

SOUTH CAROLINA DEPARTMENT OF CONSUMER AFFAIRS

ANNUAL ACCOUNTABILITY REPORT



FISCAL YEAR 2007-2008

Accountability Report Transmittal Form

Agency Name: South Carolina Department of Consumer Affairs

Date of Submission: September 10, 2008

Agency Director: Brandolyn Thomas Pinkston

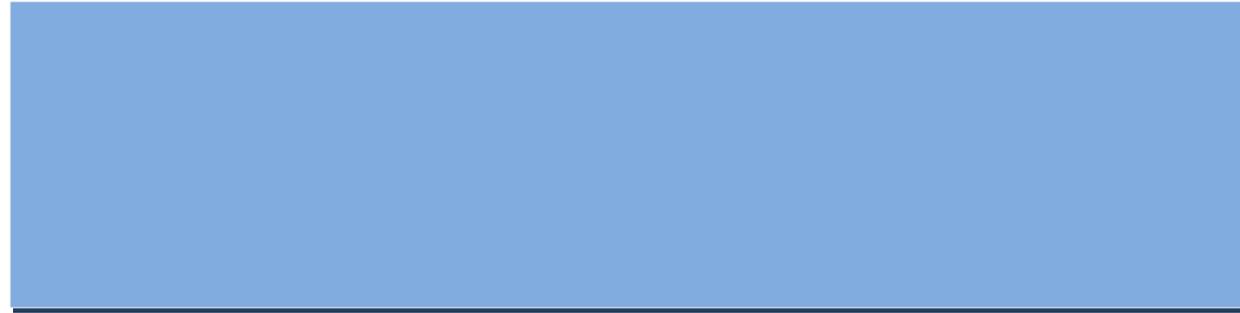
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Executive Summary



During the past year, the Department has continued its commitment to working for consumers and championing dialogue with businesses in a world characterized by dynamic change. To fulfill its consumer protection mission, staff continues to use all available resources, creativity, talent and determination to scrutinize market developments and trends, tailoring an agenda that meets the significant challenges of a quickly evolving marketplace. While understanding markets and trends is no easy feat, the Department has continued to study significant market issues to educate its staff and the general public. We believe, now, more than ever, that an educated consumer is an empowered one. In this age of information, where wealth and jobs are created by the discovery, processing and distribution of knowledge, the great challenge is to give everyone the benefit of the tools of learning.

The presentation of achievements and projects in this 2008 Accountability Report underscores the fact that this state government agency has an ongoing commitment to creating a modern agency capable of responding to 21st century challenges. To achieve its vision, the Department uses the following performance objectives in its daily work, both internally and externally.

PROCESS AND MEDIATE CONSUMER COMPLAINTS

- Closed 7,474 complaints by June 30 (an additional 1,779 complaints remain open); 85.7% were closed satisfied.
- The Department recovered nearly \$2.3 million for South Carolina consumers in FY 2008.

ADMINISTER, INTERPRET, AND ENFORCE THE SOUTH CAROLINA CONSUMER PROTECTION CODE

- Conducted over 22,000 license reviews; 1,354 compliance reviews; 205 automobile advertising advisory letters sent; 4,521 business locations filed credit notifications; and 4,254 locations filed maximum rates.

SERVE SOUTH CAROLINA'S INSURANCE CUSTOMERS BY PROVIDING PROFESSIONAL, INNOVATIVE AND ACCOUNTABLE SERVICE

- Saved businesses that buy workers compensation insurance roughly \$132 million: \$130 million for the voluntary market, \$2 million for the assigned risk portion of workers' compensation and \$300,000 for homeowners. This savings occurs on an annual basis as a result of SCDCA's intervention in the request by the National Council on Compensation Insurance (NCCI). The Advocacy Division also reviewed 1,416 Insurance notices.

ENHANCE THE DEPARTMENT'S EFFECTIVENESS IN PROMOTING PRO-CONSUMER LEGISLATION AND REGULATION

- The Department vigorously supported efforts to regulate the mortgage lending industry through Senate bill 1090 – a bill to regulate mortgage lenders and their loan originators has moved. SCDCA has regulated mortgage brokers since 1988 and their loan originators since 2005.
- Staff provided testimony on many legislative issues during the 117th session of the South Carolina General Assembly.
- South Carolina now has one of the strongest Identity Theft laws in the country with the passage of the Financial Identity Fraud & Identity Theft Protection Act of 2008.

INCREASE PUBLIC AWARENESS OF THE DEPARTMENT'S SERVICES AND ACCOMPLISHMENTS ON A STATEWIDE BASIS



- SCDCA TV Goes Live! Consumers are able to watch SCDCA activities on YouTube and keep up with the latest consumer news and information!



- Produced 2nd “Homebuying 101” event - A Free Conference for Consumers.



- The Department and the SC Attorney General’s Office announced the launching of the state’s first Mortgage Fraud Hotline to assist consumers who suspect they are victims of mortgage fraud.
- The Department and the SC Lt. Governor’s Office on Aging announced a statewide initiative to stop Senior Fraud.
- The Department partnered with the US Postal

Inspection Service during *National Consumer Protection Week* to educate South Carolinians about Fake Checks and other consumer scams.

- In 2008, SCDCA launched the renewal process for these filings in the South Carolina Business One Stop program (SCBOS).
- The Department was presented the 2008 ACE Award at the annual National Association of Consumer Agency Administrators (NACAA) conference held in Dallas, Texas, for “An Outstanding Comprehensive Program of Consumer Education, Legislation, and Enforcement.”

- The Department announced the recipients of the third annual Consumer Spirit Awards during a Statehouse ceremony.
- The Department was the first organization in the country (as confirmed by *The Today Show*) to alert consumers of the Economic Stimulus scam, thus saving many South Carolinians from financial harm and identity theft.
- SCDCA was one of five partner agencies presenting the 13th Annual Palmetto Affordable Housing Forum.
- SCDCA opened additional locations to take complaints in Greenwood, Newberry, Boiling Springs, Landrum, Florence and Pacolet. The Department also has locations in Gaffney, Laurens, Summerville, and Spartanburg.
- Introduced “Lunch & Learn” workshops in cooperation with Richland and Lexington County Public Libraries
- Web Stats: Hits – 6,568,781; Page Views – 675,007; Bytes – 7,243,788; Visits – 444,065.



MAJOR ACHIEVEMENTS THROUGH VOLUNTARY COMPLAINT MEDIATION

The Department mediated and **closed 85.7% of consumer complaints as “satisfied,”** which in part is the result of the “open-view analysis” approach to processing, evaluating and mediating consumer complaints. This approach frequently identifies violations and/or businesses that are not mentioned in the consumer’s complaint and assists in determining the probable basis and merit of every complaint filed with the Department.

The agency demonstrated its “global customer base” by **recovering nearly \$2.3 million** in refunds, credits and adjustments for consumers living in South Carolina, other parts of the United States, as well as foreign countries. (Of that figure, \$1,707,000.30 is from Consumer Services and \$576,597.31 from Legal.)

- Handled more than 7,000 complaints during FY07-08, 1,779 of which are still pending
- Number of services provided (walk-ins, referrals, general questions, etc.): 13,573
- Held numerous training sessions for Services and other DCA staff
- Staff participated in a division retreat that resulted in improved performance and morale
- Partnered with other divisions to present after-hours seminars for consumers, as well as Lunch & Learn workshops
- Division director was a lecturer at several continuing legal education programs for attorneys and other professionals, consumer clinics and consumer/housing fairs, as well as monthly speaker for SC National Guard pre-retirement seminars, and serving on the

Coalition for the Unbanked of the Midlands and the Greater Columbia Area Community Relations Council

- Developed and strengthened partnerships with legal aid, USC School of Law Pro Bono Program, the governor's office, as well as legislators and state agencies, and other public and private agencies

MAJOR ACHIEVEMENTS THROUGH COMPLIANCE AND ENFORCEMENT ACTIVITY

- Processed 22,030 licensing applications and other filings for regulated businesses

The Department received oversight for preneed funeral contracts on July 1, 2006. At the time of this change, there were 284 funeral homes licensed to sell preneed contracts. In its first year of oversight, the Department licensed an additional 16 funeral homes to sell preneed contracts and reviewed 7,196 contracts.

- Conducted 1,608 compliance reviews and inspections of regulated businesses and an additional 14 advisory reviews
- Brought 24 administrative enforcement actions
- Conducted three criminal investigations, resulting in three indictments, awaiting trial
- Returned \$576, 597.31 in consumer refunds

MAJOR ACHIEVEMENTS THROUGH ADVOCACY

- Investigated complaints on and sent warning letters to seven establishments selling tinted contact lens without a valid prescription. Prosecuted one action resulting in the collection of \$1,000 in fines.
- Processed 69 new applications for Professional Employer Organization (PEO) licenses.
- Reviewed 1,416 insurance notices.
- Saved businesses that buy workers' compensation insurance roughly \$132 million per year as a result of involvement in the filings of the National Council on Compensation Insurance (NCCI) for approval of new loss costs and rates for assigned risk workers' compensation insurance.
- Processed 16 new applications for Discount Medical Plan Organization (DMPO) licenses.
- Processed 28 applications for Continuing Care Retirement Community (CCRC) licenses.

MAJOR ACHIEVEMENTS THROUGH COOPERATIVE EFFORTS WITH THE GENERAL ASSEMBLY, BUSINESSES AND THE COMMUNITY.

SOUTH CAROLINA BUSINESS ONE-STOP

The Administrative Division entered in a partnership effort with South Carolina Business One-Stop (SCBOS), resulting in the Department of Consumer Affairs becoming one of five core state agencies participating in a user-friendly online business license/registration filing system, which will cut the red tape associated with opening and operating a business in South Carolina. SCBOS saves time and money by streamlining access to information, helping business owners determine exactly which documents they are required to have, and expediting registrations and fee payments in real time. Four of the agency's business registration forms were developed in a web-based business application and merged into SCBOS in the fall of 2006.

MARKETING AND ADMINISTRATIVE PROGRAMS

The Administration Division continues an outreach and marketing program to increase the regulatory awareness for businesses that extend consumer credit in the form of credit sales. Partnerships and networking initiatives have been established with other organizations working closely with the business community. These organizations include the State Chamber of Commerce, the Small Business Chamber of Commerce, the SC Municipal Association, the SC Association of Counties, Richland and Lexington County Business Licensing, City of Columbia Business Licensing, Department of Motor Vehicles-Dealer Licensing, the SC Automobile Dealers Association and the SC Department of Revenue.

The Administration Division also processed over 25,000 revenue transactions, which resulted in \$2,026,400 in revenue for the General Fund and agency earmarked accounts. The division assessed and collected \$26,976 in fines and penalties from registered creditors.

MAJOR ACHIEVEMENTS THROUGH INFORMATION, OUTREACH, PARTNERSHIPS, AND CUSTOMER FOCUS

SHRED DAY EVENTS

The South Carolina Department of Consumer Affairs (SCDCA), in partnerships with several private sector vendors such as Global Paper Shredding Inc., and SHRED 360, held quarterly free "Shred Days" in 2007-2008 at convenient locations in the metro Columbia area and one each in Aiken and Spartanburg. "Shred Day" provided consumers and businesses the opportunity to have their confidential documents shredded, free of charge. The events have proved so popular, consumer demand has led SCDCA to plan similar events statewide for 2008-2009.



COALITION AGAINST FRAUD

The Department continues to work with the *Coalition Against Fraud* – a joint venture of the Department, the FBI, U.S. Secret Service, US Attorney General's Office, Sheriff's Association

and the US Attorney's office. The group will work together to educate and inform the public on fraudulent and deceptive practices and how to protect themselves. On behalf of the Coalition, SCDCA publishes a quarterly newsletter, *Fraud Alert* in addition to its popular and award-winning monthly *Consumer Alert*.

SATELLITE LOCATIONS

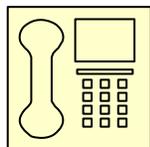
The Department continues its monthly visits to Gaffney, Laurens, Summerville, Spartanburg, Greenwood, Newberry, Boiling Springs, Landrum, Florence, and Pacolet. Despite budget restrictions, this is part of the Department's commitment to outreach — to be visible in areas across the state where consumers are not familiar with our services and provide them with what they need most: help and information. This effort was made possible through a collaborative effort with county administrators and local public libraries in those areas. Satellite offices located at these locations have been very successful. Plans are being made to open additional locations.



BUSINESS LIAISON

The Services Division established a Business Liaison position – an Analyst who is “on call” to assist businesses that have questions about compliance with the Consumer Protection Code. Additionally, this person identifies South Carolina businesses that have numerous complaints. These businesses are offered assistance on various topics such as communication with consumers, clarification of policies and consumer law.

TELE-TIPS



In its continued efforts to provide excellent service to the citizens of South Carolina, the Department has launched its latest outreach service – **Tele-Tips**. This automated service allows consumers to telephone the Department and receive recorded information on a variety of consumer issues. The goal is to continue to make information and education easy, fast and accessible. The Tele-Tips line is available 24 hours a day, 7 days a week. Consumers can access the Tele-Tips information by dialing 803.734.4215 or 1.888.734.4215 (toll-free in SC) and following prompts.

ASK CONSUMER AFFAIRS/LIVE CHAT

The Department of Consumer Affairs has made it easier for consumers to get assistance online with its new web-based program, **Ask Consumer Affairs**. This interactive forum provides consumers with the ability to ask important consumer related questions and receive a timely response. The goal is to make receiving helpful information easy and fast. We believe that too often consumers do not find consumer protection information until it is too late. Through **Ask Consumer Affairs**, the Department continues its commitment to educating and informing South Carolinians, so that they can make good and wise choices in the marketplace. Online services are available Monday through Friday, 8:30 a.m.– 5:00 p.m.



Creation of Boards and Roundtables

To improve dialogue with businesses regulated by the Department the customer-focused advisory boards and roundtables were established for the **Prepaid Legal, Mortgage Broker, Professional Employer Organization Services, Consumer Credit Counseling, Athlete Agents, Preneed Burial Contracts, Continuing Care Retirement Communities, and Pawnbroker Regulatory Programs.** Discussion includes ways to enhance services the Department provides through drafting and amending legislation, licensing, training and education, on-line filing, outreach efforts and publications for the general public. These groups meet quarterly. Additionally, the Department held a forum for law enforcement officers which focused on ways of working cooperatively to protect consumers against fraudulent and deceptive practices.

Affordable Housing Coalition of South Carolina

The primary mission of this organization is to promote safe, fair and affordable housing in South Carolina. Staff serves as an ex-officio member of the coalition. Director of Public Information serves on the Executive Board and is Marketing Chair.

Palmetto Affordable Housing Forum

The Department is one of five partner agencies in this major annual conference: the SC State Housing Finance and Development Authority, the US Department of Housing and Urban Development, USDA-Rural Development, and the Affordable Housing Coalition of South Carolina.

South Carolina Libraries

The Department has an ongoing partnership with South Carolina libraries to maintain consumer information displays at branches throughout the state.

SC Department of Education – Family Consumer Sciences

Staff works closely with the Education Department, providing input on consumer issues – such as the dangerous and unlawful practice of dispensing cosmetic contact lenses without a prescription – and an ongoing financial literacy curriculum.

US Consumer Product Safety Commission

Staff made periodic and random Recall Effectiveness Checks throughout the state. Additionally, the Public Information Division, in conjunction with the US Consumer Product Safety Commission, coordinated a workshop to help improve the safety of South Carolina's citizens. Focusing on the areas of older consumer safety, injury prevention, product safety, and public awareness, the day-long seminar featured speakers from DHEC, SC Labor, Licensing, and Regulation, the Silver-Haired Legislators, and the SC Lieutenant Governor's Office on Aging.

JUMPSTART BOARD

Staff served as a founding, at-large board member of SC JumpStart, a clearing house of financial literacy education curriculum.

LIFESMARTS – THE ULTIMATE CONSUMER CHALLENGE



The Consumer Services and Education Division coordinates South Carolina's *LifeSmarts* competition annually. This national program helps high school students develop and demonstrate an understanding of consumer and marketplace issues. The program focuses on five key areas of consumer knowledge: personal finance, health and safety, environment, technology and consumer rights/responsibilities. LifeSmarts is sponsored by the National Consumers League. The state competition was held February 29 at the Lutheran Theological Seminary in Columbia. Trinity Collegiate School of Darlington was the state winner and represented South Carolina at the national competition, April 2008, in Minneapolis.



NATIONAL CONSUMER PROTECTION WEEK

During National Consumer Protection Week, the Department partnered with the US Postal Inspection Service for a major press conference announcing our joint work on the Fake Checks and Scams campaign.

CONSUMER AFFAIRS 101

This special workshop was held for constituent services staff members of SC's Congressional Delegation. It was so well-received that it will become an annual event and will expand to include General Assembly



staff members.

PRODUCT RECALLS

The Department continued its partnership with the Consumer Product Safety Commission by agreeing to make periodic recall effectiveness checks throughout the state. These checks help ensure that businesses are notified and aware of recalled items that could pose harm to consumers.

CARE PROGRAM

The Department has joined with the South Carolina District of the United States Bankruptcy Court and local bankruptcy and consumer law attorneys to implement the Credit Abuse Resistance Education (CARE) Program in South Carolina. CARE was established by John C. Ninfo, II, Chief Judge of the US Bankruptcy Court for the Western District of New York in an effort to bring financial literacy to high school and college students through the use of personal stories and basic education on consumer credit, how to avoid debt and the consequences of not using credit wisely. The hour and a half presentation is free of charge and as of this date, we have made presentations to over 400 students in Aiken, Columbia, Lexington and Orangeburg.

CONSUMER SENTINEL MEMBERSHIP

To aid the Department in the enhancement of its enforcement efforts, SCDCA has joined the Consumer Sentinel Network. Maintained by the Federal Trade Commission (FTC), the Network allows member agencies to view consumer complaints filed directly with the FTC, as well as complaints shared by other agencies such as the Better Business Bureau and US Postal Inspection Service.

Business Overview

Number of Employees

The Department of Consumer Affairs currently has sixty-five (65) full-time positions. Forty (40) of these positions are funded by state appropriations, and twenty-five (25) positions are funded by revenue generated from the licensing fees of mortgage loan brokers and loan originators, prepaid legal services, professional employer organizations, credit counseling organizations and from funeral homes that sell preneed funeral contracts.

Location of Operations

The Department of Consumer Affairs is located in Columbia at 3600 Forest Drive, which is the only office operated by the Department. However, the Department provides statewide programs and services to the citizens of South Carolina. The Department provides a statewide toll-free phone number (1-800-922-1594) for consumers to request information and services provided by the Department. ***The Department now has satellite locations in Gaffney, Laurens, Spartanburg, Summerville, Pacolet, Newberry, Greenwood, Landrum, Boiling Springs, and Florence. Visits are made to these locations on a monthly basis. Three more locations are pending and expected to be announced in the next fiscal year.***

Base Budget Expenditures and Appropriations

Major Budget Categories	06-07 Actual Expenditures		07-08 Actual Expenditures		08-09 Appropriations Act	
	Total Funds	General Funds	Total Funds	General Funds	Total Funds	General Funds
Personal Service	\$2,277,632	\$1,452,421	\$2,724,142	\$1,626,341	\$2,480,995	\$1,525,995
Other Operating	\$742,680	\$216,830	\$791,278	\$251,430	\$827,509	\$217,009
"Increased enforcement" Special Items	\$	\$	\$	\$	\$	\$
Permanent Improvements	\$	\$	\$	\$	\$	\$
Case Services	\$	\$	\$	\$	\$	\$
Distributions to Subdivisions	\$	\$	\$	\$	\$	\$
Fringe Benefits	\$586,498	\$407,983	\$761,804	\$471,983	\$721,438	\$471,438
Non-recurring	\$	\$	\$	\$	\$	\$
Total	\$3,606,810	\$2,077,234	\$4,277,224	\$2,349,209	\$4,029,942	\$2,214,442

Other Expenditures

Sources of Funds	FY 06-07 Actual Expenditures	FY 07-08 Actual Expenditures
Computer Services and other operating expenses	144,534	9,142
Capital Reserve Funds	161,556	166,118
Bonds		

- **Key Customers and Suppliers**

The Department's key customers are the consuming public, ratepayers, regulated and indirectly regulated businesses, law enforcement agencies, schools, community groups, vendors, the media, consumer protection organizations, the Council of Advisors on Consumer Credit, the Commission on Consumer Affairs, the Governor's Office, the General Assembly and the US Congress.

The Department's key suppliers include the consuming public, the General Assembly's constituency, the Board of Financial Institutions, SC Magistrate Court System, US Congress, the Better Business Bureaus, vendors, and the print and electronic media.

- **Description of Major Services**

The Department of Consumer Affairs was established by Act 1241 of 1974, which is known as the Consumer Protection Code and is the State law governing consumer credit transactions in South Carolina. As the state agency designed to represent the interests of consumers, the Department attempts to resolve complaints and seeks to inform and educate consumers to create an atmosphere in which consumers will be more aware of their rights and responsibilities in the marketplace.

Act 644 of 1978 amended the Consumer Protection Code to create the Division of Consumer Advocacy as a part of the Department of Consumer Affairs. The Advocacy

Division was originally established to represent consumers at large before state and federal regulatory agencies that set utility rates, but Act 166 of 1987 expanded the Division's responsibilities to include the analysis of auto insurance rate and recoupment filings. The Consumer Advocate was granted the authority to intervene in auto insurance filings at the Department of Insurance by Act 148 of 1989, the Automobile Insurance Reform Act. In addition, Act 63 of 1991 requires the Consumer Advocate to serve on the

The Consumer Protection Code authorizes the Department to provide the following services:

- ❖ Analyze and mediate individual complaints,
- ❖ Investigate business practices if a pattern of fraud is suspected,
- ❖ Refer to the appropriate agency with the authority to assist individuals,
- ❖ Inform about complaints filed against a business,
- ❖ Monitor the filing of notification fees and maximum rate schedules,
- ❖ Educate consumers about unfair and deceptive practices, and
- ❖ Provide legal action to prevent persons from violating the Consumer Protection Code and to prohibit unconscionable conduct.

The Consumer Protection Code does not allow the Department to provide the following:

- ❖ Advise whether or not a business is reputable,
- ❖ Provide information on the location or phone number of a business,
- ❖ Recommend a company with which an individual should do business, or
- ❖ Handle a complaint filed by a business against another business.

Solid Waste Advisory Council, and he must also participate in waste disposal cases as part of the Atlantic Interstate Low-Level Radioactive Waste Compact, which was implemented by Act 357 of 2000. Act 195 of 2004 transferred the responsibility for intervention in utility rate cases to the Office of Regulatory Staff.

Over the years the General Assembly has given the Department additional areas of responsibility, including **Motor Clubs** (Act 400 of 1984), **Rent-to-own businesses** (Act 121 of 1985), **Physical Fitness Services** (Act 165 of 1985), **Pawnbrokers** (Act 491 of 1988), **Mortgage Loan Brokers** (Act 544 of 1988), **Telephone Solicitations** (Act 656 of 1988), **Continuing Care Retirement Communities** (Act 97 of 1989), **Express Warranties on Motor Vehicles** (Act 142 of 1989), **Athlete Agents** (Act 456 of 1990), **Motor Vehicle Subleasing** (Act 132 of 1991), **Loan Brokers** (Act

452 of 1992), **Motor Fuel Pricing** (Act 161 of 1993), **Professional Employer Organizations** (Act 169 of 1993), **Prize Promotions** (Act 483 of 1994), **Prepaid Legal Services** (Act 328 of 2000), **Motor Vehicle Dealer Closing Fees** (Act 387 of 2000, Part II, § 82), **Discount Medical Plan Organizations** (Act 377 of 2006), **Credit Counseling Act** of 2005, **Preneed Funeral Contracts**, transferred from the Board of Financial Institutions on July 1, 2006, and the regulation of the sale of **cosmetic contact lens without a prescription from an authorized dispenser**, effective July 1, 2005.

- **Organizational Structure**

The leadership system at the Department of Consumer Affairs begins with the Commission on Consumer Affairs. The Commission is composed of nine members, one of whom is the Secretary of State. Of the remaining eight members, four are elected by the General Assembly, and four are appointed by the Governor. The Commission is the policymaking and governing authority for the Department and is responsible for the enforcement of the Consumer Protection Code. It meets on the second Tuesday of each month to discuss the Department’s goals and objectives and to hear progress reports from the Administrator and staff. The Commission’s current membership is as follows:

Lonnie Randolph, Jr., Chair (2004)	Columbia
Barbara B. League (2004)	Greenville
C. Wayne Powell (2007)	Gaffney
David Campbell (2009)	Columbia
Tony Macomson (2007)	Cowpens
Louis Mayrant, Jr. (2006)	Pineville
Wayne K. Sims (2006)	Columbia
Carole C. Wells (2008)	Woodruff
Mark Hammond, <i>ex officio</i> (2007)	Spartanburg

The current management team strives to create an environment in which open communication, customer satisfaction and continuous improvement are a way of life for the organization. Senior management is led by the Administrator and meets weekly to discuss policies, procedures and customer expectations. The Department’s current senior managers are:

Administrator	Brandolyn Thomas Pinkston
Consumer Advocate/Deputy for Advocacy	Elliott Elam
Deputy for Administrative & Regulatory Service	Herbert Walker
Deputy for Enforcement	Danny Collins
Director of Public Information	Alice J. Brooks
Director of Consumer Services and Education	Donna DeMichael
Director of Media Services	Anna Albers

- **The Council of Advisors on Consumer Credit**

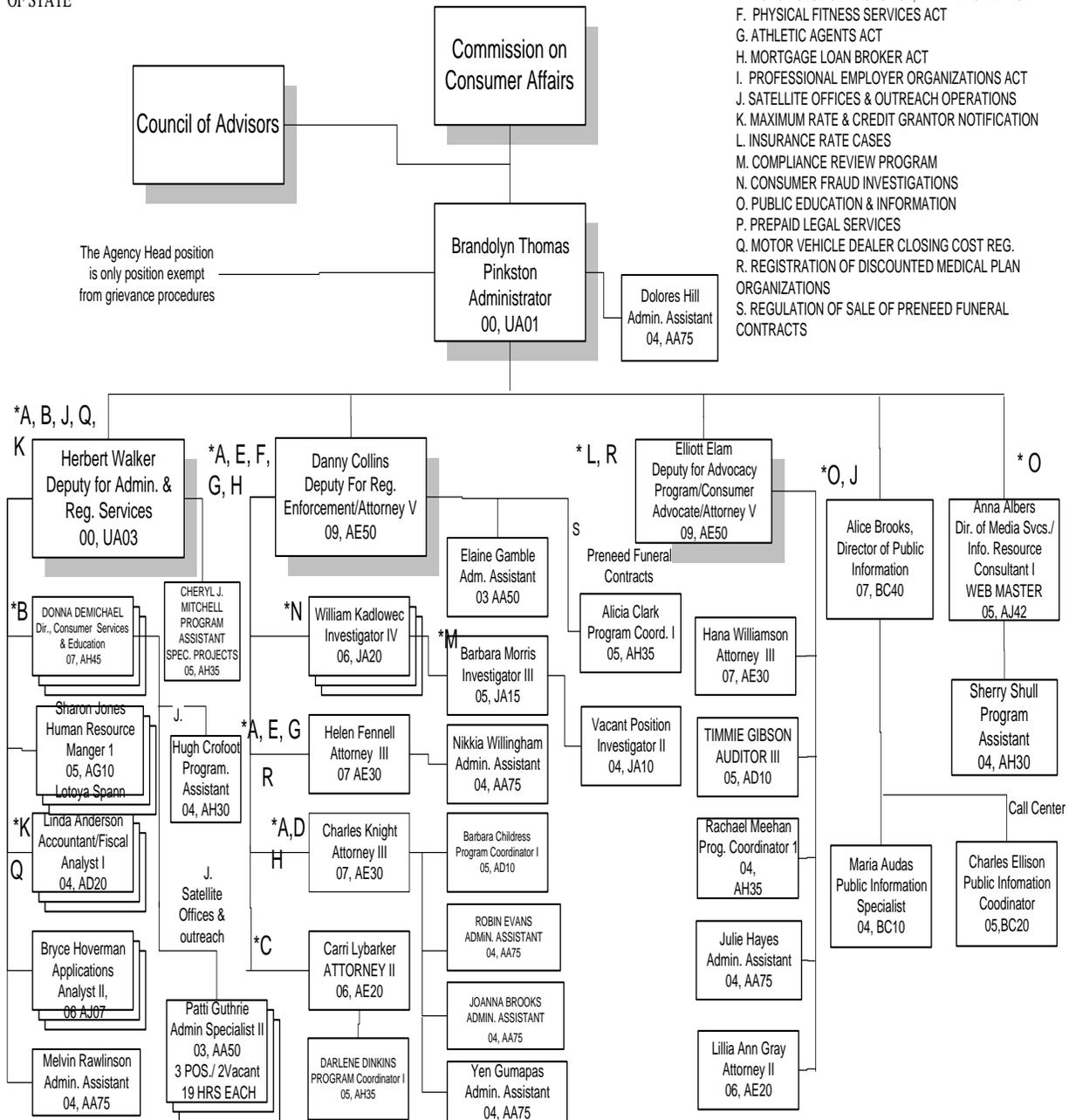
The Council assists the Administrator in obtaining compliance with the Consumer Protection Code. The Council is composed of sixteen members appointed by the Governor, one of whom is designated by the Governor as the Chairperson. It meets on the third Tuesday in the first month of each quarter to discuss credit and compliance issues. The Council's current membership is as follows:

Sharon C. Bramlett, Chair (2010)	Columbia
Wendy J Culler, Vice Chair (2006)	Lancaster
Vacancy	
Ruth Ellen Hardee (2007)	Columbia
Beatrice A. James (2003)	Florence
Richard A. Jones (2005)	Gaffney
Scott M. Malyerck (2007)	Irmo
C. Brian McLane, Sr. (2007)	Columbia
Victor C. McLeod, III (2003)	Greenville
Cassandra W. Rush (2005)	Columbia
Alethea (Lisa) Samuel (2006)	Columbia
Randall C. Cole (2008)	Columbia
Ulysses S. G. Sweeney, III (2004)	Marion
William D. VanHook (2004)	Charleston
Brent A. Weaver (2003)	Lexington
John Page Seibels, Jr. (2005)	Charleston

COMMISSION ON CONSUMER AFFAIRS: LONNIE RANDOLPH, CHAIR, BARBARA LEAGUE, TONY MACOMSON, LOUIS MAYRANT, JR., WAYNE SIMS, C. WAYNE POWELL, DAVID CAMPBELL, CAROL WELLS, MARK HAMMOND, SECRETARY OF STATE

Department of Consumer Affairs
Organizational Chart - 65 FTE's
September 1, 2008

- LEGEND -- PROGRAM PLACEMENT
- A. SC CONSUMER PROTECTION ORGANIZATION
 - B. CONSUMER COMPLAINTS
 - C. CREDIT COUNSELING ACT
 - D. CONTINUING CARE RETIREMENT FACILITY LICENSING
 - E. MOTOR CLUB SERVICES ACT, PAWN BROKER ACT
 - F. PHYSICAL FITNESS SERVICES ACT
 - G. ATHLETIC AGENTS ACT
 - H. MORTGAGE LOAN BROKER ACT
 - I. PROFESSIONAL EMPLOYER ORGANIZATIONS ACT
 - J. SATELLITE OFFICES & OUTREACH OPERATIONS
 - K. MAXIMUM RATE & CREDIT GRANTOR NOTIFICATION
 - L. INSURANCE RATE CASES
 - M. COMPLIANCE REVIEW PROGRAM
 - N. CONSUMER FRAUD INVESTIGATIONS
 - O. PUBLIC EDUCATION & INFORMATION
 - P. PREPAID LEGAL SERVICES
 - Q. MOTOR VEHICLE DEALER CLOSING COST REG.
 - R. REGISTRATION OF DISCOUNTED MEDICAL PLAN ORGANIZATIONS
 - S. REGULATION OF SALE OF PRENEED FUNERAL CONTRACTS



Major Program Areas

Program Number and Title	Major Program Area Purpose (Brief)	FY 06-07 Budget Expenditures	FY 07-08 Budget Expenditures	Key Cross References for Financial Results*
III	Consumer Services and Education - Receive and process consumer complaints filed against businesses and provide a voluntary mediation program to resolve the complaint. Educate consumers on current consumer issues to help them become savvy consumers.	State: 464,885.00 Federal: Other: 14,970.00 Total: 479,855.00 12.25% of Total Budget:	State: 592,701.00 Federal: Other: 9,631.00 Total: 602,332.00 13.56% of Total Budget:	Charts 7.1, 7.1-2, 7.1-3, 7.1-7, 7.2-1, 7.2-5, 7.6-1
II	Legal Division - To Administer, interpret, and enforce the S.C. Consumer Protection Code. License, register and regulate mortgage brokers, pawnbrokers, physical fitness centers, motor clubs, Credit counseling organizations, prepaid legal services, athletic agents, and the sale of preneed funeral contracts.	State: 159,470.00 Federal: 9,301.00 Other: 991,460.00 Total: 1,160,231.00 29.65% of Total Budget:	State: 66,518.00 Federal: 21,728.00 Other: 1,283,647.00 Total: 1,371,893.00 30.88% of Total Budget:	Charts 7.1-5, 7.1-6, 7.2-2, 7.5-1, 7.5-2, 7.5-3, 7.5-4, 7.5-5, 7.5-6, 7.5-7, 7.6-2
IV.	Advocacy Division - To provide legal representation for the consumer interest in matters involving property and casualty insurance and worker's compensation insurance. The Advocacy Division also regulates Professional Employer Organizations (PEO), the selling of cosmetic contact lens without a prescription, Discounted Medical Plan Organizations (DMPOs) and Continuing Care Retirement Communities (CCRCs).	State: 221,450.00 Federal: Other: 52,368.00 Total: 273,818.00 7.00% of Total Budget:	State: 246,758.00 Federal: Other: 98,950.00 Total: 345,708.00 7.78% of Total Budget:	Charts 7.1-4, 7.2-3, 7.2.4
V.	Public Information - To inform South Carolina Consumers of market practices that are illegal, deceptive or unfair, and inform them of their rights.	State: 161,469.00 Federal: Other: 17,476.00 Total: 178,945.00 4.57% of Total Budget:	State: 174,281.00 Federal: Other: 17,678.00 Total: 191,959.00 4.32% of Total Budget:	
I.	Administration - To provide budgeting and accounting, human resources, procurement & supply, training and computer services for the agency. To administer the registered consumer credit grantor and maximum rate filing program.	State: 661,978.00 Federal: 0.00 Other: 255,486.00 Total: 917,464.00 23.45% of Total Budget:	State: 742,048.00 Federal: 0.00 Other: 196,872.00 Total: 938,920.00 21.13% of Total Budget:	Charts 7.1-6, 7.2-6, 7.2-7

Below: List any programs not included above and show the remainder of expenditures by source of funds.

Employer contributions

FY 06-07 Misc. operating expenses – Computer Services - \$144,534 – 3.69% of Total Budget
 FY 06-07 Capital Reserve Fund – Technology - \$161,556 – 4.13% of Total Budget
 FY 06-07 Satellite operations - \$10,000 - .25% of Total Budget
 FY 07-08 Misc. operating expenses - Computer Services \$55,466 – 1.25% of Total Budget
 FY 07-08 Capital Reserve Fund – Media Center – \$175,261 – 3.94% of Total Budget

	FY 06-07	FY 07-08
Remainder of Expenditures:	State: 407,983.00	State: 471,438.00
Employer contributions	Federal: 0.00	Federal: 0.00
	Other: 178,516.00	Other: 290,366.00
	Total: 586,499.00	Total: 761,804.00
	15.00% of Total Budget:	17.14 of Total Budget:

* Key Cross-References are a link to the Category 7 - Business Results. These References provide a Chart number that is included in the 7th section of this document.

Strategic Planning

Program Number and Title	Supported Agency Strategic Planning Goal/Objective	Related FY 07-08 Key Agency Action Plan/Initiative's)	Key Cross References for Performance Measures*
Agency Wide	I. Obtain the necessary funding and personnel to effectively administer the laws assigned to the Department	FY09-10 Budget request included one FTE for the Administrator's office to serve as an Executive Assistant to the Administrator. The budget request also includes \$250,000 to cover a payroll shortfall and fringe benefits shortfall associated with an effort to retain mission critical employees, enhance moral, and provide upward salary adjustments and reclassifications. A highly skilled and well trained workforce is essential for the Department to accomplish it's mission of protecting and educating consumers.	Charts 7.1, 7.1-2, 7.1-3, 7.1-4, 7.2-1, 7.2-2, 7.2-3, 7.2-6, 7.5-1, 7.5-2, 7.6-1, 7.6-2
Agency Wide	II. Develop and enhance internal and external electronic capabilities to increase the Department's efficiency.	Plans have been made to convert the agency's computer platform to WEB-Enabled application using Microsoft's .Net application development program. The first phase of this system has begun with the mortgage broker licensing program and four additional regulatory programs have been converted during FY06. Plans to continue with the conversion of the consumer complaint program and several other regulatory programs are in place. Funding in the amount of \$300,000 has been earmarked for the .Net platform. Additional technology enhancements include the development of a Call Center and online access for six satellite offices, including an interactive web site for consumer information. The FY07-08 budget request included \$200,000 for the development of a Media Center. This will allow the agency to take advantage of cutting edge technology for the development and distribution of DVD's and video tapes of consumer protection information. The strategic plan also includes the dissemination of Podcasts and Webcast along with the use of Real Simple Syndication (RSS) feeds. Through a joint venture with the Dept. of Revenue, the Agency added an online licensing/registration system for registered creditors as a new addition to South Carolina Business One Stop (SCBOS). This is the only live/real time system in State Government.	Charts 7.1, 7.1-2, 7.1-3, 7.1-4, 7.2-1, 7.2-2, 7.2-3, 7.2-4, 7.5-1, 7.5-2, 7.6-1, 7.6-2
V. Public Information, I. Admin., III. Consumer Services	III. Amplify external communications to increase the public's knowledge of the Department's services and accomplishments.	A. Focus consumer and business education efforts on areas where fraud, deception, unfair practices, and information gaps cause the greatest injury. B. Extend the reach of consumer and business education through private and public partnerships and the use of new media such as the Internet. C. Improve the timeliness of response to consumer and business inquiries. D. Increase public awareness of consumer protection problems and solutions by conducting and publishing studies on changes in the marketplace and the impact of business and government actions on consumers. We have increased our outreach efforts through the implementation of satellite offices in Gaffney, Laurens and Summerville. Plans have been made to add additional satellite offices in Florence and the Pee Dee area, along with locations in Spartanburg, Woodruff, Blacksburg, and Allendale/Hampton/Jasper counties. We have also developed a Buyers Beware List to expose unscrupulous businesses to the consuming public	Charts 7.1, 7.1-2, 7.1-3, 7.1-4, 7.2-1, 7.2-2, 7.2-3, 7.2-6, 7.5-1, 7.5-2, 7.6-1, 7.6-2
Agency wide	IV. Refine internal communications to enable staff to perform at the highest level possible.	Started releasing the weekly newsletter to employees on a weekly basis. Agency wide staff meetings are held frequently to discuss goals and objectives for short and long term initiatives. In the past employees have shown resistance to change. SCDCA is meeting this challenge with employee involvement. Employees are encouraged to participate and provide input in the creation of new methods for providing and serving customers and meeting agency goals.	Charts 7.1, 7.1-2, 7.1-3, 7.1-4, 7.2-1, 7.2-2, 7.2-3, 7.2-8, 7.5-1, 7.5-2, 7.6-1, 7.6-2
I. Legal	V. Increase consumer services and protections by promoting and maintaining competence through ethical behavior by the professions.	Through the creation of Boards and having monthly meetings with the occupational professions licensed and regulated by the Department, more awareness of unethical behavior has been made and new ways of preventing and controlling unethical behavior has been discussed and implemented. Steps to provide additional oversight in the form of continuing education for some professions have been explored. New legislation was enacted to implement in FY07 a continuing education program for the PEO industry. Boards for the Pawn Broker industry and for the Funeral Homes that sell preneed funeral contracts are being implemented.	Charts 7.1-6, 7.2-7, 7.5-1, 7.5-2, 7.5-3, 7.5-4, 7.5-6, 7.5-7, 7.6-2

Elements of the Malcolm Baldrige Award Criteria

- **Category 1 – Senior Leadership, Governance, and Social Responsibility**

1. How do senior leaders set, deploy and ensure two-way communication: Short- and long-term direction?

At the Department, effective communication takes place when the employee understands the complete message and the intent of the individual delivering the message. Not only does the Department provide information to employees, there are mechanisms in place so that employees can provide feedback. The Administrator has an “open door” policy to foster a relaxed environment with employees and encourage informal employee interaction. Long-term goals continue to be influenced by statutory requirements, and senior management sets short-term objectives as issues arise in weekly meetings. Deployment is informal in that senior managers communicate goals and objectives verbally to their respective staffs. Department’s strategic plan, monthly progress report and meeting minutes for the Commission on Consumer Affairs are available to anyone on staff or the general public for review. The weekly internal newsletter, the Department’s website, press releases, public speaking engagements, monthly agency wide staff meetings, division meetings, the annual staff retreat, and ongoing discussions regarding specific consumer issues have been used effectively to deploy and communicate short- and long-term direction. In fact, the Administrator sets asides a week annually to discuss individual issues, performance feedback and other concerns from each staff member. This presents an opportunity to discuss ideas to enhance the Department's efforts and thank each staff member for the job they are doing. This coincides with the philosophy that the more feedback employees are given, the better able they are to respond to the needs of the Department. This leads to staff buy-in of the agency’s mission, keeping staff motivated and engaged in their work.

Performance expectations?

Performance expectations are set by annual performance evaluations and modified during the year as necessary. Supervisors attempt to acknowledge exceptional performance immediately, and deficient performance is noted as problems arise. Daily interaction between supervisor and employee enhances performance. If requested or necessary, one-on-one meetings between supervisor and employee are held so that needs and expectations can be fully discussed.

Organizational values?

We believe that a strong code of morality is the first step towards success and encourage a leadership style that exudes optimism and confidence. This organization is guided by values and vision that helps us to determine what is acceptable and unacceptable behavior, making sure that our actions are consistent with our purpose. To reinforce the commitment to who we are, the Department's Mission statement is recited at every agency-wide staff meeting and is displayed in every staffer’s office.

Ethical behavior?

To steer thinking and action toward creating and sustaining an ethical workplace culture, we explore how values, actions, and behavioral standards can help steer organizational behavior - through experience and knowledge, by exercising self - control, to encourage the 'good of the whole' concept and less focus on being self absorbed. When decisions are made with fairness and integrity, unpopular decisions are easier to accept when they are perceived to be derived fairly and with integrity. Senior staff leads by example and does its best to hire people with a high standard of ethics and has been fortunate not to have problems with unethical conduct. The human resources manual, reprimands and performance evaluations are the main methods of clarifying ethical behavior. The Department also provides the necessary continuing education reimbursement for ethics training required of licensed professionals on staff. If any ethical problems arise, they are dealt with immediately under the guidelines set by the State Office of Human Resources.

2. How do senior leaders establish and promote a focus on customers?

The Commission on Consumer Affairs requires the Administrator to report each month on the Department's progress, and senior management meets regularly to promote a focus on customer service by looking at trends in the marketplace and reviewing complaints consumers file. In response to the housing and credit crisis, the Department produced two reports to assist in educating consumers: *The State of Mortgage Fraud in South Carolina* and the *State of Consumer Credit Counseling in South Carolina*. Additionally, the Department sponsored with the South Carolina Attorney General's Office a Mortgage Fraud Hotline to assist consumers who felt that they had been victimized during the home buying process. *Ask Consumer Affairs* is a live-interactive program for customers to get questions answered and information. Through boards and roundtables related to the businesses it regulates, the Department maintains open dialogue. Through Public Information, press releases are routinely distributed (first in the nation on a major story related to a tax rebates scam). In response to requests to provide consumer outreach programs around the state, thirteen locations have been opened to educate and assist consumers with problems in the marketplace. The South Carolina Business One-Stop has also been launched to provide initial and renewal applications for Maximum Rate and Credit Grantor Notification filings in real-time. The Department is also participating in a no cost technology upgrade that will benefit the Consumer Services. After completion, consumers and businesses will be able to review the status of complaints online and respond.

3. How does the organization address the current and potential impact on the public of its products, programs, services, facilities and operations, including associated risks?

First and foremost, the Consumer Services Division uses an "open-view analysis" approach to processing, evaluating and mediating consumer complaints. This approach frequently identifies violations and/or businesses that are not mentioned in the consumer's complaint and assists in determining the basis and merit of every complaint filed with the Department. Due to budget constraints, resources in the Enforcement Division must focus services on industries having the largest financial impact on consumers, (e.g., the mortgage loan broker program since brokers can

greatly impact the expense of homeownership – the largest financial transaction for most consumers). During the legislative session, senior management discusses the fairness and fiscal impact of consumer-related legislation in weekly meetings. The accessibility of the Department’s physical location to the public, employees and regulated entities was a key factor when the Department relocated in 1999.

4. How do senior leaders maintain fiscal, legal, and regulatory accountability?

Senior leaders constantly review fiscal reports, along with revenue collection and expenditure activities. Budgets are established and are not exceeded without the Budget and Control Board’s approval. Fiscal reports are reconciled with the Comptroller General’s Office and supervisors approve all reconciliations. Monthly reports are given to the Commission on Consumer Affairs. Progress reports are made monthly to the Commission regarding regulatory issues and the licensing and regulatory activities for the month. Employees are accountable for any deficiencies noted in any fiscal, legal or regulatory responsibilities. SCDCA achieved a clean audit from the State Auditor’s Office with no management letter comments.

5. What key performance measures are regularly reviewed by your senior leaders?

Senior management regularly reviews the following measures:

- Dollars saved for consumers through complaint mediation, on-site compliance reviews, and intervention in utility and insurance cases;
- Satisfactory closing rate on consumer complaints;
- Top complaint categories and the top categories for savings;
- Employee evaluations;
- Speaker evaluations;
- Volume data; and
- Revenue and expenditures.

6. How do senior leaders use organizational performance review findings and employee feedback to improve their own leadership effectiveness, the effectiveness of management throughout the organization, including the head and governing board?

The Administrator and senior management evaluate the findings and any employee feedback and take corrective action if necessary. Another staff survey was recently distributed to further improve communication throughout the Department. The Administrator further reports this monthly to the Commission. Recent audits have not indicated any exceptions. Senior management will be exploring other revenue sources to resolve computer problems and personnel issues. When budget dollars were scarce, SCDCA allocated funds for employee development to assist in learning higher-level skills and new ways of viewing the world. Additionally, many opportunities for two-way communication are provided to promote information sharing, to motivate people and to boost productivity. The methods include: input on program changes, divisional meetings, various internal communications products and venues, one-on-one communication with management, staff group reads and staff retreats. All of these are vital methods for training staff and gaining their buy-in towards breaking down barriers to communication.

7. How do senior leaders promote and personally participate in succession planning and the development of future organization leaders?

When possible, promotions are made from within. Employees are cross-trained and participate in many personal and professional development training opportunities.

8. How do senior leaders create an environment for performance and improvement and the accomplishment of strategic objectives?

Employees continue to demonstrate their empowerment and innovation by designing their own manuals and forms, hosting teleconferences and online chats and taking advantage of online legal research. The Department is developing “learning organization” methods. Here, the best approaches from a wide variety of innovative approaches – both externally and internally - are used.

9. How do senior leaders create an environment for organizational and workforce learning?

Quality leadership, continuous improvement and other progressive programs have been implemented into the culture of our operations. This translates into continuous “learning” by the organization. SCDC has selected the best approaches from a wide variety of innovative quality programs, and if they work, are incorporated in the organization. SCDC has integrated “systems thinking” in its operations. This entails seeing how one event affects the entire organization, hence, not considering events in an organization in isolation. Senior management encourages staff to take advantage of all types of learning opportunities, particularly those that have no cost such as State Library sponsored courses and seminars sponsored by the Budget and Control Board. All professionals on staff attend seminars to comply with their licensing requirements, and individual staff members attend conferences sponsored by national organizations of which they are members. Four staff members are alumni of the *South Carolina Executive Institute*. The Director of Public Information is a 1999 recipient of the Budget and Control Board’s *Certified Public Manager* program and credential. The Director of Computer Services continues to provide periodic computer training to staff. More cross training will ensure back-up coverage. Employee training requests are assessed for departmental needs, and the costs covered as funds are available. At least one percent of the Department’s budget will continue to be set aside for training purposes. Retreats and staff reading projects are also used to enhance employee and organizational learning, as well as professional and personal development.

10. How do senior leaders communicate with, engage, empower, and motivate the entire workforce?

Annually, the Administrator sets aside one week to host “15 Minutes with Staff.” Each employee uses this time to talk about his/her work program, role in the agency’s mission and vision, and offer suggestions for improvement. This has resulted in some very creative innovations for the Department. Although the “15 Minutes” is an annual scheduled program, the Administrator has an open-door policy and expects the same from her senior leaders. To create an organization that will prosper and grow, the Department has facilitated “staff reads,” encouraging all employees to read select books that focus on opportunities in the organization rather than on problems. Additionally, the Department holds an annual all-staff retreat, which takes a hard look at the organization’s strengths and weaknesses, and subsequently develops plans and strategies. Outside facilitators conduct training in employee-identified areas. Teams are used at the retreat and afterwards to tap the knowledge and resource of all staff. The Department recognizes that to remain competitive, it cannot solely rely on management to guide the development of the work

process and the accomplishment of organizational goals. The Department involves all employees, senior level, middle management and especially those who are close to the problems and the customers.

11. How does senior leadership and the agency actively support and strengthen the community? Include how you identify and determine areas of emphasis.

Consumer education is an important part of the Department's mission and provides excellent opportunities for the Department to be involved in communities across the state. Senior leaders regularly speak at schools and community organizations and civic groups regarding consumer issues. SCDCA has recently partnered with the Department of Corrections to present a consumer education class (LifeSkills) twice monthly at two women's correctional institutes. An additional monthly class for women in pre-release is being added for the 2008-09 fiscal year. The Department traditionally supports the State's Annual United Way Campaign and Good Health Appeal. The Department has sponsored blood drives for the American Red Cross and provided food and monetary donations to the Harvest Hope Food Bank and Sistercare. All employees are encouraged to get involved in community activities. Senior leaders and other staff members serve on local, state and national boards and foundations. Many employees are actively involved in church and other charitable and community efforts. Professional staff are encouraged to do pro bono work by having leave time granted.

Category 2 – Strategic Planning

1. What is your Strategic Planning process, including key participants, and how does it address:

- a) Your organizations' strengths, weaknesses, opportunities, and threats;**
- b) Financial, regulatory, societal and other potential risks;**
- c) Shifts in technology, regulatory, societal and other potential risks, and customer preferences;**
- d) Workforce capabilities and needs;**
- e. Organizational continuity in emergencies;**
- f. Your ability to execute the strategic plan.**

The Department has chosen a team of reliable, trustworthy, innovative staff to carry out its strategic plan. In an era where budget dollars are limited and expectations heightened, SCDCA is embracing the concept of results-based government by focusing on greater accountability, better communication to the public on how tax dollars are being used, and better tools for staff to set and achieve performance objectives. For the Department, *results based government* means a system that is focused on efficiently delivering core functions with measurable outcomes. We thrive to implement efficient operations, but if that efficiency is not directed toward the core functions or high priorities of the Department, then efforts have been focused on the wrong issues. Put another way, as stated by management guru Peter Drucker "There's nothing so inefficient as making more efficient that which should not be done at all." To meet the needs of the organization, staff must get better at what they do, and then keep on getting better. In short, we focus on continuous improvement and teamwork. Senior leaders collaborate with staff on relevant issues and are open and accessible to consumers. Our strategic plan is built on an examination of internal and external factors, which directs goal-setting and resource allocation to

achieve meaningful results over time. The Department's strategy to meet its goals includes: prepare for contingencies that could prevent the organization from attaining its goals; prepare a framework for the organization's orderly growth and progress; develop a strategic basis for making business decisions; to be proactive versus reactive in anticipating workforce needs; and to maximize organizational effectiveness.

2. How do your strategic objectives address the strategic challenges you identified in your Executive Summary? *See Strategic Planning Chart attached.*

3. How do you develop and track action plans that address your key strategic objectives?

Each division of the Department is assigned responsibilities in management meetings. In the Consumer Services Division, key performance measures are tracked via computer and reported at each monthly meeting of the Commission on Consumer Affairs. In the Enforcement Division, each attorney and deputy chief investigator must submit a monthly report to the Division Head who reports to the Commission. The Advocacy Division meets regularly and on an ad hoc basis and provides a detailed report to the Commission each month. In the Administration Division, financial action plans are monitored on a weekly basis for trends and comparisons to prior years and are also reported to the Commission monthly. Public Information staff track receipt and dispatch of FOIA requests, seek and monitor media coverage of consumer issues to ensure proper statewide dissemination of information.

4. How do you communicate and deploy your strategic objectives, action plans and performance measures?

A monthly progress report is presented to the Commission on Consumer Affairs. The Accountability Report is presented to the Commission as well as the Office of State Budget each year. The Agency Head Evaluation is also presented to the Commission and the Agency Head Evaluation Committee each year. Communication methods mentioned in the answer to 1.a) in category 1 are also used to communicate strategies and results. The Administrator has implemented Agency-wide staff and division meetings to keep staff informed about new strategic directives as well as to provide feedback on various issues affecting agency programs and operations.

5. How do you measure progress on your action plans?

This is measured by the number of complaints we receive, the amount of outreach and Speaker's Bureau requests we receive, tracking of our publicity, warnings and alerts, and promotional activities, as well as the most important measure – the amount of financial recoveries made for South Carolina consumers who were wronged in the marketplace.

6. How do you evaluate and improve your strategic planning process?

Senior management analyzes the trends and growth of regulated industries and realigns priorities based on industry needs and the Department's capabilities. Priorities for improvement are communicated to staff. Agency-wide staff meetings are used frequently to communicate key priorities to staff. Senior leaders are generally notified of key issues and priorities in group and individual discussions and meetings with the Administrator. Resolving the critical issues that continue to face the Department requires the leadership of the Commission on Consumer Affairs,

the direction of senior management, and the participation of all stakeholders – including employees and members of the General Assembly.

7. Provide the website link for your Strategic Plan. www.sccoconsumer.gov

- **Category 3 – Customer Focus**

Identify key customers and stakeholders.

The Department's key customers and stakeholders are the consuming public, ratepayers, regulated and indirectly regulated businesses, law enforcement agencies, schools, community groups, vendors, the media, consumer protection organizations, the Council of Advisors on Consumer Credit, the Commission on Consumer Affairs, the Governor's Office, the General Assembly and the US Congress.

1. How do you determine who your customers are and what are their key requirements?

Our customers are defined by statute first then by recognizing how best to fulfill our statutory duties (e.g., partnerships with organizations with similar goals and objectives). However, in an attempt to formalize this process, each division met separately to create lists of customers during the spring of 2001. Senior management reviewed these lists to create the master list found in the previous item. As new customers are identified, their needs and requirements are assessed, and they are added to the master list referred to above. Generally, all of the customers listed above insist that the Department encourage fairness in consumer transactions whenever possible. This key requirement can be found in the statutory authority given to the Department in the South Carolina Consumer Protection Code and other consumer-related legislation. However, customers' key requirements are ascertained more specifically through complaint mediation, public speaking engagements, educational workshops, surveys, focus groups, online chats and legislative activities.

The most common key requirements are:

- Timely processing of complaint or compliance review;
- Informed of the mediation or compliance process;
- Freedom of information regarding regulated businesses and businesses in general;
- Notification of results of mediation or compliance review;
- Updated, accurate and written information regarding consumer-related issues and topics;
- Education regarding deceptive and unfair business practices.

2. How do you keep your listening and learning methods current with changing customer/business needs?

The Consumer Services Division resolves complaints every day and tabulates results and industry trends every month. The Public Information Division disseminates information when requested and is proactive when necessary to alert the public. The Department attempts to keep current with customer/business needs through a monthly review of the complaints filed and the information requested. This review identifies the top issues of the day, which become areas that staff can focus upon in their own professional development in workshops, conferences and

continuing education courses. The Department maintains a statewide toll-free telephone number. It is also in the process of compiling the results of a recent survey of consumers whose complaints were recently mediated and closed by the Department. Collaborative efforts with other organizations and new technologies, such as online chats, have revealed changing customer/business needs. In the future, the Department will attempt to obtain feedback from other groups of customers so that more specific customer/business needs may be identified. The Department has recently established advisory boards and roundtables for the four major regulatory programs. Discussion includes ways to enhance services the Department provides through drafting and amending legislation, licensing, training and education, on-line filing, outreach efforts and publications for the general public.

3. What are your key customer access mechanisms, and how do these mechanisms enable customers to seek information, conduct business, and make complaints?

The Department has established two major telephone hotlines: *Senior Fraud* and *Mortgage Fraud*, in cooperation with the Lt. Governor's Office on Aging and the SC Attorney General, respectively. These new initiatives were just beginning at the close of the fiscal year, but look to be promising additions to the Department's work. Additionally, the continuing popularity of the Department's monthly and quarterly publications, coupled with telephone "TeleTips," the website and online complaint filing, as well as personal outreach visits, workshops, and other events provides a great forum for customers to access the Department.

4. How do you measure customer/stakeholder satisfaction and use this information to improve?

A "hard measure" of customer satisfaction, which has been utilized by the Department for many years, is the closing status of complaints. Each complaint is analyzed and given a closing status based on the following factors:

Satisfied	The business resolved the complaint to the consumer's satisfaction or provided an explanation that the Department deemed acceptable.
Unsatisfied	The business would not reply or would not make a good faith effort to resolve the complaint.
Undetermined	The facts were disputed, and the Department could not make a determination of responsibility.
Abandoned	The Department was unable to contact the consumer concerning clarification and/or additional information needed to complete the initial processing procedure.
Insufficient Merit	The Department determined that there was insufficient validity to the complaint. (This designation is seldom used.)

Regarding licensees, the Department utilizes various means in an attempt to ascertain their satisfaction. One of the most successful methods is the establishment of Roundtables for Department-regulated industries. Each Roundtable is composed of members of the regulated industry as well as pertinent Department staff members. The frequency of meetings differs by industry, but most are quarterly. At the meetings, Department policies, current legislation and

hot topics are often discussed. This allows the Department the opportunity to receive feedback from those on the front lines. The Department also participates in trade association meetings of the industries regulated. Comments and suggestions are often received and taken into account as a result of the Department's attendance. Overall, the Department has open lines of communication with the industries it regulates as the Roundtables and Department participation create a relationship ripe for the exchange of ideas.

The Department utilizes information gathered during meetings and comments received from licensees through other methods of communication in the review of current policies, procedures, statutes, etc. This process often attributes to the drafting of new legislation and amending of current laws and Department procedures and forms.

5. How do you use information and feedback from customers/stakeholders to keep services and programs relevant and provide for continuous improvement?

Embracing quality initiatives, each staff member is empowered to resolve complaints without checking with management and is encouraged to notify his or her supervisor of any weakness identified within the Department. Management will attempt to pinpoint where the specific process broke down and fix the problem or implement a new procedure, if necessary. Action taken by management is communicated through supervisors to the affected staff. Complaint information is maintained in a database to bolster programs and services so that problem areas for the public can be identified, the public can be warned of alarming trends or deceptive business practices, and cases can be built for legal or legislative action. This database is vital for the Department to encourage fairness in consumer transactions whenever possible.

6. How do you build positive relationships with customers and stakeholders? Indicate any key distinctions between different customer groups.

The Department builds coalitions, partners and works on collaborative efforts by aggressively seeking cooperation from different community groups and quasi-consumer groups. Businesses complained against are customers, so the Department provides information to assist in bringing about a fair resolution to a complaint. The Enforcement Division provides advisory reviews to regulated businesses to bring them into compliance before they get into trouble. The Department provides continuing education to mortgage loan brokers at no charge to assist them in obtaining the required number of credits each year. Public speaking with civic and education groups and showing no bias in presentations and mediations are also helpful in building positive relationships. The Department attempts to be nonpartisan in its approach to legislative issues. The most important factor in building positive relationships, no matter who the customer is, has been providing timely information or results. To improve dialogue with businesses regulated by the Department the customer-focused advisory boards and roundtables were established for the **Prepaid Legal, Mortgage Broker, Professional Employer Organizations, Continuing Care Retirement Communities, Preneed Funeral Contracts and Pawnbroker regulatory programs**. Discussion includes ways to enhance services the Department provides through drafting and amending legislation, licensing, training and education, on-line filing, outreach efforts and publications for the general public. These groups meet quarterly. Additionally, the Department held a forum for law enforcement officers, which focused on ways of working cooperatively to protect consumers against fraudulent and deceptive practices.

- **Category 4 – Measurement, Analysis, and Knowledge Management**

1. How do you decide which operations, processes and systems to measure for tracking financial and operational performance, including progress relative to strategic objectives and action plans?

The South Carolina Consumer Protection Code requires the Department to focus upon advocacy, complaint mediation, credit and regulatory enforcement, and education. The Administrator selected cost efficiency levels. Complaints with an “unsatisfactory” closing status have been found to be key in discovering unfair trade practices, and stopping such practices has been an indicator of the Department’s success.

2. How do you select, collect, align, and integrate data/information for analysis to provide effective support for decision making and innovation throughout the organization?

Information is collected electronically and in paper form. There are standard electronic reports and ad hoc reports that can be and are created from the system. Bringing the electronic and the paper information together is a manual process. Decisions are made from this final compilation.

3. What are your key measures?

- Refunds, adjustments and credits achieved through complaint mediation
- Closing status for mediation of complaints
- Savings for consumers through intervention in utility and insurance cases
- Top categories for consumer complaints received
- Number complaints received annually
- Number of licensing and registration filings processed annually
- Cost to process a consumer complaint
- Cost to review a license application
- Number of onsite audits of regulated businesses

4. How do you select and use comparative data and information?

The Department attempts to acquire data from some or all of the southeastern states, depending on the issue. Decisions are based on what has happened historically. Data from the Consumer Services Division is analyzed monthly and compared to prior months and years for trends. Consumer needs are identified and made public through the media, public speaking engagements, legislators, etc.

5. How do you ensure data integrity, timeliness, accuracy, security, and availability for decision-making?

Guidelines have been established for complaint analysts to determine the closing status of each complaint. These guidelines are followed, and the Director of Consumer Services and the Deputy for Enforcement assist in the determination when requested. Senior leaders not only do spot-checking of problem complaints. Supervisors review the work product of employees and offer 360° feedback.

Trends, particularly top complaint categories, influence the Department’s priorities, focus and decisions. Utility and insurance filings are reviewed to determine if the Advocacy Division should intervene at the Public Service Commission or the Department of Insurance.

6. How do you translate organizational performance review findings into priorities for continuous improvement?

We use our agency-wide audit, monthly progress reports, and informal anecdotal evidence. When consumers and other stakeholders and customers call and ask why we do things a certain way – we are open to change.

7. How do you collect, transfer, and maintain organizational knowledge? How do you identify and share best practices?

Organizational knowledge is collected and maintained through agency-wide staff meetings. These meetings are documented, and any best practices are communicated to all employees through the agency's internal newsletter, "The Week Ahead." Every news release or major public communiqué is sent to staff first. Weekly meetings are held to provide computer training and information sharing.

- **Category 5 – Workforce Focus**

1. How does management organize and measure work to enable your workforce to: 1) develop to their full potential, aligned with the organization's objectives, strategies, and action plans; and 2) promote cooperation, initiative, empowerment, teamwork, innovation, and your organizational culture?

Senior management analyzes the trends and growth of regulated industries and realigns priorities based on industry needs and the Department's capabilities. The communication methods mentioned in category 1.a) above (leadership communication) are also used to communicate priorities for improvement. Agency-wide staff meetings are used frequently to communicate key priorities to staff. Senior leaders are generally notified of key issues and priorities in group and individual discussions and meetings with the Administrator. As indicated throughout this report, the Department has processes in place for evaluating these areas and for promoting cooperation, innovation and teamwork, but a more formalized strategic planning process is the lynchpin.

2. How do you achieve effective communication and knowledge/skill/best practice sharing across departments, jobs, and locations? Give examples.

Not only does the Department provide information to employees, there are mechanisms in place for employees to provide feedback. Every major project has a team leader and cross-divisional team. Immediately following a project, a "post-mortem" roundtable is held to assess the success of the project, and how it could have been better. The best example of this is the Department's *Homebuying 101* conference, which doubled in size in only its second year. The conference was sponsored entirely by public and private sector organizations so that it could be offered free to the consumers of South Carolina. The *YouTube* video project has also been a boon for staff communication. Not only has this become a best practice among consumer agencies nationally, all staff participate in some fashion and have a real buy-in to the project and their agency.

3. How does management recruit, hire, place, and retain new employees? Describe any barriers that you may encounter.

The Department recruits and hires new employees in the traditional manner as espoused by the Office of Human Resource in the State's Budget and Control Board. Employees are placed in the

division most suiting their skillset, but further professional and personal development is encouraged and rewarded. Promotional opportunities that become available are most often made internally. Staff who acquire new skills often have their position descriptions rewritten to accommodate a greater degree of performance. The only barrier encountered at the Department is a lack of funding to fully compensate professional employees, reward extraordinary efforts of others, and add more FTEs in critical divisions.

4. How do you assess your workforce capability and capacity needs, including skills, competencies, and staffing levels?

As stated in question 1 (above), senior management analyzes the trends and growth of regulated industries and realigns priorities based on industry needs and the Department's capabilities.

5. How does your workforce performance management system, including feedback to and from individual members of the workforce, support high performance work and contribute to the achievement of your action plans?

The Department embraces the EPMS system and requires all supervisors to use this method. Some divisions even employ the 360° feedback system. And, as stated above, staff who acquire new skills often have their position descriptions rewritten to accommodate a greater degree of performance.

6. How does your development and learning system for leaders address the following:

a. development of personal leadership attributes?

b. development of organizational knowledge?

c. ethical practices?

d. your core competencies, strategic challenges, and accomplishment of action plans?

The Department attempts to hire employees who have a "burning desire" and other intangibles that make them motivated on their own. Specific objectives are at times placed in employees' planning documents. Training opportunities are made available for those employees whose talents or needs justify the training. Employees are encouraged to offer recommendations to improve operations and may submit thoughts or concerns via a suggestion box for review at senior management meetings. Other incentives currently under consideration include leave time or bonuses for employees who contribute valuable cost saving ideas. The Department's core competencies (competence, respect, equality, education, dedication, integrity, and timeliness) are literally cheered at each all staff meeting. It's a great motivational tool!

7. How do you identify and address key developmental training needs for your workforce, including job skills training, performance excellence training, diversity training, management/leadership development, new employee orientation, and safety training?

Each division director meets regularly with his/her supervisors to assess division needs in skills training. As an agency member of the State's Government Improvement Network (our Director of Public Information still serves on the Executive Committee and is newsletter editor), the Department is able to take advantage of many inexpensive, but highly effective performance excellence training workshops and leadership development opportunities. Diversity training, new employee orientation and safety training are all components of the Department's Human Resource Management staff and are ongoing.

8. How do you encourage on the job use of new knowledge and skills?

As stated above, staff who acquire new skills often have their position descriptions rewritten to accommodate a greater degree of performance. Other incentives currently under consideration include leave time or bonuses for employees who contribute valuable cost-saving ideas.

9. How does employee training contribute to the achievement of your action plans?

A motivated, well-trained staff is essential to the Department's success. Action plans are evaluated and adjusted as necessary to fit the current consumer climate. Our staff is able to adjust and work smarter as a result of the cross-training and teambuilding work the Department has espoused over the years.

10. How do you evaluate the effectiveness of your workforce and leader training and development systems?

Each employee is asked to assess his/her training needs. Supervisors meet with their division directors, and training is requested as needed.

11. How do you motivate your workforce to develop and utilize their full potential?

SCDCA makes employee development an ongoing, high-priority, conscious and concerted effort. When budget dollars were scarce, SCDCA allocated funds for employee development to assist in learning higher-level skills and new ways of viewing the world. Additionally, many opportunities for two-way communication are provided to promote information sharing, motivate people and boost productivity. The methods include: input on program changes; divisional meetings; internal communication products and venues, one-on-one communication with management, group reads and staff retreats. All of these are vital methods for training staff and gaining their buy-in towards breaking down barriers to communication. Employees are asked to help design position descriptions, and duties/success criteria are signed off on. The Consumer Services and Enforcement Divisions have used a weighted system that motivates the employee to focus on priorities. Promotions, merit increases and bonuses are based on ratings.

12. What formal and/or informal assessment methods and measures do you use to determine employee wellbeing, satisfaction, and motivation?

The Department uses a very informal assessment. Well-being is assessed through daily contact and by engaging staff in many opportunities for communication. The Administrator has an "open-door" policy and annually implements the Administrator's "15-minutes with Staff" for ALL staff, which allows them one-on-one conversation. The discussion focuses on ways to improve/enhance the overall program at the Department. The Department's turnover rate has traditionally been low, and retention has been high. The lack of absenteeism has always been a good indicator of individual satisfaction. The Director of Consumer Services examines each complaint analyst's number of pending, closed and newly-assigned complaints to get a sense for time management and staff motivation. Staff meetings are held, and the monthly progress report summarizes each Division's activities. An exit interview is held when employment is terminated to discover reasons for dissatisfaction, if any.

13. How do you manage effective career progression and effective succession planning for your entire workforce throughout the organization?

The Department provides career progression opportunities for staff as possible, given budgetary constraints. Within the ideal structure there are two defined types of career progression. The first type is “progression within a title.” Most state employee titles are designed to reflect greater levels of proficiency within the title, e.g., specialist, coordinator, director. The second type of career progression is “progression across titles” which encompasses movement through a series of titles reflecting greater levels of supervisory, budgetary, and decision-making control and impact. The Department is always looking for people who are motivated, eager to help consumers who have been wronged in the marketplace, and who can develop rapidly as professionals and assume constantly increasing levels of responsibility. Strong performers are promoted and compensated as the budget allows.

14. How do you maintain a safe, secure, and healthy work environment?

Safety and accessibility were important factors in selecting the Department’s current location and subsequent floor plan. The Department sponsors a wellness program, and experts have been brought in to present tips on stress reduction, injury prevention, exercise, diet and nutrition. The Department has a Coordinator for the State’s Prevention Partner’s Program who keeps staff informed of all Prevention Partner opportunities and educational materials. Employees have participated in stroke screening, stress management, aerobic exercise classes, wellness walks, blood pressure screening and the National “Wear Red Day,” which included the purchase of Red Dress pins to bring awareness to heart disease as the number one killer of women. These programs have made our workforce stronger and healthier, therefore reducing the amount of absenteeism and sick leave while promoting a healthy lifestyle. Employees are immediately notified of danger in the workplace via signs, email and the intercom system.

- **Category 6 – Process Management**

1. How do you determine, and what are your organization’s core competencies, and how do they relate to your mission, competitive environment, and action plans?

Core competencies emerge over time through an organizational process of accumulating and learning how to deploy different resources and capabilities. At the Department, we looked no further than the Values we include in our mission statement: **Competence, Respect, Equality, Dedication, Integrity, and Timeliness**. Through its mission: To protect consumers from inequities in the marketplace through advocacy, mediation, enforcement, and education, the Department strives to be a CREDIT to South Carolina.

Our core competencies are determined through our mission statement and the expectations of customers and stakeholders. They include our consumer complaint mediation program, our credit expertise, the taxpayer insurance advocacy intervention program, and our licensing and regulatory competencies. These core competencies coupled with an assertive Public Information and Educational Outreach effort has allowed the organization to be recognized by taxpayers/ratepayers, stakeholders, the media, and peer organizations as an industry leader in government and consumer protection agencies.

2. How do you determine and what are your key work processes that produce, create, or add value for your customers and your organization and how do they relate to your core competencies? How do you ensure these processes are used?

Senior leadership has a mandate to continuously improve the organization's capacity to handle its internal and external functioning and relationships. This would include such things as improved interpersonal and group processes, more effective communication, enhanced ability to cope with organizational problems of all kinds, more effective decision processes, more appropriate leadership style, improved skill in dealing with destructive conflict, and higher levels of trust and cooperation among organizational members.

These objectives stem from a value system based on an optimistic view of the nature of man — that man in a supportive environment is capable of achieving higher levels of development and accomplishment

3. How do you incorporate organizational knowledge, new technology, cost controls, and other efficiency and effectiveness factors, such as cycle time, into process design and delivery?

The Department employs the Plan, Do, Check, Act process deployment.

4. How does your day-to-day operation of these processes ensure meeting key performance requirements?

With input from our stakeholders and customers, as well as policy-making boards and commissions, senior leadership to front line employees ensures that our key performance requirements are met.

5. How do you systematically evaluate and improve your key product and service related work processes?

The Department's key product: consumer awareness, education, and protection, is continuously improved by adding methods to reach consumers, such as embracing new methods of communication: producing Consumer Minutes and Consumer Tips on YouTube and staff blogging. Work processes are evaluated annually and improvements are made as technology allows.

6. What are your key support processes and how do you improve and update these processes to achieve better performance?

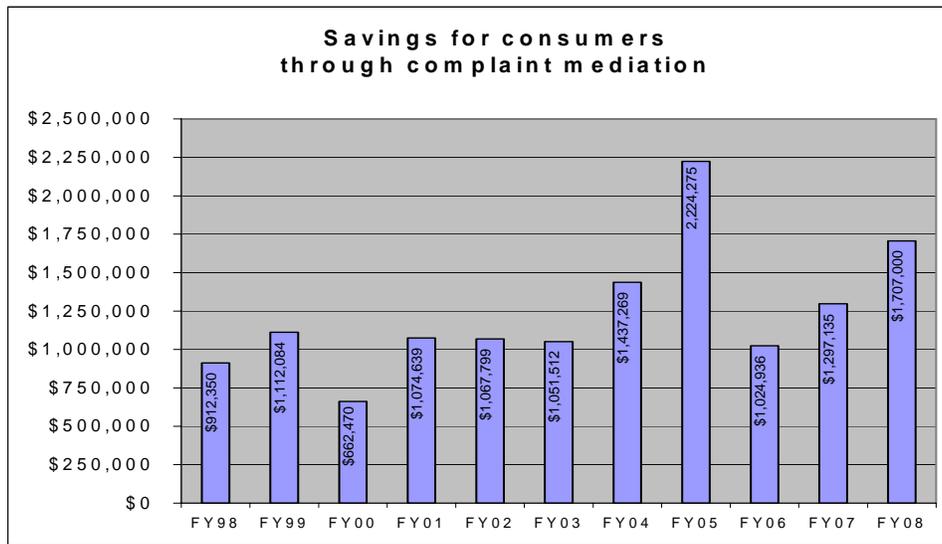
Key support processes include accounting, human resources, procurement, mail distribution and computer services. The Deputy for Administration monitors the response time for these processes and takes corrective action, such as prioritizing, if necessary.

7. How does your organization determine the resources needed to meet current and projected budget and financial obligations?

- **Category 7 – Business Results**

What are your performance levels and trends for the key measures of customer satisfaction?

Chart 7.1



The Department required a large automobile dealer operating in South Carolina to refund \$1.3 million in excess finance charges to consumers in FY05 and continued in FY06 for failure to file a Maximum Rate Schedule in 2002 and 2003. Over \$94,000 will be forwarded to the State Treasurer’s Office as unclaimed property during FY06-07 (cash refunds) from this regulatory compliance action. Refunds and adjustments to consumers totaled \$1,707,000 for FY08.

Chart 7.1-2

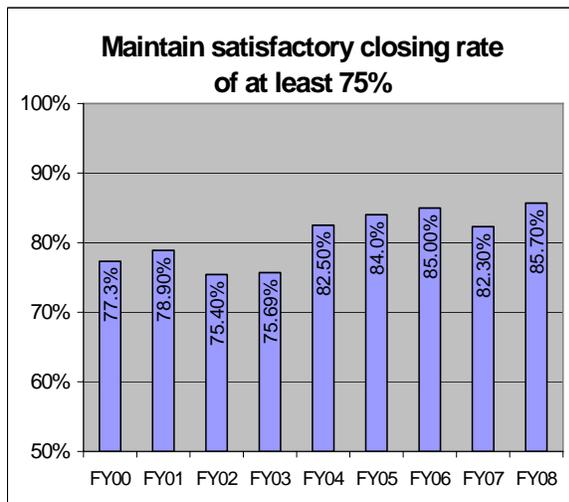


Chart 7.1-3

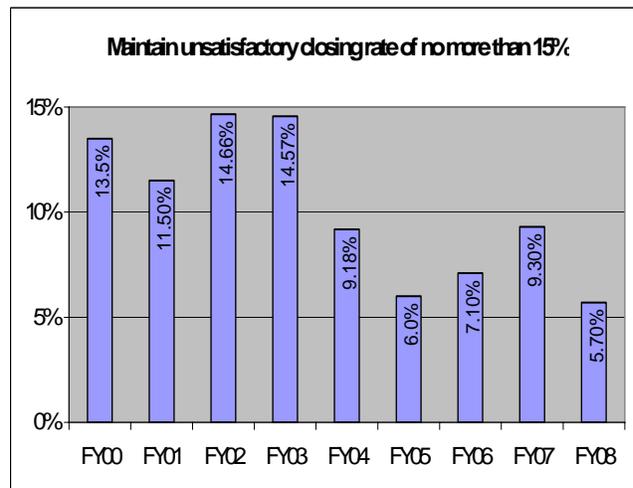
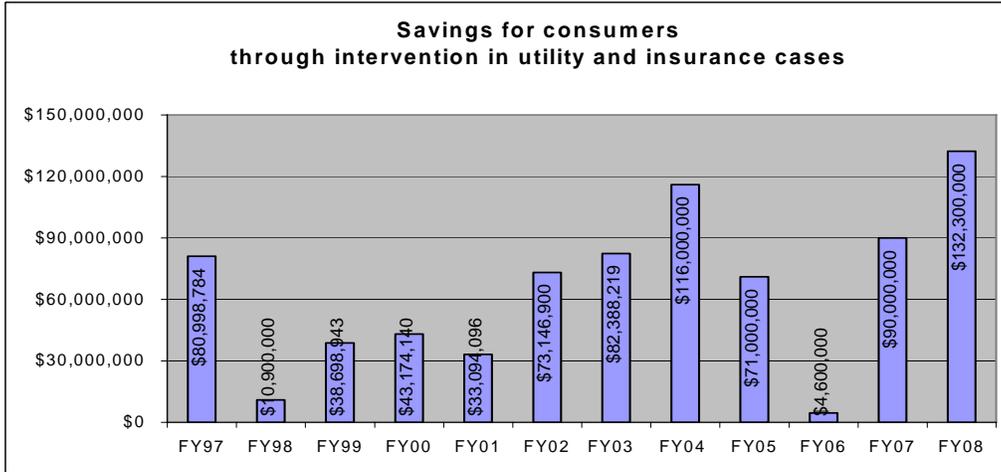


Chart 7.1-4

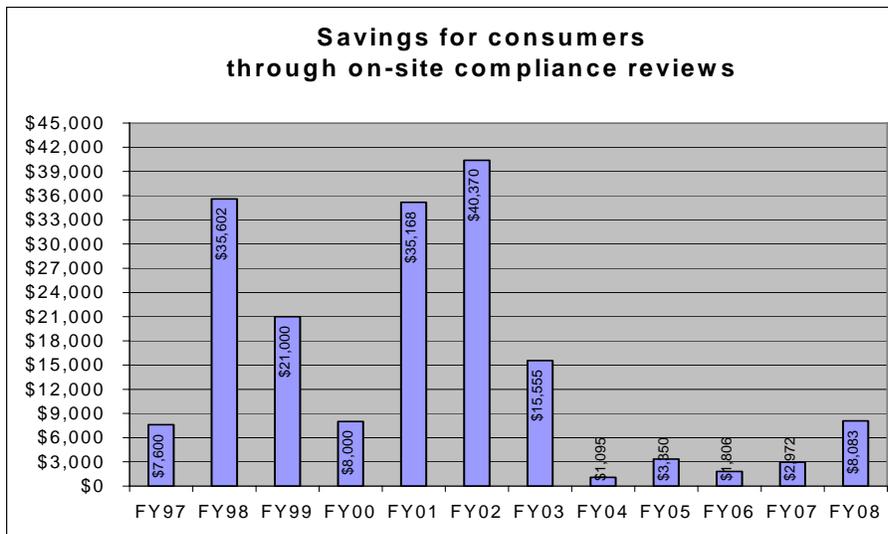


The Department anticipates continued savings for consumers in addition to the amounts reported above. The savings from past fiscal years will continue to benefit consumers until companies come back to the regulators to change rates.

In FY06, the Advocacy program saved workers' compensation insurance ratepayers in excess of \$90 million as a result of involvement in the filings of the National Council on Compensation Insurance (NCCI) for approval of new loss costs and rates for assigned workers' compensation insurance.

Effective January 1, 2005, the Advocacy regulatory review program for utilities was transferred to the Office of Regulatory Staff.

Chart 7.1-5



In FY08, an additional \$8,083 was refunded to consumers as a result of on-site compliance reviews of mortgage loan brokers, pawnbrokers and physical fitness centers.

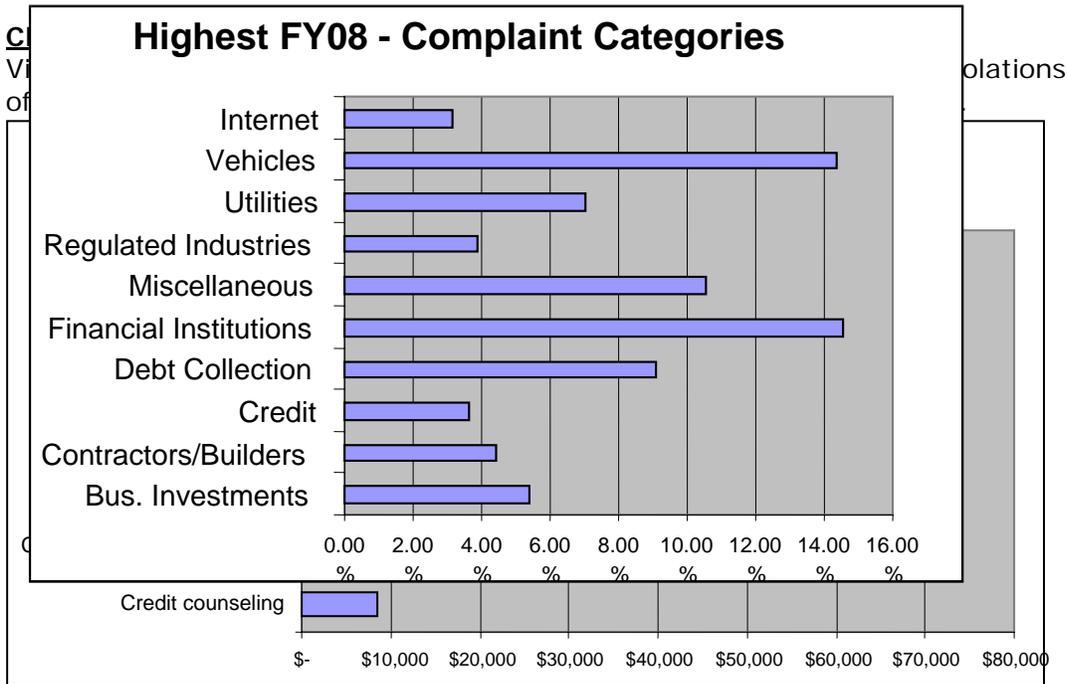
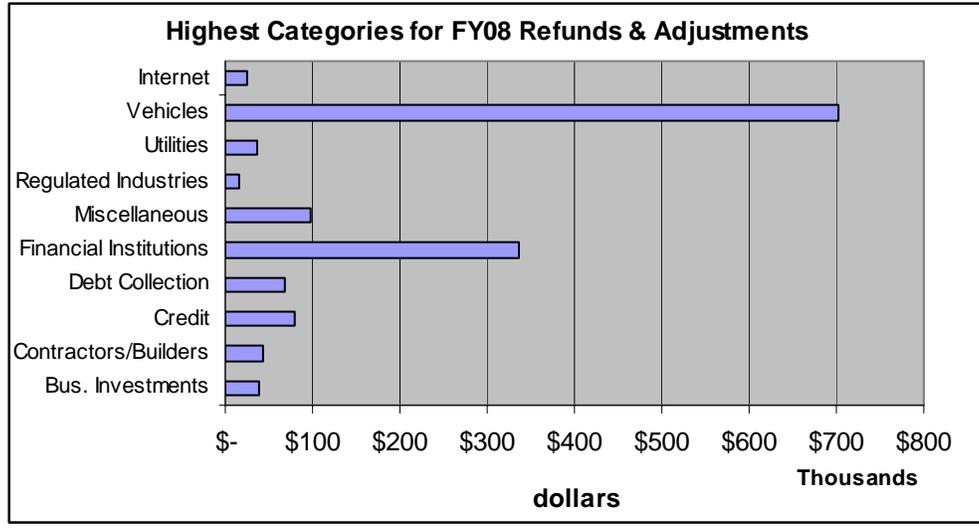


Chart 7.1-7

Vehicles continued to be the leading category for complaints received during FY08. The Department received a total of 891 vehicle complaints involving repairs, sales of motor vehicles, service contracts and repossessions. However, the highest category of complaints for FY08

involved financial institutions, which totaled 903. Complaints filed against businesses involving debt collection and harassment totaled 656 in FY08.

Chart 7.1-8



The Consumer Services Division achieved totaled refunds, credits and adjustments in the amount of \$1,707,000 for FY08. A total of \$337,222 in refunds involved Financial Institutions. Refunds for the vehicle category totaled \$702,945 during the FY08.

What are the performance levels and trends for the key measures of mission accomplishment?

Chart 7.2-1

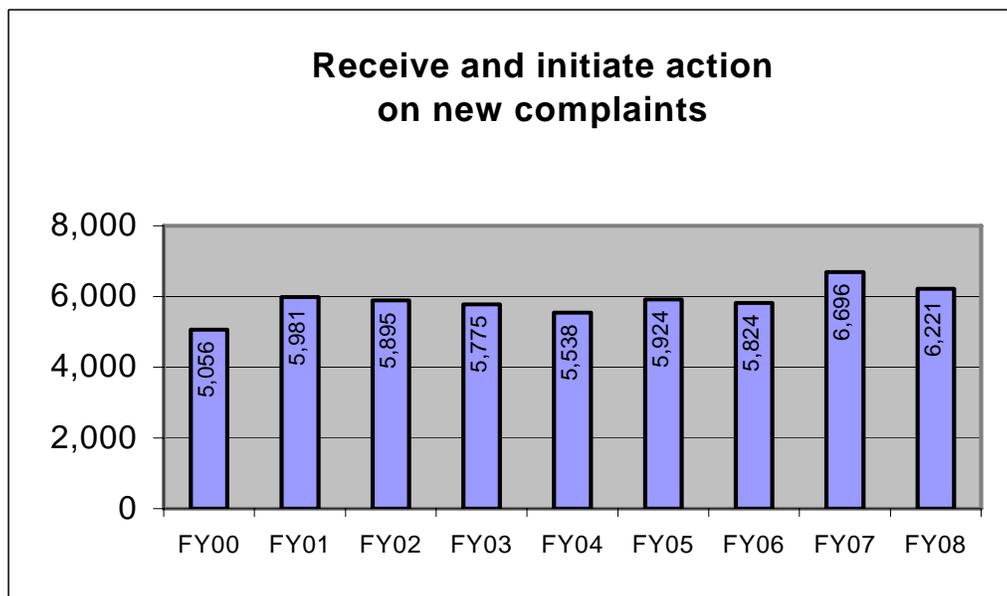
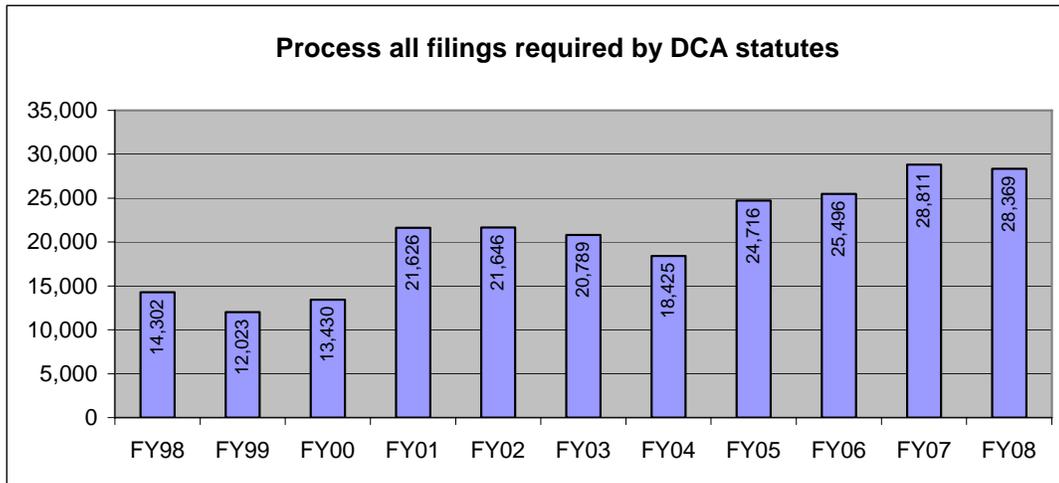
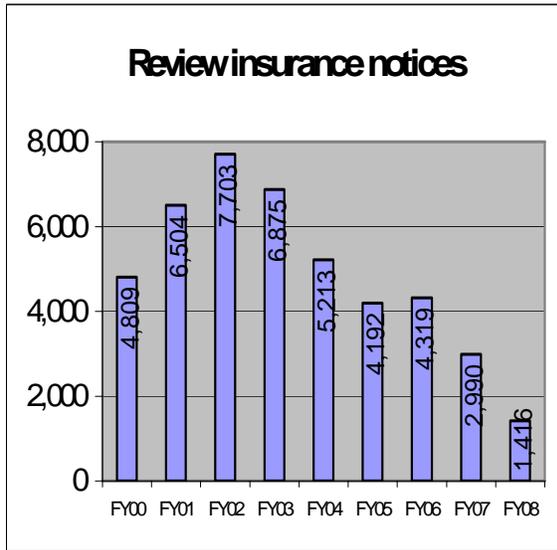


Chart 7.2-2



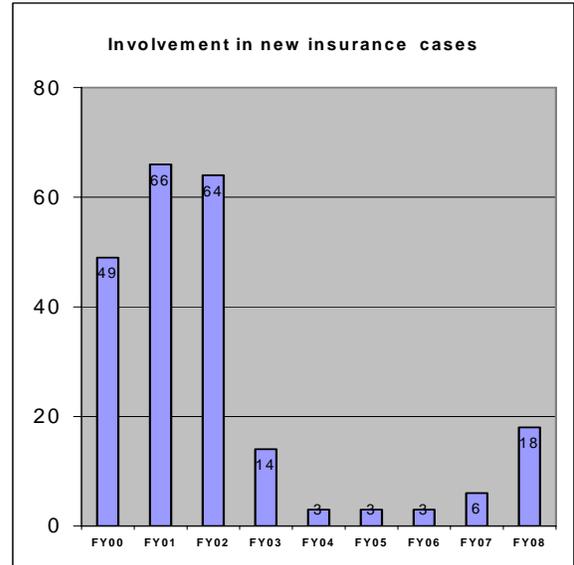
FY01 included 8,313 filings for prepaid legal services, which was a new responsibility as of Act 328 of 2000. FY02 includes 7,939 filings for prepaid legal services registrations and FY03 includes 7,450 filings for prepaid legal services. Due to a saturation of the industry market in South Carolina, FY04 registrations for prepaid legal representatives declined to 4,380. FY05 includes the first time licensing of 3,125 mortgage loan originators. FY06 includes the licensing 3,791 mortgage loan originators. FY07 includes 7,533 Preneed Funeral Contracts received for regulatory review and filing. FY08 includes 7,263 Preneed Funeral Contracts. There were 3,093 mortgage loan originators licensed in FY08.

Chart 7.2-3



This chart depicts the # of new filings by insurance companies for changes in rates or terms of policies. The Consumer Advocate reviews all notices for the impact on consumers.

Chart 7.2-4



This chart reflects the # of filings the CA either requested a hearing or settled with insurance company prior to a hearing.

Chart 7.2-5

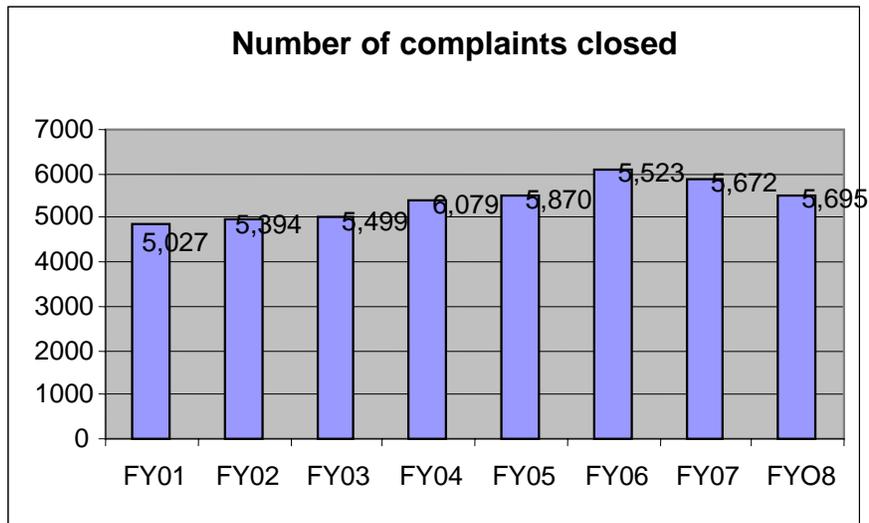


Chart 7.2-6

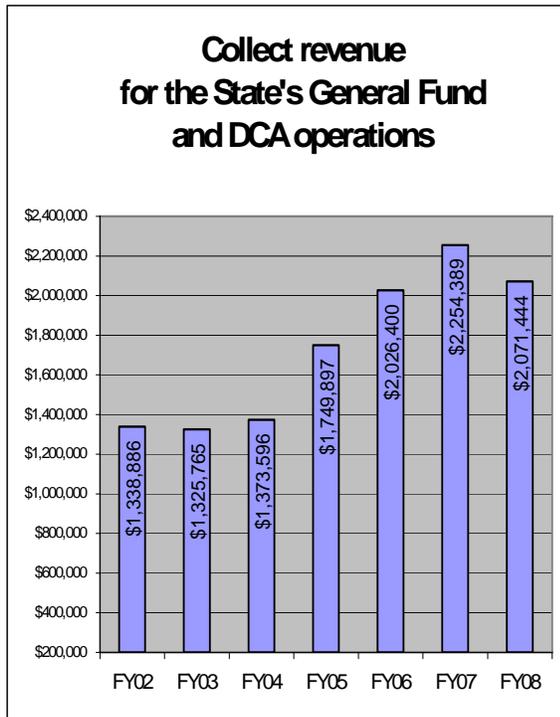
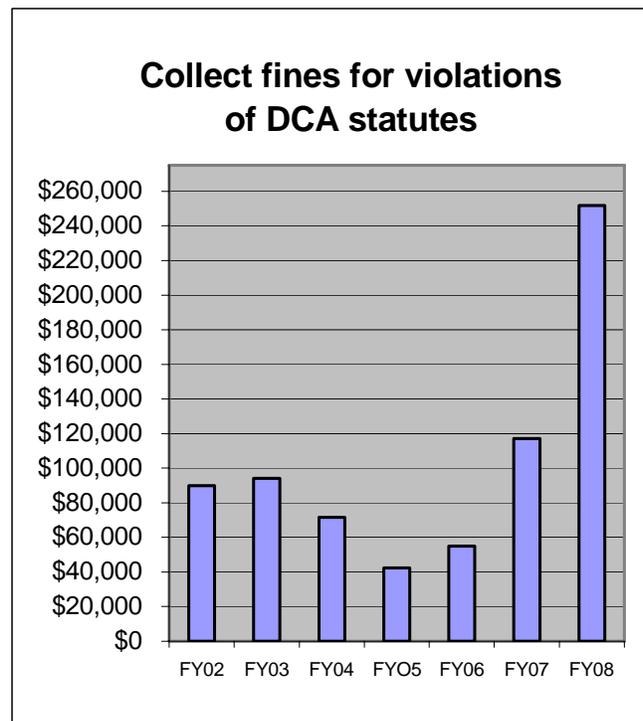


Chart 7.2-7



FY05 included \$156,250 (revenue collection) from licensing fees for mortgage loan originators, which was a new responsibility added in FY05. The Department increased its enforcement efforts for businesses with delinquent filings for maximum rates and notifications in FY03. A total of \$27,850 in penalties was collected from maximum rate filers and \$14,863 was collected in penalties from notification filers in FY03. The Department also settled a case against Conseco, Inc. that provided for a fine of \$30,000 in FY03. The Department collected \$54,926 in penalties and fines for violation of the Consumer Protection Code in FY06. The Department increased its enforcement efforts for registered creditors and mortgage brokers during FY08, which resulted in increased collections for penalties and fines for a total of \$251,902.

What are your performance levels and trends for the key measures of employee satisfaction, involvement and development?

Due to its small size, the Department has not formalized any employee satisfaction measures. Well-being can be assessed through daily contact. The Department's turnover rate has traditionally been low, and retention has been high. Absenteeism has always been a good indicator of individual dissatisfaction. The Director of Consumer Services examines each complaint analyst's number of pending, closed and newly-assigned complaints to get a sense for staff motivation. An exit interview is held when employment is terminated to discover reasons for dissatisfaction, if any. A recent employee incentive program asked employees to develop a logo and a slogan for the Agency. Approximately 82% of all employees participated in the

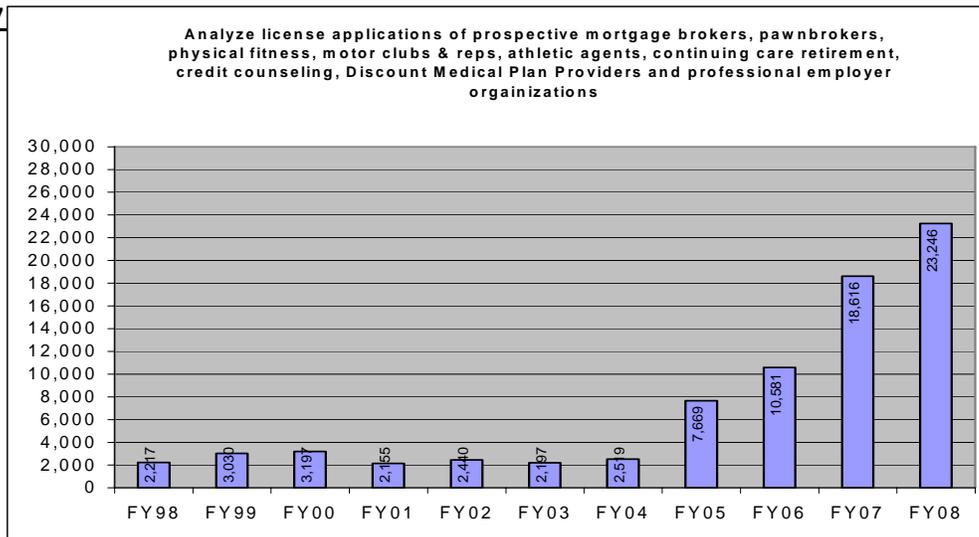
program. This is a good example of a key measure of employee involvement and development. There were over 75 slogans submitted and over 20 logo designs.

What are your performance levels and trends for the key measures of supplier/contractor/partner performance?

The Department has not established any key measurements for these relationships since results differ and vary depending on the transaction. Most of these interactions are improved through oral communications. However, the threat of legal action has been necessary on occasion. If performance is consistently below expectations, the Department usually discontinues the relationship.

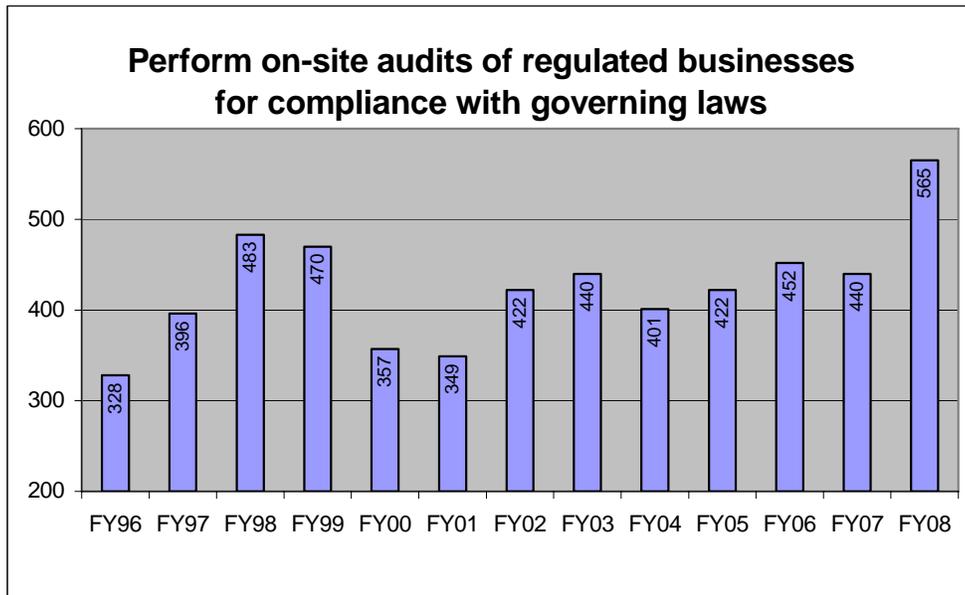
What are your performance levels and trends for the key measures of regulatory/legal compliance and citizenship?

Chart 7

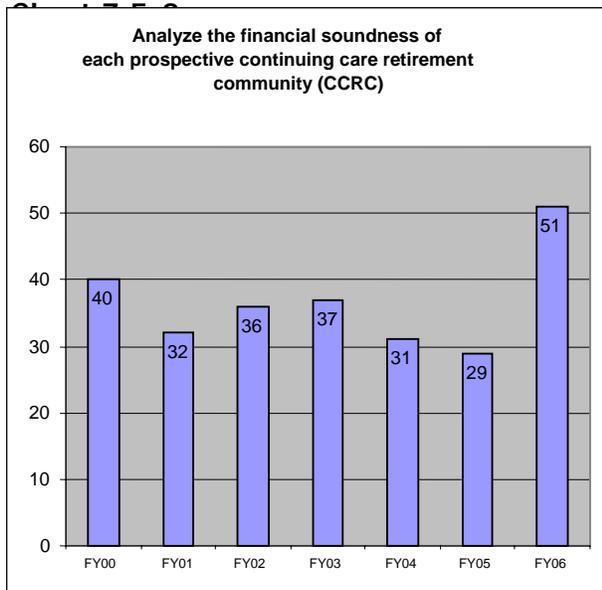


In FY00 and FY99, the Department analyzed a higher number of applications for motor club representatives than normal. In FY05 the Department reviewed 3,536 loan originators and 1,248 mortgage loan broker license applications. This was the first year for mortgage loan originator licensing. In FY07, 4,402 loan originators were licensed and a total of 3,093 were licensed in FY08. Due to the reduction in the sub-prime mortgage financing industry, there has been a decline in the number of mortgage loan brokers and loan originators licensed.

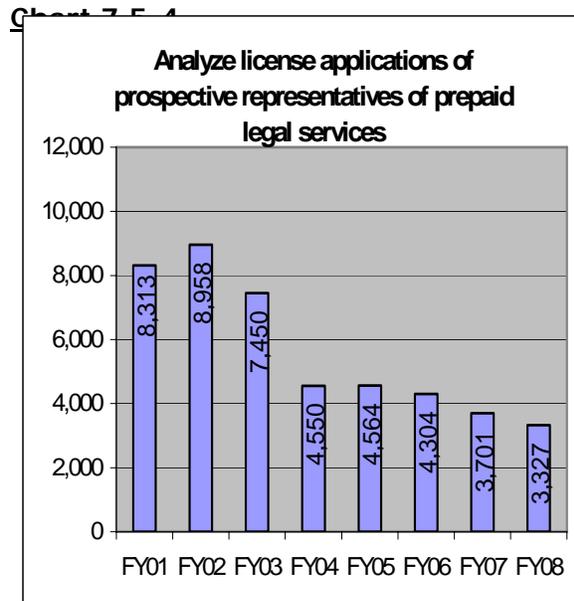
Chart 7.5-2



In addition to the on-site audits listed in the above chart, there were a total of 789 Auto Dealer examinations conducted for the display of the “Buyers Guide” on automobiles for sale.



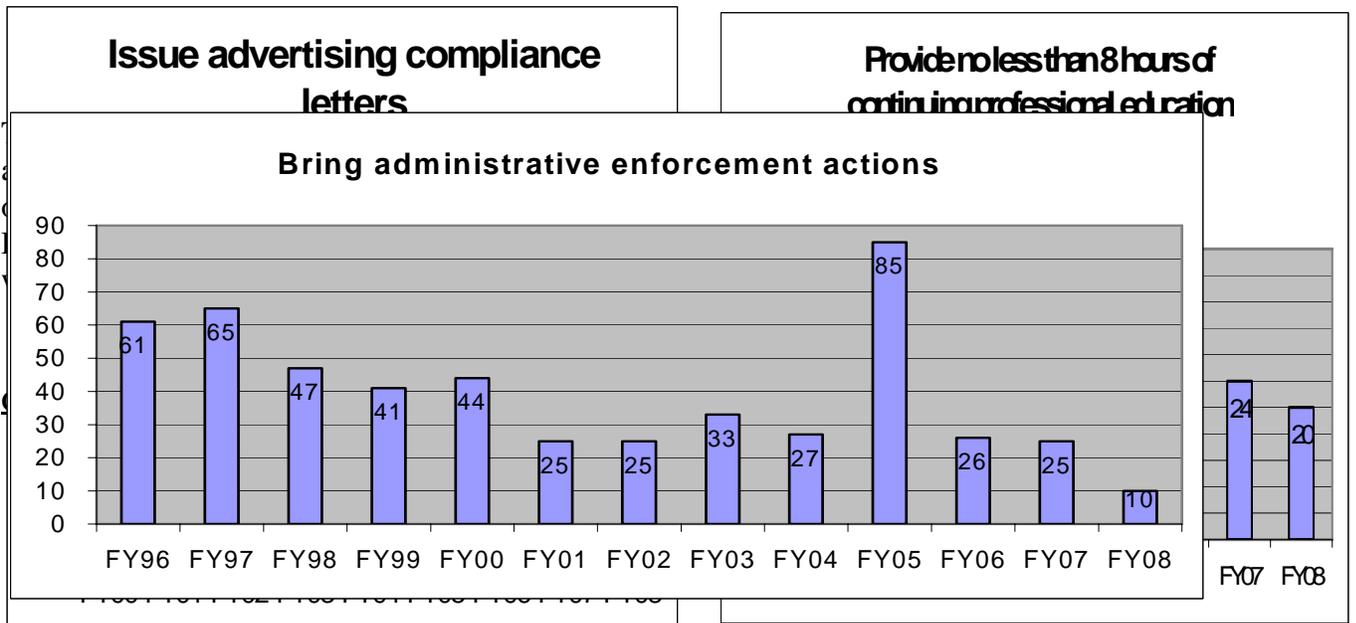
There were 51 continuing care retirement communities licensed in FY07 and FY08.



The oversight of prepaid legal services is a new responsibility as of Act 328 of 2000. The decline in registrations beginning in FY04 was caused by market saturation in S.C. for prepaid legal services.

Chart 7.5-5

Chart 7.5-6



The Department filed an action against Conseco Finance Servicing Corporation on June 20, 2002, alleging numerous violations of debt collection laws. A settlement agreement was entered whereby Conseco agreed to make significant changes in its collection practices in South Carolina, pay \$100 to each person who filed a debt collection complaint with the Department, and pay a fine of \$30,000 to the Department to cover investigation and litigation expenses. Conseco filed for bankruptcy protection before all payments were made.

Administrative Hearings Table for FY07-08						
Type of Business	No. Set	Dismissed		Settled (Fine)	Heard (Fine)	Pending
Mortgage Broker	8	0		4 (\$3,750 fines & \$5,881.56 refunds)	4 (\$725 fines & \$6,400 refunds) 1- rev. 1- fined 2-relief denied	0
Loan Originator	4	App	Den		2 App Den Pen 1 1 2	2
Credit Counseling Organizations	4	0		1 (\$30,520 in refunds)	3	0
Pawnbroker	6	1		2 (\$750/each)	2 (\$750)	1
Physical Fitness	1	0		(\$600)	1	0
Other	1	0		0	0	1
Total	24	1		8	12	4

Table for Licensing Application Reviews

Business	Reviewed	Approved	Pending	Denied	Returned	Inactive
Athletic Agents	65	22	35	0	0	8
Credit Counseling Organizations	96	36	49	2	1	8
Credit Counselors	999	337	470	2	0	190
Mortgage Brokers	1213	724	134	1	0	354
Loan Originators	6201	2635	883	39	0	2644
Motor Clubs	52	35	17	0	0	0
Motor Club Representatives	2609	2021	0	0	0	588
Pawnbrokers	200	130	54	0	0	16
Physical Fitness	139	97	30	0	0	12
Preneed Funeral Companies	31	16	15	0	0	0
Preneed Contracts	7196	7196	0	0	0	0
Prepaid Legal Companies	7	4	2	0	0	1
Prepaid Legal Representatives	3222	3167	0	5	11	39
Total	22030	16420	1689	49	12	3860

Table for Compliance Reviews & Inspections

Mortgage Brokers	Pawn brokers	Physical Fitness	Auto Dealers	Preneed	Total Reviews	Advisory Visits
429	76	108	789	206	1608	42

Refunds from Legal and Enforcement Actions

- Consumer refunds from closed health spas: \$ 1,828.00
- Consumer refunds from unlicensed credit counselors: \$ 467,632.92
- Consumer refunds from compliance reviews & inspections: \$ 8,083.46
- Consumer refunds from possible odometer tampering: \$ 41,745.00

What are your current levels and trends of financial performance?

