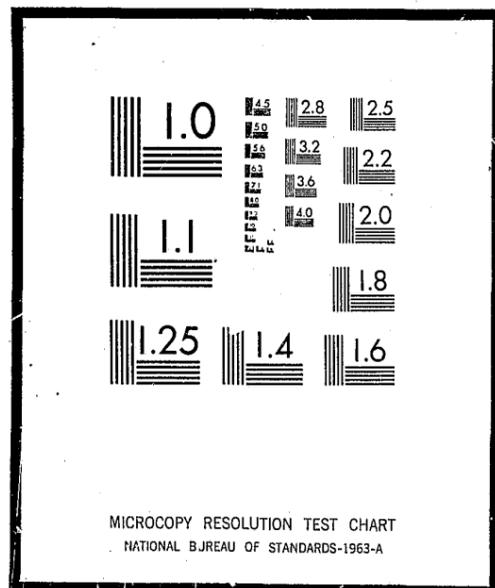


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Consumer Fraud

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P. O. Box 24036, S. W. Post Office
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OFFICE OF THE ATTORNEY GENERAL
DIVISION OF CONSUMER AFFAIRS
23A South Third Street
Harrisburg, Pennsylvania 17101

JOEL WEISBERG
Director

ISRAEL PACKEL
Attorney General

MR. GERALD M. CROAN

-2-

May 6, 1974

May 6, 1974

MR. GERALD M. CROAN,
Evaluation Planner
Evaluation and Monitoring Unit
Governor's Justice Commission
P.O. Box 1167
Harrisburg, PA 17120

RE: Final Evaluation Report on Bureau
of Consumer Protection Projects - FINAL
DS-370-73A, DS-398-72A, DS-401-72A, FINAL
DS-402-72A by I.S.I.S. REPORT

Dear Mr. Croan:

Thank you for the opportunity to comment on the Evaluation Report listed above. We have reviewed the report carefully and find that it is comprehensive and factually accurate.

We strongly agree with the recommendation that salaries for attorneys and investigators should be increased. The Governor's Office of Administration is presently reviewing attorney salaries statewide and we are hopeful that this leads to an improvement in the salary situation. We have requested a number of position reclassifications for investigators and will continue to do so where warranted.

We certainly agree with the recommendation that the four programs be continued. We would like for the record, therefore, to note our displeasure that notification that our Consumer Education program would not be refunded was given to us without prior consultation. We certainly suggest that no decision should be made to discontinue any program before at least hearing the views of representatives of that program.

With reference to the suggestion for provisional approval of our Strike Force programs, as the report indicates, an Attorney has now been hired. We believe that were he to be interviewed by

I.S.I.S., all doubts about the effectiveness of this program in the next program year would be dispelled.

We have no areas of disagreement with the report. Our one comment in this area is that we would hope that future statistical samples would be large enough so that the results would be based on more than 45 interviews, but we appreciate the reasons for the limited sample the first time this sample technique was used.

We would, of course, be happy to meet with you as you suggest.

Very truly yours,

Joel Weisberg
Joel Weisberg, Director
Bureau of Consumer Protection

JW/rc

cc: Robert Olson

15677
EVAL
LOAD

ISIS

INSTITUTE FOR THE STUDY OF INQUIRING SYSTEMS

3508 MARKET STREET PHILADELPHIA, PA. 19104 (215) 386-2186

April 17, 1974

Ms. Chris Fossett
Evaluation Management Unit
Governor's Justice Commission
Box 1167
Harrisburg, Penna. 16508

Dear Chris:

Enclosed are final evaluation reports on the four Division of Consumer Fraud projects funded by LEAA. These are:

DS-370-73A Consumer Fraud Strike Force
DS-398-72A Consumer Education
DS-401-72A Consumer Fraud Litigation
DS-402-72A Consumer Education Low Income

General Program Commentary

While it is fairly easy to make evaluations of each of the four projects which ISIS has studied, it is difficult to do so entirely independently of the entire program of the Bureau of Consumer Protection which contains project teams which we have not evaluated, and are only peripherally acquainted with. It is even difficult to evaluate these four projects independent of each other, they intermesh, and the success of one effects the success of other.

Background

As stated in our interim report dated January 15th, the Bureau of Consumer Protection has evolved under Weissberg and Sand to be one of the outstanding state agencies of its type in the nation. The caliber and effectiveness of its employees is high (Robert Nicholas, the Attorney in Charge of the Philadelphia office was named one of the 74 outstanding young men of 1974 by Philadelphia Magazine), morale is generally high and on most nationally published statistics, the Pennsylvania Bureau rates very well.

Ms. C. Fossett
Page 2
April 17, 1974

Management

Our position has not changed with regard to the caliber of management. Top management is competent, aggressive and dedicated. We have seen the team which they have developed grow in cohesiveness and effectiveness over the year, for the most part their employees work very hard and are well suited for their jobs.

Problems

The personnel-salary problem continues and turnover would be very high were it not for the leadership of Sand and Weissberg. Pennsylvania salaries are below the national median for both attorneys and investigators and until they are raised the spector at least of high turnover will continue to exist.

Emphasis

In our interim report, we commented that we felt that there was a greater emphasis on problems of individual complainants vs. policy and major lawsuits. We felt this humanly quite understandable but not strategically desirable. We have discussed this with Sand and Weissberg and have somewhat altered our own view. We feel, but cannot document, that they have switched their emphasis. A minor disagreement remains and will be discussed with them - but it is minor. The new management information system developed with Mike Sand will make the problems of strategic decisions easier to solve.

Contributions of the Evaluator

We have felt from the beginning that we have had two major functions:

An auditing one - to find out, bluntly, whether the group being evaluated were competent, honest and spending the public's money in a proper and wise way. Essentially this was an adversarial position.

It was fairly obvious following our initial studies that these criteria were being met.

Secondly, a consulting function - we have probed for weaknesses in system, weaknesses in personnel, difficulties, mistakes which were obvious to an outside consultant but hard to see from the

inside, etc. When these were discovered, they were discussed with Sand and Weissberg and for the most part resolved to everyone's satisfaction. We helped to develop a computerized information system which should be helpful in making strategic decisions and in backing the routine progress of programs. Mr. Sand tells us that we have been helpful and we are pleased that he thinks so.

Recommendations

Our recommendation is that the four programs be continued. For three of these programs our recommendation is without qualification.

For the fourth (Strike Force), our recommendation is provisional - the strike force has not met its stated aims and goals, and is not likely to this year. The problem from the beginning has been the lack of a strong lead attorney. We are uncertain as to whether or not given the salary ranges permitted, such an attorney can be found. Weissberg and Sand are more optimistic and because their judgement on other matters seems very good, we are willing to make a recommendation for refunding, but should vast improvement not be evidenced in the year to come, we feel that the project should be discontinued. As this is being written, we have learned that an attorney has been hired and has begun work.

Comparison With Other States

Our literature search yielded the following facts: from the period fiscal 1971-72-73, the Pennsylvania Bureau of Consumer Fraud was the fastest growing in the nation both in terms of budget and work load. 1971-72's budget was \$388,500. 1972-73's budget was \$1,309,046. However, staff salaries still fall below the median for other states. Pennsylvania pays a range for attorneys of \$12,700 to \$17,115/yr. vs. medians of \$13,000 to \$21,000 for all other states combined. Pennsylvania is second in the nation in terms of work processed, it is exceeded in its 25,000 complaints per year by only New York's 36,000.

On most other measurable criteria, Pennsylvania ranked in the top 2 or 3 states.

Poll of Complainants

As a part of our effort to evaluate each of the programs as one piece of a whole, we conducted a telephone survey of a randomly selected group of individuals that brought complaints to the Philadelphia office of the BCP. The survey is flawed but informative. The results follow:

Survey Results and Analysis

The initial purpose of this exercise was to survey a randomly selected group of consumers who had used the services of the Bureau of Consumer Protection. In selecting our sample, no outcome criteria were used; that is we ignored any notion of "success" or "failure" and any comment by the Bureau personnel as to whether or not a given case was hopeless, how difficult the complainant himself was, or what the nature of the situation was. If an individual brought a complaint to the Bureau which was considered a bona fide consumer complaint and was so recorded, we were equally as likely to draw him as any other.

The problem seemed fairly straight-forward, however, some interesting results emerged.

Our sample was 133 cases drawn from the Philadelphia office. We assumed that we would end up with 100 successful telephone interviews. We were given first initials, last names and addresses. We first looked up telephone numbers for these cases by first initial, last name and address. Where this was not available we checked by last name only and address, a situation that might be useful when a wife complained (but the telephone listing was in her husband's name). Where this was not useful we called information. Upon completion of this project, we went to Bernard C. Meltzer, head of the Planning Commission of the City of Philadelphia and probably the City's leading real estate appraiser and asked him to sort the addresses of the names into five categories:

1. Ghetto or Slum
2. Working Class Neighborhood
3. Middle Class Neighborhood
4. Upper Class Neighborhood
5. Questionable

The Philadelphia Group, ISIS' sister company does considerable real estate consulting and confirmed in general Meltzer's categories. The sample worked out as follows:

Total Drawn	133
Out of State	15
Unlisted Numbers	24
No Phone	39
Interviews Attempted	55
Parties reached by 3rd call	47
Interviews successfully completed	45

Of the 39 "no phone" cases,

64% were in Ghetto or Slum areas
22% were in working class areas
10% were in middle class areas
4% were in upper class areas
4% were in unclassifiable areas

which was approximately the result which the BCP personnel predicted (there would of course have been a certain experimental error - J. Smith could well have been missed in the second telephone number search when we were seeking only "Smith" at a given address), Of the numbers we were able to either locate or identify as private,

25% were in Ghetto or Slum areas
30% were in working class areas
21% were in middle class areas
19% were in upper class areas
5% could not be certain

A population which is significantly different than those whose telephone numbers could be located or at least identified.

We discussed these results with the BCP personnel and with Aaron Gold, Chairman of Oxford First Corp., who has 40 years of experience making loans to low income individuals. Neither was surprised at the distribution and both stated that it was common practice among the poor to list their telephone numbers under an assumed name (which has the same affect as an unlisted number without the additional cost) and among the very poor to have no telephone at all. We can then state that the "customers" of the BCP, the Philadelphia office are distributed,

35% in Ghetto or Slum areas
27% in working class areas
18% in middle class areas
14% in upper class areas
4% in areas that are hard to classify

and further that the average customer of the BCP is 7 1/2 times as likely to have no phone as the average resident of Philadelphia and 3 times more likely to have an unlisted number.

Clearly, the BCP is reaching the hidden poor extremely effectively. In a field where a major problem is in simply communicating with those populations which are most preyed upon, they are obviously doing an extremely good job.

CONSUMER FRAUD STUDY

Ms. C. Fossett
Page 6
April 17, 1974

The results of the survey itself are impossible to apply meaningful statistics to. They are summarized on the sample questionnaire appended to this report. In general, however:

- 62% of the people interviewed felt that the BCP really cared and tried to help
- 36% felt that the BCP was very quick to serve them, however,
- 45% felt that their complaint was never taken care of properly
- 42% were very satisfied with the results
- 42% were very dissatisfied.

Seventy-five percent of the people who came to the BCP were either referred by friends (42%) or learned of the BCP through newspapers or magazines (32%). Good marks both for the Bureau's reputation and for the consumer education group.

Measures of internal consistency were not taken due to extreme sample bias (we could only reach those individuals with listed phones), however, the fact that 62% of our interviewees felt that the BCP "really cared and tried to help" seems the most significant fact to emerge. In general, people who got reimbursed (for whatever reason) tended to be "very satisfied", people who did not get reimbursed (again without reference to cause) tended not to be at all satisfied.

We were also hampered in our analysis by lack of comparative data. So far as we can tell our polling procedure is unique. The following loose conclusions can be drawn:

- o The BCP is reaching a greater percentage of the poor than either we or they thought initially.
- o The people who come to them with complaints, generally feel that the BCP cares about them and tries to help.
- o Newspapers and magazines are the best sources of publicity (in addition to word-of-mouth).

The survey in general seems to confirm our conclusion, based on field data that the BCP is utilizing the public's money well.

Sincerely,


Robert P. Olson

RPO:ldw

Enc.

Good afternoon/evening. My name is _____
of The Philadelphia Group. We have been asked by the Commonwealth of Pennsylvania to aid them in their evaluation of the Bureau of Consumer Protection's handling of consumer complainis.

(WRITE CODE OF TYPE OF CASE BELOW)

CODE: _____

A. I understand that (READ SEASON ON SAMPLE SHEET) the Bureau of Consumer Protection handled a complaint from you.

_____ Yes (SKIP TO QUESTION 1)

_____ No (CONTINUE)

B. Have you ever heard of the Bureau of Consumer Protection?

_____ Yes (TERMINATE)

_____ No (TERMINATE)

1. What was the nature of the complaint?

(PROBE AS TO PRODUCT OR SERVICE. THE PROBLEM WITH THE PRODUCT OR SERVICE. WHAT RESPONDENT DID TO GET SATISFACTION)

2. Would you say the Bureau (READ LIST)

Really cared and tried to help you	<u>62%</u>
Was very enthusiastic at first, but became less interested as time went by	<u>27%</u>
Was not at all interested in your problem	<u>11%</u>

3. Do you feel the Bureau's handling of your complaint (READ LIST)

Was very quick	<u>36%</u>
Was fairly quick	<u>12%</u>
Took a long time	<u>7%</u>
Was never taken care of properly	<u>45%</u>

4. How satisfied were you with the results. Would you say ... (READ LIST)

Very satisfied	<u>42%</u>
Somewhat satisfied	<u>12%</u>
Not too satisfied	<u>5%</u>
Not at all satisfied	<u>42%</u>

5. Lastly, how did you first learn of the Bureau of Consumer Protection?

Television	<u>16%</u>
Radio	<u>2%</u>
Friends/Relative	<u>42%</u>
Newspapers, Mags.	<u>33%</u>
Billboards	<u>0</u>
Other, Specify	<u>7</u>

RECORD TELEPHONE NUMBER _____

THANKS AND TERMINATE

LOW INCOME UNITS

SECTION I. EXECUTIVE SUMMARY

The poor and particularly those of the poor who belong to minority groups have been the special victims of fraudulent business practices. In addition they present the particular problem that they are inclined not to trust the system and therefore be slower to use the facilities created to help them by government on all levels. Thus, the present dilemma, that they are especially likely to be victims and are especially difficult to reach.

This project constituted an outreach program by the Bureau of Consumer Protection toward exactly these groups. Three offices, Pittsburgh, Allegheny County and Lehigh Valley were staffed using LEAA funds. Initially we were inclined to believe that the goals while properly chosen were overly ambitious.

Clearly the project has been an almost unqualified success. There has been a lack of activity in the Allegheny County office which we understand and which we feel is being worked on aggressively by all parties involved. In general the project has far exceeded the goals set for it.

We recommend that this project be refunded and we feel that the overall cause of bringing consumer protection to the poor in the State of Pennsylvania will be badly damaged if it is not.

SECTION II. PROJECT ACTIVITIES

1. Evaluate Original Goals - the original goals of this project are as follows:

Consumer Complaints Investigated 4000
 Consumer Complaint Files Closed 3500
 Hearings Held 125
 Subpoenas Issued 100
 Money Saved Consumers \$100,000
 Legal Actions Filed 25
 Legal Actions Completed 20
 Voluntary Compliance 6
 Court Ordered Civil Penalties \$50,000
 Court Ordered Restitution \$50,000

The problem this project was designed to alleviate was that of the exploitation of the poor by the unscrupulous trade practices of merchants and others. The problem is perhaps endemic to our system and will exist so long as poverty does; the practices are very wide spread and such large numbers of both the poor and the merchants who prey on them are involved that no sweeping single solution is practically possible. The purpose of this program is to create a counter pressure which will deter dishonest operators.

2. Project Activities - the activities of this particular project are confined to three offices--the Philadelphia office, the Allegheny County office and the Lehigh Valley office. Essentially each has three general functions: mediation, litigation and education. The educational activities of the low income communities project are abetted by the efforts of the educational project.

Mediation - each office receives consumer complaints from area residents. Every complaint is investigated. Business men are asked in general to respond to the complaint made by the consumer and an attempt is made to mediate any differences. If the business man is not cooperative, he is subpoenaed. Pressure is put on every business man on whom a complaint is issued to make a real attempt to mediate the problem.

Litigation - each office has an attorney who brings lawsuits under the Unfair Trade Practices and Consumer Protection law. The act provides for fines for violation of injunctions.

Education - each of the three offices has contacts with a number of groups which serve the low income community. Staff members speak regularly at group meetings and sponsor consumer educational seminars. The groups assist in the wide distribution of consumer education material and publicize the fact that the bureau is available for the handling of consumer complaints.

SECTION III. EVALUATION ACTIVITIES

1. We have conducted indepth interviews with all non-clerical personnel associated with this project. I reviewed their qualifications, their apparent understanding of the problems involved and their general activity level. They have visited each branch office, reviewed records and record-keeping procedures, and office routine. We have gathered a random sample of individuals who have complained to the Bureau of Consumer Fraud and interviewed as many of them as was allowed. We monitored progress toward qualifiable goals and checked reported information against records. The sample taking procedure above guarantees the reliability of the records. Relevant literature was also checked, provide national base line data against which to compare the results per dollar spent of the Pennsylvania Program.
2. The data used were the records of the branch offices themselves, the records kept at the Harrisburg office of the Governor's Justice Commission, and our own reliability sampling procedure described elsewhere in this report. A major problem with the following was our inability to reach many of the low income complainants due to their inaccessibility by telephone.
- 3 & 4. Scope and Feedback - Mr. Weisburg and Mr. Sand were communicated with regularly and directly regarding our findings on this project. Personnel capabilities were commented on and there was substantial agreement as between the evaluation and the project team as to the nature and solutions of the problems involved.

SECTION IV. PROJECT RESULTS AND ANALYSIS

1. Project Results - (here we should note that one of the limitations of the evaluation effort was the determination as between who was and was not a low income complainant).

Results Anticipated - In general, even though the final annual figures are not available the low income project succeeded far greater than the initial projections anticipated. As of the first six months 2,400 customer complaints were investigated and something under 2,000 were closed. Regarding hearings held, subpoenas issued, monies saved consumers, legal actions filed, legal actions completed and court ordered civil penalties, the results for the first six months far exceed the anticipated results for the entire year. In the area of legal actions filed, 15 had been filed in the first six months vs. the goal of 25 for the year. There was no court ordered restitution, as a change in Pennsylvania law since the writing of the original grant proposal has made such restitution illegal. However, the monies saved consumers (\$100,000) which was anticipated initially has been vastly exceeded in the first six months of the project.

These results are not however universal. The Hill District (Allegheny County) has had a much lower level of activity than anticipated. This is due in large part apparently to the fact that the office was moved to new quarters in May of 1973. It is our opinion and that of the project staff that the new and attractive building creates a barrier between the Governor's Justice Commission offices and the low income area which it serves. However available alternatives seem to be even less attractive, for instance a store front office may be more efficient but the danger connected with such an office in a slum area makes it extremely difficult to hire employees. Some previously unstated but good results have come out of the Hill District office. There were several appearances on local television shows, a column appears regularly in a local Black newspaper, and the first litigation from that office has already begun.

2. Factors which led to results other than those anticipated - Except for the factors which are mentioned above the extreme energy and competence of the staff on all levels is probably the greatest single factor in the success of this project. Notable is the fact that the Allentown office because of its population and because of the fact that it has been staffed in part by people who are well known in the community, is quite successful in attracting complainants.

SECTION V. FINDINGS AND RECOMMENDATIONS

1. The project objectives were more than fulfilled.

As in other areas covered by this evaluation, the over all impact of the project on the problem that it was intended to address is difficult to assess, however it is very clear that a great number of the poor have been contacted and have brought their problems to the Governor's Justice Commission.

2. Recommendations - the project objectives are both appropriate and practical. The basic methods and approach used by the project to solve the problem is extremely effective, the project is well planned, staffed and administered. Additional work is needed in the Pittsburgh Hill district but that has been stated earlier in this report.

We very strongly recommend the project be continued and feel that if it is not the cause of consumer fraud deterrent in the State of Pennsylvania will be seriously set back,

CONSUMER EDUCATION

SECTION I. EXECUTIVE SUMMARY

The objective of the project was to provide backup for the other Bureau of Consumer Protection activities in the form of educational materials distributed directly through the members of the Bureau of Consumer Protection, through newspapers, television stations and radio stations. It was felt that a strong consumer education program is a necessary facet of an effective consumer fraud preventative matrix. It was felt that by publicizing the activities of the Bureau's attorneys and the activities of the fraudulent businessmen with whom they were engaged to the public enormous leverage would be created both within the business community to eliminate fraudulent practice and within the public at large to make such practices well known and therefore effective. The project expected to sponsor in excess of 300 speeches and to distribute 2,000,000 pieces of consumer protection literature.

The project has been an unqualified success. In very nearly each of the specific objectives the project exceeded its initial expectations. The quality of the employees the Bureau was able to attract for this project was very high and presented a good and effective balance of competences.

We recommend that this project be refunded in its current form for the fiscal year to come.

SECTION II. PROJECT ACTIVITIES

The purpose of the project was to: place in the hands of the Bureau of Consumer Protection field staff, educational materials which would enable them to increase their effectiveness in contact with the public, and to increase the awareness of the public of fraudulent business practices through:

Newspaper
Television
Radio
Other
Envelope stuffers and bus placards.

The ultimate goal of this project was optimistically, to reach every Pennsylvania consumer. We guess that they could not succeed. Specifically they wished for every major Pennsylvania newspaper, radio station and television station to feature at least one consumer education message per week. 300 speeches were planned and 2,000,000 pieces of consumer protection literature were to be distributed during the year.

The problem the project was designated to alleviate was that of ignorance on the part of the consumer of the practices of fraudulent businessmen. Clearly if each consumer were aware of such practices, it would be extremely difficult for these practices to exist.

2. The activities of the project to date have been the following:
 - A. Six bright blue and red transit cards offering advice on fraudulent practices were placed on nearly 4500 buses, subways and railway cars across Pennsylvania.

A card was sent to each of Pennsylvania's 300,000 welfare recipients giving consumer protection advice.

100,000 of each of 5 illustrated pamphlets were distributed.

A 30 and a 60 second television spot were produced.

In excess of 200 news releases will be issued this year and a host of other consumer education materials summarized in the table attached have been produced; these exceed, in general the goals set for this project.

SECTION III. EVALUATION ACTIVITIES

1. Our evaluation activities have taken the following form:
 - A. We have reviewed all of the materials sent out by the Consumer Education Group and given our comments to Mr. Sand who passed them on to the staff.
 - B. We have reviewed in depth the files of the committee to determine the effectiveness of their record keeping procedures, follow up mailings, accuracy of quarterly reports, etc.
 - C. We have continuously reviewed the field staff of the Bureau of Consumer Protection to determine their reaction to the effectiveness of the backup given them by the educational groups.
 - D. We have requested that staff of ISIS be alert for and report back on write-ups, radio broadcasts, etc. noticed by them in the normal course of their affairs.
 - E. We have interviewed the consumer education staff themselves concerning their perception of their efforts, their background, their effectiveness, etc.
 - F. We have reviewed all materials and news releases sent out by the Bureau of Consumer Protection as they were received by us.
2. Once it was determined that the files of the Consumer Education staff were reliable and accurately kept they formed the base for our evaluation effort. The telephone survey outlined in this report was also partially useful. A real limitation on our evaluation effort was our inability to determine what the actual effect on consumers was. An expert panel or survey might have been useful but our budget simply would not permit it. Another problem was our inability to make a real quality and quantity comparison between Pennsylvania and other states; where we were able to do this Pennsylvania came out well.

3. With one exception, our comments and criticisms were minor in nature and given continuously and verbally. The exception was that we felt that materials sent directly to consumers or placed in buses, etc. should carry addresses and telephone numbers of the office of the Bureau of Consumer Protection in the city in which they appeared. We felt that this would enormously increase the effectiveness of such materials. The Bureau of Consumer Protection staff agrees but feels that the increase in cost and the necessary cut-backs, that it would cause, make such a program unfeasible. The program is effective enough as it stands for us not to insist on our views.

SECTION IV. PROJECT RESULTS AND ANALYSIS

1. See Chart A Attached.
2. Factors leading to results other than those anticipated - in general of course, the project was more successful than we had originally anticipated. The quality of work produced exceeded the expectations and the quantity was very high. These results are due to these factors:

The personnel involved in the project: Dr. Kushner writes clearly and well, his material is for the most part appropriate for its audience, witty where that is appropriate and interesting. Ms. Sarvay has good experience with all aspects of journalism and is able to write press releases which will be used. The artist chosen by them is extremely good, his character, "Consumer Ed" has received wide spread favorable comment. An open eyed consumer brochure was featured in the NAAG'S Booklet on State Programs for Consumer Protection.

The administrative structure of the project was important and is discussed further in this report.

The consistent flow of information to the Consumer Education staff from the field and upper management was also important.

3. Project Impact - it is impossible to determine what the impact of the consumer education program has had on the reduction of consumer fraud in the State of Pennsylvania. One notes however, the following points:

No material of any consequence existed prior to this program. All of the literature on the subject points to a real correlation between a well educated consumer population and a reduced rate of consumer fraud.

The number of complaints researched by the Bureau of Consumer Protection increased 50% in the last year.

If one conceives that the consumer education function is essentially advertising the product of the Bureau of Consumer Protection, the exposure they get per dollar spent is probably 5 to 10 times that which a commercial ad agency might get - they have essentially no media costs.

4. We are aware of no differing project activity which could have produced the same result.
5. Most states who have effective consumer fraud programs have consumer education programs as well. There are no comparative statistics of effectiveness, although the literature often mentions the Pennsylvania program favorably.
6. We have learned the following things from this project:
 1. The importance of bombarding the public with a continuous flow of consumer literature.
 2. Neighborhood groups tend to make wide use of attractive consumer education materials.
 3. Newspapers tend to make repeated use of the same article if it is well written.
7. There were no unintended consequences of this project.
8. (See Project Impact)

SECTION V. FINDINGS AND RECOMMENDATIONS

1. Findings and Conclusions
 - a. The project surpassed the objective set for it.
 - b. The impact was considerable on the problem of consumer fraud. It is difficult to measure. 33% of the customers of the Bureau of Consumer Protection came because of newspaper articles. The number of complaints received by the Bureau increased 50%, the quality and quantity of materials produced was very high. All of these things seem clearly to be correlated.
 - c. The factors affecting the success of the project were:
 1. The quality and balance of competences (a writer and a journalist) of the people hired.
 2. The organizational structure used.
 3. The rapport and feedback between the Consumer Education staff and other branches of the Bureau of Consumer Protection.
2. We recommend that this project be refunded for the next year in its present form.

BUREAU OF CONSUMER PROTECTION - CONSUMER EDUCATION PUBLICATION PROJECTS

<u>ITEM</u>	<u>EXPECTED NUMBER</u> <u>NUMBER</u>	<u>ACTUAL OR</u> <u>EXPECTED</u>	<u>DATE OF INITIAL</u> <u>DISTRIBUTION</u>
Open-Eyed Consumer	50,000	70,000	Monthly
Open-Eyed Consumer Booklet	50,000	70,000	January, 1974
Book on Consumer Education	-0-	Coming	
Consumer News and Views	10,000	20,000	Monthly
Press Releases	200	250	Daily
Pamphlets	100,000 of 6	100,000 of 5	November, 1974 and then bi-monthly
Television	3 public service spots to 30 TV stations	2 spots to 30 stations	November, 1973 and March, 1974
Radio	30 public service spots to 200 radio stations	22 spots to 180 stations	November, 1973 and March, 1974
Mass Transit Cards	1,000	4,100	December, 1973
Pamphlets Explaining Bureau Function	200,000	200,000	August, 1973 and periodically during y
Pamphlets Explaining Bureau Function in Spanish	-0-	10,000	March, 1974
Consumer Index	-0-	40,000	
Annual Report	5,000	November, 1973	January, 1974
Welfare Cards	-0-	1,000,000	March, 1974

EVALUATION FOR THE STRIKE FORCE PROGRAM

SECTION I. EXECUTIVE SUMMARY

The strike force program is the single area project we've been asked to evaluate under an IEAA grant, where the Governor's Justice Commission has not met or exceeded original expectations and goals; in our opinion it will not meet expected goals in this year.

The single cause has been the inability to hire a competent lead attorney for the program. Mr. Sand and Mr. Weisberg informed me that such a person has been hired. We have not met him and have not evaluated the work he has done.

The staff hired for this project (with the exception of a lead attorney) has been put to good use and we believe that if the new attorney is a strong and competent one, the project is feasible. We recommend that the project be funded for one additional year however, if no better results are obtained we recommend that it be lapsed. If we are chosen as evaluators for an additional year, we will monitor this program especially carefully.

SECTION II. PROJECT ACTIVITIES

The objectives of this project were in general to cooperate with District Attorneys throughout the state in bringing consumer fraud to prosecution. It was felt that by providing both assistance and a prod, enormous leverage could be gained through the help of local District Attorneys. In addition it was to assist the Bureau of Consumer Protection attorneys in preparing cases for prosecution under the Unfair Trade Practices and Consumer Protection law. It was anticipated that: an on-going relationship would be developed to at least half of the 67 district attorneys in the State of Pennsylvania; 100 investigations would be instigated jointly by the district attorneys and the strike force.

As a result of these investigations, at least 20 prosecutions would be brought by the district attorneys and the Bureau under the Unfair Practices Act. 15 lawsuits would be brought during the year as a result of the Bureau of Programs dealing with major fraud. 15 major investigations would be under taken by the strike force which would not result in litigation. 20 research projects would be under taken in major areas of consumer law.

Upon review of the files and discussion with the Bureau of Consumer Protection personnel and District Attorneys, we believe that in the course of the year fewer than 10 lawsuits will be brought by the strike force, fewer than 10 major investigations will be under taken and possibly 12 research projects will be under taken in major areas of consumer law and perhaps 75 joint investigations will be conducted by district attorneys and the strike force and a genuine working relationship (although this is hard to define) will be developed with fewer district attorneys than had been originally anticipated.

SECTION III. EVALUATION ACTIVITIES

During the course of this evaluation, we have held extensive interviews with all staff persons including top management associated with this project. We have held discussions with district attorneys and others who attended the conference for District Attorneys which occurred in Harrisburg on November 15. We attended the conference and discussed its probable effectiveness with district attorneys on the spot. We have reviewed the project files and correspondence.

A major limitation which has existed in the evaluation effort of this project has been the fact that it is very difficult to determine what the effect of the single attorney now working on the Strike Force at the moment is. Clearly he has done considerable work with the district attorneys themselves. He has instituted some research projects that were executed by him and by members of the staff of the Governor's Justice Commission.

Throughout the project we have held lengthy discussions with Mr. Weisberg and Mr. Sand regarding progress of the project.

SECTION IV. PROJECT RESULTS AND ANALYSIS

The major results of the projects have been a suit by Aldens, Inc., a mail order merchandising company, which operates out of Chicago. The company sought to stop an impending Bureau lawsuit in which the Bureau would claim that the company's interest rate of 21% per year (effective) from the first \$300 of any loan far exceeds Pennsylvania's maximum permitted rate for installment purchase sales.

We agreed with the Bureau of Consumer Protection personnel that the question of whether or not this practice is permitted is enormously important for Pennsylvania citizens. If it is clearly out of state mail order companies will be able to charge usurious rates of interest to Pennsylvania citizens.

The Bureau has done considerable research in work with district attorneys on the wide spread practice of selling formerly leased or rented cars to consumers with the representation that the cars are demonstrator models. This investigation has included legal research into many state and federal questions, discussions with officials of the Federal Trade Commission, etc. This issue was clearly enormously important.

The Strike Force coordinated the Bureau's state wide conference on consumer fraud held November 15 in Harrisburg. As we have commented earlier in an interim report the conference was not as well attended as we had hoped but the general reactions of the district attorneys as interviewed by our evaluators suggested that it was worthwhile.

The Strike Force has carried on other activities of lesser importance including playing the key role in the criminal arrest of Jerry Green Mirror World for obtaining money by false pretenses. Our qualitative comment, is that the Strike Force has done well in terms of major litigation, however on a numerical comparison against the goals which were set up to be accomplished (See Section II - Sub 2) it has not been a success.

SECTION IV. PROJECT RESULTS AND ANALYSIS

2. A single factor, the inability to hire a strong and competent lead attorney has led to results which were different than those which were originally predicted.
3. We had no notion really, as to what . . . impact the results obtained has had on the general problem of consumer fraud. It is clear to us that on a dollar effectiveness basis the results have not been entirely unsatisfactory.
4. As this project is unique, there is no way to compare it with similar projects under taken by other states or federal agencies.
5. One of the unintended consequences of the project was, a better general working relationship between the Department of Justice and District Attorneys in Pennsylvania.

This should lay a ground work for a more successful program next year. In addition the law is now stronger as a result of the Strike Force work. In a decision laid down in June 1973, it is no longer necessary in the State of Pennsylvania to prove intent to defraud on the part of a merchant and the district attorneys have been informed of the new law.

SECTION V. FINDINGS AND RECOMMENDATIONS

1. In our estimation, the project objectives will be approximately 60% fulfilled. The single overriding factor affecting the success of the project was the lack of a strong lead attorney.
2. Recommendations
 - A. The appropriateness and practicality of the project objectives are not open to question at the moment. The major problem mentioned innumerable times above made any question of the appropriateness of project objectives irrelevant.
 - B. We recommend that this project be continued provisionally due to the fact that if the district attorneys were to actually spend more time in the area of consumer fraud, enormous leverage which would otherwise be unavailable may be used. However the bulk of our recommendation to refund is based on our great respect for Mr. Sand and Mr. Weisberg and their judgment that with a strong attorney, the project can be successful.

FINAL EVALUATION REPORT

CONSUMER FRAUD - LITIGATION

SECTION I. EXECUTIVE SUMMARY

The objectives of the project were to increase the effectiveness of the litigation activities for the Governor's Justice Commission by placing an attorney in each of the Bureau's 5 offices who would be assigned to work exclusively in the area of litigation. Three of these were funded by an LEAA Grant. Their duties were to bring lawsuits against business men who were accused of violating the unfair trade practices and consumer protection law. They were each required to cooperate with the district attorneys and other law enforcement officials in referring cases for prosecution under other statutes. It was anticipated that 40 legal actions would be brought during the year consisting of: requests for injunctions to stop illegal practices, requests for court orders, enforcement of bureau subpoenas and petitions for civil penalties for injunction violations.

The attorneys were to review 200 investigations during the year to determine if prosecution was warranted.

As a result of civil penalties, \$100,000 in fines were to be allotted to the Commonwealth of Pennsylvania.

The general intent of the program was three-fold, the first that major violators of the consumer protection law would be directly prosecuted by the attorneys in this program, secondly, that through the public realization of the legal action taken, other businesses who engaged in illegal practices in a similar field would be deterred, and thirdly, that by increasing the number of referrals from law enforcement agencies such as district attorneys, district justices, this program would encourage such officials to institute more prosecutions on their own. Thusly, the litigation program was one major facet of a total program to deter consumer fraud in the State of Pennsylvania.

Major Results - Findings - Recommendations

We anticipate that approximately 70 legal actions of the kind described above will be carried out in the year. In general, we feel that the project has substantially exceeded the goals set for it. We recommend that it be refunded in the year to come, and feel that it represents an excellent investment on the part of the Federal Government.

SECTION II. PROJECT ACTIVITIES

These are discussed in the executive summary above.

SECTION III. EVALUATION ACTIVITIES

We have made several trips to each of the offices funded by LEAA, interviewed the litigation attorneys and their staffs, reviewed their files for reliability and validity and compared their reports of progress with the press releases sent out by the educational project.

We have kept in continual contact with the top management of this project, giving them verbally our comments following each visit and in general, consulting with them on the progress of the project.

SECTION IV. PROJECT RESULTS AND ANALYSIS

1. The project will exceed the anticipated results outlined in the sub-grant application by a factor of 2 or 3.
2. The factors which led to the results other than those anticipated were these: the fact that the area of consumer fraud is extremely interesting to the young attorneys right out of law school, superb leadership rendered by Weisberg and Sand, the high caliber of attorneys that have been attracted to the project and the general quality of on-going supervision given by top management.
3. The impact of the result of this project as in the other projects is extremely hard to specify. It seems clear from reviewing the numbers that the return to the public vastly exceeds the cost of the project. Neither ISIS nor anyone else to my knowledge has been able to determine what the relationship is between litigation, education, subpoena, etc. and the actual reduction of consumer fraud.

We do not believe that any thing like these results could have been obtained using a different allocation of resources of project activities. It is clear that it is becoming more difficult and costly to operate fraudulently in the State of Pennsylvania than has previously been the case

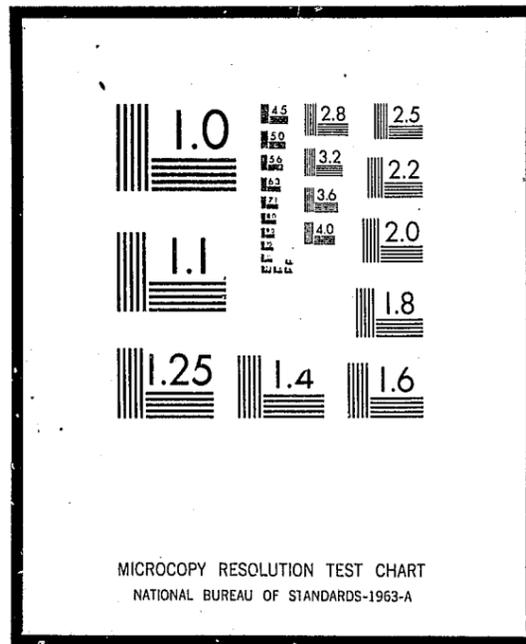
SECTION V. FINDINGS AND RECOMMENDATIONS

We have been able to determine from a search of the files, from discussion with the people who were involved, and a comparison of reported results with those results which were actually achieved that the project has far exceeded the objectives that were set for it. We feel that the objectives were sensible and reasonable and even though they are not perfect, we cannot suggest better ones. We would be more comfortable if we could make a judgment as to the quality of the lawsuits brought. We feel that it was high but we are unable to prove this. In the absence of such proof, and in the presence of such evidence as obvious competence, dedication of the individuals working on the project, the fact that the goals at the beginning of the year seemed very nearly unattainable, that the project has been more than worthwhile and should be continued under a grant from the LEAA.

END

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15677

Consumer Fraud

NCJRS
P. O. Box 24036, S. W. Post Office
Washington, D. C. 20024



OFFICE OF THE ATTORNEY GENERAL
DIVISION OF CONSUMER AFFAIRS
23A South Third Street
Harrisburg, Pennsylvania 17101

JOEL WEISBERG
Director

ISRAEL PACKEL
Attorney General

May 6, 1974

MR. GERALD M. CROAN,
Evaluation Planner
Evaluation and Monitoring Unit
Governor's Justice Commission
P.O. Box 1167
Harrisburg, PA 17120

RE: Final Evaluation Report on Bureau
of Consumer Protection Projects - FINAL
DS-370-73A, DS-398-72A, DS-401-72A, FINAL
DS-402-72A by I.S.I.S. REPORT

Dear Mr. Croan:

Thank you for the opportunity to comment on the Evaluation Report listed above. We have reviewed the report carefully and find that it is comprehensive and factually accurate.

We strongly agree with the recommendation that salaries for attorneys and investigators should be increased. The Governor's Office of Administration is presently reviewing attorney salaries statewide and we are hopeful that this leads to an improvement in the salary situation. We have requested a number of position reclassifications for investigators and will continue to do so where warranted.

We certainly agree with the recommendation that the four programs be continued. We would like for the record, therefore, to note our displeasure that notification that our Consumer Education program would not be refunded was given to us without prior consultation. We certainly suggest that no decision should be made to discontinue any program before at least hearing the views of representatives of that program.

With reference to the suggestion for provisional approval of our Strike Force programs, as the report indicates, an Attorney has now been hired. We believe that were he to be interviewed by

MR. GERALD M. CROAN

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May 6, 1974

I.S.I.S., all doubts about the effectiveness of this program in the next program year would be dispelled.

We have no areas of disagreement with the report. Our one comment in this area is that we would hope that future statistical samples would be large enough so that the results would be based on more than 45 interviews, but we appreciate the reasons for the limited sample the first time this sample technique was used.

We would, of course, be happy to meet with you as you suggest.

Very truly yours,

Joel Weisberg, Director
Bureau of Consumer Protection

JW/rc

cc: Robert Olson

15677
EVAL LOAD

ISIS

INSTITUTE FOR THE STUDY OF INQUIRING SYSTEMS

3508 MARKET STREET PHILADELPHIA, PA. 19104 (215) 386-2186

April 17, 1974

Ms. Chris Fossett
Evaluation Management Unit
Governor's Justice Commission
Box 1167
Harrisburg, Penna. 16508

Dear Chris:

Enclosed are final evaluation reports on the four Division of Consumer Fraud projects funded by LEAA. These are:

DS-378-73A Consumer Fraud Strike Force
DS-398-72A Consumer Education
DS-401-72A Consumer Fraud Litigation
DS-402-72A Consumer Education Low Income

General Program Commentary

While it is fairly easy to make evaluations of each of the four projects which ISIS has studied, it is difficult to do so entirely independently of the entire program of the Bureau of Consumer Protection which contains project teams which we have not evaluated, and are only peripherally acquainted with. It is even difficult to evaluate these four projects independent of each other, they intermesh, and the success of one effects the success of other.

Background

As stated in our interim report dated January 15th, the Bureau of Consumer Protection has evolved under Weissberg and Sand to be one of the outstanding state agencies of its type in the nation. The caliber and effectiveness of its employees is high (Robert Nicholas, the Attorney in Charge of the Philadelphia office was named one of the 74 outstanding young men of 1974 by Philadelphia Magazine), morale is generally high and on most nationally published statistics, the Pennsylvania Bureau rates very well.

Ms. C. Fossett
Page 2
April 17, 1974

Management

Our position has not changed with regard to the caliber of management. Top management is competent, aggressive and dedicated. We have seen the team which they have developed grow in cohesiveness and effectiveness over the year, for the most part their employees work very hard and are well suited for their jobs.

Problems

The personnel-salary problem continues and turnover would be very high were it not for the leadership of Sand and Weissberg. Pennsylvania salaries are below the national median for both attorneys and investigators and until they are raised the specter of high turnover will continue to exist.

Emphasis

In our interim report, we commented that we felt that there was a greater emphasis on problems of individual complainants vs. policy and major lawsuits. We felt this humanly quite understandable but not strategically desirable. We have discussed this with Sand and Weissberg and have somewhat altered our own view. We feel, but cannot document, that they have switched their emphasis. A minor disagreement remains and will be discussed with them - but it is minor. The new management information system developed with Mike Sand will make the problems of strategic decisions easier to solve.

Contributions of the Evaluator

We have felt from the beginning that we have had two major functions:

An auditing one - to find out, bluntly, whether the group being evaluated were competent, honest and spending the public's money in a proper and wise way. Essentially this was an adversarial position.

It was fairly obvious following our initial studies that these criteria were being met.

Secondly, a consulting function - we have probed for weaknesses in system, weaknesses in personnel, difficulties, mistakes which were obvious to an outside consultant but hard to see from the

inside, etc. When these were discovered, they were discussed with Sand and Weissberg and for the most part resolved to everyone's satisfaction. We helped to develop a computerized information system which should be helpful in making strategic decisions and in backing the routine progress of programs. Mr. Sand tells us that we have been helpful and we are pleased that he thinks so.

Recommendations

Our recommendation is that the four programs be continued. For three of these programs our recommendation is without qualification.

For the fourth (Strike Force), our recommendation is provisional - the strike force has not met its stated aims and goals, and is not likely to this year. The problem from the beginning has been the lack of a strong lead attorney. We are uncertain as to whether or not given the salary ranges permitted, such an attorney can be found. Weissberg and Sand are more optimistic and because their judgement on other matters seems very good, we are willing to make a recommendation for refunding, but should vast improvement not be evidenced in the year to come, we feel that the project should be discontinued. As this is being written, we have learned that an attorney has been hired and has begun work.

Comparison With Other States

Our literature search yielded the following facts: from the period fiscal 1971-72-73, the Pennsylvania Bureau of Consumer Fraud was the fastest growing in the nation both in terms of budget and work load. 1971-72's budget was \$388,500. 1972-73's budget was \$1,309,046. However, staff salaries still fall below the median for other states. Pennsylvania pays a range for attorneys of \$12,700 to \$17,115/yr. vs. medians of \$13,000 to \$21,000 for all other states combined. Pennsylvania is second in the nation in terms of work processed, it is exceeded in its 25,000 complaints per year by only New York's 36,000.

On most other measurable criteria, Pennsylvania ranked in the top 2 or 3 states.

Poll of Complainants

As a part of our effort to evaluate each of the programs as one piece of a whole, we conducted a telephone survey of a randomly selected group of individuals that brought complaints to the Philadelphia office of the BCP. The survey is flawed but informative. The results follow:

Of the 39 "no phone" cases,

64% were in Ghetto or Slum areas
22% were in working class areas
10% were in middle class areas
4% were in upper class areas
4% were in unclassifiable areas

which was approximately the result which the BCP personnel predicted (there would of course have been a certain experimental error - J. Smith could well have been missed in the second telephone number search when we were seeking only "Smith" at a given address), Of the numbers we were able to either locate or identify as private,

25% were in Ghetto or Slum areas
30% were in working class areas
21% were in middle class areas
19% were in upper class areas
5% could not be certain

A population which is significantly different than those whose telephone numbers could be located or at least identified.

We discussed these results with the BCP personnel and with Aaron Gold, Chairman of Oxford First Corp., who has 40 years of experience making loans to low income individuals. Neither was surprised at the distribution and both stated that it was common practice among the poor to list their telephone numbers under an assumed name (which has the same affect as an unlisted number without the additional cost) and among the very poor to have no telephone at all. We can then state that the "customers" of the BCP, the Philadelphia office are distributed,

35% in Ghetto or Slum areas
27% in working class areas
18% in middle class areas
14% in upper class areas
4% in areas that are hard to classify

and further that the average customer of the BCP is 7 1/2 times as likely to have no phone as the average resident of Philadelphia and 3 times more likely to have an unlisted number.

Clearly, the BCP is reaching the hidden poor extremely effectively. In a field where a major problem is in simply communicating with those populations which are most preyed upon, they are obviously doing an extremely good job.