

PS COMMITTEE #1
February 18, 2010

MEMORANDUM

February 16, 2010

TO: Public Safety Committee

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

SUBJECT: Quarterly Update -- Office of Consumer Protection

Today, the Committee will receive an update from the Office of Consumer Protection (OCP) on its current initiatives and future plans. The following are expected to brief the Committee:

Eric Friedman, Director of the Office of Consumer Protection
Evan Johnson, Administrator, OCP
Marsha Carter, OCP

OCP STAFFING AND VOLUNTEERS

As the Committee is aware, OCP staff has been cut in each of the past three fiscal years, reducing total staff size from 24 positions in FY07 to 18 positions in FY10. In an attempt to maintain the same level of service, OCP has increased its use of college interns and volunteers. It is now registered with the University of Maryland internship placement program, and several college interns and graduate school interns are working at OCP. OCP has also registered to receive volunteer service from high school students through the County's Community Service Program. In addition, OCP receives support from a team of retired professionals and Spanish speaking volunteers. **The Committee should understand what impact this is having on service and whether OCP has plans in place to handle any future staff reductions, either through possible budget cuts or normal attrition. Are there any particular areas where service delivery is a problem?**

COUNTYSTAT QUARTERLY PERFORMANCE UPDATE

CountyStat issued a quarterly performance update for the Office of Consumer Protection. Performance improved in three of five areas, including: (1) the percentage of restitution asked for by the consumer, from 89.8% to 95.2%; (2) the percentage of the Commission on Common Ownership Communities (CCOC) cases resolved through mediation, from 17.8% to 36.8%, and (3) the percentage of news releases that receive media coverage increased from 50% to 100% for the quarter. Two major performance indicators show a decrease in performance: (1) case resolutions fell from 75% to 64.5%, and (2) the average number of workdays to investigate and close a written complaint increase slightly across the board. OCP has an internal goal of closing cases within 64 days and all cases other than the \$1,001 to \$5,000 category still met that goal. (Report attached at © 1-2).

CURRENT CONSUMER ISSUES

Water Line Service Contract Solicitation

OCP, the Washington Suburban Sanitary Commission (WSSC), and Rockville City's water utility are receiving various inquiries from consumers who have received a direct mail solicitation offering a water line protection service contract. Many consumers are confused or upset by the solicitation, which gives the false impression that the company offering these service plans is affiliated with the utility company. OCP has posted a fact sheet on its webpage and the company has posted a clarification on its website as well. (See attachments at © 3-4).

Current Major Investigations

OCP is investigating the deceptive trade practices of several air duct cleaning companies. These companies solicit business through the use of coupons offering to clean heating and air conditioning duct systems for a low price. They make exaggerated claims about health benefits of such services and have misrepresented that consumers were in danger if services were not completed. The local NBC TV news station produced a "hidden camera" report regarding one of these companies and OCP anticipates signing a Settlement Agreement or initiating legal action.

OCP is also investigating companies against a septic system firm regarding the installation of septic tanks and drain fields in conjunction with Maryland's Bay Restoration Fund. The program provides grants for upgrading septic tanks; however, the availability of funding may have unintentionally resulted in businesses engaging in deceptive and overreaching sales techniques. OCP is working with the State and the County Department of Permitting Services.

COMMISSION ON COMMON OWNERSHIP COMMUNITIES (CCOC)

Bill #42-09 has been introduced to update and revise the CCOC law. In addition, after 19 years, the City of Rockville has voted to adopt the County's CCOC law to provide coverage to

COCs within the City of Rockville. The Commission is developing a training and education program to assist COCs with their smooth operation

AUTO REPAIR SHOP INVOICE PROJECT

OCP is revising its model auto repair invoice to comply with new State laws. It licenses auto repair shops in the County, and provides a model repair invoice to enable repair shops to comply with County and State regulations.

ENERGY AND ENVIRONMENTAL ADVOCACY

OCP continues to work with cases before the Public Service Commission in order to advocate for the County's interests in obtaining the lowest possible utility rates consistent with environmental stewardship. PEPCO has recently filed a case to raise its rates, including raising the fees for street light maintenance. OCP is collaborating with the County's Department of Transportation on this matter.

OCP has also taken action regarding misleading advertising and direct mail solicitations by non-regulated businesses offering utility-related services. OCP has relied extensively on the expertise of an industry expert to provide the technical assistance necessary regarding these activities.

ANNUAL REPORT

OCP published its Annual Report of FY09 and is primarily distributing the report electronically due to budgetary constraints (see ©7-18). A separate Annual Report outlining OCP's action regarding energy and environmental advocacy was previously issued electronically for FY09 (see ©19-22).

<u>This packet includes the following:</u>	©#
CountyStat Performance Measures for the second Quarter of FY10	1-2
Home Service Alert	3
Home Service Clarification on Webpage	4
Draft Auto Repair Invoice	5-6
OCP Annual Report FY09	7-18
OCP Energy and Environmental Advocacy Annual Report FY09	19-22

COUNTY STAT 2ND QUARTER UPDATE

Measure Text	Current Value	Previous Value
Restitution received as a percent of restitution asked for by the consumer and validated by the assigned OCP case investigator	95.2%	89.8%
Average OCP customer satisfaction rating - Manner in which the customer's case was handled (1-4 scale) based on customer satisfaction survey	tbd	3.40
Average OCP customer satisfaction rating - Outcome of the customer's case (1-4 scale) based on customer satisfaction survey	tbd	3.40
Average time in workdays to investigate and close a written complaint: (<\$100)	60.00	58.40
Average time in workdays to investigate and close a written complaint: (\$101 - \$1,000)	59.00	55.30
Average time in workdays to investigate and close a written complaint: (\$1,001 - \$5,000)	68.00	53.30
Average time in workdays to investigate and close a written complaint: (>\$5,000)	31.00	32.90
Average time in workdays to investigate and close a written complaint: (\$NA)	37.00	32.9
Percent of OCP-initiated consumer protection cases closed that are resolved by OCP	64.5%	75.0%
Media Coverage - Percent of news releases receiving media coverage, including print news, television and radio.	100.0%	50.0%
Media Coverage - Number of times media outlets, including print news, television and radio, seek out OCP's expertise	5.00	5.00
Percent of Commission on Common Ownership Communities (CCOC) cases resolved through mediation	36.8%	17.8%
Percent of consumers using OCP services who found out about the office through the County website (as reported by the consumer to OCP at the time of intake)	33.9%	28.1%
Percent of consumers using OCP services who found out about the office through a newspaper article (as reported by the consumer to OCP at the time of intake)	1.3%	1.4%

Percent of consumers using OCP services who found out about the office through a friend or family member (as reported by the consumer to OCP at the time of intake)	21.6%	20.6%
Percent of consumers using OCP services who found out about the office through referral by another agency (as reported by the consumer to OCP at the time of intake)	12.3%	11.0%
Percent of consumers using OCP services who found out about the office through a television program (as reported by the consumer to OCP at the time of intake)	1.7%	0.0%
Percent of consumers using OCP services who found out about the office through a radio announcement (as reported by the consumer to OCP at the time of intake)	1.7%	0.7%
Percent of consumers using OCP services who found out about the office through "other" (as reported by the consumer to OCP at the time of intake)	27.5%	38.4%

Home Service USA – Direct Mail Solicitation

We have been receiving telephone calls from consumers who have received an advertisement in the mail for a service contract to provide coverage for breaks in the external water service line from the street to the house. The following information is provided to address the questions we have been receiving:

Is this company affiliated with WSSC or the Rockville City Water Utility?

No. Home Service USA is affiliated with some utility companies in other states but not in Maryland. Home Service posted a clarification on its webpage: <http://www.hsusacorp.com/media/index.asp>

What is the coverage for?

This firm is offering a service contract known as an external water service line protection plan. It provides some coverage for emergency breaks in the external water service line generally between the curb/street to the point at which the water line enters your home (slightly different for properties that have wells).

How much coverage is provided?

Coverage is for up to \$3,000 per service call for the cost of repairing or replacing burst or leaking water service lines. If it costs more than \$3,000 to make the repair, you would have to pay the difference.

Are there any exclusions?

Yes. Some of the coverage exclusions include the following:

- Does not apply to breakdown caused by a condition which existed prior to the effective date of the service agreement.
- Does not apply to breakdown caused by improper maintenance or lack of maintenance.
- Does not cover costs associated with reinstatement of hard or soft landscaping (including driveways, pathways, walls, patios, decks, flowerbeds, trees and lawns).

Who is eligible?

Coverage is available for residential properties that are 5,001 sq. feet or less. Coverage is not available for mobile homes, recreational vehicles, multiple unit dwellings, commercial buildings, or any residential home over 5,001 sq. ft.

When does coverage begin?

There is a 30-day period at the start of the contract before you can make a service call. The coverage term is for one year. (Because of the initial 30-day waiting period, in the first year of enrollment there is only 11 months of actual coverage.)

Is there a limit to the number of service calls covered?

Yes. The contract only allows for two service calls per coverage term, with a maximum coverage amount of \$3,000.00 for any one service call.

Are you required to use a particular contractor?

You must contact Home Service directly in the event of a problem. They will send a licensed plumber. Home Service will not pay for any services performed without their prior approval.

Home Service Clarifies Confusion Caused by Recent Direct Mail Offer

"Recently, some area homeowners received a mailing from Home Service USA offering the opportunity to enroll in a program that protects homeowners from the expense and inconvenience to repair a leak in their underground water service line.

The mailing was designed to be customized for each community, but it has become clear to us that some people have misinterpreted our mailing, and for that we apologize to these homeowners and local officials.

Our offering is completely optional and is not affiliated with the local water provider or municipality.

Home Service USA has stopped using these mailing materials and has taken steps to make sure this does not happen again the future. The response from this mailing should not take away from the fact that the Home Service program has proven to be an excellent way to provide peace of mind to homeowners. Leaking or broken water service lines can be a serious and expensive problem and not typically covered by homeowners insurance. Home Service offers a 24-hour emergency hotline and service by contractors that are licensed, insured and pre-qualified from the local communities we serve to quickly respond to these emergencies.

Home Service began offering these products in 2003 and currently has more than 700,000 in place across the country. Ninety-seven percent of customers surveyed following a repair have rated the company's service 'good' or 'excellent.' Up until this incident, Home Service was accredited by the Better Business Bureau and was rated "A" by the agency.

Homeowners that have any questions are encouraged to call Home Service toll-free at 877-444-7750 for more information. We appreciate the opportunity to clarify this situation and look forward to serving the homeowners of the community."

(4)

Montgomery County
Office of Consumer Protection
100 Maryland Avenue, Room # 330
Rockville, MD 20850
240 - 777 - 3636

INFORMATION FOR REPAIR FACILITIES

Both State and County law require you to give the customer a written invoice showing the work you have performed on a motor vehicle. You must provide the invoice even if there is no charge for the work. The law also requires the invoice to contain certain information.

Below is a sample invoice containing all of the information required by law. You can use it as a model, but your invoice does not have to look exactly like our sample. You can change the size of the invoice and the location of each item, but the disclosures must be clear and conspicuous and all legally-required information must be included.

On the sample, there are letters of the alphabet that correspond to sections of the law at right. For example, the letter E next to "Customer Rights" on the invoice corresponds to the letter E in the KEY TO THE INVOICE. Here, you'll find a summary of the law requiring the invoice to have a separate section called "Customer Rights". The KEY TO THE INVOICE has plain language summaries of the motor vehicle repair laws, with additional explanatory information. The summaries are followed, in parenthesis, by citations that tell where each section appears in County or State law. To request a copy of the law, please call us at 240 - 777 - 3636.

AUTO REPAIR INVOICE

A You must disclose whether you charge for labor by the clock hour or use the flat rate method. If by the clock hour, the invoice shall itemize the labor charges and also state:

* Time spent on each service

* Labor cost of each service

* Total time and labor charges
(County Code 31A-11(a)(5) and (6))

B Every final invoice or work order shall specify any express warranty of parts or workmanship. If you place any limitations on the warranty, such as "Customer must return to this shop for all warranty repairs", the limitation must also be disclosed in writing on the repair order. (County Code 31A-11(a)(9))

C The final invoice shall contain:

*The name, initials, or number of the mechanic or mechanics;

*The registration number of the shop

*A statement that the repairs charged for were needed and were performed.

(County Code 31A- 11(a)(7))

D The invoice must specify if any used or rebuilt parts were supplied. If so, those parts must be clearly identified. (County Code 31A-11(a)(2))

E The auto repair invoice must have a separate section with the heading "Customer's Rights". This section must be prominently displayed and contain the information listed in F through I below. (MD Com. Code 14-1008(a), (b))

F You must give every customer, upon request, a written estimate for repairs costing more than \$25.00. You may charge a reasonable fee for making the estimate provided you (1) need a reasonable time for diagnosing the problem, and (2) disclose the fee prior to making the estimate. You may not charge the customer for the estimate unless you disclose the fee beforehand.

G You cannot exceed a written or verbal estimate by more than 10% without the customer's authorization. If the actual charges for the repairs or maintenance will exceed the total written or oral estimate by more than 10%, you must immediately notify the customer.

You can notify the customer by telephone, telegram, mail or written notice of the new estimated charges. The customer may then authorize the new estimated charge or cancel the order for repairs. You must confirm that authorization or cancellation in writing, and this can be done on the repair order. You should note

the name of the person you talked to, the date, the time, and the new estimated charge. If the customer cancels the repair, you must release the unrepaired or partially repaired motor vehicle as soon as possible. It must be in a condition reasonably like you received it (unless it is impossible to reinstall removed parts). You are allowed to charge the customer for any reasonable repairs or services you have performed. (County Code 31A-10(c)).

H You must return all parts to the customer unless (1) you are required to return them to the manufacturer or distributor under a warranty agreement or (2) the customer gives you oral or written consent to dispose of them. If a customer wants parts with a core charge returned, you can require the customer to pay the core charge before you return the parts. (County Code 31A-13)

I You must get the customer's consent to charge them for repairs that he or she did not originally authorize. (MD Com. Code 14-1008 (a)(3))

J You may charge the customer for additional repairs only if you receive the customer's written or oral permission. (MD Com. Code 14-1006).

K All repair and maintenance work done by you or your employees shall be recorded on an invoice describing all services or work performed, all parts supplied, and the exact charge for each part or service. (County Code 31A-1(a), (MD Com. Code 14-1003))

L The invoice must include the part numbers of all parts replaced or installed. (County Code 31A-11(a)(3)).

M The invoice shall state the name and address of the owner, and the motor vehicle's year, make, tag number, and odometer reading. (County Code 31A- 11(a)(11)).

N Upon request, you or your employee shall give the customer a written estimated completion date for repairs or maintenance, or disclose in writing that you cannot determine a completion date. You will not be liable for breach of the written estimated completion date if a delay is caused by an act of God, strike, unexpected illness, or unexpected shortage of labor or parts. (County Code 31A-12)

O Every final invoice shall contain the customer's instructions or description of the vehicle's symptoms and the shop's diagnosis of the problem(s). County Code 31A-11(a)(9)).

P The final invoice shall be signed by the repair shop owner, manager, or an authorized representative. That person shall verify that the motor vehicle has been test driven when needed and that, in his or her opinion, the mechanic's work was performed satisfactorily. (County Code 31A-11(a)(8)).

Q There are two new required statements that must appear on all estimates and repair authorization forms under State law. (MD Com. Code 14-1003(d)(e)).

MONTGOMERY COUNTY, MARYLAND
OFFICE OF CONSUMER PROTECTION
ANNUAL REPORT: FY 2009



Ensuring Integrity in our Marketplace

WWW.MONTGOMERYCOUNTYMD.GOV/CONSUMER

100 MARYLAND AVENUE, SUITE 330

ROCKVILLE, MD 20850

240-777-3636

TABLE OF CONTENTS

ABOUT THE OCP	2	COMMISSION ON COMMON OWNERSHIP COMMUNITIES	7
MESSAGE FROM COUNTY EXEC.	3	COUNTY STAT PERFORMANCE MEASURES	8
COMPLAINT RESOLUTION	4	NUMBERS AT A GLANCE	8
LEGAL ACTION	5	COMMUNITY OUTREACH & MEDIA COVERAGE	9
ENERGY & ENVIRONMENT REPORT	6	AWARDS & FEEDBACK	10
COUNCIL COLLABORATION	6	OCP SPOTLIGHT	11
ADVISORY COMMITTEE ON CONSUMER PROTECTION	6	OCP STAFF	11
LEGISLATIVE ADVOCACY	7		

ABOUT THE OFFICE OF CONSUMER PROTECTION

The mission of the Office of Consumer Protection is to enforce consumer protection laws prohibiting unfair and deceptive business acts or practices in order to ensure a fair marketplace for consumers and businesses. Activities include complaint resolution, law enforcement, education, legislation, advo-

and many other consumer transactions. We enforce several consumer protection laws and have the authority to execute settlement agreements, issue civil citations and subpoenas, conduct administrative hearings, and initiate legal action through the County Attorney.

and many other consumer transactions. We enforce several consumer protection laws and have the authority to execute settlement agreements, issue civil citations and subpoenas, conduct administrative hearings, and initiate legal action through the County Attorney.

OCP also licenses new home builders, auto repair shops, towers, appliance repair firms, and secondhand property dealers.

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



Operations Administrator Marsha Carter



**Ensuring Integrity
 in our Marketplace**

MESSAGE FROM MONTGOMERY COUNTY EXECUTIVE ISIAH LEGGETT

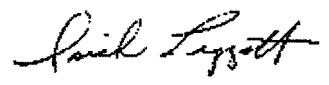
President Barack Obama and members of Congress have called for the creation of a new federal Consumer Financial Protection Agency to address widespread concerns in our marketplace regarding financial products. Federal legislation was recently enacted regarding deceptive credit card practices.

Consumer protection was consistently on the front pages of the news this past year. We are fortunate in Montgomery County to have a local consumer protection office to address the needs of our residents and to collaborate with state and federal agencies. In addition to resolving individual consumer disputes and ensuring integrity in our marketplace, the Office of Consumer Protection (OCP) interacts with other regulatory agencies and with elected officials to promote changes in our marketplace which will benefit both consumers and businesses.

I am proud to report once again that the Office of Consumer Protection is the recipient of a National

Association of Counties Achievement Award this year. OCP worked with the Police Department to create an online training video for police officers who may be the first to respond to a situation involving a consumer dispute.

My administration is dedicated to providing responsive and accountable government services which contribute to a strong and vibrant economy and vital living for all residents. OCP has worked hard this year, despite limited resources, to meet these standards. I look forward to addressing the challenges in the coming year.



Ike Leggett
County Executive





Investigator John Lewis (right) stands with consumers who worked with OCP to get the refund they deserved.

COMPLAINT RESOLUTION

Costly Auto Repairs: Residents of Montgomery County who experienced problems getting their cars properly repaired benefited greatly thanks to the technical expertise of OCP staff. In FY 2009, OCP hired an investigator who is an ASE certified automotive technician. His credentials and vast mechanical knowledge enabled OCP to investigate and negotiate resolutions to repair complaints saving consumers thousands of dollars.

Repair Damage: A Rockville consumer took her car to a tire store for 4 new tires. The merchant initially told her that 2 of the wheels onto which the new tires were mounted were previously cracked, and that the consumer

would therefore also have to purchase 2 new wheels. The consumer suspected that the tire store actually damaged the wheels while they were trying to install the new tires. After extensive inspection and measurement by OCP's auto expert, we were able to document that the damage to the wheels was, in fact, caused by the tire store. The merchant's insurance carrier sent an adjuster who reviewed the evidence prepared by OCP's expert and concurred with our findings. This resulted in a full refund to the consumer, including towing charges. The consumer happily received a refund check of over \$500 for charges she should not have paid, thanks to the ability of OCP to render technical assistance.

Engine Overheated: A Rockville consumer's engine overheated and caused the engine to fail on a vehicle that was only 4 years old. The manufacturer initially declined to replace the engine under warranty, taking the position that the coolant overflow bottle contributed to the engine failure, and that the warranty coverage had expired on that part. The consumer's position was that he had properly maintained the vehicle, and that the coolant overflow bottle was not the primary cause of the engine failure. OCP's auto expert inspected the vehicle and consulted with the dealership's service manager and the manufacturer's representative. Based upon these discussions, the manufacturer agreed to cover the cost of a new engine, thus saving the consumer \$4,779 in repair charges.

Runaway Wheel: A Silver Spring consumer brought his car to a national chain repair shop to rotate the tires and align the front end. While driving home from the repair shop, the left rear wheel fell off the car. Luckily, the consumer was not injured, and the vehicle was towed back to the repair shop where the problem was supposedly repaired. However, the consumer noticed that the vehicle did not operate properly and took the car to a dealership for inspection. The dealership identified that 11 items were, in fact, damaged by the impact of having the wheel come off while driving, and it cost the consumer \$1,458 to have the dealership repair all of the damage. The national chain repair shop initially declined to reimburse the consumer for the repairs made by the dealership. However, OCP's auto expert was able to intercede and the repair shop did reimburse the consumer in full.

LEGAL ACTION

OCP initiates legal action in order to ensure integrity in our marketplace. OCP has the authority to enter into Settlement Agreements, compel the attendance of witnesses and the production of documents, conduct administrative hearings, issue civil citations, and file legal action in court through the County Attorney's office when a merchant is in violation of the Consumer Protection Act or the other laws administered by OCP. The following legal actions were taken in FY '09:

Door-to-Door Water Treatment Scam:

OCP received complaints from Spanish-speaking consumers in Silver Spring who reported that salespeople knocked on their doors claiming to be County government inspectors there to test the drinking water in their homes. Upon investigation, OCP determined that these individuals were unlicensed door-to-door vendors selling water treatment systems costing thousands of dollars. In addition, the water treatment systems they sold were later installed by unlicensed plumbers.

The salespeople appeared to target Spanish-speaking consumers, telling them that they were government employees there to test their drinking water as a result of a recent water main break. After "testing" the water, the sales people told residents that the tests showed that their drinking water was unsafe and advised that they should purchase a water treatment system. The

sellers also provided financing contracts to the consumers requiring the consumers to make monthly payments and incur interest charges.

OCP entered into Settlement Agreements with the manufacturer and with the local distributor. The water treatment systems were removed and refunds were provided to the consumers. The finance companies agreed to refund deposits and cancelled the finance contracts. In addition, the manufacturer and the local distributor paid a fine to Montgomery County.

Rogue Appliance Repair Firm:

OCP filed a contempt of court action against an unlicensed appliance repair firm when the merchant failed to comply with an Abatement Order prohibiting the merchant from performing repairs in Montgomery County until the firm received a license. OCP had previously issued Civil Citations against this merchant after receiving complaints from consumers.

Consumers from Silver Spring, Rockville, Bethesda and Takoma Park alleged that the merchant misrepresented himself and

his firm by claiming to be an authorized Maytag repair business when, in fact, the merchant is not a factory authorized repair business for Maytag or Whirlpool appliances. In addition, the consumers stated the merchant was paid to perform repairs which he did not complete. Each consumer paid between \$158 and \$442 for repairs. In one case, the consumer subsequently discovered that the repair was covered by the manufacturer's warranty and no payment should have been required.

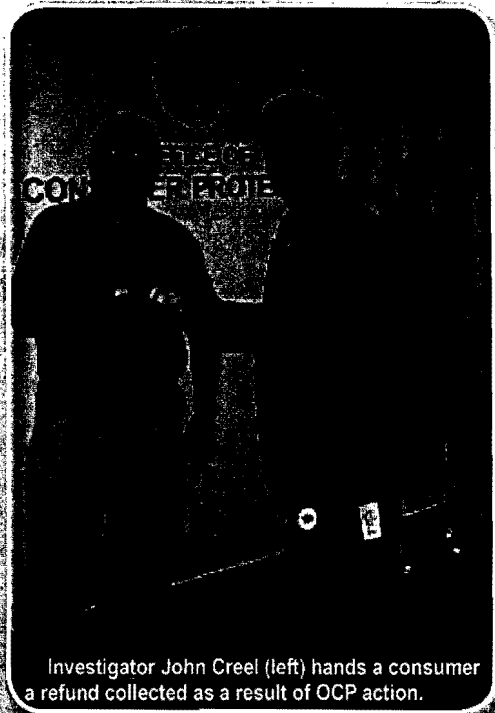
Deceptive Auto Advertising:

OCP entered into separate Settlement Agreements with 5 car dealerships and an advertising agency regarding deceptive advertising. These merchants agreed to stop using deceptive advertisements regarding sales prices and prize offers.

These Settlement Agreements provided that the merchants would stop listing misleading sale prices as part of any advertising campaign. These settlements resulted from advertisements in which deceptively low sales prices were offered which, in fact, required the consumer to make a large down payment in order to purchase the vehicle at the advertised price. This type of deceptive advertising, commonly known as "balance advertising" or "asterisk advertising," is designed to give the false impression of low prices.

These agreements also provided that the merchants would stop using misleading prize offers as part of any advertising campaign. These settlements resulted from advertisements in which consumers were offered "prizes" to visit dealerships. Some advertisements misled consumers into believing they had won \$150 or \$300 worth of gas when, in fact, the consumers would have to first purchase gas and file multiple claims in order to receive anything of value.

OCP worked with the Maryland Motor Vehicle Administration to address these industry-wide concerns.

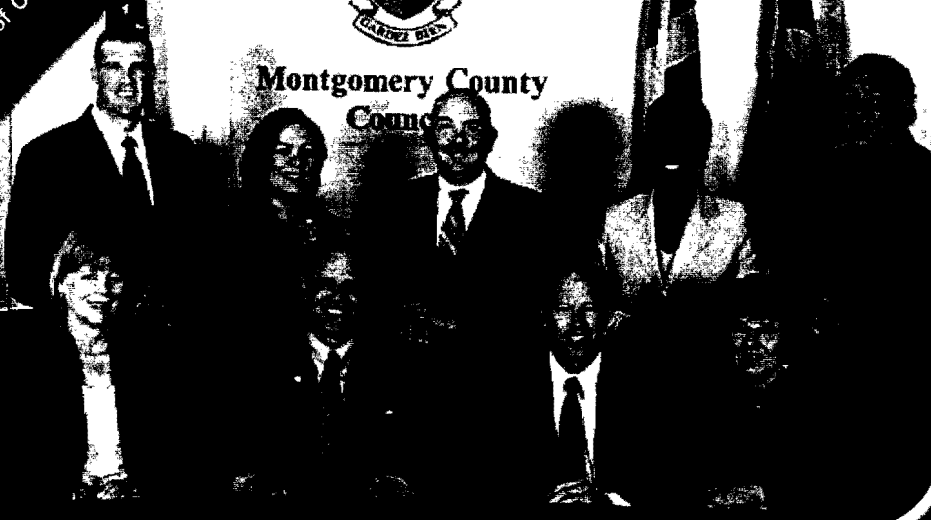


Investigator John Creel (left) hands a consumer a refund collected as a result of OCP action.

COUNCIL COLLABORATION



Montgomery County
Council



Montgomery County Council: Standing, left to right: Mike Knapp, Nancy Navarro, George Leventhal, Vice President Valerie Ervin and Marc Elrich. Seated (L to R): President Nancy Floreen, Roger Berliner, Phil Andrews and Duchy Trachtenberg.

In Fiscal Year 2009, OCP continued to make progress in administering the several new laws enacted in FY 2008 by the County Executive and the County Council. OCP revised its office brochure to provide information about our core mission to prohibit deceptive trade practices in consumer transactions and to reflect our new duties regarding energy and environmental advocacy, domestic workers, property tax disclosure and new home sales contracts.

ENERGY & ENVIRONMENT REPORT

OCP issued its first annual report specifically regarding the action taken in Fiscal Year 2009 regarding energy and environmental advocacy. This report contained information about OCP's start-up activities, cases before the Public Service Commission, and webpage based information regarding home utility usage and cost disclosures.

ADVISORY COMMITTEE ON CONSUMER PROTECTION

OCP receives guidance and assistance from the Advisory Committee on Consumer Protection. The Advisory Committee, which meets monthly, consists of 9 volunteer members reflecting a cross-section of consumer and business interests. The members are

appointed by the County Executive and confirmed by the County Council.

In FY 2009 the Advisory Committee organized a public forum entitled, "Car Buying/Ownership in a Changing Economy." Topics included the new federal legislation, the Cash for Clunkers

program, tax deductions for excise tax, financing options, bankruptcies and dealership closings, lemon law and repossession issues and auto buying tips.

County Executive Leggett provided opening remarks and Maryland Attorney General Doug Gansler

participated. The forum was moderated by automotive writer Warren Brown and included a panel of experts from the Federal Trade Commission, Senator Barbara Mikulski's office, the Maryland and District of Columbia Credit Union Association, the Washington Area New Auto Dealers Association, the Maryland Consumer Rights Coalition, and OCP.

12

LEGISLATIVE ADVOCACY

OCP joined Congressman Chris Van Hollen (left), State Delegate Bill Frick (right), the Maryland Consumer Rights Coalition, and consumers in a press conference calling for the passage of the Credit Cardholders' Bill of Rights Act. This joint press event urged the passage of federal legislation to restore fairness and end abusive practices related to credit card policies and fees. OCP highlighted a complaint in which the credit card issuing bank

attempted to retroactively raise the interest rate on a consumer's balance by relying upon the fine-print in their credit card agreement that claimed the bank could change the rules at any time. OCP Director Eric Friedman is pictured center.



COMMISSION ON COMMON OWNERSHIP COMMUNITIES (CCOC)

OCP provides staffing and other assistance to the Commission on Common Ownership Communities (CCOC), the County's resource and advocate for those citizens who live in condominiums, homeowner associations, and cooperatives. The CCOC also resolves disputes between the members of these associations and their governing bodies.

The 15 members of the CCOC are appointed by the County Executive and represent all sectors of the common ownership community world—residents, managers, real estate pro-

fessionals, attorneys, and boards of directors. They are all volunteers.

By the end of Fiscal Year 2009, 961 communities and over 122,000 homes were registered with CCOC.

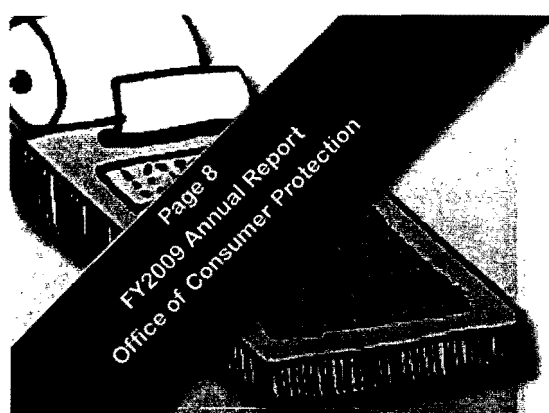
In FY '09, the CCOC received 86 formal complaints. Most cases are resolved by agreements reached between the parties themselves with assistance from the staff, but the CCOC itself also conducted 20 public hearings in disputes that the parties were unable to resolve. The CCOC works closely with the Conflict Resolution Center of Montgomery County, which provided medi-

ators in 32 of the disputes.

CCOC and its staff also provide information regarding common ownership community issues. In FY 2009, the staff responded to over 800 inquiries and commissioners spoke to several communities. The CCOC also produced 3 excellent newsletters on common ownership issues, and hosted an annual forum that, for the first time, brought together representatives of the communities and representatives of all of the County agencies that regulate them. Its website contains information on relevant laws and important CCOC decisions, as well as a manual of operations for

community board members.

The CCOC also serves as an advocate for communities on public policy issues. In that role it filed formal written comments on the Department of Fire and Rescue Services (DFRS) proposed revised regulation on inspection fees. CCOC members later met with DFRS leaders on these and related issues. Along with staff, the CCOC submitted draft legislation to County Executive Leggett to improve the statute under which the CCOC operates, Chapter 10B of the County Code. The County Executive has sent the legislation on to the County Council for its consideration.



COUNTYSTAT PERFORMANCE MEASURES

County Executive Isiah Leggett has stated that residents of Montgomery County "...have the right to expect every County department and employee to be responsive and accountable for every aspect of the services they are providing." To accomplish this goal, the County Executive and Chief Administrator Tim Firestine introduced the 'CountyStat' program, to provide a mechanism for all departments to better monitor and measure their performance.

In response to the CountyStat initiative, OCP worked closely with the CountyStat office to formulate new performance measures which better measure the results of OCP activity. Two key performance measures are illustrated below.

OCP AT A GLANCE

Administration

Budget	\$2.6 million
Total Employees	20
Volunteer Hours:	2,500

Consumer Complaints

Written Complaints	1,840
Informational Calls	11,740
Restitution	\$626,728

Customer Service

Likely to Use OCP Services Again	82%
Satisfied with Speed of Resolution	88%
Satisfied with Level of Expertise	92%

OCP in the Media

Media Communications	54
Press Releases	12

OCP Outreach

Speeches	60
Audience	7,553
Public Forums	2

OCP Law Enforcement

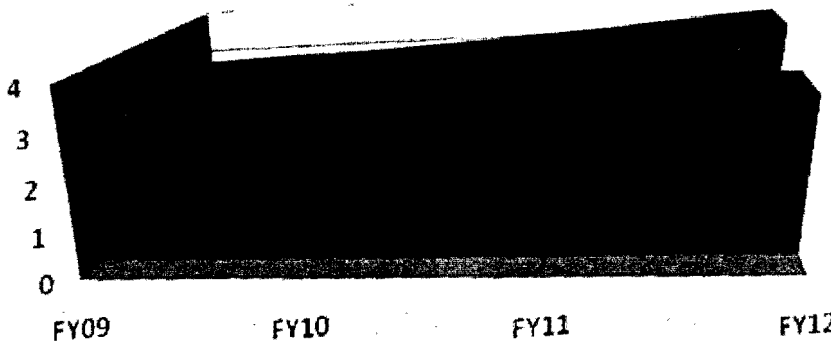
Settlement Agreements	28
Citations & Criminal Charges	36

FY09 Actuals & FY10-FY12 Projections

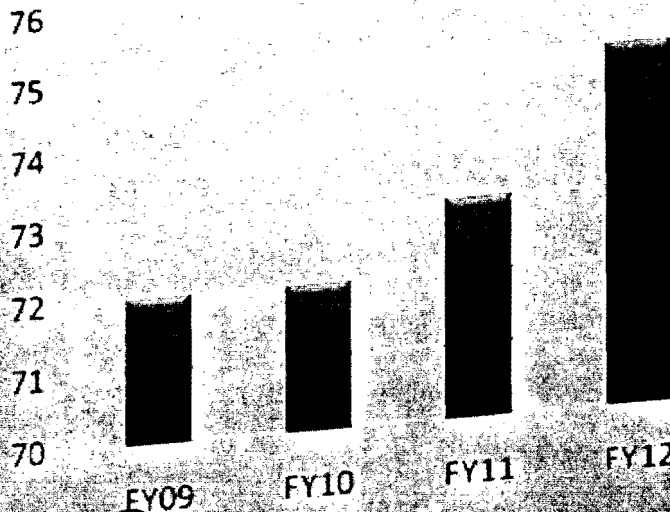
Average OCP Customer Satisfaction Rating (1-to-4):

Outcome of Investigation (Blue)

Manner of Investigation (Red)



Percentage of Requested Restitution Received



14

COMMUNITY OUTREACH & MEDIA COVERAGE

OCP's ability to educate consumers and effect change in the marketplace is greatly enhanced by the extent to which we can communicate with consumers through the media. OCP seeks to inform residents about what we are doing and effectively warn consumers about current scams.

New Cable TV Show: OCP staff began working with the County Council Office to produce a new cable TV show called "Consumer Compass." This show is designed to showcase consumer related issues. Episodes of this quarterly show have featured information about trespass towing, household moving companies, landscaping firms, firewood sales, identity theft, auto maintenance, and various OCP outreach activities. This show provides another opportunity for our staff to provide valuable information to help consumers avoid problems.



Seminar for Seniors: OCP participated in the award-winning and well attended Elder Law Series hosted by the Holiday Park Multiservice Senior Center in Wheaton. The Elder Law Series included seven individual seminars that addressed legal and financial issues impacting the 55 and older population. The series is designed as a learning tool to empower older adults, their adult children and providers of services to mature adults. OCP teamed up with State's Attorney John McCarthy to present a joint seminar on how to prevent the financial exploitation of seniors.

Helping Businesses Avoid Scams: OCP took action to warn County businesses and organizations not to be fooled by email messages they may have received which stated that they had been selected to win an award. These email messages were, in fact, deceptive solicitations seeking payment for worthless awards.

These "vanity award scams" are one of several common schemes that target legitimate businesses and organizations nationwide. A County organization reported that it had received a suspicious email message requesting payment to receive a plaque commemorating its prestigious award.

OCP found that the sender of these messages was operating out of a local mail drop, maintained no telephone number, and appeared to be soliciting payments for a plaque regarding a meaningless award.

When these familiar scams pop up in Montgomery County, OCP attempts to get the word out to our local businesses and organizations not to fall prey to such deception. OCP works closely with the regional service centers and the Chambers of Commerce to learn what is going on in Montgomery County so that we can respond quickly.

Maryland Attorney General Doug Gansler speaks at a community forum on auto ownership in a changing economy. OCP served on the panel which fielded questions from the public. Photo by Kell Communications, Inc.





AWARDS & REWARDING FEEDBACK

Page 10
FY2009 Annual Report
Office of Consumer Protection

Peggie Broberg holds an award from Maryland Governor Martin O'Malley for "excellence and outstanding contributions in the field of aging and quality of life for seniors." Presenting the award on May 12, 2009 was Lt. Governor Anthony G. Brown (center), and, also on hand to congratulate Peggy was former longtime OCP employee Emma Beavers (left).

This year, OCP again was one of several County Agencies to win an award from the National Association of Counties. This achievement award was in recognition of OCP's online training video for Police officers.

This online training program, coordinated through the Police Training Academy, provides police officers with enhanced information regarding disputes in which consumer protection transactions may result in the threat or fear of personal injury. This training video provides police officers training on consumer protection laws in eight different subject areas:



- Trespass Towing
- "Curbstoners:" Unlicensed Auto Sales
- Unlicensed Home Improvement Contractors
- Moving Companies
- Unlicensed Auto Repair
- Door to Door Sales
- Street Vendors
- Refund policies
- Gray Market Items

This Consumer Protection Online Training Course for Police Officers gives officers the knowledge and skills they need to be successful first responders on consumer protection related calls. Officers can quickly diffuse the situation, tell the parties what laws relate to the matter, and direct the parties to resources for more information.

As a citizen of Montgomery County, I deeply appreciate the work your office does.

- A federal judge
02/03/09

Investigator Joy Matthews is thorough, courteous, reliable, reachable, and indefatigable on behalf of her clients.

- J.N. Bethesda
06/19/09

This department shows that the county government actively cares about its citizens.

- M.B. Rockville
05/22/09

16



OCP SPOTLIGHT

Nellie Miller, Investigator, has been with OCP for many years. In addition to her notable service as an investigator, she has served as the volunteer coordinator for the office and facilitator of mediation sessions for the Commission on Common Ownership Communities.

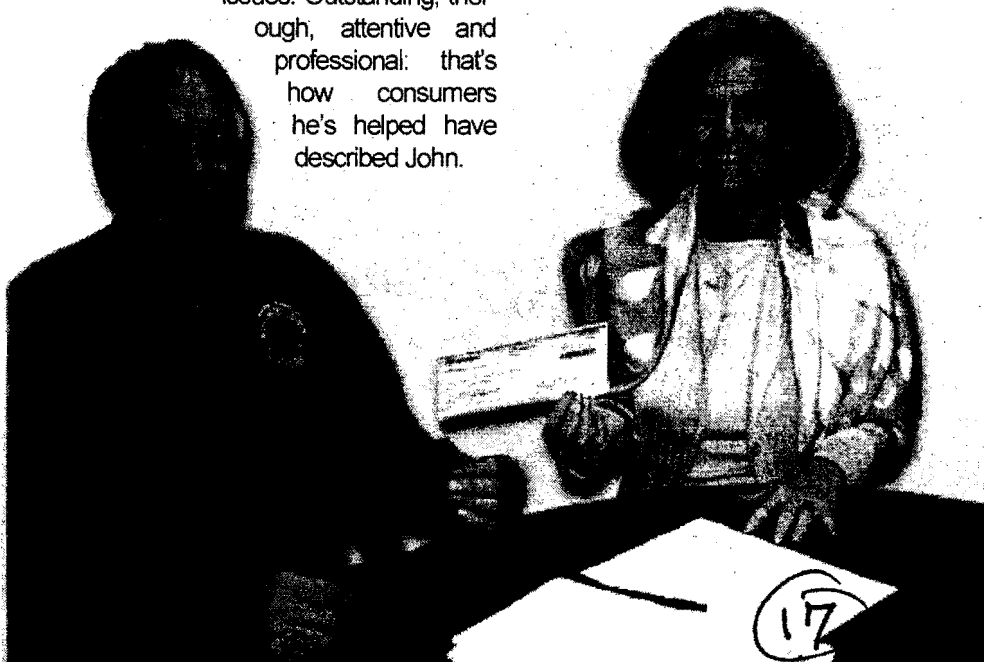
Investigator Miller was a former member of the Maryland Collection Agency Licensing Board and her greatest passion is educating consumers on using credit wisely and protecting themselves during harsh economic times.



John Lewis, Investigator, came to the Office of Consumer Protection from the Department of Housing and Community Affairs (DHCA) where he worked for 15 years as a Housing Code Enforcement Supervisor and Landlord and Tenant Investigator. John is a graduate of the University of Maryland and prior to joining DHCA, he was a licensed home improvement contractor. John's years of housing construction and regulatory experience are beneficial when investigating complaints involving home warranties and home improvements, including HVAC, electrical, and plumbing issues. Outstanding, thorough, attentive and professional: that's how consumers he's helped have described John.

The OCP staff of 20 includes six attorneys and a certified automotive technician. Three members of our staff are fluent in Spanish. Several are certified by the judicial system as experts in their fields qualified to testify in court on cases involving their specialties. OCP is fortunate to also have a team of dedicated English and Spanish speaking volunteers and interns. Seventeen volunteers contributed approximately 2,500 hours in FY '09, working with OCP investigators and enabling OCP to "leverage" our ability to be productive.

Some changes occurred to staff during, upon the conclusion of, and shortly after FY '09, with Sheila Hayes, Sue Rogan, Kathy Schaeffgen, and Linda Silverman leaving OCP. Individually and collectively their contributions to the OCP are greatly appreciated and will be sorely missed.



OCP STAFF

- Lorena Bailey, *Investigator*
- Lisa Brennan, *Investigator*
- Peggie Broberg, *Admin. Aide*
- Marsha Carter, *Operations Admin.*
- John Creel, *Investigator*
- Peter Drymalski, *Investigator*
- Eric Friedman, *Director*
- Virginia Foronda, *Program Specialist*
- Sheila Hayes, *Sr. Exec. Admin. Aide*
- Evan Johnson, *Programs Admin.*
- John Lewis, *Investigator*
- Sharon Margolis, *Investigator*
- Joy Matthews, *Investigator*
- Nellie Miller, *Investigator*
- Doug Numbers, *Investigator*
- Pam Prather, *Program Specialist*
- Sue Rogan, *Investigator*
- Kathy Schaeffgen, *Admin. Aide*
- Linda Silverman, *Admin. Aide*
- Bernie Vega, *Investigator*
- Ralph Vines, *Programs Admin.*



*Ensuring Integrity
in our Marketplace*

WWW.MONTGOMERYCOUNTYMD.GOV/CONSUMER

@consumerwise on twitter

100 MARYLAND AVENUE, SUITE 330

ROCKVILLE, MD 20850

240-777-3636

Design by Jeremy Bates

**Energy and Environmental Advocacy
Office of Consumer Protection
Annual Report
Fiscal Year 2009**

Legislation was enacted in FY09 which created a new role and duties for the Office of Consumer Protection (OCP) in the area of energy and environmental advocacy.

Council Vice-President Roger Berliner was the lead sponsor of several environmental bills including Bill #35-07, Consumer Protection – Energy and Environmental Advocacy, and Bill #31-07, Real Property – Energy Performance. These bills established the following additional mandates for OCP:

- Work with other County agencies to advocate for the County's interests in obtaining the lowest possible utility rates consistent with environmental stewardship.
- Assist home sellers and buyers to obtain information about utility usage and costs.

Start-Up

OCP's first challenges were to become familiar with the subject matter, coordinate our efforts with other agencies, and establish operating procedures. During this first year OCP staff:

- Attended meetings of Montgomery County's Sustainability Working Group.
- Identified and consulted with environmental and legal experts.
- Coordinated activities with Montgomery County's Department of Environmental Protection (DEP).
- Reached out to and met with the Executive Director and Deputy General Counsel of the Maryland Public Service Commission (PSC).
- Reached out to and met with staff at the Maryland Office of the People's Counsel (OPC).
- Reached out to and consulted with other environmental organizations including AARP, MaryPIRG, and the DC Office of the People's Counsel.

- Established procedures with Montgomery County's Office of the County Attorney to intervene and submit testimony to the Public Service Commission.
- Attended an on-site demonstration of "smart grid" technology in a residential home in Montgomery County.
- Participated in the EmPOWER Maryland General Awareness Campaign Working Group convened by the Public Service Commission.

Maryland Public Service Commission

Given OCP's limited resources, it was important to review the extensive docket maintained by the Public Service Commission (PSC) and to identify those cases in which OCP's actions in intervening and providing testimony would be the most effective and productive.

OCP attended PSC hearings and provided written or oral testimony regarding the following cases:

1. EmPOWER Maryland Energy Act of 2008 (EmPOWER Maryland)

Allegheny Power (Case # 9153)
Baltimore Gas and Electric Company (BGE) (Case # 9154)
Potomac Electric Power Company (PEPCO) (Case #9155)

Collectively, these cases are designed to establish energy and demand reduction goals in Maryland of 15% by 2015. The three electric companies that provide service in Montgomery County filed energy efficiency, conservation, and demand response programs with the PSC pursuant to these EmPOWER Maryland cases.

OCP commented on several issues in these cases in response to the proposals provided by each utility company. OCP's comments to the PSC included:

- Asserting OCP's interest in ensuring that the overall long term rate impacts of their proposed programs were of benefit to Montgomery County consumers.
- Requesting that the PSC pursue a fair and equitable distribution of costs and benefits of the programs.

- Recommending that there be opportunities for benefits to local governments and public buildings.
- Highlighting the County's Climate Protection goal.
- Seeking coordination between local jurisdictions in Maryland and with the Maryland Energy Administration (MEA) to ensure program success.

2. In the Matter of the Allocation of Money in the Maryland Strategic Energy Investment Fund Pursuant to Section 9-20B-05(G)(2) of the State Government Article, *Annotated Code of Maryland* (Case #9166)

This case concerns the PSC's allocation of money into the Maryland Strategic Energy Investment Fund (SEIF). This is a fund that was created from the proceeds of the auction of carbon allowances under the Regional Greenhouse Gas Initiative (RGGI). A percentage of the money in this fund is allocated to offset electricity rates of residential customers. OCP's comments to the PSC addressed consumer education efforts and included:

- Highlighting potential confusion regarding "credits" and "surcharges."
- Recommending how best to inform consumers of any changes on their bills.

3. Smart Grid/Advanced Metering Infrastructure (AMI) (Case #9207)

OCP provided written comments and attended a PSC administrative meeting regarding PEPCO's Smart Grid proposals. Promotion of Smart Grid technologies by utilities serving Montgomery County was one of the recommendations made in the Climate Protection Plan issued by the Sustainability Working Group. A "Smart Grid" is an advanced transmission and delivery system that uses digital technology to save energy and reduce costs. In our comments, OCP encouraged PEPCO to maximize the use of funds available under the American Recovery and Reinvestment Act. The Department of Energy (DOE) announced that the maximum individual awards available under the Smart Grid Investment Grant Program would be increased from \$20 million to \$200 million and that the maximum for Smart Grid Demonstration Projects would be increased from \$40 million to \$100 million.

Home Utility Usage and Costs

Bill # 31-07, Real Property – Energy Performance, requires that home sellers provide an energy cost and consumption history along with information on the benefits of home energy and energy-efficient improvements. OCP worked closely with the Department of Environmental Protection (DEP) and the Greater Capital Area Association of Realtors (GCAAR) to create disclosure information for sellers and buyers of residential homes. The substantive language for an Executive Regulation was agreed upon to ensure that residential sellers and their agents know how to comply with this new law.

OCP participated in a meeting organized by Council Vice President Roger Berliner with several utility providers in Montgomery County to ensure that the statutorily required utility usage and cost information is easily available. OCP has compiled information for a Frequently Asked Questions (FAQ's) section on its webpage, and is in the final stages of adding additional resource information and links for sellers and buyers.

Summary

During this first full fiscal year, OCP has made significant progress in collaborating with the various stakeholders in this arena. OCP has taken steps to ensure that it has “a seat at the table” and is an active participant in the field of energy and environmental advocacy. OCP revised its office brochure to reflect this and other new duties assigned to the office.

The County legislation which created these new programs for OCP to administer recognized the highly specialized and technical nature of the work, and specifically authorized OCP to employ consultants and technical advisors. During the initial year of operation, OCP was able to identify and benefit from the advice and assistance of those with expertise in the area of energy and environmental issues. Continued success of this program will be directly dependent upon sufficient funding for expert assistance.

Montgomery County Office of Consumer Protection
100 Maryland Avenue; Suite #330
Rockville, MD 20850
(240) 777-3636
www.montgomerycountymd.gov/consumer



Ensuring Integrity
in our Marketplace