

REAL ESTATE COMMISSION
Professional & Vocational Licensing Division
Department of Regulatory Agencies
State of Hawaii

MINUTES OF MEETING

Date: Thursday, February 26, 1976

Place: Board Room, Department of Regulatory Agencies
1010 Richards Street, Honolulu, Hawaii

Present: Herbert S. Isonaga, Vice Chairman
Mary V. Savio, Member
Tadayoshi Ishizu, Member
John D. Texeira, Member
John M. Urner, Member
Ah Kau Young, Member

Clyde E. Sumida, Deputy Attorney General
Robert G. Klein, Departmental Complaint Officer
Yukio Higuchi, Executive Secretary
Mrs. Karen Hirota, Clerk-Stenographer

Earl W. Lee, Executive Vice President of the Hawaii Association
of Realtors
George "Red" Morris, Real Estate Broker Licensee
Valerie Ann Liu, Applicant for Real Estate Salesman License
Dayton Caple, Broker and Education Advisor at Mike McCormack
Realtors
Thomas F. Schmidt, Real Estate Broker Licensee
Robert Kessner, Counsel for Thomas F. Schmidt
Violet C. King, Real Estate Broker Applicant
Kenneth Chong, Representative of Kaiser Aetna Development
Bruce Osborn, Member of the Public

Called to Order: There being a quorum, Vice Chairman Isonaga called the meeting to
order at 9:00 a.m.

The Executive Secretary reported that the agenda for the meeting
held February 26, 1976 had been filed with the Lt. Governor's
office on February 23, 1976 in compliance with the Sunshine Law.

Minutes: Mary Savio moved and Ah Kau Young seconded to approve the minutes
of the January 29, 1976 meeting as circulated. Motion carried
unanimously.

Informal
Conference: Informal Conference with Thomas F. Schmidt on Investigation
Report RE-583

The Executive Secretary briefed the Commission on the nature of
the case, which is a violation of the code of ethics involving

the purchase of property which was listed with his firm for or in the name of his father-in-law.

Robert Kessner, Counsel for Thomas F. Schmidt, appeared before the Commission to answer any questions that may arise. Documents were presented by Kessner to Schmidt to identify.

Robert Kessner argued the term "immediate family" as being relatives who live together or is being supported under the same roof. He recited a couple of court decisions which relied on this definition.

Mary Savio requested Thomas Schmidt give the Commission assurance that he will state, as well as, advise the buyer on the DROA contract of his relationship to the buyer or seller, whenever he transacts any business involving his relatives. Schmidt verbally gave the Commission this assurance. Tom Schmidt was advised that he will be notified of the Commission's decision in the near future, and the informal conference was adjourned.

Committee Reports:

Real Estate Education Advisory Council

Small Business Management Program's Invoice for Seminars Completed

The Executive Secretary reported that he received the invoices for the seminars completed on the neighbor islands and Honolulu.

The Executive Secretary informed the total expenses amounted to approximately \$1,900 and that approval for payment was requested.

Mary Savio moved and Ah Kau Young seconded to approve the payment of \$1,900 plus. Motion carried unanimously.

Hiring of Educational Consultant

The Executive Secretary reported that he received a copy of the draft of the contract. Presently, the contract is at the Governor's office for approval, and also a copy was sent to the Department of Personnel Services to expedite the process. As soon as the contract is approved, then the Commission can go out for bids and begin advertising the position.

Vice Chairman Isonaga felt that the Commission should set up a committee to review the qualifications of the applicants. Chair directed all Oahu members of the Commission and two people from the industry to serve on the committee. Mary Savio was appointed as chairperson

Vice Chairman Isonaga discussed
talk to Ron Nakano to

Secretary
contract.

Mary Savio requested that she be notified on this by the Executive Secretary.

Establishment of Real Estate Chair

The Executive Secretary informed that he received a copy of the contract back from Deputy Attorney General Clyde Sumida, and also a copy from Hal Matsumoto of the University of Hawaii. It was stated that Hal Matsumoto feels that the contract should be modified and place the funds with the University of Hawaii.

Vice Chairman Isonaga requested a copy of the letter that was submitted by Hal Matsumoto.

Real Estate Newsletter

The Executive Secretary reported that the newsletter has not been mailed as yet due to the delay in receiving an updated mailing list of the licensees.

Jerry Beam of Trade Publishing Company called the Executive Secretary and advised him of a \$70 charge for a copy of the computer printout. The Executive Secretary informed Jerry Beam that the Commission will reimburse him from the Real Estate Education Fund.

Condominium Review Committee

Legislation on Time Sharing

Vice Chairman Isonaga reported that the draft of the time sharing bill was submitted to Administration, but subsequently, it was not able to go through the proper channels. The Attorney General's office had the bill, and they were not happy with the proposed language. A short form version of the bill will be introduced instead to the Legislature.

Vice Chairman Isonaga stated that the Time Sharing Committee will have to meet with the Attorney General's office and work out something mutually satisfactory.

Vice Chairman Isonaga directed the Executive Secretary to inform John Urner that he work on the proposed legislation.

Legislation on Condominium Problems

The Executive Secretary advised that four bills were submitted, and he understands they have all been introduced to the Legislature.

Vice Chairman Isonaga 31 Mar call a meeting
to discuss Senate Bi? 172-76 The n ing is scheduled

for February 27, 1976 at 1:00 p.m., in Mary Savio's office. The Oahu members will be attending, in addition to the Deputy Attorney General and Red Morris.

Legislation Committee

The Executive Secretary informed that there are some bills introduced by the Legislature that need to be reviewed.

George "Red" Morris, Dayton Caple and Earl Lee appeared before the Commission to discuss legislation matters.

In regards to Senate Bill No. 2215, Vice Chairman Isonaga questioned what would be an acceptable post-licensing statute that would be workable and realistic.

John Urner stated that the lawyers should have post-licensing also.

Red Morris stated that Representative Dennis O'Connor will also make post-licensing mandatory for all professions.

Vice Chairman Isonaga stated that industries' position is that they feel the lead time is too short and they would like to consider this matter and develop a proposal for the next legislative session. He asked whether industries would recommend to the legislature that they postpone action on this bill and perhaps come up with a bill directing the Commission to make a study and make a proposal to the next legislature.

Vice Chairman Isonaga also stated that the Commission would like to develop a continuing education program for the licensees.

Red Morris informed that there is another bill for establishment of an Errors and Omission Insurance, which will be tied in with the recovery fund. Earl Lee stated that they will be conducting a study to see the problems involved in self-insuring.

Real Estate Recovery Fund

The Executive Secretary circulated copies of the real estate recovery fund and education fund report as of December 31, 1975 submitted by the fiscal office.

Vice Chairman Isonaga mentioned that, in reference to the recovery fund, he testified at the Legislature on House Bill No. 2612-76 relating to the fund, attorneys fees, and court costs and fees as set by law. He testified that the Commission had no objection to the intent of the Bill.

Attorney General's Report

Deputy Attorney General Sumida asked if the Commission had any questions regarding educational consultant act.

Blanket Mortgages - Clyde Sumida felt that under the Commission's discretionary powers, units could be sold on an agreement of sale without removing the blanket mortgages.

He also felt that the Commission can look at the final payment agreement of sale and consider it as the first conveyance when the deed is transferred.

Time Sharing Legislation - Clyde Sumida made some comments on the time sharing bill. He stated that the bill was more developer-oriented rather than consumer-oriented, so changes were made to make it fair. He feels the Commission should fully understand the proposed language of the bill.

Registration for Time Sharing - Clyde Sumida stated that according to the way the bill is setup, people do not have to register under the securities act or other act if they register as a time sharing project under this Act.

Sumida feels that this provision needs to be reviewed to prevent problems that may arise later.

Vice Chairman Isonaga directed John Urner to set up a meeting as soon as possible with Clyde Sumida, Mary Savio and himself.

Clyde Sumida informed that he would like to sit in on the deliberation of the testimonies. The Executive Secretary informed he will send Clyde copies of the testimonies that were drafted on our administration bills.

Mung Yee - Clyde Sumida suggested setting up an agreement whereby Mung Yee would not be able to get his license for two years.

Clyde Sumida advised the Commission that Deputy Attorney General Allan Kawada is returning and the Attorney General's office is trying to get on top of the real estate cases.

Business Out
of Minutes:

Questionable Applications

Calvin W. Ontai, Applicant for Broker License

Executive Secretary reported that the Deputy Director had no hearing report to make. He informed the Commission that the Contractor's Board had a hearing on Calvin Ontai and a report may result from it.

Valerie Ann Liu, Applicant for Salesman License

Vice Chairman Isonaga entertained a motion to accept the request of Valerie Ann Liu to be added to the agenda. Mary Savio moved and Ah Kau Young seconded. Motion carried.

Valerie Ann Liu appeared before the Commission to explain mitigating circumstances that resulted in her late ^{mi} in

She presented evidence of the expenses that she incurred toward her getting a license.

Dayton Caple of Mike McCormack spoke on her behalf regarding granting her a license.

Mary Savio moved and Ah Kau Young seconded to grant Valerie Ann Liu a salesman license. Motion carried unanimously.

Investigations:

RE-531 Julian Buttons

Executive Secretary reported that a check was made as to the status of Julian Buttons, and advised that Buttons passed away on January 22, 1976.

Richard Muranaka, Investigator, obtained confirmation from the Department of Health confirming the death of Buttons.

Ah Kau Young moved and Tadayoshi Ishizu seconded to close the case. Motion unanimously carried.

RE-542 Sheldon Soosman

Executive Secretary informed that he met with Vice Chairman Isonaga, Robert Klein and Deputy Attorney General Leo Young to discuss this matter.

Executive Secretary advised that they saw no way in which to stop Sheldon Soosman from sitting for the April 10, 1976 broker examination. Executive Secretary informed that he had written to Soosman advising him he qualifies for the examination but there is no guarantee that he will be able to get the license due to a pending investigation against him.

Robert Klein informed that Leo Young was instructed to look into this matter further. Klein felt that the Commission does not have a real solid case against Soosman in real estate, and the Commission should act on the basis of the Mini-Car Rental.

RE-583 Thomas F. Schmidt

Mary Savio moved and John Texeira seconded to dismiss the case with a letter of admonition to Thomas Schmidt. Motion carried.

RE-635 Kenneth Y. Tokujo

Executive Secretary reported that he was not able to draft a hearing notice. A supplementary report was submitted, and he will now be able to draft the hearing notice.

RE-648 Marion M. Massey

Executive Secretary informed that he has discussed this matter with Robert Klein several times. Klein feels the Commission

should reconsider this case because the Commission cannot prove detrimental evidence to proceed.

Mary Savio moved and John Texeira seconded to dismiss this case and a letter be sent to Marion Massey advising her to handle her transactions in a more professional manner. Motion carried unanimously.

RE-76-2 Mariners Realty

Executive Secretary reported that this case was discussed at the last meeting and he was requested to determine how many times Mariners Realty has used Burke's Pest Control. Subject to the request, a supplementary report was submitted.

Vice Chairman Isonaga entertained a motion to dismiss this case and that a letter be sent to Mariners Realty to warn them to exercise greater caution in the selection of termite inspection companies and they should take a precautionary measure to see if the company is licensed. Mary Savio seconded. Motion unanimously carried.

Executive Secretary reported that the Complaint Review Committee met on February 24, 1976 to review the following complaints:

RE-617 Liz Real Estate, Ltd.

The Complaint Review Committee recommended that the Commission recommend Liz Real Estate, Inc. make full refund to the complainant because complainant was led to believe that the purchaser would be owner-occupants and based on this belief, complainant purchased a unit.

Executive Secretary informed that he and Robert Klein discussed this matter as to whether the action the Commission would be taking is in compliance with the rules and regulations. Robert Klein stated that he feels it is going a little too far.

The Committee's recommendation was amended to read: It was recommended that the Commission have an informal hearing.

RE-639 Tropic Shores Realty, Ltd.

The Committee recommended that this case be dismissed on the basis that there was no evidence found of any mismanagement on the part of the respondent.

Ah Kau Young moved and John Urner seconded. Motion carried unanimously (Mary Savio abstained from voting).

RE-640 Ilikai Hotel Condominium

The Committee recommended that Capital Investment Co. Hawaii, Inc., be notified that they must have a full time broker-in-

charge at the rental office in the Ilikai Hotel and there must be a desk for the broker-in-charge at said office. Furthermore, that Ilikai Properties, Inc., be warned that they are not to engage in real estate activities, including rental services without a real estate broker license.

John Texeira moved and John Urner seconded, Motion carried.

RE-645 Randy Solomon

The Committee recommended that action be deferred until further investigation is conducted to determine whether Solomon Associates, Inc., or Randy Solomon owned the property and was the seller, or were they acting as agent for the seller. Also, determine the cause for dissolution of the corporation.

RE-646 Stanley Tobias

The Committee recommended that a letter be sent to Tobias informing him that a review of the complaint and investigation report indicates that he did not use his best efforts to satisfy the parties in handling the transaction, and it appears that had he handled the transaction through a licensed escrow company much of this dispute could have been avoided. Further, advise Tobias that there has been one other complaint filed against him in the past, and the Commission cautions him to avoid further conflicts.

Ah Kau Young moved and Tadayoshi Ishizu seconded. Motion unanimously carried.

RE-75-4 Simon C. Ramos, Jr.

The Executive Secretary advised that Toshio Yoshida notified the Commission that he had left the firm on November 1, 1975 and Simon Ramos became the principal broker.

Mary Savio moved and Tadayoshi Ishizu seconded that the case be dismissed and that a letter of warning be sent to Ramos, in view of the verbal informal complaints that have been registered with members of the Commission. Motion unanimously carried.

RE-75-7 P. S. Realtors

The Committee recommended that a letter be sent notifying P. S. Realty that the Commission feels they are not conducting their business from their registered place of business, and they must change their business practice to operate primarily out of the registered place of business and not from their homes. They must change their letterheads, etc. to show their business address and telephone rather than their home address and telephone and also change the telephone number in the directory.

John Urner moved and Mary Savio seconded. Motion carried.

RE-75-8 Hugh Menefee, Inc.

The Committee recommended that the Commission should advise Hugh Menefee, Inc., that the brochure and news article indicate all purchasers will receive a parking stall in the secured parking area. Also, recommendation was made to advise the respondent to provide complainant with a proper parking stall as represented in the brochure and news article. The Executive Secretary was directed to check with Robert Klein to determine whether the Commission could take steps to recommend that Vanic be provided a proper parking stall without first holding a formal hearing.

Robert Klein recommended that a letter be sent to Hugh Menefee and request that settlement be made.

Tadayoshi Ishizu moved and Ah Kau Young seconded. Motion unanimously carried.

RE-75-14 Velma R. Davis

The Committee recommended that this case be dismissed, inasmuch as investigation reveals respondent has made payments on the increase in interest, and made deposits of \$243.50 to the account of complainant during the months of January through May 1975.

Mary Savio moved and Ah Kau Young seconded. Motion carried.

RE-75-16 Rudy Lang, dba R. D. Lang Realty Co.

The Committee recommended that a copy of the investigation report and exhibits be sent to Deputy Attorney General Allan Kawada to add to the other reports that were sent to him for his study on time sharing programs. It was also recommended that a copy of the investigation report and exhibits be sent to the California Real Estate Department for their information and whatever action they deem advisable since Rudy Lang is licensed by them.

Mary Savio moved and Ah Kau Young seconded. Motion carried.

RE-76-20 Bettie White

The Committee recommended that we advise the complainant, in view of the facts available through our investigation, that the Commission found no justifiable complaint.

Mary Savio moved and Tadayoshi Ishizu seconded. Motion carried.

RE-75-23 Winston Watanabe

The Committee recommended that this complaint be dismissed since no violation of our real estate licensing law and rules was found.

Mrs. Violet C. King appeared before the Commission to give her views on this matter. She stated that she is a co-complainant to complainant Joe Perreira.

Tadayoshi Ishizu moved and John Urner seconded to dismiss this case. Motion unanimously carried.

RE-75-25 Tom Schmidt, Realtors

The Committee recommended that the Commission advise Tom Schmidt that, according to our findings, he failed to express the exact agreement of the parties as to their financial obligations and commitments as it relates to Paragraph 21 of the Subagreement of Sale, and such action is in violation of Rule 1.3(f) of the Commission's rules and regulations. It was further recommended that this matter be brought before the Commission to effect settlement.

Vice Chairman Isonaga entertained a motion that the Commission recommend to Schmidt that he makes restitution based on the recommendation above. Mary Savio moved and John Texeira seconded. Motion unanimously carried.

RE-76-17 Mung Yee

Executive Secretary reported that Mung Yee advised he will forfeit his license. The Executive Secretary reported that he will work with Robert Klein to draft the letter of agreement for forfeiture of Mung Yee's license.

CON-75-1 Carwin Corporation

The Committee recommended that the Commission dismiss this case on the basis that there is no violation of our existing Chapter 514, H.R.S., and that staff be instructed to make sure that developers make a complete disclosure of all future mix-use projects, and that the Commission shall make the disclosure in a prominent manner in the public reports.

Mary Savio moved and Ah Kau Young seconded. Motion carried.

Luncheon Recess: Vice Chairman Isonaga called a luncheon recess at 11:50 a.m.

Reconvened: Vice Chairman Isonaga reconvened the meeting at 1:00 p.m.

New Business: Licensing

CORPORATION

Creative Realty Inc. - 190 S. King Street, #1702, Honolulu
Clifford P. S. Shin-PB

A. Joel Criz & Associates Inc. - 700 Bishop Street, #909, Hon.
Albert J. Criz-PB

CORPORATION (Continued)

The Investment Corp. - 177 Queen Street, Honolulu
Camilla J. Rabbett-PB
Paniolo Properties Inc. - 1152 Bishop Bldg., Honolulu
Benjamin W. C. Chong-PB

Mary Savio moved and Ah Kau Young seconded to approve the corporation applications. Motion carried unanimously.

TRADENAME

Ebbtide - 949 McCully Street, #12, Honolulu
Sandra Kelley, dba
FAH Realty - 1411 S. King Street, #202, Honolulu
Francis A. Holmes, dba
Frank Fujimura - 1152 Bishop Street, Honolulu
Franklin T. Fujimura, dba
A Space in the Sun - Kahului Shopping Ctr., Kahului, Maui
Kenneth J. Kittiel, dba
T-A Real Estate - 2615 S. King Street, #3E, Honolulu
Tom Arashiro, Inc., dba
Yacht Harbor Real Estate - 1600 Ala Moana Blvd., #300, Honolulu
Jo Ann Marie Mullen, dba

Mary Savio moved and Ah Kau Young seconded to approve the tradename applications subject to fulfilling the requirements and to check on FAH Realty (Mr. Holmes). Motion carried.

Vice Chairman inquired whether the staff is continuing to issue licenses to applicants under any circumstances. The Executive Secretary reported that this was correct. The Executive Secretary was directed to submit all applications for independent brokers license to the Commission for approval.

BRANCH OFFICE

Rod Burgess Realtors Inc., Br-2 - 25 Kaneohe Bay Drive, #204,
Lorene K. Aldrich-BIC Kailua
Mike McCormack (A McCormack Corp.), Br-12 - 210 Ward Ave., #126
Carol Gupton-BIC Honolulu

Mary Savio moved and Tadayoshi Ishizu seconded to approve the branch office applications. Motion unanimously carried.

Executive Secretary was directed to advise Rod Burgess of the promise that was made as to the change of name and to withhold issuance of the license.

PAST-1 YEAR DEADLINE FOR LICENSE

William E. Kerbox, Jr.

Executive Secretary informed that William E. Kerbox, Jr., wrote a letter explaining his reasons for late filing.

Vice Chairman Isonaga entertained a motion to deny the application. Ah Kau Young moved and Mary Savio seconded. Motion carried unanimously.

Miscellaneous: School Visitation Report (December 1975 Examination)

Executive Secretary reported that Richard Muranaka, Investigator, wrote the schools visitation report for the December 1975 real estate examination, and it will be in the Executive Secretary's office for the Commission's perusal.

Executive Secretary briefly highlighted the report and stated that the response from the students appears to be weak.

Vice Chairman Isonaga requested that the schools give the Commission better cooperation as to the survey.

Correspondence: Don Tallman's Letter Re: NARELLO Western District Officers

Executive Secretary informed that Don Tallman was recommended to take George Oakes' position since he relinquished it.

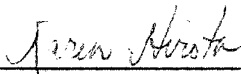
Executive Secretary advised that Don Tallman's letter stated that the District Vice President and District Director will be moved up and he recommended two people be recommended for the positions.

Mary Savio moved and Ah Kau Young seconded to accept Tallman's recommendation. Motion unanimously carried.

Date of
Next Meeting: March 25, 1976, Board Room

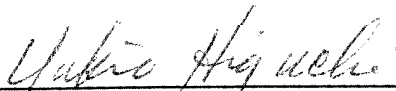
Adjournment: There being no further business, Vice Chairman Isonaga adjourned the meeting at 2:20 p.m.

Taken and recorded by:



Karen Hirota, Clerk-Stenographer

Approved by:



YUKIO HIGUCHI, Executive Secretary

YH:pl
3/9/76