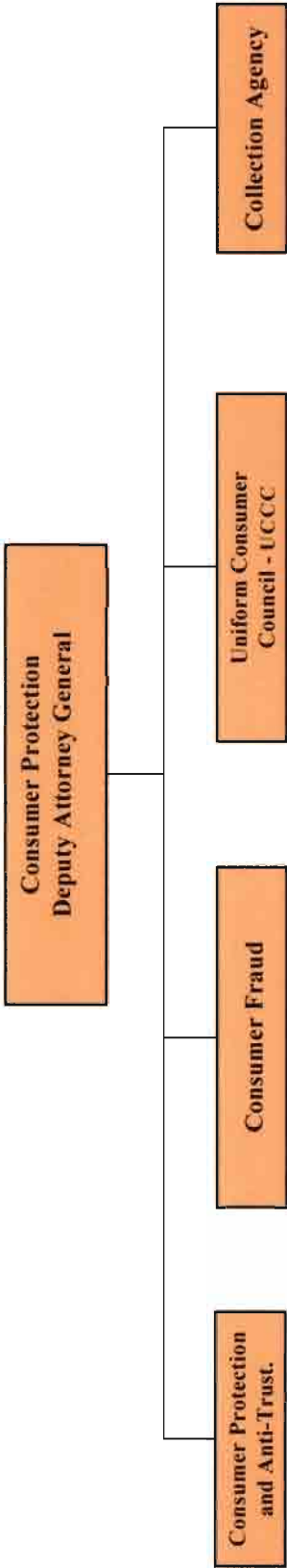


**Consumer Protection**





# **FY09-10 Reconciliation of Request Consumer Protection (New Format)**

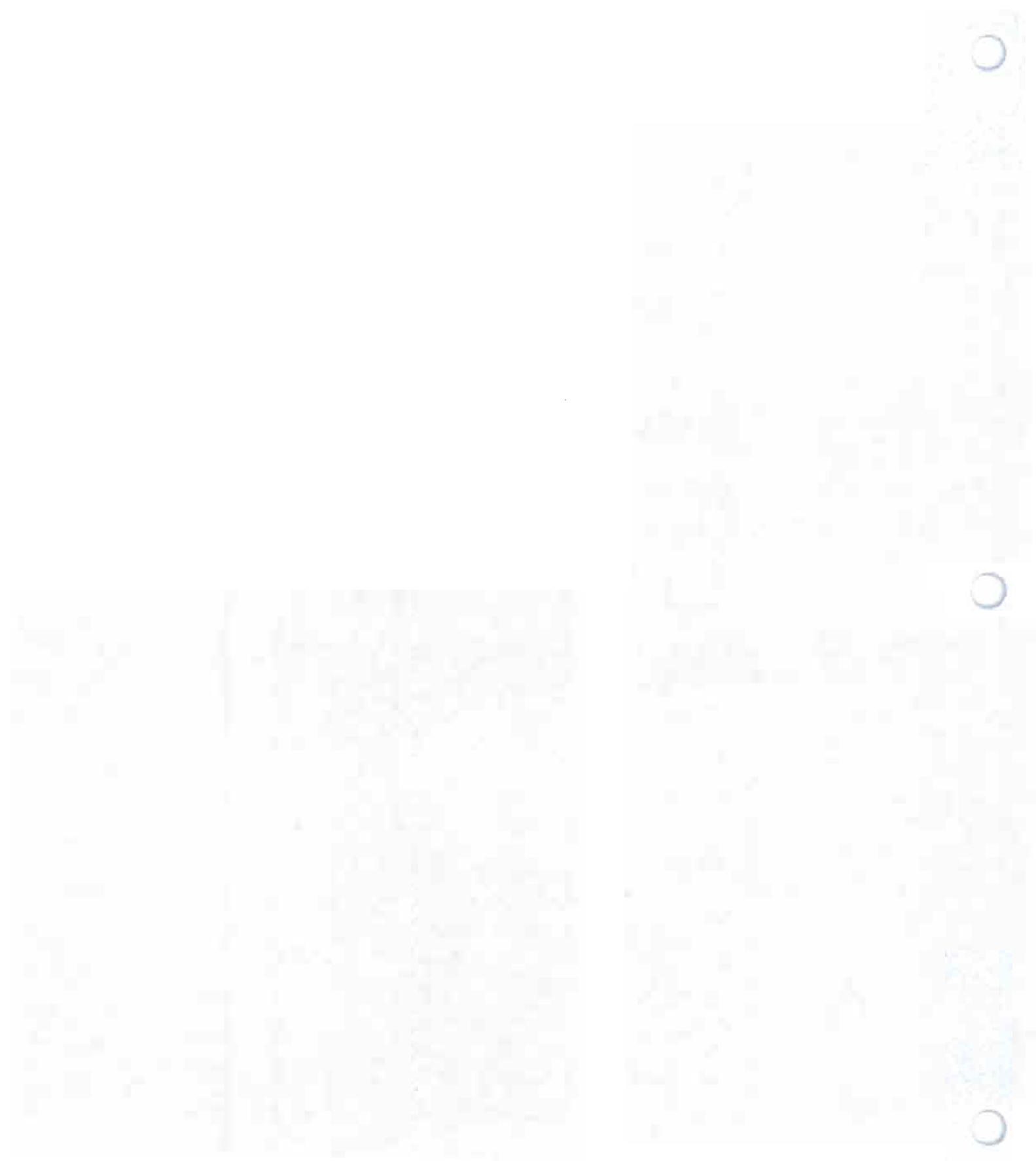
**A. CP and Anti-Trust**

**B. Collection Agency Board**

**C. Uniform Consumer Credit Code**

**D. CP Indirect Cost Assessment**





DEPARTMENT OF LAW  
 FY 2009-10 RECONCILIATION OF DEPARTMENT REQUEST

(S) Consumer Protection

Long Bill Line Item	Total Funds	FTE	General Fund	Cash Funds	Reappropriated Funds	Federal Funds
<b>(A) Consumer Protection and Anti-Trust</b>						
<b>Personal Services</b>						
FY 2008-09 Long Bill Appropriation (HB 08-1375)	\$1,608,602	20.0	\$795,302	\$592,568	\$220,732	\$0
Prior Year Salary Survey	\$54,451	0.0	\$32,863	\$18,361	\$3,227	\$0
Prior Year Performance-based Pay	\$15,294	0.0	\$9,426	\$4,970	\$898	\$0
Vacancy Savings Reduction	\$0	0.0	\$0	\$0	\$0	\$0
<b>FY 09-10 Base Request</b>	<b>\$1,678,347</b>	<b>20.0</b>	<b>\$837,591</b>	<b>\$615,899</b>	<b>\$224,857</b>	<b>\$0</b>
<b>Operating Expenses</b>						
FY 2008-09 Long Bill Appropriation (HB 08-1375)	\$160,133	0.0	\$79,171	\$58,989	\$21,973	\$0
<b>FY 09-10 Base Request</b>	<b>\$160,133</b>	<b>0.0</b>	<b>\$79,171</b>	<b>\$58,989</b>	<b>\$21,973</b>	<b>\$0</b>
<b>FY 2009-10 Base Request - Consumer Protection and Anti-Trust</b>	<b>\$1,838,480</b>	<b>20.0</b>	<b>\$916,762</b>	<b>\$674,888</b>	<b>\$246,830</b>	<b>\$0</b>
<b>Decision Item Requests</b>						
FY09-10 DI - # 5 Legal Assist for CP	\$51,122	1.0	\$51,122	\$0	\$0	\$0
FY09-10 NP - 2 Vehicle Operating Increase	\$544		\$544	\$0	\$0	\$0
FY09-10 NP - 3 DPA Postage Increase	\$510		\$510	\$0	\$0	\$0
<b>FY 2009-10 November 1st Request</b>	<b>\$1,890,656</b>	<b>21.0</b>	<b>\$968,938</b>	<b>\$674,888</b>	<b>\$246,830</b>	<b>\$0</b>
<b>FY 2008-09 Previous Year Request - Consumer Protection and Anti-Trust</b>	<b>\$1,768,735</b>	<b>20.0</b>	<b>\$874,473</b>	<b>\$651,557</b>	<b>\$242,705</b>	<b>\$0</b>

DEPARTMENT OF LAW  
 FY 2009-10 RECONCILIATION OF DEPARTMENT REQUEST

(5) Consumer Protection

Long Bill Line Item	Total Funds	FTE	General Fund	Cash Funds	Reappropriated Funds	Federal Funds
<b>(B) Collection Agency Board</b>						
Personal Services						
FY 2008-09 Long Bill Appropriation (HB 08-1375)	\$272,508	5.2	\$0	\$272,508	\$0	\$0
Prior Year Salary Survey	\$12,541	0.0	\$0	\$12,541	\$0	\$0
Prior Year Performance-based Pay	\$4,225	0.0	\$0	\$4,225	\$0	\$0
Vacancy Savings Reduction	\$0	0.0	\$0	\$0	\$0	\$0
<b>FY 09-10 Base Request</b>	<b>\$289,274</b>	<b>5.2</b>	<b>\$0</b>	<b>\$289,274</b>	<b>\$0</b>	<b>\$0</b>
Operating Expenses						
FY 2008-09 Long Bill Appropriation (HB 08-1375)	\$24,397	0.0	\$0	\$24,397	\$0	\$0
<b>FY 09-10 Base Request</b>	<b>\$24,397</b>	<b>0.0</b>	<b>\$0</b>	<b>\$24,397</b>	<b>\$0</b>	<b>\$0</b>
<b>FY 2009-10 Base Request - Collection Agency Board</b>	<b>\$313,671</b>	<b>5.2</b>	<b>\$0</b>	<b>\$313,671</b>	<b>\$0</b>	<b>\$0</b>
Decision Item Requests						
FY09-10 NP - 3 DPA Postage Increase	\$754	0.0	\$0	\$754	\$0	\$0
<b>FY 2009-10 November 1st Request</b>	<b>\$314,425</b>	<b>5.2</b>	<b>\$0</b>	<b>\$314,425</b>	<b>\$0</b>	<b>\$0</b>
<b>FY 2008-09 Previous Year Request - Collection Agency Board</b>	<b>\$296,905</b>	<b>5.2</b>	<b>\$0</b>	<b>\$296,905</b>	<b>\$0</b>	<b>\$0</b>

DEPARTMENT OF LAW

FY 2009-10 RECONCILIATION OF DEPARTMENT REQUEST

(S) Consumer Protection

Long Bill Line Item	Total Funds	FTE	General Fund	Cash Funds	Reappropriated Funds	Federal Funds
<b>(C) Uniform Consumer Credit Code</b>						
<b>Personal Services</b>						
FY 2008-09 Long Bill Appropriation (HB 08-1375)	\$905,450	12.3	\$0	\$905,450	\$0	\$0
Prior Year Salary Survey	\$30,741	0.0	\$0	\$30,741	\$0	\$0
Prior Year Performance-based Pay	\$9,933	0.0	\$0	\$9,933	\$0	\$0
Vacancy Savings Reduction	\$0	0.0	\$0	\$0	\$0	\$0
<b>FY 09-10 Base Request</b>	<b>\$946,124</b>	<b>12.3</b>	<b>\$0</b>	<b>\$946,124</b>	<b>\$0</b>	<b>\$0</b>
<b>Operating Expenses</b>						
FY 2008-09 Long Bill Appropriation (HB 08-1375)	\$67,078	0.0	\$0	\$67,078	\$0	\$0
<b>FY 09-10 Base Request</b>	<b>\$67,078</b>	<b>0.0</b>	<b>\$0</b>	<b>\$67,078</b>	<b>\$0</b>	<b>\$0</b>
<b>FY 2009-10 Base Request - Uniform Consumer Credit Code</b>	<b>\$1,013,202</b>	<b>12.3</b>	<b>\$0</b>	<b>\$1,013,202</b>	<b>\$0</b>	<b>\$0</b>
<b>Decision Item Requests</b>						
FY09-10 NP - 2 Vehicle Operating Increase	\$1,088	0.0	\$0	\$1,088	\$0	\$0
FY09-10 NP - 3 DPA Postage Increase	\$832			\$832		
<b>FY 2009-10 November 1st Request - Uniform Consumer Credit</b>	<b>\$1,015,122</b>	<b>12.3</b>	<b>\$0</b>	<b>\$1,015,122</b>	<b>\$0</b>	<b>\$0</b>
<b>FY 2008-09 Previous Year Request - Uniform Consumer Credit Code</b>	<b>\$972,528</b>	<b>12.3</b>	<b>\$0</b>	<b>\$972,528</b>	<b>\$0</b>	<b>\$0</b>

DEPARTMENT OF LAW  
 FY 2009-10 RECONCILIATION OF DEPARTMENT REQUEST

(5) Consumer Protection

Long Bill Line Item	Total Funds	FTE	General Fund	Cash Funds	Reappropriated Funds	Federal Funds
(D) Indirect Cost Assessment						
FY 2008-09 Long Bill Appropriation (HB 08-1375)	\$320,232	0.0	\$0	\$282,558	\$37,674	\$0
FY 09-10 Base Request	\$320,232	0.0	\$0	\$282,558	\$37,674	\$0
FY 2009-10 Base Request - Indirect Cost Assessment	\$320,232	0.0	\$0	\$282,558	\$37,674	\$0
FY 2008-09 Previous Year Request - Indirect Cost Assessment	\$320,232	0.0	\$0	\$282,558	\$0	\$0
(5) Consumer Protection						
FY 2008-09 Total Appropriation (Long Bill plus Special Bills)	\$3,358,400	37.5	\$874,473	\$2,203,548	\$242,705	\$0
FY 2009-10 November 1st Request	\$3,540,435	38.5	\$968,938	\$2,286,993	\$284,504	\$0



# Narrative

# Consumer Protection





## **D) BACKGROUND INFORMATION: CONSUMER PROTECTION UNIT**

Prior to fiscal year 2008 (FY08), all of the enforcement efforts under the Colorado Consumer Protection Act (“CCPA”) (§§ 6-1-101, *et seq.*, CRS) and the Colorado Antitrust Act (“Antitrust Act”) (§§ 6-4-101, *et seq.*, CRS) were handled by a 15 person unit, known as the Business Regulation Unit. The matters handled by this unit included traditional consumer protection matters such as false advertising, deceptive marketing and auto repair cases. In addition, this unit handled enforcement of the tobacco Master Settlement Agreement and related tobacco laws (§§ 39-28-201, *et seq.*, CRS – Tobacco Escrow Funds Act; and §§ 39-28-301, *et seq.*, CRS – Certified Brands Directory Act). It was also responsible for handled matters that were governed by special consumer protection provisions of the CCPA, including:

- Telemarketing registration and antifraud statutes (§§ 6-1-301, *et seq.*, CRS);
- The discount health plan statute (§ 6-1-712, CRS);
- Identity theft and privacy protection laws (§ 6-1-711, CRS, § 6-1-713, CRS, § 6-1-715, CRS and § 6-1-716, CRS);
- The Sweepstakes and Contests Act (§§ 6-1-801, *et seq.*, CRS);
- The No-Call List Act (§§ 6-1-901, *et seq.*, CRS);
- The Foreclosure Protection Act (§§ 6-1-1101, *et seq.*, CRS); and
- Mortgage broker antifraud provisions (§ 38-40-105, CRS).

During the 2007 legislative session, four separate mortgage bill were enacted to address deceptive mortgage brokering, appraisal and lending practices. See HB 07-1322, SB 07-085, SB 07-203 and SB 07-216, codified at §§ 12-61-901, *et seq.*, CRS and § 38-40-105, CRS. These mortgage laws also funded three new FTE positions in the Business Regulation Unit.

As a result of this expansion of jurisdiction and resources, the Business Regulation Unit was split into two new units in FY08: (1) Consumer Fraud, composed of 8.5 FTE who handle the traditional consumer protection cases and consumer complaint intake; and (2) the Antitrust, Tobacco and Consumer Protection Unit, composed of 9.5 FTE who handle enforcement of the Antritrust Act, the specialized consumer protection statutes listed above and all of the newly enacted mortgage fraud bills. Below is a description of how these units handle their enforcement efforts under their statutory provisions.

## **Consumer Fraud**

Consumer fraud investigations and prosecutions are handled by a variety of attorneys, investigators, and support staff through both Units. While most cases are brought under the Colorado Consumer Protection Act, these Units also bring cases under the Charitable Solicitations Act and the Motor Vehicle Repair Act. In addition to purely local cases, attorneys and staff periodically participate in national or multi-state enforcement activities with their counterparts in the Attorney General Offices of other states and with the Federal Trade Commission.

## **Antitrust**

The Attorney General's antitrust enforcement efforts are directed at protecting consumers and legitimate competitors from a whole range of anticompetitive conduct, including price fixing, conspiracies to suppress competition and mergers that will unreasonably restrain fair competition. The Antitrust, Tobacco and Consumer Protection Unit has one full-time lawyer who enforces the Colorado Antitrust Act and the federal antitrust laws, the Sherman and Clayton Acts. This position is funded from the general fund. The Attorney General has exclusive jurisdiction to enforce the civil and criminal provisions of the Colorado Antitrust Act.

Most of the Attorney General's antitrust enforcement activities are undertaken in conjunction with multistate actions where several states investigate and assert claims under the federal antitrust acts and their own state statutes. In these multistate actions the group usually handles investigations and settlement negotiations as a single unit. The Attorney General also participates in merger reviews in conjunction with the FTC where the industry at issue implicates statewide interests of concern in Colorado.

## **Tobacco Settlement Enforcement**

Since the State's settlement of the tobacco litigation against the major domestic tobacco companies in 1998, there has been a need for the Attorney General to monitor compliance with the numerous injunctive terms and payment obligations under the Master Settlement Agreement ("MSA") and the Smokeless Tobacco Master Settlement Agreement ("STMSA"). Under these agreements the companies agree to a host of marketing restrictions, including a prohibition on youth marketing. Also under these agreements, the companies pay anywhere from \$80.0 - \$100.0 Million to the State of Colorado. The fluctuations in payments depend on various complex adjustments provided for under the MSA which relate to sales volume by the participating companies and market share loss to manufacturers that are not part of the MSA (so called, "nonparticipating manufacturers" or "NPMs"). In addition there are tobacco related statutes that have been enacted as a result of the MSA. The Antitrust, Tobacco and Consumer Protection Unit has one full time lawyer who is funded out the tobacco settlement funds to handle these various monitoring and enforcement efforts.

Most of the monitoring and compliance work is coordinated through working groups of various States that are parties to the MSA and STMSA. This work can involve monitoring advertising and marketing practices to ensure the youth marketing and other restrictions are being followed. These groups also participate in the myriad efforts that are related to the calculation of the yearly tobacco payments. Complex procedures are set forth under the MSA for the calculation of these payments. The States' involvement is therefore necessary to ensure that the participating manufacturers are make proper payments. Working groups are also involved in negotiations to bring additional NPMs into ranks of the the participating manufacturers.

The Attorney General also has exclusive jurisdiction to enforce the NPMs' escrow payment obligations under Colorado's Tobacco Escrow Funds Act. Enforcement of these NPM escrow payment obligations requires this office to work closely with the Department of Revenue. The Department of Revenue collects the sales and distributor information that allows for proper accounting of these escrow obligations. This office also handles the constitutional and antitrust challenges that are sometimes filed against the MSA and these related tobacco escrow laws. One of these actions is usually pending at any one time. These challenges are usually handled in conjunction with a multistate group, but these cases require a fair amount of state specific work, including responding to discovery.

Finally, in recent years the participating tobacco companies have invoked a provision under the MSA that allows them to reduce payments to the states as a result of market share lost the NPMs. The states are disputing this adjustment and this dispute is arbitrated under the MSA. This office has hired a local law firm to represent it in these arbitration proceedings. Although represented by a law firm, these proceedings are time consuming because constant coordination is required with this office to account for how the NPM escrow payments were enforced since approximately 1999.

### **No-Call Enforcement**

The No-Call List Act was enacted in 2002. Since that time almost 3.2 Million residential phone numbers have been registered on the no-call list. The no-call list and other procedural aspects of the no-call program are actually administered by the Public Utilities Commission ("PUC"). However, enforcement of violations are handled by one full-time legal assistant and one lawyer within the Antitrust, Tobacco and Consumer Protection Unit. The legal assistant position is funded through the fees generated by telemarketers who buy the no-call lists each quarter. The attorney position is funded through general funds.

The Attorney General investigates complaints that are reported to the PUC of suspected no-call violations. These investigations involve some detailed work to ensure that the jurisdictional elements of the No-Call List Act are satisfied. They also

involve identifying the suspects or telemarketers involved in the violation. Once the suspects are identified this office generally enters into an agreement or brings an action to cease the violations and require the payment of a civil penalty.

### **Mortgage and Foreclosure Rescue Fraud**

Mortgage fraud and foreclosure rescue fraud have become increasing major problems in recent years in Colorado. To address these problems the General Assembly passed the Foreclosure Protection Act in 2006 and the four mortgage fraud bills in 2007. Also, as part of the 2007 mortgage fraud bills the Antitrust, Tobacco and Consumer Protection Unit was given one lawyer FTE and two investigator FTE to enforce these new laws and the Foreclosure Protection Act. These three new positions are funded through the licensing fees that are paid by mortgage brokers to get licensed with the Division of Real Estate's Mortgage Broker Program. In addition because addressing mortgage and foreclosure relief fraud are high priorities for the Attorney General, he has added another couple of generally funded lawyers and a generally funded full time investigator to assist in these enforcement efforts.

The mortgage fraud enforcement efforts are focused on ensuring that proper advertising and lending practices are used by mortgage brokers and lenders when offering loans to Colorado homeowners. These enforcement efforts are also focused on appraisers and other third parties who may be using deceptive trade practices to flip properties or obtain loans.

In addition, given the number of foreclosures in Colorado, this unit also increasingly occupied with protecting distressed homeowners from foreclosure rescue firms that offer to help them out of foreclosure. The Foreclosure Protection Act affords the homeowner certain protections when dealing with these rescue firms such as entering into a written contract that specifies the work to be done, a prohibition on upfront fees and a prohibition on taking a lien in the property unless certain disclosures are made.

These enforcement efforts generally involve the investigation of a complaint filed by a borrower or distressed homeowner. The Attorney General has also forged relationships with other law enforcement offices and the Division of Real Estate's Mortgage Broker Program to learn about mortgage and foreclosure rescue scams that may be operating throughout the State. After these investigations are complete the Attorney General seeks to eliminate the fraud through entering into settlement agreements (which can come in the form of a Cease & Desist Notice or an Assurance of Voluntary Compliance). The Attorney General has also brought actions under the CCPA to stop these deceptive practices.

## **II) PRIOR YEAR LEGISLATION**

### **Consumer Fraud**

There were four separate pieces of legislation amending the Consumer Protection Act, only one of which may generate significant activity for these Units:

1. HB 08-1178 created the "Spam Reduction Act of 2008" with the CCPA. Tracking the federal CAN-SPAM Act, this amendment created new public and private enforcement authority and remedies.

2. HB 08-1196 amended the CCPA to prohibit false advertising regarding live music concerts or regarding a performer's affiliation with any other performing or recording group.

3. SB 08-024 amended the CCPA to prohibit a ticket seller from limiting the resale of tickets and requires a guarantee of a full refund if event is cancelled, the ticket is invalid, or the ticket is counterfeit.

4. SB 08-077 amended the CCPA to prohibit the use of computer technology for the purpose of purchasing event tickets on-line in excess of authorized limits.

### **Antitrust**

After enactment of all the mortgage fraud related bills in 2007 this was a relatively quiet year for consumer protection. The only piece legislation that will have any impact on the Antitrust, Tobacco and Consumer Protection Unit is SB 08-246, Concerning a Clarification of the Prohibition of Selling Below Cost under the Unfair Practices Act (Williams, Jahn/Lundberg). This law allows grocery stores to offer discounts on the sale of gas if the customer uses a discount card at the store. The Attorney General's Office frequently received complaints from competitors about these discounted gas sales. During FY08 the US District Court declared this discount scheme to be a violation of the below cost sale provision of the Colorado Antitrust Act. This new bill now allows these discounted sales. It will also give the Attorney General more definite standards for determining whether a particular discount is a below cost sale.

## **III) HOT ISSUES**

### **Consumer Fraud**

We are seeing a staggering growth in the number of complaints involving Internet sales of consumer goods. Consumers complain about "free" or "trial" offers that actually involve the purchase of more costly goods and confusing or misrepresented refund and return policies.

## **Antitrust**

During FY07 and FY08 Colorado's action against Warner Chilcott and Barr Laboratories occupied almost all of our antitrust resources. This case was a multistate action filed in the DC District Court under state and federal antitrust laws. In this action Colorado alleged that the pharmaceutical companies' entered into an agreement in violation of the antitrust laws to withhold a generic version of Ovcon from the market. Colorado was one of the leaders of this litigation. As one of the leaders, Colorado coordinated the states' discovery responses, appeared in Court as lead counsel and played a major role in directing settlement negotiations. This action ultimately settled separately with Warner Chilcott and Barr Laboratories for a total payment to the States of \$11.9 Million. Also, as a result of this litigation the companies agreed to allow generic Ovcon to be sold on the market.

## **Tobacco Enforcement**

During the past year, significant time has been expended in dealing with issues surrounding the "non-participating manufacturers'" adjustment ("NPM Adjustment") under the MSA. Under the MSA the tobacco companies who settled the tobacco litigation are able to reduce the amount owed under the MSA if they lost market share as a result of NPM sales and the States failed to diligently enforce the escrow laws against these NPMs. The issue as to whether Colorado and the other States diligently enforced its Tobacco Escrow Laws is currently the subject of arbitration proceedings under the MSA. Because application of this adjustment in Colorado could result in a future offset against our settlement payments in excess of \$70 million, significant resources are being dedicated to the pursuit of a positive determination of Colorado's diligent enforcement. Because of the potential that members of the Attorney General's staff will be material witnesses in any diligent enforcement proceedings, outside counsel has been retained to represent the State's interests.

Without some other resolution of this NPM Adjustment issue, similar litigation can be expected to consume significant resources in the upcoming years as well. While these proceedings deal with Colorado's diligent enforcement during 2003, a similar arbitration is likely with regard to 2004. The States are actively engaged with Participating Manufacturers in negotiations to change this "NPM Adjustment" process. These negotiations are continuing concurrently with diligent enforcement proceedings.

## **No-Call**

In years past no-call enforcement generally involved a high volume of complaints. The suspects were generally located within the United States and could be discovered through traditional investigative techniques. During the past year, calling technology and marketing strategies have changed the dynamic of this enforcement work. While no-call complaints are down, there is a pervasive occurrence of no-call violations in



the telemarketing of auto warranties and credit cards. The no-call staff has devoted significant resources during FY08 to identify and stop these violators. In November 2007 the no-call enforcement staff made a major breakthrough when it reached a Cease & Desist agreement with MLE Marketing located in Carrollton, Texas. MLE Marketing had been using automated calling technology that allowed a number to be dialed at random without regard to whether it was registered on the no-call list. Many other telemarketers are using similar calling strategies. It requires a great deal of time to track down these telemarketers. As these telemarketing calls become more prevalent, we anticipate that these larger, long-term investigations will become a greater part of the no-call staff's work.

### **Mortgage and Foreclosure Rescue Fraud**

These cases have taken up the majority of the resources of the Antitrust, Tobacco and Consumer Protection Unit during FY08. The Attorney General has hired one full-time lawyer and two full-time investigators to handle these cases. In addition, the Attorney General has assigned two other generally funded lawyers and a generally funded investigator to work on these cases.

Throughout FY08 the Attorney General has focused on stopping the worst advertising and lending practices of mortgage brokers. With regard to advertising practices, the Attorney General has reached settlements with two mortgage brokers that will set the standard for advertising in the Mortgage Marketplace sections of the *Denver Post* and *Rocky Mountain News*. These settlements, referred to as Assurances of Discontinuance under the CCPA, prohibit the brokers from advertising "option ARM" loans and the low interest rate (e.g., 1.95%) and monthly payments that come with these loans. These low interest rates and payments were advertised with many undisclosed risks that can actually cause the loan to become much more expensive over time. The settlements not only prohibit the advertising of these risky loans but they require greater disclosure of other material terms when advertising traditional 15 and 30-year fixed mortgages and traditional ARMs. This standard Assurance of Discontinuance is being presented to several more mortgage advertisers. Negotiations are currently being held with them to bring them under these advertising standards. If no agreement can be reached with them, then the Attorney General will sue them and request that a court hold them to these advertising standards.

In addition to addressing these advertising practices the Attorney General has filed two lawsuits against brokers and entered into an Assurance of Discontinuance with another broker to address their lending practices. See *State of Colorado ex rel., John W. Suthers, Attorney General v. Shifrin, et al.*, Civil Action No. 08-CV-1047 (Denver District Court); *State of Colorado ex rel. John W. Suthers, Attorney General v. Home Mortgage Solutions, et al.*, Civil Action No. 08-CV-1659 (Arapahoe County District Court); and *In re: Encore Lending, et al.*, Assurance of Discontinuance entered July 11, 2008. The lawsuits against the Shifrin defendants and Home Mortgage Solutions were filed under the CCPA and allege that deceptive trade practices were used by the

brokers to put borrowers into option ARM loans. The Encore Lending Assurance stems from the brokers use of deceptive trade practices to put borrowers into loans that they could not afford. Paul Baker, the owner and operator of Encore, agreed to surrender his mortgage broker license. Also, Encore must pay \$2,000.00.

The Attorney General has also made foreclosure rescue fraud a priority for this staff. During FY08 the Attorney General reached Cease & Desist agreements with seven foreclosure rescue firms in order to bring them into compliance with the Foreclosure Protection Act. This is in addition to the five Cease & Desist agreements reached in FY07, when the Foreclosure Protection Act became law.

The Attorney General has also been active in a multistate group that is hoping to stem the tide of foreclosures by opening a dialogue with the loan servicers who can stop unnecessary and uneconomic foreclosures. The Foreclosure Prevention Working Group is a composed of representatives from eleven Attorney General Offices and two state banking supervisors from around the country. This working group met with the top twenty subprime loan servicers and obtained information from them throughout FY08. These servicers can modify loans where it makes economic sense for all of the parties involved. By establishing a line of communication with these services and collecting data from them, the working group is working towards reducing the number of unnecessary foreclosures and encouraging loan modifications that will allow homeowners to stay in their homes, when doing so makes economic sense for all of the parties involved.

In addition to participating in this working group, the Attorney General is supporting the Foreclosure Hotline in Colorado. The hotline is administered through the Colorado Department of Housing. It is being operated by Brothers Redevelopment, Inc. The Attorney General works closely with Brothers Redevelopment to identify suspects who may not be complying with the Foreclosure Protection Act.

Finally, the Attorney General also opened several investigations of not only mortgage brokers and foreclosure rescue firms, but also appraisers and third parties who are reportedly using deceptive trade practices to flip homes or obtain loans illegally. These investigations are time consuming, but we hope to have results to report during FY09.

#### **IV) WORKLOAD MEASURES**

##### **Workload Indicators**

Workload measures that are quantifiable are difficult to formulate for the type of consumer protection work that is done by these Units. When these Units existed as the Business Regulation Unit it received thousands of consumer complaints and received tips about scams through other states and law enforcement offices. Between

and among all of these sources the unit has always had far more cases than it could possibly handle. Therefore, the units' workload measures have been guided more by enforcement priorities than by quantifiable measures, such as complaints filed, population growth or economic conditions. For example, when foreclosures began to rise in Colorado the Attorney General moved more resources towards addressing mortgage fraud and foreclosure relief fraud. The Attorney General also sought more resources in conjunction with the mortgage fraud bills that were enacted in order to combat these frauds.

Moreover, quantifiable measures such as consumer complaints filed and population growth have been poor predictors of the consumer protection caseload. For example no-call complaints are down and nearly 3.2 Million phone numbers are registered on the no-call list. However, the advent of new calling technology and more diffused telemarketing strategies have actually increased the investigative burden on the no-call enforcement staff. In a similar vein, homeowners who have been sold risky loans through deceptive trade practices, or lost their homes to fraudulent foreclosure rescue firms seldom file complaints with our office regarding these practices. However, mortgage fraud and foreclosure rescue fraud has accounted for the greatest portion of this unit's work during FY08.

## **CORE OBJECTIVES AND PERFORMANCE MEASURES**

### **CONSUMER FRAUD**

*Objective: Identify and prevent deceptive trade practices in marketplaces affecting Colorado consumers and businesses*

Performance Measure	Outcome	FY 07 Actual		FY 08 Actual		FY 09 Estimate		FY 10 Request	
		Incidents	Change	Incidents	Change	Incidents	Change	Incidents	Change
Investigate and either sue or settle with individuals or entities that are engaged in deceptive trade practices	Benchmark	N/A		N/A		N/A		N/A	
	Actual**	65		82	+21%	N/A		N/A	

\*\*Includes mortgage fraud investigations

## ANTITRUST

*Objective: Preserve competition in marketplaces affecting Colorado consumers and businesses by investigating and resolving conduct that is anticompetitive and unreasonably restricts trade in Colorado.*

Performance Measure	Outcome	FY 07 Actual		FY 08 Actual		FY 09 Estimate		FY 10 Request	
		Incidents	Change	Incidents	Change	Incidents	Change	Incidents	Change
Investigate and either sue or settle with individuals or entities that are engaged in anticompetitive conduct such as price fixing, agreeing to restrain trade or entering into mergers that unreasonably restrict competition	Benchmark	N/A		N/A		N/A		N/A	
	Actual	15	+ 7%	9	- 40%	N/A		N/A	

### *Strategy:*

The figures reported above represent the number of cases investigated, litigated or brought to resolution through settlement or judgment. They include traditional investigations of anticompetitive conduct, such as price fixing and agreements to restrain competition. They also include reviews of mergers that threatened to reduce competition.

There were two strategies at work during FY08. The first goal was to complete the Ovcon litigation against Warner Chilcott and Barr Laboratories. Through Colorado's leadership of this massive multistate litigation we hoped to send the message that illegal conspiracies to restrain beneficial, less expensive products from the market will not be tolerated no matter how daunting the enterprises involved. With Colorado's leadership the states were able to extract \$11.4 Million in penalties from these companies. This fine stands as daunting precedent for companies who seek to engage in similar anticompetitive conduct.

Second, during FY08 Colorado has participated in merger reviews where Colorado's business and consumer interests were implicated. These merger reviews are necessary to preserve competition and consumer welfare in the State.

## TOBACCO

*Objective: Ensure that the Master Settlement Agreement continues to protect consumers and fair competition in the tobacco industry by enforcing the anti-youth marketing and honest advertising requirements contained in this agreement and protecting the payments owed to Colorado under this settlement.*

Performance Measure	Outcome	FY 07 Actual		FY 08 Actual		FY 09 Estimate		FY 10 Request	
		Incidents	Change	Incidents	Change	Incidents	Change	Incidents	Change
Participate in MSA proceedings to ensure that proper payments are made under the settlement to Colorado.	Benchmark	N/A*	N/A	N/A		N/A		N/A	
	Actual	7	+40%	20	+200%	N/A		N/A	

Performance Measure	Outcome	FY 07 Actual		FY 08 Actual		FY 09 Estimate		FY 10 Request	
		Incidents	Change	Incidents	Change	Incidents	Change	Incidents	Change
Diligently enforce the tobacco laws requiring escrow payments by NPMs and certification of compliant brands by all tobacco manufacturers	Benchmark	N/A†	N/A	N/A		N/A		N/A	
	Actual	75	+275%	69	-8%	N/A		N/A	

\* For the reasons stated above, it would be inappropriate for a prosecutor to establish a benchmark for cases investigated and prosecuted. Circumstances beyond the control of the Attorney General dictate the cases that are actually investigated and prosecuted. In order to maintain the integrity of the Attorney General's prosecutorial discretion quotas should not be placed on the number of cases brought by his consumer protection staff.

† For the reasons stated above, it would be inappropriate for a prosecutor to establish a benchmark for cases investigated and prosecuted. Circumstances beyond the control of the Attorney General dictate the cases that are actually investigated and prosecuted. In order to maintain the integrity of the Attorney General's prosecutorial discretion quotas should not be placed on the number of cases brought by his consumer protection staff.

## No-Call

*Objective: Ensure that residential privacy is protected by actively enforcing the Colorado No-Call List Act.*

Performance Measure	Outcome	FY 07 Actual		FY 08 Actual		FY 09 Estimate		FY 10 Request	
		Incidents	Change	Incidents	Change	Incidents	Change	Incidents	Change
Identify telemarketers who are responsible for the most number of violations and take immediate action to bring them into compliance the No-Call Act.	Benchmark	N/A <sup>‡</sup>		N/A		N/A		N/A	
	Actual	73	Statistics not kept in 2006 in same way as FY07 figures calculated			N/AError! Bookmark not defined.		N/A	

<sup>‡</sup> For the reasons stated above, it would be inappropriate for a prosecutor to establish a benchmark for cases investigated and prosecuted. Circumstances beyond the control of the Attorney General dictate the cases that are actually investigated and prosecuted. In order to maintain the integrity of the Attorney General's prosecutorial discretion quotas should not be placed on the number of cases brought by his consumer protection staff.

## MORTGAGE AND FORECLOSURE RESCUE FRAUD

*Objective: Protect homeownership in Colorado by ensuring honesty in residential mortgage advertising, maintaining fairness in residential mortgage lending practices and preventing exploitation of homeowners in foreclosure.*

Performance Measure	Outcome	FY 07 Actual		FY 08 Actual		FY 09 Estimate		FY 10 Request	
		Incidents	Change	Incidents	Change	Incidents	Change	Incidents	Change
Investigate individuals and entities that are committing mortgage foreclosure relief fraud.	Benchmark	New program in FY 08	N/A						
	Actual	- same -	N/A	49 <sup>§</sup> 15 <sup>**</sup>	N/A			††	

<sup>§</sup> This figure represents investigations or cases that were commenced or resolved during FY 08 under the mortgage fraud and foreclosure protection act provisions of the CCPA. This figure represents the following actions:

- 17 investigations opened
- 11 settlements, assurances of discontinuance or stipulated final judgments reached in cases, regardless of when they were opened
- 2 lawsuits filed; and

19 investigations closed with no action

<sup>\*\*</sup> This figure represents investigations or cases that were commenced or resolved during FY 08 under the other specialized consumer protection statutes listed above. This figure represents the following actions:

- 4 investigations opened
- 5 settlements, assurances of discontinuance or stipulated final judgments reached in cases, regardless of when they were opened

6 cases close with no action

Performance Measure	Outcome	FY 07 Actual		FY 08 Actual		FY 09 Estimate		FY 10 Request	
		Incidents	Change	Incidents	Change	Incidents	Change	Incidents	Change
Investigate individuals and entities that are violating various specialized consumer protection provisions of the CCPA.	Benchmark	New program in FY 08	N/A						
	Actual	- same -	N/A	15 <sup>††</sup>	N/A				

<sup>††</sup> This figure represents investigations or cases that were commenced or resolved during FY 08 under the other specialized consumer protection statutes listed above, *supra* at 1 (with the exception of the tobacco related statutes which are addressed in the Tobacco section above). This figure represents the following actions:

- 4 investigations opened
- 5 settlements, assurances of discontinuance or stipulated final judgments reached in cases, regardless of when they were opened
- 6 cases close with no action



**FY 09-10**  
**Budget**  
**Schedules 2, 3 and 4**  
**CP - Consumer Protection/Anti-trust**





**SCHEDULE 2 - PROGRAM SUMMARY**

Department of Law Item	Actual FY 07		Actual FY 08		Approp FY 09		Estimate FY 09		Request FY 10	
	Total Funds	FTE	Total Funds	FTE	Total Funds	FTE	Total Funds	FTE	Total Funds	FTE
<b>CONS. PROTECT. &amp; ANTI-TRUST</b>	1,427,859	15.1	1,721,339	18.0	1,768,735	20.0	2,015,252	20.0	1,890,656	21.0
General Fund	843,334		965,065		874,473		999,809		968,937	
General Fund Exempt	-		-		-		-		-	
Cash Fund	76,191		79,988		651,557		746,062		674,888	
Reappropriated Funds	508,335		676,286		242,705		269,381		246,831	
Federal Funds										

1

2

3

**SCHEDULE 3 - PERSONAL SERVICES PROGRAM DETAIL**

Department of Law Item	Actual FY 07		Actual FY 08		Approp FY 09		Estimate FY 09		Request FY 10	
	Total Funds	FTE	Total Funds	FTE	Total Funds	FTE	Total Funds	FTE	Total Funds	FTE
<b>I. POSITION DETAIL</b>										
Deputy Attorney General	110,872	1.0	120,496	1.0			124,728	1.0	124,728	1.0
First Assistant Attorney General			189,744	2.0			200,520	2.0	200,520	2.0
Senior Assistant Attorney General	85,000	1.0	446,707	6.5			510,588	7.0	510,588	7.0
Assistant Attorney General II	292,176	4.3	78,615	1.0			81,708	1.0	81,708	1.0
Assistant Attorney General I	74,462	1.0	73,438	1.3			121,740	2.0	121,740	2.0
Criminal Investigator II	54,528	1.0	17,868	0.3			56,352	1.0	56,352	1.0
Criminal Investigator I			94,956	2.0			99,828	2.0	99,828	2.0
Compl Investigator I	87,154	1.9								
Legal Assistant II			57,456	1.0			60,408	1.0	60,408	1.0
Legal Assistant I	64,302	1.0	49,268	1.0			55,524	1.0	55,524	1.0
General Professional IV	50,376	1.0	40,886	1.0			42,864	1.0	42,864	1.0
General Professional III	41,618	1.0	46,776	1.0			49,176	1.0	49,176	1.0
Program Assistant II	44,772	1.0								
Program Assistant I	83,080	0.9								
General	988,340	15.1	1,216,211	18.0			1,403,436	20.0	1,403,436	20.0
<b>TOTAL POSITION DETAIL</b>										

**SCHEDULE 3 - PROGRAM DETAIL**

**CONSUMER PROTECTION & ANTI-TRUST**

Department of Law

Item	Actual FY 07		Actual FY 08		Approp FY 09		Estimate FY 09		Request FY 10	
	Total Funds	FTE	Total Funds	FTE	Total Funds	FTE	Total Funds	FTE	Total Funds	FTE
<b>(I.A.) CONTINUATION FTE SALARY COST</b>										
(Permanent FTE by position)										
Continuation Salary Subtotal	988,340	15.1	1,216,211	18.0			1,403,436	20.0	1,403,436	20.0
<b>(I.B.) OTHER PERSONAL SERVICES</b>										
PERA on Continuation Subtotal	104,557		110,300				142,449		142,449	
Medicare on Continuation Subtotal	13,950		16,464				20,350		20,350	
Non-Base building Performance Awards							3,059			
Part-Time/Temporary Salaries	55,457		31,379				52,772		35,000	
Contractual Services	32,285		29,563				100,000		77,111	
Overtime Pay										
Sick Leave Conversion										
Termination/Retirement Payouts	15,224		471							
Employment Security Payments										
Other	2,049		14,580							
Special Bills										
<b>SUBTOTAL</b>	223,524		202,757				318,630		274,910	
<b>(I.C.) PERSONAL SERVICE</b>										
<b>SUBTOTAL = A+B</b>	1,211,864	15.1	1,418,967	18.0			1,722,066	20.0	1,678,346	20.0
<b>(I.D.) POTS EXPENDITURES</b>										
Health/Life/Dental										
Salary Act/Merit	54,537		70,476				77,623			
Performance Awards	[44,698]		[46,730]				[54,451]			
Short Term Disability			[15,514]				[19,118]			
SB 04.257 A.E.D.	1,114		1,543				1,739			
SB 06.235 S.A.E.D.	7,525		14,324				20,323			
Other			2,857				10,164			
			2,411							
<b>(I.E.) BASE PERSONAL SERVICES</b>										
<b>TOTAL = C+D</b>	1,275,040	15.1	1,510,578	18.0			1,821,751	20.0	1,678,346	20.0
General Fund	690,514						921,123		837,590	
General Funds Exempt										
Cash Funds	76,191						680,656		615,899	
Reappropriated Funds	508,335						219,972		224,857	
<b>(I.F.) DIFFERENCE= I-I.E.</b>										

[ ] Indicates a Non-add

**SCHEDULE 3 - PROGRAM DETAIL**

Department of Law

**CONSUMER PROTECTION & ANTI-TRUST**

Item	Actual FY 07		Actual FY 08		Approp FY 09		Estimate FY 09		Request FY 10	
	Total Funds	FTE	Total Funds	FTE	Total Funds	FTE	Total Funds	FTE	Total Funds	FTE
<b>(I.G.) REQUEST YEAR DECISION ITEMS</b>										
General Fund										
Cash Funds										
Reappropriated Funds										
<b>II. PERSONAL SERVICES REQUEST (AGGREGATE ADJUSTMENTS TO THE BASE APPROPRIATION)</b>										
Previous Year Long Bill									1,608,601	20.0
Salary Survey-Classified									17,181	
PBP - Classified									4,958	
Salary Survey Exempt									37,270	
PBP - Exempt									10,336	
OSPB .2% Base Reduction									1,678,346	
Subtotal -	1,275,040	15.1	1,510,578	18.0	1,821,751	20.0	1,678,346	1,678,346	837,590	20.0
<b>II. PERSONAL SERVICES REQUEST TOTAL</b>										
General Fund	758,095		754,305		-		-	-	615,899	
General Fund Exempt	76,191		79,988		680,656		680,656	615,899	224,857	
Cash Funds	440,754		676,285		219,972		219,972	224,857		
Reappropriated Funds	-		-		-		-	-	-	
Federal Funds	-		-		-		-	-	-	





**SCHEDULE 3 - OPERATING PROGRAM DETAIL**

**CONSUMER PROTECTION & ANTI-TRUST**

Department of Law

item	Actual FY 07		Actual FY 08		Approp FY 09		Estimate FY 09		Request FY 10	
	Total Funds	FTE	Total Funds	FTE	Total Funds	FTE	Total Funds	FTE	Total Funds	FTE
3143 - Non-Capitalized IT Other	1,644		2,879				3,403		3,403	
4140 - Dues & Memberships	2,750		3,021							
4170 - Miscellaneous Fees	2,793						50		50	
4180 - Official Functions			37				1,250		1,250	
4220 - Registration Fees	3,343		945				750		750	
6212 - IT Servers Direct Purchase			653						624	
6214 - IT Other- Direct Purchase	624									
<b>Operating Expense Subtotal:</b>	152,819		210,761				130,403		160,134	
<b>OPERATING EXPENSE SUBTOTAL:</b>	152,819		210,761				130,403		160,134	
General Fund	85,239		87,576				60,226		79,171	
General Fund Exempt	-		-				-		-	
Cash Funds	-		-				38,314		58,989	
Reappropriated Funds	67,580		123,185				31,863		21,974	
<b>Potted Operating Expenses</b>										
Workers' Compensation							3,415			
Leased Vehicle Expense							4,916			
Capital Complex Lease Space							38,985			
Leased Space							-			
IT Asset Maintenance							15,190			
Communication Service Payments							592			
ADP Capital Outlay										
<b>Total</b>							<b>63,098</b>			
General Fund							18,460			
Cash Funds							27,092			
Reappropriated Funds							17,546			
<b>Rollforwards</b>										
Reappropriated Funds							-			
<b>DECISION ITEM REQUESTS</b>										
Dec Item # 5 - Legal Assistant FTE										
General Fund									51,122	1.0
Cash Funds									51,122	
Reappropriated Funds									-	

**SCHEDULE 3 - OPERATING PROGRAM DETAIL**

Department of Law.		CONSUMER PROTECTION & ANTI-TRUST									
		Actual FY 07		Actual FY 08		Approp FY 09		Estimate FY 09		Request FY 10	
Item	Total Funds	FTE	Total Funds	FTE	Total Funds	FTE	Total Funds	FTE	Total Funds	FTE	
<b>NP #2 Operating Vehicle Increase</b>											
General Fund	1,427,859	15.1	1,721,339	18.0	1,768,735	20.0	2,015,252	20.0	1,890,656	21.0	
Cash Funds	843,334		965,065		874,473		999,809		968,937		
Reappropriated Funds	-		-		-		-		-		
<b>NP #3 DPA Central Services Postage Inc</b>											
General Fund	76,191		79,988		651,557		746,062		674,888		
Cash Funds	508,335		676,286		242,705		269,381		246,831		
Reappropriated Funds											
<b>TOTAL CONSUMER PROTECTION</b>											
General Fund	1,427,859	15.1	1,721,339	18.0	1,768,735	20.0	2,015,252	20.0	1,890,656	21.0	
General Fund Exempt	843,334		965,065		874,473		999,809		968,937		
Cash Funds	-		-		-		-		-		
Reappropriated Funds	76,191		79,988		651,557		746,062		674,888		
Reappropriated Funds	508,335		676,286		242,705		269,381		246,831		
<b>RECONCILIATION OF FUNDS</b>											
Long Bill Appropriation	1,358,593	16.0	1,481,229	17.0			1,768,735	20.0			
Special Bills											
HB08-1290 - Supplemental	(450,957)	(5.3)									
SB07-203 Mortgage Loan Transaction	186,349	2.3									
SB07-216 Mortgage Loan Fraud	265,085	3.0									
HB07-1322 Mortgage Fraud Prevention	264,608	3.0									
Allocated POTS:											
Salary POTS	44,698		62,244				73,569				
Health/Life/Dental	60,960		56,997				77,623				
Short Term Disability	1,205		1,339				1,739				
SB 04.257 A.E.D.	8,158		12,917				20,323				
SB 06.235 S.A.E.D.			2,425				10,164				
Worker's Compensation	2,612		2,450				3,415				
Vehicle Lease Payments	3,588		1,995				4,916				
Capital Complex Lease Space	47,671		53,710				38,985				
Lease Space			6,725				-				
ADP Capital Outlay	866		745				592				
Communication Service Payments											
IT Asset Maintenance	8,704		8,293				15,190				

**SCHEDULE 3 - OPERATING PROGRAM DETAIL**

Department of Law

**CONSUMER PROTECTION & ANTI-TRUST**

item	Actual FY 07		Actual FY 08		Approp FY 09		Estimate FY 09		Request FY 10	
	Total Funds	FTE	Total Funds	FTE	Total Funds	FTE	Total Funds	FTE	Total Funds	FTE
Year-End Transfer										
Rollforward from previous FY										
Rollforward to subsequent FY	(109,193)		(234,813)							
Overexpenditure/(Reversion)										
Lapsed Appropriation Cash Fund Exempt	1,427,859	16.0	1,721,338	20.0			2,015,251	20.0	-	
<b>TOTAL RECONCILIATION</b>										
<b>TOTALS</b>	<b>1,427,859</b>	<b>15.1</b>	<b>1,721,339</b>	<b>18.0</b>	<b>1,768,735</b>	<b>20.0</b>	<b>2,015,252</b>	<b>20.0</b>	<b>1,890,656</b>	<b>21.0</b>
General Fund	843,334		965,065		874,473		999,809		968,937	
General Fund Exempt	-		-		-		-		-	
Cash Funds	76,191		79,988		651,557		746,062		674,888	
Reappropriated Funds	508,335		676,286		242,705		269,381		246,831	

(1)

(2)

(3)

**SCHEDULE 4 - SOURCE OF FINANCING - DIRECT REVENUES**

Department of Law		CONSUMER PROTECTION & ANTI-TRUST						
		Fund Number	Actual FY 2007	Actual FY 2008	Approp FY 2009	Estimate FY 2009	Request FY 2010	
Item								
<b>Schedule 3 Total</b>								
General Fund		1,427,859	1,721,339	1,768,735	2,015,252	1,890,656		
General Fund Exempt		843,334	965,065	874,473	999,809	968,937		
Cash Funds		76,191	79,988	651,557	746,062	674,888		
Reappropriated Funds		508,335	676,286	242,705	269,381	246,831		
Federal Funds		-	-	-	-	-		
<b>Cash Funds</b>								
Department of Local Affairs (Manufactured Home Fund)		76,191	79,988	651,557	746,062	674,888		
No Call Fund Source		20,784	20,784	20,784	20,784	20,784		
Custodial Fund Balance		55,407	59,204	46,712	172,832	46,712		
Tobacco Litigation Defense Account				346,342	60,218	346,342		
UCCC Custodial				157,719	399,632	157,719		
				80,000	92,596	103,331		
<b>Reappropriated Funds</b>								
Custodial Fund Balance		508,335	676,285	242,706	269,381	246,831		
Tobacco Litigation Defense Account		352,220	373,683	-	-	-		
UCCC Custodial		55,330	85,015	-	-	-		
Division of Real Estate		100,785	86,409	-	-	-		
			131,178	242,706	269,381	242,706		

3

**Narrative  
Collection  
Agency Board  
and  
Uniform Consumer  
Credit Code**







## **I) BACKGROUND INFORMATION: UNIFORM CONSUMER COMMERCIAL CODE (UCCC)/COLLECTION AGENCY (CAB)**

This Unit enforces six state laws relating to consumer credit and debt collections. It has a combined FTE total of 17.5 with 12.25 in consumer credit and 5.25 in debt collection.

### **Consumer Credit:**

The Consumer Credit group enforces the Colorado Uniform Consumer Credit Code (UCCC) (consumer lending); Uniform Debt Management Services Act (credit counseling and debt settlement); Credit Services Organization Act (CSOA) (credit repair), and Rental Purchase Agreement Act (CROA) (rent-to-own).

**UCCC:** The UCCC protects the rights of consumers who borrow money, establishes reasonable limits on interest rates and fees, fosters fair competition among lenders, and promotes an adequate supply of credit. The UCCC also includes the Colorado Consumer Equity Protection Act (restricting certain terms in high-cost loans) and Deferred Deposit Loan Act (payday loans). The group licenses and examines lenders who make high-rate loans – defined as loans with an annual percentage rate of more than 12%, including deferred deposit or “pay-day” lenders. There is an advisory Council of Advisors on Consumer Credit. The UCCC contains a licensing exemption for residential first mortgage acquisition and refinance loans.

**Debt Management:** As of January 1, 2008, the group regulates debt management companies, with registration required as of July 1, 2008. These entities act as an intermediary between an individual and his or her creditors to obtain concessions such as reduction of interest, waiver of fees, etc. The law includes traditional credit counseling companies that distribute periodic payments to creditors and debt settlement companies that attempt to negotiate with creditors to settle a debt for a lesser amount. Companies that enter into contracts with Colorado consumers are subject to strict regulation including registration, posting a surety bond, limitations on fees, and contract and disclosure requirements. The group conducts compliance examinations and investigates complaints.

**Credit Repair and Rent-To-Own:** Companies that engage in credit repair contract with consumers to remove old and inaccurate information from credit reports. The law requires written contracts and disclosures and a prohibition on receipt of advance fees. There is no licensing or registration. The group investigates complaints. Complaints typically increase during economic downturns. Rent-to-own companies rent goods to consumers with impaired credit and payments are due weekly or monthly. The consumer can continue to make payments and elect to own the items or stop payments and return the items at any time. Fees and costs are typically higher than with retail purchases. There is no licensing or registration. The group investigates complaints.

## **Debt Collection:**

**Colorado Fair Debt Collection Practices Act:** This group enforces the Colorado Fair Debt Collection Practices Act (CFDCPA) – the state’s law on consumer debt collection. The law protects business clients who place accounts for collection and establishes protections for consumers contacted by collection agencies. This ensures that all collection agencies act in compliance with the law and there is no unfair competition. The group licenses collection agencies, investigates complaints of unlawful activity, and takes administrative discipline against collection agencies that violate the law. There is an advisory Collection Agency Board.

**Colorado Child Support Collection Consumer Protection Act:** This law specifically governs collection of child support by private collection agencies contracting with custodial parents (not governmental agencies). In addition to incorporating most of the CFDCPA’s provisions, including licensing, it provides additional provisions specifically applicable to child support collection.

## **II) PRIOR YEAR LEGISLATION**

**Consumer Credit:** SB 08-200, Expanding Prohibitions Against Discrimination, Sen. Veiga, Rep. Judd, broadened, among other statutes, the UCCC’s prohibition on discrimination in consumer credit to include disability and sexual orientation. There will likely be no impact on the unit as the law exempts small creditors, and in its pre-amended version resulted in virtually no consumer complaints or violations of the law.

In addition, there were a number of significant bills introduced on deferred deposit/payday lending that were postponed indefinitely. The sponsors of these bills, HB 08-1126 and HB 08-1310, stated they planned to reintroduce the bills during the 2009 legislative session.

**Debt Collection:** HB 08-1240, Continuing Debt Collection Regulation, Rep. Butcher, Sen. Sandoval, continued the regulation of collection agencies until 2017 (2010 for the in-state office requirement); clarified that the Collection Agency Board is advisory; added additional consumer protections by requiring licensees to maintain a toll-free telephone number for consumers and disclosing to consumers their right to requesting that a collection agency cease communications and the consequences thereof; and removed unnecessary regulation by repealing the requirement to test collections managers.

## **III) HOT ISSUES:**

### **Consumer Credit:**

- It is expected that there will be legislation introduced in the 2009 General Assembly on payday lending. If passed, there may be significant changes in permitted rates for payday loans. There may also be legislation to amend certain

provisions of the debt management statute as applicants have complained about what they view as excessive regulation.

- Two major lawsuits are ongoing. The first one involves various unlicensed internet payday lenders and claims that loans are made by arms of Native American Indian tribes and immune from state regulation. A Court of Appeals decision was issued in our favor but the Colorado Supreme Court will decide whether to review the decision. In addition, the unit filed a lawsuit against a licensed lender for making unconscionable loans without regard to the borrowers' repayment ability. There are also likely to be several other investigations or lawsuits involving other unlicensed internet lenders, credit repair companies, and debt management companies that are not complying with applicable laws.
- The downturn in the economy will impact the consumer credit area. There will be an increase in complaints about consumer credit and collection practices involving consumer credit. This increase in complaints and potential illegal practices will likely occur despite decrease in licenses as previously-made subprime loans will continue to be collected. In addition, there will be increased business, and associated increased enforcement and complaints, in the debt management and credit repair areas.
- The Department may request legislation to increase UCCC license and other fees. These fees are set by statute and have not been increased since 1989. Although fee amounts may be decreased by rule, they cannot be increased without a statutory change. With fluctuations in license and other fees due to economic trends, a statutory increase will provide flexibility to increase, as well as decrease, fees within the limits of § 24-75-402, C.R.S.
- In addition, in FY07 and FY08, UCCC rulemaking hearings were conducted to implement changes in the law from HB07-1261 and SB07-144, and to reset fees. Debt management rulemaking hearings were held in FY08 to implement SB07-57. Both UCCC and debt management rulemaking hearings are also expected in FY09.
- **Debt Collection:** The economic situation will also impact collection agencies and result in an increase in the number of consumer complaints to be investigated. It may also result in an increase in license numbers, or at least a larger volume of business for existing licensees. In addition, during the second half of FY09, the unit will provide information to the Department of Regulatory Agencies for its October 2009 sunset report on the CFDCPA's in-state office requirement. In addition, it is expected that the Federal Trade Commission will recommend to Congress legislative changes to the similar federal Fair Debt Collection Practices Act to protect consumers from issues related to the collection of old, time-barred debts, particularly by debt buyers.
- In FY09, rulemaking hearings are scheduled to implement changes in the law from HB08-1240.

#### **IV) WORKLOAD MEASURE:**

#### **WORKLOAD INDICATORS**

<b>Consumer Credit</b>					
Workload Measure	Unit	FY 07 Actual	FY 08 Actual	FY 09 Estimate	FY10 Request
Licenses Issued in FY (UCCC)	Number	719	311	175	250
License Total on June 30	Number	2,233	1,381	1,300	1,500
Registrations Issued in FY (Debt Management) <sup>1</sup>	Number	0	60	75	100
Written Complaints Received (UCCC, CSOA, CROA)	Number	349	399	450	475
Written Complaints Received (Debt Management) <sup>2</sup>	Number	0	5	30	50
Compliance Examinations (UCCC)	Number	462	450	470	470

<b>Debt Collection</b>					
Workload Measure	Unit	FY 07 Actual	FY 08 Actual	FY 09 Estimate	FY10 Request
Licenses Issued in FY	Number	107	104	110	115
License Total on June 30	Number	621	661	700	735
Written Complaints Received	Number	939	774	900	1,000
Collections Managers Tested <sup>3</sup>	Number	105	99	0	0

<sup>1</sup> Registrations were required starting July 1, 2008.

<sup>2</sup> The debt management law took effect January 1, 2008.

<sup>3</sup> The testing requirement was repealed effective July 1, 2008.

# CORE OBJECTIVES AND PERFORMANCE MEASURES

## CONSUMER CREDIT

*Objective:* Ensure compliance with consumer credit laws.

Performance Measure	Outcome	FY 07 Actual		FY 08 Actual		FY 09 Estimate		FY 10 Request	
		Incidents	Change	Incidents	Change	Incidents	Change	Incidents	Change
Open investigations, file or defend legal or administrative actions, & settle cases	Benchmark	30		50		75		75	
	Actual	42		45					

*Strategy:* Investigations and cases are based upon the receipt of consumer or creditor complaints, violations discovered in compliance examinations, matters learned during an investigation of another business, and advertising and information available through the media including the Internet. This compliance tool is the primary method to ensure compliance by unlicensed entities and those not subject to statutory periodic compliance examinations.

*Evaluation of Prior Year Performance:* This number has generally been consistent given current staffing levels. However, one investigation of unlicensed Internet payday lending has taken an unexpected amount of time due to vigorous opposition and litigation in 3 states ranging from the district court level to the Colorado Supreme Court, and possibly in the future to the United States Supreme Court. This is the primary reason for the slight decrease in FY08 actual numbers compared to the benchmark.

Also in FY08 new FTEs were hired: a .5 FTE assistant attorney general to help develop additional cases, a .25 FTE legal assistant, and a financial/credit examiner to manage the debt settlement program. These numbers should increase in FY 09 due to the additional staff and increased complaints in the credit area, particularly in credit repair and debt management.

*Key Workload Indicators:* As noted, it is difficult to project these numbers as they are primarily based on information discovered from third parties such as consumers or compliance examinations. It is also hard to project whether a seemingly-simple case will be fought in various states and at various levels.

Performance Measure	Outcome	FY 07 Actual		FY 08 Actual		FY 09 Estimate		FY 10 Request	
		Incidents	Change	Incidents	Change	Incidents	Change	Incidents	Change
Require businesses to refund overcharges to consumers	Benchmark	\$1,500,000		\$750,000		\$2,000,000		\$2,000,000	
	Actual	\$712,070		\$2,677,847					

*Strategy:* Overcharges, excess charges, and illegal charges are discovered via a number of methods. The great majority of refund dollars result from the periodic compliance investigations conducted by UCCC examiners on licensees. Refunds also result from cases, often initiated by receipt of a single consumer complaint against an unlicensed lender. Generally, the law permits lenders and creditors to either refund overcharges to consumers or credit the balance on open accounts.

*Evaluation of Prior Year Performance:* Refunds and credits were much higher than projected for FY08 due primarily to relatively poor industry compliance with HB07-1261. That law requires lenders to offer extended payment plans to consumers after 4 consecutive payday loans. The law took effect July 1, 2007 but due to the 4 consecutive loan threshold, most lenders were not required to offer extended payment plans until September 1, 2007. Refunds associated with violations of that law account for almost two-thirds of all refunds. Regarding FY07, overcharge totals were lower than projected due to training time required for two new compliance investigators.

*Key Workload Indicators:* Refund and credit totals are dependent on industry compliance and changes in state or federal laws. For example, industry compliance with HB07-1261 should be significantly better as the first round of compliance examinations on this issue is near completion. However, several lenders have not resolved examination reports requiring refunds and additional actions may need to be taken to ensure compliance.

In addition, if legislation in 2009 substantially reduces permitted fees and rates on payday loans, the number of licensees and loans may decrease, potentially resulting in fewer overcharges and smaller refund totals. However, some payday lenders are beginning to engage in other lending activities and their lack of familiarity with these laws could result in larger overcharges.

*Objective:* Ensure efficient operations to benefit creditors and consumers.

Performance Measure	Outcome	FY 07 Actual		FY 08 Actual		FY 09 Estimate		FY 10 Request	
		Incidents	Change	Incidents	Change	Incidents	Change	Incidents	Change
Issue licenses within 15 days or less of approval (60-day maximum permitted by law)	Benchmark	15		13		6		8	
	Actual	11		6					

*Strategy:* UCCC supervised lender licenses must be issued within 60 days after an application is complete or the applicant is entitled to a hearing on its qualifications. Regardless of any statutory requirement, the goal is to issue a license within a short time period after the application is complete. Applications include information that may take time to obtain such as a surety bond, background information on officers, etc. However, once the application is complete, the goal is to issue the license quickly to enable the lender to begin operations.

*Evaluation of Prior Year Performance:* Unit performance has generally been excellent in this area. Issuance time dropped from 11 to 6 days, although some of the increased efficiency resulted from a decrease in application numbers. Nonetheless, even at higher application levels, this number has not exceeded 15 days in a number of years. Licensees often commend the unit for its quick turnaround time in issuing licenses.

*Key Workload Indicators:* Issuance time is directly related to numbers of applications. For example, in FY07, it took an average of 11 days to issue 719 licenses. In FY 08, it took 6 days to issue 311 licenses. It is very difficult to predict application numbers in this economic environment. Credit will be much tighter, but will continue to be offered at higher interest rates. Projections for FY09 are very conservative at 175 new applications, with a slight increase expected for FY10. However, the average days to issue a license will likely be unchanged as certain tasks take a fixed amount of time, regardless of application numbers.

Performance Measure	Outcome	FY 07 Actual		FY 08 Actual		FY 09 Estimate		FY 10 Request	
		Incidents	Change	Incidents	Change	Incidents	Change	Incidents	Change
Investigate and resolve written consumer complaints within 60 days or less	Benchmark	40		50		45		55	
	Actual	31		38					
Performance Measure	Outcome	FY 07 Actual		FY 08 Actual		FY 09 Estimate		FY 10 Request	
		Incidents	Change	Incidents	Change	Incidents	Change	Incidents	Change
Investigate and resolve 80% of written consumer complaints received during the FY	Benchmark	80%		80%		80%		75%	
	Actual	95%		96%					

*Strategy:* The Unit's goal is to resolve consumer complaints within an average of 60 days or less and resolve 80% of complaints received during a fiscal year period. Closure time includes complaint intake to determine jurisdiction, locate the creditor, ask for a response and often for additional information, creditor extensions of time, and staff review to determine what action to take. The unit typically provides creditors 30 days to respond and a 50 to 60 day closure goal is reasonable to allow sufficient intake and review time.

*Evaluation of Prior Year Performance:* Unit performance has generally been good in this area. Complaint numbers increased by about 50 complaints from FY07 to FY 08 and resolution time increased by only a few days from 31 to 38. This is noteworthy because more complaints are about collection and repossession practices that require more extensive review of payment histories. In addition, virtually all complaints are resolved within the fiscal year in which they are received.

*Key Workload Indicators:* Completion time depends on the number and complexity of consumer complaints, and whether the creditor complies with state law. Complaint numbers will increase based on negative economic conditions and increased delinquencies, defaults, repossessions, and foreclosures. In addition, complaints against unlicensed lenders, particularly Internet payday lenders, continue to increase. These lenders often fail to voluntarily comply with state law, challenge our jurisdiction, and require legal action –



increasing the time to resolve complaints. All of these factors result in a likely increase in complaint resolution days and decrease in percentage of complaints resolved within the same fiscal year.

## TITLE - DEBT COLLECTION

*Objective:* Ensure compliance with laws regulating collection agencies.

Performance Measure	Outcome	FY 07 Actual		FY 08 Actual		FY 09 Estimate		FY 10 Request	
		Incidents	Change	Incidents	Change	Incidents	Change	Incidents	Change
Open investigations, file or defend legal or administrative actions, & settle cases	Benchmark	65		75		80		80	
	Actual	74		69					

*Strategy:* Investigations and cases are based upon the receipt of consumer or client complaints, information from competitors, and from staff detection of violations in license renewal applications. Because the statute does not provide for periodic compliance examinations, complaints are the primary method to ensure compliance by licensed and unlicensed collection agencies.

*Evaluation of Prior Year Performance:* This number has generally been consistent. However, one investigation of the activities of an out-of-state collections law firm took a substantial amount of time and ultimately unsuccessful negotiations before a lawsuit was filed at the beginning of FY09. In addition, during FY08, a .5 FTE assistant attorney general and .25 FTE legal assistant were hired. Case and investigation numbers may increase in FY 09 due to the additional staff and increased complaints in the debt collection area.

*Key Workload Indicators:* It is difficult to project these numbers as they are primarily based on information from consumer complaints, some of which are relatively simple while others are complex. In addition, it is difficult to project whether a seemingly-simple case will be contested.

Performance Measure	Outcome	FY 07 Actual		FY 08 Actual		FY 09 Estimate		FY 10 Request	
		Incidents	Change	Incidents	Change	Incidents	Change	Incidents	Change
Issue cease and desist notices to unlicensed collection agencies	Benchmark	60		65		65		65	
	Actual	74		61					

*Strategy:* Complaints from consumers and competitors about unlicensed collection agencies, as well as staff review of lawsuit filings in Colorado courts lead to issuance of cease and desist advisory notices. The number has been fairly consistent over the last several years. Unlicensed collection agencies are generally offered an opportunity to become licensed if they cease collections during that time and pay a penalty for prior unlicensed collections.

*Evaluation of Prior Year Performance:* This number is generally consistent with past years.

*Key Workload Indicators:* Cease and desist numbers may increase due to the economic downturn and increases in the purchase of distressed charged-off debt by debt buyers. However, it is difficult to project if this will result in an increase in unlicensed collection agencies or more accounts for existing, licensed collection agencies.

*Objective:* Ensure efficient operations to benefit collection agencies and consumers.

Performance Measure	Outcome	FY 07 Actual		FY 08 Actual		FY 09 Estimate		FY 10 Request	
		Incidents	Change	Incidents	Change	Incidents	Change	Incidents	Change
Issue licenses within 15 days or less of approval	Benchmark	15		10		6		8	
	Actual	3		2					

*Strategy:* There is no statutory time limit within which to issue collection agency licenses. However, the unit goal is to issue a license within a short time after the application is complete. Applications include information that may take time to obtain such as a surety

bond, background information on officers, etc. Once the application is complete, the goal is to issue the license quickly to enable the collection agency to begin operations.

*Evaluation of Prior Year Performance:* Unit performance has generally been excellent in this area. Applications have been increasing over time, but remain constant around the 100 number. Licensees often commend the unit for its quick turnaround time in issuing licenses.

*Key Workload Indicators:* Issuance time is directly related to numbers of applications. At current application numbers of approximately 100 per year, licenses should issue within a few days after an application is complete. However, the number of licenses is at a record high of 661 at the end of FY08. If application numbers increase substantially due to the economic downturn, license issuance time will increase. The projections for future years assume continued growth as more accounts default and are assigned to third-party collection agencies.

Performance Measure	Outcome	FY 07 Actual		FY 08 Actual		FY 09 Estimate		FY 10 Request	
		Incidents	Change	Incidents	Change	Incidents	Change	Incidents	Change
Investigate and resolve written consumer complaints within 60 days or less	Benchmark	50		55		60		65	
	Actual	52		47					
Performance Measure	Outcome	FY 07 Actual		FY 08 Actual		FY 09 Estimate		FY 10 Request	
		Incidents	Change	Incidents	Change	Incidents	Change	Incidents	Change
Investigate and resolve 80% of written consumer complaints received during the FY	Benchmark	85%		85%		80%		75%	
	Actual	92%		96%					

*Strategy:* The Unit's goals are to resolve consumer complaints within an average of 60 days or less, and resolve 80% of written complaints received during a fiscal year. These goals are based on written complaint numbers under one thousand. The closure process includes complaint intake to determine jurisdiction, locate the collection agency, ask for a response and often for additional information, collection agency extensions of time, and staff review to determine what action to take. Collection agencies are typically given 30 days to respond and 60 days is reasonable to allow sufficient time for intake and review.

*Evaluation of Prior Year Performance:* Unit performance was good in this area. The percent of complaints closed increased to 96%, higher than projected. Complaint numbers decreased from 939 to 774, but resolution time also decreased by 8 days.

*Key Workload Indicators:* Resolution time depends on the number and complexity of consumer complaints, and whether the collection agency complies with state law. Complaint numbers will increase based on negative economic conditions and increased delinquencies, defaults, repossessions, and foreclosures. As complaint totals approach one thousand, it may be necessary to increase the complaint closure goal to 65 days or more and decrease the percentage of complaints closed. Also, complaints against unlicensed collection agencies typically take more time to resolve as other issues, including licensure, must be addressed.

**FY 09-10**  
**Budget**  
**Schedules 2, 3 and 4**  
**CP - Collection Agency Board**





**SCHEDULE 2 - PROGRAM SUMMARY**

Department of Law Item	COLLECTION AGENCY BOARD											
	Actual FY 07		Actual FY 08		Approp FY 09		Estimate FY 09		Request FY 10			
	Total Funds	FTE	Total Funds	FTE	Total Funds	FTE	Total Funds	FTE	Total Funds	FTE	Total Funds	FTE
<b>COLLECTION AGENCY BOARD</b>	269,994	4.5	328,102	5.0	296,905	5.2	377,145	5.2	314,425	5.2		
General Fund	-		-		-		-		-		-	
General Fund Exempt	-		-		-		-		-		-	
Cash Funds	217,484		316,434		296,905		377,145		314,425			
Reappropriated Funds	52,510		11,668		-		-		-		-	

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**SCHEDULE 3 - PROGRAM DETAIL**

Department of Law

**COLLECTION AGENCY BOARD**

Item	Actual FY 07		Actual FY 08		Approp FY 09		Estimate FY 09		Request FY 10	
	Total Funds	FTE	Total Funds	FTE	Total Funds	FTE	Total Funds	FTE	Total Funds	FTE
<b>I. POSITION DETAIL</b>										
Senior Assistant Attorney General	37,130	0.5	39,310	0.5	41,868	0.5	41,868	0.5	41,868	0.5
Assistant Attorney General II			24,875	0.4	36,444	0.5	36,444	0.5	36,444	0.5
Assistant Attorney General I	74,680	2.0	80,727	2.0	94,944	2.0	94,944	2.0	94,944	2.0
Compliance Investigator I	46,476	1.0	47,064	1.0	51,060	1.0	51,060	1.0	51,060	1.0
Program Assistant I	30,768	1.0	31,182	1.0	33,348	1.0	33,348	1.0	33,348	1.0
Administrative Assistant II			2,790	0.1	4,266	0.2	4,266	0.2	4,266	0.2
Legal Assistant I	189,053	4.5	225,948	5.0	261,930	5.2	261,930	5.2	261,930	5.2
<b>TOTAL POSITION DETAIL</b>										
(I.A.) CONTINUATION FTE SALARY COSTS	189,053	4.5	225,948	5.0	261,930	5.2	261,930	5.2	261,930	5.2
(Permanent FTE by position) Continuation Salary Subtotal										
<b>(I.B.) OTHER PERSONAL SERVICES</b>										
PERA on Continuation Subtotal	18,470		17,580		26,586		26,586		26,586	
Medicare on Continuation Subtotal	2,639		3,092		3,798		3,798		3,798	
Non-Base building Performance Award					637					
Part-Time/Temporary Salaries	219		-							
Contractual Services	305		-							
Leave			-							
Overtime	1,315		904							
Other	22,948		21,575		31,021		31,021		30,384	
<b>SUBTOTAL</b>										
(I.C.) PERSONAL SERVICES	212,001	4.5	247,524	5.0	292,951	5.2	292,951	5.2	292,314	5.2
SUBTOTAL = A+ B										
<b>(I.D.) POTS EXPENDITURES</b>										
Health/Life Dental	16,763		25,340		32,724		32,724			
Salary Survey	[6,520]		[6,164]		[10,459]		[10,459]			
Performance Awards			[4,171]		[3,982]		[3,982]			
Short Term Disability	211		288		442		442			
SB 04.257 A.E.D.	1,335		2,551		4,214		4,214			
SB 06.235 S.A.E.D.	-		525		1,976		1,976			
Other			4,272							

[ ] Indicates a Non-add

**SCHEDULE 3 - PROGRAM DETAIL**

Department of Law

**COLLECTION AGENCY BOARD**

Item	Actual FY 07		Actual FY 08		Approp FY 09		Estimate FY 09		Request FY 10	
	Total Funds	FTE	Total Funds	FTE	Total Funds	FTE	Total Funds	FTE	Total Funds	FTE
<b>(I.E.) BASE PERSONAL SERVICES TOTAL = C+D</b>	230,310	4.5	280,499	5.0			332,307	5.2	292,314	5.2
General Fund										
Cash Funds							332,307		292,314	
Reappropriated Funds									(3,040)	
<b>(I.F.) DIFFERENCE- II-I.E.</b>										
<b>(I.G.) REQUEST YEAR DECISION ITEMS</b>										
General Fund										
Cash Funds										
Reappropriated Funds										
<b>II. PERSONAL SERVICES REQUEST (AGGREGATE ADJUSTMENTS TO THE BASE APPROPRIATION)</b>										
Previous Year Long Bill									272,508	
Salary Survey-Classified									7,553	
PBP - Classified									2,219	
Salary Survey Exempt									4,988	
PBP - Exempt									2,006	
OSPB .2% Base Reduction									-	
SPECIAL BILLS:										
Subtotal -									289,274	
<b>II. PERSONAL SERVICES REQUEST TOTAL</b>										
General Fund										
Cash Funds	177,800		268,831				332,307		289,274	
Reappropriated Funds	52,510		11,668							
	230,310	4.5	280,499	5.0			332,307	5.2	289,274	5.2

**SCHEDULE 3 - OPERATING PROGRAM DETAIL**

**COLLECTION AGENCY BOARD**

**Department of Law**

Item	Actual FY 07		Actual FY 08		Approp FY 09		Estimate FY 09		Request FY 10	
	Total Funds	FTE	Total Funds	FTE	Total Funds	FTE	Total Funds	FTE	Total Funds	FTE
<b>OPERATING EXPENSES</b>										
1930 - Litigation	35		1,480				407		4,147	
2231 - ADP Equip Maint/Repair Services			93				90		90	
2232 - Software Upgrades	191		625				500		500	
2255 - Rental of Buildings	14,208		17,963							
2512 - IS Personal Travel Per Diem	104		-				-		-	
2513 - IS Personal Vehicle Reimbursement	172		2				15		15	
2520 - IS Travel/Non Employee	188		110				110		110	
2523 - IS/Non-Emp - Pers Veh Reimb	666		268				250		250	
2530 - Out of State Travel	275		51				50		300	
2531 - OS Common Carrier Fares	436		406				300		500	
2532 - OS Personal Travel Per Diem	0		1,112				700		1,000	
2630 - Telephone	2,303		2,647				2,600		2,600	
2641 - Other ADP Billings - Purchase Services	2,043		3,668				2,448		3,500	
2660 - Insurance	659		718				1,500		1,500	
2680 - Contract Printing	1,304		1,647				75		75	
2820 - Other Purchased Services	450		46				800		800	
3115 - DP Supplies			795				700		1,000	
3116 - Purchase/Leased Software			974				100		100	
3120 - Books & Subscriptions	391		94				100		1,500	
3121 - Office Supplies	1,314		1,612				1,200		1,500	
3123 - Postage	3,912		7,625				5,000		4,460	
3128 - Non-Capitalized Equipment	42		2,364							
3131 - Non-Capitalized Bldg Materials	3,191		-							
3132 - Non-Capitalized			161							
3140- Noncapitalized IT- PC's	3,124		1,177							
3143 - Non-Capitalized IT Other	2,175		-						1,000	
4140 - Dues & Memberships	838		909				700		450	
4180 - Official Functions	662		555				500		500	
4220 - Registration Fees			501							
6224- Other Furn & Fixtures- Direct Purchase	1,000		47,602				18,395		24,397	
<b>Operating Expense Subtotal:</b>	39,684		47,602				18,395		24,397	
<b>OPERATING EXPENSE TOTAL:</b>	<b>39,684</b>		<b>47,602</b>				<b>18,395</b>		<b>24,397</b>	
General Fund										
Cash Funds	39,684		47,602				18,395		24,397	
Reappropriated Funds										

**SCHEDULE 3 - OPERATING PROGRAM DETAIL**

Department of Law Item	COLLECTION AGENCY BOARD									
	Actual FY 07 Total Funds	FTE	Actual FY 08 Total Funds	FTE	Approp FY 09 Total Funds	FTE	Estimate FY 09 Total Funds	FTE	Request FY 10 Total Funds	FTE
<b>Allocated Operating POTS</b>										
Workers' Compensation							906			
Leased Vehicle Expense							17,107			
Capital Complex Lease Space							8,430			
IT Asset Maintenance							-			
Communication Service Payments							-			
ADP Capital Outlay							26,443			
<b>Total</b>							26,443			
Cash Funds							26,443			
Reappropriated Funds							-			
<b>FY10 DECISION ITEM REQUEST</b>										
<b>NP #3 DPA Central Services Postage Inc</b>										
Cash Funds								754		
Cash Funds Exempt								754		
<b>TOTAL COLLECTION AGENCY BOARD</b>										
General Fund	269,994	4.5	328,102	5.0	296,905	5.2	377,145	5.2	314,425	5.2
General Fund Exempt	-		-				-		-	
Cash Funds	217,484		316,434		296,905		377,145		314,425	
Reappropriated Funds	52,510		11,668		-		-		-	
Federal Funds										
<b>RECONCILIATION OF FUNDS</b>										
Long Bill Appropriation	232,612	4.5	285,667	5.2			296,905	5.2		
<i>Special Bills</i>										
Salary POTS	6,520		10,335				14,441			
Health/Life/Dental	12,441		18,766				32,724			
Short Term Disability	232		261				442			
SB 04.257 A.E.D.	4,933		2,438				4,214			
SB 06.235 S.A.E.D.			522				1,976			
Worker's Compensation	737		696				906			
Capital Complex Lease Space	13,407		16,744				16,015			
IT Asset Maintenance							8,430			
Storage Lease Space	965		1,218				1,092			
ADP Capital Outlay Allocation			6,725				-			
Rollforward to Subsequent FY										
Overexpenditure/(Reversion)										

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**SCHEDULE 3 - OPERATING PROGRAM DETAIL**

Department of Law

COLLECTION AGENCY BOARD

Item	Actual FY 07		Actual FY 08		Approp FY 09		Estimate FY 09		Request FY 10	
	Total Funds	FTE	Total Funds	FTE	Total Funds	FTE	Total Funds	FTE	Total Funds	FTE
Lapsed Appropriation Cash Fund	(1,853)		(15,270)	(0.2)						
Lapsed Appropriation Cash Fund Exempt	269,994		328,102	5.0			377,145			
<b>TOTAL RECONCILIATION</b>										
<b>GRAND TOTAL</b>										
General Fund	269,994	4.5	328,102	5.0	296,905	5.2	377,145	5.2	314,425	5.2
General Fund Exempt	-		-		-		-		-	
Cash Funds	217,484		316,434		296,905		377,145		314,425	
Reappropriated Funds	52,510		11,668		-		-		-	
Federal Funds										

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**SCHEDULE 4 - SOURCE OF FINANCING - DIRECT REVENUES**

Department of Law		COLLECTION AGENCY BOARD						
		Fund Number	Actual FY 2007	Actual FY 2008	Approp FY 2009	Estimate FY 2009	Request FY 2010	
<b>Schedule 3 Total</b>			269,994	328,102	296,905	377,145	314,425	
General Funds			-	-	-	-	-	
General Funds Exempt			-	-	-	-	-	
Cash Funds			217,484	316,434	296,905	377,145	314,425	
Reappropriated Funds			52,510	11,668	-	-	-	
<b>Cash Funds</b>								
Collection Agency Board		150	217,484	316,434	296,905	377,145	314,425	
<b>Reappropriated Funds</b>								
Collection Agency Board Fund Balance		150	52,510	11,668	-	-	-	

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**FY 09-10**  
**Budget**  
**Schedules 2, 3 and 4**  
**CP - UCCEC**





**SCHEDULE 2 - PROGRAM SUMMARY**

Department of Law Item	UNIFORM CONSUMER CREDIT CODE											
	Actual FY 07		Actual FY 08		Approp FY 09		Estimate FY 09		Request FY 10			
	Total Funds	FTE	Total Funds	FTE	Total Funds	FTE	Total Funds	FTE	Total Funds	FTE	Total Funds	FTE
<b>UNIFORM CONSUMER CREDIT CODE</b>	881,454	10.3	1,060,841	11.1	972,527	12.3	1,137,598	12.3	1,015,122	12.3		
General Fund	-		-		-		-		-			
General Fund Exempt	-		-		-		-		-			
Cash Funds	806,383		954,010		972,527		1,137,598		1,015,122			
Reappropriated Funds	75,071		106,831		-		-		-			

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**SCHEDULE 3 - PROGRAM DETAIL**

Department of Law	Item	UNIFORM CONSUMER CREDIT CODE									
		Actual FY 07		Actual FY 08		Approp FY 09		Estimate FY 09		Request FY 10	
		Total Funds	FTE	Total Funds	FTE	Total Funds	FTE	Total Funds	FTE	Total Funds	FTE
<b>I. POSITION DETAIL</b>											
	First Assistant Attorney General	109,891	1.0	115,853	1.0			119,952	1.0	119,952	1.0
	Senior Assistant Attorney General							41,868	0.5	41,868	0.5
	Assistant Attorney General II	37,130	0.5	40,206	0.5						
	Assistant Attorney General I			25,875	0.4			36,444	0.5	36,444	0.5
	Program Assistant I	46,416	1.0	88,529	2.0			95,136	2.0	95,136	2.0
	Admin Assistant III	36,792	1.0								
	Financial Credit Examiner IV	82,380	1.0	85,320	1.0			89,640	1.0	89,640	1.0
	Financial Credit Examiner III	82,020	1.0	84,948	1.0			89,244	1.0	89,244	1.0
	Financial Credit Examiner II	132,528	2.0	187,659	3.0			202,800	3.0	202,800	3.0
	Financial Credit Examiner I	137,243	2.8	109,172	2.1			158,928	3.0	158,928	3.0
	Legal Assistant I			3,140	0.1			6,399	0.3	6,399	0.3
	<b>TOTAL POSITION DETAIL</b>	664,400	10.3	740,702	11.1			840,411	12.3	840,411	12.3
	<b>(I.A.) CONTINUATION FTE SALARY COSTS</b>	664,400	10.3	740,702	11.1			840,411	12.3	840,411	12.3
	(Permanent FTE by position) Continuation Salary Subtotal										
	<b>(I.B.) OTHER PERSONAL SERVICES</b>										
	PERA on Continuation Subtotal	66,022		71,629				85,302		85,302	
	Medicare on Continuation Subtotal	7,853		8,891				12,186		12,186	
	Non-Base building Performance Awards							6,778			
	Part-Time/Temporary Salaries										
	Contractual Services	463		62,654				3,686		8,225	
	Leave			2,332							
	Other	1,515		3,187							
	Subtotal	75,853		148,693				107,952		105,713	
	<b>(I.C.) PERSONAL SERVICES SUBTOTAL=A+B</b>	740,253	10.3	889,395	11.1			948,363	12.3	946,124	12.3



**SCHEDULE 3 - PROGRAM DETAIL**

Department of Law

**UNIFORM CONSUMER CREDIT CODE**

Item	Actual FY 07		Actual FY 08		Approp FY 09		Estimate FY 09		Request FY 10	
	Total Funds	FTE	Total Funds	FTE	Total Funds	FTE	Total Funds	FTE	Total Funds	FTE
<b>II. PERSONAL SERVICES REQUEST</b>										
<b>TOTAL</b>	773,713	10.3	933,112	11.1			1,001,421	12.3	946,124	12.3
General Fund			826,281				1,001,421		946,124	
Cash Funds	773,713		106,831							
Reappropriated Funds										





**SCHEDULE 3 - OPERATING PROGRAM DETAIL**

Department of Law Item	UNIFORM CONSUMER CREDIT CODE											
	Actual FY 07		Actual FY 08		Approp FY 09		Estimate FY 09		Request FY 10		FTE	
	Total Funds	FTE	Total Funds	FTE	Total Funds	FTE	Total Funds	FTE	Total Funds	FTE	Total Funds	FTE
4220 - Registration Fees	3,130		945				945		945		945	
6224- Other Furn & Fixtures- Direct Purchase	3,000											
<b>Operating Expense Subtotal:</b>	107,741		127,729				63,941		67,078		67,078	
<b>OPERATING EXPENSE TOTAL:</b>	<b>107,741</b>		<b>127,729</b>				<b>63,941</b>		<b>67,078</b>		<b>67,078</b>	
General Fund												
General Funds Exempt												
Cash Funds	107,741		127,729				63,941		67,078		67,078	
Reappropriated Funds												
<b>Potted Operating Expenses</b>												
Workers' Compensation							2,142					
Leased Vehicle Expense							10,266					
Capital Complex Lease Space							37,881					
Lease Space							2,203					
IT Asset Maintenance							19,745					
ADP Capital Outlay							-					
ALJ Allocation							-					
Communication Service Payments							-					
<b>Total</b>							<b>72,237</b>		<b>72,237</b>			
Cash Funds												
Reappropriated Funds												
<b>FY10 DECISION ITEMS</b>												
NP #2 Operating Vehicle Increase											1,088	
Cash Funds											1,088	
Reappropriated Funds												
NP #3 DPA Central Services Postage Inc											832	
Cash Funds											832	
Reappropriated funds												
<b>TOTAL UCCC</b>												
General Fund	881,454	10.3	1,060,841	11.1	972,527	12.3	1,137,598	12.3	1,015,122	12.3	1,015,122	12.3
Cash Funds	806,383		954,010		972,527		1,137,598		1,015,122		1,015,122	

SCHEDULE 3 - OPERATING PROGRAM DETAIL

Department of Law Item	UNIFORM CONSUMER CREDIT CODE									
	Actual FY 07		Actual FY 08		Approp FY 09		Estimate FY 09		Request FY 10	
	Total Funds	FTE	Total Funds	FTE	Total Funds	FTE	Total Funds	FTE	Total Funds	FTE
Reappropriated funds Federal Funds	75,071		106,831				-		-	
<b>RECONCILIATION OF FUNDS</b>										
Long Bill Appropriation	807,699	10.5	873,437	11.3			972,527	12.3		
<i>Special Bills SB07-057 Debt Management</i>			69,717	1.0			-	-		
Salary POTS	17,592		34,645				39,776			
Health/Life/Dental	24,026		33,647				32,037			
Short Term Disability	716		876				1,215			
SB 04.257 A.E.D.	3,502		8,230				13,485			
SB 06.235 S.A.E.D.			1,764				6,321			
Worker's Compensation	1,556		1,572				2,142			
Capital Complex Lease Space	28,303		35,385				37,881			
Lease Space.	2,618		2,439				2,203			
Vehicle Lease Allocation	3,188		10,166				10,266			
IT Asset Maintenance							19,745			
ADP Capital Outlay Allocation	6,165		6,725				-			
ALJ Allocation	1,268		-				-			
Rollforward to Subsequent FY										
Overexpenditure/(Reverted Spending Authority)	(15,178)	(0.2)	(17,761)	(1.2)						
Lapsed Appropriation Cash Fund										
Lapsed Appropriation Cash Fund Exempt	881,455	10.3	1,060,841	11.1			1,137,598	12.3		
<b>TOTAL RECONCILIATION</b>										
<b>GRAND TOTAL</b>	<b>881,454</b>	<b>10.3</b>	<b>1,060,841</b>	<b>11.1</b>	<b>972,527</b>	<b>12.3</b>	<b>1,137,598</b>	<b>12.3</b>	<b>1,015,122</b>	<b>12.3</b>
General Fund	-		-				-		-	
General Fund Exempt	-		-				-		-	
Cash Funds	806,383		954,010				1,137,598		1,015,122	
Reappropriated Funds	75,071		106,831				-		-	
Federal Funds										

**SCHEDULE 4 - SOURCE OF FINANCING - DIRECT REVENUES**

Department of Law item	Fund Number	UNIFORM CONSUMER CREDIT CODE				
		Actual FY 2007	Actual FY 2008	Approp FY 2009	Estimate FY 2009	Request FY 2010
<b>Schedule 3 Total</b>		881,454	1,060,841	972,527	1,137,598	1,015,122
General Funds		-	-	-	-	-
General Funds Exempt		-	-	-	-	-
Cash Funds		806,383	954,010	972,527	1,137,598	1,015,122
Reappropriated Funds		75,071	106,831	-	-	-
<b>Cash Funds</b>		806,383	954,010	972,527	1,137,598	1,015,122
Uniform Consumer Credit Code Fund	151					
<b>Reappropriated Funds</b>		75,071	106,831	-	-	-
Uniform Consumer Credit Code Fund Balance	151					
DOL Custodial Funds						



**FY 09-10**  
**Budget**  
**Schedules 2, 3 and 4**  
**CP - Indirect Cost Assessment**





**SCHEDULE 2 - PROGRAM SUMMARY**

Department of Law	INDIRECT COST ASSESSMENT - CONSUMER PROTECTION											
	Actual FY 07		Actual FY 08		Approp FY 09		Estimate FY 09		Request FY 10			
Item	Total Funds	FTE	Total Funds	FTE	Total Funds	FTE	Total Funds	FTE	Total Funds	FTE	Total Funds	FTE
INDIRECT COST ASSESSMENT	212,631	-	263,756	-	320,232	-	320,232	-	320,232	-	320,232	-
Cash Funds	172,258		214,685		282,558		282,558		282,558		282,558	
Reappropriated Funds	40,373		49,071		37,674		37,674		37,674		37,674	

**SCHEDULE 3 - PROGRAM DETAIL**

Department of Law	INDIRECT COST ASSESSMENT - CONSUMER PROTECTION											
	Actual FY 07		Actual FY 08		Approp FY 09		Estimate FY 09		Request FY 10			
Item	Total Funds	FTE	Total Funds	FTE	Total Funds	FTE	Total Funds	FTE	Total Funds	FTE	Total Funds	FTE
INDIRECT COST ASSESSMENT	212,631		263,756		320,232		320,232		320,232		320,232	
Cash Funds	172,258		214,685		282,558		282,558		282,558		282,558	
Reappropriated Funds	40,373		49,071		37,674		37,674		37,674		37,674	
INDIRECT COST ASSESSMENT	212,631		263,756		320,232		320,232		320,232		320,232	
Cash Funds	172,258		214,685		282,558		282,558		282,558		282,558	
Reappropriated Funds	40,373		49,071		37,674		37,674		37,674		37,674	
RECONCILIATION OF FUNDS												
Long Bill Appropriation	215,322		263,756				320,232					
Supplemental Appropriation	(2,691)		(1)									
Lapsed Spending Authority												
TOTAL RECONCILIATION	212,631		263,755				320,232					

**SCHEDULE 4 - SOURCE OF FINANCING - DIRECT REVENUES**

Department of Law Item	Fund Number	INDIRECT COST ASSESSMENT - CONSUMER PROTECTION				
		Actual FY 2007	Actual FY 2008	Approp FY 2009	Estimate FY 2009	Request FY 2010
<b>Schedule 3 Total</b>		212,631	263,756	320,232	320,232	320,232
General Funds						
General Funds Exempt						
Cash Funds		172,258	214,685	282,558	282,558	282,558
Reappropriated Funds		40,373	49,071	37,674	37,674	37,674
<b>Cash Funds</b>		<b>172,258</b>	<b>214,685</b>	<b>282,557</b>	<b>282,557</b>	<b>282,557</b>
Department Custodials Funds				25,116	25,116	25,116
DOLA-Manuf Housing Fund				-	-	-
No-Call Fund		10,766	12,268	12,558	12,558	12,558
Tobacco Litigation Defense Fund				12,558	12,558	12,558
Collection Agency Board Fund		48,448	63,792	65,302	65,302	65,302
UCCC Custodial Fund				12,558	12,558	12,558
Uniform Consumer Credit Code fund		113,044	138,625	154,465	154,465	154,465
<b>Reappropriated Funds</b>		<b>40,373</b>	<b>49,071</b>	<b>37,674</b>	<b>37,674</b>	<b>37,674</b>
Department Custodials Funds		21,532	24,535	-	-	-
Collection Agency Board Fund				-	-	-
Tobacco Litigation Defense Fund		8,075	12,268	-	-	-
UCCC Custodial Fund		10,766	12,268	-	-	-
UCCC Fund Balance				-	-	-
Division of Real Estate Cash Fund				37,674	37,674	37,674
<b>Federal Funds</b>						