



**2011 ANNUAL REPORT:
ACTIVITIES OF THE DIVISION OF CONSUMER PROTECTION**

PURSUANT TO SECTION 94-A OF THE EXECUTIVE LAW

**FOR SUBMISSION TO THE GOVERNOR, TEMPORARY PRESIDENT
OF THE SENATE AND SPEAKER OF THE ASSEMBLY**

**ANDREW M. CUOMO,
GOVERNOR**

**CESAR A. PERALES,
SECRETARY OF STATE**

Overview

Part A of Chapter 62 of the Laws of 2011 merged the former New York State Consumer Protection Board into the Department of State (the “Department”) as the new Division of Consumer Protection (the “Division”).

As part of the “People’s Department,” the Division continues to protect New Yorkers by: (i) providing direct assistance and intervention to resolve marketplace complaints, (ii) mitigating the consequences of identity theft and frauds, (iii) advocating for greater consumer rights and remedies before state and federal regulators, (iv) representing consumers at utility rate and policy proceedings before state and federal regulators to advance cost effective and quality service, and (v) ensuring businesses are afforded direction and support to maintain fair and honest transactional practices to inspire customer trust.

On April 1, 2011, the Department began implementation of a strategy to provide additional resources for the Division to deliver a wider array of services to consumers. The Department rebranded the Division’s educational resources, tools, and Consumer Assistance Unit call center to introduce consumers to the new Division at the Department. The Department also completed a comprehensive review of the consumer protection functions for all of its Divisions to identify opportunities for collaboration, provide additional resources and enhance the Division’s ability to serve consumers. In addition, the Department launched a more user-friendly website.

Subsequently, the Secretary of State allotted additional staff resources from other areas of the Department, creating a Do Not Call Unit to enforce the State’s Do Not Call Law. Unwanted telemarketing calls remain the number one filed with the Division’s Consumer Assistance Unit. In addition, during the Fall of 2011, the Division held meetings with key consumer advocate organizations to identify opportunities for collaboration to further advance the State’s ability to protect consumers with respect to telemarketing and telemarketing scams.

Building on those relationships, the Department partnered with the Free Community Papers of New York (“FCPNY”), AARP, and the Harry & Jeannette Weinberg Center for Elder Abuse at the Hebrew Home at Riverdale to launch two major consumer outreach initiatives: *The Informed Consumer*, a monthly consumer advice column published in the Free Community Papers of New York, publications with a readership of over ten million, that provides New Yorkers with valuable information on a variety of consumer issues, and *The Senior Consumer Information Line*, a toll-free hotline hosted by the Hebrew Home, that offers seniors advice in English and Spanish on topics significant to them. AARP has agreed to promote both initiatives to their members through their newsletters and website, and the FCPNY has also agreed to place ads in the community newspapers promoting the hotline. We believe that partnerships like these are essential as they allow the Department to maximize outreach in an efficient and effective manner in every region of the State.

The Division also engaged other State agencies to identify potential areas of collaboration and opportunities to share resources to better advance consumer protection education and outreach throughout the State. As a result of the new Long Island Power Authority Oversight and

Accountability Act, the Division's Consumer Assistance Unit is working with the Division's Utility Intervention Unit ("UIU") to mediate complaints on behalf of LIPA customers.

On March 6, 2012, the Division participated in a press conference with other state and federal agencies, as part of National Consumer Protection Week, to educate consumers about common frauds and scams. The Division also launched a video campaign focusing on identity theft, scam prevention, and choosing and using credit wisely, as well as its *Financial College Tour*, which delivers important financial literacy and identity theft prevention messages to college students and faculty across the State.

Consumer Assistance Unit

The Division's primary focus is advancing consumer assistance and education. The Consumer Assistance Unit ("CAU") takes complaints five days a week, 8:30 a.m. to 4:30 p.m., via its main Albany telephone number, (518)474-8583 and toll-free helpline, 1-800-697-1220, and 24 hours a day, seven days a week via its website, www.dos.ny.gov. The CAU mediates and resolves complaints regarding product refunds and returns, credit card disputes, debt collection and consolidation practices, Internet services, home improvement and identity theft, among other issues.

In 2011, the CAU fielded 44,025 phone calls through its hotline. Of these, the CAU handled approximately 11,629 complaints and inquiries, saving consumers a total of \$651,672.30 and facilitating a total of \$218,088.42 in avoided costs.¹ A list and breakdown of the top ten issues handled in 2011 is provided in **Appendix 1**.

For the first three quarters of 2012, the CAU has fielded 46,418 phone calls through the Division of Consumer Protection's Helpline. In addition, the CAU handled approximately 10,957 complaints and inquiries. These efforts resulted in the CAU saving New York consumers a total of \$595,823 and facilitated a total of \$162,373 in avoided costs.

Outreach and Education Program

In 2011, the Division's outreach and education efforts focused on Identity Theft Prevention and Mitigation, Scam Prevention, Financial Literacy, and Product Safety. In the last year, there has

¹ This information and the chart included in **Appendix 1** are based on the same reporting format that the CAU used at the former Consumer Protection Board. The format combined the number of complaints handled by the CAU through mediation and the number of calls or inquiries from consumers who contacted the unit for assistance, but did not file a formal complaint. The Department has made adjustments to the reporting system to allow for future reports, starting for the year 2012, to distinguish between these categories of data and provide more accurate information about the activities of the unit.

been an increase in the incidence of financial scams. Thus, there is a crucial need for consumer education to prevent victimization.

The large number of consumers who have come to rely on the Division's education resources and assistance underscores the importance of communication, representation and intervention on behalf of the people of the State of New York. Examples of the Division's achievements in maximizing awareness of its services and promoting collaboration are listed in **Appendix 2**.

The Division also issued consumer protection messages and informed thousands of New Yorkers about its new home at the Department by delivering live outreach presentations, resources and materials to multiple community groups, associations and organizations across the State. A list of these is provided in **Appendix 3**.

Utility Intervention Unit

The UIU's primary objectives are to ensure that: (1) the prices for electric, natural gas and water services are no higher than necessary, (2) water, energy and telecommunications industries provide quality and reliable service to preserve public health, welfare and safety, (3) utility programs provide benefits to low-income consumers, and (4) energy initiatives protect the environment.

To fulfill these objectives, the UIU represents the interests of consumers before federal, state and local administrative and regulatory agencies engaged in the regulation of energy and telecommunication services. Staff pursues these goals by participating in the deliberations of the Public Service Commission ("PSC"), the New York Independent System Operator ("NYISO") and the Federal Energy Regulatory Commission ("FERC"), as well as more than a half dozen utility- and energy-related interagency working groups, task forces and committees. The UIU analyzes documents, submits testimony and briefs, engages in settlement discussions in PSC and FERC regulatory proceedings, and participates in NYISO governance. The UIU also reaches out to local governments, not-for-profit corporations, and businesses to gain information, clarify issues and strengthen our positions. From April 1, 2011 until March 31, 2012, the UIU has filed testimony, comments and briefs, and participated in hearings and negotiations in more than a dozen PSC proceedings. A list of these is provided in **Appendix 4**.

The UIU has maintained its mission, increasing the robustness of low-income customer programs and keeping rate increases smaller than those sought by the utilities. It serves as the designated Statewide Consumer Advocate at the NYISO, which oversees the wholesale electricity markets in New York, and is a voting member of the NYISO's decision-making committees. In that role, the UIU helps craft rules and procedures to ensure that an adequate supply of reasonably priced electricity exists in the State. The UIU also participates in deliberations of the Home Energy Assistance Program ("HEAP") interagency task force and the Low-Income Forum on Energy ("LIFE"), programs targeted to assist low-income utility consumers.

Prior to the merger of the UIU into the Department of State, the former Consumer Protection Board mediated 66 complaints made by consumers against utilities from April 1, 2010, to March 31, 2011. From April 1, 2011 until March 31, 2012, the Division of Consumer Protection mediated 52 complaints made by consumers against utilities.

Pursuant to the Long Island Power Authority Oversight and Accountability Act, the Division of Consumer Protection responds to customer complaints against LIPA. The former Consumer Protection Board responded to customer complaints relating to LIPA, and staff has developed a working relationship with LIPA customer service staff to resolve consumer concerns effectively. The Division and the UIU will continue to work with LIPA and other stakeholders to implement necessary complaint resolution mechanisms to respond to this category of complaints.

The UIU continues to intervene in key proceedings and works to improve our already successful program of consumer advocacy. The Department of State has embraced the purpose of the UIU and remains committed to its work on behalf of utility consumers. The work of the UIU now benefits from the resources available from other divisions of the Department that have expertise in the areas of the State's economic and energy resources.

The UIU is now part of the Department's Energy Team, which consists of UIU staff as well as staff involved in code enforcement and administration, protection of coastal resources, promotion of smart growth, development of communities and waterfronts, and training and technical assistance to local governments and community organizations.

The Department of State continues to fulfill the mission of the UIU in cost- and resource-effective ways. In 2012, the staff of the UIU will be increased from 2 full-time employee to 4 full time-employees with additional personnel and will continue to have the expertise of the entire agency's staff at its disposal. This promises to be a beneficial arrangement that will enable the UIU to further its consumer advocacy mission. It will continue to intervene in ratemaking cases and provide comments and testimony where appropriate.

Do Not Call Enforcement

As stated above, complaints and inquiries concerning the State's Do Not Call Registry remain the number one issue for callers to the CAU. At the time of the merger, the Department inherited a staff of one investigator and one attorney to enforce this law. Upon consolidation, the Department took steps to aggressively expand enforcement efforts, adding investigators and staff from the Division of Licensing Services to create a Do Not Call Unit within its enforcement bureau. The cases are prosecuted by attorneys in the Department's Litigation Unit within the Office of General Counsel.

Future Steps

In the upcoming year, the Department will implement new collaborative strategies and delivery mechanisms to educate and empower New Yorkers with regard to the Division's core subject areas.

The Division will also expand its outreach and education efforts to inform the public about issues relating to the occupations licensed by the Department, such as real estate agents and beauty enhancement specialists, and engage in continuing education presentations for those who manage not-for-profit cemeteries.

The Division will continue to deliver services in accordance with its broad mission of protecting consumers. This includes helping to ensure that they have access to the necessary tools to recognize and avoid fraud, navigate the rough waters of the economy, and to make informed decisions in both the brick and mortar and online marketplaces.

APPENDIX 1

2011 Top Ten Consumer Complaints/Inquiries

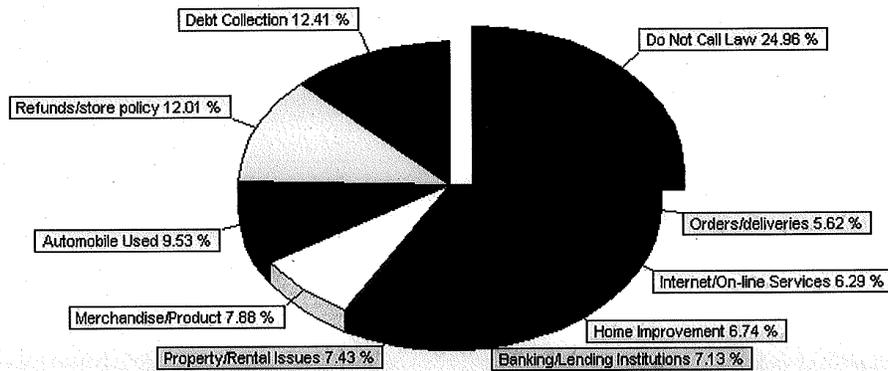


Division of Consumer Protection

Top 10 Consumer Complaints/Inquiries*

January 01, 2011 - December 31, 2011

Issue Type	Total
Do Not Call Law	926
Debt Collection	449
Refunds/store policy	425
Automobile Used	345
Merchandise/Product	286
Property/Rental Issues	268
Banking/Lending Institutions	253
Home Improvement	247
Internet/On-line Services	232
Orders/deliveries	205
Total	3636[†]



* For purposes of this report, this chart retains the reporting format that the Costumer Assistance Unit had at the former Consumer Protection Board. The format combined the number of complaints handled by the CAU through mediation and the number of calls or inquiries from consumers who contacted the unit for assistance but did not file a formal complaint. The Department of State inherited this format at the time of the merger. The Department has made adjustments to the reporting system to allow for future reports, starting for the year 2012, to distinguish this data and provide more accurate information about the activities of the unit.

** In addition to the calls listed in this chart the Division of Consumer Protection's Consumer Assistance Unit received 606 calls intended for the Division of Licensing Services both by licensees and customers with complaints about licensees for investigation. These callers reached the Consumer Assistance Unit's number because its toll-free hotline number was listed on the front page of the Department of State's website. Callers were choosing to use this toll-free phone number because it allowed them to get to the Department without a long distance charge. There was no toll-free number available to reach the Division of Licensing Services. The Department has revised its website to ensure these calls are routed to their appropriate destination.

APPENDIX 2

2011 Achievements to Maximize Outreach and Awareness

1. The Secretary of State partnered with the Retail Council of New York to promote holiday toy safety;
2. The Deputy Secretary overseeing the Division testified before the Consumer Protection Committees on the Consumer Product Safety and Recall Effectiveness Act of 2008;
3. The Division Director hosted a live chat on Governor Andrew Cuomo's Citizens Connect website to educate consumers on safe shopping practices;
4. The Division Director was interviewed for Black Friday shopping tips;
5. The Division Director presented at the National Adult Protective Services Association (NAPSA) Elder Financial Abuse Advisory Board to advance consumer issues relating to elder financial abuse;
6. The Department activated a Twitter account which it uses to share important consumer information with the public on a daily basis;
7. The Department will be distributing monthly consumer articles in the State's various Spanish-language newspapers;
8. The Department presented to the New York Women's Chamber of Commerce a program on the licensing and consumer issues related to beauty salons and cosmetologists;
9. In April of 2011, the Department hosted an informational table in and participated in the daily informational workshops at the Annual National Action Network Conference where President Barack Obama was the keynote speaker.
10. The Department hosted an information table at the Bellevue Hospital National Men's Health and Information Fair alongside more than 75 other organizations and agencies. More than 450 people viewed Division resources.

APPENDIX 3

2011 List of Consumer Protection Outreach Events & Presentations

1. Amherst, NY Senior Center
2. Orchard Park, NY Senior Center
3. Ohav Sholom Senior Apartments, Albany
4. AARP Staten Island Chapter
5. AARP Queens Chapter
6. Brooklyn Senior Centers
7. Create Senior Center, Harlem
8. Hispanic Chamber of Commerce in Queens Church on the Hill Luncheon Club, Harlem
9. AARP Clinton Hills Chapter, Brooklyn
10. Parkway Senior Center, Utica
11. Scotia Glenville Meal Center, Scotia
12. South Mall Towers, Albany
13. Wynwood Senior Apartments, Syracuse
14. Villas at Summerfield, Syracuse
15. Massry Residence, Albany
16. AARP Broadway/Flushing Chapter, Queens
17. Hamilton Grange/Convent Baptist Senior Program, Harlem
18. A. Philip Randolph Senior Centers, NYC
19. Agudath Israel of America Older Adult Club, Washington Heights, NYC
20. Weinberg Community Senior/Community Center, Washington Heights, NYC
21. Dyckman (NYCHA) Community Center/Senior Program, NYC
22. Isabella Institute for Older Adults, NYC
23. Carver Senior Center, East Harlem
24. The Central Baptist Church Senior/Adult Program, NYC
25. Southern Tier Senior Center, Castleton-on-Hudson
26. Onondaga Senior Center, Syracuse
27. Ahepa Apartments, Syracuse
28. Westview Senior Center, Albany
29. Saratoga Senior Companions Program, Saratoga Springs
30. Institute for the Puerto Rican/Hispanic Elderly in Manhattan
31. V.A. Hospital-Manhattan Employee Assistance Program
32. Woodhull Hospital Affiliates, Brooklyn
33. Bellevue Hospital Center Health and Info. Fair, NYC
34. NYC Housing Authority Annual Senior Entitlement Fair, NYC
35. Haitian American Cultural & Social Center, Spring Valley
36. Catholic Charities Rensselaer, Rensselaer
37. Jewish Community Center, Niskayuna
38. Catholic Charities Lunch and Learn, Niskayuna
39. Diamonds in the Rough, St. John's Lutheran Church
40. Youth Ministries for Peace and Justice, Bronx

41. Corona Library, Queens
42. Greenwood Lake Public Library, Orange County
43. New York Public Libraries, Bronx
44. SUNY New Paltz
45. Christ the King High School, Middle Village, Queens
46. John Dewey High School, Brooklyn
47. Baruch College (CUNY)
48. Higher Education Services Corporation (HESC), Albany
49. Brooklyn College Student Center
50. HSBC Center for Economic & Financial Education (Headquarters), Manhattan
51. 1199 SEIU (city-wide chapters), NYC
52. NYSERDA Competitive Edge Conference (MWBE), NYC
53. NYSEG, Ithaca
54. Empower NY (NYSERDA)
55. W.12th Street United Wellness Street Festival, NYC
56. NYPD 32nd Precinct, Community Affairs Division, NYC
57. Local 1549, Workers Union at DC 37 Headquarters, Manhattan
58. Displaced Homemakers Program, Economic Opportunity Commission of Nassau County
59. Community Service Society of New York, Manhattan
60. Ecuadorian International Center, Queens
61. Child Center of New York, ESL classes for Parents, Queens
62. Plaza Del Sol Community Center, Queens
63. Women's Day Laborers Project, Brooklyn
64. Victor Sustainability Advisory Council, Rochester
65. Guy Brewer Democratic Club, Queens
66. YMCA Eastside, Rochester
67. Go Green Rochester
68. Onondaga County Department of Social Services, Syracuse
69. NYS Childcare Council, Menands
70. Retail Council NYS

APPENDIX 4

2011 List of UIU Intervention and Proceedings Activities

A. Intervention Proceedings

- Case 07-E-0548 – Energy Efficiency Portfolio Standard – reauthorization
- Case 09-M-0527 – State Universal Service Fund/Access Charges
- Case 09-E-0539 – Consolidated Edison – electric rates
- Case 10-E-0271 – Stray Voltage
- Case 10-E-0362 – Orange and Rockland, Inc. – electric rates
- Case 10-M-0457 – System Benefit Charge (SBC) IV – reauthorization
- Case 10-E-1050 – National Grid – capital expenditures
- Case 11-M-0034 – Site Investigation and Remediation (SIR) Costs
- Case 11-W-0200 – Long Island Water Company – rates
- Case 11-G-0280 – Corning Natural Gas – rates
- Case 11-E-0408 – Orange and Rockland, Inc. – electric rates
- Case 10-T-0139 – Champlain Hudson Express – transmission line
- Case 11-W-0425 – American Water/Aqua Acquisition
- Case 11-M-0710 – Sub-Metering Regulations
- Case 09-E-0715 – NYSEG/RG&E

B. Other Energy Related Efforts

- State Energy Plan
- Green Jobs, Green New York
- Target Accessibility Fund Board
- Home Energy Assistance Program (HEAP) Interagency Task Force
- National Gas Reliability Advisory Group
- Low-Income Forum for Energy Steering Committee
- NYSERDA Technical Evaluation Panels
- NYISO Board Vacancy Search
- NYISO Committees and Working Groups
- FERC Filings
- Stray Voltage Technical Conference