

# **State of Alaska FY2009 Governor's Operating Budget**

## **Department of Commerce, Community, and Economic Development Office of Consumer Affairs & Investigations Component Budget Summary**

## Component: Office of Consumer Affairs & Investigations

### Contribution to Department's Mission

Protect the public from incompetent, unethical and illegal practices by professional, commercial and financial service providers.

### Core Services

- Serve as a one stop location to receive, investigate and resolve consumer complaints about state licensees and regulated and licensed businesses.
- Provide investigative services to professional licensing boards and commissions in an efficient and cost effective manner.
- Investigate complaints concerning state licensed non-depository financial institutions and money service companies.
- Provide consumer outreach and education on the use of professionals, and non-depository lending.

### Major Activities to Advance Strategies

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|--|--|
| <ul style="list-style-type: none"> <li>• Provide investigative support to state boards and commissions and other regulatory divisions.</li> <li>• Conduct investigation in to allegations of incompetent, unethical, or illegal delivery of services by licensees.</li> <li>• Conduct inspections for compliance with licensing requirements and pursue unlicensed activity.</li> <li>• Initiate Accusations; negotiate Memorandum of Agreements, or Statement of Issues when warranted.</li> <li>• Report disciplinary activity in accordance with National reporting requirements (i.e., HIPDB, NPDP, and NURSUS).</li> <li>• Represent the state in appeals of license denials, lawsuits and appeals of disciplinary actions.</li> <li>• Investigate complaints and conduct for-cause examinations of non-depository licensed financial institutions and financial service businesses.</li> <li>• Protect the public against fraud in the delivery of professional services.</li> <li>• Protect the public against predatory lending practices by both state licensed entities and unlicensed lenders.</li> <li>• Standardize investigative forms and create a tracking system for managing case load.</li> </ul> | <ul style="list-style-type: none"> <li>• Create a system coupled with "translucency" for consumers to track the investigative process.</li> <li>• Train all investigators to ensure consumer complaints are investigated and resolved in a timely manner.</li> <li>• Work with industry and community groups to be in compliance with laws and regulations.</li> <li>• Sponsor public service announcements on how to file a complaint with the DCCED.</li> <li>• Redesign Department's web site for consumers to lodge complaints.</li> <li>• Operate a Predatory Lending toll free Hotline for consumers about questionable financial activities and assist victims of financial fraud.</li> <li>• Work with the Department of Law on consumer educational programs and enforcement efforts.</li> <li>• Post consumer information on the Office's web site.</li> <li>• Post investment and financial fraud warnings on the Office's web site.</li> </ul> |
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FY2009 Resources Allocated to Achieve Results									
<b>FY2009 Component Budget: \$1,902,000</b>	<table style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2" style="padding-left: 20px;"><b>Personnel:</b></td> </tr> <tr> <td style="padding-left: 20px;">Full time</td> <td style="text-align: right;">20</td> </tr> <tr> <td style="padding-left: 20px;">Part time</td> <td style="text-align: right;">0</td> </tr> <tr> <td style="padding-left: 20px;"><b>Total</b></td> <td style="text-align: right; border-top: 1px solid black;"><b>20</b></td> </tr> </table>	<b>Personnel:</b>		Full time	20	Part time	0	<b>Total</b>	<b>20</b>
<b>Personnel:</b>									
Full time	20								
Part time	0								
<b>Total</b>	<b>20</b>								

## Key Component Challenges

The Office of Consumer Affairs and Investigations' challenge in fiscal year 2009 is to administratively organize and establish the office as a new functional unit. Procedures will need to be developed for continued coordination and cooperation with the Licensing component of the Division and with the other regulatory divisions in the Department.

The Office will be undertaking for the first time the licensing and regulation of mortgage bankers, mortgage brokers, and mortgage originator starting in July of 2008. It is anticipated that the mortgage oversight effort will be similar to efforts already undertaken for payday lending, and will entail the review of numerous licensing applications coupled with examinations of entities as complaints arise.

Resolving suspected violations in a timely manner will be a challenge and will likely include closure or referrals for administrative or legal action. The Office will seek to streamline its violation procedures through issuance of citations and other means than can effect immediate compliance.

As recognized by the Division of Legislative Audit, the Department is in need of a modern automated comprehensive case management tracking system to efficiently perform its responsibilities for consumers to file on-line complaints.

## Significant Changes in Results to be Delivered in FY2009

The reorganization is part of a comprehensive plan to deliver better services to the business community while providing the public the assurance that their complaints will be investigated and reported on in an open and efficient manner.

Effective July 1, 2008, the Office and DCCED will begin licensing and regulating mortgage bankers, mortgage brokers, and mortgage originators. This is the first time that the mortgage lending industry has been regulated in Alaska. This will involve: (1) oversight of educational requirements; (2) licensing; (3) on site examinations; and (4) complaint investigations. Additional staff will be hired as part of an approved fiscal note.

The Office will undertake the licensing and regulation of money transmitters and currency exchange businesses, commonly known as Money Service Businesses (MSB's). Additional staff may be hired as part of an approved fiscal note.

The new Office will coordinate with the other regulatory divisions to provide more effective consumer outreach to the citizens of Alaska by providing more educational programs, sponsoring more public service announcements and redesign the department's website.

## Major Component Accomplishments in 2007

This is a new component for fiscal year 2009.

## Statutory and Regulatory Authority

No statutes and regulations.

**Contact Information**

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**Office of Consumer Affairs & Investigations  
Component Financial Summary**

*All dollars shown in thousands*

	FY2007 Actuals	FY2008 Management Plan	FY2009 Governor
<b>Non-Formula Program:</b>			
<b>Component Expenditures:</b>			
71000 Personal Services	0.0	1,336.8	1,807.0
72000 Travel	0.0	10.0	10.0
73000 Services	0.0	100.0	60.0
74000 Commodities	0.0	25.0	25.0
75000 Capital Outlay	0.0	0.0	0.0
77000 Grants, Benefits	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
<b>Expenditure Totals</b>	<b>0.0</b>	<b>1,471.8</b>	<b>1,902.0</b>
<b>Funding Sources:</b>			
1007 Inter-Agency Receipts	0.0	0.0	354.0
1156 Receipt Supported Services	0.0	1,471.8	1,548.0
<b>Funding Totals</b>	<b>0.0</b>	<b>1,471.8</b>	<b>1,902.0</b>

**Estimated Revenue Collections**

Description	Master Revenue Account	FY2007 Actuals	FY2008 Management Plan	FY2009 Governor
<b>Unrestricted Revenues</b>				
None.		0.0	0.0	0.0
<b>Unrestricted Total</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Restricted Revenues</b>				
Interagency Receipts	51015	0.0	0.0	354.0
Receipt Supported Services	51073	0.0	1,471.8	1,548.0
<b>Restricted Total</b>		<b>0.0</b>	<b>1,471.8</b>	<b>1,902.0</b>
<b>Total Estimated Revenues</b>		<b>0.0</b>	<b>1,471.8</b>	<b>1,902.0</b>

**Summary of Component Budget Changes  
From FY2008 Management Plan to FY2009 Governor**

*All dollars shown in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2008 Management Plan</b>	<b>0.0</b>	<b>0.0</b>	<b>1,471.8</b>	<b>1,471.8</b>
<b>Adjustments which will continue current level of service:</b>				
-FY 09 Health Insurance Increases for Exempt Employees	0.0	0.0	0.2	0.2
-FY 09 Bargaining Unit Contract Terms: General Government Unit	0.0	0.0	76.0	76.0
<b>Proposed budget increases:</b>				
-Staff Support in the Office of Consumer Affairs & Investigations	0.0	0.0	354.0	354.0
<b>FY2009 Governor</b>	<b>0.0</b>	<b>0.0</b>	<b>1,902.0</b>	<b>1,902.0</b>

**Office of Consumer Affairs & Investigations  
Personal Services Information**

<b>Authorized Positions</b>		<b>Personal Services Costs</b>		
	<u>FY2008</u>	<u>FY2009</u>		
	<u>Management</u>	<u>Governor</u>		
	<u>Plan</u>			
Full-time	20	20	Annual Salaries	1,171,715
Part-time	0	0	COLA	91,242
Nonpermanent	1	1	Premium Pay	0
			Annual Benefits	618,237
			<i>Less 3.94% Vacancy Factor</i>	<i>(74,194)</i>
			Lump Sum Premium Pay	0
<b>Totals</b>	<b>21</b>	<b>21</b>	<b>Total Personal Services</b>	<b>1,807,000</b>

**Position Classification Summary**

<b>Job Class Title</b>	<b>Anchorage</b>	<b>Fairbanks</b>	<b>Juneau</b>	<b>Others</b>	<b>Total</b>
Administrative Clerk III	1	0	0	0	1
Administrator of Investigation	1	0	0	0	1
Financial Instit Exam II	1	0	0	0	1
Investigator I	1	0	0	0	1
Investigator II	3	0	0	0	3
Investigator III	12	0	0	0	12
Investigator IV	1	0	0	0	1
Securities Examiner II	1	0	0	0	1
<b>Totals</b>	<b>21</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>21</b>