



## **Department of Consumer Protection**

**WILLIAM M. RUBENSTEIN, Commissioner**

**Michelle H. Seagull, Deputy Commissioner**

**Established – 1959**

**Statutory authority - CGS Chap. 416, Section 21a-1**

**Central office - 165 Capitol Avenue, Hartford, CT 06106**

<b>Number of employees (All Funds) –</b>	<b>261</b>
<b>Recurring operating expenses:</b>	<b>\$20,621,719</b>
<b>General Fund Revenue:</b>	<b>\$41,875,132</b>
<b>Transportation Fund Revenue:</b>	<b>\$ 2,006,319</b>

### ***Organizational structure***

Office of the Commissioner; Regulation of Food & Standards; Regulation of Drugs, Cosmetics & Medical Devices; Regulation of Alcoholic Liquor; Regulation of Occupational & Professional Licensing; Regulation of Trade Practices; Regulation of Public Charities; Regulation of Gaming; Frauds Division; License Services Division; Legal Services Office; Communications & Consumer Education Office; Administrative Services Office; Accounting & Gaming Auditing Unit; Technical Systems Unit

### **MISSION**

***The mission of the Department of Consumer Protection is to ensure a fair and equitable marketplace as well as safe products and services for consumers in the industries that it regulates.***

### **STATUTORY RESPONSIBILITY**

The Department of Consumer Protection (the “Department”) is a regulatory agency that protects citizens from physical injury and financial loss that may occur as the result of unsafe or fraudulent products and services marketed in Connecticut. The extent of the department’s regulatory oversight is unique in that its jurisdiction dovetails frequently with that of other Connecticut state agencies. The Department is responsible for enforcing numerous significant consumer protection laws, including the Connecticut Unfair Trade Practices Act, the Connecticut Pure Food, Drug & Cosmetic Act, the Connecticut State Child Protection Act, the Liquor Control Act, and the Connecticut Weights & Measures Act. The agency remains vigilant against unexpected, as well as ongoing, health, safety and product-related problems. The Department of Consumer Protection must be able to mobilize staff at any time in order to respond quickly and effectively to a food, drug, product safety, or economic crisis affecting Connecticut’s marketplace or citizens.

In FYE 2014, the Department continued implementing Public Act 12-55, *An Act Concerning the Palliative Use of Marijuana*. The law, passed by the Legislature and signed by the Governor in May 2012, required the Department to draft and gain approval of a comprehensive set of regulations to govern the industry.

The Department's regulations, submitted and eventually approved by the Legislature's Regulations Review Committee in August 2013, set forth detailed rules for licensing producers and dispensary facilities to ensure a safe, secure and uninterrupted supply of medical marijuana for patients, and contained significant requirements designed to protect against the loss, theft or diversion of marijuana. The Department held a briefing for municipal officials on the new medical marijuana laws and regulations on September 19, 2013.

In FY 2014, the agency worked to select growers and dispensary facilities of medical marijuana that could deliver the products to state-certified patients in a manner that was in full compliance with the established regulatory framework. Following a thorough review and vetting process, the Department licensed four production facilities in January 2014, and six dispensary facilities in April 2014. The first medical marijuana products grown in Connecticut were delivered to the six dispensaries and made available to patients beginning in September 2014.

## **PUBLIC SERVICE**

The Department of Consumer Protection continues to fulfill its mandate to protect Connecticut consumers through numerous enforcement and education channels. Public service provided by the Department during Fiscal Year 2014 included the following activities:

### **Regulation of Alcoholic Liquor**

- Worked to protect the health and safety of Connecticut citizens by regulating all persons and firms involved in the distribution, sale and dispensing of alcoholic liquor in order to prevent sales to minors and intoxicated persons, guaranteed product integrity and ensured that licensed premises were safe and sanitary.
- Conducted inspections and investigations to ensure compliance with the provisions of state laws and regulations pertaining to the manufacture, importation, sale, and dispensing of alcoholic liquor.
- Investigated alleged violations of the State Liquor Control Act and consumer complaints involving alcoholic liquor that included: the sale of alcohol to minors and intoxicated persons; improper pricing and labeling; violations of regulations regarding adult entertainment; and purchases of alcoholic liquor from prohibited entities. Particular attention was paid to deceptive or unfair trade practices within the liquor industry.
- Collaborated with state and municipal police officers to conduct joint actions to enhance enforcement of underage drinking laws. These included alcohol compliance operations that utilized minors trained by the Governor's Prevention Partnership. In 2013-2014, the Division conducted 448 such local liquor compliance checks in more than 25 towns and cities in the state. Of that total, 371 Connecticut liquor retailers passed by NOT selling alcoholic liquor to persons under the legal drinking age of 21.
- Provided training and education to 200 law enforcement officers, liquor retailers and community members in strategies to deter access of alcoholic liquor to underage persons.

### **Regulation of Drugs, Cosmetics & Medical Devices**

- Worked to protect the health and safety of Connecticut residents by regulating all persons and firms involved in the distribution of drugs, cosmetics and medical devices.
- Investigated alleged diversion of controlled substances by practitioners in both pharmacies and healthcare facilities. Conducted pharmacy inspections and responded to consumer complaints regarding prescription errors. In collaboration with the federal Drug Enforcement Administration (DEA) and the Food and Drug Administration (FDA), the Drug Control Division investigated sales and distribution of controlled substances.
- Assisted law enforcement, the FDA, the federal Department of Health and Human Services (HHS), the Federal Bureau of Investigation (FBI) and the DEA in investigating and adjudicating cases of drug fraud in the state.

- Continued operation and implemented upgrades of the Prescription Monitoring Program (PMP), which protects the health and safety of the public by allowing prescribers and pharmacists to access a patient's prescription history to help identify patterns of misuse, diversion and/or abuse. Law enforcement and regulatory personnel also have access to the program to assist with investigations related to doctor shopping, pharmacy shopping and fraudulent activity. The program conducted educational and outreach activities to the general public on prescription drug abuse, safe storage and disposal of prescription medication and taking medications safely.
- Established Memoranda of Understanding (MOUs) between Connecticut and several other states including New Jersey, Kentucky, Ohio, Massachusetts and Rhode Island to share prescription drug data. This will allow prescribers, pharmacists and law enforcement (with restrictions) to access a patient's controlled substance history report in any of those states.
- Monitored compliance agreements of pharmacists currently in a probationary program due to drug addiction. The Drug Control Division also oversaw the compliance of the various police departments' canine labs.
- The Division is responsible for the regulatory oversight of the Medical Marijuana Program and is developing registration procedures as well as the compliance and investigative functions of the program.
- Conducted presentations to professional and community organizations and presented at state and national pharmacy conferences and seminars.
- The Division operates the Controlled Substance Medication Drop Box Program. Currently 50 drop box programs are operating in municipalities across the state.
- Continued to assist the Centers for Disease Control and Prevention (CDC) and Department of Public Health in managing the Chempak program for hospitals and first responders, and in the storage and dissemination of strategic medication. The Division also continued to assist the FDA in dissemination of drug recall notices to prescribers, pharmacists and pharmacies via the Division's electronic list-serve.
- Maintained the National Practitioner Data Bank and the Healthcare Integrity and Protection Data Bank.
- Trained more than 2,900 law enforcement officers, pharmacists and health care providers in identifying narcotic drugs and the signs of drug abuse, as well as in preventing prescription errors and using Connecticut's Prescription Monitoring Program. These programs were conducted at various law enforcement agencies, the Connecticut Police Academy, and through the Department's website.
- The Division houses the Board Administrator for the Commission of Pharmacy.

### **Regulation of Food and Standards**

- Enforced the Connecticut Uniform Food and Drug Act to protect public health in the commerce of food.
- Enforced weights and measures law in Connecticut to ensure a fair, honest and open marketplace for the commerce of commodities.
- Implemented a grant-funded quality improvement program on recalled food and the Manufactured Foods Regulatory Program Standards in collaboration with the Food and Drug Administration (FDA), particularly focused on ensuring that inspections done by State inspectors are equivalent to FDA inspectors. Developed and conducted a recall training program for small food processors and entrepreneurs to help in compliance with new federal food recall mandates.
- Conducted a USDA-funded Better Process Control School aimed at farmers engaged in the production of value added product from local ingredients.
- Conducted inspections of food-processing plants, warehouses, retail food stores, bakeries, nonalcoholic beverage plants, frozen dessert plants, vending machine locations, apple juice and cider plants.
- Responded to 24 traffic and highway accidents involving food and beverage products in order to ensure that contaminated/adulterated foods were not distributed to the public.
- Responded to 1,360 complaints from consumers related to food and weights and measures.

- Inspected gasoline stations, heating oil dealers and all weighing and measuring devices used commercially, such as retail store scales, motor truck scales, petroleum meters and home delivery truck meters.
- Checked packaging, labeling, unit pricing, scanning and advertising of food products, kosher foods and non-food items, restaurant menus, advertisements and gasoline station price signs to ensure that the contents and their weights were represented correctly.
- Conducted 26 effectiveness checks on meat and poultry recalls that affected Connecticut pursuant to a Memorandum of Understanding with the U. S. Department of Agriculture.
- Worked cooperatively with the Department of Motor Vehicles and the Department of Public Safety on the Commercial Vehicle Safety and Inspection program, ensuring that the portable scales used in the program are accurate.
- Regulated fuel retailers in the state and supervised the inspection work performed by municipal sealers of weights and measures.
- Received unconditional recognition from the U.S. Department of Commerce, National Institute of Standards and Technology for the State Metrology Laboratory.

### **Regulation of Gaming**

- Regulated Connecticut's authorized forms of gambling, which include Tribal Casinos, Off-Track Betting, State Lottery and Charitable Games. Specifically, the Gaming Division completed 6,126 gambling regulation inspections and visits, managed 2,307 lottery drawings to ensure the integrity of the games, and conducted charitable games audits as required.
- Inspected lottery agents and licensees, and Off-Track Betting ("OTB") facilities on an unannounced and random basis to ensure compliance with all State statutes and regulations related to gaming, and to educate agents on State statutes and regulations related to Lottery.
- Assured that only suitable individuals worked in the Connecticut gaming industry by coordinating and conducting appropriate background checks before licensing, registering, or issuing permits to individuals, organizations, and vendors to be employed by or contracted with, gaming licensees or permittees within the State, including those businesses authorized to sell lottery tickets.
- Processed 12,641 active licenses in Connecticut's gaming industry. These included 6,015 Foxwoods Casino and 6,626 Mohegan Sun Casino active licenses.
- Conducted a total of 185 investigations, and monitored operations to assure that all gambling activities were consistently conducted in a fair and honest manner, and to detect and prevent fraudulent gaming activity, and participated in 14 arrests.
- Approved changes or modifications to wagering systems and related equipment to ensure the integrity of lottery games and operation of Off-Track Betting.
- Supported treatment and rehabilitation for chronic gamblers through public awareness activities and by ensuring that funding for such programs is provided pursuant to Section 17a-713(b) of the Connecticut General Statutes.

### **License Services**

- In FY 14, the Licensing Division efficiently and accurately processed more than 240,000 licenses, permits and registrations in 226 different categories, resulting in over 47 million dollars in revenue.

The Department also implemented a number of measures to increase the use of its online licensing system, which enhanced speed and transparency for consumers and resulted in tens of thousands of dollars in annual savings for taxpayers. As a result,

- DCP reduced postage costs by over \$35,000 in 2014;
- DCP's printing costs decreased by over \$11,000 in 2014.
- The e-licensing system benefited the public by providing a convenient way of applying and paying for a license. It also provided greater transparency for applicants as to the status of their applications. This is particularly helpful in cases where applications require additional steps before approval, such as those that must be presented to an occupational or professional board or business licenses that require on-site inspection.

### **Regulation of Occupational & Professional Licensing**

- Administered professional licensing procedures that ensured that only qualified, competent individuals were licensed in the occupational trades and in several professional licensing categories.
- Enforced laws governing approximately 93,000 licensees in 33 areas and administered nationally standardized examinations as approved by the appropriate State licensing board.

### **Regulation of Public Charities**

- Investigated and examined allegations of violations of the Solicitation of Charitable Funds Act, including two very significant matters. In each of those cases the Executive Director of a charity was alleged to have diverted or misappropriated over \$200,000 and \$500,000 respectively.
- Implemented registration compliance efforts in lieu of enforcement actions.
- Continued collaboration with the Office of the Attorney General, Charities Unit in order to coordinate efforts.

### **Regulation of Trade Practices**

- The Department accepted, reviewed and validated hundreds of consumer applications for reimbursement from any of five guaranty funds, resulting in millions of dollars in direct restitution to consumers.
- Responded to more than 18,400 inbound consumer telephone calls and 3,900 written consumer complaints involving problems with home improvement, retail sales, telemarketing, online shopping and numerous scams. The Division mediated settlements between buyers and sellers, and explained the rights and obligations of consumers and businesses alike under the Connecticut Unfair Trade Practices Act.
- The Department completed a full 100% audit of continuing education requirements for real estate sales persons and brokers, and a 100% audit on new educational requirements for community association managers.
- The Trade Practices Division completed 115 retail inspections for compliance with United States Consumer Product Safety Commission recalls, state child protection law and used upholstered furniture law, and completed one hundred and thirty toy inspections.
- The agency reviewed and processed applications to the state's New Automobile Warranty Arbitration (Lemon Law) program in restitution or replacement of consumers' vehicles in the amount of \$906,000.
- Agency staff engaged in numerous speaking engagements to educate consumers on issues relating to privacy, identity theft, home improvement contractors, homemaker companion aides, disaster recovery, and financial literacy.
- The Department concluded or resolved a variety of broad based cases including matters against fencing and chimney companies, false applications by home improvement contractors, several travel or timeshare related scams, and business closures of restaurants and salons or spas that involved gift cards. All of these matters involved investigatory field work and/or legal process. In FY 14, the agency also initiated cases against a talent marketing agency, a mortgage rescue fraud, a dating service, business invoice slammers, home improvement companies for false advertising, and a disc jockey; these cases are continuing.

Legal, informational technology and communications/education functions and services supported the work of the Department during FY 2014:

- The Legal Division enhanced enforcement of all consumer protection laws by promoting effective resolutions with persons and establishments regulated by the Department. These initiatives included 184 compliance meetings, 113 formal hearings/administrative complaints, 78 formal hearing decisions, 454 Settlement Agreements, Consent Decrees and Stipulations, 234 Assurances of Voluntary Compliance, 22 subpoenas/civil investigative demands, and the issuance of one (1) Declaratory Ruling.

- Guaranty Fund payments were processed and monetary restitution provided to consumers who were financially damaged in the areas of home improvement, new home construction, real estate and health club closings. Specifically: 170 consumer claims were processed from the Home Improvement Guaranty Fund resulting in \$1,404,322 paid; 47 claims processed from the New Home Contractor Guaranty Fund with \$1,128,692 ordered paid; 4 consumer claims were processed from the Real Estate Guaranty Fund and \$75,550 was ordered paid. In addition, in FY 2014, the Guaranty Funds collectively contributed a total of \$1,621,090 to the State's General Fund.
- The Department replaced File/Print and Data Base servers running Windows 2003 with new servers running virtualized on new Windows 2012 boxes and replaced Desktops with All-In-One Units.
- The Information Technology Office also upgraded laptops to Windows 7 and designed a new Medical Marijuana Program module to be used by approved medical marijuana dispensaries.
- The Office also created several Online Licensing applications to help speed up processing time for vendors located overseas.
- The Department continued to inform and educate the public by issuing and posting press releases on numerous consumer-related issues, including the development and implementation of the state's first medical marijuana growing and dispensing system, advice on hiring contractors, avoiding current scams, online shopping safety, unlawful sales of alcohol to minors, and product recalls, resulting in more than 369 different print news stories. Nearly 100 interviews with state, national and local media assisted in educating and disseminating news on consumer protection issues and efforts.
- The agency continued to enhance its ability to provide important consumer information via social media and increased external users by 18% over previous year.
- During national Consumer Protection week (March 2014), the agency developed and implemented a youth contest based on its consumer-focused website, **SmartConsumer.ct.gov** to build consumer awareness of how fraud and scams can be avoided and to encourage more youth utilization of that website.
- The Department participated in numerous professional and community programs, conferences and seminars. Audiences reached included food sanitarians, home builders, home improvement professionals, homeowners, professional trades groups, business leaders, local community groups, senior citizens and students.
- The Department continued monthly development and distribution of "Consumer Watch," an e-mail-based newsletter containing timely topics of interest to more than 1,200 consumers and licensees.

## **IMPROVEMENTS / ACHIEVEMENTS, 2013 – 2014**

During Fiscal Year 2014, the Department of Consumer Protection realized numerous improvements and achievements.

- The agency utilized Lean management practices to significantly improve response times at the Department's Complaint Center.
- The Department developed and implemented a compliance program to inspect pharmacies that compound sterile pharmaceutical products. These inspections are conducted by the Drug Control Division or may be performed in conjunction with the Connecticut Department of Public Health, the FDA, or the DEA.
- To increase the utilization of the e-Licensing system, DCP:
  - Added lottery agents to the online system so that they could renew online for the first time this year;
  - Revamped bazaar and raffle application process so that the applications can be processed online;
  - Obtained email addresses for nearly all public charities in the state so that routine communications can be handled electronically;

- Implemented an automated application checklist so that applicants are notified in real time via email of their approval or deficiency;
- Simplified the process for retrieving a User ID and password by creating a dedicated email account for all issues related to the online licensing website;
- Tested the use of proxy renewals, which will allow businesses to renew and pay for all of their employee licenses at one time;
- Began implementation of a system that will permit initial online applications, and made online application available to an initial 40 license types.
- The agency updated its website to provide instructions about how to renew a license online, including illustrated step-by-step instructions;
- The Department initiated a model training program for Food Inspectors based on an established curriculum of online courses and in-person training and initiated a new registration program for warehouse foods establishments.
- Investigators, examiners, and supervisors each participated in a greatly increased number of training opportunities in order to expand knowledge of interviewing, report writing, methods of tracing funds, and current trends in crimes against the elderly.
- DCP also enhanced the availability of Spanish-language materials and press releases on the website and circulating important releases to Spanish-language media.
- Through a partnership with the State Library for the Blind, the Department converted much of its consumer education materials to audio files, which will soon be accessible from the Library for the Blind's permanent collection.
- The Department launched a bi-weekly "Get Smart-Pass It On" consumer news column for Tribuna, a weekly publication with widespread distribution and readership among the state's Spanish-speaking and Portuguese-speaking populations.

## **INFORMATION REPORTED AS REQUIRED BY STATE STATUTE**

The Department of Consumer Protection is firmly committed to the principles and objectives of equal employment opportunity for all individuals. The Department's full-time Equal Employment Opportunity Manager, Alicia Nuñez, coordinates and monitors the agency's programs and ensures compliance with the Americans with Disabilities Act, Title II and Title VII of the Civil Rights Act, the Fair Employment Practices Act, state Affirmative Action regulations and Contract Compliance laws, and other applicable laws. The Department is an Affirmative Action/Equal Employment Opportunity employer, and has undertaken numerous steps this past year to effectuate equal opportunity in its hiring, promotions, trainings and other employment-related duties, as well as in the provision of the programs and services that fall under the Department's authority. These activities are too voluminous to relate here, but are detailed in the Department's recent Affirmative Action Plan, approved by the Commission on Human Rights and Opportunities on May 14, 2014. The agency did not knowingly do business with any bidder, contractor, sub-contractor, supplier of materials, or licensee who discriminates against members of any class protected under C.G.S. Sec. 4a-60 or 4a-60a.

In Fiscal Year 2013-2014, 54.6 percent of the Department's employees were female and 45.4 percent were male, with the following composition: 74.5 percent white, 14.8 percent black, 7.9 percent Hispanic, and 2.8 percent Asian.