

SPEECH BY:

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I APPRECIATE THE OPPORTUNITY TO BE WITH YOU TODAY TO DISCUSS WHAT I BELIEVE IS A MATTER OF INTEREST -- CONSUMER PROTECTION.

IF YOU WOULD, PLEASE, LET ME HAVE A SHOW OF HANDS ON THOSE WHO FEEL THAT AT SOME TIME OR ANOTHER YOU HAVE BEEN ABUSED AS CONSUMERS. THAT'S WHAT I THOUGHT. CONSUMER PROTECTION IS NEAR AND DEAR TO ALL OUR HEARTS.

WHEN I CAMPAIGNED FOR THE OFFICE OF ATTORNEY GENERAL IN 1968, ONE OF THE PROMISES I MADE WAS TO ESTABLISH A SPECIAL DIVISION WHICH WOULD DEAL ONLY WITH PROBLEMS ENCOUNTERED IN THE MARKETPLACE -- PROBLEMS DEALT WITH BY EVERY CITIZEN OF NORTH CAROLINA. THE CONSUMER PROTECTION DIVISION WAS CREATED IN 1969. IT WAS SOMETHING OF A PIONEER AS AN OFFICIAL STATE AGENCY CHARGED WITH POLICING UNFAIR AND DECEPTIVE TRADE PRACTICES.

OURS WAS ONE OF THE FIRST IN THE NATION AND WAS THE FIRST IN THE SOUTHEAST.

THE DIVISION WORKS MAINLY IN THREE AREAS:

- ENFORCEMENT OF ANTI-TRUST LAWS;
- REPRESENTING THE PUBLIC IN UTILITY RATE CASES;
- AND, PROBABLY THE MOST CONSPICUOUS, WORKING TO HELP THE

AVERAGE PERSON WITH PROBLEMS IN DAY-TO-DAY BUSINESS DEALINGS.

WE HAVE WHAT COULD BE CONSIDERED AN OPEN-ENDED PHILOSOPHY ABOUT THE TYPE OF COMPLAINTS WE ELICIT. WE WANT ALL TYPES -- ALL THAT PERTAIN TO DECEPTION, MISREPRESENTATION, UNFULFILLED PROMISES, COERCION, HIGH-PRESSURE SALES TACTICS, DEFECTIVE PRODUCTS, POOR QUALITY WORKMANSHIP OR INFERIOR REPAIR PERFORMANCE. WE ASK FOR IT AND WE GET IT. THE DIVISION AVERAGES RECEIVING 60 COMPLAINT LETTERS AND ABOUT 40 TELEPHONE COMPLAINTS A DAY.

WE DON'T BELIEVE THAT INCIDENCE OF UNFAIR TRADE PRACTICES HAVE GROWN DRAMATICALLY. WE FEEL THAT MORE PEOPLE -- AVERAGE CITIZENS -- ARE BECOMING AWARE OF THE WORK OF OUR OFFICE.

AS YOU MIGHT EXPECT, WE RECEIVE COMPLAINTS FROM PEOPLE ONLY BECAUSE THEY KNOW WE ARE THERE; WE'LL LISTEN, AND HELP IF WE CAN. THE HELP MAY BE IN THE NATURE OF REFERRAL TO THE APPROPRIATE AGENCY. FOR INSTANCE, WE RECEIVED A LETTER LAST WEEK FROM A MAN WHO SAID HIS WELL WATER WAS NOT FIT FOR ANYTHING. HE SAID HIS WIFE COULDN'T DRINK IT, COOK WITH IT OR WASH IN IT. SINCE HE LIVES IN ONE OF THE STATE'S LARGER CITIES HE HAD COMPLAINED TO APPROPRIATE OFFICIALS THERE.

HE IMMEDIATELY BECAME INVOLVED IN WHAT WE SOMETIMES REFER TO AS THE "BUREAUCRATIC SHUFFLE." HE WAS PASSED FROM ONE CITY OFFICIAL TO ANOTHER. HE WASN'T GETTING ANY SATISFACTION AND HIS FRUSTRATION WAS GROWING. WHEN HE CONTACTED US, WE PROPOSED SEVERAL COURSES OF ACTION. THEN WE DIRECTED COPIES OF OUR REPLY TO OFFICES ON STATE, COUNTY AND CITY LEVELS.

WE CONTACTED THE LOCAL NEWSPAPER AND GAVE THEM AN ACCOUNT OF WHAT HAD HAPPENED. WE ALSO POSED SOME QUESTIONS WHICH ANY NEWS HOUND WOULD LIKE TO PLAY AROUND WITH. THE EDITOR WAS QUITE INTERESTED IN THE SITUATION. HE SAID HIS PAPER WOULD PUBLISH A SYNOPSIS OF THE COMPLAINT WITH ANSWERS TO THE QUESTIONS. THIS, HE SAID, WOULD ASSIST OTHER RESIDENTS OF HIS CITY WHO WERE FACED WITH SIMILAR PROBLEMS.

WE AGREED, BECAUSE WE RECOGNIZE THE IMPACT NEWSPAPER "HOT LINES" OR "ACTION COLUMNS" HAVE ON THE PUBLIC. VERY FREQUENTLY, LETTERS AND PHONE CALLS TO THE DIVISION BEGIN WITH "I WAS REFERRED TO YOU BY 'ACTION LINE'.." APPARENTLY THIS IS A SERVICE WHICH CAN OFFER TWO BASIC AIDS. IT CAN SATISFY CERTAIN COMPLAINTS BY PROVIDING INFORMATION. AND IMMEDIATELY IT CAN PREVENT LOGJAMS IN CONSUMER AGENCIES BY CHANNELING PROBLEMS TO THE PROPER OFFICES.

NATURALLY, ANY COMPLAINT EVEN REMOTELY DEALING WITH THE LAW WILL BE DIRECTED TO US. NOW, WE CAN'T PROVIDE PERSONAL ADVICE OR LEGAL SERVICE FOR EVERY CITIZEN OF NORTH CAROLINA, BUT WE DO TRY TO HELP INDIVIDUALS WITH PROBLEMS. SOMETIMES BY ESTABLISHING COMMUNICATION BETWEEN PARTIES, WE CONTRIBUTE TO SOLUTIONS TO PROBLEMS.

IN CERTAIN CASES, WE'VE HELPED NORTH CAROLINIANS ALTHOUGH THE DIVISION HAD NO LEGAL JURISDICTION PER SE. BY COORDINATING EFFORTS WITH THE DIVISION OF CONSUMER SERVICES IN FLORIDA RECENTLY, WE WERE ABLE TO FREE A BOONE MAN FROM A CONTRACT OBLIGATION OF

NEARLY \$300.

COOPERATION JUST LAST WEEK BETWEEN OUR OFFICE AND THE STATE BOARD OF EXAMINERS FOR ELECTRICAL CONTRACTORS MEANT THE COMPLETE REWIRING OF A MAN'S NEW HOME AND AT NO COST TO HIM. WE DETERMINED THAT THE ELECTRICIAN WHO INITIALLY INSTALLED THE WIRING IN THE HOUSE WAS UNLICENSED. WITH EACH AGENCY WORKING WITHIN ITS JURISDICTION, THE PROBLEM WAS SOLVED.

THE EXAMPLES I HAVE GIVEN YOU ARE NOT ATYPICAL OF THOSE WE RECEIVE. BUT THERE ARE OTHERS WHICH CONSTITUTE THE BULK OF OUR COMPLAINTS. LAST YEAR, THE LARGEST SINGLE SOURCE OF CONSUMER COMPLAINTS CONCERNED CARS. PROBLEMS INCLUDE SUCH THINGS AS FINANCING, SERVICE AND WARRANTY COMPLAINTS. WE INSTITUTED A SUIT AGAINST ONE OF THE BIGGEST CAR DEALERSHIPS IN RALEIGH IN MARCH FOR UNFAIR TRADE PRACTICES.

WE HAVE A CASE PENDING IN GREENSBORO AGAINST A NEW CAR DEALER WHO WAS MAKING SOME FANTASTIC CLAIMS, WHICH HE COULDN'T SUBSTANTIATE. AND, IF THAT WASN'T ENOUGH, WE FOUND OUT DURING THE COURSE OF OUR INVESTIGATION THAT THE MAN WASN'T EVEN LICENSED TO SELL CARS IN THE STATE.

CAR DEALERS HAVE BECOME THE BUTT OF MANY A JOKE -- AND SOMETIMES DESERVEDLY SO. THERE WAS ONE ABOUT A USED CAR AUCTION. THE SALESMAN SAID, "WHO'LL DRIVE THIS CAR AWAY FOR \$100?" ONE OLD FELLOW IN THE CROWD SAID, "I'LL TAKE A CHANCE. WHERE'S THE MONEY???"

THE SECOND MOST OFTEN MENTIONED PROBLEM IS UNDELIVERED

MERCHANDISE. THIS INVOLVES ITEMS PAID FOR BUT NOT RECEIVED.

A CLOSE THIRD IS MOBILE HOMES. THEN COMES CREDIT BUYING; NEW HOME CONSTRUCTION; ADVERTISING; BOOK AND MAGAZINE SOLICITATION OR CLUBS; HOUSING; FURNITURE; AND FINALLY, HOME IMPROVEMENTS.

WHILE HOME IMPROVEMENTS RANKS TENTH IN COMPLAINT VOLUME, IT CHEATS NORTH CAROLINIANS OUT OF THOUSANDS OF DOLLARS A YEAR. NOT ONLY IS THE INDIVIDUAL ROBBED OF HIS MONEY, BUT HONEST BUSINESSMEN ARE DEPRIVED OF WORK TO HELP THEM EARN A LIVING. HOME IMPROVEMENT SCHEMES ARE OFTEN PERPETRATED BY ITINERANT WORKMEN WHO OPERATE IN EVERY STATE IN THE COUNTRY. THEY ARE PROFESSIONAL CROOKS WITH SHARPLY REFINED SALES PITCHES.

SOMETIMES THEY POSE AS GOVERNMENT INSPECTORS. ONE SUCH TEAM WENT TO THE HOME OF AN ELDERLY ROBESON COUNTY COUPLE. THEY TOLD THE COUPLE THAT THEY HAD LEARNED THAT THERE WAS NO INDOOR PLUMBING AT THE HOME. THEY SAID A NEW LAW HAD BEEN PASSED WHICH REQUIRED ALL DWELLINGS TO HAVE INDOOR PLUMBING FACILITIES. THEN THEY CONVINCED THE OLD COUPLE TO LET THEM INSTALL A SINK AND COMMUNE IN A BEDROOM. WITHOUT REALIZING IT, THE PEOPLE SIGNED A CONTRACT FOR OVER \$4,000 TO PAY FOR THE WORK.

THE HOME IMPROVEMENT CATEGORY ALSO INVOLVES BAIT AND SWITCH TECHNIQUES. ONE SALESMAN SOLD A FARMER ON THE IDEA OF INSTALLING ALUMINUM SIDING AT HIS HOME. WHEN THE DEAL HAD BEEN CLOSED, THE SALESMAN CALLED OVER HIS SHOULDER AS HE WALKED AWAY,

"FOR A SLIGHT EXTRA CHARGE WE CAN HAVE YOUR NAME PRINTED ON THE BACK OF ALL THE PANELS." THE FARMER WANTED TO KNOW WHY HE WOULD NEED HIS NAME THERE. THE SALESMAN SAID, "FOR THE QUALITY OF JOB YOU BOUGHT, IT'S GOING TO BLOW AWAY WITH THE FIRST BIG WIND. IF YOUR NAME IS ON THE BACK, YOUR NEIGHBORS WILL KNOW WHO IT BELONGS TO WHEN THEY FIND IT LYING IN THEIR YARDS." THEN, OF COURSE, HE TRIED TO SELL HIM ON A HIGHER PRICE JOB.

MOST OF WHAT I HAVE TALKED TO YOU ABOUT HAS BEEN THE CONDUCT OF PROFESSIONAL CON ARTISTS. I AM VERY PROUD OF THE COOPERATION WE RECEIVE FROM THE BUSINESS COMMUNITY IN NORTH CAROLINA. MOST BUSINESSMEN IN OUR STATE WANT THE UNETHICAL OPERATOR ELIMINATED FROM THE MARKETPLACE AND DECEPTIVE TRADE PRACTICES STOPPED. WE KNOW, AND BUSINESS MEN KNOW, THAT EVERY CENT SPENT WITH A DISREPUTABLE OPERATOR IS LOST TO THE FAIR COMPETITOR.

WE CAN WORK, USING EVERY MEANS AT OUR DISPOSAL, TO RID THE MARKETPLACE OF FRAUD AND DECEPTION. YOU CAN HELP, TOO. I WOULD LIKE TO ENCOURAGE EACH OF YOU TO REVIEW AND EVALUATE COMPLAINT HANDLING PROCEDURES IN YOUR OWN BUSINESSES. I WANT TO URGE YOU AS MEMBERS OF AN ASSOCIATION DEDICATED TO HIGH STANDARDS IN YOUR PROFESSION, TO DEVELOP AND IMPLEMENT A COMPLAINT REVIEW BOARD.

I BELIEVE EVERY GROUP OF BUSINESSMEN AND PROFESSIONALS IN THE STATE SHOULD DEVELOP PROGRAMS TO HEAR, STUDY, AND RESOLVE CUSTOMER COMPLAINTS. MANY ASSOCIATIONS CHOOSE TO GIVE COMPLAINTS ONLY CURSORY ATTENTION.

I AM CERTAIN THAT NONE OF YOU WANT TO SEE AN INCREASE OF GOVERNMENT INVOLVEMENT OR ACTIVITY RELATING TO YOUR BUSINESS. AS YOU KNOW, GOVERNMENT INTERVENTION HAS OFTEN BEEN A RESPONSE TO PUBLIC PRESSURE. WE ANSWER A NEED OR STRENGTHEN THE VOICE OF THE CONSUMER.

SOME PROBLEMS CAN BE REMEDIED THROUGH LEGISLATION. IN OTHER INSTANCES, NEW GOVERNMENT AGENCIES ARE CREATED. YOU AND I KNOW THAT CONSUMER COMPLAINTS -- LIKE DEATH AND TAXES -- ARE INEVITABLE. AND THE CONSUMER IS GOING TO TRY TO GET SATISFACTION FROM SOME SOURCE.

IT'S LIKE THE WOMAN WHO SAID SHE DIDN'T WANT TO MARRY THE MAN FOR HIS MONEY, BUT THAT WAS THE ONLY WAY SHE COULD GET IT.

NO ONE KNOWS BETTER THAN YOU HOW TO HANDLE YOUR COMPLAINTS. IT IS OUR HOPE THAT ANY CONSUMER-ORIENTED PROGRAM OR AGENCY WILL BE BOTH RESPONSIVE AND REASONABLE. WE INVITE QUESTIONS ABOUT OUR IDEAS, OUR PROGRAMS AND OUR PROCEDURES. IT IS YOUR STATE'S DIVISION AND WE WANT IT TO BE THE BEST IN THE COUNTRY.