

State of Hawaii

Department of the Attorney General



**REPORT ON RECEIPTS AND
EXPENDITURES OF THE ANTITRUST
TRUST FUND**

For Fiscal Year 2002-2003

*Submitted to
The Twenty-Second State Legislature
Regular Session of 2004*

OVERVIEW OF THE ANTITRUST TRUST FUND

Pursuant to section 28-13, Hawaii Revised Statutes, the "Antitrust Trust Fund" was established to provide a measure of resources to facilitate the enforcement of the antitrust laws. One of most important functions of the trust fund is to provide a means for promoting and facilitating the State's participation in multistate antitrust lawsuits and investigations. The fund is also used to cover other expenses relating to antitrust enforcement such as training, equipment purchases, educational resources.

FUND NAME:	Antitrust Trust Fund
AUTHORITY:	Section 28-13, Hawaii Revised Statutes
APPROPRIATION SYMBOL:	T-908-N
ADMINISTERED BY:	Department of the Attorney General
FUND PURPOSE:	Expenditures relating to the enforcement of the antitrust laws, including but not limited to expenditures for training, equipment purchases, educational resources, and facilitating participation in antitrust lawsuits and investigations initiated by other states.
BALANCE AS OF JUNE 30, 2002:	\$174,646.12
RECEIPTS FROM JULY 1, 2002 TO JUNE 30, 2003:	\$91,032.87
TRANSFERS FROM JULY 1, 2002 TO JUNE 30, 2003:	\$23,702.00
EXPENDITURES FROM JULY 1, 2002 TO JUNE 30, 2003:	\$7,810.77
BALANCE AS OF JUNE 30, 2003:	\$234,166.22

ANTITRUST TRUST FUND

Report on Receipts and Expenditures

I. BACKGROUND ON THE ANTITRUST TRUST FUND.

A. Legal Authority for the Fund.

Act 97, Session Laws of Hawaii 2001, authorized the creation of the “Antitrust Trust Fund” in the State treasury. The Act took effect on June 29, 2001, and is codified as section 28-13, Hawaii Revised Statutes.

B. Creation of Fund and Initial Funding.

The Department of Accounting and General Services established the appropriation symbol for the fund as T-908-N.

Section 28-13 authorized the Department of the Attorney General (“Department”) to deposit not more than \$150,000 from the Department’s general fund appropriation for fiscal year 2000-2001 to the credit of the fund. See, section 3 of Act 97, Session Laws of Hawaii 2001. In accordance with this authorization, effective June 30, 2001, \$150,000 was credited to the fund.

C. Receipts and Expenditures, Generally.

1. Receipts.

Section 28-13 permits the Department to deposit the following amounts into the fund:

(1) Ten percent of any antitrust judgment or settlement received by the State except where the deposit is inconsistent with the court order or settlement agreement relating to the amount; and

(2) Appropriations made by the legislature.

2. Expenditures.

Section 28-13(b) authorizes the Department to use the fund for “expenditures relating to the enforcement of antitrust laws, including but not limited to expenditures for training, equipment purchases, educational resources, and facilitating participation in antitrust lawsuits and investigations initiated by other states.”

II. FUND ACTIVITY FROM JULY 1, 2002 UP TO AND INCLUDING JUNE 30, 2003.

A. Total Receipts - \$91,032.87.

DATE	DESCRIPTION OF RECEIPT	AMOUNT
July 8, 2002	The amount was received in connection with the Department's participation in a settlement of a multistate antitrust lawsuit involving Mylan Laboratories, Inc. The settlement was received to resolve claims of the Medicaid Division, Department of Human Services, in connection with its expenditures for prescriptions for the drugs Lorazepam and Chlorazepate administered to Medicaid patients. The entire amount was subsequently transferred to the Medicaid Division. See, section on transfers.	\$23,702.00
August 22, 2002	Share of Investment Pool Interest	395.33
September 19, 2002	Share of Investment Pool Interest	551.65
October 14, 2002		790.75
October 21, 2002	Five percent of the Consumer Settlement Fund received via the settlement of the vitamin antitrust litigation	59,750.00
November 25, 2002	Share of Investment Pool Interest	863.01
December 16, 2002	Share of Investment Pool Interest	793.55
January 15, 2003	Share of Investment Pool Interest	474.39
February 13, 2003	Share of Investment Pool Interest	373.83
March 17, 2003	Share of Investment Pool Interest	435.58
April 15, 2003	Share of Investment Pool Interest	885.98
May 3, 2003	Share of Investment Pool Interest	806.86
June 16, 2003	Share of Investment Pool Interest	680.92
June 30, 2003	Share of Investment Pool Interest	529.02
Total Receipts		\$91,032.87

B. Transfers by Journal Memoranda - \$5,089.71.

DATE	PAYEE	DESCRIPTION OF THE TRANSFER	AMOUNT
July 30, 2002	Dept. of Human Services, Medicaid Division via JM0328	The amount constitutes the entire amount received in connection with the Department's participation in a settlement of a multistate antitrust lawsuit involving Mylan Laboratories, Inc. The recipient of the funds was the Medicaid Division, Department of Human Services.	\$23,702.00
TOTAL			\$23,702.00

C. Total Expenditures - \$7,809.87.

DATE	PAYEE	PURPOSE OF THE EXPENDITURE	AMOUNT
July 1, 2002	USG	Subscription to OPIS Weekly Newsletter	\$875.00
July 8, 2002	Bureau of National Affairs	Subscription to Antitrust and trade Regulation Report	1,629.00
August 15, 2002	Rodney I. Kimura, Deputy Attorney General	Advance per diem costs for attending the National Association of Attorneys General Pharmaceutical Pricing Task Force meeting held in Columbus, Ohio.	552.50
August 15, 2002	National Association of Attorneys General	Registration fee for National Association of Attorneys General Pharmaceutical Pricing Task Force meeting held in Columbus, Ohio	100.00
August 28, 2002	Echostar/Hughes Merger Cost Share Account	Allocated share of the costs associated with the investigation into the proposed merger of Echostar Communications, Inc. and Hughes Electronic Corp.	960.88
September 3, 2002	Rodney I. Kimura, Deputy Attorney General	Ground transportation costs, and other costs incurred while attending the National Association of Attorneys General Pharmaceutical Pricing Task Force meeting held in Columbus, Ohio	131.06

September 3, 2002	Ref. = JM 0872	Reclassified expenses for FedEx and Ian Hirokawa, paralegal, from G002 to T908; expenses incurred for the investigation into the proposed merger of Echostar Communications, Inc. and Hughes Electronic Corp	528.73
September 3, 2002	Ian Hirokawa, Paralegal	Reimbursement of mailing fees incurred for the investigation into the proposed merger of Echostar Communications, Inc. and Hughes Electronic Corp	89.95
October 3, 2002	Panda Travel	Air fare costs to attend the National Association of Attorneys General Pharmaceutical Pricing Task Force meeting held in Columbus, Ohio	313.01
October 17, 2002	Antitrust Trust Fund	Credit of excess postal service delivery expense paid to paralegal.	(.10)
November 21, 2002	Ian Hirokawa, Paralegal	Reimbursement of travel cost to neighbor islands to examine fuel tax records.	133.50
February 5, 2003	Baker & Miller, PLC	Final statement for professional services provided in connection with the Section 116 capacity coordination agreement between Hawaiian Airlines and Aloha Airlines.	819.91
March 19, 2003	New Tech Imaging	Copying charges for gasoline price cap materials requested by DBEDT.	17.57
April 17, 2003	Econ One	Statement for professional services provided by the State's expert witness in the gasoline antitrust litigation in connection with interviews conducted by or on behalf of DBEDT to comply with legislative initiatives undertaken in connection with settlement of antitrust lawsuit against oil companies.	1,787.50
May 22, 2003	Federal Express	Delivery charges incurred to forward materials relating to the CD antitrust litigation, and materials relating to the Taxol antitrust litigation.	40.43
June 19, 2003	Echostar/Hughes Merger Cost Share Account	Credit of unused portion of cost share contribution paid in connection with antitrust investigation of Echostar/Hughes merger.	(168.17)
Total Expenditures			\$7,810.77

NOTE: Total expenditures were reduced in part because various investigations were handled in-house without retaining outside consultants, and because one merger investigation was terminated after the merging parties withdrew from the proposed merger.

D. Balance in the Trust Fund.

The balance in the fund as of June 30, 2003 was \$234,166.22.