

State of Alaska FY2002 Governor's Operating Budget

Department of Law
Fair Business Practices
Component

Component: Fair Business Practices

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Component Mission

Mission statement appears at the department summary and BRU levels.

Component Services Provided

Enforce the state's consumer protection and antitrust laws and exercise the Attorney General's authority under federal antitrust laws.

Provide advice, representation, defense in court proceedings, and legislative and regulations drafting to the following commissions, divisions and corporations within the following departments:

Department of Community and Economic Development: the Regulatory Commission of Alaska (includes representation of staff when staff is designated as an advocate); Division of Insurance (includes representation of staff in administrative enforcement actions); Division of Occupational Licensing (includes representation of division in administrative enforcement actions before the various occupational boards and commissions); Department of Education and Early Development: Professional Teaching Practices Commission (includes representation of staff in disciplinary proceedings).

Component Goals and Strategies

Protect the public by enforcing consumer protection and antitrust laws.

Protect the public by providing enforcement support and advice to agencies that monitor compliance of business licensees with statutes prohibiting the sale of tobacco products to minors.

Protect the public by providing legal services and advice to the agencies that monitor insurance companies and licensees, occupational licensees, public utilities, and certified teachers.

Provide representation and legal advice to the agencies, staff, and boards and commissions of the agencies represented by the section.

Assist the represented agencies in negotiating contracts for procuring services.

Investigate violations of consumer protection laws and initiate enforcement action in appropriate cases.

Key Component Issues for FY2001 – 2002

Alaska is a target state for many types of consumer fraud. Under the terms of the Consumer Protection Act (AS 45.50.471 et seq.), the Attorney General's office is authorized to investigate and bring enforcement action against businesses that engage in unfair or deceptive trade practices. Given the current funding and staffing level and the large areas of enforcement the office is responsible for, it is still forced to turn away many legitimate cases of consumer fraud. Enforcement activities are directed to situations affecting a large number of consumers or involving large dollar amounts, and often there are not enough resources for even those cases. We have been able to increase enforcement activity because of additional statutory designated program receipt resources appropriated to this component beginning in FY2000. Using existing resources, the department also has furthered current consumer protection activities by updating and refining the consumer complaint packet and the consumer complaint database and by establishing a consumer protection web page. The department will continue to take appropriate steps to

ensure receipt of statutory designated program receipts on a regular basis in FY2002 to help fund the consumer protection program.

Major Component Accomplishments for FY2000

Generally

Successfully prosecuted an appeal before the Alaska Supreme Court seeking reversal of a superior court order that the state was barred from issuing a belated decision in an insurance license discipline matter.

Consumer Protection/Antitrust

Successfully negotiated settlements in two auto dealers cases involving multiple violations of Alaska's Unfair and Deceptive Trade Practices Act, the federal Truth in Lending Act, and the federal Magnuson-Moss Warranty Act; both settlements will involve payment of restitution to consumers and substantial civil penalties to the state.

Obtained injunctive relief prohibiting deceptive practices relating to Wade Cook financial seminars and obtaining payment of thousands of dollars in restitution to Alaskan consumers and, approximately \$11,000 to the state for consumer protection education and enforcement.

Successfully prosecuted an action against an auto dealer for failing to register under state law and obtain required bonding.

Reached a settlement with generic drug manufacturers and vitamin manufacturers in two multi-state price-fixing cases. The settlements provide for injunctive relief, payment of approximately \$85,000 in restitution on behalf of state government purchasers, payment of thousands of dollars in restitution to Alaskan consumers, payment of \$45,000 to the state for consumer protection/antitrust education and enforcement, and payment of \$45,000 for the state's costs and attorney fees.

Obtained consent decrees in two multi-state antitrust cases involving Toys R Us and Nine West that provide for injunctive relief and over \$100,000 in cy pres funds to be distributed to nonprofit or government agencies who will provide goods or services to the injured class of victims in these cases.

Completed collection of approximately \$300,000 of restitution to Alaskan consumers in settlement of antitrust violations in the Southeast Alaska Propane case; the state also received \$5,470 for consumer protection and antitrust enforcement.

Statutory and Regulatory Authority

AS 44.23.020

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Component Financial Summary

All dollars in thousands

	FY2000 Actuals	FY2001 Authorized	FY2002 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	1,024.0	1,113.5	1,232.1
72000 Travel	18.8	8.1	12.0
73000 Contractual	274.7	197.8	251.7
74000 Supplies	17.2	33.3	51.3
75000 Equipment	12.9	8.6	8.6
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	1,347.6	1,361.3	1,555.7
Funding Sources:			
1004 General Fund Receipts	431.1	433.5	433.8
1005 General Fund/Program Receipts	6.6	50.0	50.0
1007 Inter-Agency Receipts	788.3	690.3	889.1
1053 Investment Loss Trust Fund	0.0	3.2	0.0
1108 Statutory Designated Program Receipts	121.6	184.3	182.8
Funding Totals	1,347.6	1,361.3	1,555.7

Estimated Revenue Collections

Description	Master Revenue Account	FY2000 Actuals	FY2001 Authorized	FY2001 Cash Estimate	FY2002 Governor	FY2003 Forecast
Unrestricted Revenues						
Unrestricted Fund	68515	993.5	0.0	0.0	0.0	0.0
Unrestricted Total		993.5	0.0	0.0	0.0	0.0
Restricted Revenues						
Interagency Receipts	51015	788.3	690.3	812.2	889.1	859.1
General Fund Program Receipts	51060	6.6	50.0	50.0	50.0	50.0
Statutory Designated Program Receipts	51063	121.6	184.3	180.0	182.8	181.9
Investment Loss Trust Fund	51393	0.0	3.2	0.0	0.0	0.0
Restricted Total		916.5	927.8	1,042.2	1,121.9	1,091.0
Total Estimated Revenues		1,910.0	927.8	1,042.2	1,121.9	1,091.0

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Proposed Changes in Levels of Service for FY2002

In the current fiscal year, another full-time attorney was added to the budget for the Consumer Protection Unit to increase consumer protection enforcement capabilities and to handle tobacco enforcement cases involving the sale of tobacco products to minors. In addition, a newly hired full-time paraprofessional began providing assistance in investigating and preparing consumer protection and antitrust cases. These staffing changes have allowed the department to further increase its investigation and enforcement activities relative to consumer protection and antitrust issues. The department has also increased its participation in multi-state investigation and enforcement activities involving national companies that have committed unfair or deceptive practices impacting Alaskan consumers. In this fiscal year, the department implemented its consumer protection web page that is assisting consumers in identifying and protecting against fraud. The department also has maintained the cooperative agreement with the Better Business Bureau of Alaska, Inc. (BBB) to handle consumer complaints that may benefit from the mediation and arbitration services provided by the BBB. In addition to increased actions against businesses engaged in unfair and deceptive trade practices, the department has continued to increase its antitrust enforcement efforts over the past year in the aftermath of recent large corporate merger and acquisition activities within the state and in anticipation of future merger and acquisition activities.

The Department of Community and Economic Development's Division of Occupational Licensing received additional funding beginning in FY2001 in part to provide for \$200,000 in additional legal services from the Department of Law. The Division of Occupational Licensing is seeking an additional \$30,000 to maintain the level of service provided in the wake of increases to Law's timekeeping and billing rate. Consequently, the Governor's FY2002 budget includes an increment for \$230,000 in interagency receipts for Law's Fair Business Practices section. A full-time Attorney IV and a part-time paralegal position are requested in conjunction with the funding.

Summary of Component Budget Changes

From FY2001 Authorized to FY2002 Governor

All dollars in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2001 Authorized	486.7	0.0	874.6	1,361.3
Adjustments which will continue current level of service:				
-Adjust vacancy by fund source between line items and components	0.0	0.0	-27.1	-27.1
-Year 2 Labor Costs - Net Change from FY 2001	-2.9	0.0	-5.6	-8.5
Proposed budget increases:				
-Occupational Licensing Positions and Funding	0.0	0.0	230.0	230.0
FY2002 Governor	483.8	0.0	1,071.9	1,555.7

Fair Business Practices**Personal Services Information**

Authorized Positions			Personal Services Costs	
	FY2001 Authorized	FY2002 Governor		
Full-time	14	15	Annual Salaries	971,439
Part-time	4	4	COLA	20,308
Nonpermanent	0	0	Premium Pay	0
			Annual Benefits	282,361
			<i>Less 3.30% Vacancy Factor</i>	(42,008)
			Lump Sum Premium Pay	0
Totals	18	19	Total Personal Services	1,232,100

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Assoc Attorney I	1	0	0	0	1
Assoc Attorney II	2	0	0	0	2
Attorney III	1	0	0	0	1
Attorney IV	8	0	0	0	8
Attorney V	1	0	0	0	1
Legal Secretary I	3	0	0	0	3
Legal Secretary II	1	0	0	0	1
Paralegal Asst I	1	0	0	0	1
Paralegal Asst II	1	0	0	0	1
Totals	19	0	0	0	19