

Consumer Alert

Providing consumers with knowledge to make informed decisions

A Publication of the South Carolina Department of Consumer Affairs

Philip S. Porter, Administrator/Consumer Advocate

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Consumer Crusader Says:



Be wary, claims that slavery reparations are being paid are false!

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A Publication of The South Carolina Department of Consumer Affairs – Public Information and Education

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WLTX and SCDCA Working Together to Help You

Helping consumers is the bottom line of both the Department and the News 19 On Your Side Team. The two have joined in a collaborative effort to help you.

Scams and rip-offs are every day occurrences in our society. By working together, the Department and the News 19 On Your Side Team aim to ensure that Midlands consumers, as well as those across the state, have someone on their side to help fight rip-offs, consumer fraud, and unfair business practices. Education and awareness are the most practical ways to beat these unscrupulous practices. Not only will this broaden resources to prevent the scams, but it will also assure consumers across the state that there are resources to resolve their complaints after they are victimized.

News 19 On Your Side Team Reporters Joel Connable and Adam Murphy help people every week through television stories that get results and in the past month the Department recovered \$120,907.38. Now, the two will be working together in many ways, to help you.



Consumer Advocate Phil Porter and News 19 On Your Side Reporters Adam Murphy and Joel Connable join forces to protect consumers.

Predatory Lending A National Concern

Predatory lending, an issue of relevant concern within the state and national legislative systems, has recently been revisited by the United States Senate Banking, Housing, and Urban Affairs Committee. Senator Paul S. Sarbanes (D-MD), Chairman of the Senate Banking, Housing, and Urban Affairs Committee, has committed to promoting greater financial education and literacy. In July, the Committee held two hearings on "**Predatory Mortgage Lending: The Problems, Impacts, and Responses.**" During the hearings, victims, advocacy representatives, and industry associations testified.

Predatory lending is loosely defined as any unfair credit practice that causes problems for borrowers or supports a credit system that promotes inequality and poverty. The dodgy practices that encompass predatory lending include deceptive marketing, lending without regard to a borrower's ability to repay the loan, incomplete loan disclosure, outright fraud, excessive fees, expensive insurance, bait and switch tactics, high interest rates, balloon payments, loan 'flipping,' and prepayment penalties. These practices are commonly used in credit systems that handle title lending, payday loans, check cashing, mortgage loans, and rent-to-own transactions.

In South Carolina, The Department of Consumer Affairs helped initiate the focus on predatory lending. Since then, numerous organizations have supported the educational efforts to inform consumers and legislators about the unscrupulous practices used by predatory lenders.

The South Carolina Department of Consumer Affairs began their efforts to combat predatory lending when the agency realized it was a "significant problem." The number of complaints that the agency received had been increasing.

Predatory lending knows no age, class, or race and can affect anyone who lacks the knowledge that such lending practices exist. This is precisely why education is the necessary and essential way to combat the unscrupulous practices for now.

Until some sort of state or national legislation is passed to protect consumers from the deceptive practices of predatory lenders education is vital.

Department Conducts Mortgage Loan Broker Seminar

Jane Shuler (SCDCA Staff Attorney) conducted a two-hour Continuing Professional Education seminar in Columbia. The session was designed to assist brokers in understanding general compliance issues and privacy issues related to the Gramm-Leach-Bliley Act. Robin Benson, CPE Coordinator, organized the seminar.

Legal Update

SCDCA v. Rent-A-Center. The Department has appealed the Circuit Court's ruling that current State law allows a rent-to-own company to assess a liability damage waiver fee. The Court of Appeals denied the Rehearing Petition, and the Department is asking the Supreme Court for a Writ of Certiorari to review the decision by the Court of Appeals.

SCDCA v. First Freedom Financial & Holloway. The Department has filed this action in Charleston County alleging violations of the prohibition on advance fees when assisting someone in obtaining a loan or line of credit, of the unconscionable debt collection provisions and the Unfair Trade Practices Act. A Preliminary Injunction was granted and the Order signed by Judge Newman on 5/5/01. David Allen and Helen Fennell were the lead attorneys for the injunction. The Department is proceeding with discovery.

SCDCA v. Gary Payne & Southern Financial Services, Inc. Administrative enforcement action was filed in Richland County Circuit Court on 3/21/01. The Department has asked the Court to restrain the Defendant from engaging in mortgage loan brokering activity in violation of a previous Order of the Administrator. Case is pending.

Enforcement Hearing

SCDCA v. Quality HR Services, Inc. and David Evette. Action brought by the Department against Quality HR Services Inc. and David Evette for violations of unlicensed staff leasing activity, resulting in an \$11,000 fine. Lead Attorney for the Department was Helen Fennell. Licensing for an alternate controlling person is pending.

Did You Know That...

8, 678 Pre-paid legal services are registered with the South Carolina Department of Consumer Affairs.
For more information contact: David Allen @ 1-800-922-1594 or 803-734-4235



Health Fraud Schemes

Health fraud is a business that sells false hope. The victims tend to be either people who are sick with a disease that has no cure, like cancer, or people who are looking for shortcuts, like fad diets. The reason that health fraud is so successful is because it preys on people and it promises quick cures and easy solutions.

Each year, billions of dollars are wasted on unproven, fraudulently marketed, and sometimes useless health care products and treatments. There are ways to spot health-related claims that are likely to be legitimate and those that are likely to be illegitimate.

How to Spot False Claims

- ❖ The product is advertised as a quick and effective cure-all for a widerange of ailments or for an undiagnosed condition.
- ❖ The promoters use key words, like scientific breakthrough, miraculous cure, exclusive product, secret ingredient or ancient remedy. True scientific breakthroughs would be well known to your doctor.
- ❖ The promoter claims the medical profession or research scientists have conspired to suppress the product.
- ❖ The advertisement includes undocumented case histories claiming amazing results.
- ❖ The product is advertised as available from only one source, and payment in advance is required.

Source: FTC - "Fraudulent Health Claims: Don't Be Fooled"

Identity Theft In South Carolina

Identity theft is big business in this state. When an imposter co-opts your name, your *Social Security number (SSN)*, your *credit card number*, or some other piece of your personal information for their use, in short, when someone appropriates your personal information *without your knowledge- it's a crime*, pure and simple. The Department of Consumer Affairs is working with state law enforcement and other agencies to educate citizens about identity theft so that they will not become victims of this crime.

Currently, the Department is working with mayors across the state to educate citizens and provide them with phone numbers of resources to contact if they have consumer problems, such as identity theft.

For a free brochure call:

Sherry Gore King at
1-800-922-1594 or
803-734-4195



Are the scanners at the grocery store accurate?

Many supermarkets nationwide are NOT using their scanners properly and a few chains overcharged customers on more than one out of 12 items, according to a 1998 study by the Federal Trade Commission (FTC). The most common errors were made on "sale" items. This is largely due to the negligence of some store managers, as they do not put the sale prices into the scanner system. Consumers must always double check!

Did You Know That...

Consumer Services recovered \$1,074,639.28 from July 1, 2000 to June 30, 2001.

Department Initiates New Approach To Resolving Complaints

William Maree, Director of Consumer Services strongly believes that the "open-view analysis" is the best approach to determining the probable basis and merit of every consumer complaint filed with the Department. With this approach, rather than limiting the inquiry to the specific concern the consumer raised, the staff evaluates the complaint to determine if other overcharges, violations, or other wrongdoing is apparent, perhaps even by other businesses not mentioned in the complaint. Those businesses are also contacted in an effort to obtain written responses and suggested remedies.

All Divisions of The Department of Consumer Affairs strive to protect, educate, and represent consumers in a challenging and ever changing economy. Consumer Services is committed to processing, analyzing, evaluating, and mediating consumer complaints that arise out of the production, promotion, or sale of consumer goods and services used for personal, family, or household purposes. It strives to process these complaints in the most efficient manner possible and to determine the probable basis and merit of every consumer complaint received. This includes

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Upcoming Events

THE JUNIOR CONSUMER PROGRAM

Last year the Department initiated its first conference for 4th and 5th grade students, *ADS DEMAND SENSE*. The conference was designed to assist students in understanding advertisements by separating fact from fiction. Also, there was considerable discussion regarding savvy shopping and money management. The success of that program and the *2001 Consumer Education Leadership Institute* held in June has prompted the Department to initiate its latest educational efforts to assist our youth in understanding consumer issues...**the Junior Consumer Program.**

Everyone spends money, but not everyone knows how to do it right. Spending wisely takes skill, time and experience. The Department of Consumer Affairs wants the Junior Consumer to learn how to shop smart. The Department will pilot this program in 85 elementary schools across the state and will provide a newsletter with consumer games and consumer issues to the teacher and five students from the 4th and 5th grade level. Each month a newsletter will be sent to the school to help students learn how to spot a scam ...figure out fraud and recognize it.

THE TEACHER CONNECTION

The Teacher Connection is a major initiative of the South Carolina Department of Consumer Affairs to assist teachers in promoting consumer issues in the classroom. Educators and the public have come to recognize that consumer education is an important and useful subject for all students. With its real life problems, consumer education has been found to be a practical way of arousing interest in subjects in English, Math, Social Studies, and Science.

You can keep up with current consumer topics by leaving a message online, by requesting consumer information/publications and services for getting assistance in developing a lesson on a specific consumer topic.

Also, look for the question of the week on various consumer topics

LOG-IN INSTRUCTIONS:

YOU MUST HAVE A YAHOO (E-MAIL) ACCOUNT TO SIGN IN.

1. Go to the web site **www.state.sc.us/consumer**
2. Click on Teacher Connection
3. Scroll down and click on to subscribe
4. Follow the prompts to sign in using your yahoo account
5. Fill in the information that applies to you
6. You are now a certified member of the Teacher Connection

For more information, please contact:
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