

SUMMARY OF PROCEEDINGS
REAL ESTATE LICENSE COMMISSION
STATE OF HAWAII
205 Empire Bldg., Honolulu, Hawaii

June 15, 1960

Chairman Aaron M. Chaney called the meeting to order at 1:12 p.m.

Present were: Aaron M. Chaney, Chairman
 Dorothy S. Ahrens, Member
 James C. Ching, Member
 Yukio Kashiwa, Member
 Erling P. Wick, Member
 Hirotoshi Yamamoto, Member
 Robt E. Bekeart, Executive Secretary
 Tenny Hoon Tom, Counsel (in part)
 Dick H. Okaji, Investigator
 Andrew Ono, Special Investigator
 Hannah Furuta (Recording Secretary)

ORDER OF BUSINESS

I. MINUTES OF PREVIOUS MEETING

 The minutes of the meeting of May 24, 1960 were approved as circulated.

II. FISCAL REPORT

 It was moved by Mrs. Ahrens and seconded and passed unanimously that the financial report for the month of May 1960 be accepted.

III. CONFIRMATION OF BROKERAGE LICENSES ISSUED

 The following brokerage licenses issued under tentative approval by the Executive Secretary were officially confirmed:

Tropic Shores Realty, Ltd - Albert V. Vincent, prin. bkr
Allied Realty, Ltd - Tony Tamura, Principal Broker
Rep Corp dba Repco Realtors - Ruth A. Johnson, Prin. Bkr

IV. CONFIRMATION OF DBA APPROVED

 The following DBA was officially approved by Commission, following tentative approval granted by the Executive Secretary on May 31, 1960, the fictitious name having been relinquished in writing by Percy Mirikitani, Broker.

Elizabeth M. Sendel dba ISLAND PROPERTIES COMPANY

V, BRANCH OFFICE LICENSE

 The following branch office license was approved:

CENTRAL REALTY, INC. - 45-1045 Kam Highway, Kaneohe
Clarence Hamaishi, Broker-in-Charge

VI. NEW EQUIPMENT PURCHASES

The cancellation of purchase of an electric pencil sharpener due to contemplated change-over to mechanical IBM pencils eliminating necessity for sharpening pencils was accepted.

The purchase of Thermo Fax Machine and Stand at cost of \$277.17 was approved. This price includes \$97.50 3-months rental paid by another state agency credited toward the total price of this machine.

The purchase of two Remington Rand 5-drawer, steel file cabinets at \$158.62 each was approved.

Staff was instructed to seek quotations from several firms for air-conditioning rooms 205, 206 and 207 and negotiate with bidder offering the lowest acceptable quotation for portable air-conditioning units.

VII. AUDIT REPORT FOR PERIOD FEBRUARY 1, 1955 to JUNE 30, 1959

Dr. Charles H. Silva, Treasurer and Director of the Department of Treasury and Regulation, was invited to sit in on the discussion of the audit report received, as prepared by the Field Audit Division of the Comptroller's Department, and to visit our offices and meet the staff. He arrived with his Staff Services Administrator, Mrs. Hannah Kelihoomalu, and Mr. Rodger Gudgel, Special Administrative Assistant.

Chairman expressed concern on the derogatory report of the audit completed June 1959 and informed Commission of his action during the early part of 1960 in communicating with the Comptroller's Office due to his concern on the lack of audit made of the Commission's fiscal operations since 1955 and recommended that annual audit be conducted.

With regard to the missing minutes of meetings held in 1956, 1957 and first meeting of 1958, the Chairman explained the conditions under which the former secretary was working which did not permit her time to prepare the minutes. Executive Secretary informed Commission that Mrs. Elaine Kakutani had been contacted by him personally and that she assured him she would ^{make} every effort to transcribe the minutes within a reasonable time.

Purchase Policy: It was moved by Mr. Cross, seconded by Mr. Wick and passed unanimously that the following policy be adopted as to purchase procedure: Staff may purchase items of an expendable nature through the normal procedure as authorized by department head and Comptroller's Department. Purchase of equipment and furniture over \$25.00 must have the prior approval of the Commission.

Forfeiture due to late filing of renewal fee and penalty therefor: Executive Secretary explained that this office has on file an Attorney General's ruling that the deadline for filing renewal fee may be extended to January 2 or the first business day following January 1 which is a holiday, and that the staff has been guided by this ruling in determining forfeiture

by reason of late renewal. With regard to the penalty feature, the present law under Chapter 170 does not clearly provide for authority to penalize by the Commission, and it was proposed that amended legislation be considered to clarify the position of the Commission on the question of penalty for late filing.

Extra Compensation Paid Executive Secretary: Chairman explained the circumstances under which the extra compensation for the Executive Secretary was authorized by the Commission in view of the denial of appeal for repricing of his position. This action was taken at the January 23, 1958 meeting. Excerpt of the minutes on this action was delivered to the Comptroller's Department during the course of the audit just completed. Payment of extra compensation to Executive Secretary was discontinued in April 1959.

Executive Secretary was directed to submit a new appeal for repricing of his classified position to properly compensate him for his services. Dr. Silva expressed his approval for review of his classification and pay grade and stated that he and his staff will support any appeal that has merit.

Cash Receipt and Deposit Records: Executive Secretary informed Commission that the departmental cash records are now current and properly maintained in accordance with procedure recommended by Comptroller's staff.

Copy of minutes to be submitted to Comptroller's Department: The Commission was of the opinion that certain confidential information appearing on the minutes of the Commission pertaining to licensees should not be exposed to the Commission and it was suggested that portion of minutes relating to administrative matters only be submitted for the auditors' information. This matter will be discussed with Mr. Michael M. Miyake, Comptroller.

Staff was instructed to prepare a letter to the department head in reply to the audit reports, listing specifically corrective measures taken or to be instituted.

A 10-minute recess was called at 2:20 p.m. Dr. Silva and his staff departed and meeting was resumed at 3:30.

VIII. ESTATES OF COLORADO

Chairman expressed concern over the advertisements by a number of local brokers for sale of subdivided parcels of land in Colorado to Hawaii citizens. The Commission agreed that this agency should make an on-site inspection of the land in question to make public the facts on the ESTATES OF COLORADO such as climatic conditions, roads, accessibility, site, drainage, tax requirements, conditions of purchase, trust deed, escrow provisions, etc. as a precaution to the public and to preclude criticism later.

Air travel and 3-days per diem for Executive Secretary and one member of the Commission were approved by department head and Mr. Leo Pritchard, State Administrative Director, for this purpose.

Mr. Yukio Kashiwa accepted appointment to make the trip with the Executive Secretary.

IX. CASE OF REAL ESTATE LICENSE COMMISSION VERSUS VIOLET C. KING

Based on the findings from the transcript of testimonies at formal hearing on April 19, 1960, the following decisions were made:

1. Charge of failure to deliver agreement was voted to be withdrawn as there was some doubt as to whether an uncompleted contract could be construed as an agreement.
2. The following charges of misrepresentation were unanimously agreed upon.
 - a. The defendant made misrepresentations to Mr. Honorio G. Badajos, purchaser, at the time Mr. Badajos signed the Initial Payment Receipt and Contract on November 26, 1959, by making a statement to him that Mr. George Y. P. Goo, one of the owners, will sign the contract after six months, when in truth and in fact Mr. Goo was not contacted by the defendant regarding this transaction at any time before Mr. Badajos made the offer on November 26.
 - b. The defendant made misrepresentations to Honorio G. Badajos, purchaser, when she told him at the time the latter made a downpayment of \$5,400 on December 1, 1959 that Mr. Badajos could take possession of the property within 30 days.
 - c. The defendant made misrepresentations to Honorio G. Badajos on or about December 3, 1959, two days after Mr. Badajos made a down-payment by stating to him that he cannot move in on the premises within 30 days as promised earlier because the Goos, the owners, could not make the tenant move out as the latter had repaired and painted the place.
 - d. The defendant made misrepresentations to Mr. Honorio G. Badajos, purchaser, by stating to him that Mrs. Jennie K. O'Brien had custody of the money he had placed in defendant's hands, when in truth and fact, this money was at no time given to Mrs. O'Brien by the defendant to be held in private escrow.
 - e. The defendant made misrepresentations to Mrs. Alejandra G. Baron by stating to Mrs. Baron that Mr. George Y. P. Goo wanted six months in which to decide whether he would sign the contract when Mr. Goo had at no time discussed this matter of "six months" with the defendant.
 - f. The defendant made misrepresentations to Mrs. Alejandra G. Baron when the defendant stated to Mrs. Baron that Badajos had an equitable title to the Goos' property, when in truth and in fact, whatever right, if any, Mr. Badajos may have had under the contract, since Mr. Goo did not sign the contract, was a claim for damages against Mrs. Goo.

3. The charge of failure to account for money within a reasonable time was agreed upon for:
 - a. The defendant failed to return the downpayment and initial deposit, a sum of \$5,500 to Honorio G. Badajos, purchaser, within a reasonable time after the defendant failed to secure Mr. George Y. P. Goo's signature to the Initial Payment Receipt and Contract.

It was moved by Mr. Cross and seconded by Mr. Yamamoto that Mrs. Violet C. King be found guilty of the above three charges. Motion was carried unanimously.

Mr. Wick moved, seconded by Mrs. Ahrens, that under the authority vested in the Commission in Sec. 170-4(c), 170-12 and 170-13, RLH 1955 as amended, the real estate broker license No. 3493 issued to Violet C. King dba Violet C. King Realty Company be revoked effective June 15, 1960. The motion was carried unanimously.

IX. REINSTATEMENT REQUEST OF HOVEY A. LAMBERT (S)

In view of two pending complaints against Mr. Lambert it was moved by Mr. Wick, seconded by Mr. Cross, that his request for reinstatement of salesman license be held in abeyance until such time as final determination is made of the complaints now in file with the Commission. Motion carried.

X. JULY EXAMINATIONS

Executive Secretary reported that the facilities explored at the University of Hawaii were not suitable for holding our examinations due to type of chairs with arm rest/writing surface. Chairman instructed staff to explore other facilities as Farrington High School Cafeteria did not afford sufficient parking area, is noisy, etc. and generally not the ideal for holding examinations.

XI. CRITERIA FOR BROKER CANDIDATE

Mr. Yamamoto moved that the Commission accept the policy recommended by the staff (made a part of the minutes hereof) and adopt the form prepared to be sent to employer-broker verifying employment and activities of candidate for broker during his term of employment to determine the qualification of broker candidate. Motion was carried.

XII. REQUEST OF SALESMAN APPLICANT DONALD IZUMI

Mr. Yamamoto introduced a request by salesman applicant Donald Izumi who suffers a visual handicap and cannot do close vision work for extended period of time. Commission voted to allow him a special examination sufficient to determine his qualification as a real estate salesman.

XIII. BRANCH OFFICE

Mr. Cross presented a problem of a Hilo broker with salesmen operating in Kona but all transactions being completed in Hilo. No branch office is registered with the Commission and there is no broker in charge in Kona but a "real estate" sign hangs in Kona. The recommendation of the Commission was that the sign be removed so as not to be in conflict with the statute governing branch offices.

XIV. COMPLAINT OF MR. & MRS. GEORGE INADA AGAINST FRANCIS WONG (B)

Report of investigation made a part of these minutes.

Commission voted to accept the action of the staff in reprimanding Broker Francis Wong for his failure to notify the Inada's over a period of one year of the non-acceptance of their offer to purchase.

XV. COMPLAINT OF MR. & MRS. JENS F. CHRISTENSEN AGAINST DANIEL L. ABDUL (S)

Report of investigation made a part of these minutes.

In view of the Christensen's written statement relieving all parties involved in the court action of any further civil or criminal liability in the settlement as a condition in civil court, and as it was noted that the violation by respondent was negligible, Commission voted not to proceed any further on this complaint.

XVI. COMPLAINT OF ERNEST JOY AGAINST SECURITY FINANCE CO., LTD

Report of investigation made a part of these minutes.

Mr. Wick moved that the two brokers involved be reprimanded: Mr. Sanford Parker, principal broker of Security Finance Co, Ltd., for his failure to provide copy of closing statement to buyer and to inform him of his tax liability. Mr. Koojin Goya, representing the seller, for failure to include pro-rated share of tax liability of seller and for failure to inform tax office of seller's share of tax liability.

XVII. COMPLAINTS AGAINST IRENE WISKOW

Investigative report made a part of these minutes hereof.

Chairman instructed staff to develop case and prepare for formal hearing on complaints filed against Mrs. Wiskow at the next meeting.

XVIII. CASE OF JULIETTE TOM (Successful March Salesman Candidate)

Investigative report made a part of these minutes.

Inasmuch as the office clerk at Waikiki Realty admitted that her oversight in not submitting license fee and bond was the cause of respondent not fulfilling her licensing requirement prior to operating as a salesman, it was moved by Mr. Wick, seconded by Mrs. Ahrens and motion carried that Juliette Tom be issued a salesman license.

XIX. A PLACE TO STAY, LTD

The Chairman reported on the informal discussions he had with legislative authorities who were intimate to the many problems facing those in the real estate industry, particularly reviewed was the inadequacy of the license law in regulating subdivisions and cooperative apartments. The possibility was stated to exist that the legislature may initiate an inquiry into the cooperative apartment problem during the Special Session which was convened by the Governor for the purpose of easing the tsunami disaster through legislative enactments. Mr. Chaney stated that he felt strongly about the Commission being prepared with its legislative proposals in the problem area. He reviewed his discussion with the Treasurer, Dr. Silva, and his audience with the State Administrative Director, Leo Pritchard, in the Executive Chambers.

The staff was directed to be prepared to present general legislative proposals should these industry problem areas be brought under scrutiny by the legislative in its Special Session.

The booking agency proposed by Mrs. Lui-Kwan and Sam Bolan to show their good faith towards creditors to whom they are indebted was approved by the Commission and Executive Secretary was instructed to inform them accordingly and ask them to submit their proposed operation in detail for final approval.

Special Investigator Andrew Ono made a preliminary report on his investigation and findings on the "Hawaiian Monarch" operations thus far. His report is made a part of the minutes hereof.

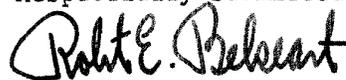
XX. DATE OF NEXT MEETING

It was agreed that the date of next regular meeting be scheduled for Tuesday, July 19, 1960 at 9:00 a.m.

Mr. Erling P. Wick excused himself for the July meeting as he will be away on a trip outside the jurisdiction.

There being no further business the meeting was adjourned at 5:30 p.m.

Respectfully submitted,



Robt E. Bekeart
Executive Secretary