

REAL ESTATE COMMISSION
Professional & Vocational Licensing Division
Department of Commerce and Consumer Affairs
State of Hawaii

MINUTES OF MEETING

Date: Friday, July 26, 1985

Place: Board Room, 2nd Floor
1010 Richards Street, Honolulu, Hawaii

Present: G. A. "Red" Morris, Chairman
Toru Kawakami, Vice Chairman
Joseph F. Blanco, Member
Gloria J. Damron, Member
Constance B. Smales, Member
Douglas R. Sodetani, Member
Yukio Takeya, Member
Peter N. Yanagawa, Member

Cynthia M. L. Yee, Information Officer
Janice Sevilla, Education Officer
Glenn M. Adachi, Executive Secretary

Virginia Lea Crandall, Hearings Officer
Eileen Luko, HAR Education Director
Mary V. Savio, HAR Representative
Frank Hinshaw, Observer

Absent: Gregg T. Yamanaka, Member

Call to Order: There being a quorum present, the meeting was called to order at 9:30 a.m. by Chairman G. A. "Red" Morris.

Notice of Meeting: The notice of meeting was filed in the Lt. Governor's office on July 19, 1985.

Minutes: Upon motion by Commissioner Kawakami and seconded by Commissioner Takeya, the Commission unanimously approved as circulated, the minutes of the June 28, 1985 meeting.

Hearings Officer's Report: RE-83-72 Darrell James Leamy

The Commission reviewed the Hearings Officer's findings of facts, conclusions of law and the recommended order in the above-entitled case. Commissioner Damron moved to accept the Hearings Officer's findings of fact, conclusions of law and recommended order. The motion was seconded by Commissioner Blanco and unanimously approved by the Commission.

RE-LIC-85-5 Gary E. Karr

The Hearings Officer reviewed the findings of fact, conclusions of laws and the recommended order in the Karr case.

Upon motion by Commissioner Damron and seconded by Commissioner Kawakami, the Commission decided to uphold the Hearings Officer's findings of facts, conclusion of law and recommended decision.

RE-82-173 Chester M. Cabral dba C. M. Cabral & Associates, Inc.

Commissioner Takeya declared a conflict and was excused from deliberations in the matter.

The Commission reviewed and approved the settlement agreement. Commissioner Blanco made the motion and Commissioner Damron seconded the motion.

There was discussion of the licensee's role as a developer and the possible impact on the recovery fund.

RE-83-95 Alice Murakami

The proposed settlement agreement was reviewed by the Commission. A concern was raised that the agreement did not contain the RECCAL course.

Commissioner Blanco moved to include that the Respondent be required to take the RECCAL course. Commissioner Damron seconded the motion and the Commission unanimously approved.

Commissioner Sodetani moved to approve the settlement agreement, as amended, on the condition that Respondent agrees to the amendment. Commissioner Takeya seconded the motion and the Commission unanimously approved.

Amendment to Rules: The Commission, upon motion by Commissioner Takeya and seconded by Commissioner Kawakami, unanimously approved the amendments to the Commission rules which was given a public hearing on this date at 9:00 a.m.

The Executive Secretary informed the Commission the notice of the public hearing was published on July 3, 1985 in the Honolulu Advertiser.

Committee Reports: Education Committee

Education Committee Chairman Blanco reviewed the Committee report that was circulated to all members.

Seminar Topics

The Commission reviewed the seminar topics for 1985-86. There was discussion to revise the proposed schedule of seminars. The Commission decided to schedule the seminars as follows:

Client Trust Accounting	June 1986
Agency/Subagency	January 1986
Art of Being Honest	April 1986
Brokerage Management	October 1985

Annual Report

Upon motion by Commissioner Blanco and seconded by Commissioner Sodetani, the Commission unanimously approved the consultant's contract for the publication of the annual report. The cost for the 1985 annual report is approximately \$14,685.00; the cost for last year's report was \$16,545.00. The Chairman will suggest some cover designs for this year's report.

Laws and Rules Review Committee

Commissioner Takeya, Chairman of the Laws and Rules Review Committee, circulated and reviewed the Committee report with the members.

Violation Fines

The Commission discussed increasing the maximum fines per violation. Some Commissioners believed the higher limit may serve as a deterrent to licensees. The Chairman stated that any increase needs to be justified since it requires statutory changes.

The Commission decided to further discuss the matter.

RICO Recommendations

Since the Education Committee will be meeting on August 7, 1985, Commissioner Takeya recommended that the LRRC discuss the RICO

recommendations at that time and also the increase in fines.

The Commission discussed the proposed amendment relating to personal liability of stockholders, officers, and directors for fraud and misrepresentation. The Commission is concerned with subjecting all officers, directors and stockholders to personal liability.

As an example, the Commission questioned whether a stockholder who is merely an investor should be held personally liable. In addition, a concern was raised about the effect on liability insurance.

New Business:

LICENSING

Corporation

Castles International, Inc. dba Castles Hawaii
6650 Hawaii Kai Dr., Ste 105 - Honolulu
Kevin T. Shannon, pb

DRI Realty, Inc. - 1111 Bishop St., Ste 204
Kenneth Y. Funakoshi, pb Hon.

Equity Properties, Inc. - 905 Umi St., Ste 301
Kenneth Y. Funakoshi, pb Hon.

Mokuleia Management, Inc. - 66-134 Kamehameha Hwy
India Andrews-Noe, pb Haleiwa

Princeville Management Corporation dba The Makai
Club at Princeville 5-4280 Kuhio Hwy. Hanalei
Bruce Hannon, pb

Progressive Realty, Inc. - 1580 Makaloa St.,
Lance M. Kakuno, pb #1177, Hon.

Three M Realty Corporation - 350 Ward Ave.,
Wilfred M. Motokane, Jr., pb Ste 106, Hon.

Urner & Associates, Inc. - 1585 Kapiolani Blvd.
John M. Urner, pb #1534, Hon.

Partnership

Chaney, Brooks & Company - 606 Coral St., Hon.
Wendell F. Brooks, Jr., pb

Branch Office

Chaney, Brooks & Company - 425 Ena Rd., Hon.
Malcolm S. Rountree, bic

Chaney, Brooks & Company - 95-390 Kuahelani Ave.
Mary Lou Nagi, bic Mililani

Chaney, Brooks & Company - P. O. Box 899
Richard Lopez, bic Ka Haku Rd. Hanalei

Chaney, Brooks & Company - 75-5706 Hanama Pl.
Katherine Herkes, bic Ste 202, KK

Chaney, Brooks & Company - 666 Front St.
William Gresham, bic Lahaina

E. L. Forde Ltd. dba Waikoloa Realty Co. -
68-1754 Laie St., Kamuela
Colette E. Cobb, bic

Hawaiiana Investment Co., Inc. dba C. Brewer
Realty - 75-5722 Kuakini Hwy, Ste 207, KK
Paul M. McHenry, bic

Hawaiiana Management Company, Ltd. - 4-0900
Charles G. Lewis, bic Kuhio Hwy, Kapaa

Hawaiiana Management Company, Ltd. dba
Condotech - 505 Front St. #227, Lahaina
Robert C. Colley, bic

Inter-Island Real Estate, Inc. - 3600 Alanui Dr.
Elua Village Office, Wailea
Pauline K. Cleveland, bic

Tradenname

1st Discount Realty - Helen A. Becker, dba
94 Kam Ave., #1, Hilo

Ingledeew Realty - Paul A. Ingledeew, dba,
533 Kaonini Circle, Hilo

G. Lum Realty - Virginia K. Lum, dba, 1585
Kapiolani Blvd., #1600, Hon.

The Commissioners reviewed the list of new corporations, partnership, branch offices and tradenames for the month of July.

Restorations

Gordon B. Gardner	-	forf.	1/1/83	(s)
Richard Nead	-	"	"	(s)
Joseph T. Shea	-	"	"	(b)

The Commission reviewed the notarized statements that were submitted with the applications

for restoration. Commissioner Sodetani moved and Commissioner Smales seconded to require the applicants to take and pass the real estate examination.

Questionable Applications

William C. Gresham dba Gresham, Kirkley & Associates - 1325 Kihei Rd. #214, Kihei

Commissioner Kawakami moved to deny the use of tradename Gresham, Kirkley and Associates under the broker license of William C. Gresham because Kirkley is only licensed as a salesman. The motion was seconded by Commissioner Damron and unanimously approved by the Commission.

Morgan Interiors, Inc. dba "M and M Realty"

Upon motion by Commissioner Kawakami and seconded by Commissioner Takeya, the Commission unanimously approved the tradename M and M Realty.

Spencer/Sewell Realty, Inc. - 975 Kapiolani Blvd.
Mary S. Shern, pb 2nd Flr, Hon.

Commissioner Kawakami moved to deny the application for license by Spencer/Sewell Realty, Inc. on the basis that Sewell is the principal broker for another corporation at the present time thereby violating Commission rules which prohibits a licensee from acting for more than one firm.

Miscellaneous:

Recovery Fund

Civil No. 7264 Dickinson v. E. P. Sackville
and Welton E. Avery

Commissioner Blanco moved to approve the order directing payment out of the real estate recovery fund. The motion was seconded by Commissioner Takeya and unanimously approved.

International Syndications

The Chairman brought up the news article concerning International Syndications. The attorney for investors stated that he is planning to go to the legislature to change the law so investors can collect from the recovery fund.

Commissioner Blanco moved to ask Sidney Ayabe, the recovery fund attorney, to prepare a position statement in opposition to circulate to legislators. The motion was seconded by Commissioner Damron and unanimously approved. The Chairman suggested that the Commission enlist the support of the industry. The Commission also requested that a summary of the case be prepared.

Joseph C. Leonardo

The Commission reviewed the letter sent by Mr. Leonardo relating to his real estate office. It was the consensus of the Commission that the location of his office is a zoning problem since the Commission rules require the licensee to conform to city or county zoning ordinances. If the county permits Mr. Leonardo to operate out of his house, then the Commission has no objection.

Therefore, staff should reply to Mr. Leonardo that he should seek approval from the city. If the city approves Mr. Leonardo's request, the Commission has no objection.

Instructor Certification

Commissioner Blanco moved to add the instructor certification application of Steven Dixton to the agenda. The motion was seconded by Commissioner Yanagawa and unanimously approved.

Commissioner Blanco moved to approve the application of Steven Dixon. Commissioner Yanagawa seconded the motion and it was unanimously approved.

Conferences

CLEAR Meeting

Commissioner Blanco moved to send the Information Officer to the CLEAR conference. The motion was seconded by Commissioner Damron and unanimously approved.

NARELLO President-Elect

The Chairman informed the Commission that he has been nominated for NARELLO President-Elect. Commissioner Sodemani moved to send all the States a letter from the Commission

endoring the candidacy of Chairman Morris for the NARELLO President-Elect. The motion was seconded by Commissioner Kawakami and unanimously approved by the Commission.

Commissioner Blanco moved to add the NARELLO Agency/Subagency meeting and the NARELLO 1986 Annual Conference to the agenda. The motion was seconded by Commissioner Yanagawa and unanimously approved.

NARELLO Agency/Subagency Meeting

The Chairman informed the Commission that the NARELLO Agency/Subagency Committee is meeting on August 26 and 27 in San Francisco. He requested that the Commission approve sending the Chairman and the Executive Secretary. The Committee will work on a policy statement to be presented to NARELLO at its annual conference. Commissioner Smales moved to approve sending the Chairman and the Executive Secretary to the NARELLO Agency/Subagency meeting. The motion was seconded by Commissioner Damron and unanimously approved.

1986 NARELLO Annual Conference

Hawaii has been selected as the site for the 1986 NARELLO Annual Conference. Commissioner Sodetani requested that an ad hoc committee be appointed to plan the conference. Upon motion by Commissioner Blanco and seconded by Commissioner Sodetani, Commissioner Takeya was unanimously approved by the Commission to chair the ad hoc committee.

Amicus Curiae

The Chairman informed the Commission that Sidney Ayabe filed the amicus curiae brief last week and that copies will be made for all members.

Condominium Consultant Contract

Commissioner Takeya moved to add the condominium consultant contract of William Alexander, Jr. to the agenda. The motion was seconded by Commissioner Blanco and unanimously approved.

The Chairman informed the Commission that William Alexander has been doing the condominium review

although the contract was drawn up in the name of Henry Alexander. The Chairman requested that the contract be amended to name William Alexander as the consultant. Upon motion by Commissioner Takeya, seconded by Commissioner Blanco, the Commission approved amending the contract to name William Alexander as the condominium consultant.

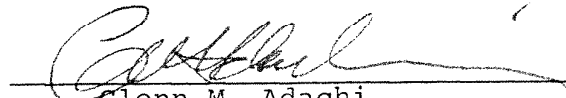
Next Meeting

August 30, 1985, 9:00 a.m.
Board Room - 2nd Flr, Kamamalu Bldg

Adjournment:

There being no further business, the meeting was adjourned at 11:20 a.m.

Taken and recorded by:



Glenn M. Adachi
Executive Secretary

8/14/85