

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

MINUTES OF MEETING

The agenda for this meeting was filed with the Lieutenant Governor's Office as required by Section 92-7(b), Hawaii Revised Statutes.

Date: Friday, April 24, 1987

Time: 9:25 a.m.

Place: Board Room, Second Floor, Kamamalu Building, 1010 Richards Street, Honolulu, Hawaii

Present: G. A. "Red" Morris, Chairman
Joseph Blanco, Member
Gloria J. Damron, Member
Yoshiko Kano, Kauai Member
Yukio Takeya, Hawaii Member
Peter Yanagawa, Member

Calvin Kimura, Executive Secretary
Cynthia Yee, Information Officer
Irene Kotaka, Secretary
Virginia Lea Crandall, Hearings Officer
Gary W. K. Au Young, Recovery Fund Attorney

Steve Gilbert, Real Estate Research and Education Center, Acting Director
Barbara Dew, HAR President-Elect
John Ramsey, Consultant
Dean David Bess, UH College of Business Administration
Kenneth Chong, Consultant
Michael Holl, Applicant
Yael Mesa, Applicant

Excused: Michele Matsuo, Public Member
Constance Smales, Public Member
Douglas Sodetani, Maui Member

Call to Order: The meeting was called to order at 9:25 a.m. by Chairman G. A. "Red" Morris. Quorum was established.

Additions to
the Agenda:

Hearings Office Report - Policy on
Disciplinary cases with fines, required
courses, and/or suspended disciplinary
action.

Recovery Fund Orders and Report - Sylvia
Sugimoto vs. Clarence K. J. Fung, Civil No.
SCD 83-1078

Restoration - Under two years
Larry Scott, salesman

Restoration - Over two years
Tian Soo Lim, salesman

Questionable Applications
Newhall Corporation
ICI Financial Services, Inc.
Suzy E. Steelman
Century 21, Pali Properties, Inc.

Executive Session - Personnel

Commissioner Takeya moved to add the items
listed above to the agenda. Commissioner
Yanagawa seconded the motion. The motion
was voted and unanimously carried.

Approval of
Minutes:

The minutes of the March 20, 1987
Commission Meeting were distributed to the
members for their review prior to the
meeting.

Upon a motion by Commissioner Takeya,
second by Commissioner Yanagawa, the
Commission unanimously approved the minutes
of the March 20, 1987 Commission Meeting as
circulated.

The motion was voted on and unanimously
carried.

Hearings Officer's
Reports:

POLICY ON DISCIPLINARY CASES WITH FINES,
REQUIRED COURSES AND/OR SUSPENDED
DISCIPLINARY ACTION

Commissioner Takeya moved to approve the
Commission policy on disciplinary cases
with fines, required courses, and/or
suspended disciplinary action as follows:

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1. Fines:
 - a. Shall have a specific time or date when it shall be paid.
 - b. Non-payment of the fine by the due date shall result in automatic suspension or revocation without hearing and/or automatic imposition of the suspended disciplinary sanction without hearing, in addition to the fine imposed.
 - c. The Respondent shall be informed to whom (RICO, Hearings, REC) payment should be forwarded to, at what address, and what type of payment will be accepted (certified checks, money orders, etc.).
 - d. Should the circumstances warrant, failure to pay the fine within the prescribed time may be grounds for further disciplinary action.
2. Commission-approved real estate courses:
 - a. Shall have a deadline of six (6) months to successfully complete and a specific time for submission of written evidence of the successful completion of the course.
 - b. Failure to successfully complete the course and provide the written evidence within the prescribed time shall result in automatic suspension or revocation without hearing and/or automatic imposition of the suspended disciplinary sanction without hearing, in addition to the course requirement.

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- c. The Respondent shall be informed as to who (RICO, Hearings Office, REC) the written evidence of the course shall be provided to.
- d. Should the circumstances provide, failure to provide written evidence of successfully completing the course within six (6) months may be grounds for further disciplinary action.

3. Examples:

- a. Failure to submit written evidence of successful completion of the required Commission approved real estate course within six (6) months of the approval of this Settlement Agreement is grounds for further disciplinary action. (Reinstating original fine, suspension, and/or revocation without hearing.)
- b. Failure to pay this fine and/or failure to submit written evidence to the Commission of successful completion of the required Commission approved real estate course within the prescribed time is grounds for reinstating the entire fine (suspension) (revocation) without any further hearing.
- c. ...then the suspended portion of this disciplinary action shall be reinstated and in the case of a fine, shall become due and payable upon whatever legal and/or disciplinary action is deemed appropriate at the time.
- d. Respondents further agree that failure to pay said fine and/or submit written evidence of successful completion of said real estate course by the date due shall result in the

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suspension (revocation) of their license without any further hearing.

Commissioner Damron seconded the motion. The motion was voted on and unanimously carried.

KAMRAN HARIRI AND BENEFICIAL REALTY,
RE-84-182 - Oral Argument on Exceptions

This matter was deferred to the June 5, 1987 Commission meeting.

TERRY A. DRISKELL, RE-85-77, 85-133,
85-254, 86-108 - Settlement Agreement

Commissioner Blanco moved to accept the settlement agreement of license revocation and restitution to the complainants. Commissioner Takeya seconded the motion. The motion was voted on and unanimously carried.

LILY TANG, RE-82-93 - Settlement Agreement

Commissioner Blanco moved to reject the settlement agreement. Commissioner Takeya seconded the motion. The motion was voted on and unanimously carried.

EARLE F. SHIROMA, RE-82-93 - Settlement Agreement

Commissioner Takeya moved to approve the settlement agreement of a \$250 fine. Commissioner Damron seconded the motion. The motion was voted on and unanimously carried.

LELAND H. Y. LOUIE, RE-85-189 - Settlement Agreement

This matter was deferred to a later date for further discussion.

Recovery Fund:

Executive Session

Upon a motion by Commissioner Blanco, second by Commissioner Damron, it was voted and unanimously carried to enter into Executive Session, pursuant to Section 92-4, to discuss recovery fund issues with the legal counsel, Gary W. K. Au Young and to discuss personnel issues at 10:07 a.m.

Upon a motion by Commissioner Blanco, second by Commissioner Takeya, it was voted and unanimously carried to move out of executive session at 10:36 a.m. and to resume the meeting.

Recovery Fund:

HAROLD G. SMITH VS. DEVELOPMENT CONCEPTS, INC.; Civil No. 86-0277, Circuit Court, First Circuit

The Commission reviewed Consultant Au Young's recommendation. Commissioner Blanco moved to pay from the recovery fund a total of \$616.00 for the claim against the licensee. The motion was seconded by Commissioner Takeya, voted and unanimously carried.

SYLVIA SUGIMOTO VS. CLARENCE K. J. FUNG, Civil No. SCD 83-1078

The Commission reviewed Consultant Au Young's recommendation. Commissioner Blanco moved to pay from the Recovery Fund a total of \$25,000 for the claim against the licensee. The motion was seconded by Commissioner Takeya, voted and unanimously carried.

FRIEND OF THE COURT

Consultant Au Young stated that his office has received a copy of the Answer to Complaint for Declaratory Relief and will be forwarding a copy to the Executive Secretary as soon as possible.

Chairman Morris recommended that the Real Estate Bulletin spotlight in each issue a licensee who has had funds paid out from the Recovery Fund. This matter will be referred to the Attorney General's Office for further review.

Committee Reports: EDUCATION COMMITTEE

Upon a motion by Commissioner Blanco, second by Commissioner Kano, it was voted and unanimously carried to accept the following recommendations of the April 8 and April 23, 1987 Education Committee Meetings as circulated:

1. Approve execution of personal service consulting contracts with the following individuals and firm for the following amounts and personal services:
 - a. John Reilly - \$3,500 for overseeing Commission's media consultants as to the consultant's agency content inclusion in the respective media campaign and productions.
 - b. Myers Advertising, Inc. - \$16,001.00 for production of 10,000 licensee workbooks to accompany agency video; producing; editing, talent and dubbing of 30 seconds television commercial; art work and production of 100,000 consumer brochures on agency disclosure; 400 agency bus posters (art, printing, and production); Home Show June 17-21 brochure distribution in information booth, rental; agency fee.
 - c. Hirata/Nonaka Creative Advertising - \$24,136.45 plus contingency fee up to a maximum of 15% or \$3,620.47 for scripting, storyboarding, production, talent, video taping, video and audio editing, directing, editing 15 to 20 minutes video agency disclosure presentation including 50 copies.
2. Approve John Reilly's Independent Study Course offering as a Commission-approved pre-license broker and sales course.

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3. Approve recommittal of the investment of education and recovery fund project including investing both funds in the State Retirement System.
4. Approve increase in allocation of \$10,706 from the Education Fund to the Real Estate Research Center payable when evidence that the Center's current budget prohibits payment of the underlining expenditures.
5. Approve reinvestigation of changing the Bulletin format to an 8-1/2 x 11 folded pamphlet format.
6. Approve scheduling the August 1987 Commission meeting on Maui on September 2, 1987 or sometime within the first week of September.
7. Chairman Morris to respond to Dean David Bess by Monday, April 27 regarding the Center's director position.

LICENSING PROCESS REVIEW

Commissioner Blanco recommended that a subcommittee comprised of Commissioners and industry employees be established to review the licensing process and present their findings at the Annual Symposium to be held in June.

LAWS AND RULES REVIEW COMMITTEE

Upon a motion by Commissioner Takeya, second by Commissioner Kano, it was voted and unanimously carried to accept the following recommendations of the April 23, 1987 Laws and Rules Review Committee Meeting as follows:

1. Chairman Morris to state to the Conference Committee on Consumer Protection and Commerce that the Commission does not support House Bill No. 1521, H.D.1, S.D.1, C.D.1 and that it feels that any disclosures should be promulgated into the rules and regulations, not in the statutes.
2. The Commission to look into considering the circumstances in which a Hawaii real estate license and an out-of-state real estate license may be on active status concurrently if the licensee is residing out of state.

the motion. The motion was voted on and unanimously carried.

Shores, Garre D. Salesman

After a review of the information submitted by the applicant, Commissioner Takeya moved that restoration of license be approved upon successfully passing the salesman's examination. Commissioner Damron seconded the motion. The motion was voted on and unanimously carried.

QUESTIONABLE APPLICATIONS

Classic Resorts, Ltd.

After a review of the information submitted by the applicant, Commissioner Takeya moved to approve the zoning waiver. Commissioner Damron seconded the motion. The motion was voted on and unanimously carried.

Conradt, Griffith R.

After a review of the information submitted by the applicant, Commissioner Takeya moved to approve the broker application of Griffith Conradt. Commissioner Blanco seconded the motion. The motion was voted and unanimously carried.

Holl, Michael J.

After a review of the information submitted by the applicant, Commissioner Takeya moved to approve the reinstatement of license. Commissioner Damron seconded the motion. The motion was voted on and unanimously carried.

Newhall Corporation

After a review of the information submitted by the applicant, Commissioner Takeya moved to approve the zoning waiver. Commissioner Damron seconded the motion. The motion was voted on and unanimously carried.

ICI Financial Services, Inc.

After a review of the information submitted by the applicant, Commissioner Takeya moved to approve the corporation license of ICI Financial Services, Inc. Commissioner Yanagawa seconded the motion. The motion was voted on and unanimously carried.

Suzy E. Steelman

Commissioner Kano was excused from the meeting.

Commissioner Damron moved to approve the reinstatement of license of Suzy E. Steelman. Commissioner Takeya seconded the motion. The motion was voted on and carried.

Commissioner Kano returned to the meeting.

Century 21 Pali Properties, Inc.

Ms. Yael Mesa was present at the meeting representing Century 21 Pali Properties, Inc. She stated that they are requesting permission to use a divisional tradename prior to approval by the Commission.

After a review of the information submitted by the applicant, Commissioner Takeya moved to approve the proposed brokerage names. All representations made to anyone, including but not limited to, advertising, contracts, business cards, letterheads, signs, etc. shall contain the full name of the real estate licensee to ensure that the person knows which licensee they are dealing with. Commissioner Kano seconded the motion. The motion was voted on and unanimously carried.

Old Business:

FUNDING FOR RELOCATION OF REAL ESTATE
COMMISSION

The Commissioners requested that the Executive Secretary develop a plan for the utilization of the space on the first floor.

Next Meeting:

June 5, 1987, 9:00 a.m.
Exam Conference Room
Second Floor, Kamamalu Building
1010 Richards Street
Honolulu, Hawaii


Adjournment:

With no further business to discuss,
Chairman Morris adjourned the meeting at
12:10 p.m.

Respectfully submitted,


Irene S. Kotaka, Secretary

Reviewed and approved:


Calvin Kimura, Executive Secretary

5/8/87
Date

5/7/87