

Maryland Consumer Rights Coalition

2011 Annual Report

MCRC was founded in 2000 to advance and protect fairness and justice for Maryland consumers through research, education, and advocacy.

Letter from the Executive Director

January 2012

In 2011, Time Magazine's *Person of the Year* was *The Protester*. Across the country, citizens are decrying the growing gap between the rich and, well, everyone else. Spontaneous mass assemblies have taken place in public spaces throughout the country.

Occupy Wall Street is the most visible example of citizen discontent. Its actions and demands have occupied media space and preoccupied pundits, political leaders, and the public. Although protesters have massed for many reasons, a number of their rallying points will sound familiar to MCRC supporters. Foreclosures, unsustainable debt loads, and the burdens put on consumers by credit card debt and other high-cost loans have all been cited as driving forces behind these mass democratic assemblies.

These issues have been central to MCRC since we were formed in 2000, and the rising tide of public discontent over such concerns helped make 2011 a particularly successful year for MCRC.

The economic pain so many have faced over the last three years stands in stark contrast to the continuing profits of many of the banks and financial institutions that have received government support. Yet many of these same financial institutions have failed to modify the mortgages of distressed homeowners or lend to many of the small businesses that badly need credit. In this environment, and with the growing recognition that more regulation, not less, is needed, MCRC's advocacy efforts were well-received by the General Assembly.

Yet financial predators continue to find ways to victimize far too many of the families struggling through these hard times. Although many of their financial scams and unsustainable lending schemes are sophisticated, the solutions are clear. Consumers need an approach that includes education, information, regulation, and meaningful consequences for those who break the law.

MCRC's policy agenda focuses on realizing four broad goals that are critical to consumer protection. These goals build on and complement one another -- while each is important, all must be realized to provide consumers with the information they need and establish the accountability we need to rein-in fraudulent and predatory financial practices.

MCRC's goals include:

- **Regulation** – consumers need stronger laws to regulate industries in which firms are engaging in deceptive practices, price-gouging, or other forms of financial abuse.
- **Transparency** – the public needs access to information about the consumer complaints against businesses filed with government agencies and data about what steps those agencies have taken to protect consumers.

- **Clear Contracts** – consumer contracts should be clearly written in readable-size print so that people know what they’re getting and can make informed choices based on price and quality.
- **Accountability and Meaningful Consequences** -- if consumers fail to pay their debts, they are held accountable and face real consequences; similarly, if financial institutions or other businesses harm consumers through deception or other unfair practices, they should also face meaningful consequences.

We know that it will take a great deal of work on our part, and support from all of you, to make 2012 an even more successful year. But we believe that something is happening here and now -- both with MCRC’s work in Maryland and across the country -- that will help us push for corporate reform and increased regulation of financial products.

Marceline White
Executive Director



Letter from the President of the Board

As 2011 comes to a close, I am proud of what MCRC has achieved in the last year but deeply concerned about the welfare of Maryland consumers.

MCRC won many victories this year. We helped pass important legislation that gives homeowners new protections against foreclosures and home improvement scams, protects jobseekers against unfair credit checks, improves the transparency of arbitration procedures, and for the first time, makes debt settlement companies register with the state and provide information on their activities.

We produced a landmark film called “Stealing Trust” that is helping educate consumers across the state and winning media attention for consumer fraud issues. We worked with Rep. Elijah Cummings, Prof. Elizabeth Warren, and other advocates to defend the new Consumer Financial Protection Bureau. We served on the governor’s Foreclosure Task Force that is developing new ways to protect homeowners in distress and we prepared a new home improvement booklet that we will use next year to help teach homeowners how to protect their pocketbooks when they renovate their homes.

We also intensified our outreach to policymakers and the press, launched a new debt settlement newsletter, and expanded our social media work. Internally, we developed a comprehensive strategic plan that will guide our fundraising and our work for years to come.

As always, MCRC did all this with modest resources by focusing the work of our small, dedicated staff and knowledgeable board on critical issues and projects that advance fairness and justice for Maryland consumers in multiple ways.

In the year to come, we will launch new initiatives to protect consumers against rent-to-own and auto sales abuses, unfair foreclosures, home improvement scams, and predatory financial products. Meanwhile, we can expect to encounter a tough fight from the big-money lobbyists who work on behalf of financial predators.

To win this fight, we continue to rely on the continuing backing of our friends and partners. Thanks to all of you for your continued support. I look forward to working with you to win new protections for consumers in 2012.

Rebecca Bowman
President of the Board



MCRC 2011 Highlights

In 2011, MCRC's major accomplishments included:

- **Advocating on behalf of consumers.** The **Maryland General Assembly passed nine of our ten top priority bills** last session, including legislation that extends the time distressed homeowners have to opt-in to mediation, requires debt settlement firms to register with the state and report to the Commissioner of Financial Regulation, ensures that, in most cases, credit reports can't be used in hiring decisions, and requires arbitration firms to report the records of their decisions.
- Producing a **new film, "Stealing Trust: Marylanders Speak Out on Frauds, Scams, and Financial Abuses"** that has been shown in more than 10 locations across the state so far, with more screenings planned for 2012.
- Winning **media attention** for our work from, among other sources, the *Baltimore Sun*, the *Daily Record*, the *Baltimore Business Journal*, the *Washington Post*, the *Prince George's Gazette*, *AARP Bulletin*, WBAL-TV, Maryland Public Television, WYPR radio, the Marc Steiner Show, and the *City Paper*.
- Participating in **Congressman Elijah Cummings' Town Hall Forum** in support of the new Consumer Financial Protection Bureau featuring Rep. Elijah Cummings, Lt. Gov. Anthony Brown, and Professor Elizabeth Warren.
- Earning appointment to the **Maryland Foreclosure Task Force**, the panel that will make recommendations to Gov. Martin O'Malley about new ways to fight the foreclosure crisis.
- Developing and delivering **consumer protection training** for financial counselors in partnership with the Maryland CASH Campaign and the Howard County Office of Consumer Affairs.
- Expanding our social media network and outreach. Find us on the web www.marylandconsumers.org, on Facebook <https://www.facebook.com/marylandconsumers>, and on Twitter at twitter.com/mdconsumers

MCRC Advocates

Maryland's General Assembly meets for 90 days between January and April to hear more than 2,300 bills, including the state's budget. It takes considerable work to move bills out of committees, on to the floor of each chamber, and through to final passage.

Each year, MCRC assesses which legislative initiatives hold the most promise for helping Maryland families increase their assets and protect their interests. The most promising pieces of legislation make up the Legislative Agenda we distribute to all legislators at the beginning of the year. But for every strong new consumer bill introduced during the session, we often must fight off two bills that would weaken consumer protections.

MCRC works hard all session long to pass strong consumer protection bills and to defeat bills that promote high-cost financial products, curtail consumers' rights, or sow confusion by using unclear language and terms.

Home Improvement

Terry Berg, an ardent environmentalist, and her husband, Randy Johnson, had saved for their dream renovation project -- a green renovation of their Anne Arundel County home. Despite interviewing more than 20 contractors, they selected one who absconded with most of their retirement savings. Terry organized other homeowners who had suffered similar experiences and tried to change the law. MCRC began working with Terry and other homeowners in 2010 and last year we passed a law to strengthen consumer protections and disclosures in home-improvement contracts. The law will also require the home improvement commission to create a searchable database on its website where consumers can find the complaints filed against contractors before they hire one. MCRC will work for additional enhancements to Maryland's home improvement laws in the years to come.

MCRC's advocacy highlights include:

- Holding our second consumer issues reception at which nearly 100 delegates, senators, consumer advocates, and progressive allies discussed legislation affecting consumers.
- Launching a new *Debt Settlement Watch* newsletter that will update readers on national, state, and legal news about the debt settlement industry two to three times a year.
- Participating in the Maryland Foreclosure Task Force to prepare recommendations for Gov. Martin O'Malley to consider for 2012.
- Producing our second legislative scorecard, which will be released in early 2012.



MCRC board members Robin McKinney, Becky Bowman, Karren Pope-Onwukwe and MCRC staff Marceline White and Franz Schneiderman along with Commissioner of Financial Regulation Mark Kaufmann, Senators Catherine Pugh and Joanne Benson, and other advocates mark the signing of the debt settlement bill.

Debt Settlement

Virginia Slater wanted to do the right thing. That is a lesson she instilled in her children, who are first responders in North East, MD. After an accident caused her to leave work, her debts mounted. To do the right thing and pay her debts, Virginia signed a contract with a debt settlement company. Like many debt settlement firms, the company took her money but failed to settle any of her debts.

MCRC has worked on the debt settlement issue in Maryland since 2009. This year, we were successful in passing a bill that requires firms to register with the state and fully report on their performance in helping Maryland consumers achieve debt relief. The bill also extended new federal protections that prohibit debt settlement firms from collecting fees before they reduce a consumer's debt to cover deals conducted within Maryland, on the Internet, and in other new settings. Although we were unsuccessful in setting caps on the amount firms can charge once a debt is settled this year, we intend to pursue that issue in future General Assembly sessions.

Other advocacy accomplishments included:

- Signing on to advocacy letters supporting amendments to strengthen the federal Military Lending Act, opposing bills that would have weakened the Consumer Financial Protection Bureau, calling on President Obama to nominate Prof. Elizabeth Warren as director of the CFPB, supporting the federal Arbitration Fairness Act, and calling on Maryland's courts to strengthen the documentation rules debt buyers must meet to sue consumers over old debts.
- Drafting 35 blog posts, 200 Facebook updates and more than 300 tweets that provide important information about consumer news, cutting-edge research on consumer issues, and the ways citizens can advocate for better consumer protection.

MCRC Educates

In 2011, MCRC:

- Developed and released fact sheets about our legislative work on debt settlement, home improvement, and foreclosure issues.
- Disseminated 800 copies of our consumer education guide “How to Buy a Used Car: Without Getting Taken for a Ride.”
- Produced and released “*Stealing Trust*,” a documentary film about Maryland victims of financial fraud.
- Produced a new guide to home improvement projects to educate consumers about how to renovate their homes without being victimized by scam artists.
- Conducted a training with the Maryland CASH Campaign and the Howard County Office of Consumer Affairs that trained financial counselors on consumer concerns including rent-to-own contracts, debt settlement abuses, yo-yo car sales, and home improvement rip-offs.
- Spoke at Rep. Elijah Cummings’ Town Hall Meeting in support of the new Consumer Financial Protection Bureau along with Rep. Cummings, Professor Elizabeth Warren, and Lt. Gov. Anthony Brown.
- Appeared on Maryland Public Television’s consumer education broadcast seminar “Tricks of the Trade: Outsmarting Investment Fraud.”



Lee Tarver, Marceline White, John Spillane, and Claretta Taylor at the “Stealing Trust” Premiere.

“Stealing Trust Film”

Since premiering “Stealing Trust” in Baltimore in May, we’ve shown the film to hundreds of Marylanders at more than a dozen screenings across Central Maryland. The film tells the powerful stories of individuals and families across our state who have lost their homes, their savings, and even their capacity to trust others to unscrupulous mortgage lenders, debt settlement firms, and home improvement contractors. The screenings enable us not only to put human faces on financial fraud but to talk directly to consumers and advocates about their concerns. In October, U.S. Rep. Donna Edwards was the featured speaker for a screening before scores of consumers and leaders in Oxon Hill and in December, more than 100 advocates filled the AFI Silver Theatre in Silver Spring to see the film. The film has been featured on the Marc Steiner Show and in *The Baltimore Sun*, the *Daily Record*, the *City Paper*, *AARP Bulletin*, the *Prince George’s Gazette*, and other publications. In 2012, we will continue to bring the film to new parts of the state and to use it to open up a dialogue about financial fraud with consumers around the state.

MCRC Informs

In 2011, MCRC:

- Spoke about consumer issues at a Legislative Wrap-Up co-sponsored by the Maryland CASH Campaign, the Job Opportunity Task Force, Advocates for Children and Youth, the Maryland Budget and Tax Policy Institute, and the Maryland Association of Nonprofit Organizations.
- Spoke to print, radio, and television media about a range of consumer topics including debt settlement issues, scams directed at women, home-improvement contractor licensing, the federal financial reform bill, payday lending, the use of credit scores in hiring decisions, key consumer rights legislation before the General Assembly, and many other issues.
- Discussed consumer fraud issues on the air on WEAA-FM's Marc Steiner Show, on Maryland Public Television's "Tricks of the Trade" seminar, on WBAL-TV, and on Baltimore's Heaven 600 Radio.
- Wrote an op-ed article explaining why Maryland needs stronger regulation of debt settlement firms. Published letters to the editor decrying new fees for Maryland car buyers and defending the Consumer Financial Protection Bureau.
- Organized our 11th Annual Awards Dinner, which celebrated the accomplishments of several leading consumer advocates including Rep. Elijah Cummings, Del. Sandy Rosenberg, AARP State Director Hank Greenberg, and Terry Berg.
- Participated in several national consumer advocate conferences to learn of the latest developments and strategies in the field.

Looking Forward-2012

While we can't predict the future, we can share with you some of the exciting projects that we are working on for 2012.

- Releasing a report on the rent-to-own industry that will include an analysis of the industry's predatory practices as well as policy recommendations to reform them.
- Analyzing high-cost auto loans and the impact these costs have for working families in Maryland. The analysis will include stories from Maryland car buyers, statistics, and policy proposals.
- Conducting our first analysis of how debt settlement firms are performing for the Maryland families that have contracted with these companies. This project is part of our ongoing effort to ensure that the industry is appropriately regulated in Maryland.
- Disseminating information about emerging issues and news on the debt settlement industry as part of our new e-newsletter, "Debt Settlement Watch."
- Conducting consumer protection training for financial counselors and other advisors who work with vulnerable families.
- Holding at least five additional screenings of our film "Stealing Trust" throughout the state.
- Hosting a legislative reception in January to introduce legislators, consumer advocates, nonprofit colleagues, and supporters to priority consumer issues that will come before the General Assembly in the 2012 session.
- Exploring ways to expand our supporters throughout the state through online advocacy, social media, and new technologies.
- Continuing to advocate at the state and national level for policies that will protect Marylanders from those selling predatory, high-cost products and help families build their assets.

MCRC Financials

Maryland Consumer Rights Coalition, Inc
Statement of Assets, Liabilities, and Fund Balances
As of December 31, 2010 and 2009

	<u>2010</u>	<u>(unaudited)</u> <u>2009</u>
ASSETS		
Cash, Operating Account	\$ 265,244	\$ 164,567
Prepaid expenses	-	-
Total Current Assets:	\$ <u>265,244</u>	\$ <u>164,567</u>
Total Assets:	\$ <u><u>265,244</u></u>	\$ <u><u>164,567</u></u>
LIABILITIES AND FUND BALANCES		
Accrued Expenses and Accounts Payable	\$ -	\$ -
Deferred Grant Revenue	15,000	
TOTAL LIABILITIES	<u>15,000</u>	<u>-</u>
Fund balances	\$ <u>250,244</u>	\$ <u>164,567</u>
Total Liabilities and Fund Balances	\$ <u><u>265,244</u></u>	\$ <u><u>164,567</u></u>

MCRC Supporters

Individuals

Farkhad Balashov
Deatrice Besong
The Honorable Elizabeth Bobo & Lloyd Knowles
Rebecca Bowman
Abigail Breiseth
Lisa Brennan
Stephen Brobeck
Bill Bronrott
Stephen Buckingham
Kimberly Cammarata
Paula Carmody
Louise Carwell
Lisa Chandler
Mark Charles
Frank & Carole Chase
Susan Cohen
Michelle Douglas
Sharon Goozh
Adam Goldberg
C. Vernon Gray
Chris Gross
Robert Grossbart
William Gruhn
Kay Harding
Jonathan Harris
Sue Hecht
Peter Holland
Emily Hunt
Cheryl Hystad
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Myron Weisfeldt
Nomiki Weitzel
Pat Wigginton
Martin Wolf
Michael Worsham
Philip Ziperman

Foundations

Abell Foundation
Annie E. Casey Foundation
Fund for Change
The Goldseker Foundation
Isabelle and Zaniev Krieger Fund

Organizations

AARP

Center for Responsible Lending
Civil Justice
Consumer Federation of America
Legal Aid Bureau
Maryland Health Care for All Coalition
National Association of Consumer Advocates
Office of the People's Counsel
Office of the People's Insurance
University of Baltimore

Businesses

Baltimore-Washington Financial Advisors
Fitzgerald Auto Malls
Gillis & Associates
Holland Law Firm
JJF Management Services, Inc
MECU of Baltimore
Quinn, Gordon, & Wolf, Chtd.
Shemer Bar Review, LLC
TracFone Wireless
Verizon Foundation

Cy Pres

Matinrazm Cy Pres
Butler v. C&F Finance Co.

MCRC's strength lies in our supporters. We hope that you will continue to support us through an annual gift, a cy pres award, by telling your friends about our work, and by following us on Facebook, Twitter, Youtube, and our blog.

Thank you again for all of your work and support in building and sustaining the organization over the last 11 years.

MCRC

1209 North Calvert Street
Baltimore, MD 21201
www.marylandconsumers.org
facebook.com/marylandconsumers
twitter.com/mdconsumers
www.marylandconsumersblog.org

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MCRC Staff

Marceline White, Executive Director, marceline@marylandconsumers.org, 410-624-8980
Franz Schneiderman, Communications Director, franz@marylandconsumers.org,
410-624-8981

Thank you for all you do to help us fight for Maryland consumers.



Board President Rebecca Bowman, Executive Director Marceline White, Attorney Kieron Quinn, and MCRC Legislator of the Year Del. Sandy Rosenberg at the signing of HB 442, which increases transparency in mandatory arbitrations.



Peter Dolkart of DHCD, Board member Robin McKinney, Delegate Doyle Niemann, Executive Director Marceline White, Board President Rebecca Bowman, and Communications Director Franz Schneiderman at the signing for HB 728, which extended the time homeowners have to opt-in to Maryland's mediation program.

