

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

ORIGINAL

MINUTES OF MEETING

Date: Tuesday, April 23, 1968

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

Present: Jack K. Palk (Oahu) Chairman Douglas R. Sodetani (Maui)  
Yukio Kashiwa (Oahu) Vice Chairman Hiromu Yamanaka (Hawaii)  
Irving A. Jenkins (Kauai) William H. C. Young (Oahu)  
Harold J. Silva (Oahu)

James H. S. Choi, Deputy Attorney General  
Robt E. Bekeart, Executive Secretary

Absent: Mr. Charlton, representing the Real Estate Association of Hawaii,  
and Mr. Michael T. McCormack, representing Honolulu Board of  
Realtors, were both noted as excused from the proceedings.

Call to Order: There being a quorum, Mr. Palk in the Chair, called the meeting  
to order at 1:40 p.m. The normal order of business was set aside  
to permit the Commission to move on with the appearances as  
recorded below.

Business Out RE-281 LEA THROPP, LTD.  
of Minutes: At their previous meeting the commissioners agreed to invite both  
parties to the complaint to present their side of the matter  
before the Commission.

1:45 p.m. Appearance: Mr. and Mrs. William Cramer, Buyer/Complainant  
Mr. W. Patrick O'Connor, Complainant's Attorney  
Mr. Clark Alworth, Buyer's Agent

2:25 p.m. Appearance: Mr. James P. D. Thropp, Owner/Seller  
Mrs. Lee Thropp, Seller's Agent/Respondent  
Mrs. Elena Crow, Listor for Owner

3:00 p.m. Concluded the two separate audiences.

Commission decided that in view of the facts and information  
in the investigation report and information subsequently developed  
by testimony at the above meetings with all interested parties  
there is no basis on which an allegation of misconduct can be  
sustained, or that the Respondent, Lea Thropp, Ltd., on the  
statements given this day can be held in violation of the real  
estate licensing statute or effective rules and regulations.

The commissioners were in agreement that there is a possibility  
that a disclosure on the drainage problem had been adequately

made by the listing broker (the owner/seller's agent.) The complainant Cramer's testimony showed that the buyer, by reason of being party to the offer to buy had reason to know that there were defects in the land and improvements, which was the underlying reason for the property being priced at lower than market conditions.

The Commission's findings will be communicated to the Complainants, Mr. and Mrs. William Cramer. It was agreed that Mr. James H. S. Choi, Deputy Attorney General, will review the Executive Secretary's letter before it is dispatched.

At approximately 3:30 p.m. the Chairman proceeded with the routine business of the day.

Minutes:

UPON MOTION, the Commission approved the proceedings of the Friday, March 22, 1968, monthly meeting.

Motion carried unanimously.

Business Out of Minutes:

LICENSING (Section 170-1. through 170-24.)

March 5, 1968 Examination

Executive Secretary presented the Examination Branch statistics on applicants appearing for examination.

	<u>Examinees</u>	
	<u>Broker</u>	<u>Salesman</u>
County of Hawaii (Hilo)	1	44
County of Hawaii (Kailua-Kona)	3	9
City and County of Honolulu	72	389
County of Kauai	-	6
County of Maui	<u>2</u>	<u>-</u>
TOTAL	78	448

The Executive Secretary presented EXHIBIT "A" showing the ranking of twenty-five (25) applicants for a real estate broker license.

UPON MOTION the Commission ruled that the following twenty-five (25) applicants for real estate broker license were found qualified in the March 5, 1968 written examination. (See first attachment.)

Motion carried unanimously.

The Executive Secretary presented EXHIBIT "B" showing the ranking of one hundred and eighty-seven (187) applicants for real estate salesman license.

UPON MOTION, the Commission ruled that the following one hundred and eighty-seven (187) applicants for real estate salesman license were found qualified in the March 5, 1968 written examination. (See second attachment.)

Motion carried unanimously.

Fingerprint Record Procedure

The Executive Secretary is to formulate a program similar to the operation now conducted by the Real Estate Commissioner, State of California, whereby through departmental legislation the procedure for issuing a license, pending a full and complete fingerprint identification clearance, was established. As in California, the Hawaii commissioners see the problem of maintaining high standards of integrity and reputation, but expediting the licensing of the majority who have honorable backgrounds and records.

The Deputy Attorney General, Mr. Choi, will confer with the Executive Secretary on the possible mechanical problems of suspending licenses where a registration has been granted but later through identification check, an unsavory record has been found.

Liaison with the California authorities will be established in order to bring this matter to a successful solution at the earliest time.

CONDOMINIUM (Section 170A-1. through 170A-46.)

The Executive Secretary presented the status table below on Horizontal Property Act registrations:

<u>Project</u>	<u>Registered</u>	<u>Preliminary</u>	<u>Final</u>	<u>Supplementary</u>	<u>Current</u>
Windward Villa Project No. II Reg. 132	10/24/65	None	4/18/66	4/11/68	
Kapiolani Hale	10/2/67	-	Pending/	-	-
Prospect Tower Apts. Reg. 196	10/20/67	4/23/68	-	-	-
Diamond Head Lanai	1/12/68	Pending*	-	-	-
Wilder Tower	1/23/68	Pending*	-	-	-
Coral Terrace Apts.	1/23/68	-	Pending*	-	-
The Palo Alto	2/1/68	Pending/	-	-	4/22/68
Kamehameha Gardens Reg. 170	6/27/67	-	7/19/67	Pending*	-
Marine Surf Waikiki Reg. 100	8/25/65	-	10/25/67	3/28/68	-
Sunset Towers Reg. 117	11/15/65	-	1/21/67	Pending/	3/29/68
Mokuleia Resorts- Ehenehene Reg. 190	2/27/68	3/25/68			

(Cont'd.)

<u>Project</u>	<u>Registered</u>	<u>Preliminary</u>	<u>Final</u>	<u>Supplementary</u>	<u>Current</u>
Mokuleia Resorts- Olenalena Reg. 191	2/27/68	3/27/68			
Mokuleia Resorts- Hailono Reg. 192	2/27/68	3/28/68			
Mokuleia Resorts- Lowena Reg. 193	2/27/68	3/28/68			
Mokuleia Resorts- Nohea Reg. 194	4/5/68	4/11/68			
Mokuleia Resorts-Manu Reg. 195	4/5/68	4/19/68			
Prince David Apts.	3/14/68	-	Pending*		3/27/68
The Barclay	2/6/68	Pending*			
Marina Kai (Kaiser Terrace)	3/21/68	Pending*			

LEGEND: \* denotes waiting examination/report writing  
/ denotes Developer responsibility  
Current - date of Developer's recent communication

The Commission accepted the Executive Secretary's report on registrations and issuance of public reports.

New Business: LICENSING

New Corporations, Partnerships, DBAs and Branch Offices

<u>Corporation</u>	<u>Principal Broker</u>
New Hawaii Realty, Inc.	Carl A. Farden, Jr.
First National Realty Corporation	Chad Dunstan
Kaena Management Co., Inc.	Raymond Y. C. Ho

Partnership

(None)

DBA

Robert J. Prosser Realty

Robert J. Prosser dba

Branch Office

New Hawaii Realty, Inc. Branch	Gary S. Kuroda, BIC
Portrait of Homes, Inc. Branch (801 Kaheka Street)	Peter T. Nam Koong, BIC
Great Hawaiian Realty Inc., Branch (Hotel Biltmore Lobby)	Thelma T. Steichen, BIC
Great Hawaiian Realty, Inc. Branch (Temporary H.I.C. 4-17-68 to 4-21-68 only.)	Edvin H. Shiroma, BIC

UPON MOTION, the Commission ruled that the processings immediately above, as tentatively authorized by the Licensing Administrator, be approved and entered of record.

Motion carried unanimously.

Investigations: RE-237 WAIMALU TERRACE CONDOMINIUM

Executive Secretary is to conclude this matter with an appropriate notice to the Developer advising that either of two courses of action are open to be explored. The Commission, acting on its own motion, will cause a supplementary public report to issue giving notice of a change in the plan. The Developer could report to the regulators that he intends to take the project out of the horizontal property law operation.

RE-264 VIOLET G. KING

The Commission, in reviewing the position of the Respondent and her rights under the Hawaii Administrative Procedures Act, acknowledged that no exceptions have been filed to the Hearings Officers' decision which was properly served on the licensee.

The Deputy Attorney General, Mr. Choi, advised the Commission of future procedural requirements. He noted that as no exceptions had been offered the body could accept the recommendation of the Hearing Officers and the Respondent can still petition to have the Commission reconsider its action.

UPON MOTION, the Commission moved to accept the Hearing Officers' recommendation of revocation of real estate broker license, No. RB-3493, issued the Respondent. The Order to become effective April 23, 1968.

Motion carried unanimously.

RE-265 BEN E. AYSON

Executive Secretary is continuing to conclude this investigative matter by having the Complainants come forward and establish their side of the problem as against the facts and information represented by the Respondent in his earlier appearance before the Commission.

RE-278 ARMIDA SMITH

After a review of the information in the investigation report, the Commission agrees that there is no evidence of misconduct

nor are there facts to show the Respondent acted in a manner unethical.

RE-280 CLEMENT K. GONDO

Deferred. Disposition of RE-283 to be considered.

RE-233 CLEMENT K. GONDO

All procedural requirements of the Administrative Practices Act have been met. This matter has been set down for action before the Hearing Officers, Mr. Silva and Mr. Young, at 9:00 a.m., Monday, May 20, 1968.

The investigation has been expanded and now James S. Kawaoka, licensed salesman for the Respondent's firm has been charged and given notice to appear for hearing.

- RE-284     )
- RE-285     ) MARINE SURF WAIKIKI
- RE-293     )

The Commission finds nothing to substantiate an allegation that the Respondent violated the provisions of the Horizontal Property Act, Chapter 170A, R.L.H. The commissioners opined that the regulatory authorities want to be of assistance to the public if a grievance can be sustained, but care must be taken to see that the Commission does not become entangled in a jurisdictional matter. The Commission acknowledges that it is sympathetic to the problems as presented through the several different letters, but there is nothing in the investigation report to show a violation of statute or regulation.

In conclusion the Commission notes that the project and any notification to the registration will be monitored. If the Complainants have knowledge of any additional facts or new information that they feel will assist the Commission in its monitoring role it would be helpful if such information could be brought to the Staff's attention for inclusion in the continuing investigation.

RE-286 REINHARDT REALTY

Based on the information assembled in the investigation report there is nothing to support the allegation that the Respondent fraudulently withheld the subject deposit money. The commissioners are cognizant that the work was done, the yard had been cleaned and the funds had been expended, but there is disbelief that these items are sufficient to warrant a clear-cut charge of misconduct.

The Respondent, Reinhardt Realty, will submit a statement, supported by proper documentation, i.e., receipts, billings, etc., to illustrate how the \$225.00 was legitimately expended. An effort will be made to have the Respondent show an accounting for these monies and that such an accounting must be to the Commission's satisfaction.

RE-287 MARK-CROSETTI, LTD.

The Commission awaits the opinion of the Attorney General as to whether there has been a violation of the condominium statute. The Executive Secretary is to prepare the file for review by the Commission's counsel and the necessary verification checks are to be made into the refund conditions of the reservation and sale contract, the status of funds in escrow at Title Guaranty Escrow Services, Inc., and the accuracy of statements that at one point Oceanic Properties, Inc., represented by William "Bill" Curlett, were interested in the project.

RE-290 VI DOLMAN

The Complainant appears to have ample opportunity to disengage from relations with the listing broker, Dolman & Urner, Inc. The commissioners are of the opinion that the broker, Mrs. Vi Dolman, adequately checked into the financial responsibility of the buyer and that the licensees relied on the best possible sources for information on the ability of Mrs. Betty Pahia to purchase.

Based on the information in the investigation report the Commission finds no evidence to support a charge of misrepresentation. Further, the commissioners fail to see any action that could be defined as "totally unconscionable conduct."

RE-292 RESORT REALTY, LTD.

The investigation report reflects that there could have been failure, by inattention to licensing law requirements, to structure this office in the Lahaina District of Maui County in accordance with Commission's standards. The breach of statute or regulation has been explained within the area of credibility to the Commission's satisfaction.

RE-294 ROBERT H. CORBETT

The Commission, having reviewed the investigation report, directed the Executive Secretary to inform the Respondent, Robert H. Corbett, that since the offer to purchase contract was contingent on the buyer successfully negotiating a loan commitment of \$60,000.00 with Equitable Assurance Company and that said effort to qualify for the loan was disallowed there was no deal.

It is suggested by the Commission that the Respondent be encouraged to return the \$1,100.00 earnest money deposit to the Complainant. The possibility exists for the regulatory body to proceed against the broker and cause a hearing to be held under Section 170-12(h), failing with a reasonable time to account for moneys belonging to a client.

Unlicensed Activity

Commissioner Sodetani reports growing concern from the organized industry in the County of Maui on possible illegal operations where stock cooperative apartment organizations and resident managers or custodians are serving as agents for owners of apartments and holding themselves out as having the authority

to offer apartments for sale. As such illegal operations should be checked at once, the Investigation Branch is to be apprised of this practice and a program established for the Maui investigators to check with various apartment associations and managers, cautioning them that this problem has been brought to the attention of the Commission.

The Executive Secretary will embrace possible violators with a warning letter soliciting cooperation and urging that such actions cease.

Kalapana Beach Estates

Commissioner Silva reports that on a recent field trip on the Island of Hawaii he took notice of a sign "Kalapana Beach Estates" located on land that was a great distance from the shoreline of Kalapana. It was agreed that this matter should be checked and the person responsible for the sign instructed to advise the Commission, in writing, on reasons why they should not be held for misleading advertisement.

Miscellaneous: Attendance at Commission Meetings - Parking

The commissioners urged the Administration to set up some adequate arrangement for parking vehicles in government spaces while regulators are attending official activities. It was suggested that some system of providing each board or commission member with an identification sticker, label or card that could be held in the custody of the owner and used on occasions of government business.

NARELLO Western District Conference

The request for out-of-state travel for Chairman Palk and Commissioner Yamanaka to attend the June 25 to June 30, 1968 meeting in West Yellowstone, Montana, is being processed today, April 23, 1968, for forwarding through channels to the Governor.

Education Task Force

Commissioner Sodetani, ETF Chairman, reported on the proposed areas of discussion for the April 24th meeting. Responsibilities have been refined and the following study and action areas assigned:

Assistant Professor Bell - Questionnaire and sampling device to be used for characteristic and performance study.

James Trask, HBR - Review examination procedures, library and content of broker and salesman questions and answers.

Honolulu Board of Realtors - Assembling required information for handbook or reference manual, and the publishing and distribution of same.



Date of Next Meeting:

As the Commission's meeting, customarily held in the third week of each month, is in conflict with other activities, the Executive Secretary requested the commissioners to consider holding meetings either in the first few days of each month or establish a schedule of meetings for the ensuing twelve months on a Thursday or Friday in the last week of every month.

The May meeting date is open and the commissioners will be advised of the selected day. It was agreed that all meetings could start at 1:30 p.m. in order to assist the neighboring island representatives in setting up a flexible transportation and overnight stay program.

Adjournment:

There being no further business to conduct, the Chairman declared the meeting adjourned at 6:40 p.m.



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ROBT E. BEKEART, Executive Secretary

REB: va  
5/30/68