

SUMMARY OF PROCEEDINGS
THIRD MEETING OF 1962
REAL ESTATE COMMISSION
Professional & Vocational Licensing Division
Department of Treasury and Regulation
State of Hawaii

March 20, 1962

Chairman Aaron M. Chaney, presiding, called the meeting to order at 9:00 a.m. in Conference Room No. 1, Department of Treasury and Regulation Building, 313 So. Beretania St., Honolulu 13, Hawaii.

Present were: Aaron M. Chaney, Chairman
Dorothy S. Ahrens, Kauai Member
Yukio Kashiwa, Oahu Member
Jack K. Palk, " "
Erling P. Wick, Maui Member
Hirotooshi Yamamoto, Oahu Member
Robt E. Bekeart, Executive Secretary

ORDER OF BUSINESS

MINUTES OF PREVIOUS MEETING

Mr. Palk moved approval of the minutes of the February 20, 1962 meeting. Mr. Kashiwa seconded. Motion carried.

FINANCIAL REPORT

Financial statement showing balance as of June 30, 1961, income up to and including January 31, 1962 accepted and ordered placed on file.

OLD BUSINESS

Administrative

- a. Results of February 17, 1962 salesman examination presented by Executive Secretary with candidates #1 through #25, plus candidate #135, recommended as qualified.

Mr. Chaney removed himself from the chair and Mr. Yamamoto served as Acting Chairman. Mr. Chaney moved that the performance of candidates #26 through #59 be reviewed by the members. Mr. Wick seconded. Motion carried.

Note: This action was deferred to the bottom of the agenda as members were interested in studying the completion section of the test booklets in question.

Mr. Chaney re-assumed the chairmanship of the meeting.

Results of February 24, 1962 broker examination presented with candidates #1 through #12 recommended for qualification. Mr. Palk moved that the recommendation of Executive Secretary be approved. Mr. Wick seconded. Motion carried.

- b. Executive Secretary reported on successful move to 313 So. Beretania Street. He stated that in the beginning there are bound to be weak spots in re-organizing. The matter of an effective communications system to maintain the Commission's level of service and enforcement was stressed as being the only immediate concern of Mr. Bekeart.
- c. The question of purchasing equipment and supplies was discussed. Executive Secretary reported the purchase of 2 two-drawer file cabinets for subdivision registrations and condominium filings. This expenditure had been approved at the February 20, 1962 meeting. In the matter of purchasers for the licensing division, boards or commissions, the members were of the opinion that they would authorize and approve buying materials for the Real Estate Commission. The purchase of 9 legal-size dividers or trays for storage of applications, forms and publications of other agencies was disapproved.
- d. In the matter of revising the partnership and corporation broker application form, Mr. Palk requested the Chairman to set this item aside. The project will be reported on to the members at the April meeting.
- e. Proposed changes to Chapter 170, Rules and Regulations were discussed and the members directed that this matter be set aside for the next meeting which might possibly convene on the Island of Hawaii. The Executive Secretary suggested that the April 17 meeting be devoted to such administrative matters as policies, procedures and rules and regulations.
- f. Condominium Registration - The Executive Secretary reported that the "WAIKIKI ROYAL" condominium project, REGISTRATION NO. 3, has been received. The material has been reviewed by Special Deputy Attorney General Shigekane, conferences have been held with the developer's counsel and the final public report will issue shortly.
- g. Subdivision Registrations - New subdivision registrations for "KONA WONDERLAND" (Hawaii), "SHOW LOW PINES - UNIT 5" (Arizona), "KEAPUKA" (Oahu) and "KULA KAI" (Maui) were reported by the Executive Secretary. Letters of acceptance of the registration had been forwarded to all developments except "KULA KAI SUBDIVISION" which had only been received today.

The Chairman directed the Executive Secretary to bring out all subdivision registrations filed to date so the members could become thoroughly acquainted with the filing procedure and the letter of

acceptance forwarded to the subdivider after the file, and related documents and exhibits, had been studied by Mr. Bekeart.

- h. Characteristics and Performance Study - The members were of the opinion that a letter should be directed to the Treasurer giving the background on the Commission's position in accepting the study as a project having merit. The decision to enter into a contract with the University of Hawaii Bureau of Business Research was made after Dr. Wermel, Dean, College of Business Administration presented his ideas at the October 28, 1961 meeting of the Commission. Subsequently there was a further meeting on this project in the Treasurer's office with Dr. Silva, Dr. Wermel, Professor Bell, Mr. Chaney and Mr. Bekeart speaking to the merits of the undertaking and answering such questions as Mr. Carl Sakata, Budget Analyst, made inquiry on. The Commission is determined to seek a statement from the Treasurer and the Department of Budget and Review on the status of this contract for which monies had been allocated in a revision to the Commission's budget under a December 8, 1961 communication.
- i. At 10:00 a.m., by invitation, Mr. J. Howard Ferguson appeared before the Commission to re-state some of his objections to the Real Estate Commission having the responsibility of regulating the horizontal property regime statute, Act 180. The chairman, for Mr. Ferguson information, reviewed the background on how the condominium law was proposed and passed the public hearing at which everyone was given an opportunity to speak and the necessity for requiring disclosure from developers who desire to place their projects under the horizontal property regimes law. Mr. Palk identified the problem as being Mr. Ferguson's concern that the members, being practising brokers and developers, could be considered as competitors to condominium developers. To the statement that the commissioners were in the unique position of being able to use his new ideas or schemes the members replied that such allegations were poorly conceived. Mr. Ferguson spoke strongly to that part of his January 17, 1962 letter in which he stated there was some information, such as the financing prospectus, which was no business of the Commission. The Chairman briefly recapped the HAWAIIAN PRINCE project as one illustrating the point that disclosure might have curtailed a strange plan of financing. Before departing, Mr. Ferguson re-affirmed his concern over real estate practitioners, serving on the Commission, had the opportunity to plagiarize his plans and ideas. As this new concept of ownership pertains to an interest in real estate the members were strongly of the opinion that the administration of the law is rightfully placed with a body of professional real estate men who know, understand and appreciate the problems facing a developer. Mr. Ferguson withdrew, after forty minutes, still of the opinion that the law could be more effectively enforced in some other agency such as the Business Registration Division.

Enforcement

- a. ACME REALTY, INCORPORATED, (Ebbtide Hotels) - Executive Secretary will set up conference with Norman Chung, counsel for the firm, and determine what progress has been made in their building program and merchandising operations on the various islands. It was suggested that Deputy Attorney General Arthur Fong sit in on these meetings to assist Mr. Bekeart in the interrogation. The Attorney General is to be advised of the Commission's renewed interest in this case and the members' desire to see a solution one way or the other. Report is to be made at the next meeting on progress in the case and other new developments.
- b. VANATTA REALTY COMPANY, LTD. (Waikiki Cabanas) - Members directed that the offer to purchase contract in this project be submitted to the Attorney General for a determination as to whether the Commission has grounds to proceed further in the investigation and disciplinary action against licensees. Mr. Palk's point was that our primary concern has always been that there appears to be a possible charge of commingling of funds in the agency account.
- c. CENTRAL REALTY, INCORPORATED, (Beachwalk Terrace) - A conference will be set up with Clarence Hamaishi in order to learn what progress he can report on his stated efforts to return depositors' monies. The Attorney General will be advised of the Commission's desire to finalize this matter.
- d. JAMES PELTIER, LIMITED, (Hawaiian Machi Subdivision) - Executive Secretary reported on the letter received from James Peltier, broker, in which they stated they have withdrawn the Hawaiian Machi Subdivision offering from the market. The Commission considered this matter closed.

NEW BUSINESS

Enforcement

- a. SURFTIDE-SKYLANE, INCORPORATED complaint against Chad Dunstan, broker - Executive Secretary reported on oral discussions over the past several days on this matter with both the complainant's counsel and the respondent's attorney. Mr. Bekeart brought the members up to date as of late afternoon, March 19 in statements by Mr. Dunstan's attorney, Louis Blissard. The Commission directed that the letter of complaint be acknowledged to attorney Axel Ornelles and that the respondent be advised, in writing, to present his version of the matter.
- b. DINEEN complaint against Stephen Sawyer, Broker - It was ruled that the letter be acknowledged with the statement that commission arrangements are outside the purview of this regulatory body. It was to be suggested to Mr. Dineen that he seek advice of competent counsel in this matter.

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- c. BETTER BUSINESS BUREAU OF HONOLULU inquiry on George B. Moscoso. Executive Secretary reported a few comments had been received, in addition to the BBB inquiry, on the operations of this Californian person selling subdivision lands here in Hawaii without having proper license registration. The matter would be acknowledged to Better Business Bureau as having been checked through but no positive investigation had been attempted.
- d. DOROTHY GALBRAITH complaint against Richard Patterson, ISLAND HOMES employee. This matter was to be acknowledged and the complainant advised to make contact with the realty firm in the transaction in order to affect a solution satisfactory to her.

34th ANNUAL NALLO CONFERENCE

Members received the Executive Secretary's summation of what has transpired with association authorities on the mainland. In order to lend more support to the planning and execution of a successful October conference the Chairman volunteered to approach the Governor, in consort with real estate industry leaders, for financial assistance to help underwrite certain costs and expenses of this important meeting where we will be hosting real estate leaders from every state, as well as Canadian provincial governments.

ADJOURNMENT

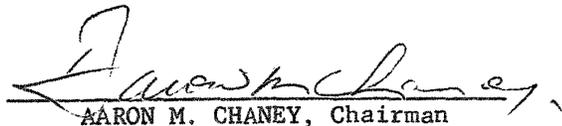
The meeting adjourned at 1:30 p.m.

Respectfully submitted,



Robt E. Bekeart
Executive Secretary

APPROVED:



AARON M. CHANEY, Chairman