



Consumer Federation of America

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**Consumer Federation of America
North American Consumer Protection Investigators
2011 Consumer Complaint Survey Report
July 31, 2012**

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Introduction

State and local agencies are essential components of the consumer protection system in the United States. **Their services save consumers and businesses money, relieve the burden on courts, foster confidence in government, keep the public safe, and help ensure fairness in the marketplace.**

These agencies work at the grassroots level, providing consumers and businesses with information about their rights and responsibilities and advice about how to resolve disputes. Unlike most federal agencies, state and local consumer protection agencies often mediate individual complaints. In addition, many of these agencies have administrative, civil and/or criminal authority to stop unfair, deceptive or fraudulent practices, get restitution for consumers, and ensure that the marketplace functions properly. Some have special responsibilities such as operating new car lemon law programs, ensuring that scales and meters are accurate, and regulating or licensing certain businesses and professions. Because these agencies deal with a broad range of complaints and questions, their staffs must develop expertise in everything from auto repairs to mortgage modifications. Keeping up with emerging scams and the trend toward a marketplace without geographic boundaries is another major challenge.

Preventing scams and rip-offs is a vital part of the mission of state and local consumer agencies. They lack the resources, and sometimes the authority, to resolve every complaint, and in some cases it is impossible to track the culprits down and retrieve victims' money. In addition to presentations, newsletters, brochures, and other traditional means of public outreach, they are using innovative ways to reach people such as email alerts, television shows, webinars, and QR codes.

In times of floods, hurricanes, fires, blizzards, and other disasters, state and local consumer protection agencies are among the first responders, helping to make sure that consumers' safety is protected, that they aren't gouged for essential supplies, that they're treated fairly by insurance companies and other service providers, and that they're not victimized by fraudulent contractors. State and local consumer protection agencies also respond to man-made disasters, such as the foreclosure crisis.

Unfortunately, in an era of austerity in which state and local governments are tightening their belts, consumer services are often viewed as non-essential. Last year the **Camden County Office of Consumer Affairs** in New Jersey closed because of budget cuts, and many other state and local consumer protection agencies are struggling to maintain a high level of public service and keep the marketplace safe in the face of budget cuts, hiring freezes, furloughs and lay-offs.

To highlight what these agencies do and provide a national snapshot of the complaints that consumers make, **Consumer Federation of America** and the **North American Consumer Protection Investigators** partnered to conduct this survey. It is based on information from 38 state, county, and city agencies in 22 states across America and covers a one year-period, in most cases January-December 2011.

Key Findings

- The 37 agencies that provided complaint numbers received a total of 289,732 complaints last year. Thirty-five agencies provided information about how much money they recovered and saved for consumers last year. This included amounts from informally resolving individual complaints and, in many cases, from bringing legal actions. The total was \$146,714,069.
- Once again, complaints about credit and debt were second only to auto-related complaints in the top 10. Real estate complaints not related to consumers' problems with mortgages are new to the top 10 list. These include problems with timeshare sales and resales, retirement communities and assisted living facilities, and real estate fraud.
- The top five fastest-growing complaints last year were about fraud, debt collection abuses, Do Not Call violations, mortgage-related problems, and home improvement.
- The top five worst complaints last year involved mortgage-related problems, home improvement, timeshare sales and resales, Internet sales, and fraud.
- New types of consumer problems that agencies dealt with last year covered a wide spectrum of subjects, from bedbugs in apartments to penny auctions on the Internet, from gold buying companies to solicitations for home improvement work disguised as "free" energy audits. Some agencies also noted that scammers are exploiting a new form of payment, prepaid card products, to get cash from consumers.
- Agencies' greatest achievements included major enforcement actions, internal improvements to their operations, and efforts to reach consumers and businesses with the information they need about their rights and responsibilities.
- Of the 35 agencies that responded to the question about what their biggest challenge was last year, nearly half (16) cited budget cuts and limited resources. Another challenge that was frequently mentioned was the evolving nature of fraud and the fact that an increasing number of scammers are located in other countries, complicating efforts to resolve complaints.

New Laws Needed

When asked what new law should be passed in 2012 to protect consumers, the agencies suggested:

- Mandatory arbitration clauses in consumer contracts should be prohibited.
- Landlords should not be able to disclaim responsibility for mold and insect infestations.
- Penalties for conducting business without required licenses should be stronger.
- Consumers should have greater legal protection against unwanted online tracking and other invasions of their privacy and better security for their personal data.
- Local consumer agencies should have stronger enforcement authority to compel businesses to resolve complaints, assess penalties and issue cease and desist orders for violations of law.
- Internet cafes that provide gambling should be regulated.
- Used car lemon laws should be enacted in states that do not have them.
- Stronger laws are needed to protect consumers from towing abuses and federal preemption should be eliminated so that state and local government can have clear authority over them.
- Debt collectors and debt collection practices should be more tightly regulated.
- Consumer education should be required in all high schools.
- All businesses, including those online, should be required to clearly identify themselves and provide a physical address and a working phone number where they can be contacted directly.
- To combat fake check scams, financial institutions should ensure that cashier's checks are good before consumers who present them are given the cash.
- Telemarketers should be required to register in the states in which the consumers they are calling are located and violations of state telemarketing laws should carry strong penalties.
- Telemarketers should be required to keep audio records of entire phone calls, not just the portions of the calls in which consumer agree to make the purchases.
- There should be the equivalent of Interpol to help U.S. law enforcement agencies take action against scammers located in other countries.
- Dating services should be regulated to better hold them accountable for the promises they make and consumers should have a reasonable right to cancel dating service contracts.
- Consumers should be protected from unfair restrictions for paperless tickets; for instance, consumers should have the right to sell or give a ticket to another person to use.
- Services that offer to coach people for business opportunities should be regulated.
- Auto repair services should not be able to place a mechanic's lien on a car without producing written documentation that the consumer agreed to the price prior to the work being done.

Top Ten Complaints in 2011

Following are the top complaint categories that most frequently appeared in the agencies' top ten lists. Their ranking in the top ten in 2010 is noted in parenthesis.

1. **Auto:** (1) Misrepresentations in advertising or sales of new and used cars, lemons, faulty repairs, leasing and towing disputes
2. **Credit/Debt:** (2) Billing and fee disputes, mortgage modifications and mortgage-related fraud, credit repair, debt relief services, predatory lending, illegal or abusive debt collection tactics
3. **Home Improvement/Construction:** (3) Shoddy work, failure to start or complete the job
4. **Retail Sales:** (3) False advertising and other deceptive practices, defective merchandise, problems with rebates, coupons, gift cards and gift certificates, failure to deliver
5. **Utilities:** (4) Service problems or billing disputes with phone, cable, satellite, Internet, electric and gas service
6. **Services:** (5) Misrepresentations, shoddy work, failure to have required licenses, failure to perform
7. **(Tie) Internet Sales:** (6) Misrepresentations or other deceptive practice, failure to deliver online purchases; **Landlord/Tenant:** (8) Unhealthy or unsafe conditions, failure to make repairs or provide promised amenities, deposit and rent disputes, illegal eviction tactics
8. **Fraud:** (9) Bogus sweepstakes and lotteries, work-at-home schemes, grant offers, fake check scams, the grandparent scam and other common frauds
9. **Real Estate:** (not in top 10 last year) Timeshare sales and resales, retirement communities and assisted living facilities, real estate fraud
10. **(Tie) Household Goods:** (7) Misrepresentations, failure to deliver, faulty repairs in connection with furniture or appliances; **Home Solicitations:** (10) Misrepresentations or failure to deliver in door-to-door, telemarketing or mail solicitations, do-not-call violations

Auto sales and repairs, credit and debt, and home improvement and construction continue to be the most common subjects of complaint to state and local consumer protection agencies. Problems with real estate unrelated to consumers' mortgage issues, which are reflected in credit and debt, appeared in the top ten this year. Examples of the top ten complaints are provided in the Real World Complaints section of this report. There are also examples in that section of some of the fastest-growing and worst complaints and new types of consumer problems that the agencies dealt with last year.

Fastest-Growing Complaints

When asked about the fastest-growing complaints they received last year, those that agencies most commonly cited were fraud, debt collection abuses, Do Not Call violations, mortgage-related problems, and home improvement. Other fast-growing subjects of complaint were:

- Auto repossessions
- Bed bugs, mold and other landlord/tenant problems
- Bundled utility services
- Computer sales
- Fraudulent rentals of foreclosed property
- Free trial offers for buyers clubs, vacation clubs and other types of memberships
- Health products and services
- Internet sales
- Locksmiths
- Timeshare sales
- Wireless phone services

Worst Complaints

Agencies were also asked about the worst complaints they received last year. This could be based on the number of complaints about a particular subject, the dollar amount involved, the impact on particularly vulnerable consumers, the outrageousness of the situation, or any other factors that agencies chose. The complaints most often cited as the worst last year involved mortgage-related problems, home improvement, timeshare sales and resales, Internet sales, and fraud. Other worst complaints concerned:

- Auto sales
- Bed bugs, mold and other landlord/tenant problems
- Computer sales
- Debt collection
- Do Not Call violations
- Free trial offers
- Fuel sales
- Funeral-related services
- Health products and services
- Immigration consultants
- Locksmiths
- Payday loans
- Slamming and other telephone-related problems
- Towing

New Types of Consumer Problems

New types of consumer problems that agencies dealt with last year covered a wide spectrum of subjects. Those for which examples are provided in the report are described below.

Bed bugs appear to be a growing problem in rental units, and some agencies began to get complaints last year from tenants whose landlords were refusing to eradicate these infestations (see page 26).

Among the many complaints that agencies received last year about abusive debt collection tactics, two new problems were cited. One was debt collectors obtaining default judgments against consumers without ensuring that they received proper notice of the suits (see page 14). The other was creditors making unauthorized withdrawals from consumers' bank accounts to satisfy debts (see page 12).

While problems with high-pressure sales for timeshares are not new, complaints against “timeshare resellers” that take fees upfront to unload consumers’ unwanted timeshares and fail to do so were new to some agencies (see page 27). Another new subject of complaint to some agencies was “timeshare resale recovery services.” These companies claim that they will recover the money that consumers have lost to timeshare resellers. They simply pocket consumers’ money, however, leaving them two-time losers (see page 27).

As companies have sprung up offering to pay consumers “top dollar” for their gold jewelry and coins, ensuring that consumers are treated fairly in these transactions was a new issue for some agencies (see page 35).

Home improvement is a perennial subject of complaint to state and local consumer protection agencies. Two new types of home improvement-related issues that some agencies encountered last year involved “shoring up” services to elevate consumers’ homes (see page 20) and telemarketing and mail solicitations for home repairs disguised as offers to perform “free” energy audits (see page 22).

Among the problems that consumers reported last year concerning Internet sales, “penny auctions” were new to some agencies. These auctions don’t work the same way as other types of online auctions – consumers pay even if they lose the auctions, and some winners can end up overpaying (see page 25).

As more people live their lives online, their personal information may be vulnerable to theft and abuse, a new type of identity theft problem that some agencies encountered last year (see page 24).

Some agencies also noted that scammers are exploiting a new form of payment, prepaid card products, to get cash from consumers (see page 15).

Real-World Complaints and What Consumers Should Do

These complaint examples from the files of state and local consumer protection agencies that participated in the survey are arranged alphabetically by subject. Tips are provided to help consumers avoid these problems and know what to do if they encounter them.

Auto

This Car Stinks

A man complained to the **Hillsborough County Consumer Protection Agency** in Florida that the used car he bought from a local dealer smelled so strongly of mold or mildew that it made him and his son sick when they rode in it. He tried to return it to the dealer, to no avail. While Florida law allows used cars to be sold “as is,” once the consumer agency became involved the dealer agreed to take the car back and cancel the finance agreement, saving the man more than \$13,000 – and his health.

Buying a used car? Have it checked out by mechanic you trust, independent of the seller, before you commit, and get the previous history of the car to spot signs of prior flooding, accident damage, or other problems. Most states now participate in the National Motor Vehicle Title Administration, through which you can get information about the validity of the title, whether the odometer reading is accurate, and whether the car is a salvage vehicle or was previously declared a total wreck. There are several approved vendors for car histories on the website, www.vehiclehistory.gov. Look at each carefully before choosing.

Inspect Yourself

When a Massachusetts consumer bought a used car with 183,000 miles on it for \$2,000, the dealer promised to stand behind it and offered to perform the required state inspection as a “convenience.” But five days later, the car broke down. The dealer claimed to repair it but didn’t give the consumer any paperwork documenting what had been done. Shortly afterward, the car broke down again. Unfortunately, in Massachusetts dealers are not required to provide warranties for cars with more than 125,000 miles, and by the time the complaint was made to the **Consumer Assistance Office - Metro West**, it was well past the 7 days that Massachusetts consumers have to return cars if they fail inspection, which this car might have done if the buyer had brought it to someone else to have the inspection done.

If you’re planning to buy a used car from a dealer or a private individual, getting information about your warranty rights from your state or local consumer protection agency first could save you money and heartache later.

The Price Is Not Right

A New Jersey woman brought her friend along to help her shop for a new car. Neither of them understood the English language very well. The woman signed a contract to buy a Nissan Armada for the full Manufacturer’s Suggested Retail Price of \$48,845. The dealer sent her home with the car but without the paperwork, an abusive practice known as “spot delivery.” When the woman finally received

the paperwork in the mail, she found that the purchase was in her friend's name instead of hers, and the price of the car was listed at \$70,000! With the finance charges and other fees, the cost of the vehicle topped \$104,000. It was eventually repossessed and sold at auction, and the woman's friend was being dunned for the balance of the debt. Fortunately, the **Somerset County Division of Consumer Protection** was able to negotiate \$7,000 in restitution, which was applied against the outstanding balance.

Never pay the suggested retail price on a new car – you can save thousands by using a pricing service such as Consumer Reports or checking online for invoice prices. And don't take the car home until you have the original contract and any other documents you signed.

Worthless Trade-In Offer

A Maryland consumer complained to the **Montgomery County Office of Consumer Protection** about a direct mail ad from a local auto dealer. In bold print it stated that consumers would receive 100% of the original manufacturer's suggested retail price as a trade-in allowance towards the purchase of a new car. However, the fine print in the solicitation provided the mathematical formula that would be used to calculate the trade-in allowance, on the basis of which this consumer would actually receive *nothing* for his 2000 Buick LeSabre. The agency contacted the dealer and negotiated a Settlement Agreement prohibiting misleading ads such as this in the future.

What the bold print giveth, the fine print may take away. Read auto ads closely and report anything that you believe might be misleading to your state or local consumer protection agency.

Internet Highway Robbery

The **Orange County Consumer Fraud Unit** in Florida received nine complaints against a man who offered used cars for sale on Craigslist, claiming to be an auto dealer. Some consumers who paid him never got their vehicles; others received junks or cars without the titles. Working with the State Attorney's Office, the county agency filed criminal charges. He was found guilty, sentenced to 48 months' probation and was ordered to pay restitution.

Used car sales on the Internet were also a growing source of complaints last year to the **Ohio Attorney General's Office**. In many instances, the person advertising the vehicle claims to be going through a divorce, deploying in the military overseas, or selling the car of a loved one who recently passed away. To protect prospective buyers, the "seller" offers to set up an escrow account; the payment will go to an escrow agent and will only be released to the "seller" when the buyer confirms that the vehicle has been delivered and is satisfactory. The only problem with this is that the car doesn't exist, the names and addresses provided are fictitious or belong to people who have no connection with the scheme, and the escrow service isn't real, either. The "seller" gets the money directly or through a confederate, and the buyer gets nothing in return. Even worse, sometimes after making the first payment the buyer is hit up for more money for shipping insurance or some other bogus additional expense.

It can be risky to buy a car online from a stranger. If the seller claims to be a car dealer, check to see if it

has a dealer's license in your state. If you are thinking of buying from an individual, find out if the auction site or online platform where the vehicle is being advertised provides any protection and if so, what that covers. Never pay the full amount before receiving the vehicle. If it's an expensive purchase, it might be worthwhile to see it in person and have it checked out by a mechanic before you make any commitment.

Credit/Debt

Old Debts Never Die

“Debt buyers” who purchase uncollected debts for pennies on the dollar from creditors that have long since written them off generated many complaints at the **Georgia Governor's Office of Consumer Protection** last year. The agency took administrative action against Nelson, Hirsch & Associates for multiple violations of state and federal law, including threatening consumers with arrest and imprisonment, refusing to provide consumers with proof of the debts, collecting more than the amount owed, threatening to call consumers' employers and garnish their wages, calling repeatedly – sometimes as much as 50 times a day – and outside of the times of day that are allowed, and continuing to call after consumers told them to stop. Under an Assurance of Voluntary Compliance, the company agreed to cease trying to collect on nearly 6,000 consumer accounts totaling more than \$4 million and to pay civil penalties and costs of investigation. To settle allegations of similar abuses, Dorsey Thornton & Associates agreed to forego collection on more than 31,000 accounts worth in excess of \$15 million and also paid penalties and costs.

Don't assume that a debt has gone away just because the original creditor is no longer trying to collect it. If someone contacts you about an old debt and you're not sure you owe it or you think that the collection tactics may be going too far, get advice about your debt collection rights from your state or local consumer protection agency. Also ask about the statute of limitations – the legal time limit for suing you.

Repo Wrongs

A South Carolina car dealer got into hot water when he seized a car for overdue payments without providing the required “Notice of Right to Cure,” which gives the consumer a last chance to pay and avoid repossession. To make matters worse, as part of the purchase agreement he illegally had the consumer sign a statement waiving the right to receive the notice. After the **South Carolina Department of Consumer Affairs** intervened, the dealer provided the consumer with a replacement vehicle.

In tough economic times, many people have difficulty paying their bills. If you are in danger of falling behind, contact the creditor to try to work out a new payment arrangement. Your state or local consumer protection agency can provide you with information about your repossession rights.

Distressing Debt Collection Tactics

Abusive debt collection tactics were the fastest growing subject of complaints to the **Somerset County Division of Consumer Protection** in New Jersey last year. For example, a totally disabled woman had agreed with an ambulance service that she would pay \$10 a month on her \$1,300 bill and was

consistently making the payments when she was suddenly contacted by a collection agency demanding the full balance. The debt collector would not accept installment payments and mercilessly harassed the woman until she turned to the consumer agency for help. The original payment plan was reinstated.

The **Virginia Attorney General's Office** also said that debt collection abuses were the fastest growing complaints last year. One woman reported that a debt collector kept calling repeatedly even after being told that he had the wrong person and swore at her when she said she would file a complaint. Another woman who was being harassed for a debt that she knew nothing about was threatened that she'd better watch out because the caller knew what time her child came home from school.

You have the right to tell debt collectors, in writing, not to contact you again. And it's illegal for debt collectors to call with annoying frequency, falsely threaten legal action, use obscene language, or make any threats of bodily harm. For more about your debt collection right, read the information at www.ftc.gov/bcp/edu/pubs/consumer/credit/cre18.shtm.

Disappearing Dollars

The **Fairfax County Department of Cable and Consumer Services** in Virginia received several debt collection complaints last year with a new twist – a collection agency was taking money from consumers' bank accounts without their knowledge or consent. In one case, a consumer said that she had paid her dentist directly for the \$40 she owed him, but in the meantime the collection agency that the dentist hired took the account information from her check and created a "remotely authorized" check in her name to electronically debit \$30 for late fees from her bank account. There was no evidence that the consumer had authorized the debit, as required by the Electronic Fund Transfer Act. In addition, the collection agency failed to provide the consumer office with an itemized accounting of the money paid to the dentist and what the consumer still owed. The case was referred to law enforcement agencies for further review.

Businesses must have your express consent to take money from your bank account. Check your bank statements carefully and notify your bank immediately if you spot any unauthorized withdrawals.

Dubious Debts

Sometimes consumers are dunned for payments they never owed. For example, after Hollywood Video shut down and filed for bankruptcy, the **New York State Department of State Division of Consumer Protection** received many complaints from consumers who said that Universal Fidelity Corporation was demanding payment for unreturned videos, even though they had in fact returned the videos and owed nothing. The agency is resolving the complaints through mediation.

The **Consumer Assistance Office - Metro West** in Massachusetts cited another type of debt-related fraud as the worst consumer problem that it dealt with last year – bogus online payday loan sites. These websites ask consumers for their bank account numbers and other sensitive data, and then use that information to withdraw money from their accounts, even if the consumers never completed the loan

application process. Even worse, if consumers tell their banks to stop these unauthorized withdrawals, they're then hounded by debt collectors. Often there is no phone number or address for these loan companies, many of which operate from overseas, making pursuing them very difficult. The debt collectors are also hard to find. As a result, consumers who were simply exploring options for meeting their financial obligations are sometimes left worse off than they were before.

Don't be pressured into paying money you don't owe. If you're not sure, or the amount is incorrect, or you believe you don't owe the debt at all, you can dispute it. Get information about your rights under federal law at www.ftc.gov/bcp/edu/pubs/consumer/credit/cre18.shtm and check with your state or local consumer protection agency about state law.

Pay Today, Pay Forever

Even when online payday lenders actually provide loans to consumers, it can be a bad deal. Online payday loans were among the worst consumer problems that consumers reported to the **Montana Office of Consumer Protection** last year. They target vulnerable consumers and charge exorbitant interest, frequently more than 500 percent and sometimes 1000 percent annual percentage rate. In addition, the loans are usually structured so that payments are only enough to cover the interest; consumers must take extra steps, such as asking to completely repay the loan several days in advance of the due date, in order to repay the principle, something that most are unable to do. The terms are often explained in fine print, and if consumers fail to make their payments, the collection tactics are usually very aggressive. Enforcing the state's 36 percent annual percentage rate cap is difficult as many of these online payday loan companies operate from overseas.

Title loans, payday loans, and other short-term loans are typically very expensive and can trap you in a never-ending cycle of debt. Set aside as much money as you can on a regular basis to cover your everyday and unexpected expenses. For more information, go to Consumer Federation of America's website about payday loans, www.PayDayLoanInfo.org.

Mortgage Mod Madness

Many consumers who are having trouble making ends meet have been seeking modifications of their mortgage agreements to make payments more affordable. But what should be a simple fix has often turned out to be a nightmare. An illustrative complaint comes from last year's files of the **Montana Office of Consumer Protection**. The consumer was approved for a loan modification, and after making three trial payments, the permanent modification paperwork finally arrived. It had an accounting error, however. After alerting the bank of the error, the consumer was placed back in review for months. He was told to continue his trial payments, which caused him to fall farther and farther behind on the principal balance of his loan. Then he received a denial letter, in error. At that point, he was at his wit's end, communicating with the consumer agency and others daily – sometimes multiple times a day, pleading for help. Finally, after months of struggle and with the assistance of the consumer agency, he was granted the correct permanent modification, which significantly reduced his principal and provided him with a new monthly mortgage payment amount that would enable him to stay in his home.

In another example of mortgage modification madness, a consumer complained to the **Louisiana Attorney General's Office** that he tried for eighteen months to work out a loan modification with Bank of America, repeatedly filling out documents and sending them as instructed, only to be told that more was needed. After being notified that his loan modification had been approved and asked to fill out more papers, which he never received, he got a call from the bank telling him that he had in fact been turned down. No explanation was provided, and his home was placed into foreclosure, despite the fact that he had successfully completed the trial payments and had a friend who was prepared to provide financing.

Need help modifying your loan or avoiding foreclosure? For information about your options and to find out if you are eligible for help from the government, go to www.makinghomeaffordable.gov. You can also talk to a housing counselor certified by the U.S. Department of Housing and Urban Development by calling 888-995-4673, TTY 877-304-9707. There is no charge for these services.

Not How You Spell Relief

Another pitfall that homeowners facing foreclosure may encounter is falling prey to scammers who offer to help them avoid foreclosure. A case in point: a Washington, DC resident paid \$3,500 to a company to obtain a mortgage loan modification. Six months later and with no results, the consumer demanded a refund. After getting the run around, the consumer finally received a Termination and Mutual Release Agreement and a promise that, once it was signed and returned, the money would be refunded minus a "processing fee" of \$495. Alas, no refund ever materialized, and by the time the consumer turned to the **District of Columbia Attorney General's Office** for help, the company was no longer operating.

It's now illegal for mortgage relief assistance services to charge you until they have gotten an offer in writing from your mortgage lender to modify you loan and you have accepted it. For more information, go to www.ftc.gov/bcp/edu/pubs/consumer/credit/cre42.shtm.

Default Despair

Last year the **California Department of Consumer Affairs** began to hear about a new type debt-related problem – debt collectors obtaining default judgments without consumers being properly notified of the hearings and having the ability to contest or resolve the matter. In one typical complaint, the consumer claimed that she never got notice of the court date and only discovered the judgment against her when she checked her credit report. She attempted to contact the debt collection company to rectify the situation, but despite months of writing letters and leaving more than 50 voicemail messages, she got no response. On the rare occasions when she did get a representative from the company on the phone, she was put on hold until she finally gave up. Courts send the hearing notices to consumers based on the address information that debt collectors provide. It appears that at least in some cases debt collectors aren't making any effort to confirm consumers' current addresses or are deliberately providing incorrect addresses. The agency used to regulate debt collection companies, but unfortunately its authority to intercede ended in 1992 when the state decided to de-regulate the industry.

If you discover that there is a judgment against you and you never received notice of suit, check the state court website for a form and procedure to set aside the judgment or contact the court immediately to ask about your options. The court will probably have a record of how, where and when the notice of suit was delivered. You may also want to consult with an attorney. The National Association of Consumer Advocates maintains a state-by-state directory of lawyers who specialize in debt collection cases, see www.naca.net. Your state bar association may also be able to refer you to a lawyer. If you are low-income, your local legal services office might be able to help you. See www.lsc.gov/find-legal-aid.

Fraud

Shipping Scam

An Ohio woman received an offer at her college email address for a “senior supply manager” position. She was provided a list of expensive electronic goods and instructed to use her credit card to buy them and ship them to a location overseas. The “employer” provided her with the number to a bank account from which she would be able to draw funds for her pay and to reimburse her expenses. But, as she reported to the **Ohio Attorney General’s Office**, after she transferred funds from that account to her credit card, she learned that the account was closed.

Crooks take advantage of high unemployment to offer bogus jobs. No legitimate employer would pay you to buy items and ship them somewhere on its behalf. Also watch out for “re-shipping scams” in which crooks hire consumers to work from home receiving packages and then sending them on to other addresses, often overseas. These goods have been bought with stolen credit cards and consumers who participate in these fraudulent schemes may unwittingly find themselves accused of being accomplices. See <https://postalinspectors.uspis.gov/radDocs/consumer/ReshippingPub.pdf>.

New Ways to Grab Consumers’ Cash

Typically, scammers ask for payment to be sent to them via money transfer services because they can get the funds quickly, in cash, without leaving a trace. If an ID is required to pick up the money, they simply use a fake one. The **Ohio Attorney General’s Office** shared some examples of fraud that illustrate how scammers are starting to target new payment methods. Fortunately, both of these stories have happy endings. In one case, a man complained that he had been contacted by someone who claimed to be from the Legal Department of Florida and said that he owed money for a payday loan. He sent \$416 on a store-bought prepaid card, but the person kept on calling demanding more money. He contacted the loan company and found out that he only owed \$390 and that it had no connection to the person to whom he sent the prepaid card. The consumer agency contacted the card issuer and discovered that the funds were still on it because of a glitch with the PIN number, so the man was able to get the money back. In another instance, an agency employee was in line at a local pharmacy and heard the elderly man in front of him tell the cashier that he needed a prepaid card for \$500 to send to someone who was going to send him a check for \$1 million in return. He was able to convince the gentleman that it was a scam.

The **North Dakota Attorney General's Office** reported another payment twist in which scammers are instructing consumers to pay them using the Green Dot MoneyPak, which is sold at thousands of retail stores. MoneyPak is product that consumers can use to transfer funds to prepaid cards or to make payments to approved merchants. In the scam scenario, the consumer is told to get a MoneyPak, load a specific amount of money onto it, and provide the MoneyPak serial number to the crook. The crook uses that information to transfer the funds from the MoneyPak to a prepaid card and then cashes it in at an ATM. One North Dakota victim made repeated payments to scammers this way for a total loss of more than \$17,000.

Just as with money transfer services, using prepaid cards to send payment is the same as sending cash – and if you send cash to a scammer, it's usually gone for good. If you have any doubts about whether something is legitimate, your state or local consumer agency can help you recognize the danger signs of fraud. To learn more about how scammers are targeting new forms of payment such as MoneyPak, watch the video and read the tips at www.consumerfed.org/fraud.

Friend or Fraud?

The **San Francisco District Attorney's Consumer Mediation Unit** reports that affinity fraud seemed to be on the rise last year. These are scams in which the crooks take advantage of something that they have in common with the victims – speaking the same language, belonging to the same religion, or being from the same ethnic group – to gain their trust. In one case, a group of small cell phone businesses targeted Chinese speakers to sell them phone service that was purportedly from AT&T. It wasn't, and the consumers never got the discounts, rebates, or contract terms they were promised. Some of the employees of the businesses used the customers' information to open cell phone accounts for themselves or to order phones which they then resold. In another affinity scam, Spanish-speaking consumers were lured by fraudulent store-front operators to pay to ship packages back home to El Salvador or Nicaragua. The items never arrived at their destinations.

A common bond based on language, ethnicity or religion is no guarantee that an offer is legitimate. Be wary of deals that seem too good to be true and check with your state or local consumer agency and the Better Business Bureau for any information that may be available about the company.

Free Money Fraud

Fraudulent offers to help consumers get grants abound, perhaps because in economic hard times people will grasp at any promise of extra income. The **Kansas Attorney General's Office** worked with its counterparts in Minnesota and North Carolina and the Federal Trade Commission to take action against Grant Writers Institute, LLC and its many affiliates for promising that consumers were “guaranteed” a \$25,000 grant from the U.S. government as part of its economic stimulus efforts. When consumers responded to the solicitations, they were pitched a \$59 book about grant writing, and those who bought it were then hit up for hundreds more for grant research, writing, or coaching services with claims of a 79 percent success rate. Needless to say, few people had any success getting grants as a result.

Grant scams were the fastest growing complaints to the **Utah Consumer Protection Division** last year. One case involved Success Series Training LLC, a Utah-based company that solicited consumers by phone offering to help them find grants and other funding opportunities. When a disabled veteran living on a fixed income said that he couldn't afford the \$1,300 fee unless it was a "sure thing," the company representative assured him that his situation made him "ideal" to qualify for a grant. A single mother, disabled and living on Social Security, was told that she was in a "no-lose" situation to qualify for a \$75,000 grant. She paid \$3,880; other consumers paid as much as \$6,500. Consumers never obtained any grants, however, nor did they get the refunds that the company promised. As a result of these broken promises and failing to comply with state telemarketing requirements, the individuals behind the company were fined and ordered not to conduct similar behavior in the future.

If someone contacts you out of the blue offering free money, it's a scam. Grants from foundations and the government are generally made to agencies and organizations, not to individuals, and require an application process. There is usually no fee involved. But scammers will ask for money, and sometimes what they're after is your bank account number and other personal information. For tips about grant scams go to www.ftc.gov/bcp/edu/pubs/consumer/alerts/alt134.shtm.

Taking Grandma for All She's Got

Scams of all sorts were the fastest growing category of complaints last year to the **Vermont Attorney General's Office**, especially imposter scams in which the crooks pretend to be a friend or relative. One elderly woman who fell for the "grandparent scam" said that the caller even referred to her by the nickname her grandson used, "Nona." He said he was in an emergency situation in Canada and needed her to wire him money right away. He probably *was* in Canada, but he wasn't her grandson – he was a crook. Unfortunately, she lost several thousands of dollars over three separate wire transfers before she realized that she'd been taken.

Even if you're not a grandparent, you may be targeted by a variation of the "grandparent scam." For tips and to watch a funny video about this scam, go to www.consumerfed.org/fraud.

Fuel

BAAAAD Gas

In June 2011 the **Connecticut Department of Consumer Protection** was deluged with complaints from consumers who were experiencing problems with their cars after buying gasoline. Through the information that consumers provided, agency investigators identified the stations that sold the gas, examined their records, and tracked the source of the problem a single large fuel storage tank at a terminal in New Haven. The tank was removed from service until it was completely cleaned and restored. Working with the retailers, distributor and wholesaler, the agency helped consumers whose vehicles were affected get compensated. In all, 385 consumers were reimbursed for repairs, at an average cost of \$1,200 per vehicle.

Gas Gyp

One of the functions of the **Bucks County Consumer Protection, Weights and Measures Office** in Pennsylvania is to inspect gas pumps to make sure they dispense the amount of fuel that consumers are paying for. During a routine inspection, a station was found to have two pumps that were greatly reducing the amount of gas consumers believed they were actually paying for. These pumps would be reported as a negative number upon testing as all pumps are required to be calibrated to 0 (zero) before the pump is engaged. For example; the first gas pump tested was found to be out of tolerance at a minus seventy-eight, which means that, for each gallon of gas pumped, the station made a profit of twenty three cents over and above the advertised price per gallon. The other pump tested to a minus forty-two, which resulted in a profit of twelve cents per gallon for the station owner. The price was posted at \$3.319 per gallon but, in reality, unbeknownst to them, the consumers were paying \$3.54.9 or \$3.43.9 respectively. The advertised price of 3.319 per gallon was quite appealing to consumers and this station was always busy, so the amount of money the station owner made by possibly defrauding consumers on their gasoline purchases could be astronomical. The investigation is continuing.

Gasoline sales are regulated to make sure that consumers are getting the quantity and the octane that is displayed on the pumps and that the gas is not adulterated. If you suspect that gas you purchased was bad or that pumps aren't working right or are labeled incorrectly, ask your state or local consumer agency where you should report the problem, and save the receipts and any other documentation.

Propane Problem

Many New Englanders heat their homes with propane gas. Last year the **Vermont Attorney General's Office** fielded an unprecedented number of complaints against a regional propane seller that had instituted a minimum usage fee. The fee was calculated retroactively and was not disclosed as required under state regulations governing propane sales. Within a few months of notice from the agency, the seller agreed to refund the fees. However, another problem arose when it became clear that many of the affected consumers had switched to other propane providers in the meantime and the original seller was being too slow in making refunds for the fuel that they had not used. The state responded by enacting a new law that imposes a monetary penalty for failure of a propane seller to make refunds in a timely manner, and more than \$50,000 in penalties have been paid to Vermont consumers as a result.

If you have an account with a fuel provider or any other type of business and you find a new type of charge on your bill that you weren't expecting, contact your state or local consumer agency for advice.

Health

Dangerous Drug

The **District of Columbia Attorney General's Office** joined 37 other Attorneys General in reaching a record \$68.5 million multi-state settlement with AstraZeneca Pharmaceuticals arising from the alleged improper marketing of the antipsychotic drug Seroquel. The company was accused of promoting the

drug for uses that had not been approved, failing to adequately disclose its side effects to health care providers, and withholding negative information from scientific studies about the efficacy of the drug.

If you have questions or concerns about how a drug is advertised or promoted, contact your state or local consumer protection agency. You can also report those issues to the U.S. Food and Drug Administration's Bad Ad program by going to www.fda.gov/badad.

Health Scare

The **San Francisco District Attorney's Consumer Mediation Unit**, in conjunction with the California Medical Board, investigated Carlos Guzmangarza, who stole the identity of a licensed medical assistant to perform liposuction and other procedures on unwitting patients. In one instance, he had the patient hold the IV during her liposuction while he smoked a cigar. Several days later, he went to her house and asked if he could use her drain to dispose her fat because he was concerned about medical waste. In addition to practicing medicine without a license, he has been accused of raping nine women during procedures, one of whom was under sedation at the time. He has been charged with 52 felonies and faces up to 30 years in prison.

Your state or local consumer protection agency can provide advice about the proper place to report suspicious behavior by a medical professional. If it's criminal activity, contact your local police immediately.

Shoe Maker Agrees To Shape Up

Can shoes help consumers lose weight, burn calories, improve circulation, fight cellulite, and firm, tone or strengthen thigh, buttock, and back muscles? Those were the claims that Skechers made about its rocker-bottom shoe products. The **Tennessee Division of Consumer Affairs** joined with agencies in other states and the Federal Trade Commission last year to investigate of those marketing claims. The resulting settlement, announced earlier this year, provides millions for refunds to consumers and prohibits the company from making such health claims unless it has proof that they are true.

If you question the health claims that a company is making for a product, contact your state or local consumer protection agency. You can also report it to the Federal Trade Commission at www.ftc.gov.

Dentist Leaves Consumers in the Lurch

When a dentist in Wisconsin abruptly closed his practice with no notice, his patients were left without access to their records or with the dentures and other dental products for which they had already paid. Some had paid in advance for work that was not yet done. The **Wisconsin Department of Agriculture, Trade and Consumer Protection** helped patients retrieve their records and any products that had been made, and advised those who had paid with their credit cards for work that wasn't done to dispute the charges with their card issuers.

Any type of business can close without warning. If you pay with a credit card for health goods or services

that will be delivered in the future, you have more protection if you never get them than you would if you use other forms of payment because you have the legal right to dispute the charges. Credit card issuers will usually refund the money to your account, even if it is past the usual time limit for disputing the charges, as long as you notify them as soon as you discover the problem. If you have arranged for installment payments to be made from your bank account, contact your bank immediately to stop them.

Home Improvement/Construction

You Can Run but You Can't Hide

When an elementary school teacher in Florida complained that she gave \$18,000 to a contractor for an addition, who then closed his business and left the country without doing a dime's worth of work, the case seemed hopeless. But the investigators at **Pinellas County Department of Justice and Consumer Services** were undaunted. They tracked the errant contractor to Asia. A criminal case was filed and an arrest warrant was issued. Then, with only months left before the statute of limitations expired, an individual was identified on Facebook with the same name as the perpetrator. After several subpoenas, the investigators determined that he was their man and that he was in California. Working with the Florida State Attorney's Office, they arranged to have him arrested there and extradited to Florida. The case had a happy ending when he entered into a plea agreement and made full restitution.

Shoring Up Is Hard To Do

As a result of the hurricanes that have battered Louisiana in the last several years and the flooding that they caused, homeowners are now required to raise their houses above flood level in order to receive permits and grants for home repairs. And this has resulted in many complaints to the **Louisiana Attorney General's Office** about home "shoring." In one typical case, a consumer gave a deposit of \$25,572 to a shoring company to elevate his house, but two years went by and no work commenced. The consumer notified the company that he wanted to cancel his contract and find another contractor, but a company representative insisted that it had obtained the permit and was committed to doing the job. However, someone else from the company told the homeowner that the permit hadn't even been applied for. Now the company is threatening the consumer with legal action if he breaks the contract, and refuses to give his money back. The case is ongoing.

Pay only a small deposit when you contract for home improvement work; some state laws limit the percentage of the total price that can be requested upfront. The contractor may need more money for supplies and to pay subcontractors as the work proceeds. Get a written contract that sets out the payment schedule. Payments should be proportionate to the work done. Question any unexpected requests for more money, and never pay the full amount before the job has been completed.

Unregistered Contractors Get Stung

For three months in the spring of 2011, several investigators from the **Connecticut Department of Consumer Protection** used an empty house in Waterford and, posing as homeowners, contacted

contractors who were suspected of working in the state without the required registrations and invited them to bid on roofing, carpentry, painting, and other types of work. The sting netted 44 home contractors and salespersons from as far away as Pennsylvania and Rhode Island. Each was required to register with the agency and pay a civil penalty. Connecticut also has criminal penalties for failure to register as a home improvement contractor or salesperson, though none were imposed in these cases.

Before you hire a home improvement contractor, ask your state or local consumer agency if there are licensing or registration requirements and check to make sure that the contractor is in compliance.

Stick ‘Em Up

In 2011 home improvement was the fastest-growing complaint category at the **Gloucester County Consumer Protection Office** in New Jersey, especially complaints about asphalt repair. Often the victims are elderly people who are approached unsolicited with the old story, “I was in the neighborhood and see that you could use some driveway work.” They take a couple of hundred dollars, sometimes more, to spray the driveway with a substance that looks like asphalt but isn’t, and in some cases they enter the home and steal valuables. Telling the consumer to wait 48 hours before using the driveway, they disappear, usually without leaving a contact or even a business card behind. Of course, whatever was used to coat the driveway doesn’t stick – it’s the consumer who has been stuck up.

Don’t hire driveway pavers, painters, or other itinerant contractors that show up uninvited at your door. These are scammers whose only interest is to take your money and disappear. If they do any work at all, it is shoddy and incomplete. Tell the person “no thanks” and immediately contact the police. If you can, give them a description of the vehicle and the license plate number.

Home Solicitations

Alarming Situation

The **Hillsborough County Consumer Protection Agency** in Florida noticed a significant increase in complaints about door-to-door sales of security alarm systems. Typically these involve high-pressure sales tactics resulting in consumers being locked into lengthy monitoring contracts for systems that they didn’t really want or that don’t work properly. In one case, a 95 year-old woman was convinced to sign a 5-year contract, an excessively long time period given her age. Even worse, the salesperson knew that she already had a contract with another company, so would essentially be double-paying. Furthermore, the salesperson did not have the home solicitor license that the state requires. With the agency’s intervention, the company agreed to cancel the \$3,300 contract and refunded the money that the woman had already paid.

Door-to-door salespeople can be pushy, but some cross the line. Don’t be pressured into buying something on the spot. Under federal law, you have the right to cancel door-to-door purchases of \$25 or more within 3 business days. You must be given written notice of this right at the time of sale, and if notice is not provided, the cancelation period continues. Your state law may require door-to-door

salespeople to be licensed or registered; check with your state or local consumer protection agency.

Don't Call Me!

Violations of consumers' Do Not Call rights are a major challenge for consumers and state and local consumer agencies. The **Kansas Attorney General's Office** said that unwanted calls from "Credit Card Services" and similar services that offer to lower consumers' credit card interest rates were among the worst problems that it dealt with last year, and the **North Dakota Attorney General's Office** also singled out such calls as a significant problem. These callers are allegedly ignoring state and federal law by calling consumers who are on the Do Not Call Registry and implying that they have a relationship with the consumers' credit card issuers when they don't. Some of the people they call don't even have credit cards. And many of these calls use prerecorded sales messages, so-called "robocalls," which can tie up consumers' phone lines. Enforcement efforts are complicated by the fact that some of these companies use Caller ID "spoofing" to mask their real identities and numbers and by the use of Internet telephone services (VOIP) that make it easy and cheap to call numbers in the United States from other countries.

The **Wisconsin Department of Agriculture, Trade and Consumer Protection** obtained a consent judgment last year against First American Funding Company, LLC for violating the state's Do Not Call law and other telemarketing statutes. According to the complaint, the company made hundreds of thousands of calls to consumers who were the state's Do Not Call list, and also sometimes implied that it was calling on behalf of consumers' mortgage lenders when it was in fact pitching its own loan services.

Under federal law it's illegal for a company to make a sales call to your number if it is on the national Do Not Call Registry unless you have already established a relationship with that company by buying something or setting up an account, and you always have the right to tell companies, even those with which you have a relationship, not to call you again. Many states also have their own Do Not Call lists or consider calls to consumers on the national Do Not Call registry as violations of state law. In addition, federal law prohibits companies from making sales calls using prerecorded messages to consumers, regardless of whether their numbers are on a Do Not Call list, if those consumers haven't consented in advance, in writing, to receive prerecorded sales calls. For advice from the Federal Trade Commission about how to deal with robocalls, go to www.ftc.gov/bcp/edu/microsites/robocalls/#what. You can learn how the national Do Not Call Registry works, put your phone numbers (including cell phones) on it, and make complaints about violations of your no-call rights at <https://donotcall.gov/> (you can also put a phone number on the registry by calling 1-888-382-1222 from that number and following the prompts).

Emerging Energy Audit Scam

The **Pinellas County Department of Justice and Consumer Services** in Florida began to receive a new type of complaint last year regarding "free home energy audits." Consumers received postcards or flyers in the mail that implied that they were from a local power company and promised to help lower their utility bills. There was no relationship to the power company, however, and these solicitations were simply designed to sell consumers bogus services. In one case, the consumer was told that his electric bill would be reduced by at least \$130 a month and that he was eligible for a \$360 rebate from the

federal government if he agreed to have a special “energy efficient radiant barrier” that was used by NASA installed in his home. He was pressured into opening a \$5,800 line of credit for the work. The company started the job but never completed it. Fortunately, the homeowner was able to cancel the line of credit before any payments were made.

Among the Do Not Call complaints that the **Florida Department of Agriculture and Consumer Services** received last year, the fastest growing complaint category at the agency, many concerned similar “free home energy audit” solicitations. One consumer asked the caller why he was calling when the telephone number was on the Do Not Call Registry. The caller denied that he was trying to sell anything (the Do Not Call law only applies to sales calls), an assertion that the consumer rightly found hard to believe. He tried to track down the caller’s number and reported that it appeared to be from a cell phone.

Some utility companies offer free energy or weatherization assessments for their customers. If someone claims to have a relationship with your utility company, check to confirm that it’s true. If it’s not your regular utility provider or a company associated with it, chances are good it’s someone trying to get a foot in the door to sell you something of dubious value.

Household Goods

Take the Money and Run

After one of the owners of a New Jersey furniture store embezzled the money and assets from the business, forcing its abrupt closure, the **Somerset County Division of Consumer Protection** received 21 complaints from consumers who had paid in full but never received their orders. The cumulative loss was more than \$60,000. Other customers were left with no recourse for damaged delivery, partial deliveries, and repairs that were promised but never made. The business filed for bankruptcy, offering little recompense to the consumers.

If you are paying in full for household goods or services that will be delivered at a future date, pay with a credit card, which gives you the right to dispute the charges if the merchandise never arrives or the services are never performed, or if what you get is not what you were promised. Debit cards aren’t required to provide that protection, though some do voluntarily; check with your card issuer before you use it for that kind of purchase. If you’re using a check or cash, pay only a small deposit, not the full amount, and pay the balance when the goods are delivered or the work is completed.

Bad Solution for Consumers with Bad Credit

CEC Solutions marketed computers and electronics equipment via radio, television and classified newspaper ads to consumers with poor credit. Deferred credit financing was provided by a related company, Guaranteed Consumer Funding. Consumers were told that if they made their payments on time, that information would be transmitted to the three major credit reporting agencies, helping them to build good credit histories. However, the company did not transmit the payment information. It also failed to ship the computers within the promised times, shipped computers without the upgrades that

consumers had paid for, and charged prices that were far more than the merchandise was worth. Since CEC was supposedly based in McLean, Virginia, 81 aggrieved consumers from all over the country contacted the **Fairfax County Department of Cable and Consumer Services** for help. However, the company did not actually maintain any property or financial assets in Virginia, making it difficult for the agency to pursue restitution. Some consumers used the arbitration process specified in CEC's contracts, but the company failed to honor the arbitrators' decisions in their favor. The complaints, the collective value of which is nearly \$90,000, have now been referred to federal law enforcement authorities.

Want to buy a computer or other expensive equipment, but don't have the cash or a credit card to pay for it? Avoid sellers that offer overpriced goods on credit. Instead, look for reputable local retailers who will let you pay on layaway, or save up for the purchase and shop around to get the best price.

ID Theft

Phishing Expedition

A New York woman received a call from a man who identified himself as a certified vendor for a computer software company and told her that her computer had been infected with a very bad virus and spyware. Explaining that he needed immediate remote access to her computer to fix it and stop spreading the virus, he asked for her password. After gaining access to her system and running a "code," he said that the problem was remedied. The next day, however, she noticed an unauthorized charge on her credit card and realized that she had allowed an identity thief to gain access to the personal information stored on her computer. The **New York State Department of State Division of Consumer Protection** gave the panicked woman advice and helped her get the charge removed from her account.

Never provide personal information such as your passwords, Social Security number or financial account numbers to anyone who contacts you unexpectedly asking for it. Contact whoever the person claims to represent directly, not through a phone number, Web site or email address that the person provides, to verify the request. For more information about identity theft, go to www.IDTheftInfo.org.

Invasion of the Virtual Life Snatchers

As people spend an increasing amount of their lives on the Internet, the **Los Angeles County Department of Consumer Affairs** began to receive complaints last year from consumers who were upset that their personal information was being fraudulently used by other people on websites such as Facebook and Craigslist. One consumer discovered that her telephone number was listed in an online ad for an inexpensive iPad, causing her voicemail to overflow with messages from interested buyers. Another complained that a hacker took control of her virtual character in an online game and stole digital possessions and game money that she had compiled. These complaints are difficult to resolve because it is unclear who the culprits are, where they are located and how to reach them.

Limit the personal information you share online through social networking and gaming sites. A crook could use pose as you to make fraudulent sales or engage in other illegal activity. If you don't keep your

computer secure and your passwords protected, you could be vulnerable to hacking, malware and other means of stealing your personal information. Go to www.OnGuardOnline.gov for more information.

Internet Sales

Going, Going, Your Money Is Gone

The **Georgia Governor's Office of Consumer Protection** encountered a new type of consumer problem last year, complaints about online "penny auctions." These auctions work differently than other online auctions such as eBay. For one thing, it's the auction websites that are selling the merchandise, not individuals. But it's the bidding process that is really different from other kinds of online auctions. People who want to bid pay a fee for each bid they make, typically \$1 or less. Auctions start at \$0 and each bid raises the price by a small amount, often a penny. The winner pays the final sale price plus shipping on top of the cost of the bids that the person has made. So a winning bid of \$50 for an iPad might actually cost \$5,050 plus shipping if the winner made 5,000 bids at \$1 for each 1¢ bid. And unlike other online auctions, people who don't win are double-losers since they don't get the money they spent to bid back. More than a hundred consumers complained that one penny auction company, Wavee US, LLC, didn't adequately disclose that registering on the website would automatically result in a credit card charge for \$179 bid credits. Consumers also complained that they didn't get the items they bought through the auction in a timely manner. The consumer agency's investigation revealed that these complaints were only the tip of the iceberg. Another issue was that the company was not registered as an auctioneer as required by Georgia law. Eventually the company entered into an Assurance of Voluntary Compliance in which it was required to close up shop and pay restitution, civil penalties, and administrative expenses. In excess of \$1 million was refunded to more than 16,000 consumers, and a trust account was set up to cover any outstanding claims by consumers who did not realize that they would be charged for bid credits. In another penny auction case last year, the agency took action against iTicketBid.com for failing to deliver the sporting events tickets and other merchandise that consumers had paid for and not registering as an auctioneer in Georgia. That company also entered into an Assurance of Voluntary Compliance and made more than \$22,000 in restitution to consumers.

Online auctions offer a wide variety of items, sometimes (but not always) at bargain prices. Before you bid, review the information about how the auction site works carefully and research prices online to get a good idea of what the item you're interested should cost. Don't get caught up in a bidding frenzy that could lead to paying much more for the item than it's worth.

Who You Gonna Call?

Problems with online ticket resellers were a new and troubling area of complaint to the **Consumer Assistance Office - Metro West** in Massachusetts last year. In a typical example, three friends pitched in to buy tickets for \$100 each (plus an additional \$100 for shipping and handling) for an event from a website whose name implied that it was a local business. When the tickets arrived, the friends didn't look at them closely; it wasn't until they got to the event that they discovered that their seats weren't

together and that the face value of the tickets was only \$50. The ticket reseller turned out not to be a local business at all. The phone number provided on the website was for a processing operation used by many ticket resellers, and there was no information available about how to contact that reseller directly. Furthermore, the website had a not-very prominent no-refund policy, another detail that the friends failed to notice. They were advised to dispute the credit card charges for the tickets.

Dying to go to that concert or sports event, but it's sold out? Be careful when dealing with online ticket resellers. Review the terms on the website carefully, and do a little research to find out how much the tickets originally cost so you can decide whether the mark-up is worth it. Some states have laws regulating ticket-resellers; ask your state or local consumer agency about your rights before you buy.

Landlord/Tenant

Rightful Refund

The wave of foreclosures in the past year has affected tenants as well as property owners. In one case handled by the **Fairfax County Department of Cable and Consumer Services** in Virginia, the tenant complained that the landlord failed to return the security deposit after the property was foreclosed on. The landlord contended that the foreclosure had not gone through and demanded that the tenant continue to pay the rent. However, the consumer agency verified with the bankruptcy trustee that the foreclosure had indeed been completed, so the landlord had no right to hang onto the deposit or to any further rent. An agreement was negotiated with the new property owner under which the tenant received \$3,500 and vacated the property.

When a rental property is foreclosed on, the tenant's security deposit is usually transferred to the lender or the new owner – if it isn't, they will likely be responsible for it anyway if the tenant doesn't get it back from the previous owner. The tenancy doesn't automatically end; under federal law enacted in 2009 to protect tenants in foreclosure, the lease continues to be in effect, though if the new buyer intends to move in, the lease can be ended with 90 days notice. A tenant without a lease is also entitled to 90 days notice to vacate the property. State laws may also apply to these situations and may provide even stronger rights than federal law. If you're a tenant in a property that is being or has been foreclosed on and you're not sure of your rights, consult with your state or local consumer protection agency.

Bed Bugs Bedevil Tenants

It's not just hotels that are having problems with bed bugs – increasingly tenants are complaining that their apartments are infested. The **Bucks County Consumer Protection, Weights and Measures Office** in Pennsylvania received many complaints last year against landlords who failed to respond adequately, or at all, to bedbug problems. Some landlords have started to include clauses in their leases requiring tenants to pay a portion of the extermination costs. While this is legal in Pennsylvania as long as it is part of the rental contract, consumers' rights in this regard may vary from state to state.

Read the lease carefully before you sign and keep it where you can easily find it if needed. If you have

any questions about the legality of lease terms and your rights as a tenant or if you're a landlord and you're not sure of your obligations, consult with your state or local consumer protection agency. Tenants should notify landlords immediately about insect, rodent, or other health or safety problems, document when they did so, and contact the local health authorities if they don't get a prompt response.

Real Estate

Timeshare Troubles

Timeshare sales were among the top complaints to the **Louisiana Attorney General's Office** last year. Many of the complaints were against Festiva, a timeshare company based in North Carolina and operating out of New Orleans. Consumers were offered "prizes" such as a big screen television or a cruise if they attended a Festiva sales presentation. Once there, they were forced to listen to a six-hour sales pitch. Some never received their "prizes," others complained that the free cruises ended up costing hundreds of dollars in fees. The agency is currently working with other members of the National Association of Attorneys General on a multi-state action to get restitution for consumers and terminate timeshare contracts that consumers want to cancel.

The **Tennessee Consumer Affairs Division** reported that timeshare sales were the worst consumer problems that it dealt with last year. With the Smoky Mountains and other popular tourist destinations, the state is a major timeshare sales area. Meeting that the agency held with top executives from the companies to discuss high pressure sales tactics, improper rescission procedures, misrepresentations and other issues have led to some improvement and better cooperation to resolve complaints.

Timeshare companies often use long, high-pressure sales pitches and the lure of "prizes" that sometimes aren't really free or worth the amount they claim in order to convince consumers to sign on the dotted line. Don't be pressured into buying a timeshare. Take the time to consider how the cost compares to staying in other types of accommodations when you go on vacation and whether the dates and locations work for you. If they insist that you have to agree immediately, walk away.

Resale and Recovery Rip-Offs

Timeshare resales were also cited by several agencies as the subject of frequent complaints. These companies contact consumers unsolicited offering to help them unload their unwanted timeshares. Since many timeshare owners have buyer's remorse, promising to help resell them is an attractive offer. However, it's questionable how many people want to buy them, and sometimes timeshare resellers just take consumers' money and make no effort to find buyers. There are also companies that offer to recover fees that consumers have paid to timeshare resellers if they've had no results. They take a fee themselves and that's the last that consumers ever hear from them.

The **Summit County Office of Consumer Affairs** in Ohio received a complaint from an elderly widow who was besieged by solicitations from timeshare resellers and resale recovery fee services. She paid more than \$10,000 in total. The agency was able to recover about \$3,000 and has referred the

outstanding complaints to Federal Trade Commission and agencies in other states where the businesses are located. To help her avoid falling prey to more scams, she agreed to call the investigator who worked on her complaints whenever she receives more solicitations. The agency also issued a Consumer Alert to warn other county residents about this type of fraud.

In a case that **Pinellas County Department of Justice and Consumer Services** in Florida received last year, a consumer was allegedly conned out of \$40,000 over a period of several months with promises to resell her timeshare, which was worth only \$20,000. The salesman convinced the woman to ignore the annual maintenance fees because they would be taken care of in the closing, which would happen “any day.” Unbeknownst to her, the timeshare was foreclosed on for failure to pay the fees, and the salesman continued to take her money even after she no longer owned it. That case is ongoing. The **Orange County Consumer Fraud Unit** in Florida received a complaint from an Oregon consumer who paid more than \$5,000 to a timeshare resale company in Orlando that never kept its promises.

A stream of complaints about a company that offered to buy the deeds to consumers’ unwanted timeshares led the **Georgia Governor’s Office of Consumer Protection** to take action against Safe Hands Transfers LLC and a related company, Direct Transfers, LLC. They solicited consumers by postcard and set up meetings with them at hotels. Consumers were pressured to pay thousands of dollars and sign over the deeds to their timeshares or enroll in a service that would supposedly release the liens on their timeshares. They weren’t informed that the lien release service might have a negative effect on their credit scores or that they might be sued by creditors or foreclosed on, nor did they receive the required 3-day cancellation notice. Ultimately, the companies refunded consumers’ money, paid penalties and administrative costs, and were required to stop offering the lien release services in Georgia.

Own a timeshare you don’t want? Avoid companies that take upfront fees no matter whether they succeed in reselling it for you or not, and don’t throw good money after bad by paying another company to “recover” the money you’ve already given to a timeshare reseller. Ask the company that manages the timeshare property what your options are. You may also want to consult with a licensed realtor.

Let My Money Go!

When older people move into retirement communities and assisted living facilities, they typically pay a large entrance fee with the promise that they, or their estates, will get most of it back when they move out or pass away. But sometimes the process doesn’t go smoothly. For instance, a Pennsylvania woman complained to the **Bucks County Consumer Protection, Weights and Measures Office** that when she moved into a local assisted living facility, she was assured that 85 percent of the \$170,100 entry fee would be refunded if she moved out. She left, and a year later still didn’t have her money. She was told that she wouldn’t get a refund until someone else took her unit. In the meantime, however, the entrance fee jumped to \$399,500, making it much harder to find any takers. The consumer agency negotiated with the facility to significantly reduce the entry fee, and shortly thereafter someone else moved in and the woman received \$168,654. The agency has also received complaints about the order that refunds are made when there are multiple vacant units. In some cases, the units that consumers

have left have been designated as “models,” making them unavailable for people to move into and thus holding up consumers’ refunds.

Review the assisted living or retirement community contract carefully before signing to make sure you understand the terms, including how the entry fee is handled. Contact your state or local consumer protection agency if you believe the contract has been violated or that you’re being treated unfairly.

Rental Rip-Offs

Real estate fraud was the fastest growing complaint category at the **Orange County Consumer Fraud Unit** in Florida last year. With many foreclosed properties in the area, scammers are scanning the legal notices and then, posing as the owners, advertising those properties for rent and taking deposits from would-be tenants. Consumers have reported losing an average of \$2,500 in these scams, and some lost even more when they paid to have their belongings shipped, only to find that they couldn’t move in.

You may be able to find great rental deals advertised by individuals, but if you’re not sure who you’re dealing with or whether the person even owns the property, the safest bet may be to rent an apartment or a house through a licensed realtor. If you want to do some legwork yourself, check with the tax assessor’s office in the city or town where the property is located (in some cases it might be a county agency) to see who owns the property and try to contact that person.

Retail Sales

Not So Safe

In June 2011 the **Connecticut Department of Consumer Protection** responded to numerous reports of burns among people using a pourable fire gel. One person suffered severe burns and was hospitalized. The agency launched an immediate investigation, prompting a voluntary recall of FireGel, labeled as a “Safe Pourable Gel,” manufactured by Napa Home & Garden, Inc. and sold at many stores. The product was intended for filling citronella-scented ceramic firepots that are used to ward off insects. Adding it to a lit firepot, however, resulted in explosions and burns. Agency inspectors conducted recall compliance checks to make sure that the fire gel was removed from store shelves and instructed consumers to return any unused product that they had. It also reported the problem to the U.S. Consumer Product Commission. One week later, the CPSC and the fuel gel manufacturer announced a voluntary national recall after dozens of consumer injuries provided strong evidence that it posed a serious hazard.

If you buy a product that turns out to have a safety defect, notify the store right away but don’t return it until you have also notified the proper authorities in case someone needs to examine it. Your state or local consumer agency can tell you if there is a state agency to which to report it, and you can also report it to the U.S. Consumer Product Safety Commission, www.saferproducts.gov or 800-638-2772, TTY: 301-595-7054.

Disappointing Dinner Deal

The **Vermont Attorney General’s Office** encountered a new type of complaint last year, problems with

promotional gift certificates that offer discounts for restaurant meals and other products or services. Consumers complained about businesses not honoring the gift certificates or that the expiration dates were too short. For example, a consumer who purchased a half-off gift certificate from Restaurant.com said that the restaurant declined to honor it and the website refused to provide a refund.

Read the terms of promotional certificates carefully before you purchase them. If you believe that the terms of using a coupon or promotional certificate wasn't adequately clear or that it has been wrongly dishonored and you can't satisfaction from the seller or the business where you tried to use it, contact your state or local consumer protection agency.

Services

Leaving No Stone Unturned

An elderly New Jersey resident complained to the **Gloucester County Consumer Protection Office** that the headstone that she had bought for the grave of her sister, who had been dead for two years, had never been delivered. The memorial company's initial response to the agency was "what business is it of yours?" but when the investigator explained that cases of possible fraud were taken very seriously in New Jersey, the owner blamed the delay on the company that was actually making the stone. Not content to accept that explanation, the investigator tracked down the stone company and found that it had never been paid by the memorial company, despite the fact that the consumer had long since paid the full amount of \$1,900. After much back and forth between the companies involved, the memorial company finally paid the stone company and the headstone was shipped, but then a new problem arose – the cemetery had never been paid to accept and install the stone. Happily, after more back and forth, the consumer agency was able to resolve the matter and the sister's resting place is now marked with a fine headstone.

Handling the arrangements after a death can be stressful, but just as with other major purchases, it's important to get a contract that specifies what will be done and when and to follow up with the seller if the products or services are not provided on time. Don't pay the full amount before everything you were promised has been done.

Look Out For Rogue Locksmiths

The fastest growing complaints made to the **California Department of Consumer Affairs** last year concerned companies that are supposed to be licensed to provide the services they sell but aren't, especially locksmiths. Often unlicensed locksmiths use the Internet to advertise very low prices. Typically, they disassemble the locks and then demand more than the amounts that they originally quoted to finish the jobs. Faced with the alarming prospect of not having working locks, the consumers are forced to capitulate. These bait and switch tactics not the only concern; since obtaining a license requires a criminal background check, someone such as a locksmith who has access to homes and businesses and has not gone through the licensing process can pose a danger to the public. Until recently, the agency was unable to take action against companies or individuals that flouted licensing

requirements, but new regulations now give it the authority to penalize them, administratively and criminally, even to the point of shutting them down. The agency has used this new authority to force the closure of several unlicensed companies across five security-related industries, actions that have prompted several hundred formerly unlicensed companies to obtain the appropriate licenses.

The worst complaints that the **Maryland Attorney General's Office** dealt with last year were against a locksmith who also used low estimates to lure his victims. Once he got his foot in the door he raised the price, and if consumers refused to pay he threatened to keep the credit cards they had handed him or used other means of intimidation. But the agency was not intimidated – it shut down his locksmithing operation and he is now required to offer a written estimate for any business that he operates.

Get a written estimate or contract for services before the work begins, and don't be pressured into paying more than you originally agreed to.

Money for Nothing

The worst consumer problems reported to the **Los Angeles County Department of Consumer Affairs** last year were about dishonest immigration consultants who promised to help consumers navigate the legalization process, took their money, and never performed any services. In one case, the immigration consultant even stole the victim's identity and used it to commit other crimes. The agency worked with the Los Angeles District Attorney to bring charges against the man, who is now facing trial.

Dishonest immigration consultants can do more than just rob people of their money; if they do anything incorrectly with your application, they can damage your chance of success. It's important to know that in the U.S., notaries are not lawyers. Only licensed attorneys or nonprofit organizations that are authorized by the U.S. Citizenship and Immigration Services (USCIS) office can give you legal advice or represent you. For more information go to www.uscis.gov/avoidscams or call 800-375-5283. Tips about fraud targeting immigrants, applying for a Green Card or citizenship, and getting help from legitimate sources are also available in multiple languages at www.ftc.gov/bcp/edu/pubs/consumer/alerts/alt198.shtm.

Talent Claims Not True

More than 150 consumers complained to the **Utah Consumer Protection Division** last year about a talent scouting company, Tru Talent Management. Company representatives approached people who were shopping in malls and big box stores with their children, offering to get their children cast in advertisements and movies. If consumers expressed interest, they were asked to bring their children to be auditioned, but once they arrived for the appointments, they were presented with a contract to sign and given no opportunity to review it. The fees were typically \$1,500 but Tru Talent salespeople were encouraged to try to get more if it looked like the parents could afford it. Financing was arranged for those who could not pay outright. While the contracts promised acting and modeling classes, the only services that were actually provided were photo shoots, done by a make-up artist, not a professional photographer. The company advertised the following misrepresentations in its flyers, on its website, and through its salespeople: that Tru Talent has a relationship with Disney; worked regularly with major

retail advertisers; and held auditions for the movie, “Hunger Games.” After an extensive investigation, the agency issued an Administrative Citation to the company and its owner and ultimately obtained a settlement in which Tru Talent agreed to close down and pay \$35,000 for restitution to consumers.

Be careful when dealing with talent agencies and modeling agencies, especially if you have been approached unsolicited. Flattery and promises of big money may be alluring, but they may just be looking for a big fee, upfront, with no guarantee of success. For more information about modeling and talent scams go to www.ftc.gov/bcp/edu/pubs/consumer/products/pro23.shtm.

Schools

School’s Out Forever

The **San Francisco District Attorney’s Consumer Mediation Unit** received complaints last year against two career training schools that targeted the immigrant population with promises of training that would lead to good jobs in fields such as massage therapy and food preparation services. Unfortunately, they didn’t deliver on their promises. Neither of the schools was accredited and both went out of business, leaving students out an average of \$2,000-\$3,000. The agency has referred the complaints to a state regulatory agency.

Before you sign up for a career training school, ask the education department in your state if there are any licensing or accrediting requirements and whether the school complies. That agency may also be able to tell you if it has received any complaints about the school. Check its complaint history with the Better Business Bureau and your state or local consumer agency, too.

Towing

Tow Company Fails To Tow the Line

Towing from private property is a contentious issue, and sometimes consumers complain that they weren’t adequately warned or that they were forced to pay exorbitant amounts to get their cars back. The **Broward County Permitting, Licensing and Consumer Protection Division** in Florida received several complaints last year about a tow company that charged far more than the maximum rates the county allows. Administrative cases brought against the company resulted in refunds for consumers who were overcharged.

If you believe you were overcharged for towing, pay the fee in order to avoid storage charges, keep the documentation, and contact your state or local consumer agency for information about the legal rate limits that apply and where you should lodge a complaint.

Utilities

The Old Switcheroo

With competition for telephone services consumers have more choices and the potential to get lower prices, but some unscrupulous companies take advantage of competition to offer consumers deals that don't turn out to be good at all. Last year one such company solicited elderly consumers in Cambridge, Massachusetts for landline phone service. It offered discount calling plans, often misrepresenting that it was the consumers' current service provider. Many consumers who agreed didn't realize that their service had been switched to another provider until they got their bills. They also discovered that they were paying much more than before because of fees that hadn't been mentioned during the sales pitch for monthly memberships, account maintenance, and paper statements. Working with the state public utilities regulator, the **Cambridge Consumers' Council** helped consumers cancel the accounts, switch back to their previous service providers, and get adjustments on what they owed. The agency also reached out to the older population with educational information about buying telephone services.

If your phone service was switched to a different provider without your consent, rules administered by the Federal Communications Commission give you the right to refuse to pay the slammer's charges and get switched back with no fee. Read the information at www.fcc.gov/guides/slamming-switching-your-authorized-telephone-company-without-permission. If you agreed to switch but you didn't get the deal you were promised, contact your state or local consumer protection agency. (Not all consumer agencies handle telephone-related complaints, so you may be referred elsewhere.) You can also complain to the FCC at www.fcc.gov or by calling 888-225-5322, TTY 888-835-5322.

Cramming Scam

"Cramming" is another common telephone-related problem. This is when unauthorized third-party charges appear on consumers' phone bills for discount buying clubs, web hosting, and other services that they never agreed to purchase. For example, one consumer complained to the **Kansas Attorney General's Office** that she paid unauthorized charges from four different companies totaling \$70 per month for three years. One of the reasons that it took her so long to detect the problem was that she receives and pays her phone bill electronically and hadn't looked at the details of the charges.

Look at your phone bill carefully before you pay it. If you're arranged for auto-payment it's doubly important to check your bill before payments are made. Cramming charges can be small amounts so you might not notice them if your bill is only a little higher than usual, but these fraudulent charges can really add up, and you may not be able to recover all of the money you paid if the problem has been going on for a long time. Go to www.ftc.gov/bcp/edu/pubs/consumer/products/pro18.shtm for more information

about how to avoid being crammed and what to do if you are.

Bad Service

The worst problem that the **Wisconsin Department of Agriculture, Trade and Consumer Protection** dealt with last year started when a telecommunications company split into several separate businesses. The business that continued to provide customers with cell phone service undertook a technology upgrade that resulting in a prolonged outage. To make matters worse, the service coverage changed. More than 600 disgruntled customers filed complaints. Though the agency does not regulate issues regarding quality of telecommunications service, it was clear that consumers were not getting what they paid for. After an investigation and many meetings with the company, the agency obtained a settlement in the amount of \$248,000, from which consumers who complained will soon receive refunds.

If you have issues with the quality of your phone service, speak up! Keep notes of when outages or other service problems have occurred and contact your state or local consumer agency for advice.

Bundle of Trouble

The **Howard County Office of Consumer Affairs** in Maryland received numerous complaints last year about the sale of bundled services for cable television, telephone and Internet service. Consumers said that the monthly charges were more than the salespeople represented and that there were additional fees for services that they never agreed to such as games packages and security suites. The investigation into companies' practices is ongoing.

Before signing up for telephone, Internet, cable or satellite TV, get all the information about the terms and the cost. Bundled service is sometimes a good deal, but don't assume that it's always cheaper than buying services separately. Get a written contract or print out the information to document what you agreed to, and contact your state or local consumer protection agency if you believe you were misled.

Fee for All

Utility problems were the fastest growing complaints to the **Montgomery County Office of Consumer Protection** in Maryland last year. A high number of electric power outages and resulting complaints against Pepco led the county to create a Work Group to study the problem and make recommendations to address it. The recommendations include increased inspections by the utility, modernizing its equipment, improving its communications with consumers, and establishing stringent service standards. In a separate issue, the agency received numerous complaints against local cable provider Comcast for failing to disclose that consumers would be charged "truck trip fees" ranging from \$19.95 to \$39.95 for in-house service calls. Some consumers also complained that the fees weren't fair because they weren't responsible for the problems. Under the terms of a settlement, Comcast agreed to disclose the fees when consumers call to schedule service and again via recorded telephone messages to consumers before the service date. The disclosures also make clear that the fees will only be charged if the problem was caused by equipment owned by the consumers or by their failure to use the equipment properly. In

addition, Comcast agreed to pay \$25,000 to the agency for consumer education.

Problem with a utility provider? Contact your state or local consumer protection agency for advice about what to do if the service is poor quality or you believe you have been wrongly charged for something.

Consumer Agencies' Biggest Achievements in 2011

State and local agencies were asked to describe their biggest achievements during the survey period. These could be major enforcement actions and initiatives, new websites or other efforts to reach consumers and businesses with educational information, improved internal systems, new laws or regulations, or other significant achievements.

Enforcement

Keeping Gold Buyers Honest

With gold prices souring, many businesses have sprung up beckoning consumers to cash in their broken or unwanted jewelry with promises to pay "top dollar." Many people get what they should, but there is the potential for consumers to be short-changed. To prevent that, last year the **Bucks County Consumer Protection, Weights and Measures Office** in Pennsylvania forged a partnership with the local Sheriff's Department to ensure that all gold buying businesses in the county comply with the state's Sale of Precious Metals Law and that their scales were accurate. Under the law, these businesses must obtain a license from the Sheriff, provide customers with itemized receipts keep records of the transactions and file them with the proper authorities, and register their scales with the weights and measures office. The scales are checked annually and are subject to additional inspections if there are complaints.

Improving Enforcement against Errant Home Improvement Contractors

Operating as a home improvement contractor without being registered is a fourth degree crime in New Jersey, but getting restitution for victims and fines paid has sometimes been difficult. The **Gloucester County Consumer Protection Office**, in conjunction with the New Jersey Office of Consumer Affairs and the Administrative Office of the Courts, worked together to enable county consumer agencies to file complaints online directly with the courts of appropriate jurisdiction. More stings are planned for the future now that it will be harder for errant contractors to thumb their noses at the law.

The **Pinellas County Department of Justice and Consumer Services** in Florida had several significant victories in home improvement cases last year. In one, a contractor who took money from numerous victims and did no or minimal work over a period of two years was prosecuted for grand theft and misapplication of construction funds, pled guilty and was placed on 10 years probation. He also paid \$28,000 toward restitution for the victims and is barred from operating as a principal for any home improvement or roofing business while he's on probation. Another case involved a contractor who was to build a townhouse for a consumer. As certain phases were completed, he would submit payment requests to the bank, along with lien waivers to document that the work had been done. But the lien waivers were false; he hadn't paid the subcontractors, who filed a lien against the victim's property. He

paid \$25,000 in full restitution after pleading guilty to misapplication of construction funds.

Bringing Fraudulent Debt Adjusters to Justice

The **Georgia Governor's Office of Consumer Protection** resolved a criminal case against Versadebt Corporation and its principals for operating a fraudulent debt adjustment service. The company, based in Georgia, promised to negotiate lower credit card interest rates for consumers. No services were ever provided, however – the defendants simply pocketed \$25 million from consumers in 40 states. At one point, learning that they had been indicted, three of the defendants fled to the Philippines, where they had already set up a similar business. When extradition proceedings commenced, they returned voluntarily. Ultimately, all the defendants either pled guilty or were convicted; some will serve lengthy prison terms. Though not the full amount of consumers' losses, millions of dollars have been recouped.

Combating Mortgage Application Fraud

In coordination with the Florida Department of Law Enforcement and the state Attorney General's Office, the **Hillsborough County Consumer Protection Agency** investigated allegations of criminal conduct related to the solicitation, processing and awarding of residential mortgage loans. The investigation uncovered 50 fraudulent mortgage applications involving 33 properties in Hillsborough and other Florida counties. The value of the loans was nearly \$9 million. The seven individuals involved in the scheme, operating as First Mutual Mortgage Corporation, Challenge Mortgage and Greene Financial, Inc., were charged with racketeering, grand theft, obtaining a mortgage by false representation, and other violations. At this point, five have entered guilty pleas and face prison time.

Helping Homeowners with Water and Sewer Fee Issues

The biggest achievement for the **Howard County Office of Consumer Affairs** in Maryland last year was helping to resolve a very complicated problem involving the water and sewer service for a housing development comprised of modular homes. Individuals who purchased the homes initially did not buy the lots on which the homes sat and paid an annual "ground rent fee" to the developer of the property. A number of years later, the homeowners found they could not refinance the mortgages on their homes because they were classified as "mobile homes." In order to help them, the county and the developer negotiated a deal in which the homeowners could buy their individual lots, merge the title of the lots and homes (thereby removing the "mobile home" classification) and refinance their mortgages. In 2005, after selling some of the lots, the developer legally filed a Declaration of Water and Sewage Charges that attached to the deeds of the remaining unsold lots. It requires that for 30 years following the initial sale to an individual owner, that owner and any subsequent purchasers must pay an annual fee of \$240 to offset part of the cost of the water and sewer infrastructure. The developer set up a separate corporation to collect the annual fees but it failed to collect the fees from many of the lot owners for the first several years. In early 2011, the corporation hired new management to make sure that the books were in order and bill the homeowners who were subject to the Declaration. Many of these homeowners were surprised by the bill, saying that they were not informed of the fees when they bought their lots; others who were dunned said that they didn't owe any money because they bought

their lots before the fees went into effect. The consumer agency helped to sort the matter out and make sure that only those homeowners who actually owed the fees had to pay them, and instructed homeowners who claimed they were not notified of the fee on how to file a title insurance claim.

Stopping Grant Scams

For the **Kansas Attorney General's Office**, the grant scam case described in earlier in this report (see page 16) was its biggest achievement last year. The case resulted in the largest litigated consumer protection recoveries that the agency had ever achieved.

Battling Medicaid Abuses

The **Louisiana Attorney General's Office** obtained a jury verdict of \$257,679,500 against Janssen Pharmaceuticals and its parent company, Johnson & Johnson, for violating the state Medical Assistance Programs Integrity Law. The jury found that they misrepresented the drug Risperdal's link to diabetes in order to obtain funds from the state Medicaid program. The case is currently on appeal.

Ensuring that Flood Victims Don't Become Home Repair Victims

North Dakota experienced two major floods last year, and thousands of homes and businesses were lost or damaged. To enforce state law and prevent property owners from being victimized by fraudulent contactors, the **North Dakota Attorney General's Office** worked with other agencies to create and staff a Contractor Licensing Center. Its function was to license, register, and issue photo identification cards to contractors and their employees who came to the state to assist in the recovery effort. The licensing procedure includes a criminal background check, which resulted in 23 individuals being arrested on outstanding criminal warrants as well as apprehension of illegal immigrants and identification of sexual predators, who were required to register with local law enforcement.

Stepping Up Efforts against Criminal Activities

In response to the increase of complaints of a criminal nature, the **Ohio Attorney General's Office** created an Economic Crimes unit within the Consumer Protection Section.

Keeping Advertisers Honest

Last year the **Summit County Office of Consumer Affairs** in Ohio began reviewing all print advertisements that use the word "free." The agency contacted seven out-of-state companies that advertised "free" health products but failed to disclose that there would be shipping or processing fees or other terms and conditions were required to get the "free" products. They agreed to change their advertising and paid investigative costs.

Protecting Consumers from Predatory Talent Agencies

The biggest achievement for the **Utah Consumer Protection Division** was shutting down Tru Talent (see page 31), which required an extensive investigation into the company's claims and how legitimate

casting agencies work.

Obtaining Significant Settlements

The **Vermont Attorney General's Office** has a small staff but it brought some big cases last year, including obtaining a \$1 million settlement with a regional consumer waste service provider for deceptive contracts and bringing major actions against debt relief companies, telephone crammers, debt collectors, contractors and more.

Enforcing Consumers' Do Not Call Rights

The \$144,000 consent judgment that the **Wisconsin Department of Agriculture, Trade and Consumer Protection** obtained last year against First American Funding (see page X) was the largest forfeiture that the agency has obtained for violations of the state's Do Not Call law, and if the company violates the terms of the settlement, it may be required to pay the state up to \$750,000.

Internal Improvements

Improving Complaint Intake and Processing

The **California Department of Consumer Affairs** made process changes within its healing arts boards to reduce the time it takes for disciplinary actions against licensees. It streamlined intake procedures, established quarterly reporting of performance measures, and created a new database to enable each board to better track applications, investigations, and discipline. The database system also allows licensees and applicants to do most of their business with the boards online. To bolster its investigatory and disciplinary capabilities, 140 new enforcement positions were added.

The **Los Angeles County Department of Consumer Affairs** in California launched a new online intake system last year that allows consumers to make complaints from anywhere they have Internet access and connects to an improved case management system. All complaints are converted to digital files, cutting costs and improving response time. The new online complaint system is fast and easy to use.

Last year the **Montana Office of Consumer Protection** launched an online consumer service that has four main functions: an online complaint form to which consumers can append scanned documents; a database that consumers can access to check on businesses' complaint histories; a reporting function through which consumers can provide the agency with information about scams, which it uses to issue email scam alerts; and a registration function through which consumers can sign up to receive scam alerts.

Merging to Create Efficiencies and Cut Costs

Acting on a recommendation by the **Florida Department of Agriculture and Consumer Services**, the state legislature merged the Division of Standards, which inspects gasoline, brake fluid, antifreeze,

liquefied petroleum gas, weights and measurement devices, and amusement parks, with the Division of Consumer Services, which handles consumer complaints and regulates various types of businesses. The merger, which will be completed this year, is intended to create efficiencies and save money.

The New York State Consumer Protection Board was merged with the **New York State Department of State** and a new Division of Consumer Protection was created. The Division developed and implemented a strategy to rebrand its educational materials and hotline and to identify the consumer protection functions of other divisions within the department in order to collaborate and enhance its ability to serve consumers. It also created a user-friendly website and a unit to enforce the state's Do Not Call Law

Updating Antiquated Systems and Equipment

An outdated computer system is no longer the biggest challenge for the **Consumer Assistance Office - Metro West** in Massachusetts – it has finally been able to start upgrading its computer and email system and has plans to replace some equipment and change its telephone and Internet service providers as soon as it can afford to do so. The new computer system enables the agency to track its complaints better and also makes it easier to search for information about companies and do research on issues presented in complaints.

New Laws or Regulations

Dealing with Home Foreclosures

In response to the home foreclosure crisis, the **District of Columbia Attorney General's Office** helped to develop regulations to implement the "Saving DC Homes from Foreclosure Emergency Amendment Act of 2010." This law requires residential mortgage lenders to provide homeowners who fall behind on their mortgage payments an opportunity to mediate before foreclosure is initiated. The purpose of the required mediation is to explore for each homeowner whether a "loss mitigation program" may be available as an alternative to foreclosure. The Office of the Attorney General provided \$500,000 from a consumer protection settlement with Morgan Stanley to fund the start-up of the mediation program at the DC Department of Insurance, Securities and Banking.

Providing Better Protection for Hawaii Consumers

The **Hawaii Department of Commerce and Consumer Affairs** helped to get new laws passed to provide better protection to consumers in towing, and security breaches of personal information. The agency was also instrumental in creating a Mortgage Foreclosure Task Force to analyze the factors leading to foreclosure in the state and recommend legislation to address them.

Outreach to Consumers and Businesses

Improving Taxicab Compliance

The **Cambridge Consumers' Council** in Massachusetts partnered with the Hackney Carriage Division of the Cambridge Licensing Commission to work with the taxicab industry to improve price disclosure. New

stickers were created to post the rates in each taxicab, and drivers were educated about their obligations to disclose the payment methods they accepted, post information about minimums in accordance with the Dodd-Frank Act, and comply with other applicable consumer laws.

Making Sure Auto Repair Shops Tell Consumers about Their Rights

To ensure that consumers know their rights and options under the Virginia Automobile Repair Facilities Act, the **Fairfax County Department of Cable and Consumer Services** launched a campaign directed at auto repair shops. Under the law, auto repair businesses must post a Customer Rights sign where vehicles are normally brought in explaining that consumer have a right to request a written estimate, that they can't be charged more than 10 percent over the estimate unless they have authorized additional work that represents the excess charge, and that they have the right to get replaced parts back except in certain circumstances. In addition, a county ordinance requires them to post a sign that tells consumers about the Fairfax County Consumer Protection Commission and how to reach it. The department sent a letter about the signage requirements, with copies of the state law and local ordinance, to all auto repair businesses in the county. Agency staff then followed up with 587 field visits to make sure that the shops were complying.

Helping People Get Insurance Coverage

The biggest achievement for the **Maryland Attorney General's Office** last year was its pioneering work under the Affordable Care Act to help individuals obtain insurance that they might not have been able to get otherwise. The agency has updated its computer systems and added personnel to help with the new challenges faced in trying to ensure that reliable health insurance is available to as many people as possible.

Using Television to Reach Consumers

The **Massachusetts Office of Consumer Affairs and Business Regulation** created a public access television program last year called "Consumer Affairs." Each program is a half-hour long and has two related segments, along with a short "tales from the hotline" segment in which new scams are described and answers to common questions are provided. Guests on the program have included the Insurance Commissioner, the Banking Commissioner, the Telecommunications and Cable Commissioner, and the Director of the Division of Standards, as well as coordinators for the state lemon law and home improvement contractor programs. The agency won the Organization of the Year Award from Cambridge Community Television for this program.

The **Northwestern District Attorney's Consumer Protection Division** in Massachusetts produced two public service announcements that are airing on 15 local television community access stations. One provides general information about the agency and how to contact it; the other is on store return policies.

Addressing Gas Appliance Safety Issues

The last survey report described legal action that the **Montgomery County Office of Consumer Protection** in Maryland took against a plumbing firm that installed gas water heaters without obtaining the required permits, ripping consumers off for permits for which they had paid and causing a potential safety hazard since the installations were never inspected by the proper authorities. This led the agency to conduct an investigation in partnership with Washington Suburban Sanitary Commission (WSSC) which found that two-thirds of the gas water heaters sold during the tested time periods in 2010 and 2011 in Montgomery County by four of the large, “big box” type stores had not been properly inspected following installation. The four retailers were asked to work with their subcontractor plumbers to have the gas water heater installations from 2010 and 2011 inspected and to take steps to ensure that future jobs are scheduled for inspection within five days of the installation. The agency also spearheaded the creation of a safety inspection committee with members of the retail, insurance and plumbing industries, Montgomery and Prince George’s Fire-Rescue, the public and WSSC, which proposed “best practices” for the regulation and inspection of gas appliances.

Forging Partnerships for Public Outreach

The newly-minted **New York State Department of State Division of Consumer Protection** forged relationships with key consumer advocacy organizations, which helped it launch two major outreach initiatives. One is “The Informed Consumer,” a monthly advice column that, through the Free Community Papers of New York (FCPNY), reaches more than 10 million people. The second is a partnership with the Harry & Jeanette Weinberg Center for Elder Abuse at the Hebrew Home at Riverdale to create a toll-free “Senior Consumer Information Line,” which provides advice to older people in English and Spanish. AARP has agreed to promote both initiatives through its newsletters and website, and the FCPNY agreed to place ads in the community newspapers promoting the hotline.

Warning Consumers about the Grandparent Scam

The **Ocean County Department of Consumer Affairs, Weights and Measures** in New Jersey provided a story about the “grandparent scam” to New Jersey’s largest newspaper, reaching 325,000 people with information about how the scam works and how to avoid it.

Increasing Visibility and Accessibility

Since Orange County government in Florida redesigned its website last year, it’s much easier for members of the public to find the **Orange County Consumer Fraud Unit**. A new Consumer Fraud Poster that was distributed to offices that cater to the public in the Orlando area has also increased the agency’s visibility and the number of complaints that it receives.

Teaching Consumers about Investment Frauds

The **San Francisco District Attorney’s Consumer Mediation Unit** got a special grant last year to educate consumers about frauds involving annuities and other types of investments. The agency has done presentations in various communities throughout the city to seniors and non-English speakers.

Helping Consumers Avoid ID Theft

The **Somerset County Division of Consumer Protection** in New Jersey helped raise awareness about identity theft and consumer safely dispose of more than 74 tons of unwanted personal materials last year through Operation Secure Shred. The county contracts with trained, licensed and bonded document destruction specialists who bring commercial shredding trucks to each of the multiple sites in which the event is held. The fact that the materials are fully recycled is another benefit of the program. The agency identifies partners in the community such as cities and towns, school districts, and farmers' markets, scouts for shredding locations, provides signage fabricated by the county Road Department, and provides T-shirts and other promotional materials. Partners help to provide tents, chairs, manpower and advertising, and the county's Records Management Office handles the scheduling and accounting.

Using New Technology for Consumer Education

The **Tennessee Division of Consumer Affairs** may be the first state or local consumer agency to use QR codes to make the public aware of its website, which provides educational information and an online complaint form.

Consumer Agencies' Biggest Challenges in 2011

Of the 35 agencies that responded to the question about what their biggest challenge was last year, nearly half (16) cited budget cuts and limited resources. This is not surprising given the financial difficulties that many states and municipalities have been grappling with in the past few years. Some agencies have had to cut back on services, some have merged with other agencies, and some have leveraged resources from other sources. Financial constraints are not the only challenges that consumer agencies face. Many said that the evolving nature of fraud and the fact that an increasing number of businesses that consumers in U.S. transact with are located in other countries complicate their efforts to resolve complaints. Helping consumers with mortgage modifications and foreclosure problems put a strain on some agencies, and other challenges were cited as well. The following examples describe the range of challenges that state and local consumer protection agencies dealt with last year.

Dealing with Budget Cuts and Limited Resources

Because of reduced staffing, the **Broward County Permitting, Licensing and Consumer Protection Division** in Florida now only takes complaints from Florida residents about transactions made in the county, handles complaints about contractors only if they are or should be licensed in the county, no longer takes complaints about landlord/tenant problems, and has imposed other limits on complaints.

The state's ongoing budget problems resulted in employees at the **California Department of Consumer Affairs** being furloughed three days a month, a hiring freeze that kept vacancies from being filled, including the 140 new enforcement-related positions, and escalating backlogs. The staff continued to prioritize and provide the best service possible within available resources.

When someone in the Consumer Affairs Branch at the **Fairfax County Department of Cable and Consumer Services** retired last year, budget cuts resulted in the loss of that position, putting a strain on an already stretched staff.

The merger of the Division of Standards and the Division of Consumer Services was a major achievement that is expected to save taxpayers nearly \$1 million a year, but it was also a major challenge for the **Florida Department of Agriculture and Consumer Services** as it required creating new databases and consolidating procedures.

Staff turnovers and implementation of new protocols resulting from a change in administration, as well as state budget cuts that have been increasingly difficult to hire, retain, and replace qualified staff members, were the biggest challenges for the **Kansas Attorney General's Office** last year.

To deal with a hiring freeze and the loss of a full time consumer protection investigator and an assistant weights and measures superintendent, the **Somerset County Division of Consumer Protection** in New Jersey has developed partnerships with the county community college's Service Learning Program and the Hillsborough High School REACH program for student interns and with Workforce New Jersey for volunteers. This additional staff support has been helpful.

With few staff and very limited resources, the **Vermont Attorney General's Office** partners with the University of Vermont to leverage the resources that it can offer. Students from the university, along with community volunteers, perform the agency's complaint intake and mediation services, and the technological resources that the university provides are also very helpful.

Other Challenges

Keeping up with Fraud

As a small agency with a permanent staff of two people, the biggest challenge for the **Cambridge Consumers' Council** in Massachusetts is keeping up with the evolving nature of fraud. It can be difficult to locate and contact businesses, especially in Internet-related complaints. The agency deals with this challenge by partnering with other local, state and federal agencies and has formed a special relationship with the Electronic Crimes Unit of the local police department. Working together, they are able to locate the operators of website addresses and have had success in getting websites of fraudulent companies that claim to be operating in Cambridge shut down.

The **Los Angeles County Department of Consumer Affairs** also cited the increase in consumers making transactions online with businesses that are not located in California or even in the United States as a major challenge to investigating and prosecuting those who commit fraud or deceptive business practices.

To deal with the growing number of complaints about scams, the **Kansas Attorney General's Office** is increasing its public awareness efforts through the media and in outreach to places such as senior centers with the aim of educating consumers about the danger signs and preventing victimization.

The **Ohio Attorney General's Office** also cited fraud as its biggest challenge, especially fraud that originates from outside of the U.S. Even when consumers think they are talking to or sending money to people in this country, they may actually be in a foreign country, making tracking and prosecuting them very difficult. To deal with this challenge the agency works closely with the Federal Trade Commission's Consumer Sentinel Network and encourages consumers to provide their complaint information with the Internet Crime Complaint Center and the State Department's Office of Overseas Citizens Services.

While the **Pinellas County Department of Justice and Consumer Services** in Florida said that the evolving nature of fraud poses a challenge because it keeps changing the way that complaint investigations are handled, it also noted that new technologies such as social media can be helpful in locating and apprehending miscreants (see page 20).

The **San Francisco District Attorney's Consumer Mediation Unit** pointed out that another challenge with the changing nature of fraud and the difficulty that agencies have in locating the culprits, figuring out who has jurisdiction, and determining whether it is possible or practical to take any action is dealing with consumer expectations. It's hard for frustrated consumers who have lost their money to understand why law enforcement can't get it back.

Coping with Disasters

It's not just the postal service that must carry on despite rain, wind and snow – consumer agencies must be able to function and anticipate what actions may be necessary to ensure that consumers are protected when severe storms strike. The biggest challenge for the **Connecticut Department of Consumer Protection** last year was dealing with tropical storm Irene in August and the blizzard eight weeks later. Two days before Irene struck the state, the Commissioner of the department and the Attorney General declared an imminent abnormal market disruption in energy resources, putting wholesalers, retailers and consumers on notice that charging excessive prices for things like gas and heating fuel were prohibited. The department provided advice to the public about generators, carbon monoxide, electrical current in flooded basements, and other safety issues. It also worked with local health authorities and food retailers to make sure that food that was spoiled due to power outages was destroyed, and issued warnings to consumers about post-storm home repair scams. In addition, it dealt with storm-related complaints about price gouging for generators, milk, water and other goods and services. When the blizzard hit, resulting in blocked roads and prolonged power outages, another market disruption in energy resources was declared, and the Governor signed an executive order temporarily lifting a state regulation that prohibits refueling a propane tank by anyone but the company that owns it. Financial institutions were urged to waive late fees because normal business operations were disrupted, and the department monitored gas station openings to make information available to the public via the state's information hotline about where gasoline could be purchased. Again, the department worked to ensure public safety and warn consumers about home repairs scams.

The **Massachusetts Office of Consumer Affairs and Business Regulation** has struggled with budget cuts as have many other agencies, working in partnership with other agencies and coordinating efforts whenever possible, but it was particularly challenged when a tornado ripped through a major city in the western part of the state last year. Staff helped consumers with problems involving insurance and home repair contractors, and made sure that people in the affected area got fair pricing for the commodities they needed.

The floods in North Dakota and staffing the Contractor Licensing Center posed big challenges for the staff of the **North Dakota Attorney General's Office**. Since housing was not available in Minot, where the center was located, staff members who were assigned to that duty had to travel as much as 100 miles each way for 9 weeks. Those who remained in the office in Bismarck had to do their own work plus help with the work that the staff members who were in Minot would normally do. With a strong commitment and everyone pitching in, there was no interruption of service to North Dakota consumers.

Taking on New Responsibilities

Since the District of Columbia's Department of Consumer and Regulatory Affairs Office of Consumer Protection closed in 2010, the number of complaints that the **District of Columbia Attorney General's Office** has increased. Fortunately, last year the city council gave the agency two additional investigator positions to help deal with the increased workload.

The biggest challenge that the **Hillsborough County Consumer Protection Agency** in Florida faced last year was handling additional duties related to the new regulation of Personal Injury Protection Medical Clinics. The ordinance was enacted because the county has one of the highest rates of insurance fraud due to “staged accidents” and phony claims of injury in the nation. Since the consumer agency had experience with administering county regulations that were enacted in 2010 concerning Pain Management Clinics, it was chosen to license and oversee clinics that provide treatment to people with personal injuries and ensure that they keep the required records and follow the appropriate procedures. While the new responsibility adds to its workload, one benefit for the agency is that it now has a county marked vehicle for use for clinic inspections and other work, enhancing its visibility and professional image.

The **Orange County Consumer Fraud Unit** is also taking on new regulatory responsibilities. For instance, changes in county building ordinances will provide the agency with civil citation authority. This will be helpful in terms of bringing needed revenue into the agency and enabling it to be more proactive in its enforcement efforts. However, the agency is also committed to engaging in more community and educational events. The challenge is how to balance enforcement and public outreach with a small staff.

Making Sure People Know About their Consumer Protection Agency

Consumer protection agencies can't help people or get the credit they deserve for doing so if the public is not aware of their existence. The **Howard County Office of Consumer Affairs** in Maryland is trying to overcome the fact that many people in the county don't know about it by working with the county Consumer Affairs Advisory Board, which was newly constituted last year, and networking with social services and other county agencies. It is also using social media as well as more traditional forms of outreach such as attending public events, issuing consumer alerts, and appearing on radio and television, to get the word out about its services.

To make more consumers aware of its services and provide crucial consumer education, the **Tennessee Division of Consumer Affairs** created a “Don't Get Scammed” calendar last year for 2012, which it distributed widely throughout the state.

Helping a Changing Population

The **Maryland Attorney General's Office** cited serving immigrant populations for which English is a second language as the biggest challenge it faced last year. The agency does not have the necessary in-house language resources in its complaint department to properly assist those individuals and has to rely upon individuals in other departments to assist with ensuring the proper service is available.

Assisting Overwhelmed Consumers

For the **Consumer Assistance Office - Metro West** in Massachusetts, the biggest challenge last year was helping consumers who are overwhelmed by the complexity of the marketplace, confused by the fine print, and don't have the time to review contracts and billing statements or deal with their problems. It's

also sometimes difficult for consumers to articulate their problems. Local consumer agencies spend much of their time helping consumers understand their rights and obligations and encouraging them to try to resolve problems themselves if they can.

Helping Consumers Facing Foreclosure

Helping consumers whose home are about to be or have been foreclosed on was a major challenge for the **Montana Office of Consumer Protection** last year. With three people working full time on foreclosure-related cases, it's not enough to handle the workload in a timely manner. Consumers become frustrated, and some are in danger of losing their homes. With funds from the national mortgage settlement that Montana and many other states participated in, the agency will begin to advertise that it can help consumers with their foreclosure problems, which will increase the workload dramatically. More staff and volunteers will need to be brought in to successfully push through this housing crisis.

Keeping the Public Informed

The **New York State Department of State Division of Consumer Protection** focused its consumer education efforts last year on identity theft, fraud, product safety, and financial literacy. The issues are sometimes complex, however, and while preventing victimization is crucial, keeping up with the latest trends and getting information to consumers when they need it is a constant challenge.

Curbing Coaching Service Abuses

For the **Utah Consumer Protection Division**, the biggest challenge it faced last year was dealing with coaching services, many of which are based in that state. These are companies that target consumers who have bought business opportunities or who want to sell items on online auction sites and offer them advice on how to maximize their profits – for a fee that can be thousands of dollars. There are no criteria or standards for who can be a “coach” and for the most part these companies don't have expertise in the relevant subjects and don't offer any advice that consumers can't get elsewhere by doing their own research online or by buying books. Often people who have bought business opportunities are deceived about how much money they can make in the first place; these coaching services also often make unsubstantiated claims about potential profits.

Methodology

Thirty eight state, county, and city agencies from 22 states responded to the survey, which was conducted from March to May 2012. Of the 38 agencies, 21 are state, 12 are county, and 5 cover a city or region within a state, such as Cape Cod. They represent a cross-section of the state and local consumer protection agencies that serve the public across the United States (see Appendix A for the list of participating agencies). Most are government entities; two in Massachusetts, the Consumer Assistance Office - Metro West and the Consumer Assistance Council, are nonprofits that receive funding from the state to handle complaints.

The survey covers a one-year period, in most cases January through December 2011 (some agencies keep records on a different basis, such as July through June; all were asked for data for the most recent 12-month period available).

Since there is no uniform set of complaint categories that all agencies use, the survey posed open-ended questions such as "List the top ten subjects of complaint to your agency received during the survey period." Some agencies use general complaint categories, while others break complaints into more specific categories. For instance, some record all car-related complaints in "Auto," while others have separate categories for new car sales, used car sales, auto repairs, and auto leasing. Complaints about telephone services may be in utilities or in a separate category for communications services. CFA grouped complaints under general subject headings as necessary.

Of the 38 agencies that participated in the survey, 37 provided the number of complaints that they received during the survey period, and 35 provided the total amount of money recovered or saved for consumers. Complaint statistics do not include the many phone calls, emails and letters that agencies receive asking for information and advice.

Agencies were asked to provide examples of complaints. Not all did so, and in the examples that were provided, the names of the businesses were not always included. In some cases, that information is not publicly available because the investigation is ongoing or because of the terms of a settlement. When business names were provided, CFA included them in the report.

This report shows the most common complaints made to state and local consumer protection agencies during the survey period. Since it is not based on a random survey of consumers, it does not necessarily provide an accurate measure of the problems that consumers encounter in the marketplace. Some consumers do not complain about their problems to anyone, and of those who do, some may complain to other entities such as federal agencies or Better Business Bureaus. There are also specialized agencies at the state and federal level that take certain types of complaints, such as those against securities dealers. State and local consumer protection agencies tend to receive complaints about "bread and butter" problems that affect consumers' daily lives – problems with cars, credit, housing, brick and mortar and online merchants, fraud, utilities and other basic services. These are reflected in this report.

Appendix A
Agencies Participating in the 2011 Consumer Complaint Survey

California

California Department of Consumer Affairs
www.dca.ca.gov

Los Angeles County Department of Consumer Affairs
www.dca.lacounty.gov

San Francisco District Attorney's Office Consumer Protection Unit
www.sfdistrictattorney.org

Connecticut

Connecticut Department of Consumer Protection
www.ct.gov/dcp

District of Columbia

District of Columbia Attorney General's Office
www.oag.dc.gov

Florida

Broward County Permitting, Licensing and Consumer Protection Division
www.broward.org/permittingandlicensing

Florida Department of Agriculture and Consumer Services
www.800helpfla.com

Hillsborough County Consumer Protection Agency
www.hillsboroughcounty.org/consumerprotection/

Orange County Consumer Fraud Unit
www.orangecountyfl.net

Pinellas County Department of Justice and Consumer Services
www.pinellascounty.org/consumer

Georgia

Georgia Governor's Office of Consumer Protection
www.consumer.ga.gov

Hawaii

Hawaii Department of Commerce and Consumer Affairs
www.hawaii.gov/dcca/ocp

Kansas

Kansas Attorney General's Office
www.ag.ks.gov

Louisiana

Louisiana Attorney General's Office
www.agbuddycaldwell.com

Maryland

Howard County Office of Consumer Affairs
<http://consumer.howardcountymd.gov>

Maryland Attorney General's Office
www.oag.state.md.us/consumer/

Montgomery County Office of Consumer Protection
www.montgomerycountymd.gov/consumer

Massachusetts

Cambridge Consumers' Council
www.cambridgema.gov/consumercouncil.aspx

Consumer Assistance Council
www.consumercouncil.com

Massachusetts Office of Consumer Affairs and
Business Regulation

www.mass.gov/ocabr/

Consumer Assistance Office - Metro West

www.consumermetrowest.org

Northwestern District Attorney's Office

<http://northwesternda.org>

Montana

Montana Office of Consumer Protection

www.doj.mt.gov/consumer/

New Jersey

Gloucester County Office of Consumer Affairs,
Weights and Measures

www.co.gloucester.nj.us/protection

Ocean County Department of Consumer Affairs,
Weights and Measures

www.co.ocean.nj.us/consumer/

Somerset County Division of Consumer Protection

www.co.somerset.nj.us/division/consumeraffairs.html

New York

New York State Department of State Division of
Consumer Protection

www.dos.ny.gov

North Dakota

North Dakota Attorney General's Office

www.ag.nd.gov

Ohio

Ohio Attorney General's Office

www.ohioattorneygeneral.gov

Summit County Office of Consumer Affairs

www.co.summit.oh.us/conaffairs.htm

Pennsylvania

Bucks County Consumer Protection, Weights and
Measures Office

<http://www.buckscounty.org/government/departments/communityservices/consumerprotection/index.aspx>

South Carolina

South Carolina Department of Consumer Affairs

www.consumer.sc.gov

Tennessee

Tennessee Division of Consumer Affairs

www.tn.gov/consumer/

Utah

Utah Division of Consumer Protection

www.dcp.utah.gov

Vermont

Vermont Attorney General's Office

www.uvm.edu/consumer

Virginia

Fairfax County Department of Cable and Consumer
Services

www.fairfaxcounty.gov/consumer

Virginia Attorney General's Office

www.oag.state.va.us

Wisconsin

Wisconsin Department of Agriculture, Trade and
Consumer Protection

<http://datcp.wi.gov>

Appendix B

How Consumers Can Protect Themselves

Auto

Buying a used car? Have it checked out by mechanic you trust, independent of the seller, before you commit, and get the previous history of the car to spot signs of prior flooding, accident damage, or other problems. Most states now participate in the National Motor Vehicle Title Administration, through which you can get information about the validity of the title, whether the odometer reading is accurate, and whether the car is a salvage vehicle or was previously declared a total wreck. There are several approved vendors for car histories on the website, www.vehiclehistory.gov. Look at each carefully before choosing.

If you're planning to buy a used car from a dealer or a private individual, getting information about your warranty rights from your state or local consumer protection agency first could save you money and heartache later.

Never pay the suggested retail price on a new car – you can save thousands by using a pricing service such as Consumer Reports or checking online for invoice prices. And don't take the car home until you have the original contract and any other documents you signed.

What the bold print giveth, the fine print may take away. Read auto ads closely and report anything that you believe might be misleading to your state or local consumer protection agency.

It can be risky to buy a car online from a stranger. If the seller claims to be a car dealer, check to see if it has a dealer's license in your state. If you are thinking of buying from an individual, find out if the auction site or online platform where the vehicle is being advertised provides any protection and if so, what that covers. Never pay the full amount before receiving the vehicle. If it's an expensive purchase, it might be worthwhile to see it in person and have it checked out by a mechanic before you make any commitment.

Credit/Debt

Don't assume that a debt has gone away just because the original creditor is no longer trying to collect it. If someone contacts you about an old debt and you're not sure you owe it or you think that the collection tactics may be going too far, get advice about your debt collection rights from your state or local consumer protection agency. Also ask about the statute of limitations – the legal time limit for suing you.

In tough economic times, many people have difficulty paying their bills. If you are in danger of falling behind, contact the creditor to try to work out a new payment arrangement. Your state or local consumer protection agency can provide you with information about your repossession rights.

You have the right to tell debt collectors, in writing, not to contact you again. And it's illegal for debt collectors to call with annoying frequency, falsely threaten legal action, use obscene language, or make any threats of bodily harm. For more about your debt collection right, read the information at www.ftc.gov/bcp/edu/pubs/consumer/credit/cre18.shtm.

Don't be pressured into paying money you don't owe. If you're not sure, or the amount is incorrect, or you believe you don't owe the debt at all, you can dispute it. Get information about your rights under federal law at www.ftc.gov/bcp/edu/pubs/consumer/credit/cre18.shtm and check with your state or local consumer protection agency about state law.

Title loans, payday loans, and other short-term loans are typically very expensive and can trap you in a never-ending cycle of debt. Set aside as much money as you can on a regular basis to cover your everyday and unexpected expenses. For more information, go to Consumer Federation of America's website about payday loans, www.PayDayLoanInfo.org.

Need help modifying your loan or avoiding foreclosure? For information about your options and to find out if you are eligible for help from the government, go to www.makinghomeaffordable.gov. You can also talk to a housing counselor certified by the U.S. Department of Housing and Urban Development by calling 888-995-4673, TTY 877-304-9707. There is no charge for these services.

It's now illegal for mortgage relief assistance services to charge you until they have gotten an offer in writing from your mortgage lender to modify you loan and you have accepted it. For more information, go to www.ftc.gov/bcp/edu/pubs/consumer/credit/cre42.shtm.

If you discover that there is a judgment against you and you never received notice of suit, check the state court website for a form and procedure to set aside the judgment or contact the court immediately to ask about your options. The court will probably have a record of how, where and when the notice of suit was delivered. You may also want to consult with an attorney. The National Association of Consumer Advocates maintains a state-by-state directory of lawyers who specialize in debt collection cases, see www.naca.net. Your state bar association may also be able to refer you to a lawyer. If you are low-income, your local legal services office might be able to help you. See www.lsc.gov/find-legal-aid.

Fraud

Crooks take advantage of high unemployment to offer bogus jobs. No legitimate employer would pay you to buy items and ship them somewhere on its behalf. Also watch out for "re-shipping scams" in which crooks hire consumers to work from home receiving packages and then sending them on to other addresses, often overseas. These goods have been bought with stolen credit cards and consumers who participate in these fraudulent schemes may unwittingly find themselves accused of being accomplices. See <https://postalinspectors.uspis.gov/radDocs/consumer/ReshippingPub.pdf>.

Just as with money transfer services, using prepaid cards to send payment is the same as sending cash – and if you send cash to a scammer, it's usually gone for good. If you have any doubts about whether something is legitimate, your state or local consumer agency can help you recognize the danger signs of fraud. To learn more about how scammers are targeting new forms of payment such as MoneyPak, watch the video and read the tips at www.consumerfed.org/fraud.

A common bond based on language, ethnicity or religion is no guarantee that an offer is legitimate. Be wary of deals that seem too good to be true and check with your state or local consumer agency and the Better Business Bureau for any information that may be available about the company.

If someone contacts you out of the blue offering free money, it's a scam. Grants from foundations and the government are generally made to agencies and organizations, not to individuals, and require an application process. There is usually no fee involved. But scammers will ask for money, and sometimes what they're after is your bank account number and other personal information. For tips about grant scams go to www.ftc.gov/bcp/edu/pubs/consumer/alerts/alt134.shtm.

Even if you're not a grandparent, you may be targeted by a variation of the "grandparent scam." For tips and to watch a funny video about this scam, go to www.consumerfed.org/fraud.

Fuel

Gasoline sales are regulated to make sure that consumers are getting the quantity and the octane that is displayed on the pumps and that the gas is not adulterated. If you suspect that gas you purchased was bad or that pumps aren't working right or are labeled incorrectly, ask your state or local consumer agency where you should report the problem, and save the receipts and any other documentation.

If you have an account with a fuel provider or any other type of business and you find a new type of charge on your bill that you weren't expecting, contact your state or local consumer agency for advice.

Health

If you have questions or concerns about how a drug is advertised or promoted, contact your state or local consumer protection agency. You can also report those issues to the U.S. Food and Drug Administration's Bad Ad program by going to www.fda.gov/badad.

Your state or local consumer protection agency can provide advice about the proper place to report suspicious behavior by a medical professional. If it's criminal activity, contact your local police immediately.

If you question the health claims that a company is making for a product, contact your state or local consumer protection agency. You can also report it to the Federal Trade Commission at www.ftc.gov.

Any type of business can close without warning. If you pay with a credit card for health goods or services that will be delivered in the future, you have more protection if you never get them than you would if you use other forms of payment because you have the legal right to dispute the charges. Credit card issuers will usually refund the money to your account, even if it is past the usual time limit for disputing the charges, as long as you notify them as soon as you discover the problem. If you have arranged for installment payments to be made from your bank account, contact your bank immediately to stop them.

Home Improvement/Construction

Pay only a small deposit when you contract for home improvement work; some state laws limit the percentage of the total price that can be requested upfront. The contractor may need more money for supplies and to pay subcontractors as the work proceeds. Get a written contract that sets out the payment schedule. Payments should be proportionate to the work done. Question any unexpected requests for more money, and never pay the full amount before the job has been completed.

Before you hire a home improvement contractor, ask your state or local consumer agency if there are licensing or registration requirements and check to make sure that the contractor is in compliance.

Don't hire driveway pavers, painters, or other itinerant contractors that show up uninvited at your door. These are scammers whose only interest is to take your money and disappear. If they do any work at all, it is shoddy and incomplete. Tell the person "no thanks" and immediately contact the police. If you can, give them a description of the vehicle and the license plate number.

Home Solicitations

Door-to-door salespeople can be pushy, but some cross the line. Don't be pressured into buying something on the spot. Under federal law, you have the right to cancel door-to-door purchases of \$25 or more within 3 business days. You must be given written notice of this right at the time of sale, and if notice is not provided, the cancellation period continues. Your state law may require door-to-door salespeople to be licensed or registered; check with your state or local consumer protection agency.

Under federal law it's illegal for a company to make a sales call to your number if it is on the national Do Not Call Registry unless you have already established a relationship with that company by buying something or setting up an account, and you always have the right to tell companies, even those with which you have a relationship, not to call you again. Many states also have their own Do Not Call lists or consider calls to consumers on the national Do Not Call registry as violations of state law. In addition, federal law prohibits companies from making sales calls using prerecorded messages to consumers, regardless of whether their numbers are on a Do Not Call list, if those consumers haven't consented in advance, in writing, to receive prerecorded sales calls. For advice from the Federal Trade Commission about how to deal with robocalls, go to www.ftc.gov/bcp/edu/microsites/robocalls/#what. You can learn how the national Do Not Call Registry works, put your phone numbers (including cell phones) on it, and make complaints about violations of your no-call rights at <https://donotcall.gov/> (you can also put a phone number on the registry by calling 1-888-382-1222 from that number and following the prompts).

Some utility companies offer free energy or weatherization assessments for their customers. If someone claims to have a relationship with your utility company, check to confirm that it's true. If it's not your regular utility provider or a company associated with it, chances are good it's someone trying to get a foot in the door to sell you something of dubious value.

Household Goods

If you are paying in full for household goods or services that will be delivered at a future date, pay with a credit card, which gives you the right to dispute the charges if the merchandise never arrives or the services are never performed, or if what you get is not what you were promised. Debit cards aren't required to provide that protection, though some do voluntarily; check with your card issuer before you use it for that kind of purchase. If you're using a check or cash, pay only a small deposit, not the full amount, and pay the balance when the goods are delivered or the work is completed.

Want to buy a computer or other expensive equipment, but don't have the cash or a credit card to pay for it? Avoid sellers that offer overpriced goods on credit. Instead, look for reputable local retailers who will let you pay on layaway, or save up for the purchase and shop around to get the best price.

ID Theft

Never provide personal information such as your passwords, Social Security number or financial account numbers to anyone who contacts you unexpectedly asking for it. Contact whoever the person claims to represent directly, not through a phone number, Web site or email address that the person provides, to verify the request. For more information about identity theft, go to www.IDTheftInfo.org.

Limit the personal information you share online through social networking and gaming sites. A crook could use pose as you to make fraudulent sales or engage in other illegal activity. If you don't keep your computer secure and your passwords protected, you could be vulnerable to hacking, malware and other means of stealing your personal information. Go to www.OnGuardOnline.gov for more information.

Internet Sales

Online auctions offer a wide variety of items, sometimes (but not always) at bargain prices. Before you bid, review the information about how the auction site works carefully and research prices online to get a good idea of what the item you're interested should cost. Don't get caught up in a bidding frenzy that could lead to paying much more for the item than it's worth.

Dying to go to that concert or sports event, but it's sold out? Be careful when dealing with online ticket resellers. Review the terms on the website carefully, and do a little research to find out how much the tickets originally cost so you can decide whether the mark-up is worth it. Some states have laws regulating ticket-resellers; ask your state or local consumer agency about your rights before you buy.

Landlord/Tenant

When a rental property is foreclosed on, the tenant's security deposit is usually transferred to the lender or the new owner – if it isn't, they will likely be responsible for it anyway if the tenant doesn't get it back from the previous owner. The tenancy doesn't automatically end; under federal law enacted in 2009 to protect tenants in foreclosure, the lease continues to be in effect, though if the new buyer intends to move in, the lease can be ended with 90 days notice. A tenant without a lease is also entitled to 90 days

notice to vacate the property. State laws may also apply to these situations and may provide even stronger rights than federal law. If you're a tenant in a property that is being or has been foreclosed on and you're not sure of your rights, consult with your state or local consumer protection agency.

Read the lease carefully before you sign and keep it where you can easily find it if needed. If you have any questions about the legality of lease terms and your rights as a tenant or if you're a landlord and you're not sure of your obligations, consult with your state or local consumer protection agency. Tenants should notify landlords immediately about insect, rodent, or other health or safety problems, document when they did so, and contact the local health authorities if they don't get a prompt response.

Real Estate

Timeshare companies often use long, high-pressure sales pitches and the lure of "prizes" that sometimes aren't really free or worth the amount they claim in order to convince consumers to sign on the dotted line. Don't be pressured into buying a timeshare. Take the time to consider how the cost compares to staying in other types of accommodations when you go on vacation and whether the dates and locations work for you. If they insist that you have to agree immediately, walk away.

Own a timeshare you don't want? Avoid companies that take upfront fees no matter whether they succeed in reselling it for you or not, and don't throw good money after bad by paying another company to "recover" the money you've already given to a timeshare reseller. Ask the company that manages the timeshare property what your options are. You may also want to consult with a licensed realtor.

Review the assisted living or retirement community contract carefully before signing to make sure you understand the terms, including how the entry fee is handled. Contact your state or local consumer protection agency if you believe the contract has been violated or that you're being treated unfairly.

You may be able to find great rental deals advertised by individuals, but if you're not sure who you're dealing with or whether the person even owns the property, the safest bet may be to rent an apartment or a house through a licensed realtor. If you want to do some legwork yourself, check with the tax assessor's office in the city or town where the property is located (in some cases it might be a county agency) to see who owns the property and try to contact that person.

Retail Sales

If you buy a product that turns out to have a safety defect, notify the store right away but don't return it until you have also notified the proper authorities in case someone needs to examine it. Your state or local consumer agency can tell you if there is a state agency to which to report it, and you can also report it to the U.S. Consumer Product Safety Commission, www.saferproducts.gov or 800-638-2772, TTY: 301-595-7054.

Read the terms of promotional certificates carefully before you purchase them. If you believe that the terms of using a coupon or promotional certificate wasn't adequately clear or that it has been wrongly dishonored and you can't satisfaction from the seller or the business where you tried to use it, contact

your state or local consumer protection agency.

Services

Handling the arrangements after a death can be stressful, but just as with other major purchases, it's important to get a contract that specifies what will be done and when and to follow up with the seller if the products or services are not provided on time. Don't pay the full amount before everything you were promised has been done.

Get a written estimate or contract for services before the work begins, and don't be pressured into paying more than you originally agreed to.

Dishonest immigration consultants can do more than just rob people of their money; if they do anything incorrectly with your application, they can damage your chance of success. It's important to know that in the U.S., notaries are not lawyers. Only licensed attorneys or nonprofit organizations that are authorized by the U.S. Citizenship and Immigration Services (USCIS) office can give you legal advice or represent you. For more information go to www.uscis.gov/avoidscams or call 800-375-5283. Tips about fraud targeting immigrants, applying for a Green Card or citizenship, and getting help from legitimate sources are also available in multiple languages at www.ftc.gov/bcp/edu/pubs/consumer/alerts/alt198.shtm.

Be careful when dealing with talent agencies and modeling agencies, especially if you have been approached unsolicited. Flattery and promises of big money may be alluring, but they may just be looking for a big fee, upfront, with no guarantee of success. For more information about modeling and talent scams go to www.ftc.gov/bcp/edu/pubs/consumer/products/pro23.shtm.

Schools

Before you sign up for a career training school, ask the education department in your state if there are any licensing or accrediting requirements and whether the school complies. That agency may also be able to tell you if it has received any complaints about the school. Check its complaint history with the Better Business Bureau and your state or local consumer agency, too.

Towing

If you believe you were overcharged for towing, pay the fee in order to avoid storage charges, keep the documentation, and contact your state or local consumer agency for information about the legal rate limits that apply and where you should lodge a complaint.

Utilities

If your phone service was switched to a different provider without your consent, rules administered by the Federal Communications Commission give you the right to refuse to pay the slammer's charges and get switched back with no fee. Read the information at www.fcc.gov/guides/slamming-switching-your-authorized-telephone-company-without-permission. If you agreed to switch but you didn't get the deal you were promised, contact your state or local consumer protection agency. (Not all consumer agencies

handle telephone-related complaints, so you may be referred elsewhere.) You can also complain to the FCC at www.fcc.gov or by calling 888-225-5322, TTY 888-835-5322.

Look at your phone bill carefully before you pay it. If you're arranged for auto-payment it's doubly important to check your bill before payments are made. Cramming charges can be small amounts so you might not notice them if your bill is only a little higher than usual, but these fraudulent charges can really add up, and you may not be able to recover all of the money you paid if the problem has been going on for a long time. Go to www.ftc.gov/bcp/edu/pubs/consumer/products/pro18.shtm for more information about how to avoid being crammed and what to do if you are.

If you have issues with the quality of your phone service, speak up! Keep notes of when outages or other service problems have occurred and contact your state or local consumer agency for advice.

Before signing up for telephone, Internet, cable or satellite TV, get all the information about the terms and the cost. Bundled service is sometimes a good deal, but don't assume that it's always cheaper than buying services separately. Get a written contract or print out the information to document what you agreed to, and contact your state or local consumer protection agency if you believe you were misled.

Problem with a utility provider? Contact your state or local consumer protection agency for advice about what to do if the service is poor quality or you believe you have been wrongly charged for something.