

## MEMORANDUM

March 1, 2022

To: Marc Elrich, County Executive  
Gabe Alborno, County Council President  
Members of the County Council

From: Advisory Committee on Consumer Protection  
Daniel Caplan, Chair  
Jim Michaels, Vice-Chair

Subject: Annual Report for 2021

---

The Advisory Committee on Consumer Protection ("ACCP") has approved the submission of this Memorandum to the County Executive and County Council as its Annual Report for 2021. Members of the ACCP suggest that the County Executive hold a virtual forum with Advisory Committee members to discuss the consumer issues raised in this Annual Report and other consumer protection matters.

---

### Table of Contents

- A. Overview and Summary
  - B. Discussion of Specific Consumer Protection Issues
    - 1. Ensuring Equity in Protecting Consumers and Communities
    - 2. Managing Debt, Understanding Credit Reports, and Debt Collection
    - 3. Housing Issues
    - 4. Legislation to Curb Abuses in the Collection of Private Student Loans
    - 5. Survey on Vehicle Service Agreements
    - 6. Solicitations for "Home-Value Investments" that Purport to be "Debt-Free"
    - 7. Advertisements for Home Title Protection
    - 8. Scam that Uses Hacked E-mail Accounts to Impersonate Personal Contacts
    - 9. Moving Brokers
  - C. Request for Public Hearing Topics in 2022
- 

### A. Overview and Summary

ACCP members kept in close contact with staff of the County's Office of Consumer Protection ("OCP") throughout 2021, despite being unable to hold in-person meetings. Committee members provided their opinions and advice to OCP staff at regularly scheduled Committee meetings that were held online, as well as in e-mail communications. ACCP members also identified topics or areas of concern where OCP could enhance or supplement the information OCP publishes to inform and educate consumers using its channels of

communication. Those include educational articles that are published on OCP's website, posted on social media such as Facebook, or distributed to OCP's e-mail subscribers. Those efforts also included webinars sponsored and hosted by OCP and ACCP members that may also be posted on OCP's YouTube channel: <https://www.youtube.com/user/ConsumerWise>. A more detailed discussion of some of those topics is provided below.

During 2021 Advisory Committee members continued to focus their concerns, discussions, and activities on the particular issues and problems consumers face due to the COVID-19 pandemic and resulting economic hardships. The Advisory Committee has assisted OCP's efforts to help educate local residents about their options related to material consumer protection issues. In their discussions, ACCP members frequently noted that they expect some of these issues to persist in a post-pandemic environment as programs offering debtors grace periods or flexible payments, or providing other economic relief come to an end and debt collection efforts increase. In particular, homeowners who benefited from temporary forbearance programs and tenants who benefited from temporary restrictions for rental properties may be faced with difficult decisions as they seek more permanent solutions.

Not all topics fall within the purview of the Office of Consumer Protection but instead may be addressed by other agencies. Accordingly, Advisory Committee members hope that all components of Montgomery County government, as well as OCP, will continue to emphasize and focus on consumers' needs arising from the effects of the pandemic and its aftermath. This could include actively supporting appropriate legislation at the local or state level in order to provide relief and enhanced consumer protection. The Committee has already voted to recommend that the County government support a bill in the General Assembly (HB 111) that would curb abusive practices by debt collectors for private student loans.

Early in the year, the Committee adopted a goal of strengthening OCP's and ACCP's community outreach efforts. The Advisory Committee was interested in conducting outreach to additional community organizations, with the aim of establishing a continuing and regular dialogue with these diverse communities and obtaining their feedback. ACCP members believed this could help identify, raise public awareness about, and strengthen OCP's efforts to eliminate scams and fraud that target communities of color, immigrants, and seniors in Montgomery County.

Consequently, in June the Advisory Committee sent a letter jointly with OCP to 43 community organizations, requesting their assistance in identifying the consumer protection concerns in their community. The letter offered to provide consumer education programs for these communities and their constituents, described a number of potential topics that could be covered and listed multiple languages in which these programs could be provided. The ACCP remains committed to community outreach and plans to repeat these efforts in 2022. (A copy of the June 2021 outreach letter is attached to this Memorandum.) The Committee wishes to maintain this public outreach effort on a regular basis.

In December, OCP celebrated its 50<sup>th</sup> Anniversary. ACCP members appreciated that OCP included them in planning for the celebration. As part of the week-long commemoration, ACCP



members were pleased to sponsor a webinar led by the Housing Initiative Partnership, Inc. (a non-profit housing counseling agency) to educate consumers about financial assistance available through the Maryland Homeowners Assistance Fund, which has not been adequately publicized by State agencies. That financial assistance is available to help Montgomery County residents impacted by COVID-19 with their mortgage and home situations.

ACCP members also attended the OCP Anniversary event held on December 6th in the Council Office Building, and the online live-stream of the County Council's proclamation ceremony on December 7th. At the Advisory Committee's December meeting, members formally recognized this milestone by congratulating and commending OCP and its staff for their many years of service to Montgomery County consumers, with a special thank-you to OCP's current Director, Eric Friedman, for his leadership and dedication throughout his many years of service.

## **B. Discussion of Specific Consumer Protection Issues**

### **1. Ensuring Equity in Protecting Consumers and Communities**

In its annual report for 2020, the ACCP indicated that in 2021 the Committee planned to enhance outreach efforts to identifiable communities in an effort to assist OCP with implementing the County's Racial Equity and Social Justice Policy. ACCP members recognized the need to focus on equity issues and the adverse impact that scams or unfair business practices have on communities of color, immigrants, and seniors. ACCP hoped to learn whether and how these identifiable communities are being disproportionately affected.

To address this, the ACCP worked with OCP to develop a list of community organizations, including the advisory groups for the Office of Community Partnerships and various Chambers of Commerce and business groups. In June, 2021, the Advisory Committee sent a letter jointly with OCP to 43 groups and organizations, requesting their assistance in identifying the consumer protection concerns in their community. The letter offered to provide consumer education programs for their members and constituents, described a number of potential topics that could be covered, and listed multiple languages in which these programs could be provided. To encourage community engagement, the letter also explained OCP's functions in handling consumer complaints and its enforcement authority.

The ACCP members were disappointed that OCP did not receive formal responses from community organizations to the June 2021 letter. However, the ACCP remains committed to community outreach and it plans to repeat this effort in 2022. (A copy of the June 2021 outreach letter is attached as Appendix A to this Memorandum.) The ACCP intends to continue its outreach to communities of color to ensure ongoing efforts aimed at consumer protection reflect the County's Racial Equity and Social Justice Policy.

In another community outreach effort, an ACCP member joined OCP staff in attending the Economic and Cultural Festival of the Cote d'Ivoire held on August 8th in Silver Spring.

Those types of gatherings present an opportunity for OCP and ACCP to inform communities about OCP's services and the resources available for Montgomery County consumers.

A member of the ACCP was also designated to study data regarding the number of consumer complaints received from particular geographic areas in conjunction with 2010 census data, to determine whether trends could be identified concerning which communities are targeted for scams or unfair business practices. Using the complaint data for 2019, it was determined that the greatest number of complaints were from Silver Spring, followed by Rockville and Gaithersburg. It could not be determined, however, whether those areas were targeted more often for unfair practices, or whether the residents of those areas were merely more aware of OCP and therefore more likely to file a complaint seeking OCP's assistance.

Because the only demographic data OCP tracks is the complainant's age, the available data could not be used to look for trends related to complainants' race or ethnicity. This raised a question for discussion among ACCP members about whether OCP could be permitted in the future to offer complainants the ability to voluntarily report other demographic data, such as race or ethnicity. OCP staff indicated it would explore that question further.

## 2. Managing Debt, Understanding Credit Reports, and Debt Collection

During National Consumer Protection Week (February 28- March 6), Advisory Committee members conducted two webinars with the assistance of OCP staff. A presentation titled "Dealing with Debt and Understanding Your Credit Report" provided advice to consumers on how to manage their debts, particularly in difficult financial circumstances such as the current pandemic (which can be viewed at: <https://www.youtube.com/watch?v=9SWJflzv1Lg> ). The second webinar, titled "Credit, Debt, and Your Rights" provided advice to consumers about their rights when dealing with debt collectors, resolving credit card disputes, avoiding debt collection scams, and how to obtain legal assistance.

## 3. Housing Issues

During April, Advisory Committee members conducted a webinar on "Mortgage Solutions." The program provided advice to consumers whose mortgage payments had been temporarily suspended for several months (the "forbearance period") under the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act. The presentation explained the various options consumers should consider and how to make the necessary arrangements so they can catch up on their payments and make their loans current to avoid default and possible foreclosure.

On December 9, 2021, the Advisory Committee sponsored and co-hosted a virtual presentation with the Housing Initiative Partnership, Inc., a non-profit housing counseling organization. A new state program provides assistance to homeowners who are coming out of a forbearance period under the CARES Act or similar programs, but who need financial help to stay in their homes. The funds come from the federal government but are being distributed through the Maryland Homeowners Assistance Fund. ACCP members believed that greater



public awareness efforts were needed because the State currently has no marketing plan. Eligible consumers can receive assistance to make payments that are needed, for example, to cure a mortgage default, pay back-taxes, or pay Homeowners Association fees. The recorded session may be viewed online at: <https://www.youtube.com/watch?v=Q4VZznfi-40>.

Advisory Committee members also considered how to apply a lesson learned from the subprime mortgage crisis of 2007 and Great Recession of 2008-2009 to the mortgage difficulties some consumers are facing with the current pandemic.<sup>1</sup> In the early and mid-2000s, there had been an expansion of subprime mortgage credit. More consumers were able to obtain home loans but often with low introductory rates that created affordable initial payments. The expansion of subprime credit and the resulting increase in consumer demand bid up housing prices. However, many consumers who obtained adjustable rate mortgages found they could not afford to make the new higher monthly payment when their interest rate increased and the monthly payment reset. One result was higher than anticipated mortgage default rates, leading to a contraction in credit availability and a decreased demand for homes. When property values unexpectedly declined, some homeowners found that they were “upside down” with their mortgage debt exceeding the market value of the house, so they were also unable to refinance their loan or sell the home. These vulnerable consumers became susceptible to foreclosure rescue scams that charged high fees with false promises of assistance.

Advisory Committee members have had concerns about the possible resurgence of foreclosure rescue scams in the wake of the pandemic. Unlike the Great Recession, the pandemic has not brought a decline in home values in Montgomery County. But homeowners who are having difficulty making their mortgage payments, and who may be equity rich but cash poor, may be vulnerable to scammers offering assistance that involves high upfront fees that strip the homeowners of their equity in the property. One signal that foreclosure rescue scams are reappearing in the pandemic is the reappearance of roadside signs that offer to save homes from foreclosure or buy homes quickly (typically in violation of the County’s sign ordinance).

To address this concern, in October, the Advisory Committee sponsored a general survey that was conducted by OCP using social media. The survey sought to ascertain whether local consumers have recently received or seen advertisements by “foreclosure rescue” services (including offers to purchase homes) in mail, telephone solicitations, or on roadside signs.

The survey also asked respondents whether they or someone they know are delinquent on their mortgage and asked them to consider why someone facing possible foreclosure might hire a stranger to help save their home based solely on an unsolicited advertisement. Finally, the survey allowed respondents to provide contact information to obtain a referral to a bona fide housing counseling agency for assistance. A small number of responses were received, but several respondents noted that they had recently seen roadside signs. ACCP members commented that this survey would be worth repeating in a few months.

---

<sup>1</sup> See “Subprime Mortgage Crisis 2007-2010,” [Federal Reserve History, The Great Recession and After](https://www.federalreservehistory.org/essays/subprime-mortgage-crisis#:~:text=The%20subprime%20mortgage%20crisis%20of,by%20rapidly%20rising%20home%20prices), <https://www.federalreservehistory.org/essays/subprime-mortgage-crisis#:~:text=The%20subprime%20mortgage%20crisis%20of,by%20rapidly%20rising%20home%20prices>.

#### 4. Legislation to Curb Abuses in the Collection of Private Student Loans

In February, the Advisory Committee engaged an intern to review and summarize for the Committee, bills pending in the General Assembly related to consumer protection issues. One such bill was House Bill 26, which was re-introduced in the 2022 legislative session as House Bill 111 (“Action to Collect a Private Education Loan - Required Documents”). House Bill 111 would curb abusive practices in the collection of “private” student loans and specify what is required of companies to authenticate and document the debt when filing a legal action to collect. At the ACCP’s January 2022 meeting, the Committee voted to formally adopt a recommendation that Montgomery County support House Bill 111.

Some ACCP members expressed concern about “private” loans because they do not offer the same benefits as Federal student loans made under the Higher Education Act, such as income-driven repayment options and forgiveness opportunities. In addition, “private” student loans are not necessarily used to finance tuition or school fees, and borrowers are more susceptible to predatory lending practices.

#### 5. Survey on Vehicle Service Agreements

In 2020, the Advisory Committee discussed with OCP staff whether a vendor is violating the Montgomery County Code’s prohibition against “unfair practices” if the vendor solicits customers by using telephone calls that violate the Federal “Do Not Call” rules or the federal ban on robocalls. OCP staff indicated the Office has taken the position previously that a vendor that adopts a business practice that violates federal law is also violating the County Code’s prohibition on unfair practices. OCP staff noted, however, there are practical difficulties in identifying such businesses unless they are the subject of consumer complaints.

In July 2021, the ACCP sponsored a consumer survey to determine whether respondents could identify the specific companies that solicited them by telephone in violation of the federal laws. This initial effort was directed at the sellers of vehicle service contracts. The impetus for the survey was a consumer alert published by the Federal Trade Commission in May 2021, titled “Hang Up on Auto Warranty Robocalls.”<sup>2</sup> Even if telemarketers don’t identify the seller, consumers who purchase an extended service plan should receive a written copy of the agreement with the name and contact information for the seller, and typically there is a 30-day period to review the contract and cancel it.

OCP distributed the survey through social media, estimating that it would reach over 200,000 consumers. The survey was designed to also collect information about purchasers’ experience with the service plans and whether they had obtained the benefits they expected when they submitted a claim for repairs, and whether their plan had been purchased from a vehicle dealer, through the mail, or in a telephone solicitation.

---

<sup>2</sup> <https://www.consumer.ftc.gov/blog/2021/05/hang-auto-warranty-robocalls>



Based on the limited number of survey responses, however, the results were inconclusive. The respondents who purchased service plans generally purchased them from car dealers rather than telephone solicitations. To supplement the survey, attorneys who are members of the National Association of Consumer Advocates who practice in Maryland, Virginia, and the District of Columbia are being asked whether they have information they can share about clients' experiences with vehicle service contracts.

#### 6. Solicitations for "Home-Value Investments" that Purport to be "Debt-Free"

In November 2020, an ACCP member brought to the Committee's attention a mail solicitation that advertised a "debt-free" way for homeowners to access the equity in their homes to obtain cash. The advertisement stated the company will make an "investment" in the home. The ACCP member made several inquiries with the company to obtain details about the transaction and repayment terms based on an actual property and dollar amount.

On inquiry, it was learned that the company does not take any legal interest in the property as a co-owner. Instead the company expects repayment of the full amount advanced, and files a lien on the home. The documentation reflects the homeowner's obligation to repay the full amount of the cash received at the end of 10 years, regardless of the home's value at that time. The increase or decrease in the home's value is used to determine what additional amount (if any) the homeowner also owes as the added charge for retaining the cash advance over the term of the agreement.

The ACCP member raised questions about the claims in the advertisement and how the offered product would comply with federal and state credit laws. Subsequently, OCP staff submitted an inquiry regarding the advertised product to the Maryland Commissioner of Financial Regulation (CFR).

In March 2021, the ACCP member who had received the mail solicitation was interviewed by a representative of the Maryland CFR. At that time, it appeared that the Commissioner's office was actively engaged in gathering information to determine whether the company was in compliance with the law, including the requirement to become a registered lender that is licensed to extend credit in Maryland.

#### 7. Advertisements for Home Title Protection

In September, ACCP members discussed advertisements for products known as "Home Title Lock" or "LifeLock Home Title Protect." The companies are advertising a monitoring service that periodically looks at local government land records so that they can notify the owner if there were any changes affecting the property. Some advertisements claim that criminals can steal the equity in your home by filing fraudulent documents that purport to remove you from the title and transfer title to them or someone else. They suggest the home can then be used as collateral for loans the criminals obtain, leaving the original homeowner to repay that debt. The ads suggest to consumers that they could lose the home, lose their built-up equity to

satisfy creditors' claims or, at a minimum, incur significant legal expenses to regain ownership and clear title.

The discussion among Advisory Committee members included professionals with expertise in mortgage lending and real estate transfers, and attorneys; one member also consulted with a title company. The consensus was that there was no evidence that "title scams" were actually occurring on any broad basis as suggested in the advertisements that sought to scare consumers, and that the vendors were selling "a solution in search of a problem." The title company representative opined that there were safeguards in place, so this product would not be needed to prevent fraudulent transfers or loans. The attorneys opined that in any case, the true property owner does not actually become liable for any debt created if a third party obtains a loan through fraud.

#### 8. Scam that Uses Hacked E-mail Accounts to Impersonate Personal Contacts

In November, the Advisory Committee discussed a scam involving hacked e-mail accounts, which was the subject of a recent article posted online.<sup>3</sup> By hacking into your e-mail account or the account of someone in your list of contacts, a scammer is able to send you emails in which they impersonate the people you know or do business with. The scammer then sends you an email that appears to be from someone you know. When you reply, only if you expand the information in the "To:" or "cc:" line will you be able to see the full details, showing that the recipient's address is slightly off by a couple of characters from the actual e-mail address used by the person you know. The impersonator may do this to obtain your personal information or your cooperation with some request that directly benefits them.

Coincidentally, the day after the article was posted, one Committee member received an email from an impersonator pretending to be a distant relative asking to receive gift cards that he could use while he was away from home. As an alert to consumers, OCP staff has recently re-posted the article on OCP's social media page.

#### 9. Moving Brokers

A moving broker is an entity that will book your move and agree to arrange transportation for your items, and then hire an actual moving company to do the physical move. Two ACCP members had personal experiences in 2021 with moving brokers while trying to assist family members with their interstate moves. Their experiences raised questions about the extent to which consumers understand when they are dealing with a broker instead of an actual moving company, and how that information should affect a consumer's actions and expectations.

Sometimes, a broker who provides a cost estimate and books the move for a specified date is unable subsequently to sell the job to a moving company, perhaps because the broker's estimate was too low or because no movers were available. The Federal Motor Carrier Safety Administration (FMCSA) has authority over moving brokers, who must register with the FMCSA

---

<sup>3</sup> See <https://blog.mozilla.org/en/internet-culture/hacked-real-estate-scam>



and provide each consumer with a copy of two FMCSA publications, including a booklet explaining the consumers' rights and responsibilities. The FMCSA has helpful information on its website, including a database on consumer complaints. <https://www.fmcsa.dot.gov/protect-your-move/movers-vs-brokers>.<sup>4</sup> Advisory Committee members also found a helpful article published by Consumer Checkbook.<sup>5</sup>

OCP staff explained that brokers using out-of-town call centers are also booking home appliance repair services and locksmith services and that those present similar consumer protection issues. In response to the concerns raised by ACCP members, OCP staff is planning to conduct a consumer awareness campaign about these issues in connection with National Consumer Protection Week in the Spring of 2022.

### **C. Request for Public Hearing Topics in 2022**

The Montgomery County Code (section 11-3) authorizes the ACCP to hold public hearings on any topic related to consumer protection. Such hearings could be used to inform public policy and decision-making, increase public awareness, or educate consumers.

Advisory Committee members welcome input from the County Executive and the Council on topics that would be appropriate for hearings, town halls, or other public forums. Those could be held by the Advisory Committee or by the Committee in collaboration with members of the Council, the OCP, or other County offices and agencies.

---

<sup>4</sup> See also FMCA fact Sheet, [What Should I Do If I am Working with a Broker?](https://www.fmcsa.dot.gov/sites/fmcsa.dot.gov/files/docs/Movers%20Brokers%20Fact%20Sheet.pdf) posted at: <https://www.fmcsa.dot.gov/sites/fmcsa.dot.gov/files/docs/Movers%20Brokers%20Fact%20Sheet.pdf>.

<sup>5</sup> See <https://www.checkbook.org/washington-area/movers/articles/Beware-of-Moving-Brokers-4399>



## OFFICE OF CONSUMER PROTECTION

Marc Elrich  
*County Executive*

Eric S. Friedman  
*Director*

June 29, 2021

On behalf of the Montgomery County Office of Consumer Protection (“OCP”) and its Advisory Committee on Consumer Protection, we write to inform you about our programs offering free consumer education on a variety of topics. We also request your assistance in identifying other consumer protection concerns in the County.

OCP and its Advisory Committee have access to national and local experts on a variety of consumer topics that may be of interest to your members and to the communities and local residents you represent. As part of our outreach efforts, we would like to coordinate with your organization to provide virtual, online consumer education programs (as well as in-person programs in the post-pandemic environment). These programs can offer participants the opportunity to ask questions and receive advice on the specific concerns they have. OCP also hosts a YouTube online channel where past webinars and programs can be viewed on a dedicated Playlist: (<https://www.youtube.com/user/ConsumerWise>).

Some of the topics we have covered in past programs include:

- **Dealing with Debt, Understanding Your Credit Report, and Debt Collection:** How to read and obtain a free copy of your credit report, how to correct errors on your credit report, the laws and rules protecting consumers in dealing with debt collectors, and avoiding “credit repair” scams.
- **Home Improvement and Repair Problems:** How to avoid unlicensed contractors, and advice for dealing with poor workmanship, permit and inspection problems.
- **Mortgage Lending:** Advice on homeowner problems with loan servicers, loan refinancing and modification, foreclosure mitigation and prevention efforts, finding a HUD-approved housing counselor, and avoiding mortgage relief scams.
- **Sales Scams:** How to avoid a variety of common scams aimed at individuals and businesses that use door-to-door solicitation, telephone, email, text, and social media, and may involve bait-and-switch advertising.
- **Solar Panel Installation:** How to evaluate offers for “free” solar panels which can be a long-term lease that extends beyond the consumer’s ownership of the house.
- **Utility and Energy Scams:** How to avoid the “utility cutoff” telephone scam and the unauthorized switching of the company supplying your energy (“slamming”), how to distinguish “home energy audit” scams from the EmPOWER Maryland program that does not make robocalls, and recognizing scams that offer free water quality testing kits in order to sell expensive water filters and purification equipment.
- **Vehicle Owners:** Understanding consumer protection laws and your rights concerning vehicle repairs and towing.



- **Vehicle Purchase and Finance:** Understanding the laws and regulations that protect consumers in the sale and financing of new and used vehicles in Maryland, navigating the Maryland Lemon Law, and avoiding common car dealer scams.

We can work with you to develop programs on other topics that interest the members of your community. We are particularly interested in identifying, raising public awareness about, and strengthening efforts to eliminate scams and fraud that target communities of color, immigrants, and seniors in Montgomery County.

The Office of Consumer Protection also has the ability to provide its programs in Spanish, Mandarin, Korean, French, and Vietnamese. If you would prefer to provide these programs in another language, please contact us to discuss that possibility.

Please note that OCP has collected useful resources for consumers relating to the COVID-19 pandemic, which are listed on our website and can be accessed using this link: [https://www.montgomerycountymd.gov/OCP/consumer\\_covid19\\_news.html](https://www.montgomerycountymd.gov/OCP/consumer_covid19_news.html). We hope that you will share this information with your members.

In addition to conducting consumer awareness and education programs, OCP handles consumer complaints to help resolve disputes between consumers and businesses. As a public safety agency, OCP conducts investigations and can require corrective action to address violations of consumer protection laws. Finally, OCP provides a free business-to-business mediation service to help our local small business community avoid protracted litigation.

To strengthen OCP's enforcement efforts, we would like to establish an ongoing relationship and continuing dialogue with your organization and the community it represents. We hope that regular conversations will assist OCP and its Advisory Committee in identifying and staying informed about new concerns and the ongoing consumer protection needs of your community. We encourage you to contact OCP at any time, to discuss the issues and challenges facing your constituents and other consumers.

We are excited to build a broader public awareness campaign concerning consumer protection so that Montgomery County consumers can become more informed. If you would like to discuss our potential collaboration, please contact Tracy Rezvani, Administrator, by telephone at (240) 777-3774 or by email at [tracy.rezvani@montgomerycountymd.gov](mailto:tracy.rezvani@montgomerycountymd.gov).

Sincerely,

Eric Friedman  
Director  
Office of Consumer Protection

Daniel Caplan, Chair  
James Michaels, Vice Chair  
Advisory Committee on Consumer Protection