

PS COMMITTEE #3
April 17, 2009

Worksession

MEMORANDUM

April 15, 2009

TO: Public Safety Committee

FROM: Susan J. Farag, Legislative Analyst *SJF*

SUBJECT: **Worksession: FY10 Operating Budget
Office of Consumer Protection**

Those expected for this worksession:

Eric Friedman, Director, Office of Consumer Protection (OCP)
Marsha Carter, OCP
Phil Weeda, Office of Management and Budget (OMB)

Major Issue: The FY10 CE Recommended Budget reduces OCP staff by 2.8 workyears. This follows a multi-year trend where staffing has been reduced more than 20% since FY07. Given the additional responsibilities OCP has assumed over the past several years, additional staff reductions may impact service delivery. Please see discussion below.

The Executive's recommendation for the Office of Consumer Protection is attached at ©1-5.

Overview

For FY10, the Executive recommends total expenditures of \$2,449,820 for the Office of Consumer Protection, a 9.6% reduction from the FY09 approved budget.

	FY08 Actual	FY09 Approved	FY10 Rec.	% Change FY09-FY10
Expenditures:				
General Fund	\$2,554,528	\$2,708,490	\$2,449,820	-9.6%
Grant Fund				
TOTAL Expenditures	\$2,554,528	\$2,708,490	\$2,449,820	-9.6%
Positions:				
Full-time	22	21	19	-9.5%
Part-time	1	1	0	-100.0%
TOTAL Positions	23	22	19	-13.6%
WORKYEARS	22.3	21.3	18.5	-13.1%

The FY10 CE recommendation is a net decrease of \$258,670. This decrease comes from the following identified same services adjustments.

Identified Same Service Adjustments	
Increase Cost: Retirement Adjustment	\$26,730
Increase Cost: Annualization of FY09 Personnel Costs	\$16,140
Increase Cost: Professional Services	\$11,260
Increase Cost: Office Supplies/Operating Expenses	\$7,150
Increase Cost: Service Increment	\$5,310
Increase Cost: Group Insurance Adjustment	\$3,370
Total Increases:	\$69,960
Decrease Cost: Motor Pool/Travel	(\$1,000)
Decrease Cost: Retirement Incentive Program Savings	(\$32,910)
Decrease Cost: Abolish PAA Position	(\$80,520)
Decrease Cost: Abolish Senior Exec. Aide Position	(\$100,750)
Decrease Cost: Abolish Investigator III Position	(\$113,450)
Total Decreases:	(\$328,630)
NET SAME SERVICES ADJUSTMENT TOTAL	(\$258,670)

FY10 Expenditure Issues

Personnel Complement

Personnel costs comprise 93.4% of OCP's FY10 recommended budget, for 19 full-time positions and no part-time positions. The CE FY10 recommended budget abolishes three positions, for a total reduction of 2.8 workyears. This follows a multi-year trend of reducing staff within OCP by more than 20% since FY07, as illustrated in the chart below.

OCP Personnel Changes FY07 to FY10

	FY07 Actual	FY08 Actual	FY09 Approved	FY10 Rec	Net Change FY07-FY10	% Change FY07-FY10
Positions:						
Full-time	23	22	21	19	-4	-17.4%
Part-time	1	1	1	0	-1	-100.0%
TOTAL Positions	24	23	22	19	-5	-20.8%
WORKYEARS	23.3	22.3	21.3	18.5	-4.8	-20.6%

Even though staffing has been reduced over the past several years, the scope of OCP responsibilities has increased. OCP is responsible for the oversight of several new initiatives, including oversight of:

- Domestic workers model contract (Bill 32-08);
- Energy and environmental advocacy (Bill 35-07)
- Development tax district disclosure (Bill 36-07); and
- Property tax disclosure (Bill 24-07).

Under the recommended FY10 budget, OCP plans to assign all remaining staff with additional support work and consumer education duties. OCP managers will be expected to effectively use their staff to perform these additional assignments. The duties will include such things as preparing press releases, staffing board/commission meetings, maintaining distribution lists, and educating the public on the rights and responsibilities of both consumers and merchants in the marketplace by lecturing to consumer groups, community organizations, businesses, and other civic associations.

Council staff asked OCP whether the staff reduction would incur additional overtime costs. OCP stated it may experience a manageable increase in compensatory time, but plans to avoid overtime costs by using temporary services contractors when appropriate. The FY10 recommended budget does include \$11,260 for professional services. These funds are expected to be used to hire experts to provide certification and advice on more complex consumer cases. OCP will also use temporary administrative services contracts to perform some duties currently performed by the three staff positions that are being eliminated.

Council staff advises that while OCP can manage the current workload with the proposed staffing reductions, there are no vacant positions, and no room for the absorption of additional duties if any additional staff resign or retire over the next fiscal year. ***Due to current budget constraints, Council staff is not recommending the restoration of any abolished positions. However, given that staff has been reduced by over 20% over the past four fiscal years, leaving no room for the loss of any additional staff, Council Staff recommends that OCP personnel changes be monitored over the next fiscal year. OCP should provide regular updates to the Committee during its regular quarterly reports, so that the Committee stays apprised of workforce changes and material impacts on operations.***

Volunteers

OCP receives significant support from volunteers. In FY08, a complement of 17 English and Spanish speaking volunteers and interns assisted by providing 3,323 hours of volunteer work in support of the office's activities. Volunteers primarily assist in public education and case management efforts. After receiving training, volunteers perform functions such as responding to telephone inquiries and assisting OCP staff in investigating complaints. ***The Committee may want to ask OCP whether volunteer staff can be used to perform any of the functions performed by abolished positions. Does OCP foresee any difficulties in recruiting and maintaining its volunteers due to economic conditions that may necessitate the reduction or elimination of volunteer hours as volunteers have to go back to work?***

Commission on Common Ownership Communities

One of the functions of OCP is to staff the Commission on Common Ownership Communities (CCOC). The CCOC was established in 1991 to advise the Council, Executive, and offices of County government on ways to ensure the proper establishment and operation of homeowners associations, condo associations, and other types of cooperative housing corporations. CCOC's primary function is to hear and resolve disputes between homeowner or condominium associations and homeowners/residents. This alternative dispute resolution (ADR) mechanism provides an alternative to litigation and also provides hearings on significant issues that might never be heard in court. In FY08, CCOC received 79 complaints and responded to 966 requests for information from County residents. The Commission held 19 public dispute resolution hearings and issued 13 final orders. Further, the Conflict Resolution Center of Montgomery County conducted 30 mediation sessions for CCOC. Commission staff also occasionally conduct mediations when requested by parties.

The FY10 recommended budget for CCOC is \$243,660 and 1.9 workyears. One workyear is an investigator position that works solely on CCOC issues. The other 0.9 workyears represent other OCP staff who also provide support as needed. This portion of OCP's budget is funded through a fee assessed on homes within common ownership communities. In FY09, these fees are estimated to be \$283,500, and are collected by the Department of Housing and Community Affairs (DHCA). DHCA also charges personnel, operating, and indirect costs estimates to this budget. Any surplus fee revenues are used as a reserve for future years so that the unit fee does not have to be raised annually as expenses increase.

Council staff advises there may be potential staff savings if all CCOC functions are housed under one department. ***As part of the Committee's ongoing examination of CCOC functions, Council staff recommends studying whether any economies of scale could be realized by transferring CCOC staffing responsibilities to DHCA. It is possible that transferring CCOC staffing duties to DHCA, including the one investigator position (and corresponding one workyear), would free up the 0.9 workyears in OCP to help assist with other OCP functions, easing the loss of the three positions slated for abolishment in FY10. It is also possible that existing investigative staff in DHCA could provide more efficiencies in dealing with CCOC issues, which are often more housing-oriented than consumer complaint-oriented. If the Committee***

would like this issue studied, Council staff will work with OCP and DHCA to identify advantages and drawbacks of transferring CCOC staffing responsibilities to DHCA.

FY10 Revenue Issues

FY10 revenues for OCP are calculated based on civil citations, new home builder licenses, and consumer affairs business licenses. Licensure revenue is not expected to significantly change over the next fiscal year. Revenue information is summarized below.

FY10 Revenue Summary

Category	Actual FY08	Approved FY09	Rec. FY10	\$ Change FY09-FY10	% Change FY09-FY10
Civil Citations	1,243	0	1,000	1,000	--
New Home Builder Licenses	144,900	\$200,000	\$200,000	\$0	0%
Consumer Affairs Business Licenses	48,090	\$69,200	\$69,200	\$0	0%
Total General Fund Revenues	\$194,233	\$269,200	\$270,200	\$1,000	0.4%

Council Staff Recommendation

Council staff recommends approval of the FY10 Operating Budget for OCP as submitted by the Executive. Council staff also recommends monitoring OCP staffing changes throughout FY10 and reporting back to the Committee should staffing changes have any material impact on service delivery. In addition, Council staff recommends assessing whether a transfer of CCOC staffing responsibilities from OCP to DHCA would provide more efficient service delivery and reporting back to the Committee during FY10 as part of its ongoing examination of CCOC functions.

This packet contains

Recommended FY09 Operating Budget
OCP FY08 Annual Report

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1- 5
6-17

Consumer Protection

MISSION STATEMENT

The mission of the Office of Consumer Protection 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 FY10 Operating Budget for the Office of Consumer Protection is \$2,449,820, a decrease of \$258,670 or 9.6 percent from the FY09 Approved Budget of \$2,708,490. Personnel Costs comprise 93.4 percent of the budget for 19 full-time positions for 18.5 workyears. Operating Expenses account for the remaining 6.6 percent of the FY10 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

This table presents the department's headline measures or submeasures that relate to multiple programs including projections from FY09 through FY11. These estimates reflect funding based on the FY09 savings plan, the FY10 budget, and funding for comparable service levels in FY11.

Measure	Actual FY07	Actual FY08	Estimated FY09	Projected FY10	Projected FY11
Headline Measures					
Restitution received as a percent of restitution asked for by the consumer					
Average Office of Consumer Protection (OCP) customer satisfaction rating - Manner in which the customer's case was handled (1-4 scale)					
Average OCP customer satisfaction rating - Outcome of the customer's case (1-4 scale)					
Average time in workdays to investigate and close a written complaint: (<\$100)					
Average time in workdays to investigate and close a written complaint: (\$101 - \$1,000)					
Average time in workdays to investigate and close a written complaint: (\$1,001 - \$5,000)					
Average time in workdays to investigate and close a written complaint: (\$NA)					
Percent of OCP-initiated consumer protection cases closed that are resolved by OCP					
Media Coverage - Percent of news releases receiving media coverage, including print news, television and radio					
Media Coverage - Number of times media outlets, including print news, television and radio, seek out OCP's expertise					
Percent of Commission on Common Ownership Communities (CCOC) cases resolved through mediation					

Under Construction



ACCOMPLISHMENTS AND INITIATIVES

- ❖ **The Office of Consumer Protection (OCP) is designated to lead on the following legislation:**
 - **Estimated Property Tax Disclosure (Bill #24-07) requiring sellers of homes to provide potential homebuyers with an estimate of their property tax and other non-tax charges;**
 - **Energy and Environmental Advocacy (Bill #35-07), authorizes the office to advocate for the County's interest in obtaining the lowest possible rates consistent with environmental stewardship for energy sources; and**
 - **Domestic Workers (Bill #32-08), requiring residents who employ domestic workers to offer a written contract that discloses specific information regarding job conditions and benefits.**
- ❖ **Dedicated English and Spanish speaking volunteers and interns have contributed a total of 3,323 hours in FY08, enabling OCP to "leverage" its ability to be productive. Volunteer hours are equivalent to 1.5 full-time staff hours.**
- ❖ **The office conducted a "Look, Listen, & Learn" Walking Community Outreach Tour in the Wheaton Triangle to develop a better understanding of the consumer protection needs and issues of the Hispanic/Latino community.**
- ❖ **Productivity Improvements**
 - **The office created and launched its first logo and tagline to help achieve higher visibility and recognition in outreach campaigns. OCP adopted a back-to-basics strategy to symbolize the importance and sanctity of "trust" in every consumer transaction.**

PROGRAM CONTACTS

Contact Marsha Carter of the Office of Consumer Protection at 240.777.3686 or Phil Weeda of the Office of Management and Budget at 240.777.2780 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 FY07	Actual FY08	Estimated FY09	Projected FY10	Projected FY11
Restitution received as a percent of restitution asked for by the consumer	NA	NA	TBD	TBD	TBD
Average Office of Consumer Protection (OCP) customer satisfaction rating - Manner in which the customer's case was handled (1-4 scale)	NA	NA	TBD	TBD	TBD
Average OCP customer satisfaction rating - Outcome of the customer's case (1-4 scale)	NA	NA	TBD	TBD	TBD
Average time in workdays to investigate and close a written complaint: (<\$100)	NA	NA	TBD	TBD	TBD

	Actual FY07	Actual FY08	Estimated FY09	Projected FY10	Projected FY11
Average time in workdays to investigate and close a written complaint: (\$101 - \$1,000)	NA	NA	TBD	TBD	TBD
Average time in workdays to investigate and close a written complaint: (\$1,001 - \$5,000)	NA	NA	TBD	TBD	TBD
Average time in workdays to investigate and close a written complaint: (\$NA)	NA	NA	TBD	TBD	TBD
Percent of OCP-initiated consumer protection cases closed that are resolved by OCP	NA	NA	TBD	TBD	TBD
Media Coverage - Percent of news releases receiving media coverage, including print news, television and radio	NA	NA	TBD	TBD	TBD
Media Coverage - Number of times media outlets, including print news, television and radio, seek out OCP's expertise	NA	NA	TBD	TBD	TBD

FY10 Recommended Changes	Expenditures	WYs
FY09 Approved	2,460,030	19.4
Increase Cost: Retirement Adjustment	26,730	0.0
Increase Cost: Annualization of FY09 Personnel Costs	16,140	0.0
Increase Cost: Professional Services	11,260	0.0
Increase Cost: Office Supplies/Operating Expenses	7,150	0.0
Increase Cost: Service Increment	5,310	0.0
Increase Cost: Group Insurance Adjustment	3,370	0.0
Decrease Cost: Motor Pool/Travel	-1,000	0.0
Decrease Cost: Retirement Incentive Program (RIP) Savings	-32,910	0.0
Decrease Cost: Abolish Principal Administrative Aide; re-assign support work to other administrative staff	-80,520	-1.0
Decrease Cost: Abolish Senior Executive Aide position; re-assign support work to other administrative staff	-100,750	-1.0
Decrease Cost: Abolish Investigator III position; consumer outreach services will be provided by management	-113,450	-0.8
Miscellaneous adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	4,800	0.0
FY10 CE Recommended	2,206,160	16.6

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 FY07	Actual FY08	Estimated FY09	Projected FY10	Projected FY11
Percent of Commission on Common Ownership Communities (CCOC) cases resolved through mediation	NA	NA	TBD	TBD	TBD

FY10 Recommended Changes	Expenditures	WYs
FY09 Approved	248,460	1.9
Miscellaneous adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	-4,800	0.0
FY10 CE Recommended	243,660	1.9

BUDGET SUMMARY

	Actual FY08	Budget FY09	Estimated FY09	Recommended FY10	% Chg Bud/Rec
COUNTY GENERAL FUND					
EXPENDITURES					
Salaries and Wages	1,794,535	1,820,970	1,749,070	1,603,580	-11.9%
Employee Benefits	759,988	743,240	701,860	684,550	-7.9%
County General Fund Personnel Costs	2,554,523	2,564,210	2,450,930	2,288,130	-10.8%
Operating Expenses	91,700	144,280	143,780	161,690	12.1%
Capital Outlay	0	0	0	0	—
County General Fund Expenditures	2,646,223	2,708,490	2,594,710	2,449,820	-9.6%
PERSONNEL					
Full-Time	22	21	21	19	-9.5%
Part-Time	1	1	1	0	—
Workyears	22.3	21.3	21.3	18.5	-13.1%
REVENUES					
Civil Citations	1,243	0	1,000	1,000	—
New Home Builder License	144,900	200,000	200,000	200,000	—
Consumer Affairs Business Licenses	48,090	69,200	69,200	69,200	—
County General Fund Revenues	194,233	269,200	270,200	270,200	0.4%

FY10 RECOMMENDED CHANGES

	Expenditures	WYs
COUNTY GENERAL FUND		
FY09 ORIGINAL APPROPRIATION	2,708,490	21.3
Other Adjustments (with no service impacts)		
Increase Cost: Retirement Adjustment [Consumer Protection]	26,730	0.0
Increase Cost: Annualization of FY09 Personnel Costs [Consumer Protection]	16,140	0.0
Increase Cost: Professional Services [Consumer Protection]	11,260	0.0
Increase Cost: Office Supplies/Operating Expenses [Consumer Protection]	7,150	0.0
Increase Cost: Service Increment [Consumer Protection]	5,310	0.0
Increase Cost: Group Insurance Adjustment [Consumer Protection]	3,370	0.0
Decrease Cost: Motor Pool/Travel [Consumer Protection]	-1,000	0.0
Decrease Cost: Retirement Incentive Program (RIP) Savings [Consumer Protection]	-32,910	0.0
Decrease Cost: Abolish Principal Administrative Aide; re-assign support work to other administrative staff [Consumer Protection]	-80,520	-1.0
Decrease Cost: Abolish Senior Executive Aide position; re-assign support work to other administrative staff [Consumer Protection]	-100,750	-1.0
Decrease Cost: Abolish Investigator III position; consumer outreach services will be provided by management [Consumer Protection]	-113,450	-0.8
FY10 RECOMMENDED:	2,449,820	18.5

PROGRAM SUMMARY

Program Name	FY09 Approved		FY10 Recommended	
	Expenditures	WYs	Expenditures	WYs
Consumer Protection	2,460,030	19.4	2,206,160	16.6
Commission on Common Ownership Communities	248,460	1.9	243,660	1.9
Total	2,708,490	21.3	2,449,820	18.5

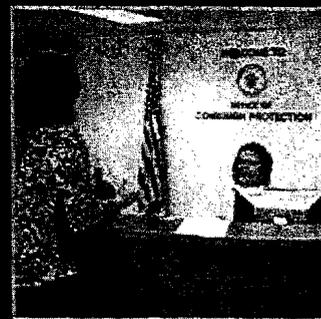
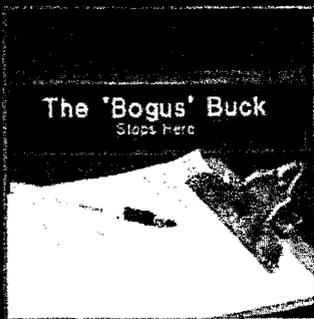
FUTURE FISCAL IMPACTS

Title	CE REC. FY10	FY11	FY12	(5000's) FY13	FY14	FY15
<i>This table is intended to present significant future fiscal impacts of the department's programs.</i>						
COUNTY GENERAL FUND						
Expenditures						
FY10 Recommended No inflation or compensation change is included in outyear projections.	2,450	2,450	2,450	2,450	2,450	2,450
Labor Contracts These figures represent the estimated cost of service increments and associated benefits.	0	3	3	3	3	3
Subtotal Expenditures	2,450	2,452	2,452	2,452	2,452	2,452

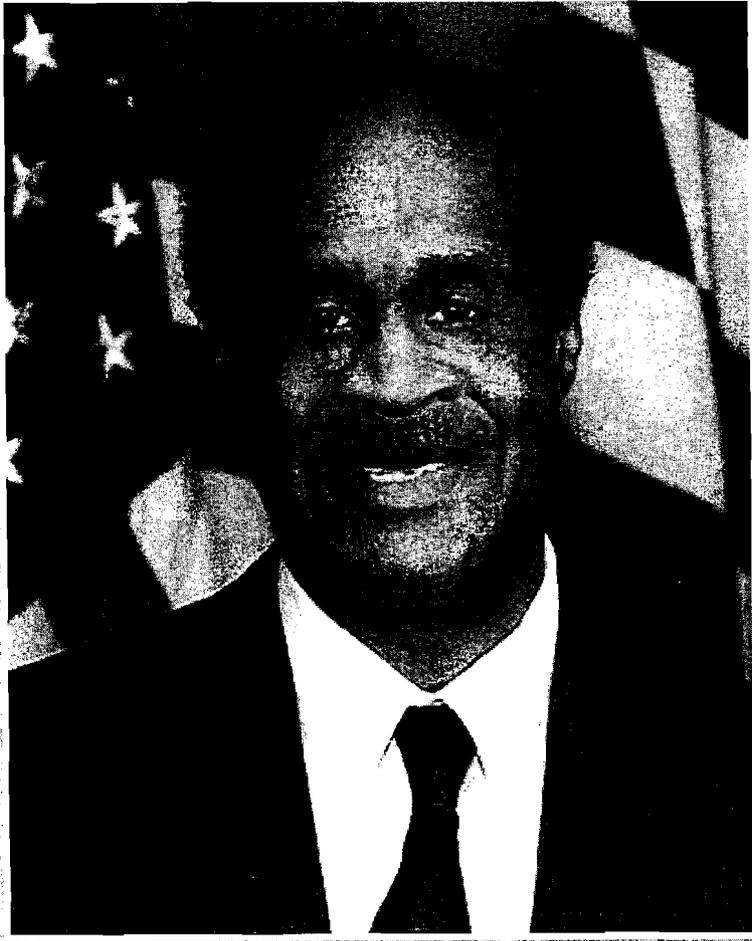
Montgomery County, Maryland

Office of Consumer Protection Annual Report

FY 2008



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Montgomery County's longstanding commitment to ensure integrity in our marketplace and protect consumers from unfair and deceptive trade practices is clearly demonstrated by the activities of the Office of Consumer Protection and the new duties assigned to OCP this year.

I am proud to report that the Office of Consumer Protection is the recipient of a 2008 National Association of Counties Achievement Award for an innovative program and collaboration with the Sheriff's Office to protect consumers from losing personal possessions and financial documents when a merchant faces eviction.

One of the cornerstones of my administration is to provide responsive and accountable government. OCP is exemplary in its ability to work with other County, state, and federal agencies as public servants dedicated to maintaining a fair marketplace.

The work of the Office of Consumer Protection greatly contributes to the quality of life in Montgomery County and I look forward to continuing to address the needs of all of our residents.

Ike Leggett

County Executive

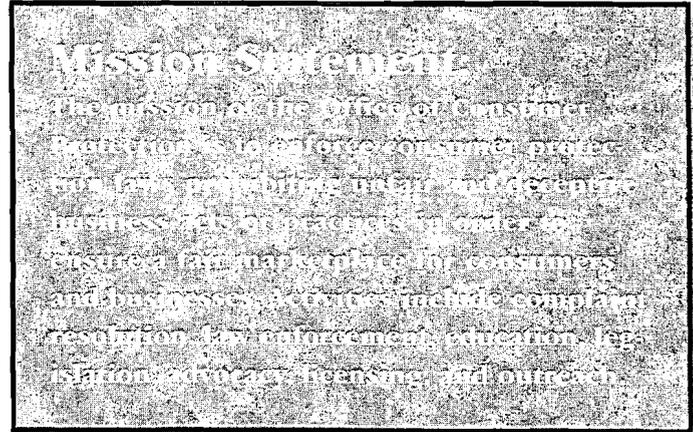


Fiscal year 2008 marked the Office of Consumer Protection's (OCP's) second full year operating as a principal agency within the County's Public Safety sector, following revisions to the county's Consumer Protection Act.

The County Executive and County Council looked to OCP this year to administer and enforce several new and important county laws in addition to our core mission of prohibiting unfair and deceptive acts in our marketplace.

The Office of Consumer Protection created and launched its first logo and tagline to help achieve higher visibility and recognition in outreach campaigns. While we considered using a modern graphic symbol, such as a universal bar code or a computer screen as part of our logo, OCP adopted a back-to-basics handshake to symbolize the importance and sanctity of "trust" in every consumer transaction.

OCP investigates and resolves thousands of written complaints each year involving automotive sales and repairs, new-home construction, home improvements, credit and financial issues, retail sales, advertising, internet services, and most other consumer transactions. We enforce several consumer protection laws and have the authority to execute settlement agreements, issue civil citations and subpoenas, conduct administrative hearings, and initiate legal action through the County Attorney.



Complaint Resolution

Timeshare Trouble

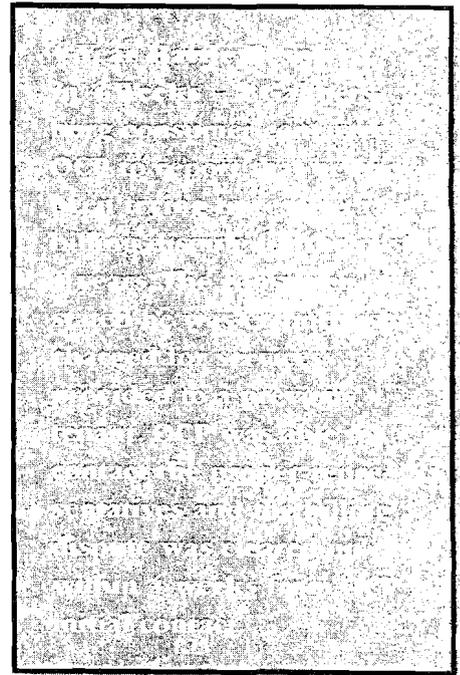
A Rockville consumer received a telephone solicitation from an out-of-state merchant offering to sell a timeshare condominium unit the consumer owned in Virginia. The consumer initially agreed over the telephone to pay a \$1,350 advertising fee and provided his credit card number to the merchant. Upon further reflection, the consumer called to cancel these arrangements, but the merchant refused to return the fees charged to his credit card. OCP investigated the specifics of the transaction and determined that the merchant violated the Maryland Telephone Solicitations Act and that the consumer was eligible for remedies under federal credit laws. When neither the merchant nor the consumer's credit card issuing bank agreed to resolve the matter, OCP contacted the U.S. Comptroller of the Currency. With the intervention of the U.S. Comptroller of the Currency, OCP was able to obtain a full refund for the consumer from his bank.

Student's Financial Hardship

A Germantown student signed up for classes at a nursing school in Silver Spring and financed her tuition. The school subsequently closed its Montgomery County location; moved to Columbia, Maryland; and later went out of business after the consumer had already paid more than \$6,000 in tuition. When the nursing school refused to return her payments, the student filed a complaint. She feared that her career was in jeopardy because, without a refund, she no longer had the ability to pay for a degree in nursing at another school. OCP contacted the out-of-state finance company to which the consumer had made her payments, and was able to obtain a full refund for the consumer by asserting a federal credit provision.

Consumer's Special Needs

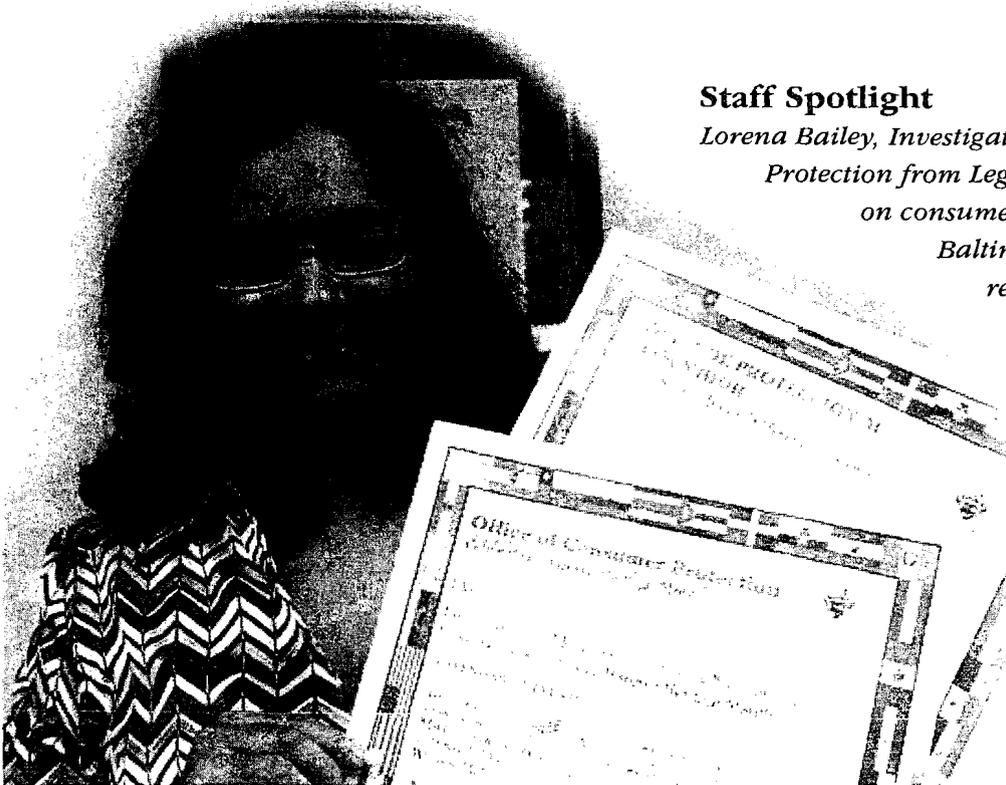
A consumer residing in a furnished group home for adults with special needs, made a \$590 deposit for furniture and entered into a layaway agreement for an additional \$1,310 with a store in Silver Spring, during a



3-hour unsupervised time period. The caregiver from the organization which provides support to this consumer and his group home contacted the store to explain that the consumer had no need for furniture and had certain disabilities. However, the store would not provide a refund. OCP investigated the complaint filed by the consumer's caregiver and determined that the store violated state law regarding layaway transactions. The store subsequently agreed to cancel the consumer's purchase, provided a refund, and corrected its layaway sales contracts.

Staff Spotlight

Lorena Bailey, Investigator, came to the Office of Consumer Protection from Legal Aid Bureau, Inc. where she worked on consumer matters. She spent five years helping Baltimore residents with foreclosures, repossessions, bankruptcy and other consumer-related cases. Prior to joining Legal Aid Bureau, Inc., Lorena was in private practice. Lorena is a graduate of Cornell University and she received her law degree from Georgetown University Law Center.



New County Laws

In FY 2008, the County Executive and the County Council looked to the Office of Consumer Protection to administer and enforce several new laws enacted to protect residents of Montgomery County. OCP embarked upon these new duties in addition to performing our core mission of prohibiting deceptive trade practices in consumer transactions.

Councilmember Phil Andrews was the primary sponsor of this law, which was passed unanimously by the Council and signed by the County Executive. OCP worked closely with representatives of the real estate industry to address their concerns and ensure the smooth implementation and administration of this new provision.

Councilmember Roger Berliner was the primary sponsor of these laws, which were passed unanimously by the Council, signed by the County Executive, and referenced in a favorable *Washington Post* newspaper editorial. This new role for OCP will require a learning curve to enable staff to gain expertise in this issue area.



Montgomery County Council... Left to right (standing): Marc Elrich, George Leventhal, Duchy Trachtenberg, Phil Andrews, Nancy Floreen, Mike Knapp. Seated: Don Praisner, Valerie Ervin and Roger Berliner.

Estimated Property Tax Disclosure (Bill #24-07)

This law requires sellers of homes to provide potential homebuyers with an estimate of what their property tax and other non-tax charges will be in the first full fiscal year after they purchase the home. This bill is designed to provide purchasers with a more accurate disclosure as to the costs associated with the purchase of a home.

OCP worked closely with Montgomery County's Department of Technology Services (DTS) to develop an online calculator enabling sellers to more easily provide the disclosure information required by the law.

Energy and Environmental Advocacy (Bill #35-07)

This is one of seven new "green laws" enacted to address environmental issues. It authorizes the Office of Consumer Protection to advocate for the County's interest in obtaining the lowest possible rates consistent with environmental stewardship for gas, electricity, and other energy sources. OCP is to consult with other County departments and take an active role in participating in matters pending before state and federal agencies.

Domestic Workers (Bill #32-08)

This law requires residents who employ nannies, housekeepers, and certain other domestic workers to offer such workers a written contract that discloses specific information regarding job conditions and benefits.

OCP is charged with creating a model contract in consultation with the Montgomery County Commission for Women (CFW) for use in these transactions. In enforcing the disclosure provisions of this law, OCP may refer complaints, as appropriate, to the Department of Housing and Community Affairs (DHCA) and the Office of Human Rights (HRC).

Councilmembers Marc Elrich and George Leventhal were the primary sponsors of this bill, which was passed unanimously by the Council and signed by the County Executive. OCP staff have been in consultation with several advocacy groups, government agencies, and business organizations in order to ensure the smooth implementation and administration of these new provisions. OCP will also be working with the Department of Technology Services (DTS) to create online information which can be posted on OCP's Web page.

Legal Action

Unlicensed Contractors

OCP continued to work with the State's Attorney and the Maryland Home Improvement Commission in seeking criminal charges against unlicensed home improvement contractors. OCP also collaborated with Montgomery County's Department of Permitting Services (DPS) to prevent unlicensed contractors from obtaining building permits.

Following an OCP investigation, an arrest warrant was obtained for an unlicensed home improvement contractor who was paid \$82,500 by a Derwood consumer but failed to provide the agreed-upon services. The contractor was to build an addition, but returned only to remove a fence and damaged the house while delivering some supplies. OCP discovered that the contractor had a pending arrest warrant in Virginia for working without a license and for attempted abduction and malicious wounding.

Furniture Stores

After receiving more than 20 complaints in the last three years from Spanish speaking consumers, OCP entered into a settlement agreement with a furniture retailer that failed to deliver merchandise and failed to comply with laws regarding warranties and refund policies. The merchant operated two stores in Montgomery County located in Wheaton and Long Branch.

The merchant agreed to revise its sales invoices to comply with state and county consumer protection laws and has agreed

to translate its sales invoices into Spanish. The merchant paid a civil penalty of \$2,500 to Montgomery County and paid \$3,770.50 to consumers in resolving individual complaints. This case highlighted the importance of having bilingual investigators in our Office of Consumer Protection, as many county residents are struggling to overcome language barriers and are reluctant to report consumer complaints. The merchant subsequently filed for bankruptcy.



Investigator John B. Creel, Jr. hand delivers \$4,500 in refund checks to a Derwood consumer after bringing charges against an unlicensed tree service firm.

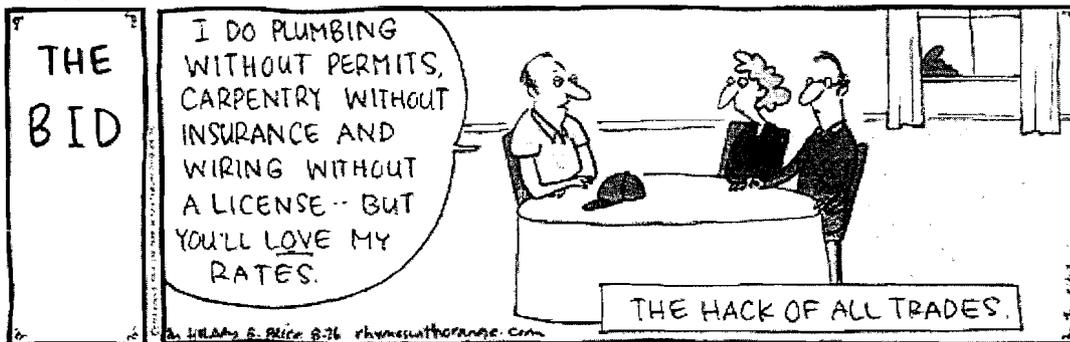
Long Trip to Nowhere

Following an OCP investigation and litigation over several years, a travel agent who failed to provide the services for which she was paid was sentenced to 18 months in jail. Consumer complaints received by OCP were investigated, analyzed, and reported to the State's Attorney for criminal prosecution.

This Rockville travel agent received more than \$50,000 from 22 consumers for travel arrangements to a convention in Hawaii. The merchant sent a letter to the consumers less than a month before the date of departure stating that the trip had been cancelled but failed to provide any refunds.

Many of these consumers paid for the trip in installments over the course of a year and could not afford to re-book the trip.

The merchant pled guilty to one count of theft and one count of embezzlement and was sentenced to an 18-month jail term. She was ordered to pay more than \$60,000 in restitution to consumers and will be on supervised probation for 5 years following her release. When a deceptive trade practice constitutes a theft, OCP works closely with the State's Attorney in seeking to bring criminal charges against the merchant.



Community Outreach

“Look, Listen, & Learn” Walking Tour

OCP staff conducted a walking tour in the Wheaton Triangle area to facilitate conversations between OCP staff, consumers, and business owners. The tour was part of OCP’s outreach campaign to develop a better understanding of the particular consumer protection needs and issues of the Hispanic/Latino community. OCP conducted informal interviews with consumers and merchants to determine what consumer issues were of most concern and the extent to which residents were aware of the services offered by Montgomery County. A similar walking tour took place last year in the Langley Park area.

The group of 15 OCP staffers gathered in the Mid-County Regional Services Center, prior to their walking tour. Representatives of the Latino Economic Development Corporation (LEDC) accompanied them and helped introduce OCP staff to merchants and consumers in the area. A representative of Councilmember Nancy Floreen’s office also attended. Spanish-speaking interpreters accompanied various groups of OCP investigators to help them improve their understanding of how best to serve the community.

OCP’s director and two Spanish-speaking investigators returned to the area several weeks later with Spanish-speaking representatives of the Maryland Department of Labor, Licensing, and Regulation to get a better understanding of the types of financial services offered to consumers in this community.



Jocelyn Rawat of Councilmember Nancy Floreen’s office and Emily Adelman of Latino Economic Development Corp. (LEDC) join OCP and the Mid-County Regional Services Center in visiting businesses and speaking with consumers in Wheaton.



Media Coverage

OCP's ability to educate consumers and effect change in the marketplace is greatly enhanced by our ability to communicate with consumers via television, radio, and print media. OCP seeks to inform residents about what we are doing and effectively warn consumers about current scams.

OCP staff frequently are quoted in local and national newspapers and magazines and frequently appear or are heard on local and national television and radio news programs.

OCP works closely with Montgomery County's Public Information Office (PIO) to issue press releases and alerts and schedule press conferences to announce significant actions and alert consumers and businesses to potential problems. In addition to the information provided on our Web page, OCP staff regularly appear on County Cable TV programs as part of our outreach and education efforts.

OCP provides video streaming on our Web page of television news reports featuring OCP staff to enable consumers to watch

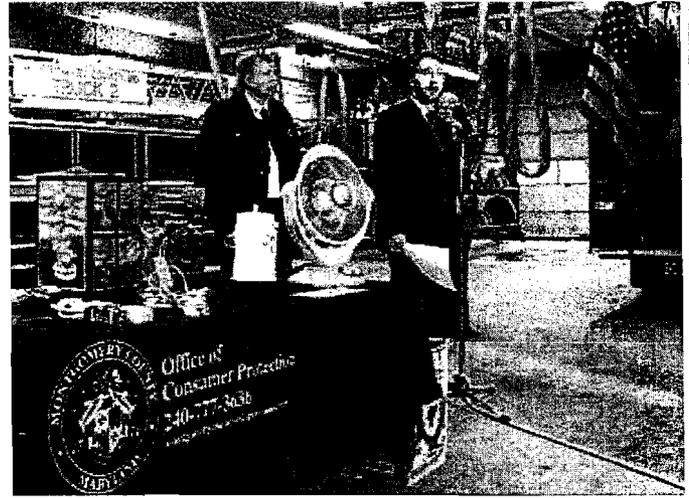
these reports if they missed the initial broadcast.

In FY 2008 OCP continued to have extensive media exposure:

Newspapers, TV & Radio

OCP collaborated with Montgomery County's Fire Rescue Service (FRS), in conducting a joint press event at the Bethesda Fire Station #6 with Fire Chief Tom Carr and the Maryland State Fire Marshalls Office to warn consumers about the dangers of purchasing electrical appliances that were not properly tested and approved.

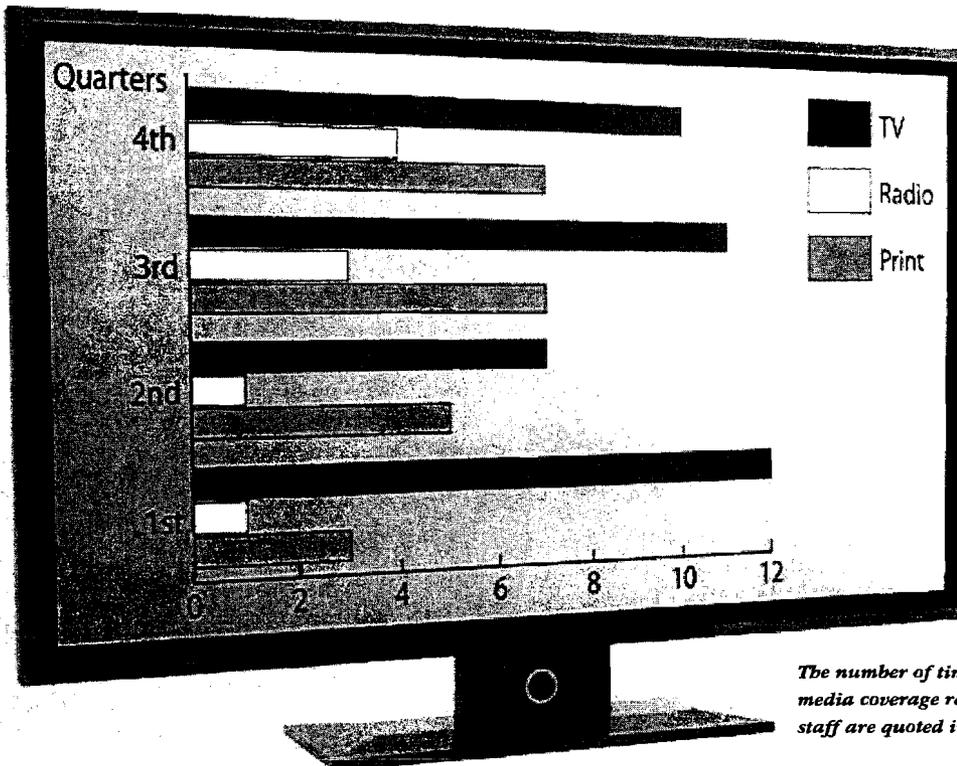
OCP received a complaint from a Rockville consumer who experienced a fire in his apartment the first time he used an inexpensive extension cord he purchased



Montgomery County's OCP, Fire Rescue Service, and the Maryland Fire Marshall's Office conduct a joint press event to warn consumers about purchasing electrical items that are not properly tested and are being sold illegally.

in Montgomery County. Upon investigation, OCP learned that electrical items were being sold, both nationally and in Montgomery County, with counterfeit labels from testing organizations.

OCP investigators and FRS inspectors visited several stores throughout the county and found several electric extension cords, space heaters, and other electrical products being sold without proper testing and certification, as required by law. Some of these electrical items contained counterfeit certification labels. Products being sold illegally were removed from stores during these inspections.



The number of times OCP staff are in the news. OCP receives extensive media coverage regarding consumer protection issues. Each month OCP staff are quoted in newspapers, heard on the radio, and seen on TV.

Presentations, Speeches & Reports

OCP staff maintain an active public speaking schedule, visiting schools, civic associations, faith-based organizations, community groups, and conducting public forums to provide important information about consumer protection laws and current scams.

In FY 2008 OCP issued its fifth annual Gift Card Study and issued an investigative report regarding limousine service firms.

OCP's *Gift Card Study* reported on the best and worst retail gift cards and contained a review of bank-issued gift cards. This report was referenced in local and national media and provided valuable information regarding an industry in which consumers spend more than \$80 billion nationwide to purchase gift cards each year.

OCP's *Limousine Report* found that the majority of limousine firms advertised in the Montgomery County "yellow pages" telephone directory were not properly licensed. This report followed OCP's investigation of a complaint in which the consumer alleged that her wedding guests were left stranded when the limousine company they hired and paid failed to pick up and return the guests to the hotel after the reception.



Investigator Lisa Brenman demonstrates the wealth of consumer information on OCP's Web page including the ability to check the number of complaints filed against merchants.

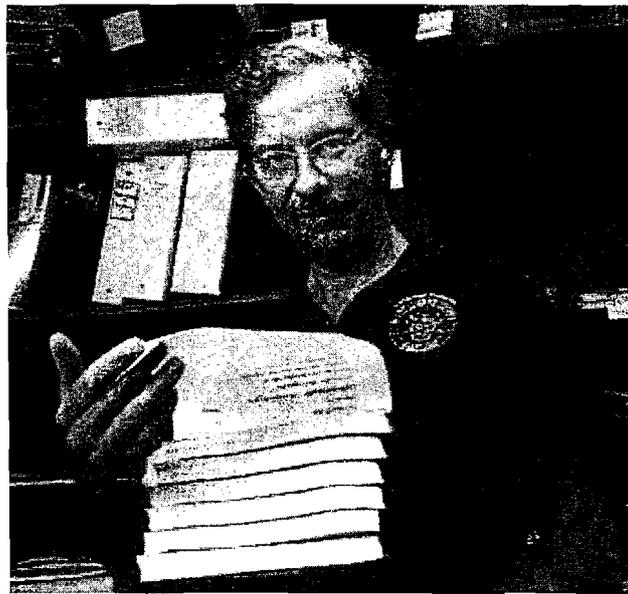


Commission on Common Ownership Communities

More than 30% of Montgomery County residents now live in communities governed by homeowner associations and condominium associations. The Commission on Common Ownership Communities (CCOC) operates as an alternative dispute resolution mechanism designed to hear and resolve disputes between homeowner and condominium associations and their owners and residents. CCOC has been in operation since 1991 and served as a model for other similar agencies that have recently been established in Prince George's and Calvert counties. OCP serves as staff to CCOC, and responds to all inquiries and filed disputes.

The 15 volunteer commissioners are appointed by the County Executive and confirmed by the County Council; volunteer local attorneys chair the hearing panels and write the decisions. In FY 2008, 68 new common ownership communities registered with CCOC, bringing the total number of registered common ownership communities to 942. These communities comprise a total of 121,555 residential units, housing more than 300,000 county residents.

In FY 2008, the CCOC received 79 written complaints from homeowners and community associations, and responded to 966 requests for advice and information. With the assistance of the Conflict Resolution Center of Montgomery County (CRCMC), 30 mediation sessions were conducted. The Commission held 19 public dispute resolution hearings (one which required 9 days of evidentiary hearings) and issued 13 final orders.



Staff Spotlight

Peter Drymalski, investigator, is a 21-year veteran of the OCP who has worked in all of its units and is currently assigned full time to the Commission on Common Ownership Communities. He is a graduate of Carleton College and the Georgetown University Law Center, a member of the Maryland and D.C. Bars, and a former staff attorney for Neighborhood Legal Services in Washington, D.C.

CCOC significantly expanded its community services and outreach efforts during this fiscal year, implementing a program to engage other county agencies on policy issues which impact the quality of life in common ownership communities. Commissioners discussed the proposed water rate increases with WSSC representatives, and discussed fire protection fee charges with senior staff of the Fire Rescue Service. CCOC published and distributed three

educational newsletters, hosted an annual forum focusing on the impact of the foreclosure crisis, and published a brochure regarding community assessments.

Builder's Board of Registration

New and renewal applications for new home builders are reviewed by a Builder's Board of Registration. This Board comprises 5 volunteer members appointed by the County Executive and confirmed by the County Council, and represent the interests of consumers and the residential construction industry.

Business Licensing

DEP is responsible for all licensing of home builders, auto repair shops, auto parts and repair shops, and second-hand goods dealers. During FY 2008, DEP processed new applications and renewals and reported the following active licenses:

- Building Contractors Licenses: 1,234
- Motor Vehicle Repair Licenses: 567
- Auto Towing Licenses: 89
- Radio, TV & Small Appliance Licenses: 152
- Secondhand Personal Business Licenses: 41

Advisory Committee on Consumer Protection

OCP receives guidance and assistance from the Advisory Committee on Consumer Protection. The Advisory Committee, which meets monthly, consists of nine volunteer members, reflecting a cross-section of consumer and business interests. The members are appointed by the County Executive and confirmed by the County Council.

In FY 2008 the Advisory Committee held two public forums to address identity theft and financial privacy concerns.

Leading government, consumer group, and private sector experts shared their

expertise and provided guidance on what measures consumers can take to protect themselves. NBC TV-4 Consumer Reporter Liz Crenshaw and WTOP radio host Shirley Rooker moderated these events, held at the Gaithersburg Library and the Holiday Park Senior Center. An Advisory Committee member also appeared in a Comcast News-Makers interview to discuss and promote these forums.



Hall of Thanks & Awards

OCP wins 2008 NACO Achievement Award

OCP is one of several County agencies to receive an award in 2008 from the National Association of Counties. This achievement award is in recognition of OCP's Business Eviction Response Team (BERT).

This program is a collaborative effort with the Sheriff's Office in which OCP protects consumers from losing personal property, including financial documents, when a merchant is being evicted. This novel approach to a nationwide problem is a five-step process in which the Sheriff's Office first notifies OCP of a pending eviction of a merchant's place of business if the merchant appears to be in possession of goods or documents belonging to consumers.

Such businesses typically include auto repair shops, appliance and furniture repair shops, dry cleaners, photography studios, mortgage brokers, and tax preparers. When the Sheriff's Office executes an eviction because the merchant failed to pay the rent, the contents found in the building are placed out on the street and are left to be picked up by anyone or to blow away in the wind.

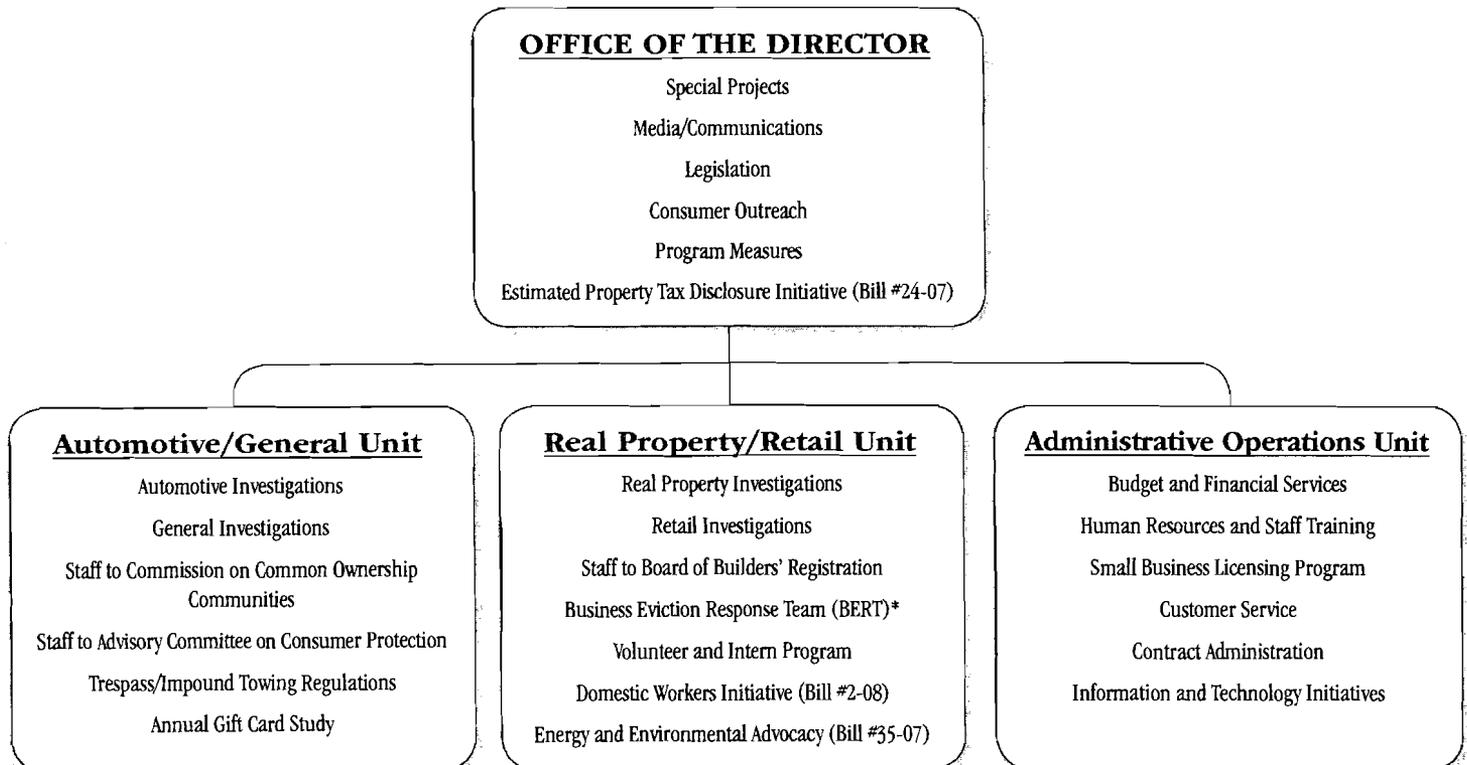
OCP intervenes when possible to safeguard the goods and financial documents and to contact the consumers to enable them to retrieve



their possessions. But for the efforts of OCP, these valuable items may otherwise be lost or stolen as the unintended consequence of a court-ordered eviction. With modest costs and efforts, this program generates widespread goodwill and appreciation from consumers. OCP has been successful in returning vehicles, furniture, appliances, clothing, and photographs. This program also has an impact on the number one consumer crime—identity theft. Bank and tax records containing social security numbers and other personal financial information have been returned to consumers, rather than being left out on the curb, thanks to BERT.

OFFICE OF CONSUMER PROTECTION (OCP)

Ensuring Integrity in our Marketplace



*2008 National Association of Counties (NACO) Recognition Award

Thank you

OCP is staffed by dedicated employees, and our job is to be of service to our community. At the same time, letters and comments offering praise are greatly appreciated and make our job rewarding. The kind words received in FY 2008 include the following:

*Dear Mr. Leggett:
I am writing to tell you that one of your employees, Mr. John B. Lewis, Investigator for the County Office of Consumer Protection was a great help to me and my wife in a dispute we had with a large corporation. He did his job well and went above and beyond what anyone else did to help us. We felt like two voices crying in the wilderness until Mr. Lewis stepped in to help us...*

J.N. Rockville 12/4/07

*Dear OCP Director:
I would like to commend Mr. John Lewis for his hard work and diligence on behalf of my case.... He has renewed my belief that the County does still employ some quality people that care about your problems and get things done.*

D.S. Silver Spring

Your office is much needed and appreciated in these times of unscrupulous charlatans. I am glad I live in Montgomery County with a consumer protection service as responsive as yours.

L.D. Silver Spring



OCP STAFF

Lorena Bailey, *Investigator*

Lisa Brennan, *Investigator*

Peggie Broberg, *Administrative Aide*

Marsha Carter, *Operations Administrator*

John Creel, *Investigator*

Peter Drymalski, *Investigator*

Eric Friedman, *Director*

Virginia Foronda, *Program Specialist*

Sheila Hayes, *Senior Aide*

Evan Johnson, *Investigations Administrator*

John Lewis, *Investigator*

Sharon Margolis, *Investigator*

Joy Matthews, *Investigator*

Nellie Miller, *Investigator*

Doug Number, *Investigator*

Pam Prather, *Program Specialist*

Sue Rogan, *Investigator*

Kathy Schaefer, *Administrative Aide*

Linda Silverman, *Administrative Aide*

Bernie Vega, *Investigator*

Ralph Vines, *Investigations Administrator*





Eric Friedman, Director



Ensuring Integrity
in our Marketplace

OCP Staff

The OCP staff of 22 includes six attorneys and a certified automotive technician. Three members of our staff are fluent in Spanish. Several are certified by the judicial system as experts in their fields qualified to testify in court on cases involving their specialties. OCP is fortunate to also have a team of dedicated English and Spanish speaking volunteers and interns. Seventeen volunteers contributed a total of 3,323 hours in FY 2008, working with OCP investigators and enabling OCP to “leverage” our ability to be productive.

At the end of FY 2008, two of our senior investigators, Frederick “Rick” Titus and Richard Alexander, retired. Their contributions as passionate consumer advocates with exceptional skills and talents can not be duplicated. They leave with the satisfaction of knowing they helped thousands of consumers during their combined 60 years of service.

Contact Information

Montgomery County, Maryland
Office of Consumer Protection
100 Maryland Ave, Suite 330
Rockville, MD 20850

(240) 777-3636

Anonymous Consumer Tip Line: (240) 777-3681

Web page: www.montgomerycountymd.gov/consumer

E-mail: consumerprotection@montgomerycountymd.gov

Numbers At a Glance

Administration

Budget\$2.7 million
Total Employees..... 22
Including:
Volunteer Hours 3,323

Consumer Complaints

Written Complaints..... 2,370
Informational Calls..... 20,619
Merchant Disclosures 3,398
Estimated Restitution \$747,000
Satisfied with Outcome80%
Satisfied with Manner.....86%

OCP in the Media

Media Interviews 60
Newspaper Articles..... 29
TV News Reports 22
Radio News Reports 19
Cable TV Shows 8
Press Releases & Conferences 18

OCP Outreach

Speeches 51
Audience..... 5,855
Public Forums 2

OCP Law Enforcement

Settlement Agreements 17
Citations & Criminal Charges 34



Office of Consumer Protection
100 Maryland Avenue, Suite 330
Rockville, MD 20850



This information is available in an alternate format by calling 240-777-3636