

**State of Alaska**  
**FY2003 Governor's Operating Budget**

**Department of Law**  
**Fair Business Practices**  
**Component Budget Summary**

## **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 and antitrust laws and initiate enforcement action in appropriate cases.

### **Key Component Issues for FY2002 – 2003**

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 FY 2000.

In the last fiscal year, another full-time attorney was hired in the Consumer Protection Unit to handle consumer protection enforcement and tobacco enforcement cases involving the sale of tobacco products to minors. This addition has increased the number of consumer protection actions initiated by the unit and the number of cases prosecuted to

suspend the tobacco endorsements of businesses selling tobacco products to minors. In addition, a full-time paraprofessional hired in the last fiscal year continues to provide assistance in investigating and preparing consumer protection and antitrust cases. These staffing changes are allowing the department to increase its investigation and enforcement activities relative to consumer protection and antitrust issues. These staffing changes also have allowed the department to increase participation in multi-state investigation and enforcement activities involving national companies that have committed unfair or deceptive practices impacting Alaskan consumers.

With existing resources, the department has refined and expanded its consumer protection web page that is assisting consumers in identifying and protecting against fraud. This effort has increased the number of consumer complaints received and handled by the department. The department continues to maintain 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 continues 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 will continue to take appropriate steps to ensure receipt of statutory designated program receipts on a regular basis in FY 2003 to help fund the consumer protection program.

In the last fiscal year, a fulltime attorney and a part-time paralegal were hired to provide services to the Department of Community and Economic Development's Division of Occupational Licensing. These hires have significantly increased the number of discipline cases brought against holders of professional licenses that are prosecuted by this office on behalf of the Division of Occupational Licensing.

## Major Component Accomplishments in 2001

### Generally

- Successfully prosecuted a teaching certificate revocation case before the Professional Practices Teaching Practices Commission involving a teacher who was found to have engaged in sexual misconduct with students and sexual harassment of co-workers, to have misused school district property, and to have falsely represented his qualifications to others.
- Provided legal advice and completed a 50 page bill drafting assignment on behalf of the division of insurance to implement important financial services reform for the insurance industry necessitated by the federal Gramm-Leach-Bliley Act. The bill passed the 2001 legislative session and was signed by the Governor.

### Consumer Protection/Antitrust

- Successfully negotiated settlements in three 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. These settlements will involve payment of restitution to consumers and substantial civil penalties to the state in excess of \$35,000.
- Obtained consent judgments in settlement of three multi state consumer protection sweepstakes cases involving Publishers Clearing House, Time, Inc., and Readers Digest. The settlements will result in recovery of \$225,000 for the state and thousands of dollars for restitution to consumers including consumers in Alaska.
- Obtained settlements in multi state antitrust case involving Bausch and Lomb and Johnson and Johnson, manufacturers of contact lens. The settlements will result in recovery to the state of approximately \$20,000 to \$40,000 and in restitution to consumers who have purchased replacement contact lenses since January 1, 1988.

## Statutory and Regulatory Authority

AS 44.23.020

**Fair Business Practices**  
**Component Financial Summary**

All dollars in thousands

	FY2001 Actuals	FY2002 Authorized	FY2003 Governor
<b>Non-Formula Program:</b>			
<b>Component Expenditures:</b>			
71000 Personal Services	1,185.5	1,292.7	1,287.8
72000 Travel	13.3	12.2	12.2
73000 Contractual	248.5	261.0	261.0
74000 Supplies	19.8	52.1	52.1
75000 Equipment	15.4	15.1	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
<b>Expenditure Totals</b>	<b>1,482.5</b>	<b>1,633.1</b>	<b>1,621.7</b>
<b>Funding Sources:</b>			
1004 General Fund Receipts	413.5	433.8	425.7
1005 General Fund/Program Receipts	0.0	50.0	50.0
1007 Inter-Agency Receipts	913.4	966.5	960.0
1053 Investment Loss Trust Fund	3.2	0.0	0.0
1108 Statutory Designated Program Receipts	152.4	182.8	186.0
<b>Funding Totals</b>	<b>1,482.5</b>	<b>1,633.1</b>	<b>1,621.7</b>

**Estimated Revenue Collections**

Description	Master Revenue Account	FY2001 Actuals	FY2002 Authorized	FY2002 Cash Estimate	FY2003 Governor	FY2004 Forecast
<b>Unrestricted Revenues</b>						
Unrestricted Fund	68515	756.1	0.0	0.0	0.0	0.0
<b>Unrestricted Total</b>		<b>756.1</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Restricted Revenues</b>						
Interagency Receipts	51015	913.4	966.5	1,109.3	966.5	966.5
General Fund Program Receipts	51060	0.0	50.0	50.0	50.0	50.0
Statutory Designated Program Receipts	51063	152.4	182.8	182.8	186.0	186.0
Investment Loss Trust Fund	51393	3.2	0.0	0.0	0.0	0.0
<b>Restricted Total</b>		<b>1,069.0</b>	<b>1,199.3</b>	<b>1,342.1</b>	<b>1,202.5</b>	<b>1,202.5</b>
<b>Total Estimated Revenues</b>		<b>1,825.1</b>	<b>1,199.3</b>	<b>1,342.1</b>	<b>1,202.5</b>	<b>1,202.5</b>

**Fair Business Practices**  
**Proposed Changes in Levels of Service for FY2003**

No changes proposed.

**Summary of Component Budget Changes**  
**From FY2002 Authorized to FY2003 Governor**

*All dollars in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2002 Authorized</b>	<b>483.8</b>	<b>0.0</b>	<b>1,149.3</b>	<b>1,633.1</b>
<b>Adjustments which will continue current level of service:</b>				
-Adjust vacancy by fund source between line items and components ADN# 0320124	0.0	0.0	-47.5	-47.5
-Year 3 Labor Costs - Net Change from FY2002	10.5	0.0	20.2	30.7
-Transfer I/A from Commercial/Replace with GF	0.0	0.0	22.4	22.4
-Transfer GF to Commercial/Replaces I/A	-22.4	0.0	0.0	-22.4
<b>Proposed budget decreases:</b>				
-Back out one-time equipment costs related to HB 228	0.0	0.0	-6.5	-6.5
<b>Proposed budget increases:</b>				
-Legal Secretary Reclassification	3.8	0.0	8.1	11.9
<b>FY2003 Governor</b>	<b>475.7</b>	<b>0.0</b>	<b>1,146.0</b>	<b>1,621.7</b>

## Fair Business Practices

### Personal Services Information

	Authorized Positions	Personal Services Costs		
	<u>FY2002</u> <u>Authorized</u>	<u>FY2003</u> <u>Governor</u>		
Full-time	15	16	Annual Salaries	1,011,900
Part-time	5	2	COLA	33,268
Nonpermanent	0	0	Premium Pay	0
			Annual Benefits	291,155
			<i>Less 3.63% Vacancy Factor</i>	(48,523)
			Lump Sum Premium Pay	0
<b>Totals</b>	<b>20</b>	<b>18</b>	<b>Total Personal Services</b>	<b>1,287,800</b>

### 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
Law Office Assistant I	3	0	0	0	3
Law Office Assistant II	1	0	0	0	1
Paralegal I	1	0	0	0	1
<b>Totals</b>	<b>18</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>18</b>