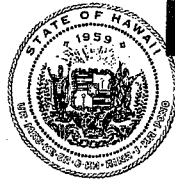


DAVID Y. IGE
GOVERNOR



DEPT. COMM. NO. 254

DOUGLAS S. CHIN
ATTORNEY GENERAL

RUSSELL A. SUZUKI
FIRST DEPUTY ATTORNEY GENERAL

STATE OF HAWAII
DEPARTMENT OF THE ATTORNEY GENERAL
425 QUEEN STREET
HONOLULU, HAWAII 96813
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January 12, 2017

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

The Honorable Joseph M. Souki
Speaker and Members of the
House of Representatives
Twenty-Ninth State Legislature
State Capitol, Room 431
Honolulu, Hawaii 96813

Dear President Kouchi and Speaker Souki:

For your information and consideration, I am transmitting one (1) copy for each of you of the Department of the Attorney General's Report on Litigation Deposits Trust Fund Transactions and Collections Made on Behalf of Other Departments and Agencies as required by Section 28-16(e)(2), 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 586-1282.

Sincerely,

A handwritten signature in black ink, appearing to read "D. Chin".

Douglas S. Chin
Attorney General

c: David Y. Ige, Governor
Shan S. Tsutsui, Lieutenant Governor
Legislative Reference Bureau (Attn.: Karen Mau)
Leslie Kondo, State Auditor
Wesley K. Machida, Director of Finance, Department of Budget and Finance
Stacey Aldrich, State Librarian, Hawaii State Public Library System
David Lassner, PhD., President, University of Hawaii

Enclosure

State of Hawaii
Department of the Attorney General



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

For Fiscal Year 2015 - 2016

***Submitted to
The Twenty-Ninth State Legislature
Regular Session of 2017***

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Overview of the Litigation Deposits Trust Fund

The Litigation Deposits Trust Fund, 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, the trust fund 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 fund 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) 2015-2016, the following significant transactions occurred in the trust fund:

REVENUES:

1. The State alleged that UPS overcharged customers for on-time delivery, Matson had a molasses spill, and Persin was to pay medical claims. As a result of settlements, the following amounts were received:

UPS Oasis Supply case	\$ 34,718.83
Matson/Molasses case	\$5,900,000.00
Persin case	\$ 239,078.03

2. In charities cases, the State received Great American Settlement payments on behalf of Children's Cancer Fund of America (\$400,000.00).
3. Additionally, the Litigation Deposits Trust Fund earned \$5,696.82 from the State's Investment Pool.

EXPENDITURES:

1. In the financial services company cases, the State paid (1) \$2,362,314.07 for attorney's fees for various firms for legal fees and services such as consultants and expert witnesses; and (2) \$357,920.00 for 12 percent special assessments for indirect costs of the Department in the Matson/Molasses case.
2. (1) \$9,348.12 was paid to the Department of Education in the UPS Oasis Supply case; and (2) \$400,000.00 was paid to the Department of Land and Natural Resources in the Matson/Molasses case.

Financial Data for Fiscal Years 2014-2015 and 2015-2016:

Below are the details of the revenue and expenditure for this account for FY 2014-2016

	FY 2014-2015	FY 2015-2016	FY 2016-2017
Beginning Cash Balance	\$7,131,091.60	1,286,257.16	4,736,168.65
Beginning Encumbrances	0.00	0.00	0.00
Revenues	8,667,012.08	6,579,493.68	
Expenditures	14,511,846.52	2,771,662.19	
Transfers		357,920.00	
Ending Cash Balance	1,286,257.16	4,736,168.65	

Revenue by Source Code – Fiscal Year 2015-2016:

T-16-909-N

Source Code	Description	Revenue
0288	INVESTMENT POOL ACCOUNT	5,696.82
787	MISCELLANEOUS CLAIMS	6,573,796.86

Total Revenue: 6,579,493.68

Expenditure by Object Code - Fiscal Year 2015-2016:

Object Code	Description	Expenditure
6800	JUDGMENTS AND CLAIMS	2,771,662.19
7213	TRANSFER TO ATG FOR 12% SPECIAL ASSESSMENTS	357,920.00

Total Expenditure: 3,129,582.19

Collections Made on Behalf of Other Departments and Agencies

Section 28-16(e)(2), Hawaii Revised Statutes, requires the Department to prepare a report on “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 fiscal year 2015-2016 is as follows:

Fiscal Year 2015-2016

<u>Department/Agency</u>	<u>Collected Amount</u>	<u>Number of Transactions</u>
Asset Forfeiture	591,727	140
Department of Human Services	5,983,018	2,408
Department of Transportation	394,848	161
Department of Taxation	223,350	68
Hawaii Health System Corporation	2,181,240	9,164
Miscellaneous (Departments of Accounting and General Services, Attorney General, Education, Health and Public Safety, Human Resources Development, University of Hawaii)	590,460	333
TOTAL	<u>9,964,643</u>	<u>12,274</u>