



**Consumer Federation of America  
National Association of Consumer Agency  
Administrators  
North American Consumer Protection Investigators**

**2008 Consumer Complaint Survey Report**

**July 30, 2009**

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## Executive Summary

State and local consumer agencies operate “where the rubber meets the road,” dealing with problems that directly impact people’s lives and their wallets. The complaints they receive run the gamete from sleazy auto sales to shoddy home improvement work, bare-knuckled debt collection tactics to bogus health products and services, fraud on the Internet to gouging at the gas pump. State and local consumer agencies are often the first to hear about unfair and deceptive practices in the marketplace and among the first responders to disasters. Unlike most federal agencies, state and local consumer agencies usually try to resolve individual complaints in addition to taking legal action to stop large-scale abuses. Unfortunately, our latest survey of these front-line agencies shows that while complaints are going up, the resources to help consumers are going down.

To provide a national snapshot of the challenges faced by consumers and state and local consumer agencies, **Consumer Federation of America** periodically conducts surveys in cooperation with the **National Association of Consumer Agency Administrators** and the **North American Consumer Protection Investigators**. This report is based on surveying 34 state, county, and city agencies from 19 states across America. The surveys cover a one-year period, which in most cases was January through December 2008.<sup>1</sup>

These are challenging times for consumers and state and local consumer agencies:

- **Nearly half (47 percent) of the agencies suffered budget cuts just prior to or during the survey period; one was recently eliminated entirely.**
- **Sixty-two percent of the agencies reported that they received more complaints last year than in the previous year.**
- **The agencies responded to a total of more than a quarter million complaints and obtained nearly \$250 million in restitution or savings for consumers.**
- **Half of the agencies said that they noticed a trend toward receiving more complaints involving small amounts of money last year than before.**
- **Debt collection topped the list of the fastest growing complaints.**
- **Mortgage-related complaints, especially foreclosure rescue scams, were most frequently cited as the worst complaints.**
- **Agencies are encountering new types of complaints such as telemarketing “spoofing” and “phishing” by sending text messages to cell phones.**
- **Inadequate budgets and staffing was the biggest challenge most agencies faced.**
- **Agencies said that new laws are needed to stop abusive credit and debt collection practices, curb excessive bank fees, strengthen consumers’ rights in contracts, give agencies more effective enforcement powers, deter fraud, deal with home improvement problems, protect tenants in foreclosed property, give consumers more control over their personal information, prevent towing abuses, and mandate consumer education in the schools.**

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<sup>1</sup> Some agencies keep records on a different basis, such as July through June; all were asked for data for the most recent 12-month period available.

The bottom line is that state and local consumer agencies need and deserve public support in order to continue protecting consumers and legitimate businesses from unfair and deceptive practices that rob people of their hard-earned cash and harm the competitive marketplace.

### **Consumer Agencies are Doing More with Less**

As state and local governments have been squeezed by falling sales taxes, property taxes, and other revenue sources, consumer agencies have suffered the consequences. **Nearly half (47 percent) of the agencies we surveyed had their budgets cut just prior to or during the survey period.** These cuts resulted in staff reductions, elimination of programs, loss of training opportunities and the use of investigative tools and outside experts, and fewer consumer education materials being produced and distributed.

**For example, the Consumers' Utility Counsel, which had been attached to the Governor's Office of Consumer Affairs, was defunded.** The CUC was responsible for representing Georgia's residential and smallest commercial customers in utility proceedings before the Georgia Public Service Commission. As a result of the elimination of this program, consumers lost an important voice. **Some agencies are being cut entirely; while this report was being prepared we learned that one of the agencies that responded to the survey, the Nevada Consumer Affairs Division, was being shuttered for two years as of June 30, 2009 due to lack of funding.**

**At the same time, 62 percent of the agencies reported that they received more complaints in 2008 than in the previous year.** Overall, complaints rose by 10 percent, but in some cases the increases were much higher. For instance, the **Georgia Governor's Office of Consumer Affairs** received nearly 47 percent more complaints last year than the year before and complaints went up by 45 percent at the **Orange County Florida Consumer Fraud Unit, the Howard County Maryland Office of Consumer Affairs, and the Schenectady County New York Department of Consumer Affairs.**

**Despite these handicaps, the agencies we surveyed responded to 265,324 complaints last year and obtained \$247,499,155 in restitution or savings for consumers.** In addition, millions of consumers and honest businesses benefitted from the advice they provided and the legal actions they took to stop abuses in the marketplace.

### **Consumers are Feeling the Impact of the Financial Meltdown**

Economic hard times impact consumers in many different ways. When money is tight, they are less likely to shrug off problems that involve relatively small dollar amounts. **Half of the agencies we surveyed said that they noticed a trend toward receiving more complaints involving small amounts of money last year than before.** Handling these disputes takes just as much time for the agencies as those involving larger amounts.

**The types of problems that consumers have are also affected by the poor economy.** When asked what kinds of complaints they received last year that were particularly related to the worsening economy, the agencies cited numerous examples, including:

- **Aggressive debt collection tactics;**
- **False promises to help consumers repair bad credit, modify loans, settle debts, and forestall foreclosure;**
- **High-cost payday loans and bogus offers for loans with upfront fees;**
- **Fraudulent work-at-home and business opportunities;**
- **Business closings resulting in lost deposits, unused gift cards, undelivered products or services, and unfulfilled warranty repairs;**
- **False advertising and billing and cancellation issues;**
- **Tenant problems stemming from foreclosed rental properties;**
- **Unfinished construction projects;**
- **Cheating consumers on the price, quantity or quality of gasoline and home heating oil.**

### **Top Ten Complaints in 2008**

Following are the top complaint categories that most frequently appeared in the agencies' top ten lists. Their ranking in the top ten in 2007 is noted in parenthesis.

1. **Auto:** (1) *Misrepresentations in advertising or sales of new and used cars, lemons, faulty repairs, leasing and towing disputes*
2. **Home Improvement/Construction:** (2) *Shoddy work, failure to start or complete the job*
3. **Credit/Debt Collection:** (3) *Billing and fee disputes, mortgage fraud, credit repair, debt settlement, predatory lending, illegal or abusive collection tactics*
4. **Utilities:** (5) *Service problems, billing disputes with phone, cable, satellite, Internet, electric and gas services*
5. **Retail Sales:** (4) *False advertising, defective merchandise, problems with rebates, coupons, gift cards and gift certificates, nondelivery*
6. **Services:** (9) *Misrepresentations, shoddy work, failure to have required licenses, failure to perform*
7. **Household Goods:** (6) *Major appliances and furniture, problems with nondelivery, misrepresentations, faulty repairs*
8. **Landlord/Tenant:** (10) *Unhealthy or unsafe conditions, failure to make repairs or provide promised amenities, deposit and rent disputes, illegal eviction tactics*
9. **(tie) Internet Sales:** (7) *Misrepresentations, nondelivery in online purchases;*  
**Home Solicitations:** (8) *Misrepresentations, nondelivery in door-to-door, telemarketing and mail solicitations, do-not-call violations*
10. **Health Products and Services:** (not in top 10 in 2007) *misleading claims, failure to deliver*

## ***Real World Examples of Top Ten Complaints and What Consumers Should Do***

**Auto Sales – Car Dealer Leaves Drivers Stranded:** After Premier Chrysler Jeep Dodge abruptly declared bankruptcy, the **Georgia Governor’s Office of Consumer Affairs** received complaints from 84 consumers. The problems varied, from the dealer’s failure to pay off liens on trade-ins or process financing for car purchases to not making warranty repairs or not returning cars that were in the shop for repairs to the owners. Nearly two-thirds of the complaints involved the dealer’s failure to process car buyers’ tag and title applications, which prevented them from legally driving the vehicles. The agency worked with a court-appointed receiver to resolve the problems and get consumers back on the road.

*For major purchases, consumers should keep copies of all the paperwork in case the business closes or there are other problems with the transaction.*

**Auto Sales – Phony Prices:** The **Montgomery County Maryland Office of Consumer Protection** reached agreements with five local car dealerships to settle charges that the low prices they advertised were deceptive because they did not include the large downpayments that consumers would have to make for the vehicles; a practice known as “balance advertising” or “asterisk advertising.”

*When shopping for cars, consumers should save the advertisements and contact their state or local consumer protection agency if dealers attempt to charge more than the advertised price.*

**Home Improvement - A Soldier’s Sad Homecoming:** When a California man serving in the National Guard in Iraq came home on leave he found his family was living in a motel because the contractor to whom he paid \$85,000 several months earlier to remodel his home had gutted it and then abandoned the project, leaving it uninhabitable. Following an investigation by the **California Department of Consumer Affairs Contractors State License Board**, the contractor, Timothy Shaeffer, who had been cited twice before for operating without a license, was arrested by local law enforcement authorities on charges of grand theft and diversion of construction funds.

*Before hiring contractors, homeowners should check their complaint records and compliance with licensing or registration requirements.*

**Credit – Mortgage Nightmare:** An elderly California couple needed to refinance their home of 40 years to pay for the wife’s cancer treatments. An unscrupulous mortgage broker convinced the couple to sign documents for a loan he knew they could not afford. When the variable rate increased, the couple fell behind on their payments and received a foreclosure notice. Desperate for help, they turned to a “foreclosure rescue” company, which took their money but never passed it on to the lender. The home was foreclosed on and the couple faced eviction. At that point, they contacted the **Los Angeles County**

**California Department of Consumer Affairs**, which was able to delay the eviction and helped the couple find an affordable apartment.

*Consumers who are having difficulty paying their bills should get advice from a trusted source such as a local nonprofit credit counseling service, an accountant, or a lawyer before taking action such as refinancing.*

**Debt Collection – Dubious Debt:** A collection agency was making daily phone calls to a Virginia woman about a \$700 debt that she supposedly owed. However, she had disputed the debt previously and it had been removed from her credit report. She wrote to the collection agency demanding that it provide proof that she owed the money and to stop calling her. But her requests were ignored until the **Virginia Department of Agriculture and Consumer Services** got involved. The calls ceased, the debt was once again removed from the woman’s credit report, and the collection agency stated in writing that the file was closed and would not be reopened.

*Consumers should be aware of their rights to request in writing that debt collectors stop contacting them and to provide verification of the debts.*

**Utilities – Air Time Evaporated:** When AirTEL Wireless, LLC suddenly went out of business last year, hundreds of low-income consumers in Montana were left without the cell phone service for which they had prepaid. The **Montana Attorney General’s Office** accused the company of continuing to take money from consumers even though it knew that its debts exceeded its revenues and that it was likely to shut down. No refunds were offered. Consumers calling the company’s customer service line got a recorded message that said, “We regret to inform you that AirTEL has gone out of business and closed its doors. There are many other cellular providers in the state that may fit your needs. We regret any inconvenience.” The agency sued the company for unfair practices and is trying to recover the \$106,000 owed to Montana consumers.

*To protect themselves in case their prepaid wireless provider goes out of business, consumers should consider buying a small number of minutes at a time.*

**Utilities – Cable Double-Cross:** Consumers complained to the **Hillsborough County Florida Consumer Protection Office** that they signed contracts with a cable television provider based on a promotional offer for a \$200 gift card or a high definition TV, but they never received the items. They had called the company repeatedly but were frustrated by various excuses. The agency got the problems resolved and apologies to the consumers from the cable provider.

*Consumers should keep copies of any promotional offers to which they respond in case the promises that were made aren’t kept.*

**Retail Sales – The Check is in the Mail:** A New Jersey woman returned a pair of expensive boots to a store under its 30-day refund policy. The store owner promised to

credit the \$350 to her credit card account. However, months went by and the credit did not appear. When the **Monmouth County New Jersey Department of Consumer Affairs** contacted the proprietor, he said he couldn't process the credit because the woman's credit card number had changed, which wasn't true. At another point he falsely claimed that the check was in the mail. Then he said that he had an emergency in Italy and hadn't had time to deal with the problem. After months of hearing excuses, the persistent investigator told him that a subpoena would be issued if the check was not delivered the following week. It was.

*When returning credit card purchases, consumers should get a receipt showing that a credit will be issued to their account and contact their card issuer if the credit doesn't appear on the next statement.*

**Services – Wedding Crasher:** Seven Virginia couples gave a wedding photographer payments ranging from \$1,800 to \$3,000, but the newlyweds' honeymoon euphoria was dashed when they never received their pictures. Though the man had moved several times, an investigator from the **Virginia Beach Consumers Affairs Program** tracked him down and helped some of the couples get CDs of their photos. Other complainants have sued the photographer to try to get their money back.

*Consumers should only pay a small deposit for future services, not the full price, and use a credit card so they can dispute the charges if the services aren't delivered.*

**Household Goods – Out of Business, Out of Luck:** When an established, trusted Internet home furnishing company based in New Jersey went out of business without notice, the **Somerset County New Jersey Division of Consumer Protection** received complaints from all over the U.S. and as far away as England. The company had attempted to fulfill or cancel most outstanding orders, but consumers who had returned items that were damaged or incorrect, or received partial orders, or were waiting for refunds were out of luck. Another furniture business has opened using the same physical location and Web site address, but claims to have no liability for the previous company.

*When ordering furniture or appliances, consumers should pay with a credit card so they can dispute the charges if the goods are not delivered and their money is not refunded.*

**Landlord/Tenant – Tenant Terrorized:** Shortly after Nicole and Kip Macy bought a San Francisco building with six rental units, they evicted all the tenants but one who was legally entitled to a one-year reprieve because he was disabled. The Macys began an escalating terror campaign to drive him out that included shouting at him, blaring loud music for hours at a time, throwing rocks at his windows, cutting off his power and water, cracking his ceiling by jumping up and down on the floor above, sawing holes in the beams supporting his floor, setting fire to the apartment below him, and sending threatening emails that falsely appeared to be from him to his lawyer and to their lawyer (he did not even have an email account). One email to the couple's lawyer, purportedly



from the tenant, threatened to kill and dismember his children, prompting him to obtain a restraining order. The **San Francisco District Attorney's Office Consumer Protection Unit** helped to investigate and the Macys' eviction tactics finally ended with their being charged with multiple felonies including burglary, theft, conspiracy, and stalking.

*Tenants should make notes about illegal eviction tactics and contact their state or local consumer protection agency for advice and assistance.*

**Internet Sales – Online Offers Lead to Unexpected Charges:** After a well-known celebrity touted the benefits of nutritional supplements made with the acai berry, many consumers went online to find the product – and some found unexpected charges later on their credit or debit cards. The **Broward County Florida Division of Permitting, Licensing and Consumer Protection** received more than a hundred complaints from consumers who agreed to pay a small fee for shipping and handling to try the product and didn't realize that they would be charged as much as \$87 per month if they took no action to cancel before the free trial period ended. Often the terms of these negative option agreements were buried in fine print on the Web sites, and sometimes the free trial periods were so short that the products hadn't arrived before they ended. The agency has resolved a substantial number of these complaints and referred others to the state Attorney General's Office for further action.

*Consumers should read the terms of "free trial offers" carefully and contact their credit or debit card issuer immediately to dispute the charges if they were misled or if the terms of the offer were not clearly and conspicuously disclosed.*

**Home Solicitations – Don't Drink the Water:** Puretech Water Treatment Systems agreed to a settlement with the **Montgomery County Maryland Office of Consumer Protection** to resolve accusations that it used misrepresentations and scare tactics to peddle its products to local residents. Salespeople representing the company went door-to-door claiming to be government employees and telling consumers that they needed to test their drinking water because of a recent water main break. There was nothing wrong with the water, but the salespeople claimed that the tests showed it was unsafe and convinced several consumers to purchase systems costing thousands of dollars. The company appeared to target Spanish-speaking consumers, using Spanish-speaking salespeople to gain their trust. Under the settlement, the water treatment systems were removed, the deposits were refunded, the contracts were cancelled, and the company promised not to use such sales tactics in the future.

*If someone comes to the door claiming to be a government employee, consumers should ask for identification and call the government agency immediately to confirm before letting the person into the house.*

**Home Solicitations – Dialing for Dollars:** A Wisconsin woman received an unsolicited phone call from Florida-based Universal Marketing Solutions. The caller said that the company knew she was trying to resell a timeshare on behalf of her parents and claimed

to have a buyer. As a reference, the company suggested she visit the Web site for its sister company, Creative Home Mortgage Solutions, which displays the Better Business Bureau seal. She agreed to pay \$899.98 for Universal to handle the deal. Shortly afterwards she was told that the buyer had backed out. She asked for a refund but was talked into letting the company to try again. A few months later she was notified that another buyer had been found and to expect a check shortly. She was also told that if she paid an additional \$1,198 the company could sell the bonus weeks that her parents had never used. She agreed, but neither the timeshare nor the bonus weeks were ever sold and her repeated calls to company were never returned. The Better Business Bureau Web site<sup>2</sup> shows that Creative Home Mortgage Solutions, at the same Delray Beach address as Universal Marketing Solutions, is not a BBB member and has no rating with the organization. Universal, on the other hand, has an “F” rating based on complaints. The **Florida Department of Agriculture and Consumer Services** is seeking restitution for the woman through a claim to the bonds that the state requires for telemarketers.

*Consumers should check unfamiliar telemarketers’ track records with the Better Business Bureau at [www.bbb.org](http://www.bbb.org) before agreeing to make purchases.*

**Health Services – Dangerous Doctors:** Samuel Olomoshua a.k.a. Dr. Olodare Samuel Olomoshua, who operated the Wisdonite Spripathology Healing Mission and Music Ministry and the Sprirapathology School of Medicine, claimed that he could cure HIV/AIDS and cancer. But an investigation by the **Tennessee Division of Consumer Affairs** revealed that he was not licensed to practice medicine and that there was no substantiation for his claims. A public warning and a judgment of more than \$1 million effectively put this phony doctor out of business in Tennessee. The agency also investigated a licensed doctor, Billy L. Couch, who allegedly sold outdated flu vaccine to 80 patients. The Tennessee Court of Appeals has upheld a permanent injunction against Dr. Couch and he has been ordered to pay \$24,900 in restitution.

*When choosing doctors, consumers should check their licenses and records of disciplinary actions with the state medical licensing agency.*

### **Debt Collection is Fastest-Growing Complaint**

**When the agencies were asked what types of complaints had increased during the survey period compared to the previous year, debt collection topped the list.** Given the economic downturn last year, many consumers found themselves unable to pay their bills and being hounded by debt collectors. State and local consumer agencies were deluged with complaints about debt collectors resorting to harassment and threats. Consumers also complained about being contacted for debts that they did not owe and companies that falsely promised to help them with their debt problems.

Other fast-growing complaints included bogus offers of loans, business closings, fake check scams, Internet fraud, discount health care plans, and problems with gasoline sales.

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<sup>2</sup> [www.bbb.org](http://www.bbb.org) accessed June 30, 2009

## ***Real World Examples of Fastest- Growing Complaints and What Consumers Should Do***

**Debt Collection – Say Goodbye to Daddy:** A father came home from a long day of job hunting to find his 12 year-old daughter in tears. She had answered the phone and a store owner to whom her father owed money told her that if he did not pay his bill immediately the police were going to arrest him and take him to jail. Later that night the man called again and the father told him to stop calling. Nonetheless, the man continued to call every half hour until midnight. When the **Los Angeles County California Department of Consumer Affairs** contacted the store owner and told him that California law allows consumers to sue for a minimum of \$100 and a maximum of \$1,000 *per violation* for illegal debt collection tactics, he stopped.

*Consumers should be aware that federal law and many state laws prohibit debt collectors from calling with annoying frequency, falsely threatening legal action, and discussing debts with anyone other than the person who owes the money.*

**Debt Collection – Some Debts Never Die:** A woman contacted the **Ohio Attorney General’s Office** for advice about how to deal with repeated efforts to collect a debt that she thought she had paid off 10 years earlier. At that time, she reached an agreement with the creditor to settle the debt for a lump sum that was less than the original amount. Since then, however, the debt had been sold to debt buyers over and over again, and each time she was contacted she argued that she did not owe the money. The debt buyers did not have the records of what had transpired with the creditor and it was unclear whether the agreement that the woman made released her from any further liability if someone else subsequently bought the portion of the debt that wasn’t paid.

*When negotiating a debt settlement, consumers should ask for a letter that releases them from all claims that the creditor and anyone else may have concerning the debt and keep the documentation in case there are any attempts to collect more money later.*

**Debt Assistance – No Real Relief:** When a West Virginia woman heard a recorded message on her phone from PDM International, Inc. guaranteeing to reduce her credit card debt significantly, she was interested. The salesperson that came on the line after the recording promised to send her written information. But despite the fact that she never signed up for the program, the woman later found a \$990 charge on her credit card bill. She was not alone. The **West Virginia Attorney General’s Office** received complaints from dozens of consumers and accused PDM of violating the state’s credit repair and telemarketing laws. The company agreed to settle the charges and refund \$35,345 to consumers. Another case that is still pending involves **Credit Solutions of America**, a debt settlement company that promised to help consumers settle their credit card debts for pennies on the dollar. The company allegedly took thousands of dollars in fees out of consumers’ bank accounts but provided little or no services. Because consumers were

instructed to stop making payments to their credit card issuers, they were left in more debt than before.

*Consumers who have debt problems should avoid debt settlement companies and contact a nonprofit credit counseling service, which may be able to help them by working out payment arrangements with their creditors for free or a minimal fee. The National Foundation for Credit Counseling can direct consumers to a counseling service in their area. Go to [www.nfcc.org](http://www.nfcc.org) or call 800-388-2227 (800-682-9832 for Spanish language).*

**Advance Fee Loans – Money Never Materializes:** When a Florida consumer applied online for help from Starworth Financial to get a \$5,000 personal loan, he was asked for \$750 to cover his payments in case he lost his job or became disabled. Then the company requested an additional \$650 because it claimed that he had a poor credit record. He sent the funds via Western Union and received a promissory note saying that the loan would be deposited in his bank account. It never appeared, and when he contacted the company, he was told that the lender went bankrupt and that his fees would be returned within 30 days. But like the loan, the refund never materialized. Had he asked the **Orange County Florida Consumer Fraud Unit** for advice *before* he sent the money, it could have warned him about advance fee loan scams and helped him avoid losing his money.

*Consumers who need money should ask their own banks or credit unions if they are eligible for a loan and steer clear of anyone who asks for a fee upfront to provide a loan for personal or business purposes.*

**Health Products and Services – Doubtful Discount Plans:** The **Summit County Ohio Office of Consumer Affairs** launched an ongoing investigation into a company that ran full page newspaper advertisements stating that consumers who acted within 48 hours and paid an \$18 registration could try a discount health card “free” for 30 days, after which they would be charged \$49 per month. Consumers can supposedly use the card to get discounts of 5 to 60 percent off from thousands of health care professionals and pharmacies. The agency is trying to determine if any health care providers and pharmacies actually honor the card and whether other claims the company made, such as that consumers who missed the 48 hour deadline would have to wait for future sign-up periods to be announced, are true.

*Consumers should be wary of ads for discount health cards, which are not the same as health insurance, and check with their doctors and pharmacies to determine if they honor the cards before agreeing to purchase them.*

**Business Closings – The Tour is Off:** Consumers were eagerly anticipating the trip to Australia and New Zealand for which they each paid a Wisconsin tour company \$6,000. But as the departure date came closer, their calls to check on the status of the trip were answered by a recorded message saying the company was

closing. The consumers also discovered that the airlines on which they were supposed to fly had never received payment from the tour operator. The owner of the company told an investigator for the **Wisconsin Bureau of Consumer Protection** that the bottom had fallen out of his business because of the bad economy and that a former employee may have embezzled funds. Eventually the owner and the company filed for bankruptcy, leaving the consumers without refunds.

*When paying for a tour in advance, consumers should ask if the company participates in a travelers assistance program such as that offered by the United States Tour Operators Association, which provides reimbursement if a member company goes out of business or files in bankruptcy.*

**Fake Check Scams – Wrong Address:** Of the many complaints about fake check scams that the **North Dakota Attorney General’s Office** received last year, the fastest growing were those involving bogus offers to make money by conducting “mystery shopping” on behalf of retailers. In these scams, consumers receive checks that, unbeknownst to them, are counterfeit, with instructions to deposit or cash them and use the money to make purchases at specific stores. They are then asked to wire back whatever amount is left over, minus their “pay.” When the checks are later discovered to be phony, the consumers owe them money back to their banks. To make matters worse, several of these scammers used the address of the North Dakota state capital as their business address to which consumers should send the store evaluations.

*Consumers should be aware that genuine mystery shopping companies don’t send checks in advance; they pay after the work is completed and never ask consumers to wire money anywhere. More information about fake check scams is at [www.fakechecks.org](http://www.fakechecks.org).*

**Internet Fraud – Renter Beware:** A woman contacted the **Summit County Ohio Office of Consumer Affairs** to report that a rental listing on Craigslist might be fraudulent. She was suspicious because the “landlord,” with whom she had communicated by email, was asking a very low rental amount compared to other properties in the area and told her that he could not show the place to her because he was out of town but that she was welcome to look at it herself. On investigating, the agency confirmed her suspicions; the man did not own the property but copied a listing that had previously been used on Craigslist by the real property owner.

*Consumers should use caution if anything regarding an online classified ad seems suspicious, since the listing Web sites usually don’t verify the advertisers’ identities or whether they actually have the products or services they are offering.*

**Gasoline Sales – Consumers Shortchanged:** When consumers complained that after buying gasoline their cars suddenly weren’t performing as well as they had before, the **Schenectady County New York Department of Consumer Affairs** investigated and

found that some distributors delivered gasoline to stations claiming it was 93 Octane when they knew it was really closer to 88. Consumers who filed complaints with the agency and had receipts showing that they purchased the gasoline between certain dates were credited the difference in cost and the distributors were fined for fraudulently selling fuel that did not meet the specifications they reported on the sales invoices. The **Chicago Department of Business Affairs and Consumer Protection** also cited several gas stations for violations. In some cases, poorly maintained equipment allowed water to get into the gasoline, resulting in expensive car repairs. In other instances, the pumps charged consumers for more gasoline than they actually got. The agency put the pumps out of commission until the problems were fixed and helped consumers resolve the issues with the station owners.

*Consumers should report suspected problems with the quantity or quality of gasoline or home heating oil to the local agencies that regulate weights and measures.*

### **Foreclosure Rescue Scams Top Worst Complaints**

We asked agencies to give us examples of the worst complaints they received in the previous year based on the number of consumers affected, whether the victims were particularly vulnerable because of age, income or other factors, or any other criteria that they chose to use. **Mortgage-related complaints, especially foreclosure rescue scams, were most frequently cited as the worst complaints.**

Other worst complaints included situations involving home improvement, travel clubs, gas price gouging, business opportunities, Internet transactions, lawn care services, wire fraud, deceptive mailings, dating services, and timeshare developments.

### ***Real World Examples of Worst Complaints and What Consumers Should Do***

**Foreclosure Rescue – Money Down the Drain:** Cincinnati-based Foreclosure Solutions targeted Ohio consumers who were faced with foreclosure, mailing them solicitations offering to save their homes. After charging amounts ranging from \$750 to \$1,300, the company never provided any services and consumers were left worse off than they were before. Some lost their homes. The **Ohio Attorney General’s Office** sued the company and obtained a default judgment ordering the company’s owner to pay \$225,000 in civil penalties and \$79,565 in restitution to consumers. The agency also issued cease and desist demands to ten other companies suspected of operating foreclosure rescue scams in the state.

**Foreclosure Rescue – Lost His Home:** A Florida man who was in danger of foreclosure when he could not afford his mortgage payments thought he’d found the answers to his prayers when a company, Save My Home, offered to pay off his loan and arrange for new financing at a lower monthly cost. The inspector the company sent to the house reported that it was in good condition and valued it at \$218,500. In fact, the roof leaked and plumbing problems were causing sewage to back up. Papers that the company filed at the

county property appraisers office showed that the house had sold for \$230,000 and that the proceeds had gone to the homeowner, which was not true. The company explained that to get a new mortgage the house value had to be inflated. Claiming that its offices were moving, the company told the man that someone would let him know where to send his payments, but he never heard from anyone again. The **Orange County Florida Consumer Fraud Unit** turned its investigation over to a state agency for further action.

*Consumers who are having trouble affording their mortgage payments should contact the lender to try to work out a loan modification. If the lender is unresponsive or unhelpful, consumers can contact the Hope Now Alliance at 1-888-995-HOPE to get a referral to a nonprofit counseling resource that will help them without charge. The local or state housing finance agency in the consumer's state might also be a source for free assistance. Consumers should reject any unsolicited offers of help from anyone but the lender to whom they send their mortgage payments.*

**Home Improvement – Better Late than Never:** When the homeowners contacted **Cape May County New Jersey Consumer Affairs** in May 2008 about their home improvement problem, the work that had begun 8 months earlier wasn't even halfway completed and they had already paid \$30,000 of the \$32,400 price for the job. The investigator for the agency called the contractor every week to check on his progress and ensure that the job was finally finished. It would have cost the homeowners \$15,000-\$16,000 to hire someone else to complete the work.

*Homeowners should only pay a small deposit to a contractor when the contract is signed and subsequent payments should be proportionate to the amount of work that has actually been done.*

**Travel Services – Trips to Nowhere:** Travel Partners USA, LLC used the promise of free cruises to lure consumers into sales presentations for its travel club memberships, which cost more than \$5,000. But according to complaints made to the **Florida Department of Agriculture and Consumer Services**, some consumers who joined were never able to arrange for the trips they wanted, and some who changed their minds and cancelled within the 3 days provided under their contracts were repeatedly assured that their money would be returned but never received the refunds. The agency has resolved some complaints and is still working on others. The **Pinellas County Florida Department of Justice and Consumer Services** received 68 complaints against another travel club, United Vacations Network, and helped consumers get refunds and cancel contracts totaling about \$150,000. Most of the complainants were senior citizens who said that they were subjected to high-pressure sales tactics and that the promised vacations at major resorts were difficult to book.

*Consumers should be wary of offers for “free” cruises or resort accommodations, since they are often worth very little and require having to attend lengthy, high-pressure sales pitches for costly timeshares or travel clubs.*

**Gas Price Gouging – Hurricane Price Hikes:** After Hurricane Ike hit in September 2008, Virginia’s Governor declared a state of emergency, triggering the state’s Post-Disaster Anti-Price Gouging Act, which prohibits businesses from charging unconscionable prices for gas and other necessities. But Bucko’s Pantry, a chain of gas stations, raised its gas prices significantly, in one case by 61 percent over the price just before the declaration. With investigative assistance from the **Virginia Department of Agriculture and Consumer Services**, the state Attorney General reached a settlement requiring the company to post signs on all its doors and gas pumps informing consumers that they might be eligible for restitution and to identify and make refunds to all affected credit card and debit card customers.

*If consumers notice steep price increases for gas or other necessities during times of emergency, they should note the date, time and place of the incidents, keep their receipts, and provide the information to their state or local consumer protection agency.*

**Business Opportunity – A Losing Proposition:** Consumers from across the United States and Canada complained to the **Utah Division of Consumer Protection** about Mentoring of America LLC, which sold materials on how to make money buying properties that have been seized for unpaid taxes and reselling them. Once consumers bought the materials, the company tried to sell them “coaching services” that would supposedly help them maximize their profits. One Canadian couple who were homeless, living in their car, and subsisting on pensions and disability payments were told that they were “perfect” for the coaching program and convinced to charge \$15,000 on their credit cards. The coaching consisted of 30-minute sessions by telephone and assignments to look on the Internet for available properties. The couple found the coaching sessions worthless and that their prospects for purchasing properties when they had little cash to spend weren’t good. When a Nevada woman who paid \$5,490 for coaching sessions had difficulty accessing the “Property Vault” that the company maintained online, her coach was unable to help but sent her a CD that he said would provide instructions. However, it would not play on any computer she tried. She also found that the counties that it was suggested she contact about tax sales required bidders to attend the auctions in person; she could not bid from home as the company had assured her she could. The agency cited the company for multiple violations of state law; the company is contesting the charges.

*Consumers who are considering purchasing a business opportunity should demand complete information about the company and the program in writing, check the company’s complaint records, ask for referrals to previous customers, and get advice from a lawyer or accountant.*

**Internet – I Didn’t Sell It:** Dozens of consumers who gave items to a company called ISoldit to sell for them on eBay complained to the **Fairfax County Virginia Department of Cable Communications and Consumer Protection** that they never got their money or that the items were not sold and they couldn’t get them back. The business disappeared, but the agency tracked down its lawyer. However, the lawyer dropped the



company as a client when he wasn't paid for his services and couldn't locate the owner. The agency has forwarded the matter to a federal agency for further investigation.

*Consumers should be cautious if they are considering entrusting valuable items for consignment or auction sale and ask the business what protection there is, if any, in case it closes.*

**Services – Lawn Overdose:** During the course of investigating a complaint about the quality of services provided by a lawn care company, the **Howard County, Maryland Office of Consumer Affairs** discovered that the firm was not performing soil tests prior to treatment, as required by state law. Instead, it was simply applying a general assortment of chemicals, whether they were needed or not. In the complainant's case, the chemicals made his lawn worse, not better. The company refunded \$1,100 to the consumer and promised to perform soil tests for all customers in the future.

*When hiring a lawn care service, consumers should check with state regulators to learn about any requirements that apply and confirm with the company that it meets them.*

**Wire Fraud – Grandparent Scam:** The **North Dakota Attorney General's Office** received numerous complaints from elderly residents about scammers who called pretending to be their grandchildren and asking for money to be wired to them immediately because of an emergency. Typically the caller said that he or she was in Canada and had been involved in an accident, arrested, or stopped at the border because of duty payments required for purchases. In some cases the scammer had the grandchild's name, perhaps from obituaries that listed family members; in other cases the caller gave a common name hoping for a match or simply said "This is your grandson" and when the person asked "Is that you (name of grandchild)?" the scammer responded "Yes." Some victims lost as much \$5,000. Because the crooks can pick the money up in cash and use phony identification, it is very difficult to track them, so public awareness is the best way to prevent these scams. In one case, after the manager of a retirement complex learned that some residents had gotten these calls and contacted the agency for advice, he posted warnings throughout facility, preventing residents from falling for the scam.

*If they receive a call purporting to be from a relative asking for money to be wired because of an emergency situation, consumers should ask questions that an imposter would not be able to answer or check with other family members to confirm the situation before sending any cash.*

**Deceptive Mailing – Phony Property Tax Assistance:** Homeowners in Ventura County, California received mailings that looked like they were from the county assessor's office offering to reduce their property taxes. Since property values had gone down drastically, this was good news. But the mailings requested a fee of \$180. In fact, there was no fee to ask for a reassessment, and the assessor's office was automatically reassessing the value of all properties purchased within the last 3 years. The **Ventura County California District Attorney's Office Consumer and Environmental**

**Protection Unit** investigated, and the parties responsible for the mailings are now facing criminal charges.

*Consumers should be wary of any unexpected solicitation that appears to come from a government agency and requests a payment, and contact the agency directly to verify the information.*

**Dating Services – Give the Lady a Break:** A woman asked the **Somerset County New Jersey Division of Consumer Protection** for help when she was unable to convince a dating service to cancel her contract and give her a refund. A few weeks after signing up and paying \$3,495, the woman was diagnosed with cancer that required surgery and chemotherapy. She had not used the service and dating was the furthest thing from her mind at that point. The agency got her money back by arguing that under the circumstances it was unconscionable to keep her locked into the contract.

*If consumers need to terminate a contract because of serious problems beyond their control such as illness or job loss, they should try to reach agreement with the business, and if they are unsuccessful, contact their state or local consumer agency for advice and possible assistance.*

**Real Estate – Time Out:** More than 100 consumers, including many senior citizens, paid developer Robert Reposa and his company, LSC Associates, \$10,900 to \$54,900 for timeshares in the Navigator Beach Club on Cape Cod. But as the project dragged on, the **Hyannis Massachusetts Consumer Assistance Council** and local police departments began to hear from worried owners that little work had been done beyond installing rough plumbing and electricity in some pre-existing buildings on the site. The property was foreclosed on last October, and now the state Attorney General’s Office has sued Reposa and his company, claiming that he continued to pitch the timeshares and take money from consumers even though he knew he was in financial difficulty. Even as his ship was sinking, Reposa allegedly convinced consumers to pay off their entire remaining balances by offering an “early payment” discount. He was also accused of misleading potential buyers that they would be able to swap timeshares with those in other resorts, and failing to record buyers’ timeshare licenses with the county registry of deeds as required, leaving no record of their ownership. The state is trying to recover \$1.5 million for consumers and has put a lien on Reposa’s expensive Nantucket home.

*Consumers should not pay in full for timeshare construction until the project is complete.*

### **New Complaints**

Some agencies reported receiving complaints last year about consumer problems that they had not encountered before, such as:

- Telemarketers and identity thieves using devices or leasing telephone numbers to “spoof” their identities by showing a different name or number on Caller ID.

- Identity thieves “phishing” for consumers’ personal information by sending text messages to their cell phones pretending to be from their banks or wireless carriers.
- Disputes about memberships and sales of “virtual” property and products.
- Companies offering debt reduction, debt settlement, loan modification and foreclosure rescue services.
- Tenants in foreclosed rental properties.
- Scammers offering to lower homeowners’ property taxes.
- Disputes about non-delivery and deposit refunds in auto sales over the Internet.
- High gas prices and gas stations placing holds on consumers’ credit and debit cards for a higher amount than their actual purchases.
- Internet scams involving offers for jobs and property rentals.
- Fraudulent telemarketers offering prep courses guaranteed to help high-school students pass the ACT and SAT tests.
- Crooks attempting to steal seniors’ personal information by posing as employees of the Medicare program and claiming that their benefits would be cut off unless problems with their paperwork were corrected.

### **Dealing with Disasters**

In disaster situations, state and local consumer protection agencies help people find the services they need and work to prevent fraud and abuse. Many agencies have protocols in place to prepare for action when their help is needed, as these examples illustrate.

**Price Gouging:** The consumer agencies in **Broward County, Miami-Dade County and Palm Beach County Florida** jointly conduct an annual survey of common commodities that consumers need during hurricane season to produce a price guide that consumers and the agencies can use to gauge whether price gouging is occurring when a state of emergency is declared. The **Florida Department of Agriculture and Consumer Services** operates a Price Gouging Hotline when emergencies are declared that can also answer consumers’ questions about closures, evacuation, food storage and safety, and other issues.

**Extreme Heat or Cold:** The **Chicago Department of Business Affairs and Consumer Protection** has heat and cold weather emergency plans in place to assist consumers when contractors fail to make repairs or don’t respond to calls for service.

**Mobile Consumer Protection:** The **Fairfax County Virginia Department of Cable Communications and Consumer Protection** can mobilize its “Office to Go” program in the event of disasters to provide on-site advice on insurance, contracting and other matters, verify contractors’ and door-to-door solicitors’ licenses, mediate complaints, and act as liaisons between consumers, businesses and other government agencies.

**After the Disaster Program:** The **Los Angeles California Department of Consumer Affairs** recently launched an “After the Disaster Consumer Information” project to help consumers in situations involving earthquakes, wildfires, and other disasters. It includes

a brochure and Web page that describe the types of scams that consumers may encounter after disasters and how to avoid them. The agency trained its phone counselors to provide expert assistance to callers and arranged to provide staff to the Local Assistance Centers that are opened in disaster areas to help counsel consumers.

**Checking the Contractors:** The **Ohio Attorney General Office** operates a program that enables local governments to verify that contractors who want to do business in disaster areas are duly registered with the state and insured before work permits are issued. The **Pinellas County Florida Department of Justice and Consumer Services** has partnered with the State Attorney's Office and the county construction licensing body to form an Unlicensed Contractor Strike Force. Two-person investigative teams patrol damaged neighborhoods for on-the-spot checks of contractors' licenses.

**Vital Supplies:** The **Orange County Florida Consumer Fraud Unit** is working to establish a "Business Continuity Information Network" which will provide consumers with a central source of information about where to find essential commodities during times of disaster. It is modeled after a similar system being developed in South Florida.

### **Biggest Achievements**

We asked the agencies to describe their biggest achievements last year – significant cases, improvements in internal systems and internal services, new laws, successful public outreach programs, or other major accomplishments.

#### **Cases:**

- The **Somerset County New Jersey Division of Consumer Protection** helped a woman in Japan who had paid more than \$31,000 to make some recordings in the U.S. resolve a dispute and get the completed master disks.
- The **Pinellas County Florida Department of Justice and Consumer Services** conducted a criminal investigation of a condominium vacation rental company that suddenly closed, leaving tourists stranded. The principal for Gulf Front Retreat Vacation Rentals pled guilty to grand theft and 41 victims received restitution totaling \$82,660.
- The **Orange County Florida Consumer Fraud Unit** investigated a case in which a realtor who promised to help a consumer in financial distress took two residential properties from him and converted them to his own use. The agency negotiated a settlement and the properties worth \$250,000 were returned.
- The **North Dakota Attorney General's Office** clamped down on do-not-call violations, settling 19 cases and collecting \$75,000 in penalties.
- The **Montgomery County Maryland Office of Consumer Protection** settled cases with several auto dealers, including two that enticed consumers into their showrooms with claims that they had won hundreds of dollars worth of gas. In

fact, in order to claim their prizes, the consumers had to buy the gas and then file multiple claims for reimbursement.

- The **Monmouth County New Jersey Department of Consumer Affairs** was flooded by complaints about a local company that advertised on the radio that it could repair consumers' bad credit ratings. The company put charges through to consumers' credit card or bank accounts before they had even received the contracts and never performed the promised services. As a result of the agency's investigation, the company left the county and is under investigation by the state.
- The **Howard County Maryland Office of Consumer Affairs** filed suit against the developer of a retirement community concerning the non-functioning septic system and misrepresentations about the amenities that would be provided.
- The **Chicago Department of Business Affairs and Consumer Protection** reached a \$50,000 settlement against a major toy manufacturer for not disclosing a possible hazard with one of its products.

#### **Improvements in Systems and Services:**

- The **Utah Consumer Services Division** developed a digital filing system for the largest industry it regulates, making it easier for businesses to use and more efficient for the agency.
- The **West Virginia Attorney General's Office** created a citizen advisory committee made up of 33 individuals from around the state to advise the agency on how its resources can best be used to help consumers in small towns and cities.
- The **Montana Attorney General's Office** implemented a new computer database system to better track complaints and inquiries.
- The **Miami-Dade County Florida Consumer Services Department** launched a Web-based data system that consolidates its enforcement, licensing and complaint mediation information and provided employees with laptop computers so they can access and update data from outside the office.
- The **Los Angeles County California Department of Consumer Affairs** partnered with California State University Northridge to develop the Department of Consumer Affairs Staff Training Academy. Some classes are skill-focused, including investigative techniques, public speaking, and workload management. Others are designed to increase staff expertise in specific subjects such as real estate fraud, credit and debt collection, identity theft, cybercrime, and consumer law. The instructors are professionals and academics and the classes are held at the agency to minimize any disruption of consumer services.
- The **Florida Department of Agriculture and Consumer Services**, which is responsible for 11 regulatory programs, cross-trained the staff in its Bureau of

Compliance so that there will be coverage when employees are on vacation or extended leave, grouped staff into teams to work together more efficiently and effectively, and empowered employees to manage their respective programs.

- The **Georgia Governor's Office of Consumer Affairs** reached a \$1.2 million settlement with a travel service that offered to arrange for pre-paid vacation accommodations anywhere in the world. Consumers claimed that the company was unresponsive when they attempted to schedule their vacations, was unable to provide accommodations in the geographic areas they requested, and was unwilling to honor its refund and cancellation policy. Furthermore, some consumers were told that they had "won" free vacation packages, which were in the form of vouchers, but they had to pay a non-refundable \$249 processing fee to get the vouchers, and in some cases the company allegedly refused to honor them.

#### **New Laws:**

- The **Ohio Attorney General's Office** helped to get a law passed regulating payday lending.
- The **Georgia Governor's Office of Consumer Affairs** helped to enact a stronger new car Lemon Law and has adopted new rules under it to make the process for resolving lemon law claims easier.

#### **Public Outreach:**

- The **Utah Consumer Services Division** created a new Web site for consumers and the largest industry that the agency regulates.
- The **Tennessee Attorney General's Office** hired a Consumer Education Coordinator to help keep its Web site up to date and add new resources, such as a section for kids, and to develop new educational programs and materials, such as the agency's first-ever consumer calendar.
- The **Summit County Ohio Office of Consumer Affairs** developed three new financial literacy workshops on budgeting and surviving debt, weathering a financial storm, and foreclosures and homeownership.
- The **Schenectady County New York Department of Consumer Affairs** held consumer education programs covering a wide variety of subjects including hiring a home improvement contractor, charity scams, credit card fraud, work-at-home scams, refinancing do's and don'ts, home equity scams, Medicare fraud, investment schemes, and telemarketing scams.
- The **West Virginia Attorney General's Office** created interactive educational programs about credit for consumers ranging from high school age to senior citizens.

- The **South Carolina Department of Consumer Affairs** launched a mortgage fraud hotline.
- The **Ohio Attorney General’s Office** expanded its education and public outreach unit, started 3 new electronic newsletters, and conducted a statewide public service announcement contest.
- The **Orange County Florida Consumer Fraud Unit** held consumer education programs targeting ID theft, online purchases, crimes against seniors, job scams, construction fraud, and affinity fraud; created a quarterly electronic newsletter; updated its educational brochures; and set up information booths in several municipal buildings during National Consumer Protection Week.
- The **Nevada Consumer Affairs Division** creating a new Web site about fraud, [www.fightfraud.nv.gov](http://www.fightfraud.nv.gov).
- The **Montgomery County Maryland Office of Consumer Protection**, with the assistance of the county technology services office, created an online real estate calculator that helps prevent “sticker shock” by enabling prospective home buyers and real estate agents to determine the approximate property tax and non-tax charges that a new homeowner would pay on a property.
- The **Hyannis Massachusetts Consumer Assistance Council** worked with the state Attorney General’s Office and the local power company to provide consumers with information about energy conservation through public service advertisements in the local newspaper.
- The **Georgia Governor’s Office of Consumer Affairs** created a new Web site. [www.ConsumerEd.com](http://www.ConsumerEd.com), which is designed to help consumers make decisions related to automobiles, housing, credit and personal finance. The agency has launched a marketing campaign to publicize the site to young adults.
- The **Fairfax County Virginia Department of Cable Communications and Consumer Protection** expanded the consumer education content on its Web site and created a quarterly electronic newsletter, which is posted on the site and emailed to consumers and businesses.
- The **California Department of Consumer Affairs** launched a “Take Charge California” consumer education campaign.

### **Biggest Challenges**

**Inadequate budget and staffing was cited by most agencies as their biggest challenge.** At the same time that many state and local consumer agencies are receiving more complaints and being mandated to cover new areas, their budgets are shrinking, resulting in lay-offs, hiring freezes, furloughs, cancelling consumer education programs,

loss of training opportunities, and inability to hire outside experts. **For example, the Montgomery County Maryland Office of Consumer Protection was given two new areas of responsibility, domestic workers and energy and environment advocacy, but no additional resources; instead it suffered a 7 percent budget cut and loss of personnel.**

Agencies are coping with the situation by triaging complaints, streamlining complaint procedures, cross-training, using student interns, partnering with outside mediation programs, and focusing their limited enforcement resources on cases in which they are most likely to make a difference. Some agencies no longer have the resources to take enforcement actions. **For instance, the Miami-Dade County Florida Consumer Services Department lost its enforcement staff to budget cuts, resulting in an increased workload for its consumer mediation section.**

Other challenges that agencies described included:

- Difficulty coordinating between city, county and state agencies in the same state.
- Losing institutional memory and expertise when staff people leave.
- Training employees to work in new subject areas when departments are reorganized.
- Managing consumers' expectations that complaints will be resolved quickly when that is not always possible, especially with fewer people and increased workloads.
- Helping elected officials and others understand the importance of their functions.
- Keeping up with the ever-evolving nature of fraud.
- Improving systems to track registrations and complaints.
- Finding effective ways to reach the public with consumer education.
- Developing expertise in complex areas such as mortgage and areal estate fraud.
- Dealing with the plethora of financial scams targeted at consumers via the Internet.
- Responding to thousands of complaints about gas price gouging after major storms.
- Maintaining morale when dealing with consumer problems every day.

### **New Laws Needed**

When asked what new laws should be passed in 2009 to protect consumers, agencies responded with many suggestions. Some, such as stronger protections for credit card users and protection for tenants in foreclosures, have been enacted since the survey was conducted.

#### **Banking:**

- Prohibit overdraft protection unless consumers affirmatively agree to it and restrict unreasonable fees for such protection.
- Eliminate federal preemption that prevents state agencies from protecting consumers from abusive practices by national banks and their state-chartered affiliates.



**Contracts:**

- Allow early termination fees for canceling telephone, satellite television, alarm services or other services only if there is a written contract signed by the consumer that clearly and conspicuously states the cancelation policy.
- Prohibit mandatory binding arbitration in consumer contracts.
- Give consumers who sign contracts for dating services the right to cancel and receive refunds, as customers of health clubs do in many states, if they are unable to continue because of ill health or the service does not fulfill its promises.

**Credit/Debt Collection:**

- Enact federal credit card reform to protect consumers against excessive interest rates, universal default, and unfair terms and conditions.
- Enact comprehensive debtor protection to restrict the interest charged in pawn and title transactions, protect consumer from “debt buyers,” prohibit interest rate hikes on existing credit card balances, provide stronger protections for debit cards, and prohibit companies from attempting to collect on “charged off” debts.
- Outlaw debt settlement companies that take fees before providing any services.
- Require collection agencies to be registered and bonded in every state in which they conduct business and create specific agencies to regulate debt collectors and investigate complaints about illegal practices.
- Entitle consumers to automatic debt relief if they have lost their jobs.

**Education:**

- Mandate consumer education in schools.

**Enforcement:**

- Empower county consumer agencies to enforce state consumer laws and write tickets for violations.
- Forge stronger legal enforcement agreements between agencies in the U.S. and Canada to deal with cross-border consumer problems.

**Fraud:**

- Require companies that promise to help get grants for consumers to be licensed and regulated.
- Require money transfer services, which are often used by scammers to obtain payment from victims, to have stricter standards for identification when the money is picked up and to keep copies of photo IDs.
- Outlaw the use of devices and the fraudulent leasing of telephone numbers that allow telemarketers and identity thieves to “spoof” their identities by showing a different name or number on Caller ID.

**Home Improvement/Contracting:**

- Give consumer protection authorities the ability to impound the vehicles of contractors who operate without the required registration or licensing to make it difficult for them to continue working illegally.

- Require home improvement contractors to be licensed or registered and post performance bonds.
- Prohibit sub contractors from placing liens on consumers' property when they are not paid by the contractors.

**Landlord/Tenant:**

- Enact protections for tenants when rental properties are foreclosed on. At minimum they should provide for reasonable notice and timeframes to vacate, and for refunds of rent payments.

**Privacy:**

- Require law enforcement agencies to investigate identity theft even if the perpetrators are not in their jurisdiction as long as the victims are.
- Enact omnibus legislation that would give consumers control of their personal information, including credit and account information.

**Towing:**

- Enact state laws to require clear and conspicuous signs for “no parking” and “tow away” zones, limit the fees that can be charged, and hold towing companies liable for damage to vehicles and loss of any personal property in them.

**Methodology**

Thirty-four state, county, and city agencies from 19 states responded to the survey, which was conducted from March to May 2009. They were drawn from the memberships of CFA, NACAA, and NACPI and represent a cross-section of the state and local consumer agencies that serve the public across the United States. They are listed in Appendix A.

The survey covers a one-year period, in most cases January through December 2008 (some agencies keep records on a different basis, such as July through June; all were asked for data for the most recent 12-month period available).

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

The 34 agencies received 265,324 complaints during the survey period. The number of complaints does not necessarily include letters, emails or phone calls from consumers asking for advice. The total recovered for saved for consumers was \$247,499,155.

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

## Appendix A

### Participants in 2008 Consumer Agency Survey

**Broward County Florida Division of Permitting, Licensing and Consumer Protection**  
[www.broward.org/permittingandlicensing](http://www.broward.org/permittingandlicensing)

**California Department of Consumer Affairs**  
[www.dca.ca.gov](http://www.dca.ca.gov)

**Cape May County New Jersey Consumer Affairs**  
[www.capemaycountygov.net/Cit-e-Access/webpage.cfm?TID=5&TPID=433](http://www.capemaycountygov.net/Cit-e-Access/webpage.cfm?TID=5&TPID=433)

**Chicago Department of Business Affairs and Consumer Protection**  
[www.cityofchicago.org/bacp](http://www.cityofchicago.org/bacp)

**Fairfax County Virginia Department of Cable Communications and Consumer Protection**  
[www.fairfaxcounty.gov/dcccp](http://www.fairfaxcounty.gov/dcccp)

**Florida Department of Agriculture and Consumer Services**  
[www.800helpfla.com](http://www.800helpfla.com)

**Georgia Governor's Office of Consumer Affairs**  
[www.consumer.georgia.gov](http://www.consumer.georgia.gov)

**Hawaii Office of Consumer Protection**  
[www.hawaii.gov/dcca/ocp](http://www.hawaii.gov/dcca/ocp)

**Hillsborough County Florida Consumer Protection Office**  
[www.hillsboroughcounty.org/consumerprotection](http://www.hillsboroughcounty.org/consumerprotection)

**Howard County Maryland Office of Consumer Affairs**  
[www.co.ho.md.us/ca/cs\\_consumeraffairs.htm](http://www.co.ho.md.us/ca/cs_consumeraffairs.htm)

**Hyannis Massachusetts Consumer Assistance Council**  
[www.consumercouncil.com](http://www.consumercouncil.com)

**Los Angeles County California Department of Consumer Affairs**  
[www.dca.lacounty.gov](http://www.dca.lacounty.gov)

**Miami-Dade County Florida Consumer Services Department**  
[www.miamidade.gov/csd](http://www.miamidade.gov/csd)

**Monmouth County New Jersey Department of Consumer Affairs**  
[www.state.nj.us/lps/ca/ocp/countyoff.htm](http://www.state.nj.us/lps/ca/ocp/countyoff.htm)

**Montana Department of Justice**  
[www.doj.mt.gov](http://www.doj.mt.gov)

**Montgomery County Maryland Office of Consumer Protection**  
[www.montgomerycountymd.gov/consumer](http://www.montgomerycountymd.gov/consumer)

**Nevada Consumer Affairs Division**  
[www.fyiconsumer.org](http://www.fyiconsumer.org)

**New York State Consumer Protection Board**

[www.nysconsumer.gov](http://www.nysconsumer.gov)

**North Dakota Attorney General's Office**

[www.ag.nd.gov](http://www.ag.nd.gov)

**Ohio Attorney General's Office**

[www.ag.state.oh.us](http://www.ag.state.oh.us)

**Orange County Florida Consumer Fraud Unit**

[www.orangecountyfl.net/cms/DEPT/countyadmin/publicsafety/fraud/default.htm](http://www.orangecountyfl.net/cms/DEPT/countyadmin/publicsafety/fraud/default.htm)

**Pinellas County Florida Department of Justice and Consumer Services**

[www.pinellascounty.org/consumer](http://www.pinellascounty.org/consumer)

**San Francisco District Attorney's Office Consumer Protection Unit**

[www.sfdistrictattorney.org/page.asp?id=61](http://www.sfdistrictattorney.org/page.asp?id=61)

**Schenectady County New York Department of Consumer Affairs**

[www.schenectadycounty.com/FullStory.aspx?m=99&amid=427](http://www.schenectadycounty.com/FullStory.aspx?m=99&amid=427)

**Somerset County New Jersey Division of Consumer Affairs**

[www.co.somerset.nj.us/division/consumeraffairs.html](http://www.co.somerset.nj.us/division/consumeraffairs.html)

**South Carolina Department of Consumer Affairs**

[www.sconsumer.gov](http://www.sconsumer.gov)

**Summit County Ohio Office of Consumer Affairs**

[www.co.summit.oh.us/conaffairs.htm](http://www.co.summit.oh.us/conaffairs.htm)

**Tennessee Division of Consumer Affairs**

[www.tennessee.gov/consumer/](http://www.tennessee.gov/consumer/)

**Utah Division of Consumer Protection**

[www.consumerprotection.utah.gov](http://www.consumerprotection.utah.gov)

**Ventura County District Attorney's Office Consumer Protection Unit**

[www.ventura.org/ucda](http://www.ventura.org/ucda)

**Virginia Beach Consumer Affairs Program**

[www.vbgov.com/oca](http://www.vbgov.com/oca)

**Virginia Department of Agriculture and Consumer Services**

[www.vdacs.virginia.gov](http://www.vdacs.virginia.gov)

**West Virginia Attorney General's Office**

[www.wvago.gov](http://www.wvago.gov)

**Wisconsin Bureau of Consumer Protection**

[www.datcp.state.wi.us](http://www.datcp.state.wi.us)

## Appendix B

### How Consumers Can Protect Themselves Tips from the 2008 Consumer Agency Survey Report

#### Contracts and General Sales

- For major purchases, consumers should keep copies of all the paperwork in case the business closes or there are other problems with the transaction.
- If consumers need to terminate a contract because of serious problems beyond their control such as illness or job loss, they should try to reach agreement with the business, and if they are unsuccessful, contact their state or local consumer agency for advice and possible assistance.
- Consumers should keep copies of any promotional offers to which they respond in case the promises that were made aren't kept.
- When ordering furniture or appliances, consumers should pay with a credit card so they can dispute the charges if the goods are not delivered and their money is not refunded.
- When returning credit card purchases, consumers should get a receipt showing that a credit will be issued to their account and contact their card issuer if the credit doesn't appear on the next statement.
- Consumers should read the terms of "free trial offers" carefully and contact their credit or debit card issuer immediately to dispute the charges if they were misled or if the terms of the offer were not clearly and conspicuously disclosed.
- When shopping for cars, consumers should save the advertisements and contact their state or local consumer protection agency if dealers attempt to charge more than the advertised price.

Consumers should be cautious if they are considering entrusting valuable items for consignment or auction sale and ask the business what protection there is, if any, in case it closes.

#### Credit and Debt

- Consumers who are having difficulty paying their bills should get advice from a trusted source such as a local nonprofit credit counseling service, an accountant, or a lawyer before taking action such as refinancing.
- Consumers should be aware of their rights to request in writing that debt collectors stop contacting them and to provide verification of the debts.
- Consumers should be aware that federal law and many state laws prohibit debt collectors from calling with annoying frequency, falsely threatening legal action, and discussing debts with anyone other than the person who owes the money.
- When negotiating a debt settlement, consumers should ask for a letter that releases them from all claims that the creditor and anyone else may have concerning the debt and keep the documentation in case there are any attempts to collect more money later.

- Consumers who need money should ask their own banks or credit unions if they are eligible for a loan and steer clear of anyone who asks for a fee upfront to provide a loan for personal or business purposes.
- Consumers who have debt problems should avoid debt settlement companies and contact a nonprofit credit counseling service, which may be able to help them by working out payment arrangements with their creditors for free or a minimal fee. The National Foundation for Credit Counseling can direct consumers to a counseling service in their area. Go to [www.nfcc.org](http://www.nfcc.org) or call 800-388-2227 (800-682-9832 for Spanish language).
- Consumers who are having trouble affording their mortgage payments should contact the lender to try to work out a loan modification. If the lender is unresponsive or unhelpful, consumers can contact the Hope Now Alliance at 1-888-995-HOPE to get a referral to a nonprofit counseling resource that will help them without charge. The local or state housing finance agency in the consumer's state might also be a source for free assistance. Consumers should reject any unsolicited offers of help from anyone but the lender to whom they send their mortgage payments.

### **Fraud**

- Consumers should use caution if anything regarding an online classified ad seems suspicious, since the listing Web sites usually don't verify the advertisers' identities or whether they actually have the products or services they are offering.
- If they receive a call purporting to be from a relative asking for money to be wired because of an emergency situation, consumers should ask questions that an imposter would not be able to answer or check with other family members to confirm the situation before sending any cash.
- Consumers should be wary of any unexpected solicitation that appears to come from a government agency and requests a payment, and contact the agency directly to verify the information.
- Consumers should be aware that genuine mystery shopping companies don't send checks in advance; they pay after the work is completed and never ask consumers to wire money anywhere. More information about fake check scams is at [www.fakechecks.org](http://www.fakechecks.org).
- Consumers who are considering purchasing a business opportunity should demand complete information about the company and the program in writing, check the company's complaint records, ask for referrals to previous customers, and get advice from a lawyer or accountant.

### **Fuel**

- If consumers notice steep price increases for gas or other necessities during times of emergency, they should note the date, time and place of the incidents, keep their receipts, and provide the information to their state or local consumer protection agency.
- Consumers should report suspected problems with the quantity or quality of gasoline or home heating oil to the local agencies that regulate weights and measures.

### **Home Improvement and Construction**

- Before hiring contractors, homeowners should check their complaint records and compliance with licensing or registration requirements.
- Homeowners should only pay a small deposit to a contractor when the contract is signed and subsequent payments should be proportionate to the amount of work that has actually been done.
- Consumers should not pay in full for timeshare construction until the project is completed.

### **Home Solicitations**

- If someone comes to the door claiming to be a government employee, consumers should ask for identification and call the government agency immediately to confirm before letting the person into the house.
- Consumers should check unfamiliar telemarketers' track records with the Better Business Bureau at [www.bbb.org](http://www.bbb.org) before agreeing to make purchases.

### **Landlord/Tenant**

- Tenants should make notes about illegal eviction tactics and contact their state or local consumer protection agency for advice and assistance.

### **Services**

- To protect themselves in case their prepaid wireless provider goes out of business, consumers should consider buying a small number of minutes at a time.
- Consumers should only pay a small deposit for future services, not the full price, and use a credit card so they can dispute the charges if the services aren't delivered.
- When choosing doctors, consumers should check their licenses and records of disciplinary actions with the state medical licensing agency.
- When hiring a lawn care service, consumers should check with state regulators to learn about any requirements that apply and confirm with the company that it meets them.
- Consumers should be wary of ads for discount health cards, which are not the same as health insurance, and check with their doctors and pharmacies to determine if they honor the cards before agreeing to purchase them.

### **Travel**

- When paying for a tour in advance, consumers should ask if the company participates in a travelers assistance program such as that offered by the United States Tour Operators Association, which provides reimbursement if a member company goes out of business or files in bankruptcy.
- Consumers should be wary of offers for "free" cruises or resort accommodations, since they are often worth very little and require having to attend lengthy, high-pressure sales pitches for costly timeshares or travel clubs.