

1991
ANNUAL REPORT
CONSUMER PROTECTION UNIT

MISSION STATEMENT

The Legislature enacted the Idaho Consumer Protection Act for purposes of protecting both consumers and businesses against unfair or deceptive acts in trade or commerce, and to provide efficient and economical procedures to secure such protection. The Consumer Protection Unit seeks to fulfill this charge through education, mediation, and enforcement efforts.

HISTORY

The Consumer Protection Unit was first established in 1973 when the Idaho Legislature enacted the Idaho Consumer Protection Act. At that time it was a full division within the Attorney General's Office. The Unit was disbanded by the Legislature in the early 1980s. The Unit was started up again in 1987 with a staff of one. Because of the growing demand for its services and the benefits it provides consumers and businesses, it has grown to a staff today of 6 and 3/4 people.

APPLICABLE LAWS

The Consumer Protection Unit enforces and operates pursuant to the Idaho Consumer Protection Act, codified at Idaho Code Section 48-601 et seq., the Idaho Consumer Protection Regulations, codified at IDAPA 04.01 et seq., and the Idaho Antitrust Act, codified at Idaho Code Section 48-101 et seq. The Unit also enforces several provisions of other Acts, including Idaho Code Section 18-3101 of the Idaho Anti-Pyramid and Chain Distribution Act, Idaho Code Section 26-2505 of the Idaho Loan Brokers Act, and Idaho Code Section 67-1401, with respect to nonprofit corporations. Finally, the Unit is often asked for information and advice concerning other Acts, such as Idaho's Lemon Law Act, codified at Idaho Code Section 48-901 et seq., and Idaho's Landlord/Tenant and Mobile Home Park Acts, codified at Idaho Code Sections 6-320 and 55-2001 et seq.

STAFFING

There are two deputy attorneys general, 1 and 3/4 investigators/paralegals, one mediator, one office assistant, and one secretary.

MEASURES OF GROWTH AND SUCCESS

The Consumer Protection Unit continues to experience astronomical growth in the number of complaints received, telephone contacts responded to, and enforcement actions taken. The growth is a measure also of the Unit's success in serving the public and enforcing the applicable acts. The following chart displays this growth:

| Activity | 1987 | 1988 | 1989 | 1990 | 1991 |
|--|--------------|--------------|--------------|--------------|--------------|
| Complains/Inquires | 1088 | 1428 | 1243 | 1614 | 2525 |
| Telephone Calls | 1963 | 5112 | 8731 | 12000 | * |
| Dollars Claimed Lost | \$713,966.53 | \$416,598.75 | \$735,731.00 | \$680,171.74 | \$489,467.38 |
| Dollars recovered by CPU | \$2,394.69 | \$14,053.96 | \$22,201.26 | \$130,469.40 | \$263,435.39 |
| Civil Penalties, Fees, and Costs recovered | \$0 | \$769.09 | \$ 0 | \$ 500.00 | \$46,500.00 |
| Assurances of Voluntary Compliance | 0 | 4 | 4 | 8 | 35 |

*Because of volume, no longer keep track of number

The areas that receive the most number of complaints in 1991 are as follows:

Automobile Sales and Advertising: 203

Telemarketing: 125

Contests: 124

Mail Order Sales: 96

Employment Agencies: 90

Appliance Advertising Sales: 62

1991 SUCCESS STORIES

This year the Consumer Protection Unit served more people, secured more restitution for consumers, obtained more Assurances of Voluntary Compliance and Judgments, and educated more people about consumer protection laws than ever before. In fact this year, the Unit obtained more Assurances of Voluntary Compliance and Judgment than all the other years the Unit has been in existence combined.

Enforcement

The Consumer Protection Unit, in conjunction with the Department of Finance, obtained a \$310,000 judgment against Santa Rosa Sales & Marketing and several corporate officers. Restitution of at least \$150,000 will be available to Idaho residents.

Actions were brought, and judgments obtained against telemarketers, furniture dealers, home repair businesses, and hearing dealers. The total amount of penalties, fees, restitution, and expenses recovered from these actions exceed \$40,000.

Actions were taken and Assurances of Voluntary Compliance were negotiated with 35 businesses. These Assurances also provided for thousands of dollars in reimbursement of state-incurred expenses and fees.

The Unit has also participated in multi-state actions under the Consumer Protection Act and federal and state antitrust law that have or will result in tens of thousands of dollars for Idaho residents and significant protection against further unlawful conduct. These actions include lawsuits against TRW, Inc. for alleged unlawful credit reporting practices; GMAC Mortgage, for alleged unlawful real estate escrow practice; Nintendo, for alleged unlawful antitrust practices; Mitsubishi, for alleged unlawful antitrust practices; Sandoz Corporation, of alleged unlawful antitrust violations.

Education

The Consumer Protection Unit has prepared several thousand folders with consumer information to be delivered in the near future to Idaho senior citizens. The Unit used consumer protection account moneys to do this because senior citizens in Idaho, as well as the rest of the country, are prime targets for unscrupulous businesses and people.

The Unit prepared and released 55 press releases. Unit staff have visited schools, business groups, law enforcement training seminars to give talks and discuss consumer protection issues.

The Unit has also prepared seven public service announcements, ranging from crib safety to telemarketing, to loan brokers.

REGULATIONS AND LEGISLATION

The Unit adopted an emergency rule governing negative option marketing programs. This year the Unit reviewed in detail the existing Consumer Protection Regulations, and proposed significant changes. After significant public review and comment the proposed changes were adopted with some modifications by the Attorney General.

The Unit was successful in having amendments to the Idaho Consumer Protection Act enacted. The amendments strengthen the Unit's investigatory powers.

The Unit also proposed telemarketing legislation. The legislation passed the Senate 26-14, but died in the House. A new, modified telemarketing bill will be proposed this upcoming session. In addition to telemarketing, the Unit has prepared and will proposed legislation to deal with 900 telephone calls and amend and improve the Hearing Aid Dealers and Fitters Act.