

# consumeraction

Annual Report  
FY 2017-2018

# Annual Report

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### Heads up!

Our Complaint Hotline is always looking for volunteers in the San Francisco Bay Area. Qualifications include good computer, research, writing and phone skills. If you think you'd be a good fit, drop us an email at [info@consumer-action.org](mailto:info@consumer-action.org).

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## About Consumer Action

Consumer Action is a non-profit organization that has championed the rights of underrepresented consumers nationwide since 1971. Throughout its history, the organization has dedicated its resources to promoting financial and consumer literacy and advocating for consumer rights both in the media and before lawmakers to promote economic justice for all. With the resources and infrastructure to reach millions of consumers, Consumer Action is one of the most recognized, effective and trusted consumer organizations in the nation.

**Consumer education.** To empower consumers to assert their rights in the marketplace, Consumer Action provides a range of educational resources. The organization's extensive library of free publications offers in-depth information on many topics related to personal money management, housing, insurance and privacy, while its hotline provides non-legal advice and referrals. At Consumer-Action.org, visitors have instant access to important consumer news, downloadable materials, an online "help desk," the Take Action advocacy database and seven topic-specific subsites. Consumer Action also publishes unbiased surveys of financial and consumer services that expose excessive prices and anti-consumer practices to help consumers make informed buying choices and elicit change from big business.

**Community outreach.** With a special focus on serving low- and moderate-income and limited-English-speaking consumers, Consumer Action maintains strong ties to a national network of nearly 7,000 community-based organizations. Outreach services include training and free mailings of financial and consumer education materials in many languages, including English, Spanish, Chinese, Korean and Vietnamese. Consumer Action's network is the largest and most diverse of its kind.

**Advocacy.** Consumer Action is deeply committed to ensuring that underrepresented consumers are represented in the national media and in front of lawmakers. The organization promotes pro-consumer policy, regulation and legislation by taking positions on dozens of bills at the state and national levels and submitting comments and testimony on a host of consumer protection issues. Additionally, its diverse staff provides the media with expert commentary on key consumer issues supported by solid data and victim testimony.

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## From our executive director

Dear Friends,

I enjoy writing this letter because it always gives me an opportunity to hit “pause” and look back at our work over the past year. More and more, it seems we are practically running in place to keep up with a weakening consumer protection environment, the brave new world of financial service delivery channels, the currently uncertain regulatory framework, the explosion of very tricky scams and frauds and the challenges of non-profit fundraising. So—big breath—it’s nice to reflect on what we’ve accomplished. Throughout this annual report you will find the details of what we’ve been up to, but I want to highlight a few things:

**Exploring new issues.** As just one example, we are getting to know the “FinTech” industry, with an eye to guiding consumers and the community-based organizations we serve about how to get the most out of new technologies that can help them manage their finances. We’re also giving valuable feedback to FinTech companies about how consumers react to their apps and services.

**Bolstering legal cases.** We are working with plaintiffs’ attorneys to file amicus (friend of the court) briefs in legal cases of importance to the consumer interest.

**Class Action Database.** To expand the number of refunds that go to affected consumers, we established the Class Action Database on our main website ([www.consumer-action.org/lawsuits](http://www.consumer-action.org/lawsuits)). This resource is visited by, on average, 70,000 consumers each month, who search to see if they are eligible for refunds or other remedies in settled cases.

**Consumer Excellence Awards.** Year after year, we honor outstanding people and organizations who are making the world a better place for consumers. It is such an honor to recognize their often unheralded work! ([www.bit.ly/consumer-excellence-awards](http://www.bit.ly/consumer-excellence-awards))

**National Consumer Empowerment Conference.** As I write, we just wrapped up our 9th annual conference. The highly regarded event gathers community group partners along with consumer education experts and advocates, legislative, regulatory and industry representatives, and other key stakeholders to address critical issues and share best practices in community-based consumer education.

**New coalitions.** This year we’ve joined new groups working for social change on issues as diverse as telehealth, access to printed materials in an increasingly digital world, and prescription drug pricing, just to name three. Working in coalitions enhances our ability to achieve stronger and better protections for consumers. When determining which efforts to get behind, we look to our traditional yardstick: Are consumers being gouged or unfairly restricted in the marketplace?

We are grateful for your continued support. And, in that vein, may I put a bug or two in your ear? Have you considered naming Consumer Action as a beneficiary in your will, to ensure that future generations of consumers benefit from your bequest? Or, did you know that we can accept donations of stocks and other investments? I would welcome a chance to discuss these opportunities with you. Call 415-777-9648 or email me at [ken.mceldowney@consumer-action.org](mailto:ken.mceldowney@consumer-action.org).



A handwritten signature in black ink that reads "Ken McElDowney". The signature is written in a cursive, slightly slanted style.

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## The year in review

### National advocacy

As the Trump Administration continued to challenge, weaken and even dismantle crucial consumer protections, Consumer Action worked to defend the laws and rules put in place to level an increasingly uneven playing field. Our advocacy staff in Washington, DC—most often in partnership with allies similarly dedicated to consumer privacy, marketplace fairness, financial access and corporate accountability—took part in numerous efforts that tackled a broad range of issues during our 2017-2018 fiscal year.

**Consumer Financial Protection Bureau (CFPB).** In addition to informing and engaging the CFPB on multiple consumer finance issues, Consumer Action joined colleagues to actively defend the agency from direct assault by temporary acting director, Mick Mulvaney—no supporter of the Bureau’s mission. Mulvaney concurrently held the position of head of White House Office of Management and Budget.

Consumer Action joined an amicus brief opposing Mulvaney’s acting director appointment because it states clearly in the Dodd-Frank Act, the legislation that created the CFPB, that if a director departs before his/her term expires, the deputy director will take over. Prior to his departure, the agency’s previous director, Richard Cordray, elevated his chief of staff, Leandra English, to deputy director with the expectation that she would automatically be his successor. A judge, however, ruled in *English v. Trump* that Mulvaney’s appointment could stand.

Consumer Action eventually met with Mulvaney during the first consumer-oriented

stakeholder event he held since taking control of the consumer bureau in November 2017. We took the opportunity to explain to him directly how valuable the Bureau’s complaint process and public database are in empowering consumers to protect themselves against unfairness in the marketplace and corporate wrongdoing.

Consumer Action led the national campaign to maintain public access to the consumer complaint database, which encourages companies to respond to (rather than ignore) individuals’ financial services complaints and provides a deterrent to unfair business practices. We drafted multiple formal comment letters on behalf of the coalition supporting the complaint process in response to CFPB requests for information (RFIs). We created templates for other organizations to use to submit comments, disseminated “take action” alerts to rally consumers and community-based organizations (CBOs), and took part in media interviews and Twitter campaigns directed at encouraging support of crucial consumer protection tools. We managed the Americans for Financial Reform (AFR) complaints committee and rallied nationwide support for a CFPB as the consumer protection agency it was intended to be.

In the press, on social media and in our own publications, we opposed the numerous actions Mulvaney has undertaken to deregulate and dismantle the Bureau, including: gutting the Office of Fair Lending’s supervision and enforcement functions; freezing data collection for six months; delaying the Bureau’s modest payday loan rule and vow-

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ing to kill it; dropping lawsuits and investigations against payday lenders; threatening to ban public access to the complaint database; hobbling the agency's funding; asking Congress to put the independent agency's budget and rulemaking process under Congressional control; changing the agency's directorship to an "at will" position (rather than one that requires "cause" for dismissal); revising the Bureau's mission to focus on deregulation rather than consumer protection; and dismantling the Office of Student Lending, its mandated Consumer Advisory Board and two other advisory boards.

We reported on these and other CFPB activities and news in the monthly CFPB Watch column of our Consumer Action *INSIDER* newsletter.

We ended the fiscal year (March 31, 2018) much as the previous one: defending the CFPB and its public complaint database from anti-consumer forces.

**Mandatory binding arbitration/class actions:** As part of the Fair Arbitration Now coalition of over 300 consumer, civil rights, labor, community and non-profit organizations, Consumer Action fought diligently to uphold a CFPB rule that was finalized in July 2017 to restrict the practice of forced arbitration. Arbitration clauses exist in the fine print of many consumer contracts, for everything from wireless service to credit card accounts. These clauses force consumers to settle their disputes outside of a courtroom if a company has wronged them. While the CFPB's arbitration rule did not ban arbitration clauses outright (something that Consumer Action pressed the agency to do), it protected consumers' right to join class action lawsuits to hold corporations accountable when they break the law—something that virtually all arbitration clauses specifically prevent.

Of course, many corporations objected to the rule, even in its more lenient form. Pushback was instantaneous and aggressive, as Consumer Action predicted it would be. As soon as the rule was finalized, we took a proactive approach, emphasizing the rule's importance in media statements and warning the public that Congress would likely attempt to repeal it in short order. Throughout the summer and fall of 2017, Consumer Action sent e-blasts to our followers encouraging them to call their representatives in Congress and demand that they protect the rule. We also engaged in a series of coalition-wide tweetstorms encouraging consumers to #DefendCFPB and proclaim #NoRipOffClause. We used Twitter again to provide consumers with live updates during Wells Fargo's hearings before Congress (which we attended) and the bank's ongoing position that defrauded consumers should not have access to the courts because the fraudulent accounts opened without their consent contained arbitration clauses.

Sure enough, the U.S. House of Representatives soon voted to repeal the rule, a decision that Consumer Action called "disgraceful" in a statement to the media. The Senate followed suit in October, using a little known but powerful loophole called the Congressional Review Act (CRA), leading Consumer Action to issue a statement saying that Congress had effectively "declared war on consumers" and "given a big fat gift to companies like Equifax and Wells Fargo," who would continue to be "free to abuse and defraud consumers without liability."

Despite the demise of the arbitration rule, Consumer Action continues to fight to protect consumers' right to pursue their day in court. For example, we created a petition targeting the Centers for Medicare and Medicaid Services, which proposed a rule

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to eliminate protections for seniors harmed by abuse, neglect and legal violations in nursing homes. Unfortunately, the agency ultimately allowed nursing homes to force arbitration on vulnerable seniors and their families via terms buried in admissions contracts.

We also joined advocates in a Feb. 7, 2018, letter calling on the leaders of the tech industry's biggest companies, including Apple, Google and Facebook, to remove forced arbitration provisions in employee contracts and take the first steps toward creating a harassment- and discrimination-free environment. Arbitration clauses are often a condition of employment, impacting an estimated 60 million Americans. Forcing an employee into arbitration not only deprives the harmed individual of access to the court system, it also has the effect of silencing systemic wrongdoing in the workplace.

**Data privacy:** Consumer Action, in partnership with many other respected consumer and privacy advocates, submitted formal comments on internet privacy bills introduced in the U.S. Senate and House. The groups noted that any new laws must not take authority away from agencies such as the Federal Communications Commission (FCC)—entities that already have expertise and enforcement ability in this arena—and that privacy must remain a fundamental right of all Americans, including our most vulnerable.

As a member of the Electronic Privacy Information Center's (EPIC) digital privacy coalition, we met with fellow members at the organization's Washington, DC, headquarters many times over the year to discuss "breaking news" privacy concerns with EPIC and other leading privacy protection organizations, such as the Center for Digital

Democracy and the Government Accountability Project.

Members of our coalition met with Federal Trade Commission (FTC) Acting Chairman Maureen Ohlhausen in early 2017. The meeting provided advocates the opportunity to discuss the FTC's role in privacy and consumer protection under the new administration.

Throughout the year, the coalition responded to the threats posed by the administration to consumer privacy, including by signing on to a letter to protect state voter registration records from the administration's attempts to ferret out so-called "illegal" voters.

We joined our allies in urging the Federal Communications Commission to repeal an outdated rule that requires phone companies to retain the detailed call records of their customers. The rule, known as a data retention mandate, is unduly burdensome and ineffectual and poses a threat to American consumers' privacy and security. Consumer Action participated in a #MyCallsMyData coalition tweetstorm to encourage consumer comments to the FCC.

In the wake of the massive Equifax data breach, which impacted 143 million Americans in the fall of 2017, Consumer Action set to work advising the public on how to protect their personal information. We wrote and distributed a guide to freezing one's credit reports, and engaged in several tweetstorms under the hashtag #ConsumersFirst during House Financial Services Committee hearings on the breach. We called on Congress to pass legislation making credit freezes free for all consumers (a success that took effect on Sept. 21, 2018) and to resist the financial and banking industries' attempts to pass legislation



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that preempts stronger state laws in matters that relate to consumer data security and privacy.

Consumer Action joined the National Consumer Law Center and other groups in a letter pointing out that one seemingly well-intentioned effort would actually weaken consumer protections. The Credit Access and Inclusion Act (HR 435) would reduce utility customers' and tenants' control over their own personal information by overriding stronger state and federal privacy protections. (As of this writing, the legislation has passed through the House, with amendments, and was referred to the Senate Committee on Banking, Housing, and Urban Affairs.)

As 2017 came to a close, we sent letters to major automobile manufacturers and car rental companies expressing concern about driver privacy in the digital age. Specifically, we cautioned them about the amount of data that cars can now collect, including location, call history, search and browsing history, etc. The coalition urged rental companies and manufacturers to inform consumers about what data is collected (and held or made accessible to others), who controls the data and how the data can be removed. In the first quarter of 2018, we joined the U.S. Vehicle Data Access Coalition, a group attempting to ensure clarity surrounding who owns the data that is collected in rental and shared autos, and included this emerging risk in the spring 2018 Data Protection issue of Consumer Action News ([https://www.consumer-action.org/news/articles/data\\_protection\\_issue\\_spring\\_2018](https://www.consumer-action.org/news/articles/data_protection_issue_spring_2018)).

Letters also went to the FTC asking it to act to protect kids from the danger of smartwatches marketed as a tool to enable

parents to track the location of, and stay in touch with, very young children. (Research showed that the watches actually put children at risk because data is not stored safely and the watches can easily be overtaken by hackers who might prey upon the children.)

Consumer, community, privacy and civil rights groups wrote to the U.S. House in opposition to a bill (HR 2396) that would minimize, if not remove, currently required annual disclosures by banks that inform consumers that they have the right to prevent the sharing of their non-public personal information with "nonaffiliated third parties that aren't selling financial products" (i.e., marketers). The letter cautioned that if HR 2396 were to become law, most consumers would only learn of their right to stop the sharing of their personal information when they initially set up a new account with a financial institution, but likely never again afterward. This would almost certainly lead to consumer harm, including unwanted solicitations, price discrimination and an increased risk of identity theft.

After Congress blocked the FCC from enacting hard-won ISP privacy rules, advocates encouraged states to step up and protect their citizens' broadband privacy rights. Consumer Action pledged its support for New America's Open Technology Institute's new model legislation ([https://na-production.s3.amazonaws.com/documents/Model\\_Broadband\\_Privacy\\_State\\_Bill.pdf](https://na-production.s3.amazonaws.com/documents/Model_Broadband_Privacy_State_Bill.pdf)) to aid state legislatures in providing Americans real choices over how broadband providers like AT&T and Verizon can use, disclose and provide access to customer information. We continued to work as part of a coalition of privacy and consumer organizations to protect and enhance broadband privacy, and met with Manee-



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sha Mithal, associate director in the FTC's Division of Privacy and Identity Protection, to discuss tracking of customers' online activity by cable companies. We also met with data protection regulators from various countries, hosted by the Future of Privacy Forum, whose monthly "privacy landscape" calls we participate in.

We attended a privacy roundtable at Facebook's Menlo Park, CA, headquarters in May 2017 and discussed privacy-related issues with company representatives throughout the year. Despite the ongoing dialogue between privacy advocates and the company, the social media giant exposed the data of up to 87 million users to a researcher employed by a company that worked for the Trump campaign. Upon this scandal (Facebook/Cambridge Analytica) coming to light in March 2018, we signed a coalition letter urging the FTC to investigate whether Facebook had violated a 2011 FTC consent order settling charges that the company deceived consumers by telling them they could keep their information on Facebook private, and then repeatedly allowing it to be shared and made public. The order required Facebook to obtain consumer consent prior to releasing consumer data. We also commented for the FTC's informational injury workshop, noting that the FTC must dig deeper and require more of companies to minimize the risks of identity theft.

Another major issue the coalition addressed throughout the year was the need to protect the data of vulnerable immigrant populations, particularly in light of the administration's increased surveillance of the Latino community. Consumer Action attended a coalition meeting with the Department of Homeland Security (DHS) to discuss the use of facial recognition technologies in

airports, the collection of the public's social media data, and the amount and type of personal data that could be provided to DHS through the now defunct Deferred Action for Childhood Arrivals (DACA) program. The coalition's concern is that the data collected through DACA between 2012 and 2017, when the program was in operation, is now being shared with ICE and/or the U.S. Customs and Border Protection agency and could be used to track the approximately 800,000 people who applied to the program.

We maintained our long-time membership in the Transatlantic Consumer Dialogue (TACD), a consortium of consumer groups from the EU and the United States that meet (in person or by phone) regularly to monitor and discuss global regulatory issues and their impact on consumer financial and privacy protections. The General Data Protection Regulation (GDPR), a strict set of rules granting EU citizens more control over their personal data, provided advocates the opportunity to learn from the EU's process and success in strengthening individual data privacy rights. In the fall of 2017, we attended the TACD privacy symposium on the GDPR and helped with a TACD-hosted workshop in Washington, DC, to discuss with stakeholders the best ways U.S.-based companies could implement regulation similar to the GDPR and extend privacy rights to U.S. citizens. We continued the conversation in the spring of 2018, when we met with the European Data Protection Supervisor Giovanni Buttarelli to discuss the new regulation in depth, and the implications of U.S. privacy laws on international law, and vice versa. Earlier in the year, the coalition met with Professor Joseph Cannataci, the UN Special Rapporteur on the right

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to privacy (who works to protect user data from commercial exploitation).

**Net neutrality:** Corporate attacks on net neutrality—the principle that all internet service providers (ISPs) treat all content on the internet equally and not discriminate or charge differently by user, content, website, platform, application, type of attached equipment or method of communication—gained powerful support under the Trump Administration. In December, FCC chairman Ajit Pai (a Republican) reversed net neutrality regulations passed during the Obama administration. The reversal is being challenged in court.

Earlier, during the July national day of action for net neutrality supporters, Consumer Action joined in raising awareness of the importance of a free and open internet. Consumer Action's Kathy Li was interviewed on KTSF Channel 26 evening news, which broadcasts to Chinese communities in the San Francisco area in both Cantonese and Mandarin. Li pointed out that in addition to higher fees and slower speeds ("throttling"), a loss of net neutrality could lead to biased or less diverse information and news presented to the public (due to the "pay-to-play" strategy the carriers would employ).

Meanwhile, we joined in a tweetstorm pointing out important considerations in the fight for net neutrality and applauded legislators who have spoken up in support of net neutrality, including Senators Cory Booker (D-NJ) and Ed Markey (D-MA).

During the year, we met with companies such as AT&T and Charter Communications regarding the critical importance of maintaining net neutrality.

**Payday loans:** Consumer Action and more than 700 members of the Stop the Debt

Trap coalition worked throughout the year to protect the CFPB's final rule to rein in payday lending and other types of predatory high-cost loans (announced in October of 2017). Now back on the drawing board, the first iteration of the rule had required short-term payday and vehicle title lenders to check a borrower's ability to repay before lending them money (lessening the likelihood that borrowers will need to borrow even more money or default on everyday expenses like rent in order to pay off loans). It also limited lenders' automatic access to borrowers' bank accounts.

The payday loan industry attacked the rule at every turn, as did some legislators, who tried to repeal the rule through a resolution (HJ Res. 122) that would give payday lenders a free pass to continue exploiting financially vulnerable Americans. From within the CFPB, Acting Director Mulvaney ordered staffers to drop a pending lawsuit against online payday lender Golden Valley Lending, accused of charging borrowers as much as 950% interest, and allegedly scrapped investigations into other payday lenders.

Consumer Action not only fought back, but also seized every opportunity to tout the benefits of the rule in the media, among legislators and with our allies and followers. As soon as the Obama-era rule was announced, Consumer Action applauded it by issuing a press release and media statement calling the rule "desperately needed" in order to "help consumers avoid the long-term pain of payday loan debt traps." We also wrote and disseminated a backgrounder on what the original rule meant for consumers, which outlined in easy-to-understand language key elements of the "ability-to-repay" requirement, limits on the number of short-term loans lenders could issue and

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restrictions on the access lenders would have to borrowers' bank accounts.

Less than two months after the rule was announced, anti-consumer members of Congress ramped up efforts to repeal it through the Congressional Review Act (which ultimately failed when senators missed a key deadline). It's now being revamped by the Republican-led CFPB and we fear it will be far weaker.

Consumer Action also kept abreast of (and spoke out against) additional legislative threats to payday regulations in the form of bills like S 1642/HR 3299 (commonly known as the "Madden Bills"). This type of federal legislation would make it easier for payday lenders and other non-banks to avoid rate caps at the state level by partnering with established banks. Consumer Action opposes the legislation, which is still alive in the House and Senate.

**Predatory lending:** Payday loans are not the only predatory lending threat that got our attention. Consumer Action joined a number of housing, economic justice and consumer advocacy groups in opposing two deceptively named bills: the Mortgage Fairness Act of 2017 (HR 2570) and the Community Institution Mortgage Relief Act of 2017 (HR 3971). These would make it easier for banks and lenders to issue risky home mortgages to consumers. HR 2570 would allow lenders to evade existing rules surrounding high-cost mortgage loans and steer homeowners into abusive deals on certain mortgages (especially home equity lines of credit and construction loans). HR 3971 would allow larger lenders to make high-priced mortgages without requiring homeowners to deposit money in escrow for taxes and homeowners insurance. (Mandatory escrow accounts help ensure that homeowners

can manage the costs of homeownership, reducing the risk of mortgage default.)

In an effort to end predatory lending practices both online and offline, Consumer Action and allies wrote in support of the SAFE (Stopping Abuse and Fraud in Electronic) Lending Act (S 2760), introduced by Sen. Jeff Merkley (D-OR). The bill aims to curb predatory lending practices and promote financial stability among working families.

Just as our fiscal year was closing, we found ourselves fighting yet another attempt to roll back Dodd-Frank protections. Ten years after the Great Recession, Senator Mike Crapo (R-ID) introduced a bill that takes aim at Dodd-Frank Act protections for consumers and the ability to monitor big banks to prevent another financial meltdown. The Economic Growth, Regulatory Relief, and Consumer Protection Act (S 2155) would put consumers at greater risk of predatory lending and weaken other important safeguards passed since the last crisis.

**Fair lending:** Payday loans and other predatory products are not the only threat to a fair lending system; discrimination and lack of access keep many communities from increasing their assets and improving their financial wellbeing.

Consumer Action strongly opposed Congress's threat to use the Congressional Review Act to roll back a five-year-old CFPB auto lending guidance designed to curb racial discrimination in auto financing. The guidance restricted auto lenders' ability to charge extra interest on certain loans offered at dealerships. (Sadly, shortly after our fiscal year ended, President Trump signed a resolution into law to get rid of this consumer protection measure that helped minority car buyers.)

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When it came to the mortgage industry, advocacy groups, led by the National Community Reinvestment Coalition, opposed legislation that would exempt mortgage lenders that originated fewer than 1,000 home loans in each of the two preceding years from reporting critical loan details to regulators as mandated by the Home Mortgage Disclosure Act (HMDA). HMDA provides the government with the information needed to determine whether or not eligible borrowers are receiving equitable access to mortgage credit regardless of their color, gender, etc. Regulators lacked this data a decade ago (when the housing crisis hit) and advocates argue that now is “not the time to limit the nation’s ability to adequately assess the reasons for restricted credit access for underserved borrowers.”

We also argued that the Federal Housing Finance Agency (FHFA) can and should do more for low-income communities. While we and our allies submitted comments to the FHFA lauding its efforts to improve strategies that ensure that those from low-income communities have better access to affordable housing and homeownership, we also noted that more could be done to help this population, including increasing access to mortgage credit in low-income areas, tracking language preference in mortgage loan documents to identify and assist limited English proficiency (LEP) borrowers, providing in-language loan documents and translation services, maintaining a two-part metric test that sets a higher standard and ensures compliance with the agency’s goals, and making sure the agency exercises its statutory authority when it comes to Freddie Mac’s and Fannie Mae’s low-income purchase goals.

Consumer Action also commented on the FHFA’s consideration to update and im-

prove credit scoring models for mortgage underwriting. We recommended including alternative data (such as rental payments) to expand credit access to “credit invisible” consumers as long as consumers have some control over what’s included and how it’s used.

Consumer groups sent a letter to the U.S. House in opposition to a bill (HR 3746) that would allow companies offering credit-related insurance products to avoid CFPB oversight. If passed, companies could engage in deceptive and fraudulent practices involving the sale of forced mortgage and auto insurance, credit insurance add-ons and private mortgage insurance. Often, consumers do not even realize that the price of a loan has been padded with these types of insurance and the extra costs can lead to foreclosure and auto repossession.

**Contact Lens Rule:** Our work to inform consumers of their right to receive a copy of their lens prescription after an eye appointment and to oppose a Senate bill to make it more difficult for consumers to buy contacts from a third-party provider continued.

As part of the Coalition for Contact Lens Consumer Choice, we participated in an ad to draw attention to the issue on June 21, 2017, when there was to be a fly-in by optometrists who oppose the FTC’s proposed updated rule.

We extended the fight to the states, joining the National Taxpayers Union in an August letter to the Kentucky State Senate opposing legislation (HB 191) that would restrict the right of close to one million Kentucky state residents to renew lens prescriptions online, and joining Americans for Vision Care Innovation in a letter urging Washington State legislators not to ban “ocular telemedicine” for eyewear prescription renewals.

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In February 2018, we created two videos—one on eyecare and eyewear rights for contact lens and glasses consumers and the other on how online prescription renewal services work—that can be found on our Vision Action Center website, launched in May 2018. (<https://www.consumer-action.org/vision>).

In March, Consumer Action's Linda Sherry joined a panel on consumer choice and prescription release at the FTC's public workshop in Washington, DC. The workshop was held in conjunction with the agency's routine regulatory review of its Contact Lens Rule, which ensures consumers can shop around for eyewear and purchase it from the seller of their choice.

Later that month, our staff conducted a spot check of optometrists' offices in San Francisco, Santa Clara and San Jose, CA, to see if they had posted signage mandated by state law to inform patients of their right to get an automatic copy of their eyewear prescriptions. We found that the requirement was largely ignored by the optometrists we visited: A full 90 percent of 20 optometrists' offices our staff visited did not have the required signs.

**Debt collection:** Our Outreach team trained community groups on consumer rights regarding debt collection, with two in-person trainings and two webinars designed to help people who owe debts understand their rights, communicate effectively with a debt collector, avoid a judgment or garnishment, spot a scam, find assistance or file a complaint. The education effort was aligned with our Advocacy team's work to increase regulations to protect consumers from debt collection abuses.

Early in the year, we joined a letter to California Attorney General Xavier Bacerra

asking that state attorneys general, state banking regulators and the CFPB take immediate action to protect student loan borrowers from the systematic illegal and unethical practices engaged in by student loan servicer Navient.

In October 2017, Consumer Action joined the National Consumer Law Center (NCLC) and other groups in a letter to the U.S. House and Senate Committees on Armed Services urging the committees to direct the DoD to review and update its policies in order to protect the financial health of servicemembers and their families.

In January, we signed on to oppose legislation (HR 4550) that would exempt attorneys and law firms engaged in litigation from having to follow the consumer protection rules established under the Fair Debt Collection Practices Act (FDCPA). The FDCPA forbids collectors from, among other things, harassing and threatening consumers.

**Housing:** Consumer Action was active in its support of the Home Mortgage Disclosure Act, a 1975 federal law that requires certain financial institutions to provide mortgage data to the public. (The Dodd-Frank Act transferred rulemaking authority for the HMDA to the CFPB, effective July 2011.) Throughout the year, we attended meetings on HMDA data collection and signed on to comments supporting the collection of more and different data that would help: determine whether financial institutions are serving their communities' housing needs; assist public officials in distributing public investment; and assist in identifying possible discriminatory lending patterns and enforcing anti-discrimination statutes. New credit scoring models are being eyed by regulators and lenders to help qualify a broader population of potential borrowers interested



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in owning homes and qualifying for credit cards and auto loans. This “alternative data” can include rent, cable, cell phone and gas or electric payment histories, typically not found on traditional credit reports.

To gauge consumer attitudes about the use of alternative data (non-loan-related information) in lending decisions, Consumer Action conducted an online poll in late April 2017. More than 80 percent of respondents agreed that certain payment records—namely rent and utility records—held promise for widening the availability of credit if used to evaluate loan applications. Conversely, 96 percent of respondents balked at the use of social media or video-watching habits to help assess a consumer’s propensity to repay. The results were released in the Summer 2017 issue of *Consumer Action News* ([https://www.consumer-action.org/news/articles/alternative\\_data\\_and\\_financial\\_inclusion\\_summer\\_2017](https://www.consumer-action.org/news/articles/alternative_data_and_financial_inclusion_summer_2017)), examining the benefits and risks of using unconventional data to evaluate consumers in an evolving lending environment.

We supported and encouraged strengthening of the Community Reinvestment Act in a group letter to the U.S. Department of the Treasury, which is considering a weaker version of the law that will harm the underserved communities the original law was intended to help.

**Language access:** We’ve long advocated for greater access to credit and financial services for limited-English-speaking consumers. As part of our efforts, we participate in monthly language access calls with the CFPB and other federal agencies, working groups and joint comments to regulators, with the goal of encouraging translation of key documents by the financial services industry and government agencies.

## **For-profit schools and education funding:**

Despite staggering statistics showing that record-setting student loan debt impacts more than 44 million borrowers, including a disproportionate number of women and an increasing number of financially struggling seniors, the Department of Education (ED) spent the last year continuing its efforts to advance financial gains for the loan servicing and for-profit college industries over the education and financial wellbeing of Americans.

Consumer Action continued to push back against the Department as it persisted with its mission to delay or weaken student borrower and taxpayer protections, including the gainful employment, borrower defense and state authorization rules that regulate for-profit higher-education programs and discharge the debt of borrowers who were victims of unscrupulous schools. By delaying the “borrower defense” rule until 2019 (it was set to go into effect in 2017), the Department of Education would expose wronged student borrowers to over \$1 billion in costs.

In July 2017, the Department of Education held two public hearings on its decision to delay the regulations and begin a new rule-making process. National priorities associate Alegra Howard testified regarding our opposition to the delays.

We also joined our coalition advocates in condemning the changes the Department of Education made to its student loan servicing guidance and procurement requirements due to the impact the changes might have on Black and Latino student borrowers. As it stands, the student loan servicing industry too often fails borrowers of color, and the changes announced would exacerbate inequalities, making it even more harmful to these students and families.

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In an effort to clarify the myriad repayment options available for federal student loan borrowers, we devoted the Winter issue of *Consumer Action News* ([https://www.consumer-action.org/news/articles/repaying\\_your\\_student\\_loans\\_winter\\_2017-2018](https://www.consumer-action.org/news/articles/repaying_your_student_loans_winter_2017-2018)) to the topic, highlighting the opportunities and pitfalls associated with choosing a student loan repayment plan and the loan forgiveness options available to some borrowers.

During our annual National Consumer Empowerment Conference, we highlighted low-cost apprenticeship opportunities as a valuable alternative to pricey, and often less effectual, vocational and trade school programs.

**Lifeline:** In May 2017, Consumer Action staff updated its California LifeLine guide ([https://www.consumer-action.org/modules/module\\_california\\_lifeline](https://www.consumer-action.org/modules/module_california_lifeline)) to reflect important adjustments to the program, including annual changes in eligibility criteria. Our executive director, Ken McEldowney, continued to serve as chair of the Universal Lifeline Telephone Service Trust Administrative Committee (ULTSAC), an advisory board providing advice and recommendations to the California Public Utilities Commission on the development, implementation, and administration of the California LifeLine program. He and committee members addressed the need for companies providing Lifeline voice service to also provide broadband internet service as part of the program. Consumer Action is a staunch advocate for universal broadband access.

Throughout the year, Consumer Action joined its allies in responding to FCC Chairman Ajit Pai's threats—and attempts—to gut the Lifeline program and leave millions of low-income Americans without the security, peace of mind and opportunity

that come with connectivity. McEldowney, who also sits on the FCC consumer advisory committee, observed that it was becoming very clear that, under Pai, the advisory committee would not have much impact, as the new chairman had cancelled all of the efforts the committee was working on under former Chairman Wheeler.

### **Airline passenger rights/air traffic control:**

Following the publicity of an involuntarily bumped passenger being forcibly removed from a United Airlines flight in April 2017, we began working with organizations such as FlyersRights.org, Travelers United, National Consumers League and other consumer groups to develop a bill of rights for airline passengers that we would propose to the Department of Transportation. Among the rights we are seeking is the conspicuous disclosure of all fees; reinstatement of the "reciprocity rule" (Rule 240) allowing passengers on canceled or excessively delayed (over 90 minutes) flights to use their ticket on another airline with available seating flying to the same, or a nearby, destination; and the requirement that passengers receive meals, lodging and ground transportation when delays and cancellations result in an overnight stay.

In October, leading airline passenger, consumer and rural organizations, including Consumer Action, National Consumers League, FlyersRights.org, the Alliance for Aviation Across America and In the Public Interest, launched an ad to set the record straight on the airlines' push to privatize the air traffic control system.

## **California advocacy**

Consumer Action's California legislative coordinator, Joe Ridout, advocated for passage of legislation benefiting consumers and opposed bills we considered harmful to



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their interests. In the effort to protect and promote consumer rights in Sacramento, Consumer Action collaborated with home state allies, including the Consumer Federation of California, the California Reinvestment Coalition, Consumers for Auto Reliability and Safety, and the East Bay Community Law Center.

**SB 33** (Dodd) was successful legislation created in response to big business using a practice known as forced arbitration to deprive the public of their constitutional right to trial. The 2016 Wells Fargo scandal revealed how important it was that consumers have the opportunity for their day in court: After Wells Fargo was forced to disclose its massive identity theft scheme, which resulted in the illegal opening of 3.5 million unauthorized accounts, it ridiculously claimed that it was exempt from class action lawsuits over the practice because its fine print mandated arbitration to resolve legal disputes and banned consumers from joining class actions.

SB 33 puts an end to practices like Wells Fargo's. The new law, which took effect on Jan. 1, 2018, exempts victims of identity theft from arbitration provisions and class action bans associated with unauthorized accounts opened in their names.

**SB 17** (Hernandez) was another legislative success. It promotes transparency in prescription drug prices by requiring pharmaceutical companies to provide a 60-day advance warning before price hikes.

By requiring information from drug companies about price increases and by revealing planned price increases before they take effect, SB 17 will spur accountability and transparency from an industry that prefers to operate out of the public eye, to the detriment of healthcare consumers.

Despite heavy spending by the pharmaceutical industry opposing the bill, SB 17 enjoyed overwhelming bipartisan support, with a 66-9 vote in the State Assembly and a 32-8 vote in the State Senate. The new law will take effect Jan. 1, 2019.

**AB 315** (Wood) introduces limited regulation to pharmacy benefit managers (PBMs), which have played a major role in artificially raising drug prices for consumers, and which have been allowed to do so with virtually no oversight. In theory, PBMs are supposed to function as a mechanism to lower drug prices by combining the purchasing power of consumers, insurers and businesses to negotiate better deals with drug manufacturers and pharmacies. In practice, the industry has become an oligopoly, with three companies (Express Scripts, Optum and CVS Caremark) controlling 78 percent of the market and often funneling consumers to their own lucrative specialty and mail order pharmacies. This plays a role in how prescription drug expenditures have skyrocketed 1,010 percent in the past 30 years.

California has had no regulatory authority over PBMs. AB 315 empowers the Department of Managed Health Care (DMHC) with limited oversight. Requiring disclosure of drug acquisition costs, rebates received from pharmaceutical manufacturers and rates negotiated with pharmacies puts consumers, insurers and pharmacies in a better position to understand the stealth price inflation attributable to PBMs and, ideally, help prevent price manipulation in the future. (AB 315 was signed into law on Sept. 29, 2018.)

**AB 241** (Dababneh) drew our opposition on the grounds that it mandated the bulk purchase of fee-based ID theft protection and monitoring services by state public agen-

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cies that suffer a data breach. Such credit monitoring products do virtually nothing to prevent identity theft; they just alert victims sooner after their identities have already been stolen—not to mention enrich companies that sell the plans (in this case, via California taxpayer dollars). (Credit freezes are much cheaper and far more effective.) Fortunately, AB 241 was defeated.

**SB 1182** (Glazer), which we support, was introduced in February 2018 and is still making its way through the legislature as of this writing. It would increase the state taxpayer renters' credit to a maximum of \$120 for individuals, or \$240 for couples who file jointly. The renters' tax credit has not been adjusted since 1979, remaining \$60 despite the average rent having more than tripled since then. (On May 30, 2018, the bill won approval on the Senate floor and advanced to the Assembly.)

**AB 375** (Chau) was introduced in early 2017, after Republican lawmakers and President Trump repealed the Federal Communications Commission's (FCC) privacy rules. It was one of many examples of California legislators attempting, at the state level, to repair damages caused nationwide by the Trump Administration.

The bill would have required telecom companies to obtain an opt-in from their customers before using, selling or sharing their personal information with marketers. Consumer Action sent out a member engagement alert in support of AB 375, which generated over 800 direct communications with state legislators.

Despite the support, behind-the-scenes maneuvering by AT&T and Verizon sidelined the bill in the Senate Rules Committee until it was shelved by a process known as "gut and amend"—an underhanded process to

kill a bill by amending its language at a late stage.

However, AB 375 gained new life in mid-2018. Consumer Action was an official supporter of the California Consumer Privacy Act (CCPA), a citizens' initiative launched in September 2017 and on track to qualify for the November 2018 ballot until June, when it was scuttled in exchange for the passage of a revamped AB 375 (the California Consumer Privacy Act of 2018).

While the current version of AB 375 (nicknamed CalCPA) offers enhanced privacy protections to Californians, some horse-trading killed a few privacy protections that were in the ballot initiative. For example, the new law will not prevent companies from collecting customers' information, but it does give individuals the right to prohibit data sharing and delete some data collected by companies. Consumer and privacy advocates are prepared to defend the law, as it is written, through the rulemaking process, where it risks being watered down by big tech firms and internet service providers. The law is scheduled to go into effect Jan. 1, 2020.

## Coalitions

During the 2017-2018 fiscal year, Consumer Action took part in activities as a member of more than 70 national and state coalitions (*see full list at end of report*), making consumers' voices heard through our submitted comments to legislators, the CFPB and other government agencies. Here are some highlights of our coalition efforts that don't appear in other sections of this report:

■ **Pushing for regulatory leadership to benefit consumers.** In a letter to Democratic Senate leadership, coalition advocates reminded senators that the need for public-minded watchdogs has never been greater.

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Signers agreed that the American people deserve independent agency representatives who are not operating under excessive corporate influence.

■ **Urging the FCC to do more for consumers.** We urged the FCC to go beyond its new rule that allows telecom providers to block certain calls and do even more—requiring improved blocking and spam call identification measures, for example—to reduce the number of unwanted telemarketing and robocalls consumers receive (2.4 billion in 2016!). Coalition activists also submitted comments to the FCC opposing a petition to exempt ringless voicemails from anti-robocall rules. Approval would have allowed private companies and political organizations to send automated messages into consumers' voicemail inboxes without causing their cell phones to ring, opening the floodgates for telemarketers and political organizations to inundate Americans' voicemail with messages hawking products, services and candidates for office. (After the letter was sent, the petition was withdrawn.)

■ **Opposing a pro-pyramid scheme amendment.** A broad coalition of consumer advocacy organizations called on the House of Representatives to defeat efforts to weaken the Federal Trade Commission's ability to protect consumers from fraudulent pyramid schemes. An anti-consumer amendment offered by Congressman John Moolenaar (R-MI) would eliminate long-standing requirements for direct selling companies to establish a viable retail business (i.e., sell actual products) instead of profiting from new recruits (who must themselves purchase the products and recruit others to qualify for "rewards").

■ **Avoiding the WRONG choice for consumers.** Advocates urged Congress to oppose

the GOP-driven Financial "Choice" Act, a bill (HR 10) that aims to repeal and eviscerate parts of the 2010 Dodd-Frank Wall Street Reform and Consumer Protection Act and the consumer watchdog agency it created—the Consumer Financial Protection Bureau. This (wrong) Choice Act would turn the CFPB into a gridlocked commission and eliminate its independent funding. It would also put the U.S. economy and taxpayers in the same perilous position as prior to the financial crisis. Consumer Action sent multiple email alerts out to our followers prompting them to write to Congress to oppose the bill, and we engaged in tweetstorms to put pressure on Congress.

■ **Expressing alarm at new HUD mission statement.** The Department of Housing and Urban Development (HUD), the federal agency responsible for stopping housing discrimination, proposed new language in its mission statement that seemed to encourage consumer "self-sufficiency" over strict enforcement. The move alarmed civil rights, consumer and fair housing advocates, who worried that the government agency expressly responsible for combating housing discrimination would deemphasize the importance of its mandate under the Fair Housing Act of 1968. The groups joined in a March 8 letter to HUD Secretary Ben Carson asking him to correct this "unfortunate impression." (Carson responded in a HUD memo, saying: "The notion that any new mission statement would reflect a lack of commitment to fair housing is nonsense.")

■ **Reining in prescription costs.** In a letter to the Food and Drug Administration (FDA), advocates called on FDA Commissioner Scott Gottlieb to end regulatory abuses by brand-name companies that block access to generic drugs. These drug companies twist

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the FDA's rules to delay or inhibit consumer access to generics, which gives the companies the power to charge unreasonable prices and leads to greater healthcare costs.

■ **Supporting whistleblowers.** A coalition of non-profit public interest groups and corporations signed a letter to President Trump in support of federal government whistleblower protections in order to promote government transparency and accountability. The letter specifically called on the administration to honor, and strengthen, the Whistleblower Protection Enhancement Act, which was created in 2012 to restore credible whistleblower rights for government employees. Among other failings, the law currently lacks the power to grant whistleblowers the right to a jury trial and fails to address retaliation against those who report government misconduct.

■ **Scrutiny for questionable ticket resellers.** Consumer Action joined others in a November 2017 letter to the Federal Trade Commission pointing to ticket-selling websites that appear to be misrepresenting their affiliation with official box offices, engaging in price-gouging and causing consumer confusion.

■ **Holding Wells Fargo accountable.** As Wells Fargo's widespread deceptive business practices continued to come to light, including a revelation that the bank likely withheld information related to an estimated 800,000 cases of fraudulent auto insurance, advocacy groups urged the Senate Banking and House Financial Services committees to hold additional hearings regarding the bank's deceitful activity.

■ **Opposing ideological riders.** Consumer Action joined Americans for Financial Reform in a February 2018 letter to Congress

opposing backroom deals to add "riders" to unrelated legislation that, in many cases, would benefit big corporations and ideological extremists and harm consumers. This was a particular issue with the FY2017 and FY2018 budgets.

■ **Defending investor rights.** Consumer Action joined its allies in the Save Our Retirement coalition in opposing an SEC proposed rule to protect investors with a weak and convoluted "best interest" standard. As a member of the Coalition for Paper Options, we also opposed the SEC move to switch the default for mutual fund disclosures from paper to electronic delivery.

■ **More stringent auto safety requirements.** We continued our work to ensure that open safety recalls don't put auto consumers' lives at risk. In March 2018, we joined a letter to Senate leadership expressing strong objections to the lack of safety protections in proposed driverless car legislation. The groups urged Senate leaders to make essential improvements to the AV START Act (S 1885), warning of numerous critical concerns regarding the rushed deployment of driverless cars.

To learn more about what we are doing in coalition with other groups, check out our Coalition Efforts page online (<https://www.consumer-action.org/coalition/>).

## Take Action!

On our website, Consumer Action lists all the congressional legislation we've taken a position on. We also create advocacy alerts with messages that consumers can use to email their elected officials about the legislation. During the 2017-2018 fiscal year, our followers sent 33,269 messages about key consumer bills to their elected officials.

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Included among the dozens of bills consumers weighed in on through our Take Action! Center (<https://www.consumer-action.org/engage>) were:

■ **The California Electronic Right to Repair Act (AB 2110)**, which would require electronic device manufacturers to provide access to diagnostic guides and repair parts in order to prolong the lifespan of electronic devices, saving consumers money and protecting the environment. (Consumer Action supports.)

■ **The federal Securing Access to Affordable Mortgages Act (HR 3221)**, a giveaway to the worst actors in the housing industry. The plan would eliminate a requirement that lenders making higher-risk mortgages obtain a written appraisal establishing the value of the property being sold. It also would reduce or eliminate civil penalties levied on mortgage lenders, bankers and others who fail to report appraiser misconduct. (Consumer Action opposes.)

■ **The federal Control Your Personal Credit Information Act (S 2362)**. This legislation would give consumers—not credit bureaus or banks—ultimate decision-making power over access to their credit reports. It would require credit bureaus to get individuals' permission before releasing reports to third parties. This would help prevent the type of identity theft that has occurred since the Equifax data breach. (Consumer Action supports.)

■ **The federal AV START Act (S 1885)**. This bill would exempt millions of driverless cars (autonomous vehicles) from commonsense safety standards, likely resulting in collisions with bicyclists, other automobiles and pedestrians. (Consumer Action opposes.)

## Amicus briefs

Consumer Action is proud to work with plaintiffs' attorneys to file amicus ("friend of the court") briefs in legal cases of importance to the consumer interest. In addition to joining the amicus brief filed to bolster the case against Mick Mulvaney's appointment as acting director of the CFPB and protect the independence of the Bureau from external political influence (*English v. Trump and Mulvaney*), we weighed in on these (and other) cases in the past fiscal year:

**Mortgage insurance kickbacks (PHH Corp. v. CFPB)**. The Consumer Financial Protection Bureau in 2015 charged PHH Corp., a mortgage lender, with illegally referring consumers to specific mortgage insurers in exchange for kickbacks from those insurers, and ordered PHH to pay \$109 million to the Bureau. PHH fought back with a lawsuit that questioned the Bureau's constitutionality, and a panel of judges on the D.C. Circuit concluded that the CFPB had misinterpreted the case and that its single-director structure violated the constitutional separation of powers. In early 2017, the D.C. Circuit granted a CFPB petition for rehearing by a full panel of judges (*en banc*).

Consumer Action joined coalition partners and numerous state attorneys general in an amicus brief asking the court to uphold the constitutionality of the Bureau and allow the agency to continue to protect consumers. On Jan. 31, 2018, an appeals court ruled that the CFPB's structure as an independent agency is constitutional and confirmed that the CFPB's independent director can be fired *only* for cause.

**Wireless data throttling (FTC v. AT&T Mobility)**. Consumer Action joined a number of consumer and privacy groups in an amicus



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brief arguing that an earlier case deciding that the Federal Trade Commission (FTC) did not have authority to pursue AT&T for data throttling was worthy of review by a full panel of 11 judges from the Ninth Circuit. The earlier panel decision exempted AT&T from FTC jurisdiction based on the company's "common carrier" status and the fact that the FTC Act does not regulate common carriers.

The amicus brief argued that the panel's decision broke from the 100-year-long understanding that the term "common carrier" is defined by activities, not status. The brief also pointed out that the panel failed to heed settled interpretive rules requiring that exemptions from antitrust laws be construed narrowly, that remedial statutes be read broadly, and that an agency's interpretation of its Congressional statute be accorded deference. The brief observed that the three-judge panel's inversion of long-standing precedent not only would create a potentially disastrous regulatory gap, but also would put the Ninth Circuit directly in conflict with the D.C. and Second Circuits.

(We were pleased that the court saw fit to agree to rehear the case, because the 2016 decision undermined the FTC's crucial consumer protection authority.)

**Music streaming (U.S. v. Broadcast Music, Inc. [BMI]).** Consumer Action joined nonprofit ally Public Knowledge in an amicus brief supporting the Department of Justice's upcoming appeal to the Second Circuit about its ruling in the BMI music consent decree case. Almost all music is licensed through two powerful performing rights organizations—ASCAP and BMI. The Justice Department conducted an investigation and two rounds of public comments before

rejecting the requested change, stating it would mean higher prices for consumers and impose an undue burden on the streaming music market. The asked-for change would mean that streaming music providers would have to locate each and every song's partial copyright owners and get licenses from them—a "daunting task" in the eyes of the Justice Department. Violations would carry statutory infringement damages of up to \$150,000 per song—legal costs that would more than likely cause user fees to increase and be passed along to consumers.

**Forced arbitration, for-profit colleges (Bauer, Del Rose, and the Commonwealth of Massachusetts v. U.S. Department of Education).**

Consumer Action and 17 other advocacy groups weighed in on a suit brought by the for-profit college industry against the U.S. Department of Education trying to block a 2016 rule that prohibits schools receiving federal funds from relying on forced arbitration agreements with their students.

Forced arbitration clauses require students to submit any dispute that might later arise between the students and the institution to binding arbitration, a private process with little right to appeal, instead of a court of law.

Bauer and Del Rose filed their own lawsuit against the Secretary of Education for illegally delaying rules intended to protect borrowers' rights. Shortly after the lawsuit was filed, the Trump Administration announced it would delay implementing key parts of the rule until the litigation is over and begin a new rulemaking to reconsider the rule. State attorneys general sued to protect the rule and we, along with our allies, filed an amicus brief in support of their suit.

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## **The Gainful Employment Rule (State of Maryland v. Department of Education).**

Consumer Action and more than 16 education and consumer advocacy groups supported state attorneys general in their suit against the U.S. Department of Education to compel the agency to implement the Gainful Employment Rule as written after the Department, under Secretary Betsy DeVos, initiated a new negotiated rulemaking to reexamine the Rule and, in the interim, undermine it by suspending key portions of its disclosure requirements and effectively gutting the rule's accountability mechanism.

The 2014 Gainful Employment Rule was adopted to address overwhelming evidence that some career training programs, particularly at for-profit institutions, were failing to prepare students for jobs that would enable them to repay their federal student debt, thus endangering the federal government's investment and leaving some students worse off than they would have been had they never pursued postsecondary education. The rule imposes, as a condition of continued receipt of Title IV student aid funding, new accountability and disclosure requirements for career training programs.

## **Consumer training and outreach**

Consumer Action provides publications, workshops, training tools and technical assistance to enable a network of nearly 7,000 community-based organizations (CBOs) to deliver in-language consumer and personal finance education to low-to-moderate-income and underserved individuals and families across the country. In addition to training CBO staff and volunteers, our staff gives presentations to consumers; participates in coalitions, advisory boards, FinTech

working groups, conferences, webinars and resource fairs; is interviewed by the media in English, Chinese and Spanish; and works directly with community groups, government agencies and activists to ensure that critical consumer information reaches those who need it.

During the 2017-2018 fiscal year, Consumer Action's Outreach staff members traveled nationwide to seven cities to conduct train-the-trainer events for 230 CBO staff members. In doing so, our team taught community group representatives how to use our educational materials to assist their clients and members; another 276 participants were trained in six webinars. The CBOs attending our events serve veterans and servicemembers; youth; low-to-moderate-income families; the disabled; seniors; immigrants; and formerly incarcerated (re-entry) individuals, in the areas of financial coaching, credit counseling, housing and workforce development.

Outreach staffers traveled to 15 more cities to conduct presentations, give media interviews, and participate in working group and coalition meetings. The team reached thousands (consumers, affiliates, government officials and others) and took advantage of each opportunity to distribute our free multilingual publications and encourage stakeholders to improve their financial health.

We kicked off the fiscal year with two Debt Collection ([https://www.consumer-action.org/modules/module\\_debt\\_collection](https://www.consumer-action.org/modules/module_debt_collection)) train-the-trainer events, in Pittsburgh, PA, and Monterey, CA. This module is designed to help debtors understand their rights under federal law, communicate effectively with a debt collector, avoid a judgment or garnishment, find assistance or file a com-



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plaint. It also equips consumers to avoid debt collection scams and to stop collection efforts on a debt they do not owe. Court awards to conduct consumer education funded both trainings.

The team also conducted a Money Management 1-2-3 ([https://www.consumer-action.org/modules/module\\_money\\_management\\_1-2-3](https://www.consumer-action.org/modules/module_money_management_1-2-3)) train-the-trainer event in Delray Beach, FL. This module covers all aspects of money management, from building a strong financial foundation to achieving financial goals and planning a secure financial future.

Consumer Action co-hosted two Future Edge digital literacy webinars with Capital One and Grovo during the first quarter. Future Edge is a self-directed, video-based curriculum designed to help diminish the digital skills literacy gap in low-to-moderate-income communities. Future Edge gives consumers access to the digital skills needed for today's middle-skill roles—jobs that don't require a bachelor's degree but still pay above-average wages.

In June, we co-hosted two “When a Collector Calls” ([https://www.consumer-action.org/english/articles/when\\_a\\_collector\\_calls\\_an\\_insiders\\_guide\\_to\\_responding\\_to\\_debt\\_collectors](https://www.consumer-action.org/english/articles/when_a_collector_calls_an_insiders_guide_to_responding_to_debt_collectors)) webinars with the Consumer Relations Consortium (CRC), a group of 30+ debt collection firms. The webinars offer community-based organizers who work directly with consumers an “insider's perspective” on how to start a dialogue with a legitimate debt collector, and how to spot a scam.

In the second half of the year, the team conducted two Washington, DC-based train-the-trainer roundtables on finding the right job training school ([https://www.consumer-action.org/modules/job\\_training\\_schools](https://www.consumer-action.org/modules/job_training_schools)).

This module helps prospective students understand their vocational training education options, evaluate a job training program/school, make wise choices about student loans, and find help if they have trouble making their student loan payments or believe they are a victim of for-profit school fraud.

Our third roundtable of the quarter took place in Los Angeles, on insuring yourself in the sharing economy ([https://www.consumer-action.org/modules/module\\_insurance\\_sharing\\_economy](https://www.consumer-action.org/modules/module_insurance_sharing_economy)). Court awards to conduct consumer education also funded these trainings.

**National Consumer Empowerment Conference.** At our 8th annual conference, in November 2017, we brought together dozens of engaged community-based organizations and advocates from around the country to address critical consumer issues, learn from subject matter experts and agency representatives, and share best practices in consumer and financial education.

The conference included presentations on the new perils to consumer protections under the new administration; controversies surrounding PACE clean energy loans; the risks and benefits of the “gig” economy; Earn And Learn apprenticeship programs; FinTech innovations that aid in financial counseling; and more. The conference was again free to attendees thanks to the support of almost a dozen sponsors and one FinTech exhibitor: Citi, TracFone, 1-800 Contacts, JPMorgan Chase, Microsoft, Comcast NBCUniversal, American Express, Enterprise, Walmart, Wells Fargo and Nova Credit Inc.

It was at the conference that the CFPB announced the news that it was introducing a feedback component to its online complaint process. Consumer Action had

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long supported the Bureau's plan to add a complaint satisfaction section to the end of the process allowing consumers to provide direct feedback regarding how their complaint was handled, including details of the complaint resolution or lack of it, and make that information public.

In early December, the Alliance for Investor Education (AIE), of which Consumer Action is a member, sponsored a free informational event for investors. Linda Sherry, our director of national priorities and head of our DC office, sat on one of the panels and, along with other AIE members, federal and state regulators and other consumer advocates, explained how to set investing goals, assess risk tolerance, select advisers and investments, and avoid falling victim to fraud. Sherry advised listeners on how to find a trustworthy, qualified investment or financial planning professional and what advantages robo-advisers can offer to investors. Live videos of all three of the Bootcamp panels can be found on the Alliance for Investor Education website (<http://www.investoreducation.org/events.html>).

The last training events of the fiscal year included a repeat presentation of the "Finding the right job training school" module, this time in San Diego, and two webinars, co-hosted by FinTech company Albert, to introduce network affiliates to the Albert Genius Tool and offer them the opportunity to distribute the tool to their clients.

In addition to planning train-the-trainer events, managing consumer engagement programs and working to get trainings accredited through the Association for Financial Counseling & Planning Education (AFCPE), Consumer Action's associate director of outreach and training, Audrey Perrott, participated in asset-building coalitions and

in stakeholder meetings to evaluate Bank On marketing materials and engage consumers. Perrott continued to help network affiliates select educational modules to incorporate into their education and counseling programs, identify potential funding, obtain HUD housing counseling certification and integrate financial technology into their existing financial education and housing counseling programs.

In June 2017, Perrott was among the 700 advocates, policymakers, bankers, financial technology innovators and other industry professionals who gathered in Austin, TX, for the Center for Financial Services Innovation (CFSI) EMERGE Financial Health Forum. Perrott participated in the inaugural FinTech & Nonprofit Partnerships Working Group at the EMERGE Financial Health Forum and has been an active member ever since.

Our three community outreach managers, Jamie Woo, Nelson Santiago and Linda Williams, covered a lot of ground in the course of the year.

Woo continued to raise awareness in the Chinese community by conducting 14 media interviews and issuing 10 news releases about timely consumer protection topics and Consumer Action events. Woo also translated Consumer Action publications into Chinese and conducted Chinese in-language trainings for individual consumers and the staff of community agencies.

Woo and Cui Yan Xie, a long-time member of our Administration team, again attended the Yerba Buena Senior Ball in San Francisco. (Ninety percent of attendees are Chinese-Americans.) Consumer Action gave out more than 300 packets of consumer education materials (a total of 1,800 pieces), including brochures on senior scams and ID theft, banking, money management

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and retirement planning, internet safety, and choosing and using mobile devices.

Santiago serves as a trainer at Consumer Action train-the-trainer events around the country, and, as one of Consumer Action's bilingual educators, he provided Spanish language education and assistance in person, via our consumer complaint hotline, and in the media. His efforts in this area included providing resources for two news articles with *La Opinión*, exhibiting consumer education publications at the Mexican Consulate in San Francisco for financial education week (organized by the consulate and Mission Asset Fund), and contributing to our Spanish-language website and library of materials.

Like Santiago, Williams travels the country as a Consumer Action trainer. When not presenting at train-the-trainer events, she

participated in several coalitions and events that addressed issues on homelessness, veteran services, payday and car title loans, consumer justice and small business development. She continued to work closely with the San Diego Veterans Coalition, and the military community in general, to ensure that U.S. servicemembers and veterans are aware of their rights and the resources available to them to improve their financial wellbeing. In May 2017, Williams conducted trainings on identity theft and financial scams against seniors at the National Association of Consumer Credit Administrators (NAACA) national conference in Phoenix.

This year Williams updated the popular Teaching Adults training materials ([https://www.consumer-action.org/outreach/articles/why\\_adults\\_learn](https://www.consumer-action.org/outreach/articles/why_adults_learn)) she created more than a decade ago.

## Editorial and social media

### Publications

Over the course of the year, Consumer Action filled 980 requests for 251,481 free, printed copies of our multilingual publications. Of these, 27,329 copies were of the publications created as part of our new Insurance in the Sharing Economy module (*see below for details*)—an example of our efforts to produce timely materials addressing a changing marketplace. Community-based organizations nationwide rely on these and other materials to educate their clients and community members on a wide range of consumer and personal finance topics.

Throughout the year, Consumer Action's editorial staff produced new publications, created new training modules and updated

and/or expanded existing materials. Unless otherwise noted, we funded these activities with cy pres awards (class action residuals) received from consumer lawsuits.

In June 2017, we introduced **Insurance in the Sharing Economy** ([https://www.consumer-action.org/modules/module\\_insurance\\_sharing\\_economy](https://www.consumer-action.org/modules/module_insurance_sharing_economy)). With U.S. consumers increasingly earning income through peer-to-peer transactions, it's crucial they protect themselves by understanding the liability and tax implications of participating in the sharing economy. The first of the two fact sheets in this new module, **Insuring Yourself in the Sharing Economy**, informs consumers about the risks they run when driving paying passengers or making deliveries in their car, hosting paying guests in their home, hiring themselves out to complete

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tasks and projects, or selling things they make.

The publication also explains what insurance coverage—if any—some of the larger sharing economy platforms provide, what to know about purchasing insurance for their business endeavors, and where to find more information. A companion publication, ***Tax Basics for Earners in the ‘Sharing Economy’***, provides an overview of why it’s important to keep good income and expense records, how business deductions can reduce independent contractors’ tax liability, the tax forms and filing requirements taxpayers should be aware of, and where to find more information and tax preparation resources. The module also includes a backgrounder (Q&A) for community educators, a lesson plan and a companion PowerPoint presentation.

2017 saw “fake news” become big news. In September, Consumer Action published ***Fake news: Recognizing and stemming misinformation*** ([https://www.consumer-action.org/english/articles/fake\\_news](https://www.consumer-action.org/english/articles/fake_news)). The publication (funded by Google) was written to help consumers evaluate the accuracy of what they read or hear and refrain from spreading false stories. To help consumers fulfill their critical role in stemming fake news, the new publication covers the different forms fake news can take, from propaganda and hyper-partisan stories to factual misstatements and misidentified satire; how to vet a story, from looking for telltale signs of fakery to using the internet and tech tools to verify sources, facts and photos; the “dos and don’ts” of dealing with fake news; and a dozen resources—articles, websites and tech tools—that further empower individuals to avoid, spot, vet and stop fake news.

In addition to publishing new materials, we updated existing publications, including:

***Connect to California LifeLine and Save!*** ([https://www.consumer-action.org/modules/module\\_california\\_lifeline](https://www.consumer-action.org/modules/module_california_lifeline)), Consumer Action’s 16-page guide to the discounted phone service program, which, since its first publication in 2011, has helped thousands of the state’s eligible consumers take advantage of the invaluable program. In addition to reflecting higher qualifying income limits and a small increase in the discount on qualifying wireless service plans, updates included a few new rules (a limit on the number of wireless service connection/activation discounts a consumer can receive in a year, for example) and the addition of the Federal Veterans and Survivors Pension Benefit programs as a qualifying public assistance program.

***Get Credit for Your Hard Work*** ([https://www.consumer-action.org/english/articles/get\\_credit\\_for\\_your\\_hard\\_work\\_eng](https://www.consumer-action.org/english/articles/get_credit_for_your_hard_work_eng)), a publication intended to promote and explain a tax credit that is widely regarded as the federal government’s most effective antipoverty program despite the fact that it remains underutilized. Our annual revisions to ***Get Credit for Your Hard Work*** reflect IRS updates for income limits and maximum credits as well as any changes in eligibility guidelines or filing requirements. The updated resource was published just in time for Earned Income Tax Credit (EITC) Awareness Day on Jan. 26, 2018.

***Teaching Adults: Making Your Training Stick*** ([https://www.consumer-action.org/outreach/articles/why\\_adults\\_learn](https://www.consumer-action.org/outreach/articles/why_adults_learn)), an enhanced version of our PowerPoint tool for community educators facilitating adult financial literacy training sessions. The slide deck, intended to help workshop leaders

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deliver effective presentations, is divided across several topics that broadly cover how and why adults learn, the different learning styles students have, and preparing to succeed.

Our popular **Consumer Services Guide (CSG)** (<http://www.consumerservicesguide.org/>), an extensive directory of federal, state and local government agencies, industry organizations, advocacy groups, media action lines, legal aid resources, non-profit organizations, and other entities that provide assistance and information to individuals. First published in 1984, the original (printed) guide contained only California resources. Today, the online version reflects our national scope, with nearly 900 entries for helpful resources in all 50 states. In just the first quarter of 2018, the online Consumer Services Guide garnered more than 13,000 pageviews.

In February 2018, we sent out a nine-question survey to a portion of our network (for manageability's sake) to get feedback on our publication topics, length and format. We received 125 responses. In addition to getting confirmation that the vast majority of our partners (87%) still have a need for free, printed multilingual materials and that nearly all of them (96%) need consumer fact sheets for distribution to their clients, we learned that:

- Shorter is better when it comes to publication length. The vast majority (81%) checked the box for four pages (their choices were “4-page,” “8-page,” “12-page” and “Other”). Some respondents expounded that one or two pages is even better, though a few allowed some leeway, saying “the shortest format to cover the topic adequately is best” and “depends on the subject matter and literacy levels.”

- More—and more descriptive—graphics (“graphics that speak a thousand words”) are wanted. Anyone who has been using our publications for years has undoubtedly noticed the increased use of images and color; we’ll continue to incorporate the most effective visuals we can find.

- Larger font size, more bullet points and “8th-grade reading level” or lower would be helpful to meet the needs of the broad range of populations our CBO partners serve, from the elderly (who may have reduced vision) to those for whom English is not their first language.

We began implementing the suggestions immediately.

Issues of our quarterly consumer newsletter, **Consumer Action News**, for the 2017-2018 period focused on alternative data and financial inclusion (Summer 2017), investment basics (Fall 2017), repaying student loans (Winter 2017-2018) and data protection (Spring 2018). Find them all online ([https://www.consumer-action.org/news/ca\\_news](https://www.consumer-action.org/news/ca_news)).

Our monthly **INSIDER** e-newsletter, now in its eighth year, continued to chronicle Consumer Action’s activities. The newsletter includes information about our coalition efforts to improve laws and regulations for consumers, the helpful advice we give those who contact our consumer help hotline, our database of the latest class action lawsuits, our work to support the CFPB, updates on our annual national conference and our anniversary awards ceremony, and our efforts to educate community-based organizations with “train-the-trainer” events, new publications, educational offerings and more. Read it online at <https://www.consumer-action.org/news/insider>.



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Consumer Action continued to publish and disseminate our hugely popular monthly **SCAM GRAM** e-newsletter, launched in 2015 to alert readers to the latest in tech fraud, credit card scams, ID theft and general con-artistry. By the end of the 2017-2018 fiscal year, the newsletter was being emailed to 114,160 subscribers, and social media engagement was high as well, with each of our posts announcing the latest edition of **SCAM GRAM** garnering hundreds of likes and shares on Facebook.

**SCAM GRAM**'s success is due in no small part to its consideration of reader issues (we try to include the scams that readers write to us about) and its focus on timely, breaking news stories (from hucksters promising bogus home repairs in the wake of hurricanes Harvey and Irma to opportunists selling paid services to "protect" consumers after the massive Equifax data breach), all presented in an easy-to-understand, jargon-free voice that incorporates topical humor. In addition to alerting and empowering readers, **SCAM GRAM** also offers Consumer Action another platform to highlight our relevant publications, such as **Fake News: Recognizing and stemming misinformation**, published in the fall of 2017 ([https://www.consumer-action.org/english/articles/fake\\_news](https://www.consumer-action.org/english/articles/fake_news)).

During the year, **SCAM GRAM** author Lauren Hall was interviewed about the newsletter's content on award-winning consumer reporter Michael Finney's KGO 810 San Francisco "Consumer Talk" radio show. She also represents Consumer Action as a member of the National Consumer League's Alliance Against Fraud coalition. Read **SCAM**

**GRAM**, published on or around the 15th of each month, online (<https://www.consumer-action.org/news/scam-gram>), or have it delivered to your in-box by signing up for our email list on our homepage (<https://www.consumer-action.org>).

## Websites

For FY2017-2018, Consumer Action's family of eight websites drew 1,984,962 total pageviews. Our main website, Consumer-Action.org, claimed the greatest portion of the increase from last year, with 1,803,704 overall pageviews by 705,729 visitors. Our Class Action Database (<https://www.consumer-action.org/lawsuits/>) was the top draw, with 898,532 pageviews, 554,925 of them unique. Our printer-friendly PDF publications were downloaded 15,449 times during the year.

A perennial favorite, our **How to Complain** guide, was viewed online 61,006 times and downloaded 2,839 times ([https://www.consumer-action.org/english/articles/how\\_to\\_complain](https://www.consumer-action.org/english/articles/how_to_complain)).

Other popular sections of the site included our sample complaint letter, with 136,749 pageviews (118,295 unique) and our Help Desk, with 58,279 pageviews (49,918 unique).

Top among our subsites was Insurance Education (<http://www.insurance-education.org>), with 36,943 pageviews, and Know Your Card (<http://knowyourcard.org>), with 21,216.

## Social media

We ended the fiscal year on March 31, 2018, with 4,334 followers on Twitter, 4,686 Facebook fans, and 114,160 email list subscribers, reflecting the importance of social media and email as tools for spurring action and sharing information in real time. Over the course of the year, we put our expanding social media following to work on behalf of consumers.

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Among our many social media campaigns, Consumer Action joined in raising awareness of the importance of a free and open internet as part of tweetstorm on July 12, a national day of action for net neutrality supporters.

Throughout the second half of 2017, we sent e-blasts to our followers urging them to demand that their Congressional representatives protect the CFPB's proposed arbitration rule, and we engaged in a series of coalition-wide tweetstorms under the hashtags #DefendCFPB and #NoRipOffClause. We used Twitter again to provide consumers with live updates during the related Wells Fargo hearings before Congress.

Consumer Action participated in a #MyCalls-MyData coalition tweetstorm with our advocacy partners to encourage consumer comments to the FCC urging the agency to repeal an outdated rule that requires phone companies to retain the detailed call records of their customers, posing a risk to American consumers' privacy and security.

Our participation in tweetstorms under the

## Administration

Consumer Action's "Admin" team performs essential tasks that keep the organization running smoothly. From our San Francisco headquarters, the team handles the crucial behind-the-scenes activities that support our staff and enable each office and every department to be productive, effective and responsive.

Over the course of the fiscal year, the team managed the printing, promotion and distribution of hundreds of thousands of copies of our free multilingual educational materials and quarterly consumer newsletter. It also ensured that new and updated publications were posted on our website, translated and made available in Spanish, Chinese, Korean

hashtag #ConsumersFirst during House Financial Services Committee hearings on the Equifax data breach were conducted in conjunction with the distribution of our one-page guide to freezing your credit reports.

We frequently used #DefendStudents and #StudentDebt on Twitter to call for action on education-related legislation or to call out the Department of Education or particular legislators who tried to weaken regulations such as the gainful employment and borrower defense rules or rob the Pell Grant fund. We also used those hashtags to highlight media stories related to student loan servicing nightmares, like those about the Public Service Loan Forgiveness debacle last year, where borrowers who thought they were on track to have their debt forgiven learned that their efforts were in vain due to misinformation from loan servicers.

We engaged in several tweetstorms publicizing congressional threats to the CFPB's payday lending rule and providing our support for the rule (#StopTheDebtTrap), which is set to go into effect in August 2019.

and Vietnamese, and promoted to the members of our network of community-based organizations and individual consumers. The team conducted nine mass e-mailings about our new publications and training materials on, among other topics, insurance in the sharing economy, recognizing and combating fake news, choosing a job training program wisely, and filing for the Earned Income Tax Credit.

In addition to managing the translation of Consumer Action's own publications, the staff continued to provide translation services to corporate, non-profit and government clients that serve diverse populations.



# Annual Report

The Admin team also was responsible for maintaining multiple databases to keep track of our nearly 7,000 community-based network members, hundreds of donors and training participants, hotline complaints and nearly a thousand requests for just over a quarter of a million copies of our publications during the fiscal year. These databases are crucial to our outreach and advocacy efforts.

In support of the outreach and training component of our work, the department made thousands of calls and sent dozens of mailings to recruit attendees for nearly a dozen community train-the-trainer events and conferences and half a dozen webinars, and compiled the more than 400 packets of training materials needed for these events.

It provided similar support for our fundraising efforts, including our annual Consumer Excellence Awards and anniversary celebration in Washington, DC.

During the year, we recruited attendees for a DC-area investor education “boot camp” put on by the Alliance for Investor Education, of which Consumer Action is a member, and rallied participants for the 2017 Dash for the Stash investor education and protection program and contest. We distributed 300 packets (1,800 pieces) of consumer education materials at San Francisco’s “Senior Ball” (an event that combines food, dancing and financial information for elderly Chinese-American residents) and another 140 packets (1,200 pieces) at the San Francisco district attorney’s Chinatown Community Resource Fair.

The Admin team also is charged with handling vital HR functions, including administering payroll and employee benefits, and managing our technology needs for eight websites, several dozen employee/office computers and company servers, and mul-

iple network, backup and email systems. Team members oversee the consultants we hire to run our local network, conduct daily backups, manage our email systems and do the other highly technical work needed to keep us online and secure.

## Hotline and Class Action Database

The **Complaint Hotline** staff, based in our San Francisco office, responded to consumer questions and complaints with referrals, advice and educational materials. During the fiscal year, we received 6,274 consumer complaints and communications, with 64 percent arriving via our website (<https://www.consumer-action.org/helpdesk/>) and the rest coming in by phone, from all 50 states and the District of Columbia. The top five states with consumer complaints were California, Florida, New York, Texas and Pennsylvania.

Four of the top five complaint categories remained the same as last year: customer service, refunds/overcharges, deceptive ads/offers and defective goods. This year, fraud complaints overtook home contractor/repair issues as the fifth top complaint category.

Our multilingual hotline counselors served mostly English-speaking consumers, followed by Chinese- and Spanish-speaking individuals.

The Hotline team also is responsible for the ongoing maintenance of our **Class Action Database** (<https://www.consumer-action.org/lawsuits/>), which helps consumers learn about class actions they might be eligible to join and settlements for which they can submit claims.

During the 2017-2018 fiscal year, 128 class action settlements were open to claims.

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## Annual Consumer Excellence Awards

Consumer Action's 2017 Consumer Excellence Awards—a celebration of our 46th anniversary and the outstanding consumer protection efforts of our honorees—was held October 17 at the National Association of Broadcasters headquarters in Washington, DC. In addition to being an opportunity to shine a light on our allies in the fight for a fair, inclusive and safe marketplace, the event raised critical funds for our free, multilingual consumer assistance and referral hotline and our *Consumer Action News*, *INSIDER* and *SCAM GRAM* newsletters. The generous supporters of our 2017 celebration contributed over \$180,000 to our ongoing consumer education work.

This year's event theme was "Communication: Information, Awareness, Empowerment"—an acknowledgement of the ways in which communication tools and technologies inform, empower and protect consumers.

During the cocktail reception, attended by our staff, government officials, community partners, fellow advocates and industry representatives, we celebrated the efforts of the many individuals and groups nationwide that, through their commitment and leadership, have forged significant change for consumers. We also gave special recognition to our three award recipients. The awards, which salute individuals and groups for their outstanding contributions to the education and welfare of consumers nationwide, went to:

- FCC Commissioner Mignon L. Clyburn, for being an outspoken champion of sound regulatory action to protect consumers, close the digital divide and defend the public interest in the technological arena;
- Non-profit advocacy group Public Knowledge, for its efforts in promoting freedom of expression, an open internet and access to affordable communications tools, and its work in the preceding year as a key ally in the Consumer Video Choice Coalition's work to "unlock the box"; and
- Detroit Public Television, for its compelling documentary, "When I'm 65: Rethinking Retirement in America," which addresses the pressing issue of building a secure retirement and explores how the financial and lifestyle choices we make today will affect our quality of life in retirement.

The event was underwritten by TracFone, Amazon and the National Association of Broadcasters. Major donors also included Capital One, DraftKings, Facebook, Microsoft and Verizon.

Photos of the event, taken by Stephen Baranovics, are viewable at <http://www.sbphotographer.com/consumeraction-awards2017/>.

*Linda Sherry (L) and Ken McEldowney (R) present an award to then-FCC Commissioner Mignon L. Clyburn*



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## Did you know?

*That the year ending March 31, 2018, Consumer Action...*

- Maintained a diverse staff of 24 in San Francisco, Los Angeles and Washington, DC, that collectively speaks 16 languages and/or dialects
- Traveled to 30 different cities to conduct trainings, make presentations and staff exhibit tables at community events
- Trained 230 community group representatives in person, with another 276 learners participating in our webinars
- Compiled more than 400 packets of materials needed for the participants of our train-the-trainer events and annual national conference
- Responded to 6,274 complaints and communications to our hotline on a variety of issues, with the top five areas of complaint being: customer service, refunds/overcharges, deceptive ads/offers, defective goods and fraud
- Ended the fiscal year with 4,334 followers on Twitter and 4,686 Facebook fans
- Posted 354 Chinese, 484 Spanish and 1,051 English news headlines on our websites
- Participated as a member of more than 70 national and state coalitions that amplified the voice of consumers on issues ranging from consumer data privacy and the need to expand our rights to protect our personal information to keeping our nation's air traffic control out of the hands of private, for-profit interests
- Had a total of 1,984,962 pageviews across eight websites
- Posted 128 cases open to claims in our Class Action Database, which drew 898,532 unique pageviews, an increase of 29 percent over the previous year
- Translated 41 publications, posted 93 new or updated publications to our online library, and printed 177,575 copies of our free, multilingual materials
- Conducted nine mass e-mailings to community-based organizations to alert them to newly published consumer education and training materials
- Filled 980 bulk order requests from community-based organizations across the country for 251,481 copies of our free, multilingual publications
- Had about 120,000 subscribers to our email list, 2,250 of whom composed their own email messages to their elected officials on topics of their own choosing
- Generated 33,269 emails from our subscribers to policymakers on a variety of topics, from protecting the Consumer Financial Protection Bureau under the Trump Administration to supporting a rule to prohibit mandatory binding arbitration provisions in nursing home contracts

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## Staff profiles

### Tasneem Pitalwala

Tasneem Pitalwala joined Consumer Action in the organization's San Francisco office in January 2007 as a part-time employee supporting the Administration team. Eventually, she transitioned to full-time, taking on greater responsibility, first as an administrative assistant and then as a project associate in the Administration department. Pitalwala's role as a project associate consisted of leading the administrative side of implementing the organization's training and outreach events, including coordinating with all departments involved.

Pitalwala is now a consumer advice counselor, while also providing support on administrative projects. As a counselor, she handles consumer complaints by phone and email, researching consumer issues and providing appropriate referrals and information. When not counseling, she contributes to the initiation, implementation and closing (wrap-up) of special projects. Pitalwala also manages Consumer Action's printed publications archive and copyrights.

Pitalwala holds an associate degree in science and a Bachelor of Science degree in technical management. She also holds PMP and Scrum Master certifications (project management and web development).

### In her own words

*When I just started working for Consumer Action, I didn't know about non-profit organizations or how they operate. I started working at Consumer Action because I was a full-time student and wanted to gain employment to pay for my tuition. Not only did Consumer Action give me a chance to become independent, they also gave me an opportunity to learn about consumer issues.*

*After I started working at Consumer Action, I began to appreciate the work they did and how it positively affected so many low-income and multilingual consumers in different ways. It started giving me a sense of satisfaction that, by working as a project associate and coordinating with the Outreach and Administration teams, we teach so many community-based organizations on various consumer-related issues—and they can then take the information and materials with them and teach their individual clients and make them aware of their options and rights.*

*Since I wanted to work more closely with individual consumers and help them with their concerns and complaints, I became a consumer advice counselor. At the end of the day, it is a rewarding job! It gives me a sense of contentment to know that the consumers I helped will benefit from my referrals and advice, and the time I spent with them will not go waste. I remember a particular case where I helped a*



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*student—a school was charging him excessive fees to transfer. With my assistance, he was not only able to transfer, but he didn't have to pay any fees, either.*

*Ever since I became a counselor and project support staffer, I get to directly and indirectly help consumers, which is the best of both worlds!*

*I hope that in the future, with my experience and knowledge, not only am I able to help Consumer Action, but also every consumer, with their concerns in every community.*

## Lauren Hall

Lauren Hall began working with Consumer Action's National Priorities team in Washington, DC, in 2015. Hall graduated from Virginia Tech with dual degrees in communications and graphic design. She is currently attending George Mason University's Schar School of Policy and Government, from which she will graduate with her Masters in Public Policy (with a concentration in non-profit management) next year.

Hall has worked in non-profit communications and advocacy for over a decade. She joined the non-profit realm at the National Alliance to End Homelessness in the mid-2000s, where she managed media relations for several years, bringing national attention to issues related to the needs of those experiencing chronic homelessness, as well as homeless veterans and families. Her work resulted in hundreds of thousands of dollars in federal funding for permanent, supportive housing for these underserved populations.

Since then, Hall has consulted for and worked at several non-profit and government organizations (in both communications and advocacy roles), including one national non-profit working to connect foster care youth with affordable college education; another fighting to protect the environment and ensure clean and accessible food and water resources; and a multimillion dollar innovative grant program designed to educate low-income elementary and secondary school children in STEM (science, technology, engineering and math) through hands-on learning.

Her wealth of experience has contributed to her overall knowledge of public affairs and consumer rights, which she brings to Consumer Action in her work on national priorities ranging from ending predatory lending and forced arbitration to achieving strong digital privacy laws and affordable education.

In her role at Consumer Action, Hall partners with several coalitions to fight for consumer-friendly policies and regulations, both in the halls of Congress and through timely public advocacy alerts. She has a knack for taking complex political issues and formulating them for various audiences in easy-to-understand,





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actionable terms (whether through official comments in response to a regulatory agency's proposed rulemaking, a statement to the media regarding a breaking news story or a fact sheet compiled for lawmakers). In addition to her policy and outreach work, she writes and edits Consumer Action's monthly *SCAM GRAM* and *INSIDER* e-newsletters, which highlight the latest in scams and frauds and the work of Consumer Action and its education and advocacy partners, respectively.

## **In her own words**

*There's never a dull moment working for Consumer Action, which is what I love about my job! One day I'm educating members of Congress on the Hill about the need for a strong and independent Consumer Financial Protection Bureau, and the next I'm writing an alert encouraging our allies to rise up and make their voices heard so that their legislators will vote to protect a rule to rein in the loan sharks on the corner (who would trap them in a payday loan with a 300+% interest rate)!*

*In my opinion, the biggest threat to the public today is a strong effort by the administration and many in Congress to deregulate the big banks and other institutions that got us into the 2008 financial crisis (which I remember vividly). So many of the issues that plague society are related to marketplace health and consumer wellbeing, so I see this work as fundamental to a lot of the other work that I've done in advocating for progress and social justice. It's a real "Main Street vs. Wall Street" situation. You can't address homelessness and housing, for instance, without addressing the out-of-control lending institutions that misled and ripped off consumers, leading to widespread foreclosures (and heartache). Am I angry about the anti-consumer political sentiment we're seeing today and the fact that we've forgotten the lessons we should have learned post-recession? You bet. Am I channeling this anger into action, helping to fight for our rights despite the constant attacks? Definitely! And I love what I do.*

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## Feedback from CBOs

*I really like the training and support your agency offers to all of us in the field...it really helps.*

—Shari Broussard, HIP Housing

*I want to thank you again for the opportunity to attend this [annual National Consumer Empowerment] conference. It was wonderful. I was able to network with colleagues I may have never met otherwise and learn of so many things about to affect my clients. Thank you again.*

—Christine Op't Hof, Catholic Charities of the Archdiocese of Newark

*The workshop "Finding the Right Job Training School" provided excellent professional development for members of organizations that work to empower community members of low and moderate income. This is especially significant considering the scams and ripoffs that seek to take monies out of the pockets of our community members, as they try to gain skills, earn degrees and certificates, but are only left heavily in debt and no closer to their goals.*

—Betty Habershon, Community Financial Center of Prince George's Community College

*The Debt Collection training last week was very informative and I will put this new knowledge to good use assisting my students and residents. Please keep me informed of other educational opportunities available through Consumer Action.*

—Jan Hawkins, Cleveland Housing Network

*Thank you for the fabulous and very educating [Money Management 1-2-3] lecture. We really enjoyed the class and came back home full of knowledge that's really very useful to us personally as well as to our organization.*

—Dee Deley, Women of Color on the Move

*The Train-the-Trainer session on "Finding the Right Job Training School" was very informative...And as a military veteran and advocate familiar with the use of the Veterans GI Education Benefits, I can honestly say that the info we received was right on point. I'm looking forward to the follow-up.*

—Joe Wynn, VETS Group

*Thank you to Consumer Action for another inspiring, successful conference. Your dedication to providing us with additional tools to bring back to our various organizations is greatly appreciated. We will be utilizing these essential skills while both educating and counseling individuals suffering from mental illness.*

—Barbara Gorrell and Lisa Whaley-Eachus, Collaborative Support Programs of New Jersey, Inc.

*Thank you again for the invitation and travel scholarship awarded to Navicore Solutions. The conference was great as usual and Consumer Action staff is always amazing. I learned a lot of great things to bring back to my community to share. Thank you as well for all the great free resources you always provide your partners!*

—Janice Parker, Navicore Solutions



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## Spotlight on our community-based partners

### Prototypes

#### Rebuilding consumers impacted by substance abuse, mental illness and domestic violence

Providing one of the critical lifelines for Southern California individuals and families on the brink, Los Angeles-based Prototypes' mission is to rebuild the lives of women, children and communities impacted by substance abuse, mental illness and domestic violence. The agency promotes self-sufficiency, while ensuring safety and shelter for those in need at its multiple sites. More than 10,000 women, men and children each year receive integrated health care services—primary care, behavioral health, addiction treatment and social services—at the agency's centers.

Back in 1989, Prototypes became one of the first agencies in the U.S. to offer AIDS prevention and outreach programs specifically targeted to women at risk. Eight years later, it applied the same level of innovation to the Community Prisoner Mother Program (CPMP), a partnership with the California Department of Corrections and Rehabilitation to allow women serving time in California's prison system who are pregnant or the parent of a young child to serve out their sentence at a Prototypes center and keep the family intact. Over the years, the agency's services have evolved and expanded to include Prototypes Prevention & Aftercare Services (P&A), a community-based family-strengthening program designed to keep families out of the child welfare system.

"The foundation of our program [centers on] strengthening the family in whatever area needed. Finances are certainly a huge factor, and material from Consumer Action is always well received," says Prototypes supervisor Starla Porter.

P&A staff have attended Consumer Action financial and consumer education trainings, webinars



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and consumer empowerment conferences, implementing what they learned from those events in their prevention, outpatient, transitional and residential programs. As part of the vital life skills education they provide, Prototypes has used Consumer Action publications to teach consumers how to manage their money wisely, open and manage checking and savings accounts, set financial goals, understand credit card terms, buy insurance, save money, rebuild credit, avoid or deal with ID theft, and select appropriate wireless telephone service.

“The families we serve tend to be low income and, therefore, more vulnerable to fiscal missteps and predatory practices in the financial world. The information provided by Consumer Action gives us the tools to help our families navigate financial systems and make better decisions with their funds,” says Director Michelle Rosemond. “The organization’s multilingual publications have helped to enhance our language capability by enabling us to make publications available to consumers in English and Spanish.”

Learn more about Prototypes, now part of HealthRIGHT 360, at <https://www.prototypes.org>.

## Ready, Aim, Advocate

### **Strengthening families and communities through hope and opportunity**

Recognized by community partners and participants alike as a trusted resource, financial educator and community advocate, Ready, Aim, Advocate (R.A.A.) provides hope and opportunity to low-income families and communities in the Greater Metropolitan St. Louis area. The small volunteer-run

non-profit organization encourages economic stability and social wellbeing through programs, services and activities for families of all sizes and ages.

This dedication to meeting the needs of a wide range of learners is apparent in the agency’s signature Life Enhancement Action Planning (LEAP), Forward Leaping Youth (FLY) and Financial Empowerment programs, where money management education is delivered through one-on-one coaching, multi-week group sessions, and public workshops and seminars. (Over the past year, more than 130 adults and seniors and 300



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kindergarten-through-sixth-grade students successfully completed six-to-12-week group sessions.) Emphasizing that one is never too old or young to learn about making sound financial choices and being an alert consumer, R.A.A. has been incorporating Consumer Action's materials into its trainings and outreach efforts since 2010, covering topics ranging from budgeting, saving, managing credit and dealing with debt to shopping for insurance, buying a home, making fiscally sound educational choices and staying safe on the internet.

The agency's educators also eagerly take advantage of the knowledge-building opportunities provided through Consumer Action's conferences, webinars, newsletters and advocacy efforts.

"Over the years, Consumer Action has definitely played a role in the organization's ability to provide quality financial programs and consumer information throughout its community," says R.A.A.'s executive director, Rose Eichelberger.

The partnership between the two non-profits took on a different form in 2016, when Eichelberger and Consumer Action's executive director, Ken McElDowney, teamed up to defend the Lifeline discounted telephone program in R.A.A.'s home state. The two co-authored an op-ed in *The Kansas City Star* (<https://www.kansascity.com/opinion/readers-opinion/quest-commentary/article101596377.html>) explaining how Congress's interference in the wireless Lifeline program would have an adverse impact on Missouri's low-income residents (half of participating households use their Lifeline phones to connect with doctors and other health care services).

To learn more about R.A.A., visit <http://readyaimadvocate.org>.



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## Donors and supporters

### 46th Anniversary

#### Underwriters

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National Association of Broadcasters (NAB)  
TracFone

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Ben Lau  
Debbie Berlyn  
Sue Rogan

#### Educational partners

1-800 Contacts  
AT&T  
Bank of America Charitable Foundation  
California Department of Insurance  
Comcast NBCUniversal  
Consumer Federation of America  
Consumer Relations Consortium  
Enterprise  
Facebook  
Google  
Microsoft  
TracFone  
Walmart

# 2017-2018

## Cy pres awards

*Consumer Action's work is supported in part by cy pres awards from these lawsuits:*

Furman v. Station Casino  
 Credit/Debit Card Tying Cases  
 Chase Check Loan Cy Pres  
 Griego v. Rent-A-Center  
 Insurance Brokerage Global Settlement Fund  
 Smith v. National Corrective Group  
 Title and Escrow Consumer Education and Outreach Corporation  
 Trombley v. Bank of America

## Coalitions

*Consumer Action partners with these coalitions:*

Advocates for Consumer Justice  
 Airline Passenger Advocates  
 Alliance for Investor Education  
 Americans for Financial Reform (AFR)  
 Americans for Vision Care Innovation  
 Auto Financing Coalition (CRL)  
 Auto Insurance LMI Working Group (CFA)  
 Bay Area Legal Services Partners  
 Better Medicare Alliance  
 California Consumer Affairs Association (CCAA)  
 California Latinos for Economic Justice  
 California Reinvestment Coalition (CRC)  
 CFPB Consumer Complaint Process Committee (AFR)  
 CFPB Language Access Issues Committee  
 CFPB Mortgage Complaints Committee

Coalition Against Insurance Fraud  
 Coalition for Patient Privacy  
 Coalition to Protect Patient Choice  
 Coalition for Quality Credit Counseling (CQCC)  
 Consumer Federation of America (CFA)  
 Consumer Federation of California (CFC)  
 Consumer Financial Protection Bureau Task Force (AFR)  
 Consumer Labor Coalition (National Consumers League)  
 Consumer Policy Solutions Roundtable  
 Consumer Relations Consortium  
 Consumer Video Choice Coalition  
 Credit Builders Alliance  
 Digital Due Process Coalition  
 Digital Privacy and Security Working Group  
 EPIC Privacy Coalition  
 Fair Arbitration Now (FAN) Coalition  
 Fan Freedom Project  
 Federal Housing Finance Agency (FHFA) Language Access Working Group  
 FinTech & Nonprofit Partnerships Working Group  
 For-profit College Loans Reform Working Group  
 Foreclosure Prevention Task Force (AFR)  
 Fraud Alliance  
 Get Older Adults onLine (GOAL)  
 Grand Alliance to Save our Public Postal Service  
 High Cost Credit/Payday Loan Coalition  
 Homeless Coalition  
 Identity Theft Prevention Coalition  
 Inland Empire Disabilities Collaborative

# Annual Report

Internet Privacy Working Group  
Lifeline Coalition  
Los Angeles Scams Working Group  
Make It Fair Coalition  
Make It Safe Coalition  
Mortgage Reform Task Force (AFR)  
National CAPACD  
National Community Reinvestment Coalition (NCRC)  
National Consumer Protection Week Partners  
National Cyber Security Alliance  
National Fair Housing Alliance (NFHA)  
National Partnership for Women and Families  
Consumer Privacy eHealth Working Group  
“No Ripoff Clause” Coalition  
Postal Consumer Council  
Privacy Group (Center for Digital Democracy)  
Protect Your Identity Week  
Safe Checking Working Group (Pew)  
Safe Rental Car Coalition  
San Bernardino Faith-Based Network  
San Diego Veterans Coalition  
San Francisco Smart Money Network  
Save Our Air Medical Resources (SOAR)  
Save Our Retirement Campaign  
Secure Our Savings Coalition  
Southeast Asia Resource Action Center (SEARAC)  
Stop the Debt Trap Coalition  
Student Lending Reform Coalition  
Take On Wall Street Coalition  
Transatlantic Consumer Dialogue (TACD)  
Univision Consumer Protection Committee  
U.S. Vehicle Data Access Coalition  
Veterans Financial Coalition  
We Need to Know



# 2017-2018

## Statement of Activities

Year ended March 31, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Support and revenue</b>			
Grants and contributions	\$ 48,356	\$ 1,696,684	\$ 1,745,040
Net assets released from restriction (satisfaction of donor restrictions)	2,629,880	(2,629,880)	-
Special event income (net of direct donor benefits of \$6,000)	154,750	-	154,750
Interest and other income	74,379	-	74,379
<b>Total support and revenue</b>	<u>2,907,365</u>	<u>(933,196)</u>	<u>1,974,169</u>
<b>Expenses</b>			
Program services	2,511,888	-	2,511,888
Supporting services:			
General and administrative	567,773	-	567,773
Fundraising	201,161	-	201,161
<b>Total expenses</b>	<u>3,280,822</u>	<u>-</u>	<u>3,280,822</u>
CHANGE IN NET ASSETS	(373,457)	(933,196)	(1,306,653)
Net assets, April 1	<u>541,729</u>	<u>6,372,720</u>	<u>6,914,449</u>
Net assets, March 31	<u>\$ 168,272</u>	<u>\$ 5,439,524</u>	<u>\$ 5,607,796</u>

## Board of directors and staff

### San Francisco

Ken McEldowney  
*Executive Director*

Michael Heffer  
*Business Manager*

Kathy Li  
*Director, San Francisco Office*

Nani Susanti Hansen  
*Associate Director, San Francisco Office*

Audrey Perrott  
*Associate Director, Training/Outreach*

Monica Steinisch  
*Senior Associate, Editorial*

Jamie Woo  
*Community Outreach Manager*

Joseph Ridout  
*California Legislative Advocate*

Angela Kwan  
*Web Manager*

Hazel Kong  
*Administrative Associate, Consumer Advice  
Counselor*

Cui Yan Xie  
*Project Associate*

Vickie Tse  
*Development Coordinator*

Ricardo Perez  
*Mail Room Operations*

Rose Chan  
*Consumer Advice Coordinator*

Schelly Gartner, Tasneem Pitalwala, Ralph Stone  
*Consumer Advice Counselors*

Alden Chan, Robert La  
*Administrative Assistants*

Michelle Liu  
*Support*

### Los Angeles

Nelson Santiago  
*Community Outreach Manager*

Linda Williams  
*Community Outreach & Training Manager*

### Washington, DC

Linda Sherry  
*Director, National Priorities (DC Office Director)*

Ruth Susswein  
*Deputy Director, National Priorities*

Alegra Howard  
*Associate, National Priorities*

Lauren Hall  
*Associate, National Priorities*

### Board members

Patricia Sturdevant  
*President*

Ben Lau  
*Vice President*

Sue Hestor  
*Treasurer*

Ken McEldowney  
*Secretary*

Faith Bautista

Anna Flores

Rosa Gonzalez-Abrego

Dr. Irene Leech

Sue Rogan

Gail Hahn Sanders

Kay Pachtner (Emeritus member; Consumer  
Action founder)



## **Headquarters**

1170 Market Street, Suite 500

San Francisco, CA 94102

415-777-9648

Fax 415-777-5267

[www.consumer-action.org](http://www.consumer-action.org)

Email: [info@consumer-action.org](mailto:info@consumer-action.org)

## **Los Angeles**

11901 Santa Monica Blvd, PMB 563

Los Angeles, CA 90025

213-624-4631

## **Washington, DC**

P.O. Box 70037

Washington, DC 20024

202-670-3601

Email: [dc-office@consumer-action.org](mailto:dc-office@consumer-action.org)