Twelfth Annual NACAA/CFA Consumer Complaint Survey Report

November 24, 2003

The 12th annual survey of consumer protection agencies conducted by the National Association of Consumer Agency Administrators (NACAA) and the Consumer Federation of America (CFA) reveals that automobile sales was the top complaint category at state and local consumer protection agencies across the nation during 2002. For the past five years, automobile sales has been listed among the top five areas of consumer complaints reported by NACAA members. Complaints about home improvement contractors ranked second, followed by auto repairs as the third most frequent cause of complaints.

Credit complaints moved to the fourth spot, with debt collection and billing practices in sixth place, indicating widespread consumer problems with financing. Advertising and telemarketing round out the top five categories of complaints in 2002. For the first time, complaints about use of the Internet and E-commerce made the top ten NACAA-CFA list.

NACAA is a membership organization of consumer protection agencies at all levels of government. This year's survey report is based on 43 NACAA member responses to thirty questions in an electronic survey which posed questions about their 2002 complaint records. Almost all of the sample respondents were city, county or state consumer agencies. NACAA member agencies vary considerably in size and resources. Some have only one staff members; others have hundreds. Budgets run from $750 to 18 million.

CFA is a non-profit association of 300 consumer groups, founded in 1968 to advance the consumers' interest through advocacy and education. CFA has joined NACAA in surveying consumer complaints filed at NACAA member agencies across the nation since the annual consumer complaint survey was initiated by both groups in 1992.

Top Ten Complaints

Consumer agencies were asked to list the top categories that generated the most complaints in 2002. Below is the percentage of agencies that listed each as a major complaint category.

Rank	Topic	Percent of Agencies Listing Category
1.	Automobile Sales	70%
2.	Home Improvement	67%
3.	Automotive Repairs	63%
4.	Credit	60%
5.	Advertising/Telemarketing	42%
6.	Collections/Billing Practices	26%
7-10.	Household Goods	23%
7-10.	Internet/E-Commerce	23%
7-10.	Telecommunications/Cable/Satellite	23%
7-10.	Real Estate /Landlord Tenant	23%

TRENDS IN CONSUMER COMPLAINTS

2002		2001		2000	
1. Automobile Sales	70%	1. Home Improvement	59%	1-2. Auto Sales	73%
2. Home Improvement	67%	2. Household Goods	54%	1-2. Household Goods	73%
3. Automotive Repairs	63%	3. Automotive Sales	51%	3. Home Improvement	70%
4. Credit	60%	4. Automotive Repairs	46%	4. Auto Repair	65%
5. Advertising/Telemarketing	42%	5. Credit/ Lending	42%	5. Credit/Lending	55%
6. Collections/Billing Practices	26%	6. Business Practices	32%	6. Collection	25%
7-10 Household Goods	23%	7. Services	24%	7. Utilities	20%
7-10. Internet/E-Commerce	23%	8. Telecommunications	20%	8-11. Internet	15%
7-10. Telecommunications	23%	9-12. Collections	17%	8-11. Landlord/Tenant	15%
7-10. Real Estate/ Landlord-Tenant Issues	23%	9-12. Pyramids & Business Opportunities	17%	8-11. Mail Order	15%
		9-12. Recreation & Vacations	17%	8-11. Telemarketing	15%

1999		1998	
1. Home Improvement	82%	1. Auto sales	72%
2. Auto Sales	75%	2. Auto repair	70%
3. Household Goods	66%	3. Home improvement	68%
4. Auto Repair	64%	4. Household goods	48%
5. Credit/Lending	57%	5. Credit/lending	40%
6. Utilities	32%	6. Mail order	24%
7. Mail Order	27%	7-8. Auto leasing	20%
8-9. Collection	16%	7-8. Landlord-tenant	20%
8-9. Landlord-Tenant	16%	9. Utilities	18%
10. Leisure/Travel	11%	10. Travel/tourism	16%

Five-Year Trends Summary

1. Automotive Sales*:* At the top of the list in 2002, automobile sales knocked home improvement out of the top spot from 2001 into second place. Automobiles sales have been consistently listed by consumer agencies among the top five complaint categories for the past five years. This complaint category last appeared in the number one spot in 2000. Automobile sales complaints took third place during 2001 after holding first place for three of the past four years (2000, 1998, and 1997) and second place in 1999.

Consistently in the top three, the automobile sales complaint category involves both new and used cars. Included are "Lemon Law" issues, financing/on the spot delivery issues, sales promotions and incentives, misleading advertising, undisclosed collision damage, extended service contracts and title and registration issues, such as the inability to obtain permanent license plates.

Used automobile sales complaints involve mechanical issues, warranty disclosures (including "as is" sales), misleading advertising, financing/on the spot delivery, undisclosed prior damage, title and registration issues, and terms and conditions of extended service plans

2.* Home Improvement*: In second place for 2002, home improvement contractor and repair complaints have consistently been listed within the top five complaint categories for the past five years. In 2000 and 2001, home improvement contractors were named as the type of business most likely to go out of business and most likely to reopen under another business name. Typically high in years with numerous weather conditions affecting the nation's homeowners, home improvement complaints usually include failure to use a written contract, abandonment or refusal to complete work, workmanship issues and noncompliance with building code requirements.

3. Automotive Repair: In third place for 2002**,** automotive repair complaints have consistently been in the top five categories, holding the number three spot for three consecutive years. Typical consumer complaints involve problems with manufacturers or dealers, and issues with repair (lemon laws), such as failure to repair correctly, cost overruns, and "ghost" repairs.

4. Credit: Complaints about credit- related issues moved the category from a consistent 5th place spot to 4th place in 2002. NACAA agencies reported receiving complaints involving predatory mortgage lending, credit card fees and billing, credit repair and reporting, payday loans and other forms of extremely expensive small loans. Consumers reported that companies offered credit cards or loans but required consumers to pay "processing" fees up front. Consumers reported not receiving the loan or credit card after paying the fees. (See report for further details.)

5. Advertising/Telemarketing: This year's survey included several areas of marketing, telemarketing and advertising under this general category. Telemarketing was listed last among 2000's Top Ten and has now moved in combination with advertising complaints to the 5th position for 2002. Included in this category are deceptive advertising practices, mail order fraud, business opportunities, telemarketing and buying services, deceptive sales practices, and bait and switch tactics. Also included in this category are the Do Not Call complaints from states which had already passed their own legislation in advance of 2003's Federal Do Not Call Registry.

6. Collections/Billing: The increase in the number of consumer complaints reported by member agencies stems in part from the numerous cases of identity theft and identity crime. Partly as a result of increased public education campaigns about identity theft, consumers are discovering incorrect credit reports and billing errors. Consumer agencies and hotlines are then beset with complaints from consumers about attempts to collect fraudulent debts and their difficulty in correcting erroneous billing records. This category has moved from 9^{th} place in 1999 to the 6^{th} place in 2002.

7. Household Goods*:* This category dropped from 2^{nd} place to 7th after a steady rise for the past four years from 5th to 4th to 3^{rd} to 2nd place. Household goods include big-ticket items, such as appliances, electronic equipment, home theaters, computers, home gyms and sporting equipment, furniture, as well as other retail items. Complaints involve defective goods, failure to honor warranties, refunds and deceptive advertising.

8. Internet/E-Commerce*:* Respondents listed numerous Internet/E-Commerce complaints. Total number of complaints reported by NACAA agencies pushed the category's rating from the $13\text{-}15^{th}$ place in 2001 to its first time among the top ten complaints for 2002 with 23% of respondents listing Internet/E-Commerce as a major complaint area. (See report for description of Internet/E-Commerce complaints.)

9. Telecommunications/cable/satellite: This year's survey questions and categories sought to make clear distinctions among categories that were growing so large that the actual subjects of importance may not have shown in the rankings—i.e. telemarketing and utility complaints combined with telecommunications. The 2002 category only covers complaints with cell and landline telephone service, and billing and contractual complaints along with cable and satellite telecommunications services. Also included are extended warranty plans, fees for early cancellation or termination of services, "free time" disputes, roaming charges, and an emerging area--solicitation calls to cell phone numbers.

10. Real Estate/Landlord-Tenant: Real estate and landlord-tenant complaints returned to the top ten in 2002 after not making 2001's top ten list. Home-related complaints were reported in the 8th or 9th places in 1998, 1999 and 2000. Twenty-three percent of surveyed agencies reported real estate and landlord-tenant consumer complaints as a major category. Complaints dealt with escalation of rents, zoning for single family homes, tenancy limits, due notice for eviction, rent increases, non responsiveness to repairs, safety and health issues, (including the rising incidences of black molds), and concern over the collection, use, and sharing of tenant information, such as credit reports or police records.

Other: Nearly 50% of the respondents reported tracking additional major categories of complaints, including timeshares, vacation clubs, medical services, insurance billing, apartment and home finding lists, improper disposal of documents, and complaints about weights and measures standards including short weighted or short filled packages (coffee, canned or packaged goods), inaccurate weighing and measuring (gas pumps, scales) devices, sub quality fuel allegations, and sub meter (not public utility) billing errors. Also included were trespass towing, marine sales, service and repair, hotel/motel billing, merchandise and direct sales complaints, and, listed for the first time-- immigration consultants.

Complaint Categories with Biggest Increases

Home improvement complaints were listed as the fastest growing category in 2002 by 20% of the agencies surveyed. In 2001, home improvement was also reported as the fastest growing type of consumer complaint and as the top complaint category. Complaints involved large as well as small home repair businesses. Some agencies reported the dollar value per complaint had risen as well as the number of complaints. Remedies provided by agencies included mediation, compliance inspection follow-ups and prosecutorial actions.

Telecommunications/Cell Phones complaints were the fastest growth category at 15% of respondents. Agencies reported problems with customer services as well as with cell phone and other phone service provider's customer billing practices and advertising. The largest area of complaints was with cellular phones.

Other complaint categories listed as fastest growing include Internet Auctions, Get-Rich-Quick schemes, future service contracts, and advance fee loan complaints, each listed by seven percent of respondents. (See report on Internet/E-Commerce and credit complaints.)

Worst Scams of 2002

This year's survey asked respondents to describe their worst scams for 2002 to illustrate the types of cases brought to consumer agencies. "Worst Scams" cover a variety of products and services. Several cases were multi-jurisdictional actions by state attorneys general and federal agencies.

<u>Advertising/Marketing</u>: Connecticut Consumer Protection Department issued a cease and desist order against ACME Rent-A-Car for using a Global Positioning System to track the speed of its customers and then charging a $150 speeding fine to their debit or credit cards for each time they drove more than 79 mph for two or more minutes. Use of the GPS system or amount of the speeding fee was not disclosed to consumers. The company was required to refund all speeding fines collected from consumers.

<u>Cash Register Overcharges</u>: San Diego County's Department of Agriculture reported a major case in weights and measures involving overcharges at Albertsons stores throughout California. The Department played a major role in the lengthy investigation which began in 1999. Approximately 20 complaints were received over a two-year period regarding stores in San Diego County. Fifteen counties discovered overcharges at 157 different Albertsons stores throughout the state. The corporation paid $1.85 million in penalties and costs to settle the case in late August 2002.

<u>Cell Phone Billing</u>: **Montgomery County's Department of Housing and Community Affairs, Division of Consumer Affairs** reported a case involving cell phone companies charging for nonexistent local taxes and overcharging for local and state 911 fees. Cingular and Sprint PCS admitted their charges and refunded approximately $250,000 to tens of thousands of customers. (Sprint claims the exact number of its involved customers is confidential.) After publicity on this matter, Montgomery County's reports finding additional tax and fee billing problems with these and other cell phone companies.

<u>Charity Fraud</u>: A division of consumer protection investigated the Children's Wish Foundation and found they had drastically overvalued the cost of the in-kind gifts they had distributed. The business entered into a settlement agreement in which they agreed to pay the fine and distribute at least $180,000 in in-kind gifts, via a special master, to the charities they had defrauded. The business has since distributed $218,862 of in-kind gifts.

<u>Credit</u>: In October 2002, **44 states and the District of Columbia** settled a lawsuit against Household International, Inc. and its subsidiary companies which alleged predatory lending practices, including higher-than-promised interest rates, prepayment penalties, and misrepresentation of fees. The states also alleged that some consumers were trapped in costly mortgage loans with payments that had risen so dramatically that they risked, and in some cases did, lose their homes. The total settlement was worth $484,000,000 in financial restitution by Household International, who also agreed: to limit prepayment penalties on current and future loans to only the first two years of the loan; ensure that new loans actually provide a benefit to borrowers prior to making the loans; limit up-front points and origination fees to five percent; reform and improve disclosures to consumers; reimburse states to cover the costs of the investigations of Household's practices; and eliminate "piggyback" second mortgages.

Elder Fraud: **New York's Ulster County District Attorney's Consumer Fraud Bureau** reports that the Kingston Adult Residence defrauded more than $1.3 million from 19 frail and elderly consumers. Their investigation led to civil action by the New York Attorney General and criminal action by the **District Attorney**. The Attorney General's case won civil fines in excess of 1.3 million and the District Attorney's case won jail terms for the perpetrators.

Internet Fraud: Saskatchewan's Department of Justice, Consumer Protection Branch reported that a Regina- based business was offering sports camps, (hockey, soccer and volleyball) via the Internet to US residents in various locations throughout the country. The company ceased operations and left several residents of the United States claiming that they did not receive the sports camp contracted for, nor did they receive any refund. The Consumer Protection Branch and the business owner signed a Voluntary Compliance Agreement on November 26, 2002. The agreement required the business owner to pay all claims which had been filed with the Consumer Protection Branch, and any future claims that are filed respecting sport camps that are deemed valid. To date, the Consumer Protection Branch has forwarded $16,536 (Canadian Funds) to US residents. The owner of the former business continues to comply with the Voluntary Compliance Agreement.

Membership/Buying Clubs/Advance Fee Loans: **Virginia's Department of Agriculture & Consumer Services, Office of Consumer Affairs** reported continuing to receive consumer complaints over a two-year (2000-2002) period (total: 684) involving the American Savings Discount Club (ASDC), a membership club located in Portsmouth, Virginia, that promised loans and buyers club memberships to consumers with poor credit. ASDC was sued on a variety of charges involving fraud and deception 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 2001, 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. Additional settlement for 2002 cases is pending in Federal court.

"Non-profit" Credit Counselors: **Montgomery County's Department of Housing and Community Affairs, Division of Consumer Affairs** reported that their worst scam was "non-profit" firms operating as a marketing front for related back-office processing firms. These firms operate for profit; much of the non-profits' revenue is funneled to that source. These firms provide little or no true credit counseling and operate more as a collection agency though disguised as a charity. They obtain payments from consumers, skim a percentage off the top and send the remainder to VISA and MasterCard banks. These 'non-profit credit counselors' frequently fail to disclose material facts to consumers. Major players in this industry are or were located in Maryland: Ameridebt (Debt Works) and Genus Credit Management (Amerix). Since then, the Maryland legislature has passed a bill to regulate the industry. Montgomery County has given presentations at several national industry and consumer protection conferences and provided information to the Federal Trade Commission, IRS, the US Senate Permanent Investigations Committee, several Attorneys General offices, private consumer attorneys, state regulators, and many news media reporters. They have also coordinated with the National Consumer Law Center and the Consumer Federation of America to highlight the problems in this industry.

<u>Telemarketing</u>: Access Resource Services, Inc., parent company of the Psychic Readers network ("Miss Cleo," a colorful tarot reader) settled complaints from consumer protection officials in **Tennessee, Kansas, Illinois, Indiana, Pennsylvania, and Wisconsin** who had filed suit charging deceptive practices in the provision of telephone psychic services. States charged that Access Resource Services violated laws by billing customers who did not receive psychic services, advertising but failing to provide a free reading, telling consumers that 1-900 calls are free, allowing minors to access the service, and continuing to call consumers after the consumers told them to stop. The company agreed to pay restitution to consumers who were improperly charged but paid due to collection efforts and to cancel any unpaid bills for services it failed to provide. According to company records, outstanding bills amounted to about $15,900,000 since January 1998.

MOST SERIOUS CREDIT- RELATED CASES

Since credit-related issues continue to rank among the top ten complaints reported by consumer agencies, the survey asked respondents to cite the most serious credit-related scams they received during 2002. Some scams involved hundreds of people in one state over a two- year period, while others reached across jurisdictional lines in joint enforcement cases. Some scams targeted young families with poor credit, while others searched out the elderly.

<u>Advance Fee Credit Card:</u> Georgia Governor's Office of Consumer Affairs reported it received approximately 1200 complaints against Georgia-based Global Finance and Lenox Capital, both advance fee credit card companies with similar facts. The average amount collected from consumers per month exceeded 1.5 million dollars. The case was referred for criminal prosecution.

<u>Credit Card</u>: Orange County's Consumer Fraud Unit reported a scam involving Comcard America with offices in Orlando, Florida and in Georgia. Consumers received a postcard stating they had been approved for a Gold Card with a high limit of $4000 to $7000. When consumers called the telephone number on the postcard, the solicitors implied it was a Visa or MasterCard. Some consumers received a gold card and a catalog to order products only from the catalog. Some consumers received nothing. Number of complaints totaled 234 with an approximate total loss of $46,000. Total restitution to consumers after mediation with Orange County's Consumer Fraud Unit office was $45,000.

<u>Credit Repair</u>: Maryland Attorney General's Office, Consumer Protection Division ordered an unlicensed Baltimore company, Fresh Start Financial Services, Inc., to pay a $164,500 penalty for offering credit repair services that were ineffective and illegal to consumers. Fresh Start was accused of failing to notify consumers of their rights under the Maryland Credit Services Businesses Act and the federal Credit Repair Organizations Act. Fresh Start promised to remove accurate negative information from consumers' credit reports. Although state and federal law prohibits credit repair companies from charging or accepting advance payment for their services, Fresh Start charged $150 retainer and a month $75 fee for services before they were rendered.

In another **Maryland case, the Attorney General's Consumer Protection Division** found that Omega Credit Restoration Services and its president violated state and federal law by offering to remove negative but accurate credit information from consumers' credit records and advising consumers to obtain new credit identities. The company also violated state and federal law by failing to adequately advise consumers about their credit rights, offering credit repair services that they knew would be ineffective in repairing credit histories and collecting money before performance of services. Consumers who bought credit repair services from Omega paid an average $360 or more to have their credit records "repaired."

<u>Co-signor Abuses</u>: **West Virginia Attorney General's office** settled a debt collection case against Conseco Finance Servicing Corporation of St. Paul, Minnesota, with $129,000 in debt relief and restitution to dozens of West Virginia consumers. Investigations found that co-signers' names were listed on sales and title documents for mobile homes, without notice before signing. The Attorney General's office found that the company's debt collection agents harassed consumers over the telephone and used heavy-handed tactics to force them to voluntarily abandon their mobile homes without going through the judicial process.

<u>Mortgage Lending:</u> **Pennsylvania's Attorney General's Office, Bureau of Consumer Protection** also reported that a case against Household International, Illinois, resulted in a Consent Petition signed with $29,491,120 awarded in restitution and $100,000 in costs of investigation. **Arizona's Attorney Generals' Office of Consumer Protection & Advocates Section** also reported the Household Finance multi-state settlement as a significant credit case for 2002. (Note Household International listing under Worst Scams.)

<u>Payday Lending</u>: **Oregon's Department of Justice and the Department of Consumer and Business Services** filed a lawsuit against A-1 Cash Advance, an unlicensed payday lender. The company and its officers were accused of illegally collecting interest on hundreds of short-term loans at four to five hundred percent interest. A-1 Cash Advance filed 153 cases against its customers for delinquent loans and advised borrowers not to list loans when filing for protection under the federal bankruptcy laws.

<u>Predatory Mortgage Lending</u>: **Attorneys General from Arizona, California, Florida, Illinois, Massachusetts; New York State Banking Department, Federal Trade Commission, AARP** and attorneys representing private class action plaintiffs settled a predatory lending case against First Alliance Mortgage Company of Irvine, California and corporate officers for a $60 million fund to compensate defrauded consumers. First Alliance was accused of luring senior citizens and consumers with poor credit records to buy expensive mortgages. In many cases, consumers paid up to 23 percent of the value of loans in hidden closing costs and fees which were financed as part of their loans. First Mortgage failed to disclose that initial "teaser" rates on adjustable rate mortgages would automatically increase every six months and were alleged to offer loans to borrowers without regard for ability to repay the loans.

Most Common Internet/E-Commerce Complaints

The survey asked agencies to report the top five categories of Internet/E-Commerce complaints received during 2002. NACAA agencies reported receiving the most complaints in the following categories: (1) merchandise ordered over the Internet; (2) Internet auctions; (3) Internet service providers (ISP's); (4) purchase of credit, loans and mortgages over the Internet; and (5) business opportunities presented as work-at-home, get-rich quick or multi-level-marketing.

<u>1. Merchandise ordered over the Internet</u>: Buying products and services online led to complaints about misrepresentation of goods offered for sale, failure to deliver or late delivery of purchases. Some consumers fell victim to elaborate schemes using falsified or stolen certified checks as a method of payment. The perpetrator of these frauds was often in another country or successfully masked their location by a network of contacts.

2. Internet Auctions: 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 2002. Indeed, 35% of survey respondents reported this as a common Internet consumer complaint. In these types of cases, NACAA member agencies reported reviewing complaints and collaborating with law enforcement agencies to investigate criminal activities.
Montgomery County's Department of Housing and Community Affairs, Division of Consumer Affairs reported the most common type of Internet complaints processed this past year involved individual consumers (not businesses) selling merchandise through on-line auction transactions. Dollar amounts per occurrence ranged from $17-$8,868 cumulative (for one case) to date. Action taken included referrals to the state and local police, and to federal agencies with specific jurisdictions, such as the United States Postal Service, and the Department of the Treasury (Secret Service).

3. Internet Service Providers (ISP's): Complaints naming Internet service providers (ISP's) have increased with billing issues and account practices being questioned. Complaints citing failure of the ISP's to close accounts and discontinue service were notable during this period. The increased popularity of online auctions combined with the nature of the transactions has made this a ready-made medium for fraudulent transactions.

4. "On-line" Sale of Credit, Loans, and Mortgages: Consumers filed complaints about credit offers marketed through email and financial services arranged online. Frequently unsolicited commercial email offers advance fee credit cards and other bogus card offers. Advance fee loan scams promise loans if consumers pay application and other fees up front.

5. Business opportunities: Get rich quick, work-at-home, and multi-level marketing: NACAA agencies reported receiving complaints involving online marketing of a wide variety of Get Rich Quick schemes and business opportunities. The notorious Nigerian 419 spam continues to clog consumers' email boxes. Named after the section of the Nigerian criminal code that addresses such scams, the perpetrators drain victims' bank accounts to help a desperate person spirit money out of a foreign country, citing bequests, oil deals, or family fortunes. Victims are asked to send money or provide a bank account number to help temporarily move a fortune out of the African country. Victims send money or provide account numbers until they quit, run out of money, or catch onto the scam. **The Florida Department of Banking and Finance** reports these scams as the fifth largest industry in Nigeria, accounting for over $5 billion in illegal income for the scammers.

Status of State and Local Consumer Agencies

NACAA/CFA's 12th Annual Consumer Complaint Survey questioned agencies on the number of complaints received and restitution won for consumers, changes in caseload from the prior year, the status of agency budgets in 2002, and changes made in agency staffing and services as a result of budget pressure. This report documents that NACAA member agencies continue to do more consumer protection with proportionately fewer resources, yet return millions to consumers in restitution. The report's findings also demonstrate that the sharp increase in complaint volume reported last year was the start of a trend.

Agencies Recover Millions for Consumers

The survey collected data on the number of complaints filed, the number successfully resolved for consumers, and the dollar value of restitution returned to consumers. Respondents reported that the total amount recouped for consumers through complaint mediation, enforcement cases, and regulatory action in 2002 was almost $130 million, an increase of 18% over restitution reported in last year's survey. Of the 43 agencies responding to the survey, total complaints filed with those agencies in the 2002 calendar year was 309,227.

During 2002, the number of complaints handled and dollars recovered for consumers varied widely from agency to agency. For example, **Maine's Office of Consumer Credit Regulation** with a staff of 4 reported resolving 95% of their state's consumer complaints and collected $154,751. **Cape May County, New Jersey, Department of Consumer Affairs Division of Weights and Measures** with a staff of three reported a 92% satisfactory complaint record with value to consumers of $65,443. **The Consumer Protection Division of the Office of the Attorney General of Maryland** returned $3,808,330 to consumers and resolved 60% of the complaints filed. **West Virginia's Consumer Protection and Antitrust Division** satisfactorily resolved 43% of its complaints, returning $75,306,629 to consumers.

The percentage of 2002 complaints satisfactorily resolved by respondents was around 80%, up from 2001's figure of 70%. Several agencies reported that budget situations forced them to refer rather than handle some cases; others, such as **Florida's Department of Agriculture and Consumer Services** reported their legislature repealed the law that mandated the agency serve as the state's complaint clearinghouse**.** As a result, that agency can no longer mediate on behalf of consumers for areas over which they no longer have jurisdiction.

Trends in Growth of NACAA Agency Workload and Budgets

Over the last five years, NACAA/CFA's survey findings continue to show an increase in caseload growth in contrast to minimal increases in resources. Fifteen percent of agencies responding this year reported a decrease in budget for an average of 8.9% reduction over the prior year. Eighty-five percent of agencies reported modest budget increases or no change in budget. In 2002, 75% of agencies reported changes in staffing as a result of budget pressure with a two percent total staff loss over 2001 staff levels of agencies responding to the survey.

During 2002, complaint caseloads grew 23% at consumer protection agencies surveyed. Combined with the 23% increase in 2001, the survey shows escalating public demand for help with big-ticket consumer complaints and new technology transactions. Since 1997, caseload has grown 69%, compared to only 16% cumulative budget increase.

Year	Budget Changes	Caseload Growth
2002	4%	**23**%
2001	7%	23%
2000	0%	8%
1999	1%	2%
1998	2%	8%
1997	2%	5%
Cumulative	16%	69%

Agencies Cut Back as Resources Lag

This past year's state budget woes and staffing cuts affected all but two member agencies adversely, resulting in cuts in staff, services, or programs. For example, one agency reported cutting back on its Child Passenger Safety Program and training 30% fewer child passenger safety technicians. Another agency reported losing 10 positions - attorneys, paralegals, secretaries and investigators - from its Consumer Protection and Advocacy Section. And a third larger agency reported that in 2002, its state legislature repealed the law regarding the agency's mandate to act as the state's complaint clearinghouse. As a result, the agency no longer has the authority or resources to mediate complaints against businesses that it does not now regulate.

As a result of these staff limitations, 15% of agencies reported changes in criteria for accepting consumer complaints. In some cases, agencies have had to discontinue important consumer complaint programs and services, such as consumer education, outreach and interagency networking, program development and professional development activities.

New York's Suffolk County reported they are forced to refer out many more complaints to other agencies where in the past they would have attempted to mediate disputes in-house. **San Francisco's District Attorney's Office of Consumer and Environmental Protection** reported referring consumers to other jurisdictions where the problems occurred even though they may be San Francisco residents. In the past, this practice was done on a case by case basis**. Colorado's 1st Judicial District Attorney's Office, Consumer Fraud & Economic Crime Unit** reported taking only complaints that happen multi-jurisdictionally. Single venue complaints are referred to the local police and sheriff's offices. In addition, because county attorneys do not believe that theft laws cover Internet complaints, they have declined all Internet complaints.

Agencies Serve Consumers through Advice and Information

Complaint statistics alone do not take into account the thousands of calls that agencies receive for advice and information, which usually total several times the number of formal written complaints. For example, the **Virginia Department of Agriculture and Consumer Services'** Hotline Telephone Counselors take in an average of 50,000 calls a year compared to an average of 5,000 written complaints.

The value of the advice and information that consumer agencies dispense through their complaint hotlines and through their consumer assistance websites, media interviews, newsletters, brochures, cable television shows, special events and other forms of public presentations, inter-agency collaborations and outreach is incalculable. However, the value of the written complaint remains the nation's most potent proof of needed consumer protection.

Both CFA/NACCAA stress annually in this report that every complaint that a consumer can 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.