

MOTOR VEHICLE INDUSTRY LICENSING BOARD  
Professional and Vocational Licensing Division  
Department of Commerce and Consumer Affairs  
State of Hawaii

MINUTES OF MEETING

The agenda for this meeting was filed with the Office of the Lieutenant Governor, as required by §92-7(b), Hawaii Revised Statutes (HRS).

Date: Tuesday, June 28, 2016  
Time: 9:00 a.m.  
Place: King Kalakaua Conference Room  
King Kalakaua Building  
335 Merchant Street, 1<sup>st</sup> Floor  
Honolulu, Hawaii 96813

Present: Wayne De Luz, Industry Member Chairperson  
Russell Wong, Industry Member Vice Chairperson  
Steven J. T. Chow, Esq., Public Member  
Carl D. Johnsen, Public Member  
Dennis Short, Industry Member  
  
Christine Rutkowski, Executive Officer  
Rodney J. Tam, Deputy Attorney General (“DAG”)  
Christine Hironaka, Secretary  
Sophie Hamada, Law Clerk

Excused: Byron Hansen, Public Member

Guests: Fred Kubota, H T & T Truck Center  
Steve Levins, Office of Consumer Protection  
Darron Olson, Servco Toyota Honolulu  
Arthur Ong, Mercedes Benz of Honolulu  
Dave Rolf, Hawaii Automobile Dealers Association (“HADA”)  
Denise Soderholm, Soderholm Sales & leasing, Inc.

Call to Order: Chairperson De Luz called the meeting to order at 9:05 a.m. at which time quorum was established.

Additions/  
Revisions to  
the Agenda: None

Introduction of New  
Board Member: Steven J. T. Chow, Esq.

Mr. Chow was born and raised in Honolulu, Hawaii, graduated from William S. Richardson School of Law and founded the firm of Matsumoto LaFountaine & Chow, now known as the Pacific Law Group.

Mr. Chow is presently a member of the Board of Directors for the Hawaii State Bar Association, Membership Committee for the Friends of Hickam, Inc. and Board of Directors for Prevent Child Abuse Hawaii. He is also a past Vice Chairperson of the Hawaii Board of Chiropractic Examiners and past Chairperson of the Hawaii Motor Vehicle Repair Board.

Chairperson De Luz announced he was taking the agenda out of order to introduce the new board member and the discussion regarding Takata Airbags.

New Business:           a.     Discussion with Office of Consumer Protection Regarding Takata Airbags. (Stephen Levins, Executive Director, Office of Consumer Protection)

Mr. Levins thanked the Board for allowing him time on the agenda. He stated that his office filed a lawsuit against Takata and Honda due to the deadly airbags. He stated, however, that he was not present to discuss the lawsuit.

Rather, Mr. Levins stated that the Board, is in a unique position to get the word out about the airbags. He encouraged dealers to accommodate customers to get the repairs done as soon as possible. He further stated that consumer protection and safety cannot be overstated.

Mr. Levins related that while no one in Hawaii has died, a forty-four year old female died in Malaysia as a result of a fender bender. He explained that the volatile chemical compound being used as a propellant in the Takata airbags is unstable, unpredictable and explodes with shrapnel spewing at the motorists with sharp metal pieces. He further explained that the National Highway Traffic Safety Administration ("NHTSA") declares that the inflators are particularly vulnerable to high humidity and high temperatures, which includes Hawaii.

Mr. Wong stated that dealers are paid by the manufacturers to work on recall vehicles and the Takata airbag is a high priority for the dealers. He added that some customers, for their own reasons, don't want to leave their cars for repairs and while some manufacturers are granting loaners, others are not. He related that dealers don't have the resources to offer loaners.

Mr. Short stated that he sits on the BMW National Committee which meets three times per week regarding the work of NHTSA and the airbags. He related that the issue is of such high priority.

David Rolf representing HADA, stated that the State of Hawaii Department of Transportation has failed to sign a contract with Experian/Polk HIS Automotive so that vehicle safety notices can be sent to vehicle owners who were not the original purchasers. Mr. Rolf stated that he has taken many steps to get the State to act. He met with McCartney, Governor Ige's Chief of Staff pleading and asking for immediate action by his office. He had the Alliance of Automotive

Manufacturers to write a letter asking for the contract to be signed. He stated that HADA is doing everything possible to get the contract signed. Mr. Rolf asked Mr. Levins if he was aware of the status of this contract. Mr. Levins stated that he could not comment on the matter, which is not under his office's jurisdiction.

Chairperson De Luz announced he was returning to the order of the agenda.

Approval of Minutes  
December 15, 2015,  
February 23, 2016  
and April 26, 2016

Meetings:

It was moved by Vice Chairperson Wong, seconded by Mr. Short and unanimously carried to approve the minutes of the April 26, 2016 meeting and deferred the minutes of the December 15, 2015 and February 23, 2016 meetings.

Chair's Report:

Chairperson De Luz asked Mr. Rolf why the Department of Transportation is holding up the contract with Experian and IHS Automotive. Mr. Rolf replied that it was because of compound nouns. Chairperson De Luz suggested that the Motor Vehicle Industry Licensing Board should send a letter to the Governor and the Department of Transportation regarding the contract with the information reporting agencies. The Executive Officer stated that these matters are not under the Board's program of work, however, if the Chair wishes and drafts a letter, staff can provide clerical support.

It was moved by Vice Chairperson Wong, seconded by Mr. Johnsen and unanimously carried to draft a letter to the Governor and Ford Fuchigami of the Department of Transportation that motor vehicle transfer information be provided to alert motor vehicle owners regarding recalls.

Mr. Chow requested if the Board members would be able to review the draft letter.

Executive Officer's  
Report:

The Executive Officer informed the Board that renewals end on June 30, 2016. She reminded the members that all licensees under HRS Chapter 437 are allowed to renew online, unless there is an issue, for example a "Yes" answer that precludes them from the online process. She also reminded the members that any license not renewed or postmarked by June 30, 2016 will fall into forfeited status. If a new license is desired, the forfeited licensee shall apply for a license as though never licensed before.

Chairperson De Luz recessed the meeting at 9:44 a.m.

Chapter 91, Hawaii  
Revised Statutes,  
Adjudicatory

- a. In the Matter of the Motor Vehicle Dealer's and Salesperson's License of EUROPEAN AUTO, INC. and ANGEL L. SANTIAGO, Respondents, MVI 2011-1-L; MVI 2011-46-L; MVI 2011-64-L

*Hearings Officer's Findings of Fact, Conclusions of Law, and Recommended Order; Respondent Angel Santiago's Written Exceptions to Hearing Officer's Recommended Order; and Board's Proposed Final Order.*

Chairperson De Luz reconvened the meeting at 9:59 a.m.

After discussion it was moved by Mr. Short, seconded by Vice Chairperson Wong, and unanimously carried to adopt the action taken by the Board at the June 17, 2015 meeting and issue the Board's Proposed Final Order.

Chairperson De Luz announced he was taking the agenda out of order to discuss applications.

Licensing: b. Applications

Executive Session: At 9:59 a.m., it was moved by Vice Chairperson Wong, seconded by Mr. Chow, and unanimously carried to enter into Executive Session to consider and evaluate personal information relating to the individual applying for licensure in accordance with HRS, §92-5(a) (1), and to consult with the Board's attorney on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities in accordance with HRS §92-5(a) (4), Hawaii Revised Statutes.

EXECUTIVE SESSION

At 11:02 a.m., it was moved by Vice Chairperson Wong, seconded by Mr. Short, and unanimously carried to return to the Board's regular order of business.

Chairperson De Luz call for a 5 minute recess at 11:02 a.m. The Board reconvened its regular session at 11:07 a.m.

- a. Ratifications

Motor Vehicle Salesperson Transfers  
Motor Vehicle Salesperson License  
Motor Vehicle Dealer License  
Motor Vehicle Dealer Relocation  
Motor Vehicle Manufacturer License

Upon a motion by Mr. Short, seconded by Vice Chairperson Wong, it was unanimously carried to ratify the above lists for the licenses sought (as attached).

b. Applications

(i) Bobby Barron – Motor Vehicle Salesperson

It was moved by Vice Chairperson Wong, seconded by Mr. Johnsen and unanimously carried to approve the motor vehicle salesperson application for the above.

(ii) Dustin Lamb – Motor Vehicle Salesperson

It was moved by Vice Chairperson Wong, seconded by Mr. Short and unanimously carried to deny the motor vehicle salesperson application on the basis of HRS §436B-19(14).

(iii) Darron Olson – Motor Vehicle Salesperson

It was moved by Vice Chairperson Wong, seconded by Mr. Johnsen and unanimously carried to approve the motor vehicle salesperson application for the above subject to correction of application. It was moved by Vice Chairperson Wong, seconded by Mr. Johnsen to direct the Executive Officer to issue a letter to the motor vehicle dealer of record notifying the dealer principal that conflicting information was received and to request that care be taken so that information submitted from the dealer and the applicant are in concert.

(iv) Arthur Lee Ong – Motor Vehicle Salesperson

It was moved by Vice Chairperson Wong, seconded by Mr. Short and unanimously carried to approve a conditional motor vehicle salesperson license to Arthur Lee Ong.

(v) Manaloa Rent A Car Inc. – Motor Vehicle Application for Relocation

It was moved by Mr. Short, seconded by Mr. Johnsen and unanimously carried to approve the motor vehicle application for relocation for the above.

(vi) Goshen Coach, Inc. – Motor Vehicle Manufacturer

It was moved by Vice Chairperson Wong, seconded by Mr. Chow, and unanimously carried to approve the motor vehicle manufacturer application for the above.

Fred Kubota from H T & T Truck Center stated that they remain concerned about bodies being built on chassis being considered manufacturers

c. New Motor Vehicle Dealership – Additional Dealer Service & Sales Agreements

(i) Soderholm Sales and Leasing, Inc. – Goshen Coach, Inc.

It was moved by Vice Chairperson Wong, seconded by Mr. Johnsen and unanimously carried to approve the New Motor Vehicle Dealership Additional Dealer Service & Sales Agreement application for the above.

Vice Chairperson Wong asked why the Board had to review the entire service and sales agreements if there were no items in question to bring before the Board. The Executive Officer stated that at its February 23 and April 26, 2016 meetings, the Board instructed the Executive Officer to present for Board review all franchise agreements, distributor agreements and authorizations for second stage manufacturers to build on chassis.

There was discussion about this new process, which would cause significant delays for applicants. After considerable discussion, Board members agreed by consensus that neither franchise agreements, nor distributor agreements, nor authorizations for second stage manufacturers to build on chassis are required to be routinely brought before the Board; that the Executive Officer is authorized to review and approve these agreements, provided there are no questionable matters or matters requiring discretionary decision-making by the Board.

Old Business:

a. Motor Vehicle Dealer Off-Premise Display Request, Application form and Approval Language

Board members agreed by consensus to defer this matter.

Correspondence:

a. Request for clarification from Steven C. Yarbrough: Is a person who provides resources that allow a consumer to gather information relevant to a motor vehicle purchase, and never represents a consumer in any negotiations, required to obtain a motor vehicle consumer consultant license?

It was moved by Vice Chairperson Wong, seconded by Mr. Short and unanimously carried to defer Mr. Yarbrough's request for clarification until more information can be obtained regarding his services and any fees he would charge.

- b. April 19, 2016 Hawaii Automobile Dealers Association (HADA) request to permit a motor vehicle dealer, who owns multiple dealerships in a county operating under varying business ownership structures, to be able to assign salespersons to the dealer's multiple dealerships. (Deferred from the April 26, 2016 meeting.)

Mr. Rolf explained that this would allow movement between dealerships of F & I staff. He stated that since the dealerships are under the same owner, there would be no need to transfer motor vehicle salespersons.

There was discussion that the dealer applicant decides how it will set up its entity. Licenses are issued to the applicant/entity, as the case may be and as applied for by the applicant. Rolf continue to state that the owner is the same person, however.

Vice Chairperson Wong related that there are separate corporations because of liability issues. The entities, rather than the owner behind the entities, are issued the MVD license. The salespersons are employed by the MVD licensee, not the owner behind the entity.

DAG Tam stated that the intent of the law is a motor vehicle salesperson can only work for one motor vehicle dealer.

§437-7(j)(2) A license issued under this chapter shall authorize the doing of a business thereunder only for the county in which the license has been issued; and in the case of a salesperson, the license shall authorize the salesperson to be a salesperson only for the dealer named in the application for a license or an amended license.

§437-28(a)(20) Is an applicant for a salesperson's license and:  
(B) Intends to be employed as a salesperson for more than one dealer;

Upon a motion by Mr. Johnsen, seconded by Mr. Chow, it was unanimously carried to issue the following non-binding informational decision for explanatory purposes that is not to be viewed as binding on the board, or department; that a licensed motor vehicle salesperson can be employed by one motor vehicle dealer in accordance with HRS chapter 437-7(j) (2) and HRS chapter 437-28(a) (20) (B).

- c. Request from William Van Den Hurk regarding why the CPA's original signature on the financial statement is required for the Motor Vehicle Dealer application.

The requirement of the original signature of a CPA on the financial statement was discussed. Mr. Van Den Hurk stated that an accountant's

pdf document should be accepted with the document with wet signature to follow.

The Executive Officer related that all applicant are required to submit the document with the wet signature. While the PVLD is working on accepting scanned documents at some future date, this is not implemented yet.

Board members agreed by consensus that applicants should follow the current process and instructions.

- d. Request from franchise dealer asking for verification regarding inventory or flooring line of credit.

The Executive Officer informed the Board that whenever a dealer adds a new line or make, that dealer is asked for proof of line of credit for all of the lines makes carried by that dealer as stated in HRS chapter 437-7(d)(1):

- (d) Requirements for lines of credit shall be as follows:
  - (1) Applicants for issuance of a dealer's license shall obtain an inventory or flooring line of credit from a federally insured financial institution or from a financing source having a net worth of at least \$50,000,000. The line of credit shall be in the following amount:
    - (A) For new motor vehicle dealer applicants, \$500,000 or the amount required in the applicant's dealer sales and service agreement, whichever is less;
    - (B) For used motor vehicle dealer applicants, \$50,000; and
    - (C) For new and used motorcycle and motor scooter dealer applicants, \$50,000;

Denise Soderholm stated that this was her request. She related that their Dealer Agreements do not always contain requirement for line of credit. Therefore, their requirement is zero dollars. She asked, how then would they be required to supply documentation when zero line of credit is required?

Ms. Soderholm was apprised to provide information as contained in the agreements/statute and provide information as requested.

Open Forum: None.



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Next Meeting: Tuesday, August 23, 2016  
9:00 a.m.  
Queen Liliuokalani Conference Room  
335 Merchant Street, 1<sup>st</sup> Floor  
Honolulu, HI 96813

Adjournment: There being no further business to discuss, the meeting adjourned at  
11:57 a.m.

Reviewed and approved by:

Taken and recorded by:

/s/Christine Rutkowski  
Christine Rutkowski  
Executive Officer

/s/Christine Hironaka  
Christine Hironaka  
Secretary

07/16

[ ] Minutes approved as is.

[ X ] Minutes approved with changes. See Minutes of 8/23/16 .

MOTOR VEHICLE INDUSTRY  
LICENSING BOARD MEETING

June 28, 2016

**RATIFICATION LISTS**

**CAR SALESPERSON TRANSFERS**

a. City and County of Honolulu

Abadilla, Natasha-Noel	Servco Auto Waipahu
Acidera, Romero	Any Cars Auto Inc.
Alpuro, Justin	Honolulu Ford Inc.
Arakawa, Zane	C & C Auto Group, Inc. dba Cutter Mazda of Waipahu
Ballesteros, Ruel	C & C Auto Group, Inc. dba Cutter Mazda of Waipahu
Batten, Mary	Volvo of Honolulu
Bentkowski Jr., Thomas	Cutter Buick GMC, Inc.
Calles, Clayton	C & C Auto Group, Inc.
Caprio, Thomas	Honolulu Ford Inc.
Choy, Wallace	Windward Auto Sales Inc.
Della Penna, Joseph	Honolulu Ford Inc.
Dollopac, Nestor	Honolulu Ford Inc.
Finley, Howard	Car Depot
Gatewood, Donald	C & C Auto Group, Inc. dba Cutter Mazda of Waipahu
Hata, Ronald	Infiniti of Honolulu
Hong, Jess	C & C Auto Group, Inc.
Isales, Joseph	Volvo of Honolulu
Jibaja, Carlo	Gentech Automotive
Jordao, Rogerio	Aloha Kia Leeward
Kim, Donny	Gill Island Motors, Inc.
Kim, Kevin	Honolulu Ford Inc.
Kim, Tommy	Cutter CJD, Inc.
Li, Sing Chun	King Infiniti of Honolulu LLC dba Infiniti of Honolulu
Lopez, Chihuah	C & C Auto Group, Inc. dba Cutter Mazda of Waipahu
Nelson, Scott	Cutter CJD, Inc.
Nowicki, Robert	Stoebner Holdings Inc. dba Honda Windward
Pegues Jr., Thomas	Hawaii Nissan Inc.
Quek, Sze	Cutter Buick GMC, Inc.
Reed, Clifton	Windward Auto Sales Inc.
Sarae, Robert	Aloha Kia Leeward
Thompson Jr., Robert	Hawaii Nissan Inc.
Uwaine, Julie	Servco Toyota Honolulu
Vranesevic, Obren	Shelly Eurocards, LLC dba BMW of Honolulu
Wojnar, Piotr	Cycle City, Ltd.
Yamamoto, Dennis	Lithia of Honolulu - BGMCC LLC
Zappal, Mariano	Gentech Automotive
Zaret, Joshua	C & C Auto Group, Inc. dba Cutter Mazda of Waipahu

b. County of Maui

Borge, Keoni  
Smeltzer, Mark

Jim Falk Motors of Maui Inc.  
Cycle City, Ltd. dba Cycle City Maui/Maui Cars and  
Bikes/Maui Harley-Davidson

**CAR SALESPERSON LICENSES**

a. City and County of Honolulu

CUTTER FORD INC	OAHU	KEVIN K <NEWCOMB<
KING WINDWARD NISSAN LLC	OAHU	NOAH A <ABRIL<
ALOHA AUTO DEPOT LLC	OAHU	MINAKO <HIRAKAWA<
CUTTER BUICK GMC INC	OAHU	CHIVAS J <ANTOQUE-UTI<
CUTTER BUICK GMC INC	OAHU	KYRO <CARTER<
CUTTER BUICK GMC INC	OAHU	CAMERON M <CHAN<
CUTTER BUICK GMC INC	OAHU	QUINTIN <GRIFFITH<
CUTTER BUICK GMC INC	OAHU	ELAWRENCE S <LANGSTON<
CUTTER CJD INC	OAHU	BRENDA A <ALBANESE<
CUTTER CJD INC	OAHU	MARK A <COGBILL<
CUTTER CJD INC	OAHU	NICHOLE L <JOHNSON<
CUTTER CJD INC	OAHU	BAYLEE I <MASSEY<
CUTTER CJD INC	OAHU	ENRIQUE <PEREZ<
CUTTER HONOLULU INC	OAHU	RICHARD K <GRIMES<
CYCLE CITY LTD	OAHU	JOSEPH S <PANCHO<
ENVY HAWAII LLC	OAHU	ROBERT K <MCGARRY<
GAC AUTO GROUP INC	OAHU	ROYCE M <ALVARADO<
GAC AUTO GROUP INC	OAHU	LEOLARD C S <KIM<
HAWAII NISSAN INC	OAHU	CORY C <ASUNCION<
HAWAII NISSAN INC	OAHU	NAZARENA <NUEZ<
HONOLULU FORD INC	OAHU	RODRIGO I <DEL CARPIO<
INTERNATIONAL TRUCKS OF HAWAII LLC	OAHU	MICHAEL K <MILLS<
JN GROUP INC	OAHU	KENNETH J <ALUMBAUGH<
JN GROUP INC	OAHU	EUGENE K S <HOPKINS<
JN GROUP INC	OAHU	NICHOLAS A <RIOPELLE<
LITHIA OF HONOLULU-BGMCC LLC	OAHU	MILTON Y <GRIJALVA-RIVERA<
LITHIA OF HONOLULU-BGMCC LLC	OAHU	DEAN L <PESTANO<
LITHIA OF HONOLULU-V LLC	OAHU	EANJYM J <SALES<
WINDWARD AUTO SALES INC	OAHU	DRAKE T H <OTA<

b. County of Hawaii

BIG ISLAND MOTORS INC	HAWAII	YASUO <RUDDLE-MIYAMOTO<
J/R HILO ACQUISITION LLC	HAWAII	SARAH J <JOHNSON<
J/R HILO ACQUISITION LLC	HAWAII	MICHAEL P <NEAL<

c. County of Maui

JIM FALK MOTORS OF MAUI INC	MAUI	ALEXANDRIA I <DYCZOK<
JIM FALK MOTORS OF MAUI INC	MAUI	JOHN R <HELGREN<
MAUI AUTO EXCHANGE LLC	MAUI	REHAN <KHALIL<
OHANA AUTOMOTIVE GROUP INC	MAUI	KASEY A <LOPEZ<
VALLEY ISLE MOTORS LTD	MAUI	JADEN M <FLYNN<

**MOTOR VEHICLE DEALER RELOCATION**

MVD-738      EMI USED CARS LLC  
740 AHUA ST  
HONOLULU HI 96819

MVD-997      KALOKO MOTORS LLC  
64-1013 MAMALAHOA HWY #2-2  
KAMUELA HI 96743

MVD-993      SERVCO SUBARU INC  
445 KELE STREET  
KAHULUI HI 96732

MVD-805      CAPT RON AUTO SALES LLC  
830 MAPUNAPUNA ST UNIT #4  
HONOLULU HI 96732

**MOTOR VEHICLE BRANCH OFFICE** – None.

**MOTOR VEHICLE DEALER LICENSE**

MVD 1029 WEST HAWAII TOWING & REPAIR INC  
MVD 1030 INTERNATIONAL TRUCKS OF HAWAII LLC  
MVD 1031 CAR DEPOT LLC  
MVD 1032 MAUI AUTO EXCHANGE LLC  
MVD 1033 ALOHA AUTO DEPOT LLC

**MOTOR VEHICLE DISTRIBUTOR LICENSE** – None.

**MOTOR VEHICLE MANUFACTURER LICENSE**

F-171 NAVISTAR INC

**MOTOR VEHICLE AUCTION** – None.

**MOTOR VEHICLE CONSUMER CONSULTANT** – None.