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December 27, 2018

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

The Honorable Scott K. Saiki
Speaker and Members of the
House of Representatives
Thirtieth State Legislature
State Capitol, Room 431
Honolulu, Hawaii 96813

Dear President Kouchi and Speaker Saiki:

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), 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 blue ink that reads "Russell A. Suzuki".

Russell A. Suzuki
Attorney General

c: David Y. Ige, Governor
Josh Green, Lieutenant Governor
Legislative Reference Bureau (Attn.: Karen Mau)
Leslie Kondo, State Auditor
Laurel A. Johnston, Director of Finance, Department of Budget and Finance
Stacey A. Aldrich, State Librarian, Hawaii State Public Library System
David Lassner, PhD., President, University of Hawaii

Enclosure

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 2017 - 2018

***Submitted to
The Thirtieth State Legislature
Regular Session of 2019***

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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) 2017-2018, the following significant transactions occurred in the trust fund:

REVENUES:

1. The Litigation Deposits Trust Fund earned \$11,884.32 from the State's Investment Pool.
2. The fund also received \$418,205.80 from Alston Hunt Floyd & Ing from the settlement of the case David Gardner v SOH et al, regarding substitute teachers, which represents funds the State paid directly to FUTA and Medicaid.

EXPENDITURES:

Travel Costs: Tobacco Enforcement settlement	\$7,533.35
Hawaii v. Trump	\$5,214.47
Judgments transferred to State Treasury:	\$1,268,492.20
Professional Fees paid to Chong, Nishimoto, Sia for services related to the tobacco settlement:	\$178,439.62

Financial Data for Fiscal Years 2016-2017 and 2017-2018:

Below are the details of the revenue and expenditure for this account for FY 2016-2017 and FY 2017-2018

	FY 2016-2017	FY 2017-2018	FY 2018-2019
Beginning Cash Balance	4,736,168.65	3,063,527.78	2,033,938.26
Beginning Encumbrances	0.00	0.00	0.00
Revenues	25,098.34	430,090.12	
Expenditures	1,697,739.21	1,459,679.64	
Transfers			
Ending Cash Balance	3,063,527.78	2,033,938.26	

Revenue by Source Code – Fiscal Year 2017-2018:

T-18-909-N

Source Code	Description	Revenue
0288	INVESTMENT POOL ACCOUNT	11,884.32
0787	JUDGMENTS AND SETTLEMENTS	418,205.80
Total Revenue:		<u>430,090.12</u>

Expenditure by Object Code - Fiscal Year 2017-2018:

Object Code	Description	Expenditure
4100 - 4800	TRAVEL COSTS	12,747.82
6800	JUDGMENTS – TO STATE TREASURY	1,268,492.20
7111 - 7112	PROFESSIONAL FEES – ATTORNEYS	178,439.62
Total Expenditure:		<u>1,459,679.64</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 is for fiscal year 2017-2018 as follows:

<u>Department/Agency</u>	<u>Collected Amount</u>	<u>Number of Transactions</u>
Asset Forfeiture	487,169	54
Department of Human Services	9,603,764	2,383
Department of Transportation	212,287	112
Department of Taxation	862,041	386
Hawaii Health System Corporation	2,945,609	5,470
Miscellaneous (Departments of Accounting and General Services, Attorney General, Education, Health, Public Safety, Human Resources Development, University of Hawaii)	646,189	493
TOTAL	<u>14,757,059</u>	<u>8,898</u>