

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

MINUTES OF MEETING

Date: Friday, July 29, 1977

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

Present: Ah Kau Young, Chairman
Mary V. Savio, Vice Chairman
Tadayoshi Ishizu, Member
Edwin H. Shiroma, Member
John D. Texeira, Member
Ralph S. Yagi, Member

John W. Reilly, Educational Consultant
Yukio Higuchi, Executive Secretary
Saeko Whang, Secretary

Prof. Donald W. Bell, College of Business, U. of H.
Earl Lee, Hawaii Association of Realtors
Peggy Lockridge, Broker
Jack Schmidt, Broker, representing Grosvenor Properties
Steve Parker, principal broker, Earl Thacker Co., Ltd.
Colleen McClelland, applicant for Salesman License
Violet King, Observer

Absent: John M. Urner, Member - on island of Maui

Call to Order: There being a quorum, Chairman Young called the meeting to order at 9:15 a.m.

The Executive Secretary apprised that the agenda for today's meeting was filed on Monday, August 22, 1977 at the Lt. Governor's office in compliance with the Sunshine Law.

Minutes: Upon motion by Ralph Yagi, seconded by Tadayoshi Ishizu, the minutes of June 24, 1977 meeting were approved as circulated. Motion carried unanimously.

Committee Reports: Real Estate Education Advisory Council

Clinton L. Childs' Application for Real Estate Salesman and Broker Instructor Certification

Upon Executive Secretary's recommendation, Edwin Shiroma moved and Ralph Yagi seconded to approve Clinton L. Childs' application for real estate salesman and broker instructor certification subject to (1) his submitting a written confirmation from the Dept. of Education that he is licensed as a private real estate

instructor, and (2) his passing the Commission's special examination for instructors. Motion carried unanimously.

The Executive Secretary pointed out that the Commission had adopted the new instructors examination, but no passing score was set.

John Reilly, educational consultant, recommended 80% as the passing score.

Mary Savio moved and Edwin Shiroma seconded to set the passing score at 80%, as recommended. Motion carried unanimously.

Hawaiian School of Real Estate - Change of Ownership

Carl Sorensen, principal of Hawaiian School of Real Estate, notified the Commission the change of ownership to Betty Jean Oliver, principal broker of Island Realty.

After discussion, Mary Savio moved and Ralph Yagi seconded to approve the change subject to advisement that all requirements of DOE has been met and other requirements as the Executive Secretary may see fit. Motion carried unanimously.

Establishment of Real Estate Chair at U. of H.

Professor Donald Bell stated that the above-cationed matter went before the Board of Regents meeting in July; however, there was a hang up on the technical question as to whether or not this was a permanent endowed chair. This matter is on the agenda for the August meeting to solve the legal question.

After discussion, the members of the Commission agreed that it will not be created as a permanent endowed chair.

S.B.M.P. Advanced Real Estate Courses

The Executive Secretary reported that he has forwarded the request for Governor's approval but, to this date, has not received any word. As soon as it is approved, request will be made to department's administrative services office to expedite this matter.

R.E. Education Officer

The Executive Secretary reported that he has prepared the draft of job description of the real estate education officer and forwarded it to the Licensing Administrator, who, unfortunately is on sick leave. However an advance copy has been forward to the department's personnel office to review and to help us improve on it.

The Commissioners expressed a feeling of urgency on this matter and were in agreement that this is a first "Priority."

Commission's News Bulletin

As the Real Estate Commission's contract with Trade Publishing Company has expired, a new proposal was submitted. Trade Publishing Company will produce two bulletins between July 1, 1977 and June 30, 1978 and mail to approximately 14,000 real estate licensees at a cost of \$4,255.00.

After discussion, Mary Savio moved and John Texeira seconded to accept the proposal as submitted by Trade Publishing Company. Motion carried unanimously.

R.E. Consultant's Report

In reference to his final report which were circulated earlier, John Reilly stated that he will be happy to answer any questions from the Commissioners so as to get in-depth meaning after they have had a chance to read it. Although his contract has expired, he will help explain the report when the Commission do get its new educational officer. He feels very strongly the fact that we can do so much more - raising brokers' standard if there were full time Commissioners and a separate Real Estate Division. In closing, he thanked everyone personally.

The Commission directed that the distribution of the 13 copies of the final report shall be as follows:

- 7 copies - Commissioners
- 1 copy - Wayne Minami, Director
- 1 copy - Dick H. Okaji, Licensing Administrator
- 1 copy - Yukio Higuchi, Executive Secretary
- 3 copies - to be determined later

Discussion as to the distribution of the additional copies of "Characteristics and Performance of Real Estate & Salesman In the Hawaiian Islands" by Crocker Liu was brought up. The distribution are as follows:

- Governor
- Lt. Governor
- Legislators
- NARELLO (Headquarters)
- Neighbor Islands Boards of Realtors
- Honolulu Board of Realtors (an additional copy)

Should any real estate salesman or broker expresses interest in reading the report, licensee is to be directed to the respective island realty boards or the public libraries.

In behalf of the Commissioners, Mary Savio thanked John Reilly for his timely report and stated that John deserves a vote of confidence, he has cooperated with the Commissioners throughout the year and served on many committees.

Laws and Rules Review Committee

Edwin Shiroma reported that 3 speakers, Mr. Charles B. Schmalz and Mr. Lawrence W. Carlstrom from Seaboard Surety Company and Mr. Kenneth Matsuura from Amfac Financial Corporation briefed the Commissioners what bonding and financial requirements are all about in respect to the HPR law on July 28, 1977 held at the Amfac Towers Building.

He announced that a decision was made to hold future meetings on similar nature with 2 representatives from the Commission together with the Deputy Attorney General. Mary Savio and Edwin Shiroma volunteered to be the representatives. The next Rules Committee meeting will be held on August 25, 1977.

R.E. Recovery Fund

In reference to the proposed Real Estate Education Fund budget for fiscal year 1977-1978, circulated earlier, the Executive Secretary informed the members that it went up to the Director for its approval. After receiving assurance from the Executive Secretary that the budget will not be depleted within a few years, Director Wayne Minami approved the budget which shows a balance of \$417,816.30 as of June 30, 1977.

Under the Expenditure column of unpaid bills, a motion was made by Edwin Shiroma, seconded by Mary Savio to find out the cut-off time for payment on Dr. Edward Laitila's contract. Motion carried unanimously.

Edwin Shiroma moved and Mary Savio seconded to accept the budget as presented. Motion carried unanimously.

Business Out
of Minutes:Questionable ApplicationsGrosvenor Properties (Hawaii) Ltd.

Jack Schmidt, broker, representing Grosvenor Properties appeared before the Commission to discuss the above matter which had been deferred at last month's meeting.

After the question and answer period, Mary Savio moved and Tadayoshi Ishizu seconded to approve application of Grosvenor Properties (Hawaii) Ltd., a wholly owned subsidiary of Grosvenor International. Motion carried unanimously.

Colleen McClelland, Applicant for Salesman License

Colleen McClelland appeared with her broker, Steve Parker, to explain to the Commissioners the mitigating circumstances which led to her late filing. Her real estate salesman license application was denied based on Rule 3.1(f) at the May 13, 1977 meeting. Applicant waived her rights to a formal hearing in lieu of this informal conference.

Chair thanked both McClelland and Parker for appearing and stated that the matter will be taken under advisement.

After discussion, Ralph Yagi moved and John Texeira seconded to approve Colleen McClelland's application for real estate salesman license. Motion carried unanimously.

Investigations: The Complaint Review Committee met on July 27, 1977 consisting of Mary Savio, John Urner, Deputy Attorney General Russel Nagata and the Executive Secretary.

RE-637 Douglas Correa and David Bartholomew

The above-captioned case dates back to 1975 and complainant had filed a claim in court to seek relief through the real estate recovery fund. In April 1976, Commission decided to withhold any action and wait until the court rendered its decision. It appears respondent is in big trouble and on the verge of bankruptcy.

Deputy Attorney General Russel Nagata had advised the Commission that if they wish to hear on this case, we should give this matter top priority since it has been waiting for nearly 2 years. It was recommended that all cases against Correa should be compiled together for formal hearing purpose.

Mary Savio moved and Ralph Yagi seconded to immediately proceed to a formal hearing combining all pending cases in similar matter and designate departmental hearing officer to hear the case. Motion carried unanimously.

RE-75-22 Lokelani Construction Co.

Further investigation had been requested earlier and it has been revealed that respondent is still out of town. Therefore, Edwin Shiroma moved and Mary Savio seconded to dismiss case. Complainant should seek remedy through civil court. Motion carried unanimously.

RE-76-132 Tom Schmidt Realtors

Complaint Review Committee recommended that Commission reconsider its earlier action to hold a formal hearing. The Executive Secretary, after conferring with Bob Klein, Departmental Complaints Officer, stated that respondent was a victim of circumstances and, therefore, to issue a cease and desist letter.

Ralph Yagi moved and Tadayoshi Ishizu seconded to accept Committee's recommendation to issue a warning letter instead of going to a formal hearing. Motion carried unanimously.

RE-77-11 Midkiff Realty, Inc.

Further investigation was requested to determine whether respondent is properly supervising her staff on Kauai.

Committee recommended that (1) she close her Kauai office and to relocate in Honolulu within 30 days. If she wishes, she may establish a branch office in Kauai with a broker in charge, and (2) to hold a formal hearing regarding commingling of clients' accounts.

Ralph Yagi moved and Mary Savio seconded to hold a formal hearing and to designate departmental hearings officer to hear the case. Motion carried unanimously.

A second motion was made by Mary Savio, seconded by Ralph Yagi to have the Executive Secretary write to respondent to relocate the principal office in Honolulu and, if she desires, to open a branch office on Kauai. Motion carried unanimously.

RE-76-140, RE-76-152 and CON-76-12 Mary Lou Whitman and Maunaihi Developers

At May 27, 1977 meeting, a request for further investigation was made to contact the recording secretary of the Association of Apartment Owners of Maunaihi Terrace and salesman. After review of the supplementary investigation report, Committee recommended that Dan Matsukage should fulfill his representations to install panelling in the elevator lobby area and to install "astro-turf" to the apron of the pool area and not the deck.

Mary Savio moved and Ralph Yagi seconded to accept Committee's recommendations and to dismiss Mary Lou Whitman of any charges. Motion carried unanimously.

RE-76-153 Amara-ColeLand Co., Inc. and Dannettee M. McGregor

Committee recommended dismissal of complaint on grounds of insufficient evidence of misrepresentation.

John Texeira moved and Mary Savio seconded to accept Committee's recommendation. Motion carried unanimously.

RE-76-163 Harold Fuller, Sr.

As this complaint involved numerous violations, Committee left it up to the Commission to make its decision.

After discussion, Edwin Shiroma moved and Tadayoshi Ishizu seconded to hold a formal hearing and to designate departmental hearings officer to hear the case. Motion carried unanimously.

RE-77-13 Flora Palmer, Carolyn Daugharty, Aileen Lund and Marianne Sharp

Committee recommended a cease and desist letter be sent to Carolyn Daugharty who is conducting a real estate rental business as a resident manager of a condominium project.

John Texeira moved and Edwin Shiroma seconded to accept the recommendation to issue a warning letter to Carolyn Daugharty. Motion carried unanimously.

RE-77-24 CANTEX Development Corporation

After review of the supplementary report which disclosed that the present management company is now operating as a hotel and has conformed to all operation of a hotel, Complaint Review Committee recommended dismissal of the case.

Mary Savio moved and John Texeira seconded that inasmuch as the supplementary investigation report reveals that the present operation appears to conform to all requirements for a hotel and there is no violation of the statutes, to close this case. Motion carried unanimously.

RE-77-25 McCormack Management Group, Ltd.

Complaint Review Committee found no violation of the Commission's law or rules and regulations, therefore, recommended dismissal.

Mary Savio moved and Tadayoshi Ishizu seconded to accept Committee's recommendation to dismiss case. Motion carried unanimously.

RE-77-27 Ralph A. Schrader & Schrader Realty, Inc.

Committee recommended a letter of warning be sent to Ralph A. Schrader to stop using resident managers to show apartments and to collect rentals if they do not own the units. They should also not give the contracts to the tenants for signatures.

Mary Savio moved and Tadayoshi Ishizu seconded to accept Committee's recommendation and directed Executive Secretary to check first before writing. Motion carried unanimously.

RE-77-65 Wallace Y. Hiraoka

Committee recommended that Executive Secretary to discuss this matter with respondent's attorney, Robert Jinks, and further to reprimand Hiraoka and his broker.

Mary Savio moved and Tadayoshi Ishizu seconded to accept Committee's recommendation. Motion carried unanimously.

New Business: LICENSING

CORPORATION

A.R.M. Realty & Management Inc. - 535 Ward Ave., #202, Honolulu
Dennis H. Oseto, pb

Ralph Yagi moved and Tadayoshi Ishizu seconded to approve the above application subject to Executive Secretary first checking into what A.R.M. stands for and only after he has been fully satisfied. Motion carried unanimously.

Beachcomber Realty, Inc. - 1919 Kalakaua Ave. #1, Honolulu
Parker N. Blaney, pb

Lee Greenbaum Realty, Inc. - 1405 No. King St., Honolulu
Leona I. Greenbaum, pb

Hasten Realty, Inc. - 745 Fort St., #1814 Hawaii Bldg., Honolulu
Monroe S. Townsend, pb

Inter-Island Management, Inc. - 75-5665-B Alii Dr., Kailua-Kona
Jo Ann Stewart, pb

Kang & Daggett Associates, Inc. - 345 Queen St., #605, Honolulu
Richard W. Daggett, pb

Knight Financial Corporation - 190 S. King St., #2727, Honolulu
David A. Dawes, pb

Lehua Realty of Hawaii, Inc. - 161 Kalakaua St., #18, Hilo
Gary S. Kaneko, pb

Management, Inc. - 1314 S. King St., #1564, Honolulu
Carlton K. L. Chang, pb

McCormack Hawaii, Ltd. - 841 Bishop St., #2000, Honolulu
Dayton F. Caple, pb

McCormack Maui, Ltd. - Whaler's Village, Kaanapali Beach
Robert S. Ricketts, pb

Princeville Management Corporation - Princeville Clubhouse, Hanalei
Charles I. Hull, pb

The Property People, Inc. - 94-903 Farrington Hwy #6, Waipahu
Richard M. Ogasawara, pb

Real Estate Systems, Inc. - 190 S. King St., #1660, Honolulu
Kwan H. Kuh, pb

Realty Hawaii, Inc. - Kamuela Office Center, P. O. Box 222, Kamuela
Rex R. Pelfrey, pb

Sunset Properties, Inc. - 283 Wili Ko Place, Box 1167, Lahaina
Howard A. Schatan, pb

Windward Realty, Inc. - 841 Bishop St., #1710, Honolulu
Mary J. Matheson, pb

John Texeira moved and Ralph Yagi seconded to approve the applications for corporate licenses. Motion carried unanimously.

BRANCH OFFICE

McCormack Hawaii, Ltd. Branch Office - 210 Ward Ave., #126, Honolulu
Carol Gupton, bic

McCormack Hawaii, Ltd. Branch Office - 4747 Kilauea Ave., #107, Hon.
Patric Crichton, bic

McCormack Hawaii, Ltd. Branch Office - 7192 Kalaniana'ole Hwy, #245,
Honolulu
Pamela Lynch, bic

McCormack Hawaii, Ltd. Branch Office - 109 Hekili St., Kailua, Oahu
Josephine Brooks, bic

McCormack Hawaii, Ltd. Branch Office - 46-005 Kawa St., Kaneohe
Esther Sanborn, bic

McCormack Hawaii, Ltd. Branch Office - 98-084 Kam Hwy 2nd Flr, Aiea
Elizabeth Dower, bic

McCormack Hawaii, Ltd. Branch Office - 95-390 Kuahelani Ave.,
DuVahn Sayles, bic
Mililani Town

McCormack Hawaii, Ltd. Branch Office - 85-761 Farrington Hwy, Waianae
Elizabeth Kearings, bic

McCormack Hawaii, Ltd. Branch Office - 4479 Rice St., Lihue
Larry Haman, bic

McCormack Maui, Ltd. Branch Office - 75-5744 Alii Dr., Kailua-Kona
LaVerne Allen, bic

Wilson Gray & Associates, Inc. Branch Office - 953 Lehua Ave.
James Morrison, bic
Pearl City

Kenny Young dba Kenny Young Realtor Branch Office - 75-155 B Kalani St.
Keola Childs, bic
Kailua-Kona

Ralph Yagi moved and Tadayoshi Ishizu seconded to approve the above applications for branch offices. Motion carried unanimously.

TRADENAME

Owen H. Ariki & Associates - 255 Keawe St., Hilo
Owen H. Ariki, dba

Sam Daily Realty - 309 Hahani St., Kailua, Oahu
Sammy G. Daily, dba

Gallery of Homes - Hon. Mdse Mart Bldg., #301, Honolulu
Hansel L. S. A. Chang, dba

Help Realty - 4215 Castle St., Honolulu
Joseph E. Chu, dba

One Man Realty -
Randolph A. Batoon, dba

Riki Watanabe Realty - 641 Keeaumoku St., #11, Honolulu
Rikio Watanabe, dba

John Texeira moved and Ralph Yagi seconded to approve the above applications for tradenames. Motion carried unanimously.

Miscellaneous: Joyce A. Farinas, Applicant for Real Estate Salesman Examination

After discussion, John Texeira moved and Tadayoshi Ishizu seconded to deny Joyce A. Farinas' application for real estate salesman examination on the grounds that she has not satisfied the educational requirements. Motion carried unanimously.

Mauna Luan (Michael Hannon)

For informational purpose, the Executive Secretary apprised the members that a written opinion from the Attorney General's office was requested regarding the above matter.

Correspondence: Kenneth Harris' Letter RE: Reconstruction of Examination

After due consideration, Mary Savio moved and Ralph Yagi seconded to write a letter thanking Kenneth Harris for his concern regarding the reconstruction of test questions and that this matter will be referred to the real estate educational officer when that position has been filled. Motion carried unanimously.

Yukio Takeya's Letter RE: Employment of a Salesman in Kamuela by a Broker in Hilo

Following discussion, John Texeira moved and Ralph Yagi seconded to deny Yukio Takeya's request to employ a salesman in Kamuela stating that the distance between his office in Hilo and salesman's residence was too far a distance for proper supervision.

A vote was taken as follows: Ralph Yagi, John Texeira, Mary Savio and Ah Kau Young - Yes: Tadayoshi Ishizu - No
Motion carried.

Albert V. Vincent's Letter RE: Notarization of Broker's Signature on Salesman Applications

After discussion, John Texeira moved and Ralph Yagi seconded to approve Albert V. Vincent's request to do away with the requirement that principal broker's signature on the Employment Certification Statement form must be notarized. It was agreed that the present supply should be used up before reprint of new form without the notarization requirement. John Texeira, Ralph Yagi, Tadayoshi Ishizu and Ah Kau Young voted "Yes." Mary Savio abstained from voting for possible conflict of interest. Motion carried.

Rosemary Johnson's Letter RE: Requiring Showing of Covenants When Selling Subdivided Lands

After discussion, Ralph Yagi moved and John Texeira seconded to file her request for future reference and will consider the changes at the time of amendments to its rules and regulations. Motion carried unanimously.

At the request of Executive Secretary, Mary Savio moved and John Texeira seconded to add the following two items to the agenda in compliance with the Sunshine Law. Motion carried unanimously.

Change of Size to Brokers' Certificates

Marion Oshiro, Licensing Branch supervisor, made a request to change the size of broker's certificate to the same size as salesman's certificate so that it can be put through the computer in the very near future.

After discussion Ralph Yagi moved and Mary Savio seconded to approve to change the size of broker certificates provided that the colors are distinct for easy identification between salesman and broker certificates. Motion carried unanimously.

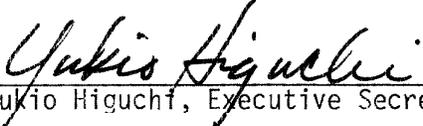
Edward Keliikoa's Letter RE: Continuance as Principal Broker of LSI Realty

Following discussion, Ralph Yagi moved and Tadayoshi Ishizu seconded to approve request of Edward Keliikoa, principal broker of Lear Siegler, Inc. to permit him to continue as principal broker for a period not to exceed December 31, 1977.

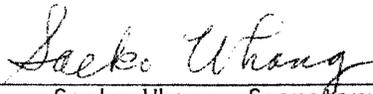
Date of Next Meeting: Friday, August 26, 1977, 9:00 a.m.
Board Room

Adjournment: There being no further business, the meeting was adjourned at 3:15 p.m.

Approved by:


Yukio Higuchi, Executive Secretary

Taken and recorded by:


Saeko Whang, Secretary