

Consumer Protection

MISSION STATEMENT

The mission of the Office of Consumer Protection (OCP) is to enforce consumer protection laws prohibiting unfair and deceptive business acts or practices to ensure a fair marketplace for consumers and businesses. Activities include complaint resolution, law enforcement, education, legislation, advocacy, and outreach to vulnerable consumers.

BUDGET OVERVIEW

The total recommended FY16 Operating Budget for the Office of Consumer Protection is \$2,388,730, an increase of \$132,494 or 5.9 percent from the FY15 Approved Budget of \$2,256,236. Personnel Costs comprise 92.4 percent of the budget for 17 full-time positions and one part-time position, and a total of 16.60 FTEs. Total FTEs may include seasonal or temporary positions and may also reflect workforce charged to or from other departments or funds. Operating Expenses account for the remaining 7.6 percent of the FY16 budget.

LINKAGE TO COUNTY RESULT AREAS

While this program area supports all eight of the County Result Areas, the following are emphasized:

- ❖ **A Responsive, Accountable County Government**
- ❖ **Strong and Vibrant Economy**
- ❖ **Vital Living for All of Our Residents**

DEPARTMENT PERFORMANCE MEASURES

Performance measures for this department are included below, with multi-program measures displayed at the front of this section and program-specific measures shown with the relevant program. The FY15 estimates reflect funding based on the FY15 approved budget. The FY16 and FY17 figures are performance targets based on the FY16 recommended budget and funding for comparable service levels in FY17.

ACCOMPLISHMENTS AND INITIATIVES

- ❖ **The Office of Consumer Protection (OCP) conducted a review of complaints involving the Washington Suburban Sanitary Commission (WSSC) and Montgomery County residents. Due to the nature and number of complaints related to incorrect and higher water bills, OCP investigated the complaints by reviewing information from residents and WSSC, conducting interviews, and observing the field work done by meter readers. OCP concluded that the lack of independent oversight with respect to WSSC and WSSC complaints creates frustration; further review by an independent reviewer may be needed, as well as more sophisticated meter-reading technology.**
- ❖ **OCP successfully issued six civil citations against a local moving company doing business in Gaithersburg. The citations stemmed from consumer complaints alleging several violations of the County law and the Maryland Household Goods Movers Act. Violations included holding goods hostage, failure to state if a moving estimate is binding or non-binding, misrepresenting services included in estimates and charging extra for these services, and misrepresentation on the company's website that it was licensed and insured. Following a trial in District Court, the merchant was found guilty of all six violations.**
- ❖ **OCP joined County Executive Isiah Leggett, Montgomery County Police, State's Attorney's Office, Maryland Home Improvement Commission, Department of Natural Resources, and neighboring police departments in a crackdown on unlicensed home improvement contractors. These unlicensed contractors typically victimize consumers, especially seniors, by going door-to-door soliciting unconsciously high payments in exchange for making repairs. The law enforcement agencies have agreed to share information and work cooperatively to file criminal charges against individuals who victimize local homeowners.**
- ❖ **County Executive Leggett and OCP collaborated with Montgomery County Police Financial Crimes Section in warning residents about a nationwide telephone scam that relies upon intimidation to steal millions of dollars from consumers. Telephone scammers have been contacting local residents and asserting that the Internal Revenue Service (IRS) had prepared a warrant for their arrest if they do not immediately send money in order to mitigate**

the criminal charges.

- ❖ **OCP hosted a well-attended film screening with the Maryland Consumer Rights Coalition (MCRC). MCRC produced a documentary video, "Driven to Defraud," that documents scams used by some car dealers to abuse Maryland car purchasers and shows consumers how to protect themselves from yo-yo sales (consumer getting called back in because of an alleged financing issue), interest rate mark-ups, rebuilt wrecks and other scams. OCP's auto expert and certified master automotive technician held a question-and-answer session.**

- ❖ **Productivity Improvements**

- **OCP continued increasing its outreach efforts into communities with at-risk consumers by expanding its live online chats to include the first bilingual Live Discussion responding to questions regarding matters concerning domestic workers, drivers' licenses for undocumented drivers, notario fraud (merchants who mislead Spanish speaking consumers into believing that the merchant is an attorney) , and general consumer questions.**
- **OCP is a member of a Multi-Jurisdictional Task Force consisting of various law enforcement agencies including, Montgomery County Police, State's Attorney Office, Maryland Department of Natural Resources, FBI, and Howard County, Frederick County, District of Columbia, Fairfax County, Culpepper, and Arlington Police Departments. The Task Force was established to investigate crimes perpetrated by unlicensed and unscrupulous tree and landscaping contractors, who often take advantage of senior citizens by overcharging for services.**
- **The Common Ownership Communities program (COC) developed a seminar for members of community association and boards titled, "The Essentials of Community Association Volunteer Leadership" in how to properly run a common ownership community.**
- **OCP is successfully focusing on "reality-testing" mediation sessions. Cases which involve misunderstandings and factual disputes, rather than violations of consumer protection laws, are identified and referred for in-depth mediation sessions. These mediation sessions are conducted by having the parties sit in separate rooms with mediator "shuttling" back and forth.**

PROGRAM CONTACTS

Contact Marsha Carter of the Office of Consumer Protection at 240.777.3686 or Helen P. Vallone of the Office of Management and Budget at 240.777.2755 for more information regarding this department's operating budget.

PROGRAM DESCRIPTIONS

Consumer Protection

The OCP receives and investigates complaints and initiates its own investigations of deceptive or unfair trade practices against consumers. Staff resolves disputes between consumers and merchants, identifies violations of County, State, and Federal consumer protection laws, and makes referrals to other agencies when appropriate. Complaint categories include automotive sales/repairs, new home construction, home improvement repairs, predatory financial practices, credit and collection practices, telemarketing, and retail sales.

The OCP issues subpoenas to compel the production of documents or compel the attendance of witnesses. The office is authorized to hold hearings, administer oaths, and issue civil citations for violations of consumer protection laws. Special investigations are conducted and may result in Settlement Agreements or abatement orders, or in transmitting cases to the Office of the County Attorney for appropriate legal action. Investigators initiate charges for criminal prosecutions by the Office of the State's Attorney, and investigators also testify in court as expert witnesses. In addition, the Office engages in consumer advocacy by testifying before County, State, and Federal legislative bodies and by drafting new legislation to protect consumers.

The OCP develops and conducts consumer education programs. The Office issues press releases through the Office of Public Information, holds press conferences, and publishes consumer brochures; staff responds to requests for information regarding consumer protection rights and remedies. Staff makes presentations at schools; community, business and civic group meetings; and frequently appear on television and radio news programs. The Office maintains a webpage containing consumer protection information, a record of the number of complaints received against merchants, and consumer alerts. Outreach efforts include initiatives to better address the needs of vulnerable consumers, underserved communities, and residents with limited English proficiency. The office also works with the Advisory Committee on Consumer Protection.

The OCP is responsible for licensing or registering automobile repair and towing businesses; new homebuilders; radio, television and electrical appliance repair shops; and secondhand personal property dealers.

| Program Performance Measures | Actual FY13 | Actual FY14 | Estimated FY15 | Target FY16 | Target FY17 |
|--|--------------------|--------------------|-----------------------|--------------------|--------------------|
| Average OCP customer satisfaction rating - Outcome of the customer's case (1-4 scale) based on customer satisfaction survey | 2.8 | 3.2 | 2.8 | 2.8 | 2.8 |
| Average Office of Consumer Protection (OCP) customer satisfaction rating - Manner in which the customer's case was handled (1-4 scale) based on customer satisfaction survey | 3.3 | 3.2 | 3.3 | 3.3 | 3.3 |
| Average time in work days to investigate and close a written complaint (>\$5,000) | 64 | 94 | 64 | 64 | 64 |
| Average time in workdays to investigate and close a written complaint (All complaints) | 68 | 59 | 64 | 64 | 64 |
| Average time in workdays to investigate and close a written complaint: (\$1,001 - \$5,000) | 64 | 67 | 64 | 64 | 64 |
| Average time in workdays to investigate and close a written complaint: (\$101 - \$1,000) | 64 | 57 | 64 | 64 | 64 |
| Average time in workdays to investigate and close a written complaint: (\$NA) | 64 | 57 | 64 | 64 | 64 |
| Average time in workdays to investigate and close a written complaint: (Less than \$100) | 64 | 44 | 60 | 60 | 60 |
| Media Coverage - Number of times media outlets, including print news, television and radio, seek out OCP's expertise | 27 | 25 | 24 | 24 | 24 |
| Media Coverage - Percent of news releases receiving media coverage, including print news, television and radio | 94% | 94% | 75% | 75% | 75% |
| Percent of OCP-initiated consumer protection cases closed that are resolved by OCP | 61% | 63% | 65% | 65% | 65% |
| Restitution received as a percent of restitution asked for by the consumer and validated by the assigned OCP case investigator | 85% | 80% | 85% | 85% | 85% |

| FY16 Recommended Changes | Expenditures | FTEs |
|---|---------------------|--------------|
| FY15 Approved | 1,943,498 | 14.70 |
| Decrease Cost: Printing and Mail | -1,687 | 0.00 |
| Decrease Cost: Annualization of FY15 Personnel Costs | -20,933 | 0.00 |
| Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs. | 112,912 | 0.00 |
| FY16 CE Recommended | 2,033,790 | 14.70 |

Commission on Common Ownership Communities

The OCP serves as staff to the Commission on Common Ownership Communities. This Commission serves as an alternative dispute resolution mechanism to mediate and arbitrate certain disputes between the governing bodies of homeowner associations, condominium associations, and cooperatives, and the individuals living within these common ownership communities. The Commission also provides education to governing bodies of common ownership communities and their residents and acts as an advocate for their interests.

| Program Performance Measures | Actual FY13 | Actual FY14 | Estimated FY15 | Target FY16 | Target FY17 |
|--|--------------------|--------------------|-----------------------|--------------------|--------------------|
| Percent of Commission on Common Ownership Communities (CCOC) cases resolved prior to a hearing | 56% | 65% | 60% | 60% | 60% |

| FY16 Recommended Changes | Expenditures | FTEs |
|---|---------------------|-------------|
| FY15 Approved | 312,738 | 1.90 |
| Add: Contractual services for Common Ownership Communities | 41,000 | 0.00 |
| Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs. | 1,202 | 0.00 |
| FY16 CE Recommended | 354,940 | 1.90 |

BUDGET SUMMARY

| | Actual FY14 | Budget FY15 | Estimated FY15 | Recommended FY16 | % Chg Bud/Rec |
|--|------------------|------------------|-------------------|---------------------|------------------|
| COUNTY GENERAL FUND | | | | | |
| EXPENDITURES | | | | | |
| Salaries and Wages | 1,379,954 | 1,444,397 | 1,386,245 | 1,461,434 | 1.2% |
| Employee Benefits | 675,308 | 669,927 | 697,852 | 746,071 | 11.4% |
| County General Fund Personnel Costs | 2,055,262 | 2,114,324 | 2,084,097 | 2,207,505 | 4.4% |
| Operating Expenses | 81,692 | 141,912 | 142,798 | 181,225 | 27.7% |
| Capital Outlay | 0 | 0 | 0 | 0 | — |
| County General Fund Expenditures | 2,136,954 | 2,256,236 | 2,226,895 | 2,388,730 | 5.9% |
| PERSONNEL | | | | | |
| Full-Time | 17 | 17 | 17 | 17 | — |
| Part-Time | 1 | 1 | 1 | 1 | — |
| FTEs | 16.60 | 16.60 | 16.60 | 16.60 | — |
| REVENUES | | | | | |
| Common Ownership Community Fees | 408,770 | 405,500 | 415,500 | 410,000 | 1.1% |
| Miscellaneous Revenues | 835 | 0 | 0 | 0 | — |
| New Home Builder's License | 137,679 | 134,000 | 134,000 | 134,000 | — |
| Other Fines/Forfeitures | 595 | 1,000 | 1,000 | 1,000 | — |
| Other Licenses/Permits | 53,999 | 55,000 | 55,000 | 55,000 | — |
| County General Fund Revenues | 601,878 | 595,500 | 605,500 | 600,000 | 0.8% |

FY16 RECOMMENDED CHANGES

| | Expenditures | FTEs |
|---|------------------|--------------|
| COUNTY GENERAL FUND | | |
| FY15 ORIGINAL APPROPRIATION | | |
| | 2,256,236 | 16.60 |
| Changes (with service impacts) | | |
| Add: Contractual services for Common Ownership Communities [Commission on Common Ownership Communities] | 41,000 | 0.00 |
| Other Adjustments (with no service impacts) | | |
| Increase Cost: FY16 Compensation Adjustment | 61,924 | 0.00 |
| Increase Cost: Retirement Adjustment | 47,243 | 0.00 |
| Increase Cost: Group Insurance Adjustment | 4,947 | 0.00 |
| Decrease Cost: Printing and Mail [Consumer Protection] | -1,687 | 0.00 |
| Decrease Cost: Annualization of FY15 Personnel Costs [Consumer Protection] | -20,933 | 0.00 |
| FY16 RECOMMENDED: | 2,388,730 | 16.60 |

PROGRAM SUMMARY

| Program Name | FY15 Approved Expenditures | FTEs | FY16 Recommended Expenditures | FTEs |
|--|-------------------------------|--------------|----------------------------------|--------------|
| Consumer Protection | 1,943,498 | 14.70 | 2,033,790 | 14.70 |
| Commission on Common Ownership Communities | 312,738 | 1.90 | 354,940 | 1.90 |
| Total | 2,256,236 | 16.60 | 2,388,730 | 16.60 |

CHARGES TO OTHER DEPARTMENTS

| Charged Department | Charged Fund | FY15 Total\$ | FTEs | FY16 Total\$ | FTEs |
|----------------------------|--------------|-----------------|------|-----------------|------|
| COUNTY GENERAL FUND | | | | | |
| Fire and Rescue Service | Fire | 61,599 | 1.00 | 65,042 | 1.00 |

FUTURE FISCAL IMPACTS

| Title | CE REC. | | | | | | (\$000's) | |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--|
| | FY16 | FY17 | FY18 | FY19 | FY20 | FY21 | | |
| This table is intended to present significant future fiscal impacts of the department's programs. | | | | | | | | |
| COUNTY GENERAL FUND | | | | | | | | |
| Expenditures | | | | | | | | |
| FY16 Recommended | 2,389 | |
| No inflation or compensation change is included in outyear projections. | | | | | | | | |
| Labor Contracts | 0 | 5 | 5 | 5 | 5 | 5 | 5 | |
| These figures represent the estimated annualized cost of general wage adjustments, service increments, and associated benefits. | | | | | | | | |
| Subtotal Expenditures | 2,389 | 2,394 | 2,394 | 2,394 | 2,394 | 2,394 | 2,394 | |

