



Consumer Federation of America

Eleventh Annual NACAA/CFA Consumer Complaint Survey Report November 25, 2002

The 11th annual survey conducted by the National Association of Consumer Agency Administrators (NACAA) and the Consumer Federation of America (CFA) reveals that home improvement was the top concern for consumers during 2001. For the past six years, it has been in the top five areas of consumer complaints received by NACAA members. Home improvement complaints last appeared in the number one spot in 1999 and held the number three spot for three of the last six years. Last year's top complaint categories were household goods tied with auto sales.

Complaints about household goods and automotive sales and repairs were also high on the list of most frequent complaints in 2001, followed by credit and lending problems.

NACAA is a membership organization of consumer protection agencies at all levels of government. This survey report is based on 41 NACAA member responses to questions about their 2001 complaint records. Almost all of the respondents were city, county or state consumer agencies. NACAA member agencies vary considerably in size and resources. Some agencies have only two staff people; others have hundreds.

CFA, a non-profit federation of almost 300 pro-consumer organizations, has joined NACAA in surveying consumer complaints since it was first initiated in 1992.

Most Frequent Complaints

Consumer agencies were asked to list the top categories that generated the most complaints in 2001. Below are the top 11 problem areas for 2001, with the percentage of agencies that listed each as a major complaint category.

Rank	Topic	As Percentage of 2001 Complaints
1.	Home Improvement	59
2.	Household Goods	54
3.	Automotive Sales	51
4.	Automotive Repairs	46
5.	Credit/Lending	42
6.	Business Practices	32
7.	Services	24
8.	Telecommunications	20
9-12.	Collections	17
9-12.	Pyramids & Business Opportunities	17
9-12.	Recreation & Vacations	17

Automotive Repair—For the past five years, automotive repair complaints have consistently been in the top four categories holding that spot for three consecutive years. Typically, consumers complain about repairs that are not done correctly or are not done at all.

Credit/Lending has remained constant by holding the fifth place for the past four years. NACAA agencies receive complaints involving predatory mortgage lending, credit card fees and billing, advance-fee loans, payday loans and other forms of extremely expensive small loans.

Telecommunications appeared in the number eight spot as a separate category for the first time this year after being separated out from the utilities category as a result of the FCC instructing local consumer protection offices to monitor the area. This category represents primarily complaints against landline and mobile service providers. **Utilities**, including complaints against gas, water, electricity, heating oil companies, moved down on the list to spot 16.

Recreation & Vacations moved up on the list of complaints to number 9-12 along with **pyramids & business opportunities** and **collections**. Presumably the upheaval in the airline industry following the terrorism attacks on September 11 affected the number of complaints lodged against the airline industry. During 2000, recreation/vacations did not appear in the top ten on the list. However, during the two years prior, it held the number ten spot.

Mail Order complaints moved to 15 while **telemarketing** dropped to spot 16. As a consequence of states adopting Do-Not-Call laws, this category may continue to move down on the list as consumers gain more control over in-bound telemarketing laws.

Worst Scams of 2001

Many of the worst scams reported for 2001 involved the financing of big-ticket purchases and other credit transactions. Many of the cases listed below were brought by local agencies acting on behalf of consumers across the country, not just local jurisdictions.

Auto

- The Oregon Attorney General's Office, Division of Financial Fraud/Consumer Protection reported the Thomason Autogroup and its parent companies Asbury Automotive Oregon LLC, and Asbury Automotive Oregon Dealership Holdings LLC and Asbury Automotive Oregon Management LLC were named in an Assurance of Voluntary Compliance (AVC) and signed a settlement agreement for \$300,000 as a result of a variety of problems involving consumers. The assurance admits no violation of law. The alleged complaints ranged from failure to disclose material defects to misrepresentations regarding sales price, extended service contracts and financing. Thomason Autogroup also admitted to the AG consumer protection staff that the company had for some time been failing to disclose to customers that the vehicles they had just purchased were on sale at a lower price. Working in conjunction with the Oregon Department of Justice, the auto dealership implemented a program and, as of October 2001, paid approximately \$1.5 million in restitution to Oregon victims. In addition, it has been required to implement a broad spectrum of positive changes in its business practices.

- The Alexandria, VA Consumer Affairs Office reported receiving numerous complaints that some area auto dealership salesmen were taking advantage of the Hispanic community's language barrier by coercing them into signing contracts in English. Individuals of Hispanic heritage, who were unable to read the contracts, complained that they were being charged too much for vehicles and/or the vehicles were misrepresented.

Credit/Finance

- The Camden County, NJ Department of Consumer Protection/Weights & Measures became involved in complaints against a credit company operating under a minimum of four names, Titanium Blue, Liberty Benefits, Credit Enhancement Services, and Consumer Credit Support. These companies used telemarketing to "sell" consumers on a credit card that proved only useful for purchasing merchandise through the companies' catalog. This scam is said to involve thousands of people, and millions of dollars, and still is under investigation by the FBI.
- The New South Wales, Australia Consumer Protection Agency reports that fraudulent finance broker Timothy O'Keefe is well known to the Department of Fair Trading. In July 2001 the department obtained Supreme Court orders prohibiting O'Keefe from carrying on business as a finance broker and requiring him to repay around \$112,000 taken from consumers. O'Keefe allegedly preyed on low income people with a poor credit history offering loans, demanding 10 percent deposit, through newspaper advertisements in the names of TOKCO Finance and Leasing, Mid-Coast Holdings, and Fairway Finance and Brokerage.

Home Improvement

- In Maryland, the Howard County Office of Consumer Affairs became involved when a landscaping company accepted monies from homeowners but failed to provide the services contracted or failed to make refunds.
- The West Virginia Attorney General's Consumer Protection Division reported that transient, door to door paving scams were a significant problem during 2001. Typically an individual would go into a neighborhood and target elderly homeowners stating they had leftover asphalt good for paving driveways. After doing a poor job of laying the asphalt, the worker would quote an inflated price to the homeowner and was insistent on collecting immediate payment to the point of, in some cases, transporting the consumer to the bank. The WV AG's Office received complaints totaling \$120,000 on one individual.
- The Mayor's Office of Consumer Information in Springfield, Massachusetts reported receiving complaints about home improvement contractors that failed to perform and/or complete contracted work or performed shoddy repair work.

Internet Scam

- One of the worst scams during 2001 was the so-called "Nigerian 419 Scam." This fraud has become so common it is now known as "419," after the Nigerian criminal code that addresses such scams. According to some estimates, it is the fifth largest industry in Nigeria, and has accounted for over \$5 billion in illegal income for the scammers. The Florida Department of Banking and Finance has seen an increase in 419 fraud activity, particularly in Southwest Florida. The target receives an unsolicited email, fax or letter concerning business intrigue in Nigeria. Variations include "over invoiced" or "double

invoiced” oil or other supply and service contracts, commodity deals, a “bequest” left to someone in a will, or a family fortune that needs to be spirited out of the country. At some point, the victim is asked to provide money or a bank account number to facilitate the deal. Sometimes, the victim is asked to travel to Nigeria to meet with the correspondent and phony government officials. Usually, there are many “complications” that require more money until the victim quits, runs out of money, or both. Because of the distances involved, and the fact that some Nigerian officials themselves have been involved, chances of recovering money lost to 419 scams are virtually nonexistent.

Membership/Buying Clubs

- The Virginia Department of Agriculture & Consumer Services, Office of Consumer Affairs received 677 consumer complaints involving the American Savings Discount Club (ASDC), a membership club located in Portsmouth, VA. Earlier this year, ASDC was sued in a joint action by the Federal Trade Commission, and the Attorneys General Offices of Virginia, Wisconsin, and North Carolina. The complaint alleged that ASDC marketed a fraudulent advance-fee loan promotion to hundreds of thousands of consumers nationwide. According to the FTC, the defendants enrolled consumers who signed up for the purported advance-fee loan program, without their knowledge, in a “discount club,” and required them to be “members” of the club for three months prior to applying for the promised loan. Additionally, the defendants charged consumers a \$30 monthly membership fee to remain in the club and be “eligible” to apply for the loan. In August, the court ruled against ASDC in a \$3 million judgment, with a net of \$2.5 million set aside for consumer redress. The company and two of its owners also will be banned for life from any credit-related telemarketing, and will face a lifetime telemarketing bond of \$500,000.

Pyramid Schemes

- The Wisconsin Department of Agriculture, Trade, and Bureau of Consumer Protection reported gifting pyramid schemes proved to be the worst scam of 2001. Consumers gave a “gift” usually \$2,000 to the “senior” on a gift board in exchange for becoming a “freshman” on the board. After recruiting enough people to fill the sophomore and junior slots, they would become a “senior” and receive \$16,000 in “gifts” from the incoming freshmen. The bureau offered amnesty from prosecution to anyone who returned the money to the people they got it from and cooperated with the investigation by providing copies of the materials showing those involved. Approximately \$1.2 million was reported returned to consumers and the ringleaders in more than 40 countries were referred for prosecution.
- The Maryland Attorney General’s Office, Securities Division took action against the owner and top promoters of an “Internet shopping mall” that allegedly operated as an unlawful pyramid scheme. The Securities Commissioner issued a Summary Order to Cease and Desist against Powercard International, Inc. of Daphne, AL, doing business as ECB4U, its founder Stewart “Bubba” Giardina, and eight individuals who actively promoted ECB4U from an office called E Commerce Solutions, located in Timonium, Maryland. ECB4U operated what it represented to be a network-marketing program that allowed representatives to earn commissions from transactions through ECB4U’s Internet shopping mall. According to the Division, ECB4U promoters recruited new representatives to become “E Commerce Trainers,” by paying \$450 for an ECB4U shopping website and the opportunity to earn commissions in ECB4U’s marketing plan. The Securities Division alleged, however, that ECB4U’s operation and commission system was based primarily on the recruitment of new participants through high-energy sales pitches and that earnings had little to do with the

Internet shopping mall, which was simply a collection of hyperlinks to the websites of unaffiliated retail merchants.

Real Estate

- The Pinellas County, FL, Department of Consumer Protection received 75 complaints about Andrew Strong, President of Highmark Homes of Pinellas County, Inc., and Highmark Development Group, Inc. These business entities developed a section of land in Dunedin, FL into the Virginia Crossing Subdivision. The subdivision contained 120 homes, built in two phases, as well as a clubhouse and pool for the use by residents. At some point during construction of phase two of the subdivision, Highmark Homes of Pinellas County, Inc. began to experience financial difficulties. The future residents of Virginia Crossing were not aware of the financial problems and continued to build and close on their new homes. At closing, the homeowners were provided with a notarized document that was titled either “Final Lien Waiver” or “Affidavit” and was signed by Strong. These documents stated that all bills for labor, services, and materials had been paid in full. After making the final payment, numerous homeowners discovered that liens had been placed against their properties by subcontractors or material suppliers hired by Highmark Homes of Pinellas County, Inc. to work on the construction projects. These subcontractors and material suppliers had not received payment from Highmark Home of Pinellas County, Inc. Strong had executed the “Final Lien Waver” and “Affidavit” forms knowing that they were false, in order to induce final payment by the homeowners. The Pinellas County Department of Consumer Protection conducted a criminal investigation that resulted in Strong being charged with 18 counts of *Making or Furnishing a False Statement*, each of which is a third-degree felony. The victims lost a combined total of \$77,436.49. Strong currently is awaiting trial on these charges.

Travel / Leisure

- The Florida Department of Agriculture and Consumer Services reported that one of the worst scams of 2001 involved complaints against Ramada Plaza Resorts, which offered vacation packages to Florida residents. The department obtained a \$20,000 fine against the business and was able to ensure refunds to over 1,000 consumers. Ultimately, 17 states took action against Ramada Plaza Resorts.
- The Florida Department of Agriculture and Consumer Services seized the “seller of travel” license for Premier Travel International and issued a cease-and-desist order that also named two affiliated companies, Travelease International Inc., and Bylec Inc., and two individuals, Henry Yamhure, and his son Bryan Yamhure. More than 115 consumers filed complaints about the three companies, alleging losses of more than \$338,000. Premier attracted customers with phone solicitations offering free travel for attending an informational meeting. Premier sold training and credentials that allegedly let consumers get discounts for travel and collect commissions in the sale of travel packages to others. The cost ranged between \$3,000 and \$6,290. The average consumer targeted was elderly and spent upward of \$6,000. The allegations in Florida’s action against Premier Travel mirror those in a settlement reached by the attorney general in Texas with Travelbridge of Texas, Travelbridge of Illinois and eight other affiliates. In the settlement, Travelbridge agreed to pay \$350,000 in restitution, a \$25,000 civil penalty, \$75,000 in attorneys fees, and to stop saying or implying that its members are travel agents.

- The Investigations Section of the Division of Consumer Services, Florida Department of Agriculture and Consumer Services, acting on a complaint filed by a concerned granddaughter, investigated allegations that The Dance Place was defrauding senior citizens out of thousands of dollars. The department teamed with the State Attorney's Office in Pinellas County and found even though The Dance Place was a legally registered dance studio, it was in violation of several sections of the Dance Studio Act. In addition, further investigation found The Dance Place was illegally selling business opportunities and travel packages. The department and State Attorney's Office obtained an emergency suspension order against The Dance Place that effectively ceased all operation. Criminal charges currently are pending against The Dance Place. A final dollar amount has yet to be determined regarding the senior citizens defrauded in this case, but it appears to be in the several hundred thousand dollar range.
- The Cape May County, NJ Office of Consumer Affairs reported that, due to a large tourist industry, it receives numerous complaints regarding hotel, motel, and bed & breakfast accommodations. The worst scam of this kind during 2001 involved three motels, The Grand Hotel, The Singapore, and The Palm Beach, all owned by the same person. The office received 35 complaints from tourists who were charged four-star prices for shabby accommodations. A monetary value of \$30,000 was recouped on behalf of consumers.

Utilities

- The Ohio Consumers' Counsel reported that business practice complaints continued to increase in 2001 with a variety of issues related to competitive solicitation and sale of natural gas and electricity. There were issues related to high-pressure marketing, account information disclosure, misrepresentation, contract enforcement and other violations of state rules, utility tariffs and policies and procedures. As a result of these complaints, consumer protection standards were enhanced through rulemaking dockets opened by the Ohio Public Utilities Commission in 2001 and 2002 for competitive gas and electric service.

Internet Complaints

Internet complaints during 2001 were down on the top complaint list ranking from 8th last year to the 13 to 15th place. Agencies reported 2001 Internet-related complaints about Internet service providers (ISP's), complaints about the Internet business as the selling entity, and complaints about the "on-line" purchasing process. The most common types of complaints in these categories were reported as follows:

Internet Service Providers (ISP's)

In addition to complaints received about rates charged by ISP's, Wisconsin reported complaints were received about ISP's that changed the terms of subscriptions without following the requirements of Wisconsin state law that require companies to inform customers of the changes in terms and conditions and to allow consumers to disconnect service prior to the change for no additional fee.

In August 2001, the New Jersey Division of Consumer Affairs announced a suit filed against Jersey Cape Information Systems (JCIS), a Cape May County Internet service provider, alleging it unlawfully lured consumers with advertisements to enter into long-term Internet service and computer training agreements with the company although it was on the verge of collapse and did

not even have enough money to pay its own bills. The state's complaint alleged the company, despite known financial problems, continued to advertise its services and to take on new business even though it should have known it was close to becoming insolvent. In January 2000, the company went out of business leaving scores of consumers and businesses with useless agreements and out of the money they paid. Claims for monetary loss ranged from \$17 to \$8,000. In addition to losing money, many individuals and businesses that signed up for JCIS' services also lost data stored on their web sites as well as e-mails that were in transit.

Internet Selling Entity

In Ohio, 321 buyers of digital satellite dish service experienced a selling technique in which not all information was provided when the contracts were signed. Internet based "get rich quick" schemes such as the Nigerian letter scam increased during the past year. The Ohio Consumers' Counsel reported that approximately 19% of their website complaints involved a particular company.

The Pennsylvania Attorney General's Office, Bureau of Consumer Protection (BCP) filed a lawsuit against website operator David Myrland of Kirkland, Washington. Myrland allegedly sold so-called expert or "professional legal opinions" to Pennsylvania consumers via the Internet without a license to practice law. The suit stated that the "legal opinions" provided consumers with erroneous information about the "legality of gifting clubs." According to the Bureau, consumers paid money for legal analysis that was inaccurate and worthless. The defendant was not licensed to practice law in Pennsylvania nor any other state, and was not an expert on the laws governing "gifting clubs" and pyramid schemes. In fact, many consumers lost money while others faced legal action after they chose to participate in gifting clubs based on the defendant's analysis of the law.

Maine's Office of Consumer Credit Regulation in Augusta reported a common complaint received during 2001 was about unlicensed debt management service providers soliciting via the Internet that took money from consumers but failed to pass it on to the creditor.

"On-line" Purchasing Process

Individuals acting as business enterprises in fraudulent on-line auction transactions were identified as an Internet problem. One jurisdiction reported these type of scams resulted in amounts per occurrence ranging from \$100 to \$156,000 cumulative (for one case) to date. Actions taken in these types of cases included making referrals to state and local police, and to federal agencies with specific jurisdiction, such as the United States Postal Service, and the Department of the Treasury (Secret Service).

Internet auctions in which the buyer does not receive purchased goods or when the goods were not as represented were a common type of complaint about Internet purchasing in 2001. Indeed, 39 percent of survey respondents reported this as a common Internet consumer complaint. In these types of cases, NACAA member agencies reported mediating the complaints and collaborating with law enforcement agencies to investigate criminal activities.

In assessing the types of Internet complaints that come into its offices, the Ohio Consumers' Counsel reported that during 2001, billing related complaints represented approximately 35% of the complaints registered through the website, service related complaints represented approximately 31% of complaints, and business practice complaints represented approximately 21% of the total. The remaining percentage of complaints was more general in nature.

Trends in Going Out of Business

NACAA members were asked to name the industry in which companies are most likely to go out of business. Companies that go out of business often leave a consumer with no recourse after the consumer makes a deposit for a good or service. It also can be quite difficult for consumer agencies to track down companies that close down, even if they reopen under another name. In times of economic downturn, it can be expected that consumers' problems with companies closing will multiply.

NACAA members ranked the industries most likely to go out of business as follows:

1. Home Repair Contractors
2. Health Studios
3. Furniture Stores
4. Internet Service Providers; Travel Agencies
5. Air Conditioning/Heating; Employment Agencies; Moving Companies; Photographers; Talent Agencies; Water Purification
6. Bridal Stores; Buying Gifting Clubs; Carpet/Flooring; Dance Studios; General Merchandise Stores; Internet Auctions/Ordering; Pesticide Services

Compared to 2000 statistics on companies most likely to go out of business, home repair contractors continue to top the list. Health studios and furniture stores switched positions on the list, and Internet service providers moved up from the number five spot to number four. Travel agencies remained steady at number four for the past two years.

Interestingly, this year's list included many more types of businesses identified as at-risk for going out of business, which clearly is a reflection of a downturn in the US and global economy as evidenced by the international survey responses.

IMPACT OF FEDERAL PRE-EMPTION LAWS

NACAA members were asked whether, in the future, federal preemption of state laws would hamper their ability to address consumer issues. Federal laws that pre-empt stronger state consumer protections are frequently sought by industries that want relatively weak federal laws to provide a ceiling, rather than a floor, for consumer protections.

A majority of respondents expressed concern that, in the future, federal preemption laws will hamper their ability to address consumer issues particularly in cases where the Federal law proves to be weaker than state law. Most expressed concern in the area of **do-not-call provisions in telemarketing laws**. The Federal Trade Commission and the Federal Communications Commission are considering establishing a national Do-Not-Call program to protect consumers from unwanted telephone solicitations. A key issue is whether states will be permitted to enforce stronger state Do-Not-Call laws. Other areas of concern included:

<ul style="list-style-type: none"> • Privacy 	<p>The Gramm-Leach-Bliley law sets a weak financial privacy standard while permitting states to enact stronger protections. The banking and finance industry has expressed interest in a Federal financial privacy law that preempts stronger state rules.</p>
<ul style="list-style-type: none"> • Interstate Moving Laws 	<p>A line of cases interpreting the Carmack Amendment has held that state claims (such as those for unfair and deceptive acts and practices) are preempted, leaving state and local consumer protection agencies little that they can do. Florida and Maryland recently enacted legislation giving regulators authority to act against intrastate movers of household goods.</p>
<ul style="list-style-type: none"> • Rent-to-Own Legislation 	<p>The House of Representatives voted for a bill that would preempt state rent-to-own laws that treat these transactions as retail credit sales. The weak federal RTO bill would allow the rent-to-own lender to hide disclosure of exorbitant interest rates. Advocates expect the industry to continue to press for a weak federal preemption law.</p>
<ul style="list-style-type: none"> • Credit/Lending 	<p>Credit card marketers operate from states with no interest rate or fee caps in order to evade state credit card caps, leaving local officials with little ability to protect consumers from fee gouging. The mortgage industry is expected to press for federal preemption of strong state anti-predatory lending laws such as those passed in North Carolina and Georgia.</p>
<ul style="list-style-type: none"> • Internet 	<p>Debates about setting internet privacy rules or minimum standards for electronic commerce center on preemption of state laws in favor of federal, international or voluntary industry self-regulatory rules.</p>
<ul style="list-style-type: none"> • Pay Day Loans 	<p>Third-party lenders claim the right to ignore state usury limits by partnering with out-of-state banks that export home-state rates. Although Federal bank regulators have taken action on safety and soundness grounds against banks that rent their charters to payday lenders, storefront lenders continue to partner with federally-insured banks to make payday loans in states with small loan rate caps.</p>
<ul style="list-style-type: none"> • Airline Industry 	<p>States would like to take action against the airline industry for typical consumer protection issues such as false advertising and unfulfilled promises. However, the Supreme Court in <i>Morales vs. TWA</i> (1992) ruled that states are prevented from doing so. Only the Federal government address airline complaints through the Federal Aviation Administration and US Department of Transportation.</p>

Even NACAA members responding that Federal pre-emption laws would not be a concern stated that county offices of consumer protection need greater ability to take offenders to court and collect fines. When Federal law preempts state consumer protections, state officials want to be able to bring cases to enforce the federal law.

MOVING EXPERIENCES

While moving of household goods continued to be on the list of perennial consumer complaints during 2001, the topic did not make the top ten complaint categories listed. Perhaps consumers, feeling no relief in sight, are not filing complaints when contracting with moving companies goes sour.

In 1995 the Interstate Commerce Commission Termination Act effectively removed Federal oversight over interstate movers. The General Accounting Office reported that from 1996 to 1999 complaints on interstate moving to the Department of Transportation rose 107 percent; complaints to the Better Business Bureau rose 72 percent; and arbitration cases to the moving industry association rose 750 percent. Very few consumers—fewer than 2 percent of those that experience a major fraud—report their problem to a state attorney general or Federal agency. If consumers do complain to a state or local consumer protection agency, there is little that the agency can do. A line of cases interpreting the Carmack Amendment have held that state claims (such as those for unfair and deceptive acts and practices) are preempted.

During July 2001, the U.S. House of Representatives Subcommittee on Highways and Transit held hearings on interstate moving. NACAA submitted comments and testified at the hearing. The hearings were designed to focus on exploring potential solutions to the problems in the industry.

Three years ago the same subcommittee held hearings in an attempt to document the extent of the problems. NACAA and other organizations as well as individual consumers described the nightmare that interstate moves have become for many households. Consumers are drawn into contracts with “low-ball” estimates that vanish once the consumer’s goods are on the truck. In too many cases the movers then demand triple the original estimate—in cash—or they threaten to disappear with the family’s worldly possessions. There are numerous stories of movers inflating the price of a move with fees for unnecessary packing materials, deceptively increasing the weight of a shipment, “losing” irreplaceable personal items and irreparably damaging a consumer’s valued possessions.

Recovery for interstate moving complaints available under the Federal scheme is quite limited. As matters stand today, consumers are faced with an industry that is riddled with fraud and yet is exempt from actions seeking recovery for those fraudulent acts. The Federal agency nominally tasked with oversight of interstate movers (the Federal Motor Carrier Safety Administration—FMCSA), stated at the hearings that its primary concern was safety and that it provides no relief for individual consumers, and did not believe that should be their role.

States are beginning to enact laws that apply to intrastate movers. Florida enacted a law, effective July 1, 2002, which allows the Department of Agriculture and Consumer Services to regulate intrastate movers of household goods. The primary purpose of the act is to protect Florida residents from deceptive business practices common to some moving companies. In addition, the act is designed to protect moving companies that have a history of providing quality service to Florida residents.

Maryland also recently enacted legislation that became effective October 1, 2002 targeting moving company problems within the state. The legislative remedy prohibits carriers from filing a lien on a consumer’s goods in any situation. In the event of a contract dispute, the household goods mover

must deliver the consumer's goods as stated in the contract and, subsequently, may file a civil action against the consumer.

When asked in this survey whether current Federal, state, or local moving laws are effective in protecting consumers, the majority of NACAA members responded in the negative. Concerns expressed included:

- Very few consumers know what disclosures and services movers are obligated to provide, indicating an increased need for consumer education.
- Many movers are fly-by-night companies that are hard to track down.
- To date, some state and local laws are helpful, but provide no recourse for out-of-state moves.
- An expedited process to release a consumer's property should be developed, instead of allowing a mover to hold a person's possessions hostage to payment of an inflated bill.
- Burden should be placed on the mover to prove in court that their cost estimate should be allowed to increase after contract signing.

Needed Consumer Protections

NACAA members were asked in the survey to single out the most important new consumer protection needed. While there were few new areas identified for additional consumer protection laws, agencies emphasized the need for increased consumer and enforcement attention. During 2001, these areas included Internet purchasing, privacy/identity theft, buying/membership clubs, and home improvement contracting. NACAA members particularly seek additional enforcement authority in the area of home improvement. Among other suggestions, they had simple, but strong proposals on how to protect consumers' privacy.

Auto

- Strengthen state "lemon" laws to provide additional consumer protection with regard to purchasing used vehicles.

Credit/Lending

- Regulate credit bureaus and the practices of credit granters to reduce the incidence of consumers being listed, without being informed, as bad payers or incorrectly listed with credit bureaus.
- Prevent "cramming" when consumers are billed for goods and services without being made aware that the seller has the information necessary to charge the consumer's account.
- Strengthen laws against predatory mortgage lending, a significant problem in West Virginia due to one of the highest rates of home ownership.

Home Improvement

- Require that anyone doing home improvement work be licensed and registered.
- Strengthen penalties for violating laws/regulations.
- Provide additional resources to local consumer affairs offices for enforcement in the area of home improvement complaints.

Internet

- Protect Internet consumers who buy merchandise and never receive it.
- Establish escrows or other types of strong protection measures through government working in partnership with private Internet companies. Increase education programs and warning labels about the risks associated with purchasing from an individual seller online.

Membership/Buying Clubs

- Regulate buying clubs.
- Protect against deceptive negative option/free trial membership/up-selling schemes.
- Cover memberships in clubs under all state Consumer Protection statutes to minimize problems such as vacation and furniture club scams.

Privacy/Identify Theft

- Strengthen protection for consumer privacy, particularly of personal financial information.
- Improve consumer protections to combat the rise in cases of identify theft.
- Restrict the use of social security numbers as a means of identification to government use only.

Telemarketing

- Increase penalties for telemarketing fraud.
- Strengthen state civil laws and criminal sanctions to prevent telecommunications companies from unauthorized switching of service provider (“slamming”) and billing for unauthorized purchases (“slamming”).

Utilities

- Improve the rules related to utility bill format and content to distinguish between regulated and non-regulated products that appear on the same bill.
- Strengthen the message that regulated services cannot be disconnected for non-payment of non-regulated services.

Status of State and Local Consumer Agencies

The survey this year reveals that the trend of NACAA member agencies doing more with less continues to be standard operating procedure. On average, NACAA members handled 23 % more complaints in 2001 than in 2000 while only 26% of responding agencies reporting budget increases.

Over the last five years, the trend continues to show an increase in caseload growth compared to resource increases. Cumulative totals for the past five years show a 46% increase in caseload with only a 12% increase in budgets.

Year	Budget Changes	Caseload Growth
2001	7%	23%
2000	0%	8%
1999	1%	2%
1998	2%	8%
1997	2%	5%
Cumulative	12%	46%

The number of complaints handled and dollars recovered for consumers vary widely from agency to agency. For example, the Somerset County (NJ) Division of Consumer Affairs reported resolving 97% of consumer complaints and collecting \$294,933.12. The Wisconsin Department of Agriculture, Trade and Consumer Protection reported resolving 58% of consumer complaints and collecting \$8,780,762.00. The West Virginia Attorney General's Consumer Protection Division resolved 89% of consumer complaints and collected \$65,265,623.34.

Of the 42 agencies responding to the survey, total complaints to those agencies in the 2001 calendar year was 324,361. The percentage of these complaints satisfactorily resolved was 70%. And, the total amount these agencies recouped for consumers was \$108,808,479.41.

These statistics do not take into account the calls that agencies receive for advice and information, which usually total several times the number of formal written complaints. The value of the advice and information that consumer agencies dispense, both through their complaint lines and also through media interviews, newsletters, brochures, cable television shows, special events and other forms of public outreach is incalculable, but it is undoubtedly significant.

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

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