

***SOUTH CAROLINA DEPARTMENT OF
CONSUMER AFFAIRS***



ANNUAL ACCOUNTABILITY REPORT

FISCAL YEAR 2009-2010

Accountability Report Transmittal Form

Agency Name: South Carolina Department of Consumer Affairs

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EXECUTIVE SUMMARY

In these challenging economic times, the Department of Consumer Affairs (“SCDCA”) will continue to take a leading role in protecting consumers because it is more important now than ever. The economic difficulties that impacted South Carolina consumers in 2008 continued into 2009-2010. The record-high rates of unemployment and foreclosures significantly affected South Carolina consumers of all economic levels. While the Department is tasked with a big mission, protecting consumers across broad swaths of the economy, the constant challenge is not only to effectively leverage our limited resources, but also to ensure that the quality of our work will not be strained. One of the greatest challenges that many consumers face today is holding on to their homes when they have lost their jobs, seen their working hours cut back, or just can’t manage to pay their mortgage. Such financially-distressed consumers are vulnerable to schemes that promise miraculous solutions to their financial problems. These practices include foreclosure “rescue” and loan modification scams; unfair, deceptive, or otherwise unlawful mortgage lending and credit offers; unlawful practices in servicing mortgages; bogus debt relief and credit “repair” services; and unlawful debt collection.



SCDCA’s “Torch Award”

The Department heightened the time and attention devoted to assisting consumers by launching even more programs and services to alert them about fraudulent schemes victimizing struggling homeowners and borrowers in the state. Using traditional methods, along with webinars, *YouTube* and other social media the Department sought to meet challenges head-on by providing faster and easier access to services and ways to inform the public. Moreover, with assistance from the South Carolina Attorney General’s Office, SCDCA re-launched the Mortgage Fraud Hotline in April to further identify complaints on the subject. Focusing on rural areas and preventing financial abuse of the elderly was yet another critical concern. In particular, the risks associated with reverse mortgages, a financial product expected to grow substantially in coming years, because it is offered to seniors who may be vulnerable to misleading marketing techniques. The Better Business Bureau recognized the Department’s efforts to protect South Carolina consumers in awarding the agency a “Torch Award” this Spring.

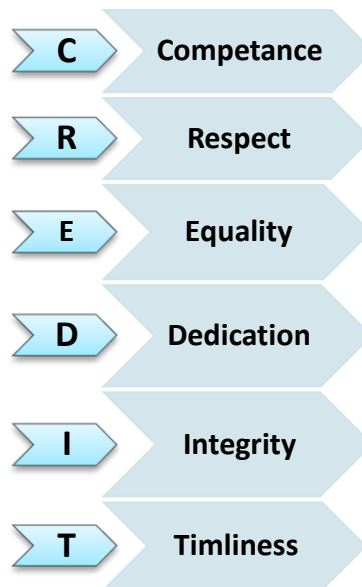
Beyond that, the Department continued its steady workload in the areas of advocacy, mediation, enforcement and education. Our work in addressing consumer complaints and inquiries provides invaluable information that can lead to the development of new consumer protection laws. Our staff is proud of the work done on behalf of South Carolina’s consumers. Here there is a belief that creative, responsible risk-taking in the pursuit of improved customer service is an action to be applauded and encouraged.

Consumer Affairs at a Glance

- Handled more than 5,534 complaints during FY10, resulting in the return of \$668,884.43 in repairs, refunds or adjustments to consumers.
- Refunded \$2,842,573.72 from credit counseling organizations to over 3,100 SC consumers.
- Reviewed 1,029 insurance notices.
- Added to savings for insurance consumers, bringing the 5-year total to approximately \$258 million.

MISSION STATEMENT AND VALUES

To protect consumers from inequities in the marketplace through advocacy, mediation, enforcement and education. The Department strives to be a **CREDIT** to our State by holding the following values as essential in our relationships and decision-making:



MAJOR ACHIEVEMENTS THROUGH VOLUNTARY COMPLAINT MEDIATION

The Department mediated and **closed 82.4% of consumer complaints as “satisfied,”** which in part is the result of the “open-view analysis” approach to processing, evaluating and mediating consumer complaints. This approach frequently identifies violations and/or businesses that are not mentioned in the consumer’s complaint and assists in determining the probable basis and merit of every complaint filed with the Department.

The agency demonstrated its “global customer base” by **recovering approximately \$4.2 million** in refunds, credits and adjustments for consumers nationally and internationally, but most importantly, those living in South Carolina. (Of that figure, \$668,884.43 is from Consumer Services, \$3,498,157.70 is from Legal, and \$2,782.00 is from Advocacy.)

- Received more than 5,534 complaints during FY10, 1,972 of which are still pending
- Provided services (walk-ins, referrals, general questions, etc.) to 15,791 persons.

I wish to thank you for your help, this makes the third time that I had to use your Department and each time I was highly satisfied with the results.

Mr. Gardner, Lugoff, SC
Consumer

- Participated in the creation of a new complaint database being developed for SCDCA at no charge. The system will allow the agency to more efficiently provide its services to consumers by permitting a consumer to check the status of a complaint online, e-mail supporting documentation to staff and permit the general public to search complaints received.
- Participated in several outreach events across the State for both businesses and consumers. The Department provided brochures on regulated industries to small businesses and answered questions about licensing requirements at Minority and Small Business Fairs. Staff also provided several consumer presentations, notably to senior citizens, provided training to senior care providers and participated in a speaker's series at the Charleston area Veteran's Administration Hospital.
- Continued to develop and strengthen partnerships with Legal Aid, USC School of Law Pro Bono Program, the governor's office, as well as legislators, state agencies and other public and private agencies. Specifically, SCDCA held meetings with partners to educate the agencies on the Department's jurisdiction and the complaint process, resulting in more appropriate referrals and communication with partners.

MAJOR ACHIEVEMENTS THROUGH COMPLIANCE/ENFORCEMENT ACTIVITY

- Processed **13,994** licensing applications and other filings for regulated businesses.
- Conducted 331 compliance reviews and inspections of regulated businesses and an additional 16 advisory visits to help new businesses get off to a good start.
- Sent 83 advertising compliance letters.
 - Conducted 40 complaint investigations, with a special emphasis on cases alleging mortgage fraud.
 - Involved in 12 administrative enforcement actions, mostly licensing related.
 - Conducted 3 criminal investigations related to odometer fraud, resulting in all defendants entering guilty pleas. Also conducted 5 civil investigations into odometer discrepancies. The civil and criminal investigations resulted in over **\$600,000** being refunded to consumers.
 - Entered into settlement agreements requiring the return of approximately **\$2.8 million** to consumers, a majority of which originated from out-of-state debt negotiation and foreclosure assistance companies.
 - Held in-person continuing education programs for over 400 licensed credit counselors, mortgage brokers and loan originators.
- In partnership with the South Carolina Attorney General's Office, the Department re-launched its Mortgage Fraud Hotline.
- Conducted 24 presentations to consumer groups, licensee trade associations and government organizations. Specific audiences include magistrates, Mortgage Broker's Association, Mortician's Association, Federal Trade Commission and SC Bar Members.
- Transitioned to the Nationwide Mortgage Licensing System and Registry ("NMLSR").

Thanks for taking time to listen and provide direction for our industry.

Mr. Croft, North Charleston, SC.
Loan Originator
Licensee thanking staff attorney for CPE presentation.

- Staff comment regarding consumer protection and the debt settlement industry cited in Federal Trade Commission Proposed Rule, Federal Register, vol. 74, No. 159, p. 42006 (August 19, 2009).

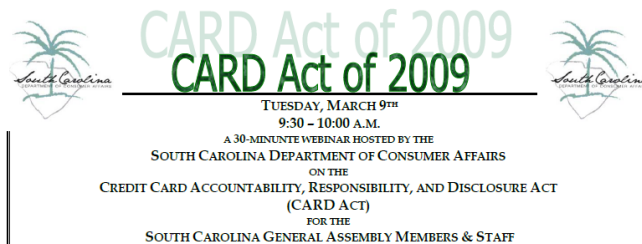
MAJOR ACHIEVEMENTS THROUGH ADVOCACY DIVISION ACTIVITY

- Processed 15 new applications for Professional Employer Organization (PEO) licenses.
- Reviewed **1029** insurance notices.
- Saved businesses that buy workers' compensation insurance roughly \$223,000 per year as a result of involvement in the filings by workers' compensation insurance carriers for approval of loss cost multipliers (LCMs). The Division's savings this year were depressed due to a pending challenge to its authority to participate in certain insurance rate filings as well as extremely limited funds for hiring outside actuarial experts to assist in filing reviews. **Over the last 5 years, the Division has saved insurance consumers approximately \$258 million.**
- Processed 17 new applications for Discount Medical Plan Organization (DMPO) licenses.
- Processed 38 applications for Continuing Care Retirement Community (CCRC) licenses.
- Department Order denying a license to a Professional Employer Organization was cited in court filings by the U. S. Securities and Exchange Commission (SEC) in the matter of SEC v. Huff, et al.

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

General Assembly Efforts

In an effort to educate Legislators on issues affecting their constituency, the Department held a webinar specifically for the South Carolina General Assembly and Staff on the Federal Credit Card Accountability, Responsibility and Disclosure Act. The Webinar discussed important provisions and the impact it will have on SC consumers.



The Department also distributed "Financial Toolkits" to the General Assembly, which contained educational materials on identity theft, credit, debt collection and lending. Through a grant from the Central Carolina Community Foundation, the Department created new educational brochures, burned DVDs with print and video materials and compiled the information into 500 Toolkits for consumers. The Direct Selling Education Foundation provided a grant to assist in the distribution of the Toolkits to General Assembly members so they may better assist their constituents with consumer issues.

Administrative Programs

The Administrative Division entered in a partnership effort with South Carolina Business One-Stop (SCBOS), resulting in the Department of Consumer Affairs becoming one of five core state agencies participating in a user-friendly online business license/registration filing system, which

will cut the red tape associated with opening and operating a business in South Carolina. SCBOS saves time and money by streamlining access to information, helping business owners determine exactly which documents they are required to have, and expediting registrations and fee payments in real time. Four of the agency's business registration forms were developed in a web-based business application and merged into SCBOS in the fall of 2006. In FY10, 1,073 businesses utilized the SCBOS system to file required documents with the Department, an increase from FY09 where 933 businesses used the system. The Department continues to work with SCBOS to ensure the system can be utilized to its full potential both on the business and regulatory ends. Discussions regarding marketing the system in FY11 will occur in an effort to increase business participation.

The Administration Division also posted over 1,292 revenue transactions, which included processing multiple checks per transaction, for deposit into the General Fund and agency earmarked accounts.

MAJOR ACHIEVEMENTS THROUGH OUTREACH, PARTNERSHIPS, AND CUSTOMER FOCUS

Shred Day Events

As the administrator of the Financial Identity Fraud and Identity Theft Protection Act, the Department recognizes the need for consumers to properly dispose of their personal information. To assist consumers in protecting their identity, the Department, in partnership with several private sector vendors such as Carolina Records and Information Management and SHRED 360, held free "Shred Days" in 2009-2010. Locations in Columbia, Florence, Charleston, Aiken and Spartanburg provided consumers and businesses the opportunity to have their confidential documents shredded, free of charge. Due to consumer demand, SCDCA will plan similar events statewide for 2010-2011.



SCDCA Shred Days provide free, on-site document shredding, encouraging consumers to protect their identity.

Coalition Against Fraud

The Department continues to work with the *Coalition Against Fraud* – a joint venture of the Department, the FBI, US Secret Service, US Attorney General's Office, Sheriff's Association and the US Attorney's office. The group will work together to educate and inform the public on fraudulent and deceptive practices and how to protect themselves. On behalf of the Coalition, SCDCA publishes a newsletter, *Fraud Alert*, in addition to its popular and award-winning quarterly publication, *Consumer Alert*.

Satellite Locations

The Department continued its visits to Gaffney, Laurens, and Summerville, on a quarterly basis despite budget cuts and limitations. This is part of the Department's commitment to outreach — to be visible in areas across the state where consumers are not familiar with our services and provide them with what they need most: help and information. This effort was made possible through a collaborative effort with county administrators and local public libraries in those areas.

Webinars

During FY10, the Department continued its webinar initiative, providing 5 educational webinars to regulated industries and consumers alike. Topics included the CARD Act, Reverse Mortgages and Federal and State Identity Theft Laws. Continuing Professional Education (CPE) credit was offered to some licensees for viewing the webinars, expanding the Department's reach in offering free CPE courses to out-of-state licensees.

Business Liaison

During FY10, the Services Division's business liaison continued to develop relationships with South Carolina businesses that had numerous complaints against them. The liaison communicated with the businesses to provide a more streamlined complaint and communication process to aid in the expeditious resolution of multiple complaints to the satisfaction of all parties involved.

Social Media

As part of its continuing effort to find new, creative, and cost effective ways to reach South Carolina consumers, in FY08-09 the Department launched SCDCA-TV on YouTube as well as its Facebook and Twitter social media initiatives. SCDCA-TV includes videos on debt collection, secret shopper scams and illegal cosmetic contact lenses. Over 34,000 people have viewed the 18 videos currently uploaded. In FY10, the Department updated and transitioned to a new Facebook page and tweeted to over 1200 Twitter followers.

Ask Consumer Affairs

The Department also provided another accessible avenue for consumers to communicate and receive information from the Department through **Ask Consumer Affairs**. In prior years, this was an interactive forum providing consumers with the ability to ask important consumer related questions and receive a timely response. Due to budget constraints, the format has been changed from a live "chat" to an e-mail system, continuing the goal to make helpful information accessible and fast. Through **Ask Consumer Affairs**, the Department continues its commitment to educating and informing South Carolinians, so that they can make wise choices in the marketplace.

Boards and Roundtables

To improve dialogue with businesses regulated by the Department, the customer-focused advisory boards and roundtables continued for the **Mortgage Broker, Professional Employer Organization Services, Consumer Credit Counseling, Preneed Burial Contracts, Continuing Care Retirement Communities, and Pawnbroker Regulatory Programs**. Discussion includes ways to enhance services the Department provides through drafting and amending legislation, licensing, training and education, on-line filing, outreach efforts and publications for the general public.

Affordable Housing Coalition of South Carolina

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

Palmetto Affordable Housing Forum

The Department is one of five partner agencies in this major annual conference. Other partners include: the SC State Housing Finance and Development Authority, the US Department of Housing and Urban Development, USDA-Rural Development, and the Affordable Housing Coalition of South Carolina. The Department provided several presentations at the forum on topics such as debt collection, identity theft, mortgage fraud and being a good consumer.

South Carolina Libraries

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

National Consumer Protection Week

During National Consumer Protection Week, the Department partnered with the US Postal Inspection Service, Federal Trade Commission and Better Business Bureau to conduct telephone banks across the state to answer consumer fraud questions. The Department also launched a financial literacy campaign that included an essay competition for 5th and 6th grade students, with awards being funded by the South Carolina Bankers Association. Financial Toolkits containing popular consumer brochures and videos were also distributed and shred days held state-wide.



Winners of the Spring 2010 Essay
Competition:
What Would You Do with \$100?

Mortgage Fraud Hotline

In partnership with the SC Attorney General's Office, the Department re-launched the South Carolina Mortgage Fraud Hotline. From its re-launch date on March 22, 2010 through June 30, 2010, the mortgage fraud hotline recorded 164 calls. The most common complaints include those involving homeowners having trouble getting loan modifications (34 calls), companies charging large up-front fees for loan modifications or foreclosure help (28 calls), and errors made by loan servicers (26 calls). Counties with the most calls include Richland (30 calls), Greenville (16 calls), and Charleston (14 calls). The Department reviews and mediates the complaints and forwards suspicious activity to the appropriate federal or state agency. Several Department investigations of unlicensed foreclosure assistance companies have stemmed from complaints received through the hotline.

US Consumer Product Safety Commission

Staff made 25 Recall Effectiveness Checks throughout the state in fulfillment of a contract with the US Consumer Product Safety Commission ("CPSC"). The Department assists in ensuring recalled products are not sold, relaying pertinent consumer recall information to the public and partnering on product safety initiatives statewide.

LifeSmarts: The Ultimate Consumer Challenge

The Consumer Services and Education Division coordinates South Carolina's *LifeSmarts* competition annually. This national program helps high school students develop and demonstrate an understanding of consumer and marketplace issues. The program focuses on five key areas of consumer knowledge: personal finance, health and safety, environment, technology and consumer rights/responsibilities. *LifeSmarts* is sponsored by the National Consumers League. In

FY10 a new school joined the competition and four schools participated in the statewide finals held on February 26, 2010 at SCDCA. Trinity Collegiate School of Darlington was the state winner and represented South Carolina at the national competition, held April 24-28, 2010, in Miami Beach. Trinity did a great job and finished 7th in the competition out of 32 schools.

SC Department of Education – Family Consumer Sciences



School supplies collected at SCDCA Shred Day.

Staff works closely with the Education Department, providing input on consumer issues – such as the dangerous and unlawful practice of dispensing cosmetic contact lenses without a prescription – and an ongoing financial literacy curriculum. This year, the Department also sponsored a school supply drive, which resulted in over 750 pounds of donated school

supplies distributed to needed schools across the Palmetto state.

Consumer Sentinel Membership

To aid the Department in the enhancement of its enforcement efforts, SCDCA joined the Consumer Sentinel Network in FY08 and continued participation in FY10. Maintained by the Federal Trade Commission (FTC), the Network allows member agencies, at no cost, to view consumer complaints filed directly with the FTC and state agencies who share complaint data. State and federal agencies also input information on enforcement actions. SCDCA staff will receive Sentinel training from a FTC representative next fiscal year to ensure the Department is receiving all benefits of membership.

STRATEGIC GOALS AND CHALLENGES

Process and Mediate Consumer Complaints

- Closed 5,555 complaints by June 30 (an additional 1,972 complaints remain open); 82.4% were closed satisfied.
- The Department recovered nearly **\$670,000** for South Carolina consumers filing complaints in FY10.

Administer, Interpret, and Enforce the South Carolina Consumer Protection Code

- Conducted approximately 14,000 license reviews; 331 compliance reviews; 83 automobile advertising advisory letters sent; 4,645 business locations filed credit grantor notifications; and 4,276 locations filed maximum rates.
- Issued 5 informal interpretations. Entered into more than 12 settlement agreements with organizations the Department alleged violated laws it administers and enforces.

Serve South Carolina’s Insurance Customers By Providing Professional, Innovative, and Accountable Service

- The Consumer Advocate’s review of insurance rate filings

“Thank you for your professionalism and courtesy.”

Mr. Lankford, Physical Fitness Center Registrant. Accolades to an SCDCA investigator.

over the last 5 years has resulted in savings of approximately **\$258 million**. FY10 reviews saved businesses that purchase workers' compensation insurance approximately \$223,000. Savings will occur on an annual basis.

- The Advocacy Division reviewed 1,029 insurance notices.

Enhance Promotion of Pro-Consumer Legislations and Regulation

- The Department saw the passage of House bill 3607. The Act expands the requirements automobile dealers must abide by when advertising, including setting disclosure font size and limitations on using the word "free" in an advertisement. The law also delineates specific penalties the Department may assess when violations occur.
- Staff provided testimony on many legislative issues during the 118th (2010) session of the South Carolina General Assembly, including debt collection agency licensing and collateral recovery (H.4228, H4284, S1073).

Increase Public Awareness of Services and Accomplishments

- SCDCA-TV allows consumers to view 18 videos on consumer laws and events. Current videos cover popular topics such as how to prevent identity theft, spot a secret shopper scam and deal with debt collectors.



Staff participating in phone bank on fraud and scams.

- The Department re-launched the Mortgage Fraud Hotline in cooperation with the SC Attorney General's Office. The hotline assisted over **500** consumers in mortgage cases with suspected fraudulent and deceptive practices in 2008 and over 150 in the four months after its re-launch.
- SCDCA was 1 of 5 partner agencies coordinating and presenting the 15th Annual Palmetto Affordable Housing Forum.
- Staff educated the public through media phone banks and news interviews on several topics, including the Federal CARD Act, identity theft laws and the latest scams.
- The Department promoted and hosted multiple webinars on Identity Theft, Reverse Mortgages, the CARD Act, Mortgage Foreclosures and more. These pertinent consumer and business topics provided information on legislative requirements for businesses and protections for consumers. The webinars were attended by hundreds of participants and will continue in FY11.
- The Department issued 17 press releases in FY10, not including releases regarding satellite location visits. The news releases informed the public of various events and issues, including "cash for gold" opportunities, preneed funeral contracts, protecting your privacy online, the Department receiving the BBB Torch Award and Department enforcement actions.
- Staff created 4 new consumer educational brochures on Credit Basics, the CARD Act and SC Identity Theft laws. Staff also revised existing brochures on credit counseling, including credit repair, and debt collection

BUSINESS OVERVIEW AND ORGANIZATIONAL PROFILE

Number of Employees

The Department of Consumer Affairs currently has 65 full-time positions. 36 of these positions are filled with 20 funded by state appropriations and 16 funded by revenue generated from the

licensing fees of mortgage loan brokers and loan originators, prepaid legal services, professional employer organizations, credit counseling organizations and from funeral homes that sell preneed funeral contracts. Due to budget cuts and revenue shortfalls in other funds, the Department implemented a reduction in force (RIF) plan on July 23, 2009, that eliminated 24 positions.

Key Customers and Suppliers

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

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

Base Budget Expenditures and Appropriations

Major Budget Categories	FY 08-09 Actual Expenditures		FY 09-10 Actual Expenditures		FY 10-11 Appropriations Act	
	Total Funds	General Funds	Total Funds	General Funds	Total Funds	General Funds
Personal Service	\$ 2,625,131	\$ 1,289,751	\$ 1,901,890	\$ 985,432	\$ 1,619,046	\$ 212,796
Other Operating	\$ 654,551	\$ 110,019	\$ 616,650	\$ 103,928	\$ 715,917	\$ 52,917
Special Items						
Permanent Improvements						
Case Services						
Distributions to Subdivisions						
Fringe Benefits	\$ 792,872	\$ 396,405	\$ 533,705	\$ 407,428	\$ 607,404	\$ 357,404
Non-recurring						
Total	\$ 4,072,554	\$ 1,796,175	\$ 3,052,245	\$ 1,496,788	\$ 2,942,367	\$ 623,117

Other Expenditures

Sources of Funds	FY 08-09 Actual Expenditures	FY 09-10 Actual Expenditures
Supplemental Bills		
Capital Reserve Funds	\$ 45,139	
Bonds		

Description of Major Services

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

Operation Locations

The Department of Consumer Affairs is located in Columbia at 3600 Forest Drive, which is the only office operated by the Department. However, the Department provides statewide programs and services to the citizens of South Carolina. The Department provides a statewide toll-free phone number (1-800-922-1594) for consumers to request information and services provided by the Department. *The Department has satellite locations in Gaffney, Laurens, and Summerville. Visits are made to these locations on a periodic basis.*

Act 644 of 1978 amended the Consumer Protection Code to create the Division of Consumer Advocacy as a part of the Department of Consumer Affairs. The Advocacy Division was originally established to represent consumers at large before state and federal regulatory agencies that set utility rates, but Act 166 of 1987 expanded the Division’s responsibilities to include the analysis of auto insurance rate and recoupment filings. The Consumer Advocate was granted the authority to intervene in auto insurance filings at the Department of Insurance by Act 148 of 1989, the Automobile Insurance Reform Act. In addition, Act 63 of 1991 requires the Consumer Advocate to serve on the Solid Waste Advisory Council. Act 195 of 2004 transferred the responsibility for intervention in utility rate cases to the Office of Regulatory Staff.

Over the years the General Assembly has given the Department additional areas of responsibility, including **Motor Clubs** (Act 400 of 1984), **Rent-to-own businesses** (Act 121 of 1985), **Physical Fitness Services** (Act 165 of 1985), **Pawnbrokers** (Act 491 of 1988), **Mortgage Loan Brokers** (Act 544 of 1988), **Telephone Solicitations** (Act 656 of 1988), **Continuing Care Retirement Communities** (Act 97 of 1989), **Express Warranties on Motor Vehicles** (Act 142 of 1989), **Athlete Agents** (Act 456 of 1990; Act No. 300 of 2004), **Motor Vehicle Subleasing** (Act 132 of 1991), **Loan Brokers** (Act 452 of 1992), **Motor Fuel Pricing** (Act 161 of 1993), **Professional Employer Organizations** (Act 169 of 1993), **Prize**

Promotions (Act 483 of 1994), **Prepaid Legal Services** (Act 328 of 2000), **Motor Vehicle Dealer Closing Fees** (Act 387 of 2000, Part II, § 82), **Discount Medical Plan Organizations** (Act 377 of 2006), **Consumer Credit Counseling** (Act 111 of 2005), **Preneed Funeral Contracts**, transferred from the Board of Financial Institutions on July 1, 2006, and the regulation of the sale of **cosmetic contact lens without a prescription from an authorized dispenser**, effective July 1, 2005.

South Carolina Consumer Protection Code

The Consumer Protection Code authorizes the Department to:

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

The Consumer Protection Code does not allow the Department to:

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

Organizational Structure

The Commission on Consumer Affairs

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

David Campbell, Chair (2013)	Columbia
Carole C. Wells (2008)	Woodruff
Wayne K. Sims (2006)	Columbia
Wayne Powell (2007)	Gaffney
Magaly Penn (2014)	Simpsonville
Johnny Sosebee (2014)	Piedmont
Clifford Ray Keasler (2014)	Myrtle Beach

Terrell Parrish (2014)	Greer
Mark Hammond, <i>ex officio</i>	Columbia

The following Commissioners served until April, 2010: Dr. Lonnie Randolph, Ms. Barbara League, Rev. Tony Macomson and Mr. Louis Mayrant.

South Carolina Department of Consumer Affairs Senior Management

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

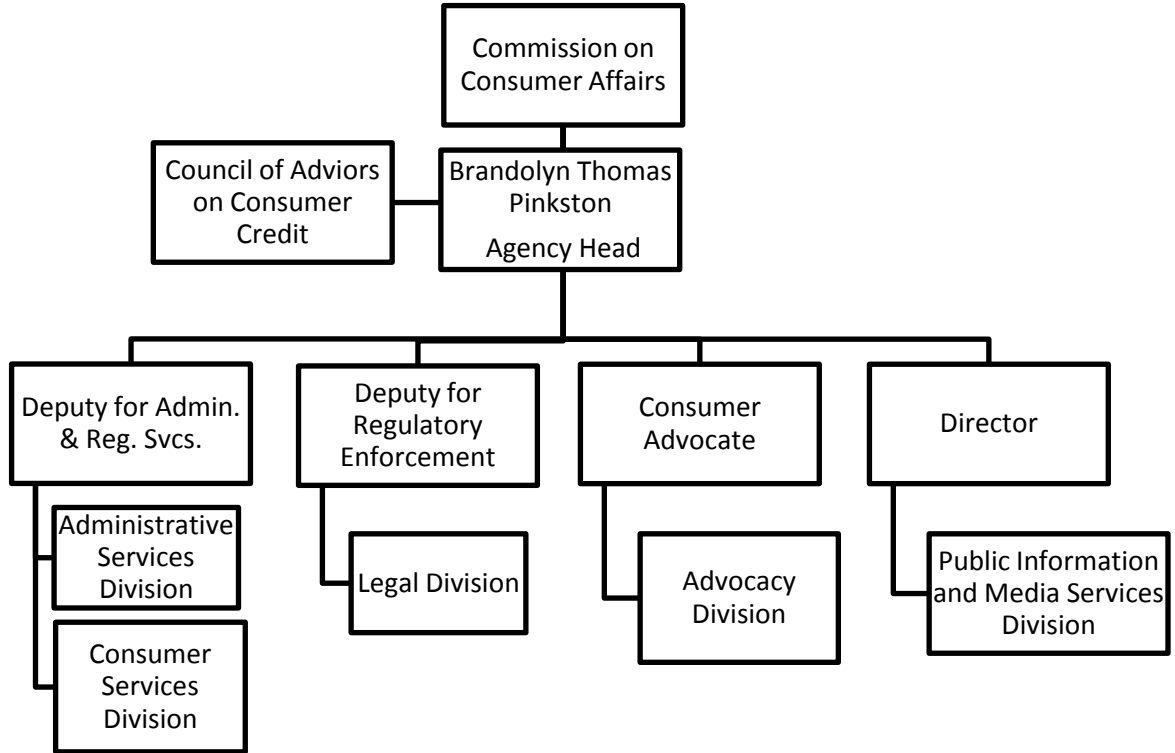
Administrator	Brandolyn Thomas Pinkston
Consumer Advocate/Deputy for Advocacy	Elliott Elam
Deputy for Administrative & Regulatory Service	Vacant
Deputy for Regulatory Enforcement	Danny Collins
Acting Director of Public Information	Carri Grube Lybarker
Director of Consumer Services & Education	Donna DeMichael

The Council of Advisors on Consumer Credit

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

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

Organizational Chart



Major Program Areas

Program Number and Title	Major Program Area Purpose (Brief)	FY 08-09 Budget Expenditures	FY 09-10 Budget Expenditures	Key Cross References for Financial Results*
III.	Consumer Services and Education - Receive and process consumer complaints filed against businesses and provide a voluntary mediation program to resolve the complaint. Educate consumers on current consumer issues to help them become savvy consumers.	State: 464,136.00 Federal: Other: 38,857.00 Total: 502,993.00 % of Total Budget: 12.35%	State: 294,512.00 Federal: Other: 93,519.00 Total: 388,031.00 % of Total Budget: 12.75%	7.1-1, 7.1-2, 7.1-5, 7.2-1, 7.2-2, 7.2-3, 7.2-6, 7.2-7, 7.3-2
II.	Legal Division - To administer, interpret, and enforce the SC Consumer Protection Code. License, register and regulate mortgage brokers, pawnbrokers, physical fitness centers, motor clubs, credit counseling organizations, prepaid legal services, athlete agents, and the sale of preneed funeral contracts.	State: 71,818.00 Federal: 9,319.00 1,279,368.0 Other: 0 1,360,505.0 Total: 0 % of Total Budget: 33.41%	State: 61,833.00 Federal: 24,573.00 Other: 1,211,460.00 Total: 1,297,866.00 % of Total Budget: 42.68%	7.1-2, 7.2-5, 7.4-1, 7.4-2, 7.4-4, 7.4-4, 7.4-7
IV.	Advocacy Division - To provide legal representation for the consumer interest in matters involving property and casualty insurance and worker's compensation insurance. The Advocacy Division also regulates professional employer organizations (PEO), the selling of cosmetic contact lens without a prescription, discounted medical plan organizations (DMPOs) and continuing care retirement communities (CCRCs).	State: 213,099.00 Federal: Other: 195,870.00 Total: 408,969.00 % of Total Budget: 10.04%	State: 172,537.00 Federal: Other: 68,479.00 Total: 241,016.00 % of Total Budget: 7.93%	7.1-3, 7.1-4, 7.2-4, 7.3-3, 7.4-3
V.	Public Information - To inform South Carolina consumers of market prices that are illegal, deceptive or unfair, and inform them of their rights.	State: 129,828.00 Federal: Other: 61,333.00 Total: 191,161.00 % of Total Budget: 4.69%	State: 75,966.00 Federal: Other: (1,327.00) Total: 74,639.00 % of Total Budget: 2.45%	
I.	Administration - To provide budgeting and accounting, human resources, procurement and supply, training and computer services for the agency. To administer the registered consumer credit grantor, maximum rate filing and motor vehicle disclosure programs.	State: 520,899.00 Federal: Other: 295,166.00 Total: 816,065.00 % of Total Budget: 20.04%	State: 484,512.00 Federal: Other: 32,486.00 Total: 516,998.00 % of Total Budget: 17.00%	7.3-1, 7.4-1

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

N/A

	FY 08-09		FY 09-10	
Remainder of Expenditures: Employer Contributions	State:	396,405.00	State:	407,428.00
	Federal:		Federal:	
	Other:	396,467.00	Other:	126,277.00
	Total:	792,872.00	Total:	533,705.00
	% of Total Budget:	19.47%	% of Total Budget:	17.49%

*Key cross references are a link to the Category 7 – Business Results. These references provide a chart number that is included in the 7th section of this document.

ELEMENTS OF THE MALCOLM BALDRIGE AWARD CRITERIA

Category 1 – Senior Leadership, Governance, and Social Responsibility

1. How do senior leaders set, deploy and ensure two-way communication for:

Short- and long-term organizational direction and organizational priorities?

Division staff meetings, agency-wide staff meetings, and executive-head meetings serve as the primary method for setting, deploying and ensuring two-way communication for short- and long-term priorities.

Performance expectations?

Employee Performance Management System (“EPMS”) provides performance expectations and evaluations for each employee. Conducted on an annual basis, these one-on-one reviews show employees the accomplishments of the previous year and outline short- and long-term goals for each staffer. These goals are then monitored through one-on-one reviews and follow-ups throughout the year. Goals are adjusted as necessary to reflect changes in the external and internal variables.

Organizational values?

Short-term organizational values are evaluated based on the agency’s stated mission statement and values. These tenets, posted in each employee’s office, provide the over-arching philosophy and long-term goals for the agency. Organizational values and priorities on a day-to-day basis are adjusted accordingly.

Ethical behavior?

Ethical behavior and expectations are outlined by Human Resource policies. These policies are created and adapted as needed by management to reflect changing technology, communication, legal, and other behavioral patterns.

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

Senior leaders frequently remind employees of their responsibility to help “the good people of South Carolina.” Activities and communication are centered around the Department’s mission “to protect consumers in the marketplace.”

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

The agency employs foresight in identifying potential concerns and consumer ramifications on both an individual level and as a whole. For example, given the recent economic difficulties, the Department prepared for an increase in consumer complaints. Realizing that every last dollar was becoming vitally important to each consumer and recognizing that businesses would be looking to make budget at all costs, the Department developed a new intake system for complaints that allowed for a more efficient, electronic processing. These improvements allowed complaint analysts to handle the maximum amount of cases in a timely manner. More specifically, as soon as news broke nationally about a number of Toyota recalls, the Department prepared for consumer questions by gathering the needed resources, phone numbers, updates, and instructions from the industry. When consumer calls began to flood the office, the agency was ready with helpful answers.

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

The primary method of fiscal, legal and regulatory accountability is through monthly reports to the Commission on Consumer Affairs. This board, composed of members appointed by the General Assembly and Governor, acts in an advisory and supervisory capacity. Senior leaders provide updates on each division’s activity, budget issues, and legislative updates.

5. What performance measures do senior leaders regularly review to inform them on needed actions?

In the Consumer Services Division, complaints are given a satisfactory or unsatisfactory closing rating. This number is particularly helpful in determining the success of complaint mediation. The budget is best reviewed by identifying each funding stream and the projected versus actual revenue for the year-to-date in each of these areas. Consumer refund levels and monthly progress report data are also analyzed.

6. How do senior leaders use organizational performance review findings and employee feedback to improve their own leadership effectiveness, the effectiveness of management throughout the organization including the head of the organization, and the governance board/policy making body? How do their personal actions reflect a commitment to organizational values?

Senior leaders regularly receive feedback from employees by practicing an open door policy. This feedback is discussed during division meetings. Furthermore, following employee performance reviews, each employee is given 15 minutes with the agency administrator to discuss organizational findings, observations, and issues and provide solutions, suggestions, and improvements. Through these methods, senior leaders regularly receive informal and formal agency appraisals. Personal implementation of helpful feedback shows a commitment to the agency's core values of competence, respect, equality, integrity, and timeliness. For example, individuals suggested providing updates from Human Resources electronically to save on printing costs. This change was implemented immediately. Employees also suggested measures to limit color copying and encourage double-sided printing. Suggestions on creating a more effective complaint intake system not only proved cost-effective, but time-efficient. These examples are just a few that cut costs, permitted the Department to more efficiently serve South Carolina consumers, and consequently, furthered the agency's stated organizational values.

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

Cross-training is a large portion of the agency's succession plan. Empowering employees with the knowledge and skill set to accept a greater and diversified workload ensures that when the time comes, any number of individuals will have the capability to step up and fill vacancies.

That said, within each division, employees are given opportunities to gradually assume specific duties under supervision. Succession planning, therefore, takes a progressive, transitional approach that results in the seamless passing of duties from one to another. Opportunities are also given for employees to attend training workshop and leadership seminars.

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

Employees are given "supervised freedom" in which they are allowed to practice and incorporate new skills sets and "test drive" new ideas. While monitored, this flexibility encourages employees to take initiative and seek innovative ways to accomplish similar strategic objectives. Furthermore, regular staff meetings remind employees of benchmarks and long-term goals, keeping strategic objectives in the forefront of employees' minds. Accolades and verbal affirmation is generously given to employees as accomplishments are achieved. The positive is reinforced, creating a can-do spirit among employees.

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

Team learning is emphasized through committees and brainstorming sessions. Ideas are fleshed out through teams composed of staffers from each division in the agency. Cross-training opportunities are always provided, allowing staffers not only to be informed about activities agency-wide, but also to develop the skills to step in when needed. Employees are also encouraged and given opportunities to participate in public sector webinars and meetings sponsored by various government agencies. The Department also adopts a progressive mindset in which new technology and new methods are incorporated. Being open to non-traditional ways of accomplishing organizational goals encourages employees to think broadly while operating on behalf of local South Carolina consumers. Information sharing among individuals and divisions keeps everyone learning and well-informed.

10. How do senior leaders communicate with, engage, empower, and motivate the entire workforce throughout the organization? How do senior leaders take an active role in reward and recognition processes to reinforce high performance throughout the organization?

Senior leaders operate under the philosophy that anything they ask staffers to accomplish, they should be willing to accomplish themselves. Senior leaders do not segregate duties based on position levels. They work alongside their staff, often performing routine tasks or assisting understaffed program areas. No job is too great or small for senior leaders. By involving themselves on a daily basis with the workload of employees, senior leaders are able to quickly identify and praise outstanding performance. This regular affirmation encourages staffers in regular activities and encourages a high level of performance. Excellence is publicly praised during division meetings, staff meetings, and during the annual employee recognition ceremony, which is hosted in May.

11. How do senior leaders actively support and strengthen the communities in which your organization operates? Include how senior leaders determine areas of emphasis for organizational involvement and support, and how senior leaders, the workforce, and the organization contribute to improving these communities.

Because the stated mission of the Department is to reach and support South Carolina consumers statewide, senior leaders take seriously the charge to reach rural communities with the same resources more readily available to urban areas. While a number of consumer issues remain static and receive continual attention by the Department, the economy, business trends, and legislation drive a large number of the consumer concerns and complaints handled by the Department. Senior leaders meet regularly to forecast how changes in the marketplace climate may affect South Carolina consumers and specific communities. Workshops, education materials, legislative recommendations, and investigative support are utilized to address pertinent needs and address problem areas. Complaint analysts provide the immediate remedy, however, by mediating consumer complaints. The Department has recovered roughly **\$4.2 million** in repairs, refunds, and readjustments through complaint mediation and settlements.

Category 2 – Strategic Planning

1. What is your Strategic Planning process, including key participants, and how does it address: a) Your organizations’ strengths, weaknesses, opportunities, and threats; b) Financial, regulatory, societal and other potential risks; c) Shifts in technology and customer preferences; d) Workforce capabilities and needs; e) Organizational continuity in emergencies; f) Your ability to execute the strategic plan.

The Department has a trusted team of senior leaders that evaluate the strengths, weaknesses, opportunities, and threats surrounding the Department on a regular basis. Weekly division meetings and senior leaders’ meetings as well as monthly staff meetings help establish the proper framework of communication and checks and balances. As such, changes and adaptations are made in advance to avoid larger threats and maximize potential opportunities. This foresight has been and continues to be one of the Department’s strengths, despite difficult budget issues. Furthermore, the Department not only considers internal adjustments and factors within the control of the agency, but senior leaders regularly assess the economy and relevant consumer industries. While these external factors may be out of the control or purview of the Department’s authority, senior leaders foresee trends and adapt internal practices and consumer services as necessary to meet expected trends and changes. Where able, the Department supports consumer-friendly legislation, especially when such measures reflect industry changes and needs. Consumers are provided accessibility to all board meetings and encouraged to call the Department with questions. Staff members also accept walk-in visitors and meet personally with each one to address concerns and questions. Through open communication, foresight, adaptability, and preparedness, the Department is able to stay ahead of the curve in trends, whether it be technology (The Department maintains a vigorous social media campaign, and is in the process of updating its website, complaint system and other internal computer systems), legislation (The Department supported the much needed mortgage lending legislation in light of the housing crisis) and budget cuts (The Department participated in a reduction in force in FY10.)

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

Strategic Planning

Program Number and Title	Supported Agency Strategic Planning Goal/Objective	Related FY 09-10 Key Agency Action Plan/Initiatives	Key Cross References for Performance Measures*
Agency Wide	I. Obtain the necessary funding and personnel to effectively administer the laws assigned to the Department	FY10-11 The Department respectfully requested the restoration of funds that were sustained in the Governor’s 2010 vetoes. The General Assembly sustained the Governor’s vetoes deleting all general funds from the Administration (\$410,880) and the Consumer Services (\$265,924) Divisions at the Department. The rationale used stated that the Department duplicates efforts of other state and federal agencies. Such an assertion is incorrect, thus the restoration of funds warranted.	Charts 7.1-1, 7.1-2, 7.1-3, 7.1-4, 7.2-1, 7.2-2, 7.2-3, 7.2-4, 7.2-5, 7.3-2, 7.3-1, 7.3-3, 7.4-5, 7.4-6.
Agency Wide	II. Develop and enhance internal and external electronic capabilities to increase the Department’s efficiency.	Plans have been made to convert the agency’s computer platform to WEB-Enabled applications using Microsoft’s .Net application development program. Plans are in place through an agreement with SC.Gov to develop WEB Based applications for online licensing/regulatory systems and an online	Charts 7.1-1, 7.1-2, 7.1-3, 7.1-4, 7.2-1, 7.2-2, 7.2-3, 7.2-4, 7.2-5, 7.3-2, 7.3-1, 7.3-3, 7.4-5, 7.4-6.

		complaint system that will allow for public access of certain data based information. Additional technology enhancements include the development of a Call Center and online access for six satellite offices, including an interactive web site for consumer information. The FY07-08 budget request included \$200,000 for the development of a Media Center. This will allow the agency to take advantage of cutting edge technology for the development and distribution of DVD's and video tapes of consumer protection information. The strategic plan also includes the dissemination of Podcasts and Webcast along with the use of Real Simple Syndication (RSS) feeds. Due to budget cuts, further development of the Media Center has been put on hold. Through a joint venture with the Dept. of Revenue, the Agency added an online licensing/registration system for registered creditors as a new addition to South Carolina Business One Stop (SCBOS). This is the only live/real time system in State Government.	
V. Public Information, I. Admin., III. Consumer Services	III. Amplify external communications to increase the public's knowledge of the Department's services and accomplishments.	A. Focus consumer and business education efforts on areas where fraud, deception, unfair practices, and information gaps cause the greatest injury. B. Extend the reach of consumer and business education through private and public partnerships and the use of new media such as the Internet. C. Improve the timeliness of response to consumer and business inquiries. D. Increase public awareness of consumer protection problems and solutions by conducting and publishing studies on changes in the marketplace and the impact of business and government actions on consumers. We have increased our outreach efforts through the implementation of satellite offices in Gaffney, Laurens and Summerville. We have also developed a Buyer Beware List to expose unscrupulous businesses to the consuming public. E. Implemented and maintain social media campaign via YouTube, Twitter and Facebook.	Charts 7.1-1, 7.1-2, 7.1-3, 7.1-4, 7.2-1, 7.2-2, 7.2-3, 7.2-4, 7.2-5, 7.3-2, 7.3-1, 7.3-3, 7.4-5, 7.4-6.
Agency wide	IV. Refine internal communications to enable staff to perform at the highest level possible.	Started releasing the weekly newsletter to employees on a weekly basis. Agency wide staff meetings are held frequently to discuss goals and objectives for short and long term initiatives. In the past employees have shown resistance to change. SCDCA is meeting this challenge with employee involvement. Employees are encouraged to participate and provide input in the creation of new methods for providing and serving customers and meeting agency goals.	Charts 7.1-1, 7.1-2, 7.1-3, 7.1-4, 7.2-1, 7.2-2, 7.2-3, 7.2-4, 7.2-5, 7.3-2, 7.3-1, 7.3-3, 7.4-5, 7.4-6.
I. Legal	V. Increase consumer services and protections by promoting and maintaining competence through ethical behavior by the professions.	Through the creation of Boards and having monthly meetings with the occupational professions licensed and regulated by the Department, more awareness of unethical behavior has been made and new ways of preventing and controlling unethical behavior has been discussed and implemented. Steps to provide additional oversight in the form of continuing education for some professions have been explored. New legislation was enacted to implement in FY07 a continuing education program for the PEO industry. Boards for the Pawn Broker industry and for the Funeral Homes that sell preneed funeral contracts are being implemented.	Charts 7.1-1, 7.1-2, 7.1-3, 7.1-4, 7.2-1, 7.2-2, 7.2-3, 7.2-4, 7.2-5, 7.3-2, 7.3-1, 7.3-3, 7.4-5, 7.4-6.

3. How do you develop and track action plans that address your key strategic objectives, and how do you allocate resources to ensure the accomplishment of your action plans?

Budgetary and financial progress is monitored on a weekly basis, if not more frequently. Adjustments are made as necessary to keep in line with strategic short- and long-term goals. Additional evaluations of programs, individuals, and Department goals are made on a periodic basis during the execution of the strategic goals. "Post-mortem" meetings are handled at the conclusion of each program, initiative, or fiscal mile marker to analyze success and need improvements. Resources are budgeted for each portion of the action plan in advance and shifted as needed throughout the execution phase.

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

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

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

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

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

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

7. Provide the website link for your Strategic Plan.

www.scconsumer.gov

Category 3 – Customer Focus

Identify key customers and stakeholders.

The Department has a number of customers and stakeholders not the least of which is South Carolina consumers. Other internal and external publics include ratepayers, regulated and indirectly regulated businesses, law enforcement agencies, schools, community groups, vendors, the media, consumer protection organizations, the Council of Advisors on Consumer Credit, the Commission on Consumer Affairs, the Governor's Office, the General Assembly and the US Congress.

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

The Department first looks to its statutory duties to identify customers and ways to best fulfill these duties (e.g., partnerships with organizations with similar goals and objectives). Specifically, each division has compiled a listing of their targeted customers. These lists are adjusted as necessary with additions or changes to legislation, regulatory authority, etc. Needs and requirements for each customer are assessed at the time they are added to the listing. Fundamental to all customers, however, is the Department's insistence on fairness in consumer transactions. This key requirement can be found in the statutory authority given to the Department in the South Carolina Consumer Protection Code and other consumer-related legislation. However, customers' key requirements are ascertained more specifically through complaint mediation, public speaking engagements, educational workshops, surveys, focus groups, online chats and legislative activities.

The most common key requirements are:

- Timely processing of complaints, compliance reviews and license/registration applications and filings;
- Informed of the mediation or compliance process;
- Freedom of information regarding regulated businesses and businesses in general;
- Notification of results of mediation or compliance review;
- Updated, accurate and written information on consumer-related issues and topics;
- Education regarding deceptive and unfair business practices

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

Each month the Consumer Services & Education Division tracks complaints received, resolved, and satisfactorily closed. In conjunction with tracking customer satisfaction, the Department attempts to keep current with customer/business needs through a monthly review of the complaints filed and the information requested. This review identifies the top issues of the day, which become areas that staff can focus upon in their own professional development in workshops, conferences and continuing education courses. The Department maintains a statewide toll-free telephone number in order to provide help statewide at no cost to the consumer. It is also in the process of compiling the results of a recent survey of consumers whose complaints were recently mediated and closed by the Department. Similarly, the Public Information Division publishes information in partnership with area organization and media outlets that provides consumers greater opportunity of being informed and protecting themselves. The division also investigates scam reports, identifying their target area and potential influence, and responding accordingly with public alerts and media advisories. All divisions take a proactive approach in adapting to an ever-changing economy and electronic community. For example, our Department was one of the first state agencies to launch a social media campaign with YouTube postings on important events, scams, and consumer news, a Facebook page, and a Twitter account. Additionally, the Department began producing radio segments to broadcast to nearby consumers. This foresight about the methods that younger generations of consumers receive and process information is an example of how the Department changes not only with customers, but also leads the way in improving communication and dialogue. Furthermore, the Department collaborates with other organizations and new technologies, such as online chats, to

identify changing customer/business needs. In the future, the Department will attempt to obtain feedback from other groups of customers so that more specific customer/business needs may be identified. The Department has recently established advisory boards and roundtables for the four major regulatory programs. Discussion includes ways to enhance services the Department provides through drafting and amending legislation, licensing, training and education, on-line filing, outreach efforts and publications for the general public.

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

The Department has established two major telephone hotlines: *Senior Fraud* and *Mortgage Fraud*, in cooperation with the Lt. Governor’s Office on Aging and the SC Attorney General, respectively. These new initiatives were in their beginning stages at the beginning of this fiscal year and continue to gain consumer attention and business throughout the year. Additionally, the continuing popularity of the Department’s monthly and quarterly publications, coupled with the website and online complaint filing, as well as personal outreach visits, workshops, and other events provides a great forum for customers to access the Department. The Department’s social media campaign represents an alternative resource for web-savvy consumers who can view YouTube videos, follow the Department on Twitter or befriend the agency on Facebook.

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

A “hard measure” of customer satisfaction utilized by the Department for years is the closing status of complaints. After analysis, each complaint is given a closing status based on the factors below:

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

Regarding licensees, the Department utilizes various means in an attempt to ascertain their satisfaction. One of the most successful methods is the establishment of Roundtables for Department-regulated industries. Each Roundtable is composed of members of the regulated industry as well as pertinent Department staff members. The frequency of meetings differs by industry, but most are quarterly. At the meetings, Department policies, current legislation and hot topics are often discussed. This allows the Department the opportunity to receive feedback from those on the front lines. The Department also participates in trade association meetings of the industries regulated. Comments and suggestions are often received and taken into account as a result of the Department’s attendance. Overall, the Department has open lines of

communication with the industries it regulates as the Roundtables and Department participation create a relationship ripe for the exchange of ideas.

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

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

Because individual consumers provide feedback to individual staff members, the Department empowers staff to resolve complaints in the most relevant, targeted method for each customer without having to notify management. As long as actions are ethical and fall within the boundaries of the Department's mission and authority, employees are encouraged to think outside the box and take each customer as an opportunity to provide personalized service and improve traditional methods. In the same vein, management attempts to pinpoint where the specific process broke down and fix the problem or implement a new procedure, if necessary. Action taken by management is communicated through supervisors to the affected staff. Complaint information is maintained in a database to bolster programs and services so that problem areas for the public can be identified, the public can be warned of alarming trends or deceptive business practices, and cases can be built for legal or legislative action. This database is vital for the Department to encourage fairness in consumer transactions whenever possible.

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

The Department's internal "open door policy" is extended to all customers and stakeholders. Dialogue with businesses that the Department regulates, businesses involved in consumer complaints, consumer groups and communities from all backgrounds, and each resident of South Carolina. The Department builds these coalitions and partnerships by aggressively seeking cooperation from different community groups and consumer-related groups. For businesses complained against by customers, the Department provides information to assist in bringing about a fair resolution to a complaint. The Enforcement Division provides advisory reviews to regulated businesses to bring them into compliance before violations occur and penalties are assessed. The Department provides continuing education to mortgage loan brokers and credit counseling licensees at no charge to assist them in obtaining the required number of credits each year. Public speaking with civic and education groups and showing no bias in presentations and mediations are also helpful in building positive relationships. The Department attempts to be nonpartisan in its approach to legislative issues. The most important factor in building positive relationships, no matter who the customer is, has been providing timely information or results. To improve dialogue with businesses regulated by the Department the customer-focused advisory boards and roundtables were established in several of our regulatory programs, including **Preneed Funeral Contracts, Mortgage Broker, Professional Employer Organizations and Pawnbroker**. Discussion includes ways to enhance services the Department provides through drafting and amending legislation, licensing, training and education, on-line

filing, outreach efforts and publications for the general public. These groups meet quarterly. Additionally, the Department has held a forum for law enforcement officers, which focused on ways of working cooperatively to protect consumers against fraudulent and deceptive practices.

Category 4 – Measurement, Analysis, and Knowledge Management

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

The Department is guided primarily by the South Carolina Consumer Protection Code, which provides requirements for advocacy, complaint mediation, credit and regulatory enforcement, and education. All activities are viewed in terms of effectiveness and cost efficiency per the discernment of the Administrator and senior leaders. Complaints with an “unsatisfactory” closing status have been found to be key in discovering unfair trade practices, and stopping such practices has been an indicator of the Department’s success.

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

The Department continues to seek cost- and time- efficient methods for data integration and is continuing to move towards electronic forms of collection and analysis. Information, however, is backed up through hard copies in paper form. There are standard electronic reports and ad hoc reports that can be and are created from the system. Bringing the electronic and the paper information together is a manual process. Decisions are made from this final compilation. Progress reports, which contain integral data on Department operations, are reviewed often to determine areas for improvement. Web-based tools are also utilized to ascertain the effectiveness of outreach efforts.

3. What are your key measures?

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

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

The Department compares trends nationwide, on the eastern coast, and more narrowly throughout southeastern states, depending on the issue, to determine trends and likely patterns. Decisions are based on what has happened historically. The agency looks to information from

other Uniform Consumer Credit Code states and states having similar laws to those the Department administers and enforces. Data from the Consumer Services Division is analyzed monthly and compared to prior months and years for trends. Consumer needs are identified and made public through the media, public speaking engagements, legislators, etc. Additional research is conducted by law clerks, using available online databases, census data, court decisions, and other resources.

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

Set standards and performance expectations provide a measuring stick for decision-making and data-processing. These pre-determined guidelines have been established for complaint analysts to determine the closing status of each complaint. These guidelines are followed, and the Director of Consumer Services and the Deputy for Enforcement assist in the determination when requested. Senior leaders not only do spot-checking of problem complaints, but also review the work product of employees and offer 360° feedback.

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

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

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

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

Organizational knowledge is collected and maintained through agency-wide staff meetings. These meetings are documented, and any best practices are communicated to all employees. Every news release or major public communiqué is sent to staff first. Weekly meetings are held to provide computer training and information sharing. Cross-divisional meetings are also held to vet ideas and openly discuss pending issues or topics. "Post-mortem" meetings are also held after major events to evaluate and discuss strengths and weaknesses. The Department also reaches out to other organizations having a consumer focus and participates in task force's coalitions and holds collaborative meetings.

Category 5 – Workforce Focus

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

By monitoring trends, growth, and practices of regulated businesses, senior management is able to realign priorities as necessary based on industry need and Department capability. Communication methods mentioned in Category 1(a) above (leadership communication) are also used to communicate priorities for improvement. Agency-wide staff meetings are used frequently to communicate key priorities to staff. Senior leaders are generally notified of key issues and priorities in group and individual discussions and meetings with the Administrator. As indicated throughout this report, the Department has processes in place for evaluating these areas and for promoting cooperation, innovation and teamwork, but a more formalized strategic planning process is the lynchpin. The communication methods employed, the goals and objectives set annually, and the forward-thinking and innovation of senior leadership create a culture of progress improvement and teamwork that readily elicits staff cooperation, optimism and buy-in.

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

Not only does the Department regularly reinforce two-way communication, but also communication across division and job lines. During division meetings, employees from Public Information and other divisions are encouraged to attend, so that important information can be communicated agency-wide and made available. Employees provide regular feedback to supervisors within their division and across division lines as observations are made. Every major project has a team leader and cross-divisional team. Immediately following a project, a “post-mortem” roundtable is held to assess the success of the project, and how it could have been better. The best example of this is the Department’s *Homebuying 101* conference. The conference was sponsored entirely by public and private sector organizations so that it could be offered free to the consumers of South Carolina. The *YouTube* video project has encouraged participation from all divisions and has become a best practice among consumer agencies nationally.

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

The Department recruits and hires new employees in the traditional manner as espoused by the Office of Human Resource in the State’s Budget and Control Board. Employees are placed in the division most suiting their skill set, but further professional and personal development is encouraged and rewarded. Promotional opportunities that become available are most often made internally. Staff members who acquire new skills often have their position descriptions rewritten to accommodate a greater degree of performance and responsibility. The only barrier encountered at the Department is a lack of funding to fully compensate professional employees, reward extraordinary efforts of others, and fill more FTEs in critical divisions.

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

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

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

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

***6. How does your development and learning system for leaders address the following:
a) development of personal leadership attributes? b) development of organizational knowledge? c) ethical practices? d) your core competencies, strategic challenges, and accomplishment of action plans?***

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

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

As division directors identify customer needs, they address the division’s capabilities to meet those needs and address necessary skill training with supervisors and individual employees as needed. As an agency member of the State’s Government Improvement Network, the Department is able to take advantage of many inexpensive, but highly effective performance excellence training workshops and leadership development opportunities. Diversity training, new employee orientation and safety training are all components of the Department’s Human Resource Management staff and are ongoing.

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

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

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

Success is achieved through teamwork. A successful team must be motivated, well-trained, and positive. These principles are not only believed, but exemplified at the Department. Action plans are evaluated and adjusted as necessary to fit the current consumer climate. Our staff is able to adjust and work smarter as a result of the cross-training and teambuilding work the Department has espoused over the years.

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

Each employee is asked to assess his/her training needs. Supervisors meet with their division directors, and training is requested as needed. EPMS employee evaluations also assist in identifying strong and weak points in the Department's training systems.

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

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

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

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

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

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

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

Safety and accessibility were important factors in selecting the Department’s current location and subsequent floor plan. The Department sponsors a wellness program, and experts have been brought in to present tips on stress reduction, injury prevention, exercise, diet and nutrition. This past year, the Department was able to place blood pressure cuffs in the office to allow employees opportunities to monitor physical health and well-being. The Department has a Coordinator for the State’s Prevention Partner’s Program who keeps staff informed of all Prevention Partner opportunities and educational materials. Employees have participated in stroke screening, stress management, aerobic exercise classes, wellness walks, blood pressure screening and the National “Wear Red Day,” which included the purchase of Red Dress pins to bring awareness to heart disease as the number one killer of women. These programs have made our workforce stronger and healthier, therefore reducing the amount of absenteeism and sick leave while promoting a healthy lifestyle. Employees are immediately notified of danger in the workplace via signs, email and the intercom system. Additionally, locks requiring security codes were installed at all entry points. These security codes are periodically changed on all doors to ensure the utmost safety for employees.

Category 6 – Process Management

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

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

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

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

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

These objectives stem from a value system based on an optimistic view of community and network - that individuals in a supportive environment are capable of achieving higher levels of development and accomplishment

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

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

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

Regular feedback internally and externally including our stakeholders and customers, as well as policy-making boards and commissions, and from senior leadership to front line employees ensures that our key performance requirements are met.

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

The Department's key product - consumer awareness, education, and protection - is continuously improved by adding methods to reach consumers and regulated businesses, such as embracing new methods of communication: producing Consumer Minutes and Consumer Tips on YouTube and staff blogging. Partnership with SCBOS allows more convenient and accessible online licensing and registration for regulated business. Work processes are evaluated annually and improvements are made as technology allows. Currently the Department is working on a new complaint system and more user-friendly website as a result of staff critique and public communication and feedback.

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

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

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

Employees are encouraged to use available resources to perform duties, but are encouraged to think of new resources that would result in long-term savings, cost efficiencies, and enhanced performance. Resource purchases and acquisitions are submitted through supervisors, directors, and receive approval from the Administrator and purchasing supervisor to ensure projected budget expenditures are not exceeded. The Department strives to maintain the same level of consumer refunds and business savings, despite budget constraints and limited resources.

Category 7 – Business Results

7.1 What are your performance levels and trends for your key measure of mission accomplishment/product and service performance that are important to your customers?

Chart 7.1-1

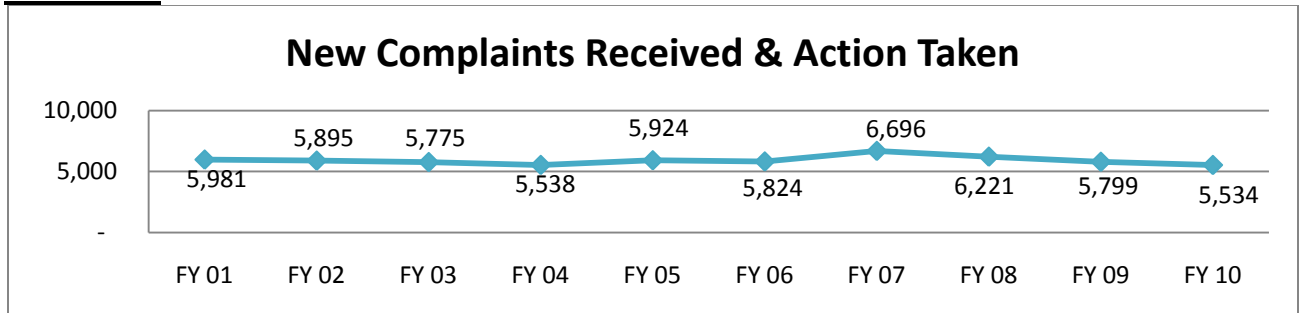
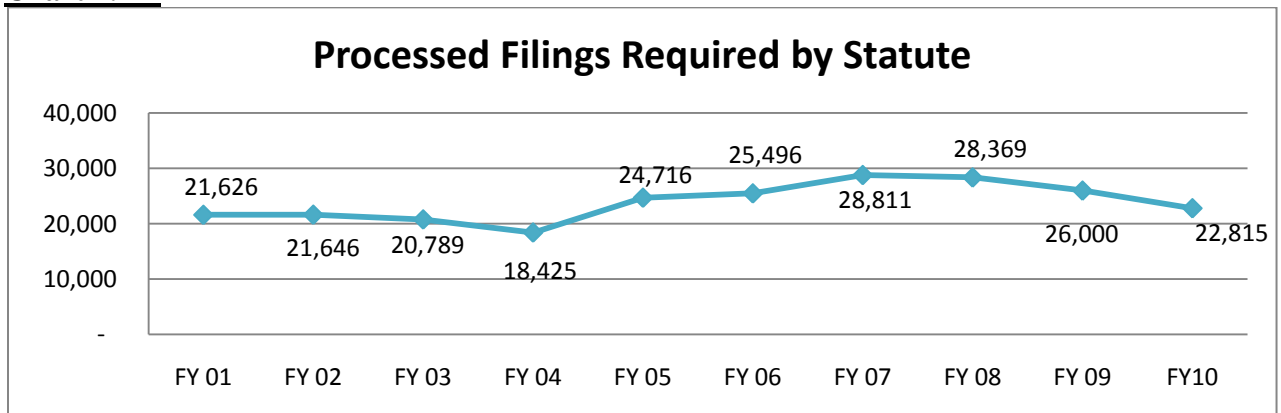


Chart 7.1-2



FY01 included 8,313 filings for prepaid legal services, which was a new responsibility as of Act 328 of 2000. Due to a saturation of the industry market in South Carolina, FY04 registrations for prepaid legal representatives declined to 4,380. FY05 includes the first time licensing of 3,125 mortgage loan originators. FY07 includes 7,533 Preneed Funeral Contracts received for regulatory review and filing. FY09 and FY10 saw the decline of licenses for mortgage brokers and loan originators due to the mortgage/housing crisis nationwide.

Chart 7.1-3

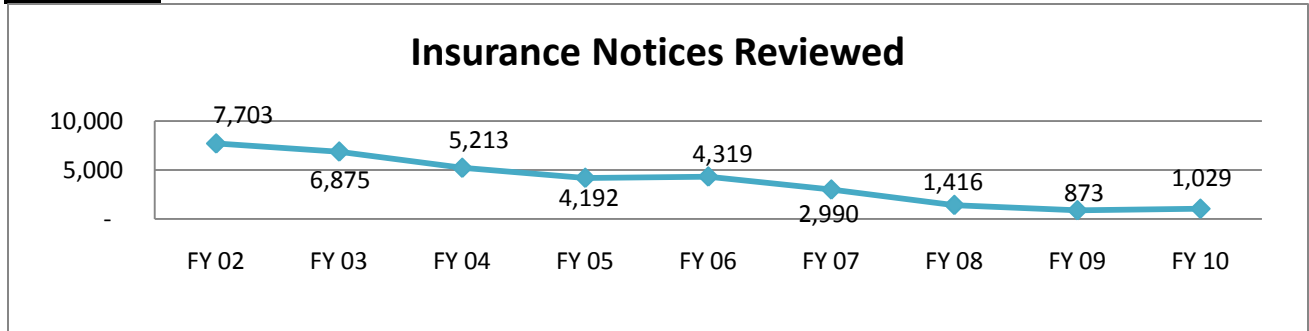


Chart 7.1-4

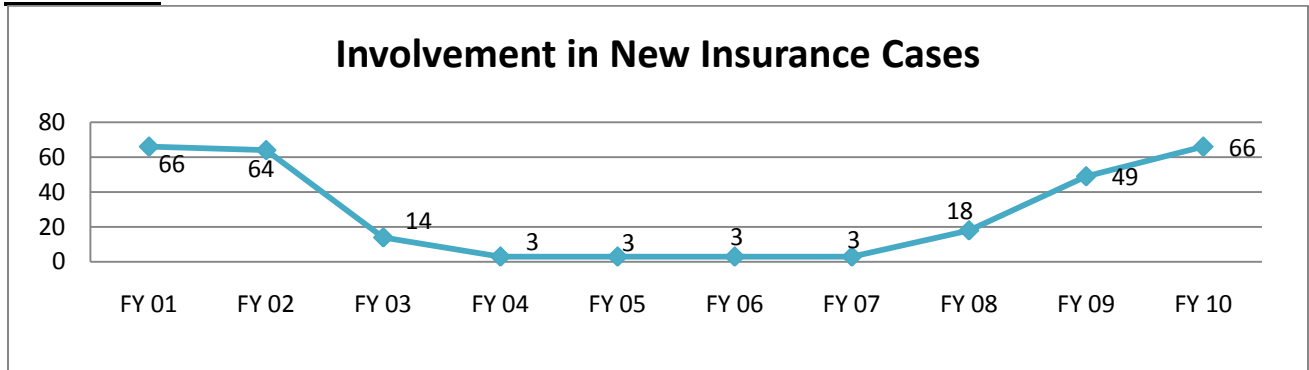
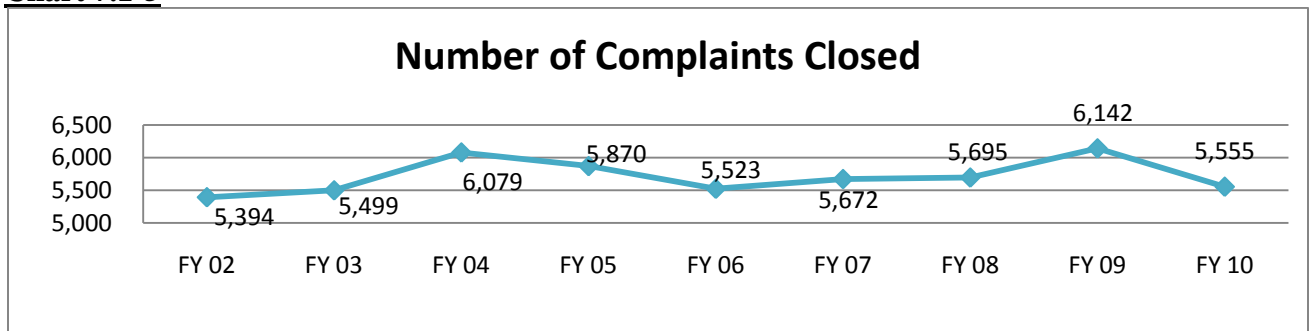


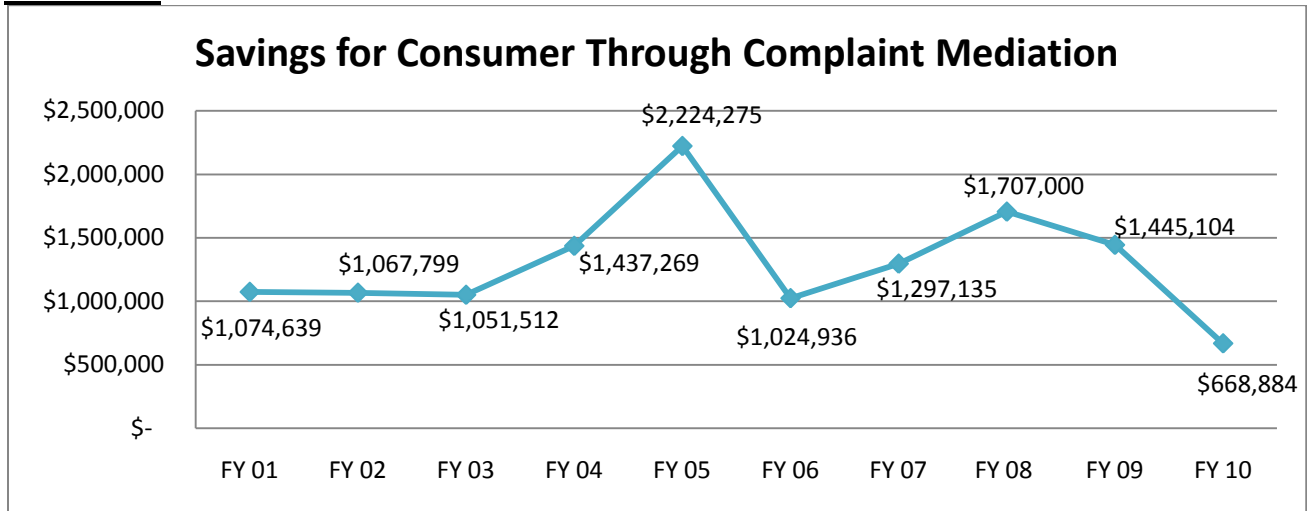
Chart 7.1-5



The Department closed a record-high 6,142 complaints during FY09, despite a 15-day voluntary staff furlough taken by each employee during that time. Following a significant reduction in force in FY10, the Department closed 5,555 complaints.

7.2 What are the performance levels and trends for the key measures on customer satisfaction and dissatisfaction?

Chart 7.2-1



The Department required a large automobile dealer operating in South Carolina to refund \$1.3 million in excess finance charges to consumers in FY05 and continued in FY06 for failure to file a Maximum Rate Schedule in 2002 and 2003. Over \$94,000 was forwarded to the State Treasurer’s Office as unclaimed property during FY06-07 (cash refunds) from this regulatory compliance action. Refunds and adjustments to consumers totaled \$668,884 in FY10.

Chart 7.2-2

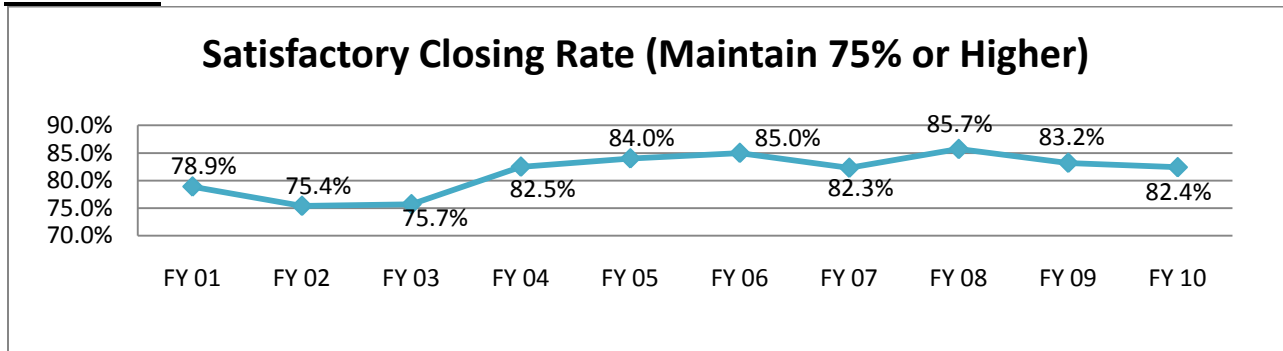


Chart 7.2-3

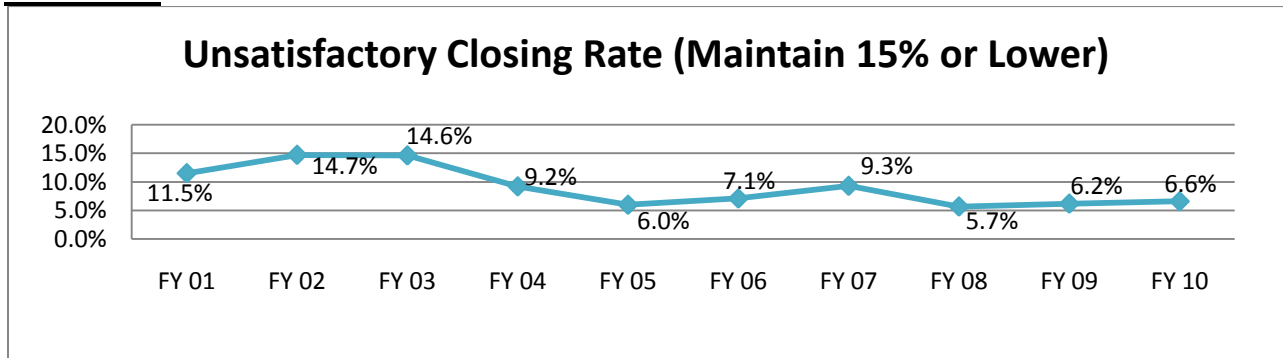
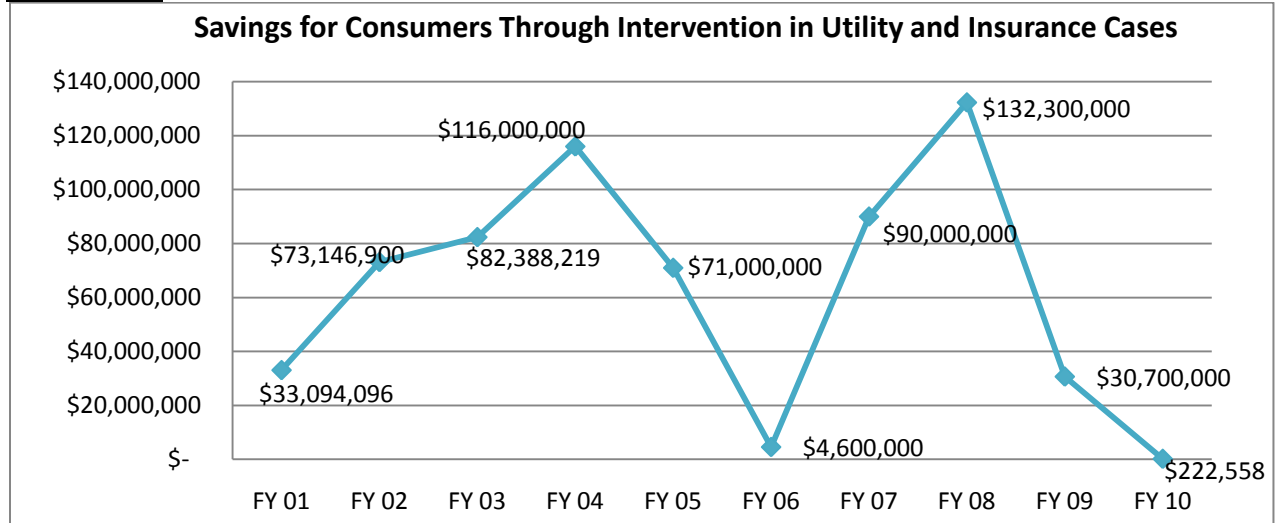
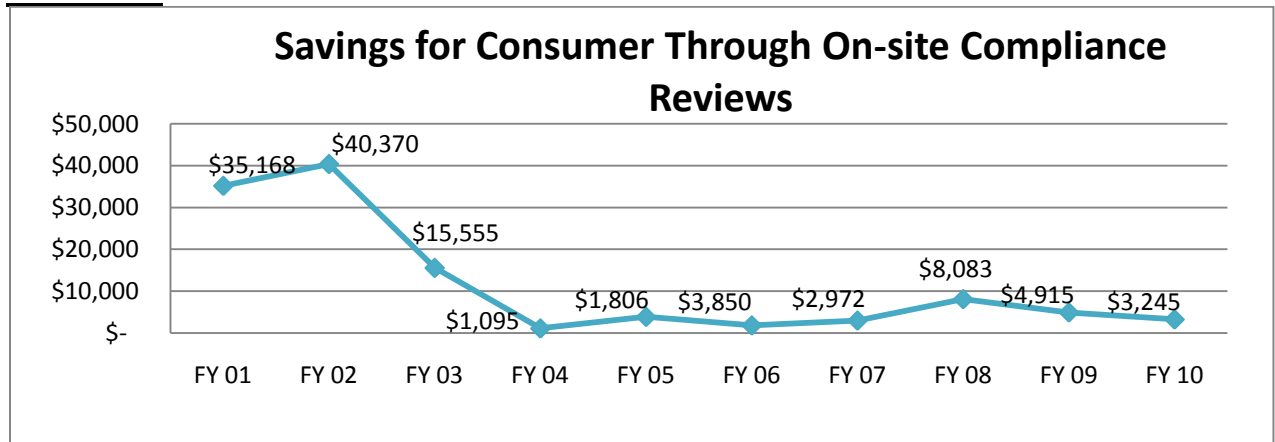


Chart 7.2-4



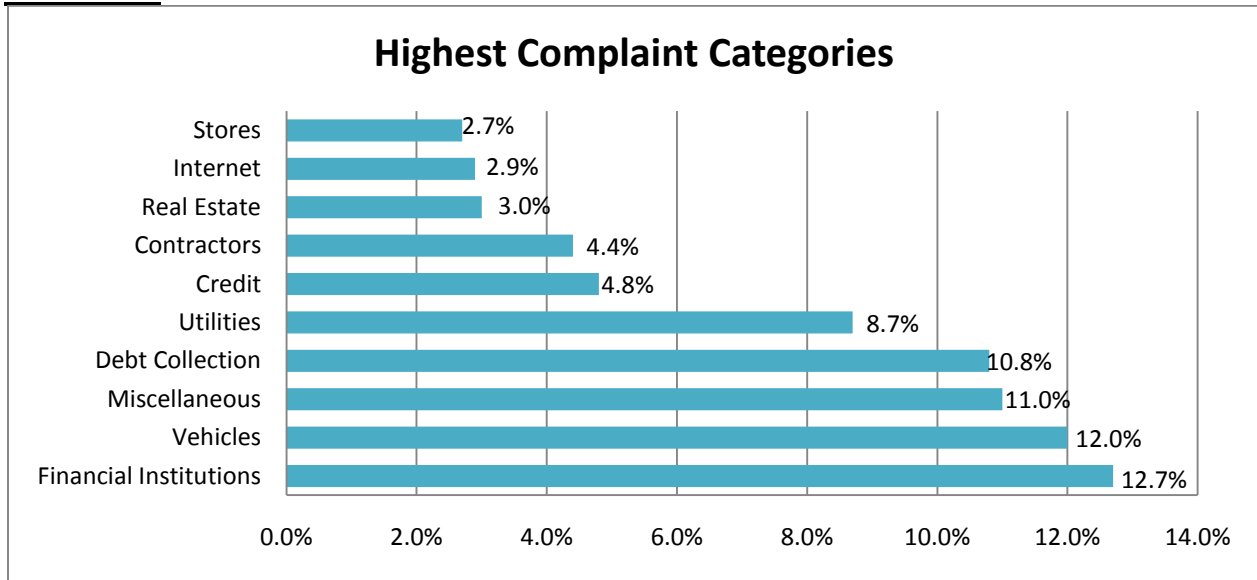
The Department anticipates continued savings for insurance consumers in addition to the amounts reported above. The savings from past fiscal years will continue to benefit consumers until companies come back to the regulators to change rates. Effective January 1, 2005, the Advocacy regulatory review program for utilities was transferred to the Office of Regulatory Staff. FY10 savings were depressed due to a **pending challenge to the Department’s authority** to participate in certain insurance rate filings as well as extremely limited funds for hiring outside actuarial experts to assist in filing reviews.

Chart 7.2-5



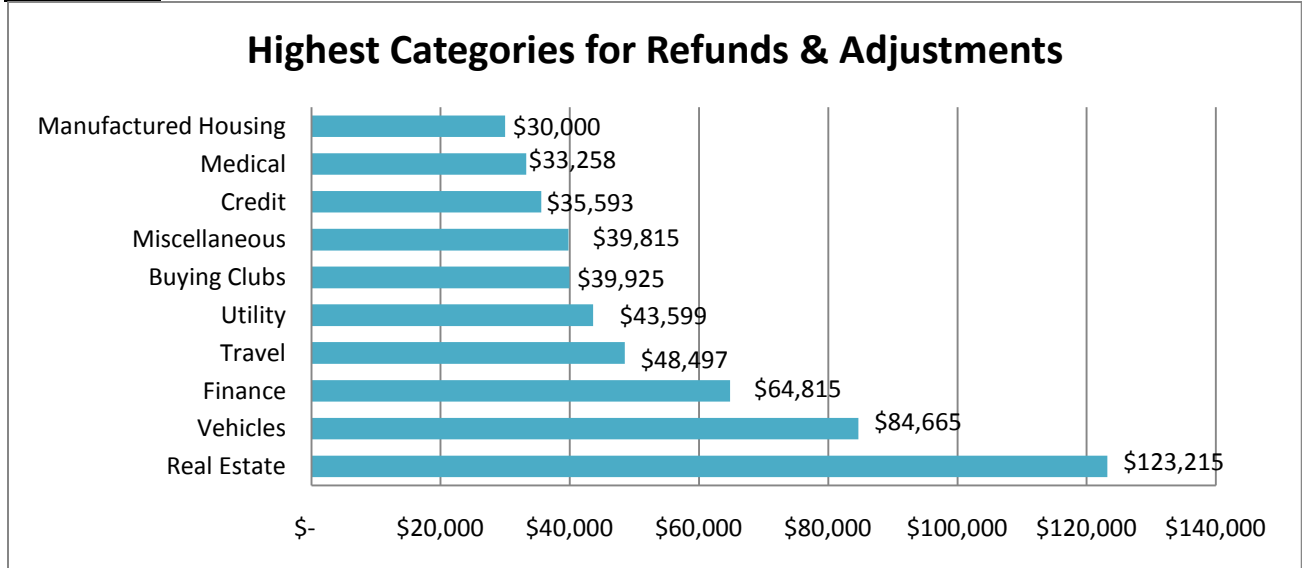
In FY10, \$3,245 was refunded to consumers as a result of on-site compliance reviews of mortgage loan brokers, pawnbrokers and physical fitness centers.

Chart 7.2-6



Financial Institutions lead the way again in categories with complaints received during FY10 at 12.7%. A continuing concern is mortgage fraud and housing-related complaints, following the collapse of the housing market nationwide. Debt collection and vehicle complaints remain high on the list as it did in FY09, while credit complaints slightly increase.

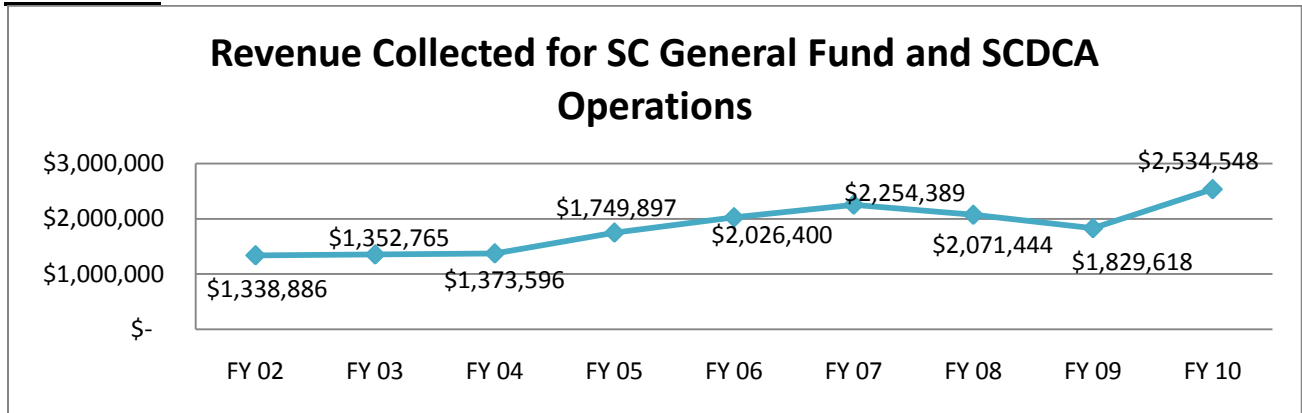
Chart 7.2-7



The Consumer Services Division achieved refunds, credits and adjustments of approximately \$670,000 for FY10, with the highest amount of refunds involving real estate.

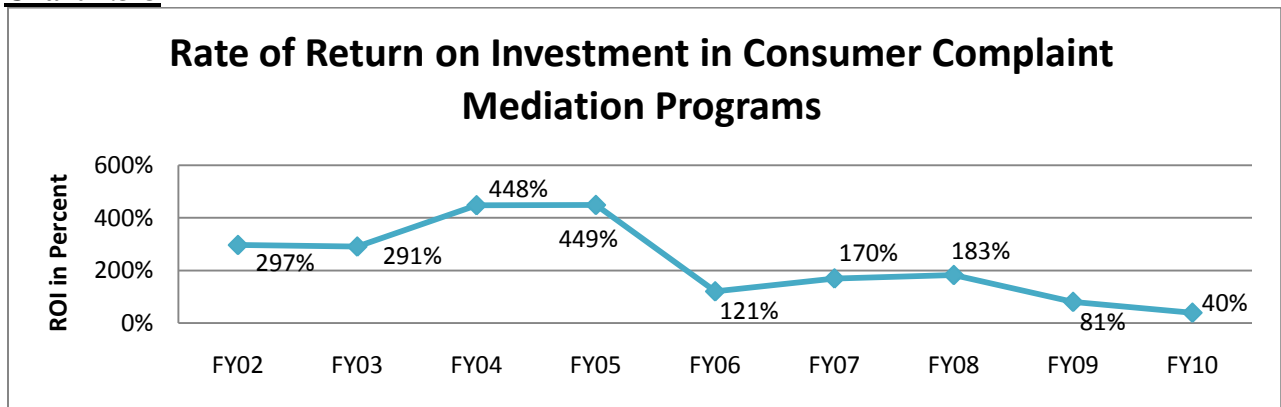
7.3 What are your current performance levels for your key measure on financial performance, including measure of cost containment, as appropriate?

Chart 7.3-1



Despite a reduction in staff, additional budgets cuts and fiscal limitations, the Department maintained its high level of revenue performance in FY10, collecting \$2,534,548 for the SC general fund and SCDCA operations. The Department did this by cost containment per complaint and per investigation.

Chart 7.3-3



The statistics represent the amount of refunds, credits and adjustments the Services Division obtained for consumers as compared to monies appropriated by the General Assembly to operate the Division. (ROI= return-capital/capital x 100%) Looking at the bigger picture, the rate of return on the State's investment in the Department as a whole for FY10 is **179%**.

7.4 What are your performance levels and trends for your key measures of workforce engagement, workforce satisfaction, the development of your workforce, including leaders, workforce retention, workforce climate including workplace health, safety, and security?

It is important that the SCDCA is able to identify, develop and sustain leadership at all levels -- "Control your destiny . . . or somebody else will!" To better serve South Carolina consumers, SCDCA aggressively monitors national, state, and local trends and issues in the marketplace and delivery methods that can provide information rapidly.

As mentioned, without leaders at every level of SCDCA, the agency may well under-perform. It may miss strategic opportunities, stifle innovation, underutilize employees, and fall short of its goals in customer service, quality, and productivity. SCDCA believes that leadership at every

level of an organization makes the difference as to whether or not it will flourish and thrive or become a mediocre survivor.

SCDCA's strategic plan has found many ways to engage staff in participating fully:

1. Placement of the Department's Mission Statement. The Statement is posted in each employee's office and also is shown on each employee's computer screen every time they log in. This serves as a daily reminder of "who we are." Understanding the vision, mission, values, objectives, strategies goals, and programs serve as a framework for decisions or for securing support/approval.
2. Periodic cross-training between divisions. This helps staff gain a clear understanding of all Department areas' strengths and areas for improvement. This method assists in benchmarking and performance monitoring. This also assists staff in understanding the nuances of cultural and custom differences that exist in the workplace.
3. A once-a-year mandatory group read. Books are selected that motivate staff on success and achievement. Cross-sectional staff dialogue is held when the book is completed. There is also a non-mandatory mid-winter read of books recommended by staff.
4. Hosting a series of meetings. To facilitate discussions from a cross section of staff from throughout the organization on specific issues, meetings are held on a regular basis. Strategies are developed for addressing areas for improvement that incorporate employee suggestions and responsibility.
5. Maintain communication with staff. This is accomplished through monthly full-staff meetings, facilitated bi-monthly division meetings and continuous inter-departmental communication.
6. An annual full-staff retreat. A retreat is held to further solidify the Department's Mission and goals.

Additionally, well-being can be assessed through daily contact. The Department's turnover rate has traditionally been low, and retention has been high. Absenteeism has always been a good indicator of individual dissatisfaction. The Director of Consumer Services examines each complaint analyst's number of pending, closed and newly-assigned complaints to get a sense for staff motivation. An exit interview is held when employment is terminated to discover reasons for dissatisfaction, if any. In 2006, an employee incentive program asked employees to develop a logo and a slogan for the Agency. Approximately 82% of all employees participated in the program. This is a good example of a key measure of employee involvement and development. There were over 75 slogans submitted and over 20 logo designs.

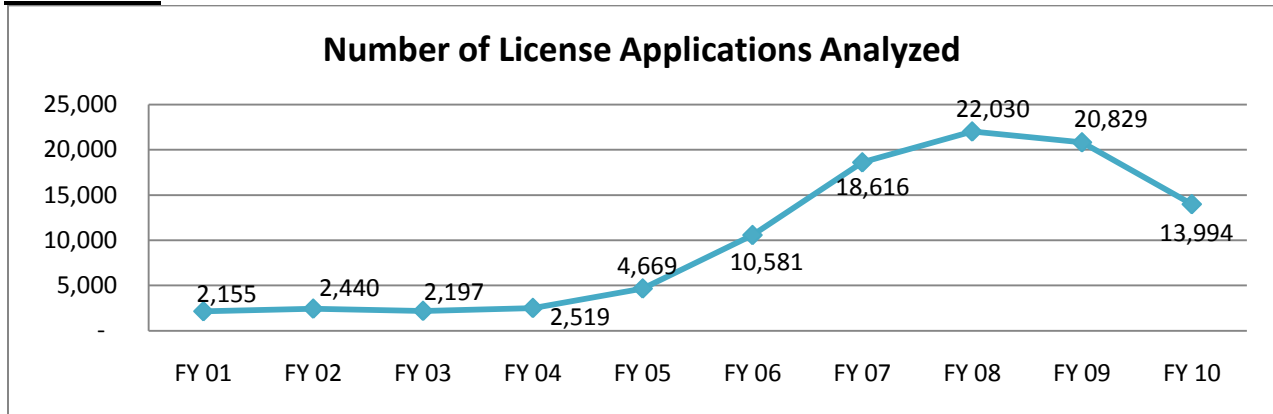
7.5 What are your performance levels and trends for your key measures of organizational effectiveness/operational efficiency, and work system performance (these could include measures related to the following: product, service, and work system innovation rates and improvement results; improvements to cycle time; supplier and partner performance; and results related to emergency drills or exercises)?

To meet the challenges of 2009-2010, the Department was decisive in setting priorities on actions that raised its effectiveness in protecting consumers, focused on improving business processes (SCBOS, webinars, internal advisory boards and roundtables for business feedback) and providing efficient processes and participating in an accounting system (SC Enterprise

Information System-SCEIS) that tracks activity-level costs, aligned for the organization as a whole. Organizational-level analysis and review likely would emphasize productivity growth, cost control, and quality.

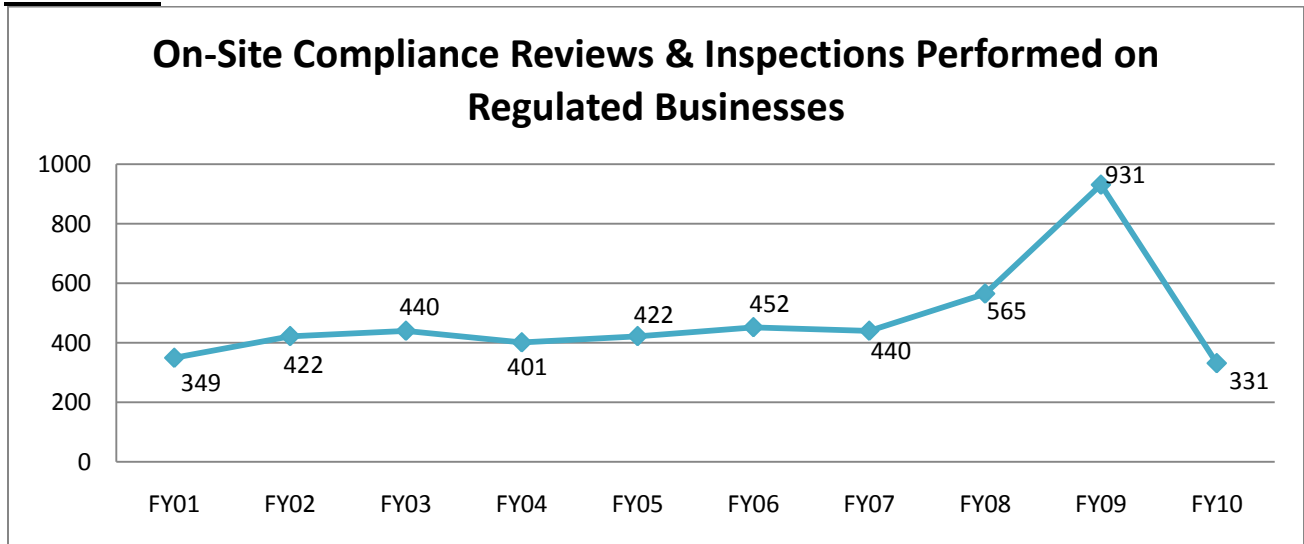
7.6 What are your performance levels and trends for the key measures of regulatory/legal compliance and community support?

Chart 7.6-1



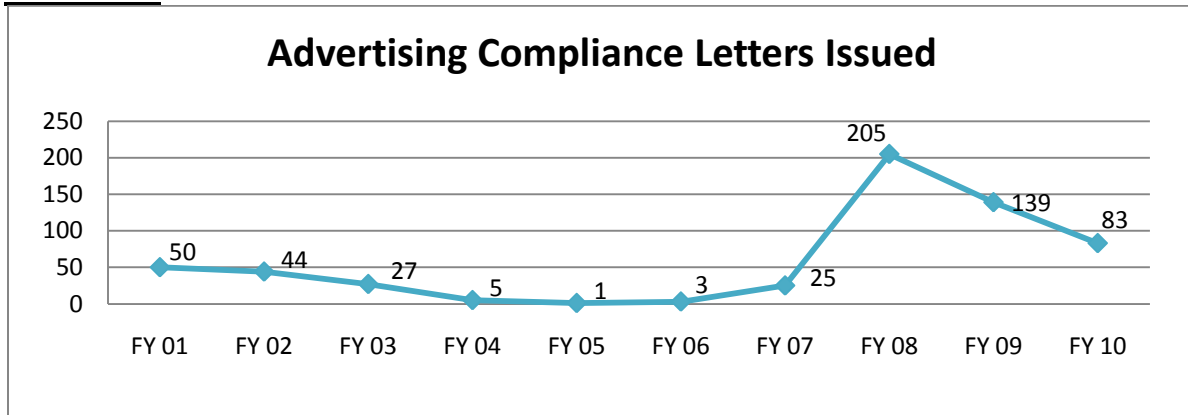
In FY05 the Department reviewed 3,536 loan originators and 1,248 mortgage loan broker license applications. This was the first year for mortgage loan originator licensing. In FY07, 4,402 loan originators were licensed and a total of 3,093 were licensed in FY08. The Department analyzed an agency-high 20,829 applications in FY09 due to an increase in preneed contract licensing, prepaid legal services, and credit counselors and organizations, and athlete agents among others. In FY10, however, due to the housing crisis, there has been a large decline in the number of mortgage loan brokers and loan originators processed.

Chart 7.6-2



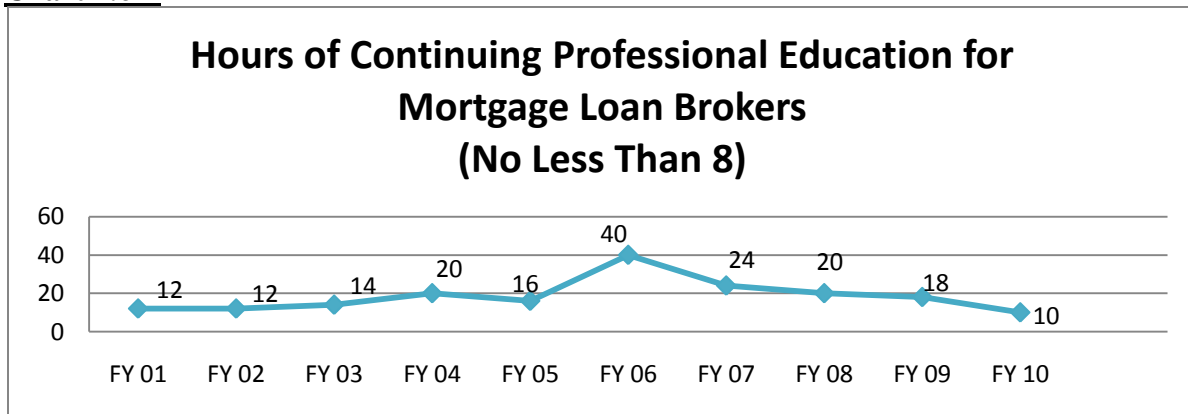
The Department conducted a record 931 compliance reviews and inspections for regulated businesses during FY09. After a reduction in force, the Department conducted 331 in FY10.

Chart 7.6-3



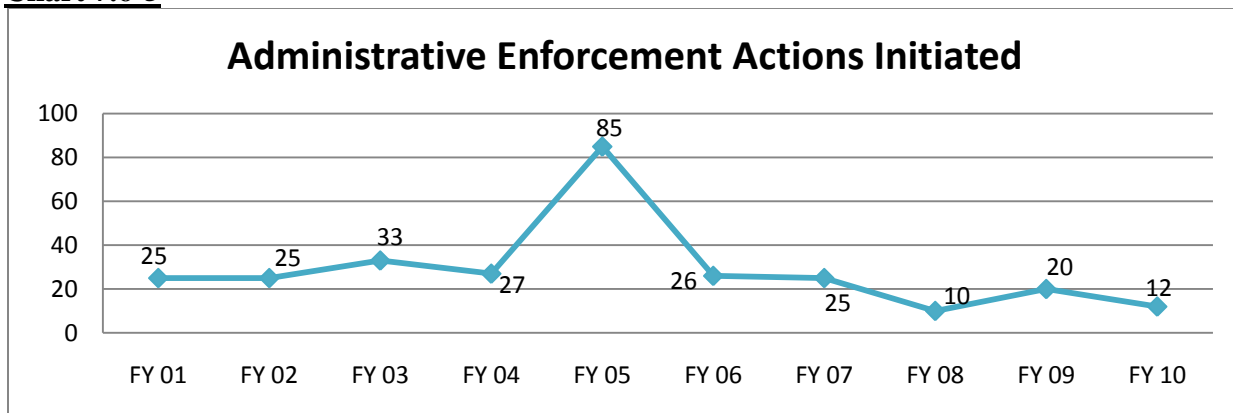
Through staff restructuring, the Legal Division was able to reinstate the automobile advertising advisory letter effort in FY08. 83 letters were issued in FY10.

Chart 7.6-4



The Department combined efforts in FY10 and offered joint Continuing Professional Education Courses for over 400 licensed mortgage brokers and credit counselors.

Chart 7.6-5



Licensing Activity FY 2009-2010

Licensee	Reviewed	Approved	Pending	Denied	Returned	Inactive
Athlete Agents	30	12	15	0	0	0
Credit Counseling Organizations	92	38	45	1	0	9
Credit Counselors	1150	478	493	3	0	134
Mortgage Brokers	562	305	43	0	0	214
Loan Originators	1145	322	102	7	0	714
Motor Clubs	32	13	1	0	0	0
Motor Club Representatives	829	649	0	0	0	180
Pawnbrokers	243	220	15	0	0	8
Physical Fitness	150	133	10	0	0	17
Preneed Funeral Companies	20	11	9	0	0	0
Preneed Contracts	6537	6537	0	0	0	0
Prepaid Legal Companies	6	5	0	0	0	1
Prepaid Legal Representatives	3198	3151	0	0	40	8
TOTAL	13994	11874	733	11	40	1285

Refunds from Legal and Enforcement Actions

- Consumer refunds from closed health spas: \$ 24,999.00
- Consumer refunds from unlicensed credit counselors: \$2,842,573.72
- Consumer refunds from compliance reviews & inspections: \$ 13,244.52
- Consumer refunds from civil and criminal odometer cases: \$ 604,814.00