COUNTY OF LOS ANGELES
DEPARTMENT OF CONSUMER AFFAIRS

Members of the Board

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Director

May 15, 2003

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012-3265

Dear Supervisors:

FY 2003-04 UNMET NEEDS OF THE DEPARTMENT OF CONSUMER AFFAIRS

The FY 2003-04 Official Budget Request of the Department of Consumer Affairs included $3,162,000 of unmet needs.

Of this amount, the Department has identified $717,000 and 7.0 positions as our highest priorities for consideration by your Board during FY 2003-04 Budget Deliberation. These items align with the County Strategic plan goals of Service Excellence, Workforce Excellence, Organizational Effectiveness and Community Services.

The Department requests your consideration of the following priorities:

1. Highest Priority: **Designate all revenues from the Small Claims Advisor Fund to enhance the Small Claims Advisor Program of the Department of Consumer Affairs**

Additional Amount: $410,000
Positions: 4.0
Funding Source: Ongoing Small Claims Advisor Fund

While the Small Claims Advisor Program of the Department counsels approximately 145,000 litigants or potential litigants annually, there are still a large number of constituents who are not being served. Currently, not all callers are able to get through and the fortunate ones who get through experience long waiting periods for the next available small claims advisor. In addition, a large number of consumers who require face-to-face assistance do not have access to this service due to lack of branch locations that is closer to their home or place of business.

This funding request will enable the department to reduce the wait time and frustration of constituents who are on the telephone or walk-in public counters. In addition, it will also

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allow the department to provide service to underserved areas, which may include Pomona, Compton, LAX, West L.A., Chatsworth, Long Beach, Norwalk and Pasadena. Currently, the Small Claims Advisor Program of the Department of Consumer Affairs only operates in the Civic Center and in six branch locations (1 day per week in 4 locations and 2 day in two locations). In each Supervisorial District, there is only one (1) service day per week.

As you may know, the revenue in the fund is being generated from Small Claims filing fees that were paid by litigants in approximately 24 Courts in Los Angeles County. Therefore, this request will not require additional County General Fund dollars. It will, however, require the reallocation of a portion of the projected Small Claims Advisor Fund revenues that is currently recommended by the Chief Administrative Office (CAO) for Court-related programs. The department was informed by CAO staff that Court-related programs include, but are not limited to, the following: 1) criminal indigent defense - if no Public Defender is available 2) facilities maintenance for courthouses 3) expert witnesses and 4) lab tests.

2. Second Priority: **Funding for a Public Information Officer**

Amount:	$ 97,000
Positions:	1.0
Funding Source:	Ongoing Net County Cost

The primary mission of the Department of Consumer Affairs includes consumer education. Annually, the department responds to over 160 media inquiries – both major network and ethnic -- and approximately 100 speaking engagements and community outreach efforts. In addition, the Department develops and distributes press releases and consumer news alerts; responds to an increasing number of e-mail inquiries; updates a department website which receives thousands of hits monthly; and updates approximately 150 topics of consumer information that are available to the public on a 24 x 7 basis.

Due to lack of a Public Information Officer, the Director of the Department performs these functions. In many instances, the Director assigns them to a staff member. These assignments always result in a negative impact on staff's primary job duties and responsibilities, such as not being able to return consumer calls or not being able to follow-up on a consumer complaint.

As you may know, this year, the department responded to media and your Board's requests on current consumer-related topics such as Identity Theft, Do Not Call List, Junk Faxes, Child Safety Seats, Instant Loan Checks, etc.

3. Third Priority: **Funding for Special Investigation Staff**

Amount:	$210,000
Positions:	2.0
Funding Source:	Ongoing Net County Cost

Criminal and civil prosecution is an effective way of protecting the interest and welfare of consumers. As the clearinghouse for consumer fraud, the Department is able to identify fraudulent and deceptive business practices, but lacks adequate staff resources to effectively investigate all the cases that warrant prosecution.

This funding request would enable the Department to conduct additional special investigations leading to the criminal and/or civil prosecution of individuals and companies that defraud residents of the County of Los Angeles.

In FY 2002-03, despite its limited staff and resources, the Department conducted several special investigations that resulted in prosecutions by local and state prosecuting agencies. Additional funding would make the Department even more pro-active in investigating and stopping fraudulent schemes such as the following:

The Department conducted an extensive investigation concerning over fifty consumer complaints against one of the largest immigration consulting companies in the area. The consumers complained that they paid thousands of dollars to this company for assistance with their immigration cases. The consumers complained, however, that they ended up with orders of deportation due to the company's incompetence and wrongful acts. As a result of the Department's investigation, the Los Angeles County District Attorney's Office (LADA) charged the company's owner with multiple counts of felony grand-theft. The owner pled guilty to the charges, his company closed down, and the LADA confiscated over $100,000 from him in cash and jewelry. The Court also ordered the owner to pay about $250,000 in restitution to the victims.

In a different investigation, the Department, in partnership with the LADA, resolved hundreds of consumer complaints filed against a local mail-order/telemarketing company. The company used to sell computers and a "miracle" cure-it-all drink. The consumers complained that the computers were defective and the drink made them feel worse, but the company refused to refund their money. Due to the Department's intervention, the company's principal agreed to issue full refunds to consumers. He has already refunded over $20,000, and is in the process of refunding tens of thousands more. The LADA will charge this company with deceptive business practices and misleading advertising.

Another investigation that the Department spearheaded involved a telemarketing company that used to sell magnetic mattress pads to elderly consumers for thousands of dollars. The company misled the consumers into buying the pads by promising that they would treat an all-inclusive list of ailments (i.e., cancer, arthritis, impotence), and offering a 100% money-back guarantee. The consumers complained that the pads did not work, but the company refused to refund their money. The California Attorney General's Office charged the company and its principals based on our investigative findings. The company (and other similar companies) has stopped doing business in California, and has issued refunds to a number of consumers.

During the deliberations on the FY 2003-04 budget, your Board is requested to give favorable consideration to these items that will enhance the Department's consumer protection services in accordance with the Board-adopted County Strategic Plan.

Sincerely,

PASTOR HERRERA, JR.
Director

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