

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

MINUTES OF MEETING

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

Date: Friday, May 29, 1998

Time: 9:00 a.m.

Place: Kapuaiwa Room
HRH Princess Victoria Kamamalu Building
1010 Richards Street, Second Floor
Honolulu, Hawaii

Present Carol Mon Lee, Vice Chair
Charles Aki, Hawaii Member
Michael Ching, Kauai Member
Alfredo Evangelista, Public Member (Late Arrival)
Helen Lindemann, Oahu Member
John Ohama, Oahu Member

Calvin Kimura, Supervising Executive Officer
Christine Rutkowski, Executive Officer
Pamela Garrison, Senior Real Estate Specialist
Russell Wong, Real Estate Specialist
Cynthia Yee, Senior Condominium Specialist
Camille Chun-Hoon, Condominium Specialist
Gina Watumull, Condominium Specialist
Shari Wong, Deputy Attorney General
Irene Kotaka, Secretary

Excused: Alvin Imamura, Chair
Mitchell Imanaka, Member
Nora Nomura, Public Member

Call to Order: The Vice Chair called the meeting to order at 9:08 a.m., at which time quorum was established.

Chair's Report: No report was presented.

Executive Officer's Report:

Additional Distribution

The following materials were distributed prior to the start of the meeting:

5. Restoration of Forfeited Licenses - Over Two Years - Brokers
Frank M. Hinshaw
6. Licensing - Questionable Applications
 - a. Kenneth Alan Senn
 - b. Poomai A. Pflueger
8. Recovery Fund Report

Minutes of Previous Meetings

Upon a motion by Commissioner Aki, seconded by

Upon a motion by Commissioner Ching, seconded by Commissioner Aki, it was voted on and unanimously carried to ratify the following:

Commissioner
 Lindemann, it was voted
 on and unanimously
 carried to approve the
 minutes of the February
 27, 1998 and the April
 24, 1998 Real Estate
 Commission meetings
 as circulated. Licensing
 and Registration -
 Ratification:

<u>Brokers - Corporations and Partnerships</u>	<u>Effective Date</u>
L & N Realty, Inc. Nancy Liao, PB	04/16/98
G&M Investments, Inc. Josephine D. Gomez, PB	02/20/98
Basic Financial Services, Inc. Gail M. Graham, PB	05/07/98
Interstate Hotels Corporation Kenneth D. H. Chong, PB	05/21/98
<u>Brokers - Limited Liability Company</u>	<u>Effective Date</u>
RE ³ , LLC, Real Estate Services Michael A. Givens, PB	04/17/98
Commercial Properties of Maui, LLC Grant E. Howe, PB	04/20/98
Hawaiiana Commercial Management Group, LLC Ralph S. Foulger, PB	05/05/98
STF Properties, LLC Scott T. Fujiwara, PB	05/07/98
<u>Brokers - Sole Proprietor</u>	<u>Effective Date</u>
Nelly Pongco-Liu	04/09/98
Ashok K. Kapoor	04/21/98
Craig J. Hanashiro	05/01/98
Dorothy C. Phillips	04/30/98
Rudolph Pacarro	05/05/98
Sunlin L. S. Wong	05/07/98
Mildred L. Kingsley	05/05/98
John P. Wood	05/06/98
Linda C. Fulp	05/12/98
Thomas Wayne Bashaw	05/13/98
Bessie A. Kong	06/01/98
<u>Tradenname</u>	<u>Effective Date</u>
Rory K. Keith, American Pacific Properties	03/31/98
James E. Troughton, Maui Dreams Come True (fka James E. Troughton, Sun Spot Properties)	04/13/98
Towne Realty Brokerage Services, Inc., Launani Valley Homes	04/24/98
<u>Corporation Name</u>	<u>Effective Date</u>
JC Realty Inc. (fka Janice Christofic Real Estate Inc.)	04/08/98
Hawaiian Pacific Realty, Ltd. (fka HP Realty, Ltd.)	04/09/98

<u>Site Office</u>	<u>Expiration Date</u>
The Prudential Locations, Inc. "Palehua Pointe"	10/23/98
Kahana Falls Limited Partnership "Kahana Falls"	11/30/98
Castle & Cooke Homes Hawaii, Inc. "Lalea at Hawaii Kai" Castle & Cooke Homes Hawaii, Inc. 11/24/98 "Unit 111 - Ku'ulako"	11/30/98
Whaler' Realty, Inc. "Kaanapali Alii"	12/27/98
<u>Site Office</u>	<u>Expiration Date</u>
Prudential Locations, LLC "The Greens at Maui Lani" "Royal Ridge" "Palehua Pointe" "Westhills Subdivision" "Kua'aina Ridge"	11/01/98
Village Realty Services, Inc. "Alii Lani Townhomes, Phase 1A and 1B"	11/01/98
Re/Max Maui, LLC "Nanea Subdivision"	11/30/98
The Bay Club Ownership Resort, Inc. "The Bay Club at Waikoloa Beach Resort"	12/15/98
C. Brewer Homes, Inc. "Kaimana at Kehalani" "Laule'a at Kehalani"	12/30/98
Schuler Realty/Oahu, Inc. "The Classics at Waikele"	10/14/98
Haseko Realty, Inc. "Ke Aina'Kai at Ocean Pointe"	11/14/98
Haseko Realty, Inc. "Ke Aina'Kai at Ocean Pointe"	
<u>Branch Office</u>	<u>Effective Date</u>
CB Commercial Real Estate Group, Inc. Frank S. Orrell, PB Numia B. Blackwell, BIC	04/28/98
Prudential Locations, LLC Susan Roberts, PB J. Robert Lightbourn, BIC	05/01/98
Prudential Locations, LLC Susan Roberts, PB Carol Miller keale, BIC	05/01/98
Prudential Locations, LLC Susan Roberts PB George K. Santoki, BIC	05/01/98
Prudential Locations, LLC Susan Roberts, PB Trudy I. Nishihara, BIC	05/01/98
Prudential Locations, LLC Susan Roberts, PB L. Sue Murray, BIC	05/01/98
<u>Education Waiver Certificate</u>	<u>Expiration Date</u>

Angelo Frank Barbaria	04/17/99
John Jason Chun	04/23/99
Holly G. Crouse	04/29/99
Walter Lee Harvey, III	05/05/99
Michael Richards	05/15/99
Dayna Layne Wengeler	05/19/99

<u>Real Estate Broker Experience Certificate</u>	<u>Expiration Date</u>
James L. Louis	04/23/99
Sandra M. Komo	04/27/99
Jack Corteway	04/27/99
Patrick W. O'Neill	04/29/99
Brian W. Matson	04/29/99
Ivan R. Esterle	05/13/99

<u>Real Estate Broker (upgrade)</u>	<u>Effective Date</u>
Hae Suk Son	04/02/98
Nelly P. Pongco-Liu	04/09/98
Steven N. Masui	04/29/98
Gretchen I. Watson-Kabei	04/13/98
Diane E. Dufour	05/07/98
Charles F. Hosley	05/07/98
Takayoshi Kurokawa	05/01/98

Restoration of Forfeited Broker's License Date
 Real Estate Broker's license will be restored upon successfully completing one of the two options of Commission approved courses within six months.

Bruce W. Raney	11/30/98
----------------	----------

Restoration of Forfeited Salesperson's License Date
 Real Estate Salesperson's license will be restored upon successfully completing one of the two options of Commission approved courses within six months.

Felicia French	10/31/98
Michael Joseph Amor Miranda	10/31/98
Kenneth S. Nishihira	09/30/98

Restoration of Forfeited Salesperson's License Date
 Real Estate Salesperson's license will be restored upon successfully passing the license examination within six months.

Seiichi Tazono	10/31/98
Fred L. Jones	11/30/98

<u>Condominium Hotel Operator</u>	<u>Effective Date</u>
Gibraltar Pacific Realty, Inc.	04/22/98
The Prudential West Hawaii Realty	
RE3, LLC, Real Estate Services	04/28/98

<u>Condominium Managing Agent</u>	<u>Effective Date</u>
RE3, LLC, Real Estate Services	04/28/98
Day-Lum Rentals & Management, Inc.	05/18/98

Day-Lum Rentals

Licensing - Restoration
of Forfeited Licenses:

Frank M. Hinshaw

Frank M. Hinshaw was present to answer any questions the Commission may have regarding his application for the restoration of his forfeited real estate broker's license. Mr. Hinshaw was asked if he wished to have his application considered in executive session. He declined the offer.

Mr. Hinshaw stated that he continued to be active in real estate outside of Hawaii. Mr. Hinshaw stated that he has been involved in community activities but has not had any real estate activities in Hawaii since his license was forfeited in Hawaii. When he was first called about the procedure at Licensing Branch, he did not know that taking the exam was a requirement for restoration. Mr. Hinshaw stated that he would have taken the exam first before taking the continuing education courses. He also stated that he has kept himself abreast of real estate in Hawaii although he has not been actively involved in real estate.

Mr. Hinshaw was asked why he wanted to restore his license. He stated that he wanted to supervise the branch office of a management company. He thought that if he could get his real estate broker's license he could help them out.

Upon a motion by Commissioner Aki, seconded by Commissioner Ohama, it was voted on and unanimously carried to take this matter under advisement.

Licensing -
Questionable
Applications:

**Monroe & Friedlander, Inc.
Monroe & Friedlander Management, Inc.**

Ms. Sandra Ching was present to answer any questions the Commissioners may have had regarding the corporate name change of Monroe & Friedlander, Inc. to Colliers Monroe Friedlander, Inc. and Monroe & Friedlander Management, Inc. to Colliers Monroe Friedlander Management, Inc. No questions were asked.

Upon a motion by Commissioner Lindemann, seconded by Commissioner Ching, it was voted on and unanimously carried to take this matter under advisement.

Kathleen M. O. Howe

Kathleen M. O. Howe was present to request an equivalency to a portion of the two year experience requirement as a Hawaii real estate salesperson and the ten real estate transactions, of which three are listing contracts, commercial, or industrial listings that have closed escrow in Hawaii and three are sales contracts, commercial or industrial leases that have closed escrow in Hawaii.

Ms. Howe stated that she was active in Arizona, teaching real estate licensing courses. She hopes to get an equivalency waiver for the experience portion because she teaches contract law in Arizona. She stated that she does know the differences between the Arizona and the Hawaii laws. She stated that she had sat down and noted the differences between the two contracts laws. She submitted a list of things she is doing under the supervision of her principal broker at this point. She stated that she has just secured her first listing.

Ms. Howe stated that she will be leaving to get a REBAC designation. She is a Senior GRI instructor in Arizona. She stated that she was present to answer any questions the Commissioners may have had regarding her application.

Ms. Howe was asked if she had any other experience in real estate in Hawaii. She stated that she did not. When she purchased her condo in 1996, she used a real estate salesperson to handle the transaction. Her house was purchased through an agreement of sale using a DROA and the appropriate addendum. The contract was sent to an attorney who handled everything.

Upon a motion by Commissioner Ching, seconded by Commissioner Lindemann, it was voted on and unanimously carried to take this matter under advisement.

Commissioner Ching recused himself due to a conflict of interest.

Michael J. Hannon, proposed Principal Broker of Makai Real Estate LLC, was present to answer any questions the Commissioners may have had regarding the real estate corporation application.

Due to a lack of quorum, oral testimony and discussion was deferred to later in the meeting.

Committee Reports:

Laws and Rules Review Committee

Upon a motion by Commissioner Ching, seconded by Commissioner Ohama, it was voted on and unanimously carried to accept the report of the May 8, 1998 Laws and Rules Review Committee meeting, as follows:

1. **Accept** the minutes of the April 8, 1998 Laws and Rules Review Committee meeting as amended.
2. Hawaii Real Estate Research and Education Center Report. Real Estate Seminars - Steven Gilbert, Interim Director, reported that the real estate seminar will air island wide on June 6, 1998, from 10:00 a.m. to 11:30 a.m. Mr. Gilbert reported that after meeting with the planning committee members on Wednesday, May 6, it was decided to entitle the show "Protecting the Home Buyer in Hawaii." Panel members are: Dana Sato, Inspection and Disclosure; Elia Long, Title Assurance; Marie Imanaka, Finance; and Carol Hoffman, Escrow. HREREC to provide REC with post-seminar report and a copy of a tape of the seminar.
3. Program of Work and Budget, FY99
 - a. HREREC and the Chair - HREREC to provide an accounting to staff of all funds and carryovers. HREREC to provide recommendations on program of work for all committees at least 8 days prior to May 29, 1998 Commission meeting. On program of work items and funding, the Commission will have to base their decisions on budget, priorities, carryover programs, termination of Chair services as of June 30, 1998, termination of the HREREC contract as of June 30, 1999, and the transition issues related to the contract termination.
 - b. **Recommend** that the Commissioners provide their written comments on the proposed Program of Work for FY99, Draft 1-A, to the SEO at least 8 days prior to the **May 29, 1998** Commission meeting. The Program of Work and Budget, FY99 needs to be approved by the Director before July 1, 1998. Because the Licensing Administrator and the Director needs review/comment time, the goal is for Commission approval at the May 29, 1998 meeting and staff to finalize document and forward for approval by June 5, 1998. Request that Commissioners bring Draft 1-A to the next Commission meeting.
4. Budget and Finance Report - Real Estate Recovery Fund, March 1998 - **Accept**
5. Next Meeting: Friday, June 10, 1998
9:00 a.m.
Kapuwaiwa Room
1010 Richards Street, Second Floor

Honolulu, Hawaii

Education Review Committee

Upon a motion by Commissioner Aki, seconded by Commissioner Lindemann, it was voted on and unanimously carried to accept the report of the May 8, 1998 Education Review Committee meeting, as follows:

1. Minutes of April 8, 1998 Meeting - **Accept**
2. Hawaii Real Estate Research and Education Center Report and Chair Report
 - a. Evaluation and Education System for CE and Prelicensing Instructors - **Accept** status report on the evaluation/monitoring program for the period of March 21 through April 30, 1998, submitted by Interim Director Steven Gilbert.
3. Continuing Education Administration, Curriculum, Courses, Providers and Instructors - Applications
 - a. Provider - Akahi Real Estate Network, LLC (Administrator: Jay J. Spadinger) - **Recommend Approval**
 - b. Instructor - Jay J. Spadinger, Elective course(s): "Introduction to Broker Management" and "Disclosures in Hawaii Residential Transactions" - **Recommend Approval**
 - c. Course
 - 1) "Understanding the Land Use Ordinance: C & C of Honolulu" (Provider: Abe Lee Seminars, Instructor: Abraham Lee, Course category: Property Ownership and Development) - **Recommend Approval** with incorporation of information on building permits.
 - 2) "Essentials in Financing" (Provider: Hawaii Association of REALTORS; Instructor: Instructors certified in course category: Finance; Course category: Finance) - **Recommend Approval**
 - 3) "Essentials of the DROA" (Provider: Hawaii Association of REALTORS; Instructor: Instructors certified in course categories: Real Estate Law or Contracts; Course categories: Real Estate Law and Contracts) - **Recommend Approval**
 - 4) "Essentials of Listing" (Provider: Hawaii Association of REALTORS; Instructor: Instructors certified in course categories: Real Estate Law or Contracts; Course categories: Real Estate Law and Contracts) - **Recommend Approval**
4. Program of Work, FY98
 - a. Instructor's Development Workshop - **Recommend Approval** of a two-day Instructor Development Workshop to be held on June 3, 1998 from 9:00 a.m. - 4:30 p.m. and June 4, 1998 from 9:00 a.m. - noon, in conjunction with the Real Estate Educators Association 1998 Annual Conference.
 - b. Program of Work and Budget, FY99
 - 1) HREREC and the Chair - HREREC to provide an accounting to staff of all funds and carryovers. HREREC to provide recommendations on program of work for all committees at least 8 days prior to May 29, 1998 Commission meeting. On program of work items and funding, the Commission will have to base their decisions on budget, priorities, carryover programs, termination of Chair services as of June 30, 1998, termination of the HREREC contract as of June 30, 1999, and the transition issues related to the contract termination.
 - 2) **Recommend** that the Commissioners provide their written comments on the proposed Program of Work for FY99, Draft 1-A, to the SEO at least 8 days prior to the **May 29, 1998** Commission meeting. The Program of Work and Budget, FY99 needs to be approved by the Director before July 1, 1998. Because the Licensing Administrator and the Director needs

review/comment time, the goal is for Commission approval at the May 29, 1998 meeting and staff to finalize document and forward for approval by June 5, 1998. Request that Commissioners bring Draft 1-A to the next Commission meeting.

5. Budget and Finance Report - Real Estate Education Fund, March 1998 - **Accept**
6. Next Meeting: Friday, June 10, 1998, 10:00 a. m.
Kapuaiwa Room
HRH Princess Kamamalu Building
1010 Richards Street, Second Floor
Honolulu, Hawaii

Condominium Review Committee

Upon a motion by Commissioner Ohama, seconded by Commissioner Ching, it was voted on and unanimously carried to accept the report of the May 8, 1998 Condominium Review Committee meeting, as follows:

1. Minutes of April 8, 1998 and November 10, 1997 -- **Accept** minutes.
2. HREREC Report
 - a. Hawaii Condominium Bulletin - Fourth bulletin for 98 Fiscal Year scheduled for distribution at the end of May; first layout given to REB staff at committee meeting May 8, 1998.
 - b. Board of Director's Guide - **Recommend approval** to change the name of the next stand alone brochure from "Anti Discrimination in Hawaii Condominiums" to "Preventing Housing Discrimination in Hawaii Condominiums."
 - c. Condominium Seminars - Scheduling seminar relating to Fair Housing June 13, 1998; outline of seminar to be distributed to REC and staff by May 20, 1998 for REC meeting of May 29, 1998.
3. Condominium Governance and Management
AOAO Registrations
 - a. Fidelity Bond Exemption - AOA Puuwai Pines, #3526 -- Based on the facts of the request (no risk to association funds; having no funds) **recommend approval** of granting the request for a fidelity bond exemption subject to the following conditions:
 - (1) The AOA continues to have no common expenses, no bank accounts and handles no funds;
 - (2) The Commission shall be notified immediately of material changes in circumstances affecting the registration of the AOA, or to the condominium public report or both;
 - (3) The AOA registration shall terminate without notice if at any time the conditions are not met;
 - (4) All owners shall acknowledge in writing their consent and joinder in the current request and any future request for a fidelity bond exemption; and
 - (5) At the next registration, provided the AOA submits a written

- b. 1997-1999 Registration Issued Effective Dates through April 30, 1998 - **Recommend approval** for ratification.
4. CPR Registration, Public Reports, Extensions Issued -- **Recommend approval** to ratify issuance of effective dates for public reports and extensions for the month of April 1998.
5. CMEF Budget and Finance Report for period ending March 31, 1998 (unaudited) - **Accept.**
6. Next Meeting: Wednesday, June 10, 1998
1:30 p.m.
Kapuaiwa Room
HRH Princess Victoria Kamamalu Building
1010 Richards Street, Second Floor
Honolulu, Hawaii

Program of Work and Budget, FY99

Draft 1-A of the Program of Work and Budget, FY 1999, was distributed earlier to the Commissioners for their review and comments. The SEO informed the Commissioners that the goal was to approve and finalize the Program of Work and Budget, FY99 by the end of today's meeting. The finalized Program of Work and Budget will then be transmitted to the Licensing Administrator and the Director for their review and approval. The Commission would like to get the Director's approval by July 1, 1998.

Chapter 91, HRS, Adjudicatory Matters:

The Chair called a recess from the meeting at 9:29 a.m., to discuss and deliberate on the following adjudicatory matters, pursuant to Chapter 91, HRS:

In the Matter of the Real Estate Broker's License of Allan M. Yoza, REC 96-59-L

Upon a motion by Commissioner Ohama, seconded by Commissioner Lindemann, it was voted on and unanimously carried to approve the Settlement Agreement Prior to Filing of Petition for Disciplinary Action and Commission's Final Order.

In the Matter of the Real Estate Broker's License and Condominium Managing Agent's Registration of Management, Inc. and the Real Estate Broker's License of Thomas A. Lilly, REC 95-143-L and CPR 95-13-L

Upon a motion by Commissioner Ohama, seconded by Commissioner Aki, it was voted on and unanimously carried to approve the Settlement Agreement After Filing of Petition for Disciplinary Action and Commission's Final Order.

In the Matter of the Real Estate Broker's License of Robert John Schneider, REC 96-65-L

Upon a motion by Commissioner Ohama, seconded by Commissioner Aki, it was voted on and unanimously carried that the Commission issued its Final Order concluding that respondent violated, among other sections, §467-14(20), Hawaii Revised Statutes, but under a different basis than those found by the Hearings Officer.

In the Matter of the Application for a Real Estate Salesperson's License of Paz Feng Abastillas, REC-LIC-98-2

A copy of the Hearings Officer's Order of Dismissal was distributed to the Commissioners for their information.

Following the Commission's review, deliberation and decision in these matters, pursuant to

Chapter 91, HRS, the Chair announced that the Commission was reconvening its scheduled meeting at 9:45 a.m., pursuant to Chapter 92, HRS.

Executive Session:

Upon a motion by Commissioner Lindemann, seconded by Commissioner Aki, it was voted on and unanimously carried to enter into executive session pursuant to Section 92-5(a)(1), HRS, "To consider and evaluate personal information relating to individuals applying for professional or vocational licenses cited in section 26-9 or both;".

Upon a motion by Commissioner Ching, seconded by Commissioner Aki, it was voted on and unanimously carried to move out of executive session.

Licensing - Restoration
of Forfeited Licenses:

Joan Lorena Myers
Stephen David Whittaker

Salesperson
Salesperson

After a review of the information submitted by the applicants, Commissioner Ching moved that restoration be approved upon submitting evidence of successfully passing the real estate salesperson's licensing examination. Commissioner Lindemann seconded the motion. The motion was voted on and unanimously carried.

Richard L. Frunzi

Broker

After a review of the information submitted by the applicant, Commissioner Ohama moved to deny Richard L. Frunzi's request to use the continuing education waiver to satisfy the continuing education requirement as per §16-99-92, HAR. Commissioner Ching seconded the motion. The motion was voted on and unanimously carried.

Frank M. Hinshaw

Broker

After a review of the information presented by the applicant, Commissioner Ching moved that restoration be approved upon submitting evidence of successfully passing the real estate broker's licensing examination. Commissioner Lindemann seconded the motion. The motion was voted on and unanimously carried.

Licensing -
Questionable
Applications:

Kenneth Alan Senn

After a review of the information submitted by the applicant, Commissioner Ching moved to approve the real estate salesperson's license application of Kenneth Alan Senn. Commissioner Lindemann seconded the motion. The motion was voted on and unanimously carried.

Poomai A. Pflueger

After a review of the information submitted by the applicant, Commissioner Lindemann moved to approve the real estate salesperson's license application of Poomai A. Pflueger. Commissioner Aki seconded the motion. The motion was voted on and unanimously carried.

Christine M. M. deSilva

After a review of the information submitted by the applicant, Commissioner Aki moved to approve the real estate broker license application of Christine M. M. deSilva. Commissioner Ching seconded the motion. The motion was voted on and unanimously carried.

Prestige Rentals of Maui, Ltd.

After a review of the information submitted by the applicant, Commissioner Ohama moved to approve the real estate corporation application of Prestige Rentals of Maui, Ltd.

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

Kathleen M. O. Howe

After a review of the information submitted by the applicant, Commissioner Lindemann moved to deny Kathleen M. O. Howe's request for an equivalency to the ten (10) Hawaii written real estate transaction requirement, of which three are sales contracts closed escrow and three are listing contracts or commercial or industrial leases closed escrow and the two-year full-time experience requirement, based on §16-99-38(a)(1)(2)(A), HAR. Commissioner Ohama seconded the motion. The motion was voted on and unanimously carried.

Monroe & Friedlander, Inc.

After a review of the information submitted by the applicant, Commissioner Aki moved to approve the corporate name change to "Colliers Monroe Friedlander, Inc." Commissioner Ohama seconded the motion. The motion was voted on and unanimously carried.

Monroe & Friedlander Management, Inc.

After a review of the information submitted by the applicant, Commissioner Aki moved to approve the corporate name change to "Colliers Monroe Friedlander Management, Inc." Commissioner Ohama seconded the motion. The motion was voted on and unanimously carried.

CB Commercial Real Estate Group, Inc.

After a review of the information presented by the applicant, Commissioner Aki moved to approve the corporate name change to "CB Richard Ellis, Inc." Commissioner Ohama seconded the motion. The motion was voted on and unanimously carried.

Delegation to Staff: Upon a motion by Commissioner Aki, seconded by Commissioner Ohama, it was voted on and unanimously carried to delegate to staff the authority to approve new applications, name changes or trade names if there are no other issues, in which the applicant's proposed name includes the name of an individual who is not a broker affiliated with the applicant if the name is:

- a. Associated with a company that has an international or national presence, as documented by the applicant; or
- b. Associated with a franchise that is registered with BREG.

Recess: The Chair recessed the meeting at 10:25 a.m.

Reconvene: The Chair reconvened the meeting at 10:38 a.m.

Commissioner Evangelista arrived.

Licensing - **Makai Real Estate LLC**
Questionable
Applications:

Commissioner Ching was excused from the meeting due to a conflict of interest.

Michael Hannon, proposed Principal Broker, of Makai Real Estate LLC was present to answer any questions the Commissioners may have regarding the real estate corporation application of Makai Real Estate LLC. Mr. Hannon was asked if he wish to have the

application considered in executive session. He declined the offer.

Mr. Hannon stated that he has filed for bankruptcy and the Bankruptcy Court has taken over jurisdiction of the unpaid judgments. Mr. Hannon stated that he needs to proceed with a new business. He stated that he has been a real estate broker for the past 20 years. He needs to make a living and he is happy to answer any questions the Commissioners may have.

Mr. Hannon was asked if his judgment was discharged from bankruptcy. He answered, "No." He also stated that he has a settlement which is current. He has filed for bankruptcy under Chapter 11 but two of his major creditors objected, so he was forced to file for bankruptcy under Chapter 7. He stated that he hopes to have the proceedings completed by the end of June. He stated that he has a payment plan going forward at this period of time, however, since he was forced into Chapter 7 bankruptcy, he no longer has any assets to make the payments. There is nothing that he can do to expedite the proceedings. The remaining amount is \$30,000.00. He assumes that his proposal will be accepted. Mr. Hannon stated that he does need to make a living. He stated that it seemed better to form a new company rather than work for someone else. He stated that there is only one judgment which is potentially not dischargeable. The other ones are dischargeable in bankruptcy court. He said that the bankruptcy proceedings are fairly complicated and involves millions of dollars.

Mr. Hannon was asked if he would be willing to provide more information or copies of his settlement agreement and information on the status of the payments. Mr. Hannon stated that he could ask his attorney to provide the information.

Mr. Hannon was also asked if he could provide information on everything that was outside of the bankruptcy proceedings. Mr. Hannon stated that he was not sure if it would be considered outside of the bankruptcy proceedings, however, he would be happy to provide it.

Mr. Hannon stated that the \$40,000 judgment was not part of the bankruptcy proceedings. Half of the judgment has been paid. He has a proposed payment plan that is waiting to be accepted. Mr. Hannon stated that he has a hearing on June 7, but he assumes that the proposed payment plan will be accepted prior to that.

Mr. Hannon was asked to elaborate on the events that lead to the bankruptcy filing. He stated that there are a number of family-owned companies with millions of dollars in assets and loans. At the time of his divorce, a major portion of the fixed assets in securities and real estate were going to his wife. All of the debt-loaded assets were given to him. He was in the process of restructuring but he didn't have any assets so he had to file under Chapter 11. He worked with his attorney and had a good plan that was accepted by all but two major creditors. As a result, he was forced to file under Chapter 7. Everything has been liquidated and hopefully the debts will be discharged in June. Mr. Hannon stated that he needs to do something.

Mr. Hannon was asked to explain the relationship between Hannon Brothers, Ltd., Hannon Realty, Ltd. and Makai Management, Ltd. Mr. Hannon stated that there was no relationship now. They are a wholly-owned subsidiary of Princeville Corporation. He is not an officer or employee of Princeville Corporation.

Executive Session:

Upon a motion by Commissioner Aki, seconded by Commissioner Ohama, it was voted on and unanimously carried to enter into executive session, pursuant to Section 92-5(a)(1), HRS, "To consider and evaluate personal information relating to individuals applying for professional or vocational licenses cited in section 26-9 or both;".

Upon a motion by Commissioner Evangelista, seconded by Commissioner Ohama, it was voted on and unanimously carried to move out of executive session.

Licensing -
Questionable
Applications:

Makai Real Estate LLC

After a review of the information presented by the applicant, Commissioner Evangelista moved to defer action pending receipt of further information regarding the divorce settlement agreement, payments, terms and status and any other information separate from the bankruptcy proceedings. Commissioner Ohama seconded the motion. The motion was voted on and unanimously carried.

Commissioner Ching returned to the meeting.

Committee Reports:

Program of Work and Budget, FY99

Upon a motion by Commissioner Lindemann, seconded by Commissioner Aki, it was voted on and unanimously carried to approve the Program of Work and Budget, FY99, Draft 1-A, subject to working out the final figures with the HREREC and the Chair of the Commission.

Education Review Committee

Broker Curriculum -
This program will be
evaluated at the end of
the current fiscal year or
at the beginning of the
new fiscal year. It was
suggested that a couple
of Commissioners and
staff propose
recommendations to the
Education Review
Committee. Next
Meeting:

9:00 a.m.
Friday, June 26, 1998
Kapuaiwa Room
HRH Princess Victoria Kamamalu Building
1010 Richards Street, Second Floor
Honolulu, Hawaii

Adjournment:

With no further business to discuss, the Chair adjourned the meeting at 11:19 a.m.

Reviewed and approved by:

/s/ Christine Rutkowski
Christine Rutkowski
Executive Officer

June 26, 1998
Date

- [X] Approved as circulated.
[] Approved with corrections; see minutes of _____ meeting.

