

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 2003 - 2004

*Submitted to
The Twenty-Third State Legislature
Regular Session of 2005*

Table of Contents

Overview of the Litigation Deposits Trust Fund.....	1
Details of Revenues and Expenditures	3
Summary of Collections	4

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.

Current account activity includes:

- A settlement received from a vendor in its role in administering the Felix Demonstration project from October 1, 1996, through June 30, 1997. The settlement was in the amount of \$250,000; the Department received an additional \$75,000 in FY 2003-2004 that was deposited into this fund. The moneys from this settlement are to be used to further the Felix investigation, to include cost for investigators and any other expert/consultants needed for current Felix related activities.
- An asbestos bankruptcy settlement was received in the amount of \$333,333.34 and these funds were transferred to the state general fund.
- The Department received \$3 million from the National Union Insurance. The National Union Insurance case was the State's declaratory judgment action against its excess insurer. The State sought a declaratory judgment to the effect that the excess insurer owed the State excess insurance coverage on the class action lawsuit captioned Shea Burns-Vidlak v. State of Hawaii. That class action arose out of the Health Quest medical delivery system employed by the State. It was the Quest regulations that excluded the disabled from coverage and which served as the basis for the class action suit. The State paid \$7 million to settle the class action suit, but the excess carrier refused to provide any settlement moneys. The State sued the insurer, and the insurer settled with the State for \$3 million. Part of the funds was used in FY 2003-2004 to reimburse the Department's Legal Services program for expenses that were incurred on this case. The remaining funds will be transferred to the state general fund after all expenses have been paid on this case.

Financial Data for Fiscal Years 2002-2003 and 2003-2004:

	FY 2002-2003	FY 2003-2004	FY 2004-2005
Beginning Cash Balance	\$0.00	\$18,800.00	\$2,909,579.42
Beginning Encumbrances	0.00	0.00	0.00
Revenues	18,800.00	3,430,933.24	
Expenditures	0.00	540,153.82	
Transfers	0.00	0.00	
Ending Cash Balance	\$18,800.00	\$2,909,579.42	

See following page for the details of the revenue and expenditure for this account for FY 2003-2004.

**Department of the Attorney General
 Status of Appropriation Account
 By Source Code and Object Code
 as of 06/30/2004**

Appropriation: T-909-N
Account Title: LITIGATION DEPOSITS TRUST FUND

Revenue by Source Code:

T-04-909-N

Source Code	Description	Cumulative Revenue	Revenue
0288	INVESTMENT POOL ACCOUNT	22,599.90	22,599.90
0787	MISCELLANEOUS INCOME	3,408,333.34	3,408,333.34
Total Revenue:		<u>3,430,933.24</u>	<u>3,430,933.24</u>

Expenditure by Object Code:

Object Code	Description	Cumulative Expenditures	Expenditure
9200	AGENCY AND CLEARING ACCOUNTS	540,153.82	540,153.82
Total Expenditure:		<u>540,153.82</u>	<u>540,153.82</u>

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." This report for fiscal year 2003 - 2004 is as follows:

<u>Department/Agency</u>	<u>Collected Amount</u>	<u>Number of Transactions</u>
Child Support Enforcement Agency	\$ 1,349,711	607
Department of Agriculture	217,991	58
Department of Business, Economic Development, & Tourism	96,925	56
Department of Human Resources Development	138,576	9
Department of Human Services	5,253,848	400
Department of Transportation	1,696,152	313
Hawaii Health System Corporation	1,229,923	6,482
Judiciary	2,261,160	21,643
Department of Taxation	65,286	31
Miscellaneous (Departments of Accounting and General Services, Attorney General, Education, Health and Public Safety, and the University of Hawaii)	48,197	207
Total	<u>\$12,357,769</u>	<u>29,806</u>