

JOSH GREEN, M.D.
GOVERNOR



ANNE E. LOPEZ
ATTORNEY GENERAL

MATTHEW S. DVONCH
FIRST DEPUTY ATTORNEY GENERAL

STATE OF HAWAII
DEPARTMENT OF THE ATTORNEY GENERAL
Ka 'Oihana O Ka Loio Kuhina
425 QUEEN STREET
HONOLULU, HAWAII 96813
(808) 586-1500

December 6, 2024

The Honorable Ronald D. Kouchi
President and Members of the Senate
Thirty-Third State Legislature
State Capitol, Room 409
Honolulu, Hawaii 96813

The Honorable Nadine K. Nakamura
Speaker and Members of the
House of Representatives
Thirty-Third State Legislature
State Capitol, Room 431
Honolulu, Hawaii 96813

Dear President Kouchi, Speaker Nakamura, and Members of the Legislature:

For your information and consideration, I am transmitting a copy of the Department of the Attorney General's Report on Litigation Deposits Trust Account Transactions and Collections Made on Behalf of Other Departments and Agencies, as required by section 28-16(e), Hawaii Revised Statutes (HRS). In accordance with section 93-16, HRS, I am also informing you that the report may be viewed electronically at <http://ag.hawaii.gov/publications/reports/reports-to-the-legislature/>.

If you have any questions or concerns, please feel free to call me at (808) 586-1500.

Sincerely,

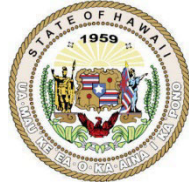
Anne E. Lopez

Anne E. Lopez
Attorney General

c: Josh Green, M.D., Governor
Sylvia Luke, Lieutenant Governor
Legislative Reference Bureau (Attn: Karen Mau)
Leslie H. Kondo, State Auditor
Luis Salaveria, Director of Finance, Department of Budget and Finance
Stacey A. Aldrich, State Librarian, Hawaii State Public Library System
David Lassner, Ph.D., President, University of Hawaii

Enclosure

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**REPORT ON LITIGATION DEPOSITS TRUST ACCOUNT
TRANSACTIONS AND COLLECTIONS
MADE ON BEHALF OF OTHER DEPARTMENTS AND AGENCIES**

Pursuant to Section 28-16(e),
Hawaii Revised Statutes

For Fiscal Year 2023 - 2024

Submitted to the Thirty-Third State Legislature
Regular Session of 2025

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I. Overview of the Litigation Deposits Trust Account

The Litigation Deposits Trust Account (name changed on July 1, 2021, from "Litigation Deposits Trust Fund" pursuant to Act 9, Special Session Laws of Hawaii 2021), appropriation number T-909-N, was established pursuant to Act 178, Session Laws of Hawaii 2002, to account for moneys received through any civil action in which the State is a party where the settlement amount is \$100,000 or higher. Pursuant to section 28-16, Hawaii Revised Statutes (HRS), the trust account is administered by the Department of the Attorney General, which must annually report to the Legislature (1) the transactions, by subsidiary account, that take place in the Litigation Deposits Trust Account for each fiscal year, and (2) a summary of the collections made in any amount on behalf of other departments and agencies, specifying the appropriate number of transactions and amount collected for each department and agency.

During Fiscal Year (FY) 2023-2024, the following significant transactions occurred in the trust account:

Revenues:

1. The account earned \$209,944.62 from the State's Investment Pool.
2. The account received an additional settlement of \$85,568.12 from McKinsey & Company, Inc., Case: State v. McKinsey & Company, Inc., Civ. No. 21-0-0001-38 (Haw. 1st Cir. 2021) (regarding unfair deceptive acts or practices regarding opioids).
3. The account received an additional settlement of \$567,319.59 from JUUL Labs, Inc., Case: State v. JUUL Labs, Inc., Civ. No. 20-0-0009-33 (Haw. 1st Cir. 2022) (alleging violations of the Hawaii Unfair or Deceptive Acts or Practices Act for unjust enrichment, negligence, negligence *per se*, and public nuisance as related to JUUL's marketing practices).

Transfers:

| | |
|---|---------------|
| To Department of Health per Memorandum of Agreement | \$ 418,943.00 |
| Total: | \$ 418,943.00 |

Per Memorandum of Agreement (MOA) signed August 15, 2022, and Supplemental MOA signed October 2, 2023, transferred funds are to be used for personal services costs, including annual salaries and fringe, for Department of Health staff positions to assist in remediating the harms and preventing future harms to Hawai'i by the opioid epidemic.

The positions to be funded by the MOA include: 1.00 Project Coordinator; 1.00 Program Specialist IV; and 1.00 Office Assistant III.

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II. Financial Data for Fiscal Years 2022-2023 and 2023-2024

Below are the details of the revenue and expenditures for this account for FY 2022-2023 and FY 2023-2024:

| | <u>FY 2022-2023</u> | <u>FY 2023-2024</u> |
|----------------------------|----------------------------|----------------------------|
| Beginning Cash Balance | 3,480,477.14 | 4,292,349.73 |
| Beginning Encumbrances | 0 | 0 |
| Revenues | 13,817,094.39 | 862,832.33 |
| Expenditures | (1,955,221.80) | 0 |
| Transfers | (11,050,000.00) | (418,943.00) |
| Ending Cash Balance | 4,292,349.73 | 4,736,239.06 |

Revenue by Source Code – Fiscal Year 2023-2024

| <u>Source Code</u> | <u>Description</u> | <u>Revenue</u> |
|--------------------|---------------------------|-------------------|
| 0288 | INVESTMENT POOL ACCOUNT | 209,944.62 |
| 0787 | JUDGMENTS AND SETTLEMENTS | 652,887.71 |
| | Total Revenue: | 862,832.33 |

Expenditure/Transfer by Object Code - Fiscal Year 2023-2024

| <u>Object Code</u> | <u>Description</u> | <u>Expenditure/Transfer</u> |
|--------------------|--|-----------------------------|
| 9997 | Transfer to Trust and Agency Funds-Operating | (418,943.00) |
| | Total Expenditure/Transfer: | (418,943.00) |

III. Collections Made on Behalf of Other Departments and Agencies

Section 28-16(e)(2), HRS, requires the Department to prepare a summary of the collections made in any amount on behalf of other departments and agencies specifying the appropriate number of transactions and amount collected for each department and agency. The report for FY 2023-2024 is as follows:

| <u>Department/Agency</u> | <u>Collected Amount</u> | <u>Number of Transactions</u> |
|--|-------------------------|-------------------------------|
| Department of Hawaiian Homelands | 440.00 | 1 |
| Department of Human Services | 17,068,581.93 | 1,284 |
| Department of Labor and Industrial Relations | 587,848.14 | 472 |
| Department of Taxation | 446,073.58 | 389 |
| Department of Transportation | 1,099,860.43 | 156 |
| Employer-Union Health Benefits Trust Fund | 4,318.20 | 5 |
| Hawaii Health Systems Corporation | 510,719.33 | 7,006 |
| Hawaii Housing Finance & Development Corporation | 9,034.99 | 10 |
| Miscellaneous Department/Agency (See Breakdown Below) | 446,626.60 | 229 |
| Department/Agency Total | 20,173,503.20 | 9,552 |

| <u>Miscellaneous Department/Agency (Breakdown)</u> | <u>Collected Amount</u> | <u>Number of Transactions</u> |
|--|-------------------------|-------------------------------|
| Department of Accounting and General Services (DAGS) Risk Management | 2,364.00 | 2 |
| DAGS Subrogation | 27,392.18 | 4 |
| Department of the Attorney General Notary Public Office | 2,060.00 | 1 |
| Department of Commerce and Consumer Affairs | 10,411.00 | 1 |
| Department of Education (DOE) Criminal Restitution | 400.00 | 2 |
| DOE University of Hawai'i Stipend | 6,641.21 | 46 |
| DOE Worker's Compensation | 140,000.00 | 1 |
| Department of Health (DOH) Dishonored Checks | 7,705.15 | 43 |
| Department of Human Resources Development Worker's Compensation | 12,176.66 | 5 |
| Department of Land and Natural Resources Restitution | 2,140.00 | 10 |
| Hawaii State Ethics Commission | 30.00 | 1 |
| Judiciary (Bail Bond Forfeitures) | 207,310.00 | 49 |
| Salary Overpayments: | | |
| DOE | 18,076.38 | 34 |
| DOH | 7,384.31 | 25 |
| Department of Public Safety | 2,535.71 | 5 |
| Miscellaneous Department/Agency Total | 446,626.60 | 229 |