

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 2013 - 2014

*Submitted to
The Twenty-Eighth State Legislature
Regular Session of 2015*

Table of Contents

Overview of the Litigation Deposits Trust Fund	3
Details of Revenues and Expenditures.....	3
Summary of Revenues and Expenditures.....	4
Summary of Collections	5

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) 2013-2014, the following significant transactions occurred in the trust fund:

REVENUES:

1. The State alleged that several financial services companies committed unfair and deceptive business practices in violation of Hawaii law by charging customers for Payment Protection Plans, who either did not want them or were not entitled to benefits from them. The case was resolved in lieu of litigation. As a result of the settlement, the following amounts were received;

Discover Financial Services	\$2,002,500.00
JP Morgan Chase Bank	\$2,285,250.00
Bank of America	\$3,736,500.00

2. In two qui tam (false claim) cases Hawaii ex re Kahle & Huber v. New Hope International and a mainland settlement case against CA Technologies, the State received settlement amounts of \$775,000.00 and \$25,734.90 respectively.

EXPENDITURES:

1. The total amount of \$1,786,812.50 was paid for attorneys' fees to various firms for legal fees and services such as consultants or expert witness in the financial services company cases.
2. The total amount of \$209,250.00 was paid to Binkerton Lee Dang Sullivan Meheula for the New Hope International case and \$5,146.98 was paid to Phillips & Cohen LLP in the CA Technologies case for legal fees and consultant/expert witnesses.

Financial Data for Fiscal Years 2012-2013 and 2013-2014:

Below are the details of the revenue and expenditure for this account for FY 2012-2013

	FY 2012-2013	FY 2013-2014	FY 2014-2015
Beginning Cash Balance	\$7,331.32	\$311,503.20	\$7,131,091.60
Beginning Encumbrances		0.00	0.00
Revenues	402,861.88	8,826,496.39	
Expenditures	98,690.00	2,006,907.77	
Transfers			
Ending Cash Balance	311,503.20	7,131,091.60	

Revenue by Source Code

T14-909-N

Source Code	Description	Revenue
0288	INVESTMENT POOL ACCOUNT	1,511.49
787	MISCELLANEOUS CLAIMS	8,824,984.90
Total Revenue:		<u>8,826,496.39</u>

Expenditure by Object Code:

Object Code	Description	Expenditure
6800	JUDGEMENTS AND CLAIMS	2,001,209.53
4406	TRAVEL OUT OF STATE	5,698.46
Total Expenditure:		<u>2,006,907.99</u>

Collections Made on Behalf of Other Departments and Agencies

Section 28-16(e)(2), Hawaii Revised Statutes, 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.” This report for fiscal year 2013-2014 is as follows:

<u>Department/Agency</u>	<u>Collected Amount</u>	<u>Number of Transactions</u>
Asset Forfeiture	274,525	212
Department of Human Services	6,464,907	1,895
Department of Transportation	371,486	110
Department of Taxation	710,106	4
Hawaii Health System Corporation	1,883,227	8,613
Miscellaneous (Departments of Accounting and General Services, Attorney General, Education, Health and Public Safety, Human Resources Development, University of Hawaii)	1,249,832	45
TOTAL	<u>10,954,083</u>	<u>10,879</u>