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DIVISION OF FINANCIAL INSTITUTIONS
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January 7, 2025

VIA REGISTERED EMAIL ONLY: <sasha@hodder.law>

Sasha Hodder, MBA, Esq.
Hodder Law Firm, P.A.
sasha@hodder.law

Re: **License determination request for Hourly, Inc.**

Dear Sasha Hodder:

Thank you for your email dated October 11, 2024, and follow up email dated November 25, 2024, with supporting documents (collectively, your "Request") to the Division of Financial Institutions ("DFI"). Specifically, you seek DFI's assurance that your client, Hourly Inc. ("Hourly"), a payroll services company, does not need a money transmission license. As described in your Request, Hourly offers its customers payroll calculation and tax reporting software services.

Hawaii's money transmitters law

Under Hawaii's money transmitters law (Hawaii Revised Statutes ("HRS") §§ 489D-1 to -34), money transmission means to engage in the business of: (1) Selling or issuing payment instruments in the State; (2) Selling or issuing stored value to a person located in the State; or (3) Receiving money or monetary value for transmission from a person located in the State. HRS § 489D-4. Licensing exclusions and exemptions depend on factors like the type of entity conducting the activity, the type of transaction structure, or the type of value being exchanged. See e.g., HRS § 489D-5.

Analysis and conclusion

DFI understands that payroll processors (also referred to as payroll services or payroll providers) are companies that contract with employers to provide support related to paying wages to company employees, along with the payment of related taxes to relevant government authorities. Payroll processors may provide other services, such

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as payroll compliance and HR functions, in addition to the disbursement of payroll for the employer.

To the extent that Hourly's business operates within those parameters, DFI would not recommend an enforcement action against Hourly for those providing those services.

However, Hourly may be subject to the requirements of Hawaii's money transmitter laws or other licensing laws if it provides payroll advances (such as earned wage access or on-demand pay) that are not managed and funded by the employer. Earned wage access or on-demand pay funded by the payroll processor may require other types of licensing.

This response is specific to you and your inquiry based on the facts, circumstances, and information you provided. If you realize any facts, circumstances, or information you gave DFI are significantly inaccurate or incomplete or have changed, this response is no longer valid. You may submit a written correction; however, this response will remain invalid until we can review the corrected information and provide a new written response.

If you have further questions, please feel free to contact DFI staff attorney Harley Mewha, Esq. at dfi@dcca.hawaii.gov, or (808) 586-2820.

Sincerely,



Dwight Young
Commissioner

HM:DY:sy
File 2024-I-0547

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