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Economy & Efficiency Commission Presentation

Editorial Note: Although every effort has been made to insure the accuracy of the material in this presentation, the scope of the material covered and the discussions undertaken lends itself to the possibility of minor transcription misinterpretations.

**PRESENTATIONS BY
Pastor Herrera Jr.
Director Consumer Affairs
Los Angeles County**

May 1, 2008

Vice Chair Isaac Diaz Barcelona greeted the presenter Mr. Pastor Herrera and welcomed him while turning it over for him to speak to the Economy and Efficiency Commission. Mr. Herrera expressed that he was honored to be there and thanked Executive Director Edward Eng for inviting him to speak to the EEC. Mr. Herrera also expressed the pleasure he has had working with Chair Emeritus Philibosian and Commissioner Alan Glassman and congratulated Commissioner Glassman on his appointment to the EEC.

Mr. Pastor Herrera, Jr., began highlighting the services his Department provides to Los Angeles county residents, which includes: 1.) Counseling and Mediation 2.) Complaint Handling and Community Outreach 3.) Identity Theft Protection 4.) Senior Forums and Community Outreach 5.) Volunteer Opportunities and Website Information 6.) Foreclosure Issues 7.) New Initiatives Mr. Herrera provided everyone with folders including brochures and information on the Department of Consumer Affairs. The Department of Consumer Affairs has 55 employees and a 7 million dollar budget. General fund dollars is \$5 million and \$2.5 million is just passed through for consumer protection. Another \$2 million is for grants, fees, investigative and community functions. Mr. Herrera explained how the department has been creative and proactive in light of the small budget. He stated that he became the director in the 90's with a difficult budget experience and learned that he could not rely on general fund dollars to continue operating effectively. Therefore he started to diversify by going after grants and bringing in more funds through other sources. The Consumer Affairs Department is recognized nationally and in the state. There are 3 independent government Consumer Protection Agencies that exist nationwide in New York, Chicago and Los Angeles. Mr. Herrera expressed his pride and honor that the Board of Supervisors has given his office the opportunity to be independent and provide critical services to Los Angeles County residents.

Counseling and Mediation

The Department of Consumer Affairs comes in contact with over 75,000 consumers a year. The consumers call, email, write or come to the office. The issues range from landlord-tenant issues to billing problems, telemarketing fraud, credit issues, used car purchases, identity theft and foreclosures which is currently a major issue. Mr. Herrera explained that his office tries to assist consumers by either counseling or by giving them the tools to solve their problems. If the problem is not solved, then a complaint will be accepted by the

office and filed. The office receives about 5,000 complaints a year. Those complaints are investigated and mediated while his office tries to be as proactive as possible to resolve the issue.

Mr. Herrera shared a complaint filed regarding some moving companies many years ago. These moving companies were offering to move goods outside of the country and claiming they had relationships with customs and consulate offices. The goods got lost and the consumers had no recourse. When many complaints were received at the Dept. of Consumer Affairs' office they realized that it was outside of their jurisdiction. The Intrastate Commerce Commission was responsible for moving companies. Mr. Herrera expressed that his office decided that they need to help people. There were a number of complaints and patterns which led them to work with the District Attorney's office. They took legal action against these companies. Mr. Herrera also took media action to inform consumers that if they were to do business with these types of entities they should be careful. Because of these actions, today in Los Angeles, these types of moving companies do not exist. This is a great example of the impact that the Department of Consumer Affairs has in protecting the consumers but also helping the business community in a positive way while providing a helpful service.

Complaint Handling and Community Outreach

The Department of Consumer Affairs helps the business community and also individual consumers. Examples of those that call the office are landlords, attorneys, Chambers of Commerce for reference on possible complaints on a business and the general Los Angeles County consumer. Mr. Herrera stated that his offices goal is to have a vibrant business environment and support the businesses that are trying to provide a service to L.A. County residents. Such businesses will survive and prosper with this type of environment.

The Department of Consumer Affairs also has part-time branch offices and eight part-time small claims offices which provide general information of what services the Department provides.

When the office notices patterns they review the database for special investigation. If there are any violations of the consumer protection statutes then a report is developed and presented to the D.A., Attorney General and the City Attorney. The Dept. of Consumer Affairs will work with their offices to initiate some type of lawsuit.

Identity Theft Protection

The Dept. of Consumer Affairs developed brochures because identity theft has become a large issue and problem. Included in the folder provided was a brochure on Identity Theft with tips on how to protect yourself. Mr. Herrera spoke about Identity Theft as he explained it as being a hot button and on everyone's radar. He cautions everyone to be careful with personal information and credit cards. Identity theft has become a nationwide \$56 billion dollar problem. Many victims are either friends or relatives and particularly seniors. Mr. Herrera suggested monitoring credit reports 3 times a year from Experion, Equifax and Trans Union to track and protect yourself. He also suggests that one should ask when giving information as a consumer on how the information will be used and how it is going to be protected.

There are signs if ones identity has been stolen. One sign could be that you are not receiving your regular bills in the mail in particular the property tax bill. Another sign would be if collectors call and you know you have good credit or also if you apply for credit and are denied. Mr. Herrera emphasized that you should know who you are giving your personal information to and should limit the number of credit cards you carry in your wallet.

The Dept of Consumer Affairs works closely with the Sheriff's Department because they have an I.D. theft unit and The Dept. of Consumer Affairs is part of the Southern California Identity Theft Task Force. The brochure lists helpful websites and phone numbers to contact for more information. Mr. Herrera stated that if anyone has been a victim of ID theft they may come to the Department of Consumer Affairs office for help.

Senior Forums and Community Outreach

Mr.Herrera explained another effort The Department of Consumer Affairs office has undertaken is elderly financial abuse. The office foresees that this will definitely be an issue and everyone should be concerned, particularly those in the Consumer Protection field.

Mr.Herrera stated that he is happy to see that there is a Senior Citizens initiative. The CEO and Senior Services Commission pull together a department that provides service to the senior population. Mr. Herrera pursues investigated complaints with a small grant to have an outreach program which conducts Smarter Senior Forums throughout the county. There was a flyer include in the packet for the next forum. Mr. Herrera mentioned the success of the previous forum held in Redondo Beach. The 2 hour summit educational workshops include areas that are important to seniors so they do not become victims of fraud. The topics included are telemarketing fraud, real estate fraud, tax programs, advance health care directives, estate planning and more. A good overview and resources that seniors may need are presented. Mr. Herrera stated that it is important that L.A. County residents know that they have somewhere to go to and talk to get information.

Mr.Herrera mentioned that you may call the office to listen to recorded information and tapes on different current issues. They give at least 100 to 120 presentations out in the community every year. He expressed that it is important that people know that the Dept. of Consumer Affairs is around and can inform people about consumer fraud issues that people need to know about.

Volunteer and Internship opportunities

Mr.Herrera explained that a unique aspect to the Department of Consumer Affairs is the Volunteer and Internship programs offered. He expressed that the office has had much success with volunteers while creating a good opportunity to enhance the services in the community.

They offer wonderful internship programs with several Universities such as California State Northridge and Long Beach. The internships are great opportunities to bring in new people if there are open positions with possible matches. This is a great resource to bring on board potential employees. Many of their current employees have gone through the internship program.

Mr.Herrera stated that another avenue used quite a bit is the website. He provided the Commission with a copy of the Homepage. The Dept. of Consumer Affairs office encourages people to look at the website on a regular basis because it keeps people informed of issues that are important to know.

The digest included in the packet includes new consumer laws taking effect in 2008 and are also posted on the website for reference. Another item that will be posted is an extensive consumer resource directory. About 200 different entries of different agencies provide consumer protection service. Listed will be some state agencies, federal agencies and local agencies, such as the Department of Auto Repair. Outreach and Educational programs may also be viewed on the website.

Foreclosure Issues

Mr.Herrera explained that the Department of Consumer Affairs needs to get initial funding for this project to do outreach for foreclosure issues. The Department will partner with many agencies and conduct workshops on the weekends with non-profit organizations. They hope to assist people in restructuring their roles. The Dept. of Consumer Affairs would be the niche for consumers with foreclosures and help to avoid consultants defrauding homeowners. The Dept. for Consumer Affairs will work closely with the D.A.'s office, the States Attorney General and the City Attorney's office.

New Initiatives

Mr.Herrera stated that they are partnering with the small claims court program and they have Americorp volunteers in the Department to help with self-help legal access centers. This exciting new program is called the Justice Corp. This program may give students from various Universities the opportunity to see and find out how the small claims court runs.

Another program is created with Cal. State Northridge called the Staff Development Training Academy. Mr. Herrera noted how Commissioner Glassman works closely with the Department of Human Resources for the Los Angeles County Learning Academy. They are working to develop a curriculum to train staff in different issues of consumer protection, for example, protection with deceptive practices, customer service and investigative techniques. They are also currently developing curriculum to cover each area. Mr. Herrera mentioned that the first seminar was with Professor Williams and he expressed that she was a terrific guest. They will bring in high caliber of people to train the staff to provide better service and to be informed.

Mr. Herrera explained another partnership for a very wonderful initiative with the Community Development Commission. They are contracted to go into housing development sites and provide seminars on consumer protection to residents and particularly seniors. Mr. Herrera expressed that he is happy to provide this program while reaching important populations.

Questions and Comments

Commissioner Sax mentioned that he attended meetings within the Sheriff's Department and they presented cases discovered in how to resolve the structure for elder care. He added that it is difficult to do proactive work for elders who are out of control and do not know it. Commissioner Sax asked how to setup checks and balances for elders that may not go to his meetings? Mr. Herrera replied expressing that it is a challenge. He stated that he is supportive of the initiative that will bring in external stakeholders. Mr. Herrera said that there needs to be some type of coordinating effort. Mr. Herrera shared how his office did a special investigation for an elderly man. This man had to go to the hospital and then he was transferred to a nursing care facility. Some perpetrators took possession of his property. A neighbor came to the office because she was concerned and suspicious. The Dept. of Consumer Affairs was able to track the owner and investigate and a lawsuit was filed against the perpetrators.

Commissioner Balderrama asked what is the Budget for The Dept. of Consumer Affairs? Mr. Herrera replied \$7 million. Commissioner Balderrama asked how will everything be accomplished with \$7 million? Mr. Herrera replied that \$2.5 million of that is not even his to use, it is a pass through to the self-help legal access centers. Commissioner Balderrama replied therefore it is basically \$5 million.

Commissioner Balderrama asked for what is the best way to handle someone receiving a \$10,000 fraudulent check. (He explained that the Sheriff's Dept. was called and said they can not do anything about it because it is a civil service matter. So then they tried the D.A.'s office and they said there is about a 2 to 3 year wait.) He asked if Mr. Herrera's office may be able to help. Mr. Herrera said that if his office received the case they may be able to mediate. He stated that sometimes a letter from the Dept. of Consumer Affairs can turn things around.

Commissioner Balderrama asked if the Department of Consumer Affairs helps mostly businesses or individual people? Mr. Herrera responded that his office helps both, but consumers mainly. He explained that they help through mediation and the office has a dispute settlement program. If businesses need help they will try to mediate, however both parties need to agree to the mediation.

Commissioner Balderrama expressed that in his 30 years experience the employer is always wrong and the consumer is right. Mr. Herrera replied that it depends on the situation. He shared an example that was mediated between a tenant and landlord over a security deposit dispute. Mr. Herrera explained how they try to be fair on both sides. The tenant left before the 30 day notice and the landlord is not required by law to refund the deposit. Mr. Herrera expressed that the reputation of the Department is one of being fair.

Commissioner Glassman shared a positive experience he had when using the Department of Consumer Affairs. He had an issue with a tailor and Mr. Herrera's office was helpful in mediating the situation.

Vice Chair Barcelona expressed his appreciation to Mr. Herrera for coming to speak to the EEC and the Commissioners' applauded.

Mr. Herrera expressed his thanks and appreciation and wished the EEC good luck with their endeavors here at the County. He commented that this is an important Commission and his intention is like the Commission's goal from his perspective to be efficient and economic and to provide the most effective service to L.A. County residents. Mr. Herrera commented that the needs are there for all the departments and the Dept. of Consumer Affairs to do the best they can. He expressed pride in what he does for L.A. County residents. Mr. Herrera thanked the EEC again and told them to keep up the good work and thanked them for volunteering for L.A. County. Mr. Herrera mentioned that his office has received an award from the Department of Family & Consumer Services for their partnership with Cal. State Northridge.

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