees	164,050	166,255
Total licensee population (all statuses, i.e., current, forfeited, delinquent)	508,120	527,114

Table 2: Total Number of Current PVL Licensees

Boards and Commissions (shown by asterisks) and Programs	FY 2022	FY 2023
Accountants*	3,417	2,788
Activity desks	815	837
Acupuncturists*	761	714
Appraisal management companies - license effective 1/1/2018	77	79
Athletic trainers	209	226
Barbering and cosmetology*		
Barbers	1,515	1,601
Barber shops	244	257
Beauty operators*	9,380	10,045
Beauty instructors	126	132
Beauty schools	9	12
Beauty shops	1,464	1,656
Behavior analysts	531	641
Boxing (all categories)*	14	31
Cemeteries and pre-need funeral authorities	20	21
Chiropractors*	580	634

Professional and Vocational Licensing Division (PVL)

Boards and Commissions (shown by asterisks) and Programs	FY 2022	FY 2023
Collection agencies	576	592
Contractors*	12,569	12,233
Dentists*	1,395	1,525
Community service dentists	13	15
Dental hygienists	1,117	1,183
Community service dental hygienists	0	0
Dispensing opticians	191	195
Electricians (all categories)*	3,832	3,330
Plumbers (all categories)*	1,280	1,328
Electrologists	16	16
Elevator mechanics*	221	256
Employment agencies	73	76
Engineers, architects, surveyors, and landscape architects*		
Engineers	7,016	7,375
Architects	2,334	2,539
Surveyors	200	207
Landscape architects	144	148
Hearing aid dealers and fitters	104	113
Marriage and family therapists	679	694
Massage therapists*	7,268	7,609
Massage establishments	755	842
Medical and osteopathy*		
Physicians	10,340	10,667
Podiatrists	87	90
Osteopaths	1,149	1,257
Physician assistants	588	678
Emergency medical technicians	829	951
Emergency medical technicians-1	0	16
Emergency medical technicians -advanced	35	39
Emergency medical technicians-paramedics	567	624
Mental health counselors	770	793
Midwives	28	29
Mixed martial arts	198	23
Motor vehicle dealers*	246	248
Motor vehicle dealer branches	30	43
Motor vehicle distributors	37	36
Motor vehicle manufacturers	50	54
Motor vehicle salespersons	1,318	1,468
Motor vehicle others (auction, broker, consultant)	11	11
Motor vehicle repair dealers*	488	415
Motor vehicle mechanics	1,212	1,041
Naturopaths*	159	170

Professional and Vocational Licensing Division (PVL)

Boards and Commissions (shown by asterisks) and Programs	FY 2022	FY 2023
Nursing*		
Registered nurses (RN)	32,330	30,231
Licensed practical nurses (LPN)	2,056	1,770
Advanced practice registered nurses (APRN)	2,365	2,488
Nurse aides	8,345	8,488
Nursing home administrators	148	153
Occupational therapists	834	729
Occupational therapist assistants	201	163
Optometrists*	423	451
Pest control operators*	158	169
Pest control field representatives	191	215
Pharmacists*	2,829	2,989
Pharmacies	257	257
Wholesale prescription drug distributors	56	60
Miscellaneous permits	744	812
Physical therapists	2,161	2,022
Physical therapist assistants	460	434
Port pilots	11	11
Deputy port pilots	2	3
Private detective agencies*	31	32
Private detectives	87	81
Guard agencies	77	87
Guards	98	107
Guard employees	12,956	15,685
Psychologists*	1,361	1,399
Real estate appraisers	569	622
Real estate brokers*	6,792	6,459
Real estate salespersons	13,597	12,347
Real estate branch offices	132	141
Condominium hotel operators	28	27
Respiratory therapists	1,077	869
Social workers	2,393	2,702
Speech pathologists*	777	903
Audiologists	106	123
Travel agents	778	835
Uniform athlete agents	3	6
Veterinarians*	698	763
Veterinary Technicians	161	190
TOTAL	172,409	174,033

Table 3: Total Number (Percentage) of Licenses Renewed Online

License Types	FY 2020	FY 2021	FY 2022	FY 2023
Accountants	2,548 (98.7%)		2,529 (99.33%)	
Accountancy firm permits to practice	653 (96.3%)		644 (94.72%)	
Activity desks	279 (94.3%)		195 (97.5%)	
Acupuncturists		642 (96.4%)		652 (96.74%)
Architects	2,259 (98.65%)		2,137 (97.76%)	
Audiologists	90 (97.8%)		88 (100%)	
Barbers	1,072 (77.5%)		1,173 (87.6%)	
Barber shops	165 (77.1%)		193 (89.77%)	
Beauty operators	7,318 (87.9%)		7,491 (93.26%)	
Beauty instructors	90 (90.9%)		95 (87.96%)	
Beauty shops	1,100 (87.3%)		1,127 (92.08%)	
Behavior analysts	236 (91.8%)		402 (99.26%)	
Chiropractors	542 (94.6%)		501 (94.89%)	
Contractors		8,153 (76.02%)		8,361 (75.29%)
Community service dentists	18 (94.7%)		9 (100%)	
Dental hygienists	1,029 (96.3%)		1,026 (98.18%)	
Dentists	1,373 (93.7%)		1,176 (94.61%)	
Dispensing opticians	171 (96.07%)		160 (97.56%)	
Electrologists		15 (100%)		15 (100%)

Annual Compliance Resolution Fund Report

Professional and Vocational Licensing Division (PVL)

License Types	FY 2020	FY 2021	FY 2022	FY 2023
Electricians	3,362 (96%)			3,191 (95.25%)
Elevator mechanics	217 (96.44%)		193 (95.54%)	
Emergency medical technicians (basic)	600 (79.7%)		569 (79.25%)	
Emergency medical technicians (advanced)			16 (50%)	
Emergency medical technicians (paramedic)	464 (87.7%)		429 (82.18%)	
Guards	86 (89.58%)		74 (84.09%)	
Guard agencies	62 (88.57%)		57 (87.69%)	
Guard employees		8,542 (92.44%)		
Hearing aid dealers and fitters	96 (99%)		96 (100%)	
Landscape architects	136 (100%)		133 (98.52%)	
Land surveyors	192 (99.48%)		187 (98.87%)	
Marriage and family therapists	454 (91%)			576 (93.05%)
Massage establishments	717 (93.48%)		619 (92.66%)	
Massage therapists	7,002 (93.51%)		5,465 (94.09%)	
Mental health counselors	531 (94.15%)			738 (98.4%)
Midwives				23 (95.83%)
Motor vehicle auctions	4 (100%)		5 (100%)	
Motor vehicle branches	36 (100%)		31 (96.88%)	
Motor vehicle consumer consultants	5 (100%)		5 (100%)	
Motor vehicle dealers	255 (95.15%)		222 (90.98%)	
Motor vehicle salespersons	1,196 (95.22%)		1,145 (94.32%)	

Annual Compliance Resolution Fund Report

Professional and Vocational Licensing Division (PVL)

License Types	FY 2020	FY 2021	FY 2022	FY 2023
Motor vehicle distributors	33 (97.06%)		30 (88.24%)	
Motor vehicle manufacturers	43 (100%)		43 (93.48%)	
Motor vehicle repair dealers		322 (90.45%)		396 (90.62%)
Motor vehicle repair registered mechanics		165 (91.16%)		133 (86.36%)
Nurses, advanced practice registered (APRN)		1,664 (95.41%)		2,204 (95.78%)
Nurses, licensed practical (LPN)		1,562 (95.89%)		1,576 (95.05%)
Nurses, registered (RN)		23,217 (97.94%)		27,243 (97.85%)
Nursing home administrators	152 (96.2%)		125 (95.42%)	
Occupational therapists		560 (96.72%)		569 (97.77%)
Occupational therapist assistants		137 (96.48%)		144 (95.13%)
Optometrists	396 (96.6%)		391 (98.49%)	
Osteopaths	741 (85.07%)		775 (85.92%)	
Pest control field representatives	181 (98.91%)		153 (85%)	
Pharmacists	2,643 (96.5%)		2,631 (97.81%)	
Pharmacies	257 (94.5%)		262 (97.4%)	
Pharmacy – miscellaneous permits	476 (79.3%)		554 (82.2%)	
Pharmacy – wholesale prescription drug distributors	43 (79.6%)		42 (80.77%)	
Physical therapists		1,606 (97.81%)		1,696 (94.75%)
Physical therapist assistants		346 (98.02%)		383 (96.96%)
Physicians	7,258 (82.7%)		6,248 (72.4%)	
Plumbers		1,034 (93.2%)		

Annual Compliance Resolution Fund Report

Professional and Vocational Licensing Division (PVL)

License Types	FY 2020	FY 2021	FY 2022	FY 2023
Podiatrists	70 (81.4%)		55 (19.43%)	
Private detectives	83 (89.25%)		65 (90.28%)	
Private detective agencies	32 (88.89%)		24 (88.89%)	
Professional engineers	6,734 (98.99%)		6,361 (98.87%)	
Psychologists	1,177 (96.08%)		1,134 (96.35%)	
Real estate branch offices		113 (99.12%)		99 (96.12%)
Real estate brokers		5,923 (96.78%)		5,904 (96.11%)
Real estate salespersons		10,824 (96.71%)		10,946 (96.91%)
Respiratory therapists	574 (96.15%)			765 (97.7%)
Social workers			2,117 (96.79)	
Speech pathologists	568 (98.4%)		610 (99.03%)	
Travel agencies	607 (82.6%)		469 (94.18%)	
Uniform athlete agents	2 (100%)		2 (100%)	
Veterinarians	588 (96.24%)		565 (97.08%)	
TOTAL	57,022 (91.71%)	64,825 (89.7%)	55,664 (91.26%)	65,614 (93.52%)

Table 4: Total Number of Email Inquiries

Boards and Programs	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Accountancy	1,482	1,881	2,794	2,447	2,273
Activity desk	106	138	330	193	41
Acupuncture	321	393	816	450	566
Appraisal management company – effective 1/1/2018	124	123	271	374	315

Professional and Vocational Licensing Division (PVL)

Boards and Programs	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Athletic trainer	200	285	417	204	172
Barbering and cosmetology	1,658	2,308	5,546	4,863	7,761
Boxing	90	124	30	68	238
Behavior analyst	135	257	464	540	209
Cemetery and pre-need funeral authority	101	50	16	110	143
Chiropractor	380	440	1,106	1,035	610
Collection agency	650	856	1,585	166	1,637
Contractor	3,860	4,319	13,388	9,429	10,715
Dentist and dental hygienist	670	2,005	2,981	4,358	3,507
Dispensing optician	94	74	62	178	132
Electrician and plumber	778	686	1,501	1,165	1,358
Electrologist	9	133	317	96	107
Elevator mechanic	167	192	228	190	88
Employment agency	33	149	421	120	279
Engineer, architect, surveyor, and landscape architect	1,715	2,169	2,872	2,143	4,524
Exam Branch	1,695	1,436	1,777	1,531	1,477
Hearing aid dealer and fitter	137	295	349	98	135
Marriage and family therapist	389	744	1,475	954	781
Massage therapy	1,085	1,826	2,775	3,093	3,322
Medical and osteopathy	9,131	8,905	11,050	16,175	14,951
Mental health counselor	781	1,184	2,242	2,352	1,167
Midwives – effective 7/1/2020		7	295	160	147
Mixed martial arts	280	144	11	137	259
Motor vehicle industry	210	301	466	30	1,142
Motor vehicle repair	134	89	253	413	644
Naturopathy	490	638	395	764	487
Nurse aide	525	620	1,608	677	247
Nursing	8,567	16,815	30,005	57,323	42,663
Nursing home administrator	151	462	1,123	341	150
Occupational therapist	166	222	782	303	850
Optometry	544	781	820	319	837
Pest control	404	387	932	657	496
Pharmacy and pharmacist	2,430	4,717	8,196	6,787	4,026
Physical therapy	1,174	1,613	3,172	2,366	2,465
Port Pilot	13	8	26	32	98
Private detective and guard	863	968	3,315	4,564	2,219
Psychology	1,276	1,557	2,761	2,560	2,036
Professional and Vocational Licensing (PVL)	9,373	5,419	11,567	12,105	10,014
Real estate	8,141	13,271	36,599	25,273	19,212

Annual Compliance Resolution Fund Report

Professional and Vocational Licensing Division (PVL)

Boards and Programs	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Real estate appraiser	412	871	737	1,588	1,259
Respiratory therapist	284	371	511	1,004	787
Social worker	1,187	1,065	2,155	2,310	1,996
Speech pathology and audiology	320	382	772	903	1,114
Subdivision	49	106	192	144	211
Time share	457	466	577	517	545
Travel agency	106	198	168	170	342
Uniform athlete agent	18	132	149	29	7
Veterinary	463	647	2,082	1,735	1,857
Veterinary technician – license effective 7/1/2018	110	264	596	207	220
TOTAL	63,936	83,561	165,078	175,750	150,761

REGULATED INDUSTRIES COMPLAINTS OFFICE

OVERVIEW AND COMPOSITION

The Regulated Industries Complaints Office (RICO) is an independent, prosecutorial agency that appears before the licensing boards, commissions, and programs (Boards) that are administratively attached to the DCCA through the Department's Professional and Vocational Licensing (PVL) division.²¹ While the Boards oversee occupations in a regulated industry by issuing licenses to those who are competent and qualified to perform the specialized services, when a customer or client complains about the conduct of a licensee, RICO can investigate, prosecute and make sanction recommendations to the Boards for final action. RICO also investigates and prosecutes persons engaging in unlicensed work in a regulated industry before the circuit courts of the State.

RICO's investigative and prosecutorial functions begin with the filing of formal complaints and tips of potential misconduct from a variety of sources including individuals, businesses, government officials, law enforcement, out-of-state agencies, professional affiliations and associations, hospitals, and persons who choose to remain anonymous. RICO staff initiate complaints too when, for example, it becomes apparent during a site inspection that a licensing law violation may have occurred.

Related to enforcement, RICO provides opportunities for the public to become more knowledgeable as consumers, and for licensees to remain legally compliant, through an education campaign consisting of online resources and direct interfacing with the community. RICO also administers the State Certified Arbitration Program (SCAP) for "lemon" motor vehicle claims that can be brought directly against vehicle manufacturers for serious suspected defects that are covered by the new car's warranty.

Contact information:

RICO is located in five separate offices throughout the State: Honolulu (Oahu), Hilo (Hawaii), Kailua-Kona (Hawaii), Wailuku (Maui), and Lihue (Kauai). The Hilo, Kailua-Kona, Wailuku, and Lihue offices are commonly referred to as RICO's neighbor island offices. The Oahu location serves as RICO's main hub.

Main office address:	State Office Tower Leiopapa a Kamehameha Building 235 S. Beretania Street, 9 th Floor Honolulu, Hawaii 96813 Phone: (808) 587-4272
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²¹ Currently, 52 boards, commissions and programs have regulatory authority over industries that require a professional or vocational license from the PVL to engage in certain industry professions or trades. The industries regulated by the 52 boards affect the health, safety, and welfare of Hawaii's citizens.

Kauai office address:	3060 Eiwa Street Room 204 Lihue, Hawaii 96766 Phone: (808) 241-3300
Maui office address:	Wells Professional Center 2145 Wells Street Suite 106 Wailuku, Hawaii 96793 Phone: (808) 243-5808
Hilo office address:	120 Pauahi Street Suite 212 Hilo, Hawaii 96720 Phone: (808) 933-8846
Kona office address:	Hualalai Center, Room C-309 75-170 Hualalai Road Kailua-Kona, Hawaii 96740 Phone: (808) 327-9590
Website:	cca.hawaii.gov/rico
Email:	rico@dcca.hawaii.gov

RICO has a complaints and enforcement officer, intake investigators, field investigators, attorneys, and administrative and support staff. Approximately one-fifth of RICO's positions are located in the four neighbor island offices.

Intake Section (RICO's Consumer Resource Center or CRC)

RICO's Intake Section, or CRC, is often the first contact a consumer will have with the division. The CRC handles the intake functions exclusively for RICO primarily.²² CRC staff includes intake investigators and clerical support.

CRC's Intake investigators address a variety of preliminary matters related to RICO's jurisdiction, complaints processing, investigations and prosecutions. They contribute to the resolution of customer inquiries and complaints before official RICO action begins by providing a templated self-help letter for consumers to use to communicate directly with a service provider. The investigators sometimes solicit an explanation from a licensee and in some of those cases the explanation will end the matter especially if the dispute resulted from a misunderstanding or inadvertent neglect. Even when a formal complaint form is received, intake investigators may allow the parties additional time to work together to resolve their dispute and if they succeed the

²² The CRC also provides basic intake services for the Office of Consumer Protection (OCP), a separate agency and division within the DCCA.

matter will end in the CRC without a need for further official action such as a formal RICO investigation or review.

The majority of the CRC intake investigators' time is spent on conducting preliminary investigations or reviews to determine if further official action by RICO may be warranted. Further official action could include an investigation of certain subject matters by the intake investigator including through RICO's Early Complaints Resolution (ECR) program,²³ monitoring a matter that may be pending with another agency or jurisdiction, and referring a complaint to the Field Investigation Section for a more formal investigation. Many complaints are closed in the CRC for a variety of reasons including jurisdiction concerns, no violation can be established, insufficient evidence, and through education contacts and warnings.

Licensing and Business Information Section in the CRC

The Licensing and Business Information Section (LBIS), is a call center within the CRC that is available to the public by telephone (808-587-4272 or 808-587-4CRC) Monday through Friday, from 7:45 A.M. to 4:30 P.M. The LBIS provides business registration information, RICO complaints history information, and information about whether a business or individual has a current professional or vocational license.²⁴ The LBIS also screens calls for intake investigators.

Field Investigation Section

The Field Investigation Section contains the largest concentration of RICO employees with investigators and clerical support staff in offices in Honolulu, Hilo, Kailua-Kona, Wailuku, and Lihue.

Complaints are referred to Field for review and investigation from other units within RICO, but Field investigators may also initiate complaints too. They conduct formal investigations that may include in-depth communications with the parties, obtaining and analyzing information and records, site visits, and interviews. Field investigators may also consult confidentially with an industry expert about issues in a complaint.

Where there is at least sufficient evidence of a probable licensing law violation, complaints may be referred to the Legal Section for consideration. But, similar to the CRC, many complaints will end in Field Section too for a variety of reasons including the absence of sufficient credible evidence of a licensing violation; the investigation established that no violation occurred; or an education contact or warning is appropriate.

The Field Section has two full-time Unlicensed Task Force (UTF) teams that are based on Oahu. They respond to tip information about unlicensed jobs or unlicensed activity, but they can initiate unlicensed complaints too. The UTF will on occasion travel to assist RICO's neighbor island investigators with "unlicensed sweeps," which are large-scale, community-wide inspections of businesses (also known as licensure compliance checks), that are conducted over several days.

²³The ECR program involves investigating and direct-referring a matter to the Legal Section, which preserves resources through bypassing the Field Section.

²⁴ LBIS also furnishes OCP complaints history information if requested.

Compliance checks also include instances when the UTF and neighbor island investigators scour and review advertisements for suspected unlicensed activity and then take appropriate action.

During a site inspection or compliance check, the Field investigator can issue and serve a formal citation on an unlicensed person that is engaging in activity requiring licensure. Citations may also be issued and served on massage and beauty operators that fail to publicly display their licensing credentials at their work site. Citations consist of a monetary fine and an order of abatement of the prohibited activity.

Field investigators assist RICO staff attorneys during pre-trial and trial work including obtaining or clarifying additional information for litigation purposes; serving hearing notices on parties; and testifying as witnesses in contested case proceedings.

Finally, the Hilo, Kailua-Kona, Lihue, and Wailuku RICO offices serve as local RICO and DCCA liaisons for the respective neighbor island communities. They handle a high volume of telephone calls and walk-in visitors who need assistance with RICO/DCCA and non-RICO matters too.

Legal Section

The Legal Section is comprised of attorneys and legal clerical support staff. The section reviews completed investigations to determine if reliable evidence and good cause exists to pursue formal enforcement action such as discipline in the case of licensees, or, a court judgment or formal settlement in the case of unlicensed persons. Many factors influence if a complaint will be prosecuted by the Legal Section as well as the outcome, including the underlying conduct at issue; the violations alleged; the credibility and reliability of RICO's evidence; the likely impact of a prosecution, and the likelihood of success through litigation.

Enforcement cases involving licensees are prosecuted by the Legal Section staff attorneys as HRS Chapter 91 contested case proceedings that are held before hearings officers with the Office of Administrative Hearings (OAH). The Boards serve as decisionmakers who issue final orders based on the hearings officer's recommended decision, or, through adopting a negotiated settlement agreement. The Boards' final orders, therefore, contain the disciplinary terms imposed such as license revocations, suspensions, probation, reprimands, monetary fines, professional evaluations, professional education, monitoring, treatment and, in a few isolated cases, restitution to consumers.

Enforcement cases involving unlicensed persons are prosecuted by the Legal Section staff attorneys through lawsuits filed in the Circuit Courts. Many are resolved voluntarily through formal negotiated settlements known as assurances of voluntary compliance. Staff attorneys also handle appeals of citations that were issued by Field investigators to persons engaging in unlicensed work. Enforcement action in unlicensed cases most often end with the imposition of monetary fines and an injunction prohibiting further unlicensed activity.

Every year the Legal Section assists with processing hundreds of formal and informal requests for complaints-related information that RICO receives from parties, individuals, litigants, employers,

educational and professional institutions, credentialing organizations, reporters, researchers, and government agencies too.

Collections Program in the Legal Section

Since calendar-year 2022, the Legal Section has added collections-work to its busy agenda. The newly minted program is designed to timely pursue funds owed by judgment debtors and to preserve RICO's statutory right to collect on judgments, if and when a judgment debtor comes into funds. The section's systematic collections efforts hold judgment debtors accountable for their actions, contribute funds to DCCA's CRF to support RICO's mission to enforce the State of Hawaii's licensing statutes and regulations, and send a clear and unambiguous message to licensees and unlicensed bad actors that the State of Hawaii will act to protect Hawaii's consumers well beyond the entry of a judgment in a court of law or the final order of a board or commission, or the Director of DCCA.

State Certified Arbitration Program (SCAP) in the Legal Section

The Legal Section operates SCAP too, which is a program that administers Hawaii's "Lemon Law." SCAP provides a low-cost arbitration forum for consumers to resolve car warranty complaints with manufacturers,²⁵ and SCAP operates under the direction of a lemon law administrator. The Program is also a member of the International Association of Lemon Law Administrators (IALLA), which allow it to benefit from the latest in lemon law legislation and best practices, and be up to speed on vehicle recalls, flood damaged vehicles, class action lawsuits, and technological advancements. While each year only a small percentage of cars sold in the State are declared lemons, all new car buyers benefit from the Program because it incentivizes manufacturers to deliver to the market cars that are free from defect and to act quickly to address ongoing problems through repair or voluntary recall.

Consumers wishing to participate in SCAP are urged to first read the *Lemon Law Consumer Handbook* for information and instructions and then write to the manufacturer for direct assistance. If the consumer is unable to reach a resolution on their own, the consumer can file a demand for arbitration. SCAP will evaluate the demand and schedule an arbitration hearing where appropriate. The consumer pays a \$50 filing fee that is refunded if the consumer prevails in arbitration. Before an arbitration hearing can be scheduled, however, the manufacturer or its authorized repair dealership must be given a reasonable opportunity to repair the vehicle.

Education Campaign

Finally, RICO is committed to making available helpful information to consumers and licensees through its website, complaints processing, and in person where possible.

²⁵ Specifically, under certain conditions a consumer may be entitled to receive a refund or replacement of a car that has a nonconformity, defect, or condition that is covered by the car's warranty and that substantially impairs the use, market value, or safety of the car.

GOALS AND OBJECTIVES

- Focus on high-impact cases when determining prosecution priorities.
- Continue informal collaborations with state and federal enforcement agencies to better regulate the professions and vocations within RICO's jurisdiction.
 - Continue to partner with and conduct operations with law enforcement or County officials when appropriate;
 - Continue to monitor and track criminal proceedings involving licensed persons so that a conviction can be acted upon quickly;
 - Continue to pursue, on the civil side, licensees who have already been proven to have run afoul of wage and standard laws; and
 - Continue to pursue, on the civil side, licensees who have already been proven to have run afoul of City ordinances.
- Continue modernizing and expediting complaints processing through:
 - Use of IMPACT, RICO's newer complaints management system, and related portals that make it possible to share and receive information in real time;
 - Regular updates to RICO's website and the information on it; and
 - Updating equipment and accessories used by RICO staff so that efficient and productive in-office and remote work can continue throughout the division.
- Collaborate internally on subjects or projects aimed at expediting complaints processing.
- Continue staff professional growth and development.

ACCOMPLISHMENTS IN FY 2023

Consumer Resource Center

Accomplishments during FY 2023:

- The LBIS call center answered over 6,867 telephone calls where they assisted customers with at least 33,814 inquiries about a regulated industry, licensing information, or prior complaints histories.
- The CRC distributed 1,028 RICO complaint forms to interested consumers from the Oahu office alone,²⁶ and closed approximately 1,434 complaints and complaint inquiries without having to initiate further official action by RICO.
- CRC's intake investigators processed 69 complaints through the ECR Program, which reduced the number of complaints referred for a full field investigation and increased the number of complaints available for quicker review by the Legal Section. Another 2,437 RICO complaints were officially processed against licensees and unlicensed persons and many began as formal complaint forms that were reviewed in the CRC before being investigated by an intake investigator and/or referred to the Field or Legal Sections for further handling.

²⁶ If the call to the CRC is to file an OCP complaint, the intake investigator will walk the consumer through the OCP complaint process or refer the consumer to an OCP investigator for more information. In FY 2023, the CRC distributed 257 OCP complaint forms to interested persons.

- CRC received and processed 584 e-tips of possible unlicensed activity. In the years before RICO's electronic tip portal debuted in FY 2021, anonymous tips of witnesses of unlicensed activity were reported in paper form only. During FY 2022, 406 e-tips were received and processed expeditiously by CRC.
- CRC received and processed 812 e-filed complaints. RICO debuted its new electronic complaints filing portal during FY 2022, which increased the speed in which matters could be screened and reviewed at intake. That year alone, CRC was able to receive and process expeditiously 648 electronically-filed complaints.
- In the area of professional growth, CRC intake investigators and support staff participated in at least 17 different in-house, in-person, or virtual courses to further their professional growth and development during the fiscal year.

Field Investigation Section

Accomplishments during FY 2023:

- The Field Section completed 1,344 licensed and unlicensed investigations statewide.
- The Field Section initiated at least 419 complaints and investigated each one of them.
- Collectively, the neighbor island staff expended more than 572 hours assisting consumers, the public, and others as part of their regular duties. This represented a 70% increase in time from the prior fiscal year.
- Collectively, the neighbor island staff provided assistance with at least 2,756 non-RICO matters, which represented a 51% increase from the previous fiscal year.
- Collectively, the neighbor island staff provided at least 189 RICO complaint forms to the public, which represented a 65% increase from the previous fiscal year.
- The UTF and neighbor island investigators were able to conduct a minimum of 2,309 site inspections²⁷ or licensure compliance checks statewide, which represented a 36% increase from the previous FY.
- The UTF issued 43 citations for unlicensed activity and/or failure to properly display licenses by businesses, which represented a 377% increase in work from the previous year when lingering health and safety concerns from COVID-19 surges kept the UTF in-house for most of that year.
- The UTF was able to conduct three separate neighbor-island sweeps of businesses in the Kailua-Kona, Kauai and Hilo communities. The comprehensive planning and coordination of these three major events resulted in a total of 93 businesses that were physically inspected on the neighbor islands. Also, 23 of the 43 total citations issued by the UTF during the FY happened during the neighbor island sweeps. This means the majority of the 93 businesses that had been inspected were law-abiding and/or benefitted from the on-site education and counseling they received from RICO's investigative staff.
- The Field Section conducted targeted compliance checks in the motor vehicle industry too. Specifically, 35 motor vehicle dealerships were inspected in September 2022 to assure that the establishments and workers were properly licensed and held proof of licensure among them. Four months later, 31 motor vehicle repair shops were physically inspected to ensure

²⁷ This number includes inspections of written media and publications and licensee business websites for advertising compliance.

workers and businesses were licensed and to remind them about required signage. No citations were issued, however, all inspections resulted in on-site education and counseling of the businesses by RICO's investigators.

- The Field Section continued to maintain impactful special projects in-house too, such as the property management working group which focuses on randomly auditing real estate licensees' fiscal property management practices. The working group's goal continues to be helping to prevent or minimize situations where questionable fiscal practices can result in substantial monetary loss to owners and renters of realty.
- Finally, in the area of professional growth, Field Section personnel completed at least 63 training courses covering areas regulated by RICO, and/or professionalism, ethics, safety, work practices, or substantive investigations.

Legal Section

Accomplishments during FY 2023:

- Despite a high turnover of long-term staff in the unit this year, the Legal Section still managed to average a case clearance rate of 138%. Incredibly, this means that despite being significantly short-staffed, the staff that remained worked extremely hard anyway to close more cases than the number that had been referred or assigned to the unit during the year.
- The attorneys filed 286 civil and administrative actions, which was just 6% less than the total filings in the previous fiscal year. The year's prosecutions also resulted in the revocation of 3 licenses and the suspension of 4. In addition, more than half-a-million in monetary fines and penalties were assessed and paid during the fiscal year.
- Forty-five (45) citation cases were referred to the Legal Section. Of the 45 citation cases, 44 resulted in a final order, one resolved through an assurance of voluntary compliance, and all but five were paid in full. In addition, during the FY a prior citation case was reopened for collection action that was taken successfully.
- Substantive legal action highlights included the sanctioning of at least: (a) 12 licensees based upon entry of a judgment of criminal conviction; (b) at least 2 licensees for nondisclosure of tax liens or civil judgments; (c) at least 1 licensee for violations of the State's wage and labor laws; and (d) at least 1 licensee for aiding and abetting unlicensed practices in a different industry.
- More than a dozen health-related complaints that involved serious discipline in other jurisdictions were screened for expedited treatment, resulting in the initiation of three Act 38 actions and one ending with a final order imposing discipline locally. Act 38 (SLH 2016), allows certain Boards in the healthcare industry to take swift action against local licensees who are licensed elsewhere too, based on discipline imposed by the other state.
- The Legal Section also processed at least 138 requests for information that resulted in the release of approximately 6,606 pages of publicly disclosable records. This represented a 55% increase in disclosable records from the previous fiscal year.
- A significant accomplishment of the Section's new leadership was to marshal and focus the unit on prioritizing impactful cases primarily, for enforcement action. Due to a historically high volume of cases that had been automatically referred and assigned to the Legal Section each year, coupled with difficulty recruiting and retaining skilled attorneys,

the section staff attorneys will be scrutinizing completed investigations almost instantly to determine if they are grounded in reliable evidence, can withstand defenses, could be prosecuted without a strain on existing resources, and would be impactful, before the case is accepted for prosecution and assigned to an attorney for handling. Prior to this approach, hundreds of completed investigations were referred to the legal section automatically and assigned to an attorney which contributed to backlogged and aged cases.

- Finally, in the area of professional growth, the Legal Section continued taking courses as well as conducted in-house meetings and education sessions. In all, a total of 40 virtual courses covering a variety of subjects were completed by staff attorneys; and, more than a dozen in-house trainings were held for attorneys newer to RICO as well as other division staff.

SCAP – Legal Section

Accomplishments during FY 2023:

- SCAP continued its commitment to streamline and modernize the program and to go paperless whenever possible in order to provide high-quality service for consumers and manufacturers. Hence, SCAP is in the second year of using an online application portal where consumers can electronically submit a demand for arbitration. The portal also allows parties and arbitrators to virtually submit and view evidence and other important supporting documents. With these improvements, SCAP will continue to provide high-quality service for consumers and manufacturers.
- SCAP continued to rely on several strategies to effectively manage claims, including virtual hearings, email communications with parties where allowed by law, electronic signatures, and the portal for submission and sharing of key pieces of evidence, all of which have proven to be effective and satisfactory for both consumers and manufacturers. One consumer commented positively about the portal saying, “It had clear explanation step by step which is easy to follow and it was not time consuming such as making a copy and send through mail.” Another consumer wrote, “...I was very impressed and grateful with how much guidance to prepare the state offered! The SCAP portal was very easy to use...After the arbitration I did comment to my witness and a lawyer friend that it was surprising just how attentive the arbitrator is considering there are so many little details that are really only of importance to the consumer. Thank you, Hawaii State, for your help to facilitate this smoothly.” More information, including a glimpse into the SCAP portal, is available on the RICO website at <https://cca.hawaii.gov/rico/lemon-law/>.
- A total of 13 SCAP claims were initiated and an additional 10 claims were filed, but not initiated. Of the 13 initiated cases, 5 decisions favored consumers, 2 favored manufacturers, and 6 were settled after filing.
- The SCAP issued a total of \$320,418.00 in consumer refunds and bank loan payoffs.
- In the area of professional growth, the SCAP administrator continued to conduct training courses virtually. One class was held to assist arbitrators with fulfilling their duties and another was held to update and educate RICO personnel on SCAP matters.

Collections - Legal Section

Accomplishments during FY 2023:

A final and significant accomplishment of the Legal Section was the further development of its collections program. Specifically:

- The section completed the hiring of 2 enforcement staff attorneys with prior experience in collections law, whose duties include and are now split between regular RICO enforcement cases, and collections work such as conducting due diligence on closed cases that have collections potential, collecting judgment debts, confirming fines levied by the boards and commissions as judgments, representing RICO in tax intercept cases, representing RICO for escrow payoff requests and settlement negotiations on outstanding judgments, and designating reviewed closed cases as uncollectible.
- A total of \$702,879.49 in monetary fines and penalties were paid by parties during the fiscal year. An additional \$268,527.83 in fines were imposed but have yet to be collected. The cases will be reviewed as part of the collections program.
- The Legal Section's collections program also actively reviewed at least 50 closed cases and impacted 19 more. The great effort resulted in the renewal of 4 stale judgments, \$49,081.99 in accounts receivables from tax intercepts, negotiations, and 4 supplemental court actions such as wage garnishment proceedings. Finally, after careful review by the program, a determination of uncollectability was made in at least 4 closed cases.

Education

Accomplishments during FY 2023:

- RICO's website received more than 79,000 hits as members of the public and licensees perused information about the regulated industries, complaints process, and brochures designed to assist consumers with making informed choices. Most who visited were interested in knowing if a person had a record of discipline because more than 140,000 queries occurred in RICO's complaints history portal alone, which represented an 11% increase in queries from the previous year.
- RICO personnel continued to participate in the division's education campaign too by counseling parties about licensure requirements through warnings, education contacts, and brochures, and by answering questions from complainants, licensees, or unlicensed persons as they reviewed, investigated and processed complaints. Likewise, the SCAP team conferred with consumers regularly about Lemon Law tips and whether their dispute was appropriate for arbitration.

CRF FINANCIAL SUMMARY FOR FY 2023

Personnel Expenses	Operating Expenses	Total Expenses	Revenues Received
\$5,767,375	\$797,252	\$6,564,627	\$11,477,485

RICO is 100% special-funded through licensing fees primarily, and fines and assessments paid during the fiscal year. Licensee fee collections vary annually because of licensee retirements and resignations, and because most renewal fees are assessed biennially and collected at different times of the year depending on the profession. The amount of fines that are paid annually through the enforcement process vary too according to the timing of different legal actions and the solvency of individuals and entities. Despite these variables, RICO’s revenue source and resulting operations have remained stable.

CONCLUSION

RICO is responsible for investigating and prosecuting licensing law violations for the 52 industry boards, commissions, and programs. RICO continues to do so by maintaining a high level of productivity and responsiveness, by having staff remain committed to professional growth and development, and through the division’s investment in technological advances that include receiving and processing information electronically to ensure a fair marketplace for Hawaii’s consumers and licensed professionals.

TABLES

The following tables illustrate the level of public interest in RICO-related information and the variety and complexity of work performed daily by division employees.

Table 1: Top 5 Subjects of Callers Seeking Assistance from the LBIS

FY 2023
1. Contractor (3890)
2. Is a person or business licensed? (2706)
3. Real Estate (909)
4. Medical (317)
5. Motor Vehicle Industry (306)

Table 2: Top 5 Industries that are the Subject of Information Requests

FY 2023
1. Contractor (33)
2. Medical (26)
3. Real Estate (19)
4. Dentist and Dental Hygienist (7)
5. Pharmacists (6)

Table 3: Top 5 Public Internet Inquiry Areas Related to RICO

FY 2023
1. RICO complaints history queries (140,037)
2. RICO homepage (79,267 hits)
3. RICO complaints history portal (59,388 hits)
4. RICO webpage on filing a complaint (11,619 hits)
5. RICO complaints history details (17,277 hits)

Table 4: Top 5 Industry Complaints Processed by RICO

FY 2023
1. Contractor (605)
2. Real Estate (524)
3. Medical (268)
4. Nursing (251)
5. Barber (190)

Table 5: Top 5 Industry Prosecutions – Licensees

FY 2023
1. Pharmacy (29)
2. Contractor (28)
3. Real Estate (23)
4. Medical (16)
5. Pest Control (14)

Table 6: Top 5 Industry Prosecutions – Unlicensed Persons

FY 2023
1. Contractor (38)
2. Private Detectives and Guards (6)
3. Real Estate (4)
4. Electricians and Plumbers (3)
5. Massage (2)