

**State of Hawai‘i**  
**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 2014 - 2015**

*Submitted to  
The Twenty-Eighth State Legislature  
Regular Session of 2016*

## **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 Hawai‘i 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, Hawai‘i Revised Statutes, the trust fund is administered by the Department of the Attorney General (“Department”), which must annually report to the Legislature (1) the transactions, by subsidiary account, which 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, 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 Hawai‘i 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;

CitiBank	\$3,249,621.27
HSBC	\$1,912,321.26
Capital One Bank	\$2,552,415.00

2. In Charities cases, the State received Great American Settlement payments on behalf of (1) Children’s Cancer Fund of America (\$389,500.00); (2) Breast Cancer Society (\$389,500.00); and (3) Kyle Effler (\$50,000.00) – all totaling \$829,000.00. Additionally, on two settlements from Missouri Lawyer Trust Account and Veneble Law Firm the State received \$10,000.00 on behalf of Kyle Effler and \$75,000.00, respectively.
3. Additionally, the Trust Litigation Fund earned \$38,654.55 from the State’s Investment Pool.

EXPENDITURES:

1. In the financial services company cases, the State paid (1) \$1,377,696.32 for attorney’s fees for various firms for legal fees and services such as consultants and/or expert witnesses; (2) \$614.98 for travel costs for our Deputy Attorneys General; and (3) \$12,567,785.22 was transferred to the State Treasury c/o the Department of Budget and Finance.

2. \$565,750.00 was transferred to Department of Education in the State of Hawai'i ex rel., Holly Huber and Mitchell Kahle v. New Hope International Ministries, etal. Civil No. 13-1-0893-03 VLC.

Financial Data for Fiscal Years 2013-2014 and 2014-2015:

*Below are the details of the revenue and expenditure for this account for FY 2013-2015*

	FY 2013-2014	FY 2014-2015	FY 2015-2016
Beginning Cash Balance	\$311,503.20	\$7,131,091.60	1,286,257.16
Beginning Encumbrances	0.00	0.00	0.00
Revenues	8,826,496.39	8,667,012.08	
Expenditures	2,006,907.77	14,511,846.52	
Transfers			
Ending Cash Balance	7,131,091.60	1,286,257.16	

**Revenue by Source Code**

***T15-909-N***

Source Code	Description	Revenue
0288	INVESTMENT POOL ACCOUNT	3,8854.58
787	MISCELLANEOUS CLAIMS	8,628,357.53

**Total Revenue:** 8,667,012.08

**Expenditure by Object Code:**

Object Code	Description	Expenditure
9991	TRANSFER TO GENERAL FUNDS	12,567,785.22
6800	JUDGMENTS AND CLAIMS	1,498,393.24
4406	TRAVEL OUT OF STATE	614.98
7111	SERVICES FOR FEE BASIS	445,053.08

**Total Expenditure:** 14,511,846.52

Collections Made on Behalf of Other Departments and Agencies

Section 28-16(e)(2), Hawai‘i 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 2014-2015 is as follows:

<u>Department/Agency</u>	<u>Collected Amount</u>	<u>Number of Transactions</u>
Asset Forfeiture	167,954	137
Department of Human Services	7,460,167	2,245
Department of Transportation	107,885	114
Department of Taxation	523,454	3
Hawai‘i Health System Corporation	2,188,183	8,657
Miscellaneous (Departments of Accounting and General Services, Attorney General, Education, Health and Public Safety, Human Resources Development, University of Hawai‘i)	592,398	273
TOTAL	<u>11,040,041</u>	<u>11,429</u>