



Consumer Federation of America

**Thirteenth Annual NACAA/CFA
Consumer Complaint Survey Report**

February 10, 2005



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Summary

The 13th Annual Consumer Complaint Survey Report was conducted by the National Association of Consumer Agency Administrators (NACAA) and the Consumer Federation of America (CFA). Home improvement contracting was the top complaint category reported by state and local consumer protection agencies during 2003-2004. For the past five years, home improvement contracting has been listed among the top three areas of consumer complaints reported.

Complaints about automobile sales ranked second followed by automobile repairs in third place. Credit-related complaints remained in the fourth spot, with debt collection and billing practices in sixth place, indicating widespread consumer dissatisfaction with financing. Telecommunications products and services rounded out the top five categories of consumer complaints. Complaints about identity theft and fraudulent practices, telemarketing, Internet service and sales, and big ticket purchases such as electronics and appliances rounded out the top ten consumer complaints. NACAA is a membership organization of consumer protection agencies represented by city, county, state or provincial levels of government. This report is based on 60 NACAA member responses to an electronic survey which posed questions about their most recent year's complaint records.

CFA is a non-profit association of 300 consumer groups, founded in 1968 to advance consumers' interests through advocacy and education. CFA joins with NACAA each year in surveying consumer complaints filed at NACAA member agencies across the nation since the annual consumer complaint survey was initiated by both groups in 1992.

Top Ten Consumer Complaints for 2003-2004

Consumer agencies listed the top ten categories that generated the most complaints in 2003-2004.

Rank	Topic
1.	Home Improvement/Repairs
2.	Automobile Sales
3.	Automobile Repairs
4.	Credit
5.	Telecommunications/Cable/Satellite
6.	Debt Collections/Billing Practices
7.	ID Theft/Deceptive Practices
8.	Internet/ ISP/E-Commerce
9.	Major Purchases/Household Goods
10.	Telemarketing/Sales Practices

Consumer Complaint Trends Summary

- 1. Home Improvement:** In second place last year, home improvement contractor and repair complaints have consistently been listed within the top five complaint categories for the past five years. Typically high in years with numerous weather conditions affecting the nation's homeowners, home improvement complaints usually include failure to use a written contract, abandonment or refusal to complete work, workmanship issues and noncompliance with building code requirements. (See Appendix for past consumer complaint charts for 1999-2004.)
- 2. Automobile Sales:** Automobile sales have been consistently listed by consumer agencies among the top five complaint categories for the past five years. This category last appeared in the number one spot in 2002. Automobile sales complaints took third place during 2001 after holding first place for three of the past four years (2000, 1998, and 1997) and second place in 1999.

The automobile sales complaint category involves both new and used cars. Included are "Lemon Law" issues, financing/on the spot delivery issues, sales promotions and incentives, misleading advertising, undisclosed collision damage, extended service contracts and title and registration issues, such as the inability to obtain permanent license plates.

Used automobile sales complaints involve mechanical issues, warranty disclosures (including "as is" sales), misleading advertising, financing/on the spot delivery, undisclosed prior damage, title and registration issues, and terms and conditions of extended service plans.

- 3. Automobile Repair:** In third place last year, automobile repair complaints have consistently been in the top five categories, holding the number three spot for three consecutive years. Typical consumer complaints involve problems with manufacturers or dealers, and issues with repair (lemon laws), such as failure to repair correctly, cost overruns, and "ghost" repairs.
- 4. Credit:** Complaints about credit-related issues moved the category from a consistent 5th place spot to 4th place in 2002. NACAA agencies reported receiving complaints involving predatory mortgage lending, credit card fees, credit repair and reporting, payday loans and other forms of extremely expensive small loans. Consumers reported that companies offered credit cards or loans but required consumers to pay "processing" fees up front. Consumers reported not receiving the loan or credit card after paying the fees. (See report for further details.)
- 5. Telecommunications/Cable/Satellite: For the first time, telecommunications providers rank in the top five for complaints filed with public agencies.** This year's category covers complaints with cell and landline telephone service, cable and satellite telecommunications services. Problems that cause complaints include billing and contract provisions, extended warranty plans, fees for early cancellation or termination of services, "free time" disputes, roaming charges, and an emerging area - solicitation calls to cell phone numbers.
- 6. Collections/Billing:** As consumers gain greater access to their credit reports, they are discovering incorrect credit reports and difficulties in correcting erroneous billing records. Consumer agencies and hotlines report rising numbers of complaints about fraudulent debts,

including the practice of collecting time-barred or old debt. Nationwide consumer complaints about collections and billing moved the category from 9th place in 1999 to the 6th place this year.

- 7. Identity Theft/Deceptive Practices:** As a stand-alone category for this year, the category covers credit, financial fraud, correcting credit reports, employment /benefits fraud and utilities fraud. The number of consumer complaints in this category reported by member agencies reflects the alarming increase in numbers of cases of identity theft and identity crime reported to the Federal Trade Commission, and counted by Consumer Sentinel and the National Fraud Information Center, among others. So widespread is the practice of identity theft and related scams, such as phishing, that the issue now has a critical mass of public/private partners in government, business and industry working to outline the steps necessary to report cases of identity theft and other deceptive practices using another person's identity for fraudulent purposes
- 8. Internet/ISP/E-Commerce:** Total number of complaints reported by NACAA agencies pushed the category's rating from the 13-15th place in 2001 to its first time among the top ten complaints last year and this reporting year with one-quarter of the respondents listing Internet/E-Commerce as a major complaint area. This year's survey asked for details about Internet service providers as well as those about merchandise ordered on-line. Several agencies reported more than 1,000 consumer complaints related to this category. (See report for description of Internet/E-Commerce complaints.)
- 9. Major Purchases/ Household Goods:** This category dropped from 2nd place to 7th after a steady rise for the past four years from 5th to 4th to 3rd to 2nd place. Household goods include big-ticket items such as appliances, electronic equipment, home theaters, computers, home gyms, sporting equipment, furniture and other retail items. Complaints involved defective goods, failure to honor warranties, refunds and deceptive advertising.
- 10. Telemarketing/Advertising Sales Practices:** This year's survey included several areas of marketing, telemarketing and advertising under this general category. Telemarketing was listed last among 2000's Top Ten and moved to the 7th position last year, and now has dropped to 10th place. Included are deceptive advertising practices, mail order fraud, business opportunities, telemarketing and buying services, and deceptive sales practices, such as bait and switch tactics. The drop in complaint standing this year reflects the success of several states that had already passed their own Do Not Call legislation as well as that of the Federal Do Not Call Registry in 2003.

Worst Scams and Big Cases of 2003-2004

This year's survey asked respondents to describe their worst scams to illustrate the types of cases brought to consumer agencies. These cases cover a variety of products and services. Several cases were multi-jurisdictional actions by state attorneys general and federal agencies.

HOME IMPROVEMENT CONTRACTORS

A swimming pool contractor was the subject of a criminal investigation by **Pinellas County Florida Department of Justice and Consumer Services**. The contractor was charged with 34 felonies and 32 misdemeanors involving grand theft and unlicensed contracting. The contractor's mode of operation was to request a large deposit, start the job, and then delay completion. Some jobs were never started.

New Hampshire's Consumer Protection Bureau brought a case against a home contractor accused of scamming consumers out of hundreds of thousands of dollars. **Howard County Maryland, Office of Consumer Affairs** reported consumer complaints about home repairs to 88 new homes in the county.

Orange County Florida's Consumer Fraud Unit reported that an unlicensed Florida contractor was accused of defrauding four victims, one of whom was a legally blind senior citizen. The "contractor" was sentenced to one year in prison, twenty years of probation, and required to make restitution totaling \$340,000 to all victims.

Greater Lawrence Community Action Council, Inc. of Massachusetts reported a case involving home improvement contractors taking thousands of dollars from consumers for work promised and never completed. Money was not refunded. The contractors were prosecuted and sent to jail.

AUTO SALES AND REPAIRS

New Jersey's Division of Consumer Affairs reported a case against Nissan North America, Inc. for failing to warn consumers that Xenon headlamps on 2002 and 2003 Maximas were being targeted by thieves and failing to alert owners and lessees that devices were available to prevent theft of the \$1,800 lights. The State's complaint alleged that Nissan engaged in unconscionable commercial practices and knowingly concealed, suppressed or omitted material facts to consumers in violation of the Consumer Fraud Act by, prior to November 2003, (1) failing to inform consumers purchasing 2002 and 2003 Maximas, as well as existing owners and lessees, of the risk of theft of the xenon headlamps, and (2) failing to inform owners and lessees of the cars of the availability of the Anti-Theft Kit. The complaint also accused the company of engaging in unconscionable commercial practices by, prior to November 2003, failing to instruct its authorized dealers or service departments to notify purchasers, owners and lessees of 2002 and 2003 Maximas of the availability of the Anti-Theft Kit, and by charging consumers for installation of the kit. The State asked for restitution for affected consumers and civil monetary penalties. There are 35 dealers authorized to sell new Nissan automobiles in New Jersey.

Florida's Department of Agriculture and Consumer Services reported that 119 consumer complaints have been filed against three brake repair locations in the Tampa Bay area alleging 'bait and switch' operations at the shops. The yearlong criminal investigation began in April 2003, when law enforcement officers conducted 'sting' operations at three locations to determine whether the business was in the practice of performing expensive and unneeded repairs. According to an affidavit filed in support of the search warrants by an investigator with **Office of Agricultural Law Enforcement**, undercover officers were charged for unnecessary repairs after their vehicles were certified by an experienced mechanic as being free of any mechanical defects just prior to driving into the shops. In each case, the undercover officers asked for the advertised \$99.98 brake job when they entered the premises. Complainants were lured into the facility by the advertised pretense that they were going to get a complete brake job for less than \$100. They wound up paying a much higher price and in some cases more than \$1,000 for "brake repairs."

Colorado's Economic Crime Division, 4th Judicial District Attorney's Office reported a case involving owners of a local car dealership who stole approximately \$650,000 of inventory and money. Over forty consumer complaints from purchasers of vehicles and motor homes alleged that the owners had not provided titles to lenders and/or purchasers after the purchase of vehicles. The owners accepted trade-in vehicles and/or down payments from consumers against new vehicle purchases. On a number of these purchase deals, the owner failed to use monies obtained through the creditors for these customers to pay off trade-in vehicle loans and/or pay the dealership credit companies for the newly purchased vehicles. \$650,000 worth of inventory was discovered missing from the lot. Many of these vehicles were the secured property of creditors such as Automotive Finance Corporation (AFC). AFC alleged the dealer sold out of trust \$640,000 of inventory and refused to pay its obligations.

IDENTITY THEFT/PHISHING

Virginia's Soldier Family & Support Center at Fort Monroe reported investigating a case of identity theft of a soldier's savings, checking and credit accounts across many states. The soldier watched online as someone else depleted funds from his accounts.

Santa Cruz's District Attorney's Consumer Affairs Unit in California reported that Santa Cruz county residents were being bombarded by phishing scams. Unidentified con artists were calling on the phone and sending emails to consumers in an effort to obtain personal financial information. Phishing scams were targeted at registered voters. Some voters were getting calls from someone claiming to be from the Registrar of Voters or the American League of Women Voters. The caller told the voter that there was missing information from their registration and asked them to confirm information including Social Security numbers and date of birth.

HEALTH AND MEDICAL FRAUD

Washington State's Attorney General's Office-Consumer Protection Division joined nineteen states in a settlement with Medco Health Solutions, a pharmacy benefit manager that supplies twenty percent of all prescription drugs sold in the country. Pharmacy benefit managers (PBMs) contract with health plans to process prescription drug payments to pharmacies. In the Medco case, Attorneys General contended that Medco withheld critical information on cost savings and received rebates for recommending that doctors and health care plans switch to the company's preferred

drugs. In the settlement, \$20.2 million was to be divided among the participating states and used to benefit low-income, disabled or elderly consumers of prescription medications.

Washington DC's Office of the Corporation Counsel reported a nationwide Consumer Protection settlement with Warner-Lambert Company, LLC (a wholly owned subsidiary of Pfizer, Inc., the world's largest pharmaceutical company) involving allegations of deceptive "off label" marketing of the drug Neurotonin. In settling this consumer protection investigation, Warner-Lambert will pay the District and 50 states a combined total of \$38 million dollars. This settlement of state consumer protection claims was part of a series of investigations by the National Association of Medical Fraud Control Unit and the US Attorney's Office which lead to settlements of \$430 million. The consumer protection investigation focused on alleged violations of state consumer protection laws when Warner-Lambert promoted Neurotonin for various "off-label" indications – including various psychiatric disorders, back pain and headache—even though the scientific evidence supporting the use of Neurotonin for these indications was lacking. Among the methods allegedly used by Warner Lambert to deceptively promote Neurotonin for off-label indications were: continuing medication education (CME) classes that lacked fair balance and misrepresented the nature of CME and provided expensive perks to attending physicians; a publication strategy that subsidized the production and dissemination of anecdotal reports favorable to the off-label use of the drug and were of no scientific value; providing payments to prescribers for "research" that were, in effect, kickbacks for off-label prescribing and providing incomplete information about Neurotonin to the drug reference compendium "Drugdex."

INTERNET AND TELEMARKETING SCAMS

Arkansas Attorney General's Office took action against an Internet service scam affecting 2,500 businesses. Mercury Marketing, a Pennsylvania telemarketing company, was accused of charging Arkansas businesses for Internet access and other Web services that the businesses never requested nor authorized, adding charges of about \$30 a month to phone bills received by the businesses. Typical victims were small entities such as auto-repair shops, pharmacies, pet kennels and funeral homes. Arkansas officials got an injunction to stop the phone-cramming tactics and secured refunds and credits worth about \$250,000 for victims.

Ohio's Office of Consumers' Counsel (OCC) warned consumers in Ohio and across the nation about a wide spread Internet dialing scam that resulted in hundred of dollars in international and unauthorized long distance charges. The residential utility advocate first alerted telephone customers to these scams in 2002 and had to reissue the warnings in 2004. The scams operate while consumers are surfing the web using local dial-up telephone numbers. While online, computers are being loaded with one or more programs containing viruses. These programs force a computer to disconnect the telephone line from the local dial-up number and reconnect to an expensive international telephone number. Consumers may not recognize the problem until they receive the long-distance portion of their telephone bill in the mail.

The Louisiana Department of Justice reported enjoining US Grants and National Grants from operating a boiler room telemarketing operation selling free government grants with twenty-five stations and a 3.5 million dollar annual income. A criminal prosecution is pending.

DIPLOMA MILL SCAM

As a result of an investigation by the **County of Los Angeles Department of Consumer Affairs**, a private school charging students \$450 to \$1,450 for fake high school diplomas at the end of a 10-week, 30-hour course was shut down and its executives were sued for misleading consumers. **The California Attorney General's Office** filed a civil lawsuit against California Alternative High School (CAHS) and West Side Education Corporation (WSE), which bought the rights to operate CAHS sites. The lawsuit alleges that CAHS defrauded unsuspecting consumers, and it seeks full restitution for victims, civil penalties, and an order to permanently stop the defendants' illegal acts. CAHS officials have said they have over 78 centers throughout the country, with at least 30 locations in California. Students say CAHS officials wrongly told them that federal and state governments recognized the school, and promised them that the diploma would enable them to get into college, find higher-paying jobs, and get financial aid.

PREDATORY LENDING/CREDIT SCAMS

West Virginia Attorney General's Office/Consumer Protection Division reported enjoining a Delaware-based bank from further deceptive marketing of credit cards and abusive debt collection practices in the state. The bank under investigation is a sub prime credit card bank that markets credit cards with high up-front fees and interest rates to consumers with bad credit. The order prohibits the bank from debiting the accounts of consumers without their express authorization; making repeated telephone calls to consumers at home, at work or at other times or places known to be inconvenient with the intent to annoy, abuse, oppress or threaten them; using profane or obscene language, or other insulting or degrading conduct; falsely stating that a collection call is "urgent" or an "emergency" or using other deceptions to induce consumers to accept a call; and falsely representing to the consumer that the bank will waive late charges or over-the-limit fees in exchange for partial payments on accounts. The case is expected to be heard in June 2005 in Charleston, West Virginia.

Virginia's Department of Agriculture and Consumer Services Office of Consumer Affairs reported car title loan companies that advertise loans secured by the title of a vehicle at only "1% a day," despite Truth in Lending Act requirements that interest rates be advertised as an annual percentage rate, or 365% in this case.

Massachusetts' Attorney General and the Commissioner of Banks announced that Household Finance Corporation (HFC) agreed to pay an estimated \$13 million to Massachusetts consumers and revamp its business practices to settle allegations of predatory lending. The settlement, reached between Attorneys General and banking and financial regulators from 44 states, the District of Columbia and Household Finance, will return approximately \$484 million to consumers across the United States - including more than 7,000 consumers in Massachusetts. The landmark settlement is the largest in a consumer lending case in Massachusetts and believed to be the largest ever in a state or federal consumer case. The investigation was prompted by complaints from consumers accusing Household of charging higher interest rates than promised, adding costly prepayment penalties, and providing deceitful information about insurance policies. **The Association of Community Organizations for Reform Now (ACORN)**, a grassroots advocacy group with a focus on predatory lending, also brought examples of Household's alleged practices to state regulators' attention. The Massachusetts Attorney General's Office, the Division of Banks, along with state Attorneys General and banking and financial regulators from 18 other states and the District of

Columbia, began coordinating efforts early this year after identifying a pattern of complaints from borrowers. This group was joined by 26 other states in making this announcement. The settlement provides between \$387.5 million to \$484 million in restitution for consumers, depending on how many states participate.

Massachusetts joined the initial multi-state investigation with state Attorneys General and banking and financial regulators from **Arizona, California, Connecticut, Florida, Idaho, Illinois, Iowa, Michigan, Minnesota, North Carolina, New Jersey, New Mexico, New York, Ohio, Texas, Vermont, Washington, Wisconsin and the District of Columbia**. The settlement includes Household International, Inc. (the parent company), Household Finance Corp., Household Realty Corp., and Beneficial Finance Corp. Household is based in Prospect Heights, Illinois.

Maryland's Office of the Attorney General, Consumer Protection Division reported that \$12.8 million in restitution checks was mailed to 13,565 Maryland mortgage holders who are due restitution under the State's \$12.8 million settlement with Household International. The consumer payment program stems from the landmark settlement, finalized in December 2002, between Household International and the attorneys general and banking regulators of all 50 states and the District of Columbia. The settlement resolved an investigation by the states into allegations of unfair and deceptive mortgage lending practices by Household International, which is one of the nation's largest sub-prime mortgage lenders through its subsidiaries Household and Beneficial Finance. The amount consumers will receive was determined by the specifics of their loan; the smallest award was \$106.51 and the largest \$11,299, with the average award being \$944.53.

Cambridge Massachusetts Consumers' Council investigated complaints about a credit repair business. Consumers alleged the company called consumers with poor credit and offered to send them credit cards for a \$279 fee. Consumers received no cards, just credit repair information of dubious value. The company refused to make refunds, so the cases were referred to U.S. Postal Inspectors.

Colorado's First Judicial District Attorney's Office reported foreclosure scams involving individuals who get quitclaim deeds to properties in foreclosure and "rent out" the properties, thus defrauding the secured creditor and misleading tenants with the option to purchase the property.

PHONY INVOICE SCAM

The Canadian Competition Bureau investigation of 4,400 consumer complaints led to jail time and fines totaling \$915,000 against four Toronto-area residents for their involvement in the Yellow Business Directory.com "phony invoice" scam. All four were convicted in April 2004 following a five-week jury trial in the Ontario Superior Court in Toronto. Two of the defendants were sentenced to three years in federal penitentiary and fined \$400,000 each for violating the false or misleading representations provisions of the Competition Act. Another defendant received an 18-month conditional jail sentence (including six months house arrest), 100 hours of community service and a \$15,000 fine; and the final defendant received a nine-month conditional jail sentence (including three months house arrest) and a \$100,000 fine. The individuals sent out mail pieces that falsely appeared to be bills or invoices from Bell Canada or the Yellow Pages, when in fact they were solicitations to have the recipients' business details appear in Internet-based directories operating under the names Yellow Business Pages.com and Yellow Business Directory.com. Between May and December 2000, they sent mail to approximately 900,000 businesses and non-profit

organizations in Canada and generated sales of over \$1 million. The Competition Bureau received more than 4,400 complaints about the phony invoices that asked recipients to send either \$25.52 or \$37.40 to a postal box in Toronto.

UTILITY BILLING

California's Public Utilities Commission (CPUC) reported consumer complaints regarding Pacific Gas and Electric Company are billing practices. Consumers were back billed as a result of delayed or estimated bills. PG&E temporarily agreed to stop charging beyond the statutory three-month period.

Cingular Wireless was fined \$12.14 million by CPUC for violation of laws governing telecommunications carriers. It was found that Cingular had a corporate practice of prohibiting early termination of wireless service contracts unless the customer paid an early termination fee. The company failed to provide a trial period.

PERSONAL SERVICES

Virginia Beach Virginia Office of the Commonwealth's Attorney Consumer Affairs Division won an Assurance of Voluntary Compliance against a job listing service for misrepresentation of job availability, misleading statements about employment, relationships, salaries, and other disclosures.

Springfield, Massachusetts's Mayor's Office of Consumer Information won full refunds through mediation for nine senior citizens who booked a "church club" trip to Hong Kong/Bangkok that they cancelled due to the advent of the SARS epidemic in 2003. The Massachusetts travel agency initially refused to give consumers refunds then sent checks that were returned for insufficient funds.

Florida's Broward County Consumer Affairs Division reported a large caseload investigating an area towing company for overcharging more than 250 consumers.

City of Alexandria Cable Television and Consumer Affairs Office in Virginia reported a high-end carpet and rug cleaning and restoration company failed to return merchandise or moneys owed to consumers.

FAILURE TO HONOR CONTRACTS

Fairfax County, Virginia's Department of Cable Communication and Consumer Protection reported investigating a series of complaints from consumers alleging a nationally-known electronics retailer sold defective goods then failed to honor extended service contracts.

Virginia's Department of Professional and Occupational Regulation (DPOR) investigated a for-profit cemetery company in Suffolk, Virginia, for a history of complaints about maintenance, financial improprieties, and even allegations of improper burial. After numerous unsuccessful attempts to bring the cemetery into compliance, the Cemetery Board at DPOR revoked the cemetery company's license.

Massachusetts' Consumer Assistance Council reported a freight company contracted with Brazilian consumers to move goods to Brazil. Goods never arrived; the business is now bankrupt.

SHORT WEIGHT SALES

County of San Diego (California) Department of Agriculture, Weights and Measures announced that Hydro Agri North America Inc. agreed to pay over two million dollars to settle a case brought by seven California prosecutors to resolve violations of consumer protection laws. The Company has agreed to pay civil penalties, investigation and prosecution costs, victim restitution, in the total amount of two million twenty-nine thousand dollars (\$2,029,000) in settlement of a consumer protection law suit brought by a California prosecution team including the **District Attorney's Office's of Sonoma, Sacramento, Solano, Santa Barbara, Ventura, Fresno, and the City Attorney's Office of San Diego.**

The settlement resolves violations of consumer protection laws that occurred when Hydro Agri North America packaged and distributed fertilizer in 50-pound bags that were short weight (i.e.: contained less than 50 pounds). **Officials of the California Department of Food and Agriculture and San Diego County Weights and Measures** agencies conducted a standardized sampling of the contents of approximately 140,000 bags of fertilizer, individually weighing over 1,000 bags. Based on that sampling, the average short weight error was found to be one-half pound. The nearly 140,000 bags were ordered off-sale by Weights and Measures officials and held from distribution as a result of the testing. As part of this settlement, the Defendant has agreed to pay one hundred five thousand dollars (\$105,000) in actual restitution directly to customers known to have suffered losses. The Defendant is also ordered to pay two hundred twenty four thousand dollars (\$224,000), to be utilized in a cy-pres restitution plan to be implemented by the Sonoma County District Attorney's Office, designed to facilitate increased enforcement of consumer protection laws. In settlement of the action, Hydro Agri North America, Inc., while not admitting any wrongdoing, promptly responded to and rectified the issues raised in this matter. Defendant Hydro Agri also agreed to a comprehensive injunction. This injunction requires the Defendant to develop, implement, and maintain a compliance program designed to ensure that all bagged fertilizer products packaged and/or sold by Defendant anywhere from or within the State of California comply with legal requirements.

SCANNER OVERCHARGES

The District Attorneys of Los Angeles, Marin, Shasta, and Sonoma counties and the City Attorney of San Diego jointly announced that a civil settlement has been reached with Macy's West, Inc. The settlement resolves allegations that certain price accuracy issues have occurred in Macy's stores located in California over the past three years. Under the terms of the settlement, Macy's will pay \$1.2 million in civil penalties, \$416,000.00 in costs and will also pay additional \$80,000.00 to allow state and county authorities to purchase equipment to improve consumer protection efforts to enforce the accuracy of checkout scanners at all retail businesses. In addition, Macy's will distribute a \$5.00 off coupon for its customers through an ad featured in various newspapers throughout California. Macy's further has agreed to implement a new price accuracy program in its California stores beginning this August. Under the program, if a customer is overcharged for an item, the customer will receive an item for free (up to \$10) or \$10 off, if the item is over \$10. The details of this program, including certain exceptions, will be explained on signs posted at registers in Macy's stores located in California. Macy's West agreed to the settlement

without admitting any wrongdoing and worked cooperatively with the district and city attorneys to resolve this matter.

OVERCHARGE VIOLATIONS

The District Attorneys of San Diego, Los Angeles, Marin, and San Mateo Counties announced that PETCO Animal Supplies, Inc. has settled a consumer protection lawsuit alleging the company engaged in misleading advertising and unfair competition in its California stores. The district attorneys filed the lawsuit in San Diego Superior Court alleging that the company charged customers more than the advertised prices on items offered for sale and that the individuals responsible for caring for animals at Petco stores did not properly care for those animals. Weights and measures inspectors in eight counties documented the overcharge violations during the past four years. Animal Control and Humane Society officials documented the animal care violations during the same period in San Diego, Marin and San Mateo Counties. Under the terms of the settlement, PETCO agreed to pay \$550,000 in civil penalties, \$101,754 in agency costs, and \$202,500 to install improved pricing accuracy equipment in stores located in the 27 California counties in which it does business. PETCO is also required by the court order to implement a detailed daily animal care procedure in all its California stores. The prosecutors acknowledged the important contributions of the local Animal Control and Humane Societies officials and Weights and Measures officials to the investigation, and expressed appreciation for their vigilant enforcement efforts. PETCO agreed to the settlement without admitting any wrongdoing and worked cooperatively with the district attorneys to resolve this matter.

Miami Dade Consumer Services Department reported receiving a large number of complaints related to the purchase of computers via the Latin Shopping Network. After attempting to investigate these complaints locally, the complaints were forwarded to the FTC for action.

Identity Theft Complaints

KINDS OF IDENTITY THEFT COMPLAINTS RECEIVED

Credit/financial fraud cases were reported by 86% of the agencies as the most frequently reported complaint. Correcting credit reports (75%) followed in second place. Nearly 22% of identity theft complaints consisted of a more visible area than in previous years - utilities fraud while employment and benefits fraud (11%) followed as the fourth largest categories of identity theft complaints.

A prevalent “phishing” scam is done via e-mail. E-mails are sent using sophisticated graphics and images associated with Citibank, Wells Fargo, PayPal, eBay and others. The e-mails appear to be "official" and always provide a link to a website where they ask you to confirm your personal information, such as PIN numbers, for some made-up reason. The phony websites are very near replicas of the real one, making it difficult to distinguish between the real and the phony sites.

The consequences of giving up that information to the scammers can result in identity theft or the loss of money from bank accounts. Other telephone phishing scams include calls to consumers from someone claiming to be a bank official, who says he is calling to "verify account information". The caller then solicits information such as the consumer's social security number, account number, date of birth, and mother's maiden name. (See report for further details.)

Given the tremendous increase in the numbers of identity theft cases over the past five years, victims are turning to state and local consumer protection agencies for help. The survey asked agencies to describe their handling of complaints about identity theft. These cases are reported to the police or Secret Service by 67% of agencies. Sixty-four percent of state and local consumer protection agencies refer complaints to the Federal Trade Commission, the agency tasked by Congress with the operation of an identity theft clearinghouse. Thirty-three percent of respondents reported attempting to investigate and resolve identity theft complaints in house. Other responses included referral to the state attorney general, state legal aid resources, self-help information (including contact information for credit reporting agencies), and preventive educational materials.

Most Common Internet/E-Commerce Complaints

Complaints involving use of the Internet and online purchasing are a top ten category this year. To learn more about these cases, agencies were asked for the total number of complaints they received in the last year that involved Internet service providers and online transactions. Of the fifty-one agencies replying to these questions, 73% received ISP related complaints while 82% reported complaints involving online transactions.

Ten agencies received fewer than one hundred complaints against Internet service providers, while five agencies reported one to two hundred complaints, three agencies had two to three hundred ISP complaints, and another three reported three to four hundred complaints. One agency, **Fairfax, Virginia's Department of Cable Communication and Consumer Protection** reported complaints (1,200) about Internet service providers represented 30% of their total complaint volume. Northern Virginia is home to AOL. Agencies received a wide range of complaints concerning online transactions, as well. The **California Public Utilities Commission** reported receiving over 7,800 complaints, while three additional agencies exceeded 1,000 online transaction complaints. **The Governor's Office of Consumer Affairs in Georgia** reported nearly 2,000 complaints or 9% of their total complaint volume. **The Attorney General's Office of Washington State** reported 1200 complaints concerning on line transactions, or 5 % of their total complaint volume. **Canada's Competition Bureau** reported 3700 internet-related complaints, or 22% of their total complaint volume of 17,000 consumer complaints.

Thirteen agencies reported receiving less than 100 complaints about online transactions.

The survey asked agencies to rank the top five categories of Internet/E-Commerce complaints received during 2003/4. NACAA agencies reported receiving the most complaints in the following categories, with complaints about auctions the highest ranked:

1. Auctions
2. Merchandised Ordered over the Internet
3. Internet Service Providers
4. Nigerian Letter Scams or similar
5. Business Opportunities
6. Credit cards/credit repair
7. Spam
8. Phishing
9. Lotteries/sweepstakes
10. Other: unsolicited pornography, Digital Subscriber Lines, travel

Consumer Problems Impacting Vulnerable Constituencies

Marketplace problems do not affect all consumers uniformly. In a new question aimed at spotting disturbing trends, agencies were asked to describe major or emerging consumer problems that impact vulnerable constituencies such as military families, recent immigrants, and the elderly, handicapped and non-English speaking consumers.

Weights and measures inspectors in **San Diego County's Department of Agriculture, Weights and Measures** investigated instances of **defrauding military families for moving expenses**. Inspectors found concrete weights and other load-increasing devices were used to increase the weights of shipments in moving vans of personal goods used to calculate transportation charges.

Cape May County (New Jersey) Office of Consumer Affairs reported cases involving home improvement contactors confusing **non-English speaking residents** with financing terms. **Military families** about to depart reported being taken advantage of by auto repair shops.

Senior citizens in a large retirement community in Florida are targeted with consumer scams, including those by telemarketers, home improvement salesmen, and water treatment swindlers. Another agency listed the Canadian Lottery, "El Gordo" Sweepstakes that target the elderly and Hispanic consumers. Get rich quick schemes target seniors.

Identity theft perpetrated by **illegal immigrants** and relatives. Cross-border scams and lotteries affect mostly **vulnerable constituencies**.

County of Los Angeles' Department of Consumer Affairs reports **immigration consultants** who defraud **immigrant families** out of thousands of dollars to legalize their status in the country with fees ranging from \$5,000 to \$15,000 each.

Miami-Dade County's Consumer Services Department reports Spanish language media based advertisements for various products and services. Typically, the product or service requires up-front payments resulting in the non-delivery of said product or service. There is also a substantial number of ads for **fraudulent health, beauty, and weight-loss products** that target the **Hispanic market**.

Other scams include **look alike "bank" credit cards** costing \$250 in advance fees, marketed to **Spanish-speaking consumers** in South Florida. Another agency reported problems caused by an infomercial on Spanish language television offering a "credit card" without the need for any credit history, but at a price of \$200 or more. **Limited English Proficiency individuals** seemed to be taken advantage predominantly in financial services such as exorbitant financing and deals on loans for new and used car purchases, furniture, and other major retail and financial transactions.

Auto sales "spot delivery" scams especially with **military consumers and low-income buyers**. Limited English proficiency consumers are taken advantage of by exorbitant financing and deals on loans for new and used car purchases, as well as furniture and other financial transactions.

San Diego County reported **fraudulent marketing to the Hispanic community**, including non-delivery of prepaid products and services, fraudulent health, beauty, and weight-loss products.

Officials reported that non-English-speaking citizens and immigrants have difficulties understanding condition-of-sale disclosures in advertising and product labels, such as requirements to buy three to get one free. Labeling disclosures are only required in English.

Arkansas' Consumer Division of the Attorney General's Office reports its **growing Latino community** is exposed to an increasing number of scams.

San Francisco District Attorney's Office Consumer Protection Unit reported cases of financial **elder abuse** where caretakers/family members defraud seniors to gain access to their bank accounts.

Alabama's Office of the Attorney General reports that cases of **home repair fraud** routinely involve vulnerable consumers. Elderly consumers are targets of home improvement scams as reported by **Virginia's Department of Professional and Occupational Regulation**. Other agencies report itinerant lawn/home improvement "providers" who claim a service has been provided to senior citizens and the Hispanic community and then intimidate the victim into paying high fees.

Florida's Pinellas County Department of Justice and Consumer Services is home to a large retirement community where **senior citizens** are continuously targeted with consumer scams. Telemarketers, home improvement salesmen and water treatment swindlers solicit the elderly.

The City of Alexandria's (Virginia) Office of Cable Television and Consumer Affairs report **the elderly** continue to be a major target for predatory collection agencies, sales offers, and get-rich-quick schemes.

Santa Cruz, California's Office of the District Attorney Consumers Affairs Unit reported a wave of Phishing scams by telephone against the elderly in which fraudsters talk consumers into divulging bank account information to enable identity theft.

Massachusetts Office of the Attorney General reported problems include high cost prescription drugs and equipment, service and repair issues for the **disabled**, finding affordable housing for **low income elderly** and various scams including lottery and cross-border scams that affect mostly vulnerable constituencies in their state.

The California Public Utilities Commission reported **excessive establishment deposit** requests from utilities; back billing charges; slamming and cramming; excessive rates; and overall service complaints from its many constituents. **Low-income consumers** reported having trouble keeping utility services due to rising fuel costs, the state of the economy and the continuing decline in financial assistance to help consumers pay essential utility bills.

Predatory lending to low-income, immigrant, senior, and military populations by payday loan scams; living trust scams against the elderly; and harmful debt collection practices, cell phone purchases and fees, and payday loans. One agency noted that many families have three to five payday loans running at the same time. Another agency listed title lending, payday lending and check cashers as problems for low income consumers.

Florida's Orange County Consumer Fraud Unit, a high-tourist traffic locale, reported **overpricing** of electronic and photographic or video equipment affecting mainly tourists from overseas destinations.

Disaster Related Complaints

Natural disasters, such as hurricanes, tornadoes, floods and fires, impact consumers and generate complaints to state and local consumer protection offices. In a new question for respondents, agencies were asked to describe the types of complaints they received this reporting year as a result of disasters and the types of laws or regulations in place in their jurisdictions to protect consumers in these situations.

In Pinellas County, Florida, most complaints as a result of wind and rain damage from two of the four hurricanes to hit Florida were caused by tree removal and garbage pickup. Pinellas County and the state of Florida have price gouging laws in effect to protect consumers. Other Florida agencies reported price-gouging cases to the **Attorney General's** office.

Orange County, Florida, impacted by three hurricanes in 2004, handled complaints through the **Orange County Task Force**, made up of three state and two local agencies. Orange County received numerous complaints on price gouging, unlicensed contracting, individuals working without occupational licensing, tree cutting services, rental services, lodging and more. The agencies used as enforcement tools the Florida laws against price gouging and prohibiting unlawful contracting during a declared emergency. Three emergency price-gouging declarations were issued and numerous public service announcements in both English and Spanish were issued to warn citizens about unlicensed activities.

As a result of conditions following historic widespread damage and vast power outages affecting 95% of the state due to Hurricane Isabel, **Virginia's Office of the Attorney General** put forth legislation on price gouging. **Virginia's Department of Professional and Occupational Regulation** and **The City of Alexandria's Consumer Affairs Office** reported increases in complaints against contractors as consumers tried to repair damage due to flooding or other storm damage such as tree removal, waterproofing, rebuilding, and roof repair.

South Carolina's Department of Consumer Affairs reported numerous consumer complaints about home repair, flood damaged cars and instances of landlord/tenant price gouging.

California's County of San Diego Department of Agriculture, Weights and Measures reported investigation of alleged price gouging in connection with massive, widespread wildfires that engulfed nearly 1/3 of county during late October/early November. The issues initiating the complaint were resolved prior to the need for investigation or enforcement. California has very strict price gouging laws with cumulative penalties for unlawful business practices in violation of California Business and Professions Code.

In jurisdictions without price-gouging laws on the books, agencies reported problems with high gas prices following natural disasters. Other types of complaints reported in connection with natural disasters included electric and telephone outages, delays in reconnection and high estimated bills, tree trimming and contractor complaints.

Following the famous late summer electric blackout that stopped the Northeast on a hot August night, **the Office of the Ohio Consumers Council** received a large number of complaints about utilities and service standards. In addition, flooding in the southern part of the state resulted in consumers being without electric service. Mandatory reliability standards for utilities are now being considered at the Federal level. At the State level, the Electric Service and Safety Standards (ESSS) are regularly reviewed and updated to improve services and to ensure that the electric companies are capable of responding to emergencies

Fake Federal Emergency Management Administration (FEMA) contracting complaints were filed in **West Virginia**. **Florida's Broward County** received complaints about water extraction companies that are not required to give a written estimate of the cost of their services. Roofing complaints, following hailstorms, were generated in one jurisdiction, mostly involving itinerant repairmen.

In September of 2004, Alabama consumers suffered devastating losses due to Hurricane Ivan. In the wake of the storm, the **Office of Alabama's Attorney General** launched an unprecedented effort to assist consumers in their recovery from the storm. Investigators from the Attorney General's Office were sent to hard-hit areas to investigate allegations of price gouging, and these investigations resulted in multiple indictments. Alabama law prohibits price gouging during declared states of emergency. **The Attorney General's Consumer Protection Section** remained open for extended hours in the days following the hurricane to receive complaints and answer questions from consumers. This Office continues to receive complaints related to the hurricane in areas such as price gouging and home repair.

New York Consumer Protection agencies received a large number of complaints following the widespread electric blackout and weather related interruptions to electric service. State Electric Service and Safety Standards were reviewed and updated to improve services.

Needed Consumer Protections

Agencies were asked to identify new or improved consumer protections most needed by consumers. Responses ranged from suggestions for federal legislation on emerging and continuing issues to the call for more resources for consumer protection agencies.

NEEDS FOR FEDERAL LEGISLATION

Credit reform including a usury law and stiffer penalties on payday loan violations, especially protections for military families and other targeted populations. Consumers need stronger Fair Debt Collection Practices Act terms, particularly against efforts to collect old debts. Agencies called for laws to prevent borrowers from becoming trapped in a cycle of debt consolidations that leave borrowers unable to retire loan principle. Agencies called for a Federal law to prohibit charging advance fees in solicitations for credit cards and government grants. One agency recommended a federal law that requires disclosure of the method used to determine a consumer's credit score.

Mandatory reliability standards on the national electric grid to help prevent blackouts and other potential sources for outages. As states move toward "market based" electric rates, consumers need protection against monopoly power by the incumbent utility. Local telephone exchange carriers, both incumbent and competitive, should be subject to basic consumer protection standards. Natural gas customers would benefit from additional consumer protection standards.

Increased enforcement of rules and regulations governing interstate moving. Agencies say that moving companies are still a major problem. Federal legislation is needed to give states the ability to enforce federal interstate moving requirements.

More authority for states to enforce state consumer protection laws without claims of federal preemption. **Stiffer penalties for identity theft and better tools to prevent "phishing,"** the latest tactic used to steal consumers' personal financial account information for fraudulent purposes. Agencies noted that offenders suffer minor consequences compared to the victims' considerable inconveniences and financial losses.

MORE AUTHORITY, RESOURCES FOR AGENCIES

Stronger protections for consumer privacy and safety on the Internet. Agencies called for more consumer information initiatives to improve consumer safety on the Internet and in electronic commerce, including better control of consumer information collected online. One agency called for an investigation of automated customer service systems that create roadblocks for consumers who contact companies to resolve complaints or straighten out billing errors. Another recommended strengthening local efforts to identify and register e-tailers operating in any given locale.

Tougher enforcement tools, including stiffer fines and penalties for violators of consumer protection laws, criminal penalties for egregious violators, and broader enforcement mandate and better cooperation among agencies. Agencies called for registration and

bonding requirements for business sectors that cause serious consumer problems and more funding for White Collar Crime enforcement.

Regulation of home improvement and building contractors, licensing requirements for contractors, stronger penalties for unlicensed contractors, and a recovery fund for home improvement contractors to compensate victims of fraud by licensees. Agencies also called for simplification of home purchase transactions to reduce problems that lead to complaints.

Consumer education programs targeted to vulnerable or under-served consumers, particularly military personnel, non-English speaking communities, and consumers in rural areas. Agencies also mentioned the need to conduct systematic consumer education programs for secondary and postsecondary students to enable young people to exercise their rights and responsibilities in the market place.

Stronger Weights and Measures inspections and funding to police the accuracy of weighing and measuring devices and inspect the accuracy of labeled imported goods. More effective legislation to prevent **unsolicited commercial email (spam) and junk faxes**. Stiffer penalties on payday loan organizations.

Regulate diploma mills and related schemes, such as phony sweepstakes and lotteries.

Increased budget and staffing resources for consumer protection agencies, including expansion of jurisdiction for agencies to cover more counties in a state with diverse population of many nationalities, senior citizens and a growing tourist industry.

Status of Consumer Protection Agencies

NACAA/CFA's 13th Annual Consumer Complaint Survey questioned agencies on the number of complaints received and restitution won for consumers the status of agency budgets in the most recent fiscal year 2003/2004, and changes made in agency staffing and services as a result of budget pressure. This report documents that NACAA member agencies continue to do more consumer protection with proportionately fewer resources, yet return millions to consumers in restitution. The report's findings also demonstrate that the sharp increase in complaint volume reported last year was the start of a trend.

Agencies Recover Millions for Consumers

The survey collected data on the number of complaints filed and the dollar value of restitution returned to consumers. Of the 60 agencies responding to the survey, total complaints filed with those agencies in 2003-2004 was 445,676. Respondents reported that the total amount recouped for consumers through complaint mediation, enforcement cases, and regulatory action in 2003/4 was over \$88.5 million. Each closed case netted consumers an average return of \$513 per complaint.

NACAA member agencies vary considerably in size and resources. The smallest office consists of a part-time staff member with a budget of \$5,000 while one of the largest agency's budgets is \$22 million. Populations served range from 40,000 to 35 million.

Full Service Consumer Protection Agencies

The survey asked agencies to describe their services to consumers.

Educational outreach/public information campaigns: Nearly all (95%) respondents reported an extensive consumer education program using materials and brochures on consumer topics. To help consumers avoid problems, 93% conduct consumer education programs and provide speakers on consumer protection topics; 42% of respondents provide radio or cable TV programs with consumer content; and 85% issue press releases and public service announcements

Web sites: To be easily accessible to consumers, 85% of the respondents report having websites with complaint forms available online as well as links to information from other consumer groups and agencies. Several agencies reported added the ability for consumers to file complaints online as an added service to the public and efficiency measure for agencies.

Toll-free numbers: 58% of the respondents provided a toll-free number consumer protection hotline or information and referral service staffed for consumer inquiries and complaints.

Complaint mediation assistance: 88% of agencies reported providing dispute resolution services to handling consumer complaints.

Regulation and enforcement: Over half (52%) of agencies reporting have authority to register some categories of local businesses, including cable TV, sellers of legal services plans, and weights and measures accuracy. Almost 30% of agencies register charities and fund raisers. 68% of

agencies surveyed report having a variety of law enforcement tools, such as investigative authority, to use in protecting consumers.

Other services mentioned by respondents ranged from delivering Meals on Wheels to shut-ins, regulation of sellers of legal services plans, advocacy on utility issues before state and federal agencies, cable TV regulation, going out of business permits, routine inspection of weights and measures devices, scanner price accuracy price, package content and labeling, undercover inspection of direct sales and recycling redemption and weigh master regulation, referral services and criminal prosecution. One agency operates the citywide 3-1-1 phone service for non-emergency calls.

Changes Reported by Agencies

Continuing a trend of questioning started in last year's survey, this year's questionnaire asked respondents what major changes were made in their office/agency's mission, staffing levels, jurisdiction, complaint handling protocols or services and whether these changes were a result of budget cuts or policy decisions.

During the 2004 legislative session, the **Florida Department of Agriculture and Consumer Services/Division of Consumer Services** regained its authority as the state's complaint clearinghouse to assist consumers in resolving complaints against non-regulated businesses. The Division of Consumer Services gained back four seven positions that were eliminated during the 2003 legislative session

Several agencies reported staffing shortage and cuts due to budgetary constraints. **Florida's Hillsborough County Consumer Protection and Professional Responsibility Agency** reported a staff increase of 25%.

County of Los Angeles' Department of Consumer Affairs announced through a partnership with the County Courts, that Department is participating in an AmeriCorps project which assigned 10 AmeriCorps volunteers / interns to enhance the Department's consumer protection services.

Based on policy direction, the **New York State's Consumer Protection Board** was called upon to provide consumers an additional avenue to file complaints regarding emerging issues of consumer concern such as retail gasoline prices and flu shot vaccine prices affected by the 2004 shortage.

Because of county government reorganization and the need for cost effectiveness, **Pinellas County Florida's Department of Consumer Protection** merged with Justice Coordination to form the Department of Justice and Consumer Services. **New York City's Department of Consumer Affairs** reorganized the division that handles complaints to improve the information provided to the public, resolve simple complaints quickly, and devote appropriate resources to more complex complaints.

Arizona's Pima County Public Defender's Office reported The City of Tucson and the Pima County Attorney General's Offices closed down their consumer protection divisions.

As a result of budget cuts and policy decisions, **Arlington County, Virginia** closed its consumer affairs office on October 1, 2004. Complaints and inquiries once handled by this agency serving

over one million consumers now flow to the **Virginia Department of Agriculture and Consumer Services**.

City of Alexandria, Virginia's Cable Television and Consumer Affairs Office increased their hours of operation from 8 AM to 5 PM to 8 AM to 6 PM, streamlined their complaint handling processes, and improved their database for data capture and reporting.

California Public Utilities Commission hired more consumer affairs bilingual representatives, established a quasi-call center in the consumer affairs branch, and instituted a telephone bill of rights.

Alabama's Attorney General moved the **Consumer Protection and Antitrust Section** under the direction of a new unit, the Family Protection Unit, designed to protect Alabama's most vulnerable citizens – the elderly and children. The effort brought together different state agency representatives and law enforcement for a conference on Combating Elder Exploitation and Abuse and held six regional conferences across the state for senior citizens to educate them on ways to protect themselves against becoming victims of scams and fraud.

As a result of a policy decision to increase efficiencies and improve process, **Virginia's Department of Professional and Occupational Regulation** restructured its enforcement section into a new Compliance & Investigations Division. The change shifts focus from punitive enforcement to providing licensees with opportunities to comply early in the process and avoid future violations, while responding more effectively to consumer complaints.

The South Carolina Department of Consumer Affairs opened three new satellite locations across the state, instituted an on-line complaint service for consumers, and created Advisory Boards and Roundtables for businesses over which the department has oversight.

Several agencies reported changes in their complaint intake and handling processes with greater emphasis placed on using E-government to receive consumer complaints. **Maryland's Office of the Attorney General, Consumer Protection Division** allows consumers to file complaints over the Internet through their website. The change was made to ease complaint filing for consumers.

Tennessee's Division of Consumer Affairs added an online complaint form, a new consumer counselor position and started an intensive public awareness campaign.

County of San Diego Department of Agriculture, Weights and Measures reported registration fee increases in the areas of Automated Price Scanners and a limited range of Weighing/Measuring Devices offset some costs borne by County General Funds and prevented the need to curtail programs or eliminate enforcement positions. Due to significant increases in Scanner permit fees, an additional position was shifted to that program to meet inspection frequency increases agreed to in negotiations with the regulated industry as well as assurances provided to the Board of Supervisors. This change has resulted in some negative impact to the routine testing of weighing/measuring devices as well as a decrease in the ability to routinely test/monitor packaged goods for meeting labeled content information.

Agencies Serve Consumers through Advice and Information

Complaint statistics alone do not take into account the thousands of calls that agencies receive for advice and information, which usually total several times the number of formal written complaints. The value of the advice and information that consumer agencies dispense through their complaint hotlines and through their consumer assistance websites, media interviews, newsletters, brochures, cable television shows, special events and other forms of public presentations, inter-agency collaborations and outreach is incalculable. However, the value of the written complaint remains the nation's most potent proof of needed consumer protection.

Both CFA/NACCAA stress annually in this report that every complaint that a consumer can resolve him or herself, armed with information about the applicable rights and remedies, results in savings not only for the parties involved, but for the courts or government agencies that would otherwise be called upon to intervene. Each time a consumer escapes being ripped-off because of advice or information from a consumer agency, not only does he or she avoid losing money, but also that money can be used to buy goods or services from legitimate businesses. Further, each time a business asks a consumer agency for information about the rules and regulations that it must follow the potential for disputes and legal action is reduced.

Furthermore, each time that a consumer office provides information or assistance, or takes enforcement action to stop abuses in the marketplace, the public perception of government is enhanced. Public confidence in business also is boosted through oversight and enforcement by consumer protection agencies. Finally, publicity about enforcement actions helps to curb deceptive practices by would-be offenders who do not want to risk being the target of the next agency action.

Survey Methodology

Respondents were surveyed from October 2004 to January 2005 to allow for year-end reports.

Agencies responding to this year's survey represented 27 states, including border to border, north to south, large to small states with nearly an equal amount of county, city and local jurisdictions. 97% of the respondents were American national state, city, and county offices of consumer protection. Populations served by these agencies surveyed range from 40,000 to 22 million. Canadian provincial agencies serve over 35 million consumers.

Respondents were asked to provide data for the most recent year for which they had information to enable the annual survey to be more current than past years' reports. Forty-three percent provided answers for calendar year 2003 while fifty-seven percent provided fiscal year data, including information for 2004.

APPENDIX

TRENDS IN CONSUMER COMPLAINTS

2003-2004

Rank	Topic
1.	Home Improvement/Repairs
2.	Automobile Sales
3.	Automobile Repairs
4.	Credit
5.	Telecommunications/Cable/Satellite
6.	Debt Collections/Billing Practices
7.	ID Theft/Deceptive Practices
8.	Internet/ ISP/E-Commerce
9.	Major Purchases/Household Goods
10.	Telemarketing/Sales Practices

2002

Rank	Topic
1.	Automobile Sales
2.	Home Improvement
3.	Automobile Repairs
4.	Credit
5.	Advertising/Telemarketing
6.	Collections/Billing Practices
7-10	Household Goods
7-10	Internet/E-Commerce
7-10.	Telecommunications
7-10.	Real Estate/ Landlord-Tenant Issues

2001

Rank	Topic
1	. Home Improvement
2.	Household Goods
3.	Automobile Sales
4.	Automobile Repairs
5.	Credit/ Lending
6.	Business Practices
7.	Services
8.	Telecommunications
9-12.	Collections
9-12.	Pyramids & Business Opportunities
9-12.	Recreation & Vacations

2000

Rank	Topic
1-2.	Auto Sales
1-2.	Household Goods
3.	. Home Improvement
4.	Auto Repair
5.	Credit/Lending
6.	Collection
7.	Utilities
8-11.	Internet
8-11.	Landlord/Tenant
8-11.	Mail Order
8-11.	Telemarketing

1999

1.	Home Improvement
2.	Auto Sales
3.	Household Goods
4.	Auto Repair
5.	Credit/Lending
6.	Utilities
7.	Mail Order
8-9.	Collection
8-9.	Landlord-Tenant
10.	Leisure/Travel

