

Colorado Department of Regulatory Agencies
Information Pursuant to CRS 2-7-201



CRS 2-7-201(1)(A) Description and Explanation of Department's Priorities:

Mission: Consumer Protection

Strategic Results:

- I. Consumer Outreach - Consumers are educated about their rights and understand how the violation of those rights can be addressed and resolved.
- II. Professional Outreach - Businesses and professionals are educated about consumer rights and the standards and regulations that apply.
- III. Complaint Resolution - Consumer complaints are resolved in a timely and efficient manner.
- IV. Timely Access - Businesses and professionals can access the regulatory process in a timely and efficient manner.
- V. Qualified Professionals - DORA's employees have the knowledge, skills, and abilities to effectively and fairly regulate Colorado professionals and industries.
- VI. Economic Environment - DORA plays an active part in improving Colorado's economic environment.

The Department has submitted funding requests based on the following urgent needs:

- 1) A safe and secure office environment to conduct regulatory activities; (Strategic Results - III, IV, V)
- 2) Resources to address increased investment advisory firms in Colorado; (Strategic Results I, II, III, IV, V, VI)
- 3) Re-opening a Civil Rights presence in Northern Colorado in response to need in that area; (Strategic Results - I, II, III, IV, VI)
- 4) Resources to address growth in banking/financial institutions throughout the state; (Strategic Results - I, IV, VI)
- 5) Resources to ensure Colorado's participation in critically important Electric Transmission planning in order to protect Colorado rate payers into the future. (Strategic Results - III, V, VI)

All of these requests are tied directly with the Department's central mission of consumer protection and our six strategic results. In fact, the Department would not support any requested budget action that did not exactly correspond to the mission of consumer protection.

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CRS 2-7-201(1)(a)(I) Other Agencies Performing Similar or Cooperating Program Function

While there are federal and local partners for several of our activities, this is not to imply that there are redundancies that exist. As an example, the Office of the Comptroller of the Currency oversees federally chartered banks while the Colorado Division of Banking oversees state chartered banks. Each uses different standards for review, and as a result, Colorado chartered banks are in a stronger position than their federal counterparts as we weather this financial crisis.

Agency:

Civil Rights Division

Counterpart:

U.S. Department of Housing and Urban Development (HUD); Equal Employment Opportunity Commission

Banking

Office of the Comptroller of the Currency (OCC); Federal Deposit Insurance Corporation (FDIC)

Financial Services

National Credit Union Administration (credit unions), and the Office of Thrift Supervision (savings and loans)

Securities

Securities and Exchange Commission (SEC)

Insurance, Senior Health Insurance Program

Medicare and Social Security Administration

Electrical and Plumbing Boards

Local Governments. DORA is the licensing authority for plumbers and electricians, and the default authority for permitting and inspections where no local program exists. Local governments currently have the option of establishing permitting and inspection programs. The State Plumbing and Electrical Boards are required to conduct permitting and inspection programs in those areas of the state in which local governments do not have programs.

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CRS 2-7-201(1)(a)(II) Statutory Authority for Programs or Services and (III) Explanation of need for Programs/Services

In the Department's annual budget submission, DORA provides an index of statutory authority for each Division and program in the Long Bill. This information is condensed here, including a brief overview of the functions of each Division.

<u>Division</u>	<u>Statute</u>	<u>Description</u>
Executive Director's Office	24-1-122, 24-1-107, 24-34-101, 24-1-105, 24-1-107, 24-1-136, 24-6-303.5, 24-4-103 and 24-34-101, C.R.S.	This Office oversees and coordinates the operations of the Department's various divisions. It also performs departmental administrative functions, including accounting, budgeting, data processing, human resources, purchasing, facilities planning, and management reporting. The Office of Policy, Research and Regulatory Reform, which is also within this office, conducts sunrise and sunset evaluations of divisions, commissions, and boards located throughout state government.
Division of Banking	11-1-101 thru 11-20-117, 11-23-101, et seq., 11-23-101, et seq., 11-10.5-101 et seq., 11-6.5-101 et seq., 11-25-101 et seq., 11-37-101 et seq., 12-52-101 et seq., 5-1-101 et seq., 11-37.5 et seq., C.R.S.	The Division of Banking regulates state-chartered banks and debt management companies. Division staff conduct examinations and enforce compliance in the following areas: the Public Deposit Protection Act, trust departments, electronic funds transfers, electronic data processing, and the Uniform Consumer Credit Code. The eight-member Colorado State Banking Board is the policy and rulemaking authority for the Division. The funding source for all Division of Banking expenditures is the Division of Banking Cash Fund created in Section 11-102-403, C.R.S.
Division of Civil Rights	24-34-301 through 801, 24-50-125.3, C.R.S.	The Division of Civil Rights is the administrative arm of the Colorado Civil Rights Commission. It carries out state laws that prohibit discrimination in employment, housing, and public accommodations on the basis of race, sex, national origin, ancestry, physical or mental disability, religion, color, sexual orientation or marital status (housing and public accommodations only). The primary duties of the Commission and of Division personnel are the investigation and adjudication of charges of unfair or discriminatory practices, and the supervision of hearings upon complaints issued against a respondent pursuant to statute. The Division's Compliance Unit also provides training and education, technical assistance with fair housing laws, public information, and community intervention. Enforcement activities account for a major portion of the Division's resources.
Office of Consumer Counsel	40-6.5-101 through 109, C.R.S.	The Office of Consumer Counsel represents the public interest on behalf of residential, small business, and agricultural consumers, in cases before the Public Utilities Commission. These cases involve proposed changes to electric, gas, and telecommunications utility rates, service, and policies. The fund source for all Division appropriations is the Public Utility Commission's Fixed Utility Fund established in Section 40-2-114, C.R.S.

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The Division of Financial Services regulates state-chartered credit unions, savings and loan associations, and life-care institutions, which provide care for the duration of a person's life in return for the payment of an initial fee. The Financial Services Division also administers the Public Deposit Protection Act which safeguards the uninsured deposits of public moneys in a number of state and federal savings and loan associations. The Division conducts onsite examinations that are designed to ensure financial stability and compliance with applicable state and federal laws, and initiates enforcement actions when appropriate. The five-member Financial Services Board provides policy guidance to the Division. The funding source for all Division appropriations is the Division of Financial Services Cash Fund created in Section 11-40-106 (2), C.R.S.

11-30-101, 11-30-103, 11-40-101, 11-47-
Division of Financial Services 101, 12-13-101, 11-48-101, 5-1-101, 11-25-
101, C.R.S.

The Division of Insurance regulates authorized insurance entities and licensed insurance producers throughout Colorado to promote and preserve a safe and sound competitive market environment for both the industry and the consumer. The Division's duties include the following: Conduct actuarial examinations, authorize surplus lines, and regulate provider networks and non-traditional insurance entities; Conduct examinations related to the financial solvency of Colorado insurance companies; Monitor and rehabilitate troubled insurance companies, collect premium taxes, and perform financial analysis of applicable companies; Review policy forms submitted by insurance carriers and ensure that insurer rates are reasonable and equitable; Perform field and desk examinations to monitor compliance related to the advertising, underwriting, and other practices of regulated insurance entities; Respond to consumer inquiries and complaints; and, Regulate bail bond agents, investigate producer violations and act to prohibit unauthorized insurance activities.

Division of Insurance

Title 10, C.R.S.

The funding source is primarily the Division of Insurance Cash Fund, created in Section 10-1-103 (3), C.R.S. In addition to cash fee sources, this fund is backfilled by insurance premium tax revenues that would otherwise be credited to the General Fund.

The three-member Public Utilities Commission (PUC) regulates the rates and services of fixed utilities and transportation utilities located in the state. The PUC also administers the Colorado Telecommunications High Cost Program, the Low Income Telephone Assistance Program, the Disabled Telephone Users Program, and the Highway Crossing Protection Program. Most of the PUC's activities are supported by the PUC Fixed Utility Fund created in Section 40-2-114, C.R.S. or the PUC Motor Carrier Fund created in Section 40-2-110.5 (6), C.R.S.; however, certain special purpose line items utilize specific corresponding cash funds.

Public Utilities Commission

Title 40, C.R.S.

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The Division of Real Estate licenses real estate brokers, real estate appraisers, and mortgage brokers; analyzes subdivision offerings on undeveloped land; and administers an enforcement program that responds to the needs of the industry and the consumer. The five-member Real Estate Commission and the seven-member Appraisal Board serve as the policy-making bodies of the Division. Appropriations for the Division are from the Division of Real Estate Cash Fund created in Section 12-61-111.5 (2) (b), C.R.S., and the Mortgage Broker Registration Cash Fund created in Section 12-61-908 (2), C.R.S.

12-61-101, 12-61-401, 12-61-701, 12-61-301, 12-61-103.6, C.R.S.

Division of Real Estate

24-34-102, 12-2-101, 12-29.5-101, 24-34-102, 12-4-101, 12-8-101, 12-33-101, 12-35-101, 12-23-101, 12-25-101&201, 12-43-702, 12-5.5-101&201, 12-37-101, 12-43-502, 12-36-101, 12-28-101, 12-38.1-101, 12-39-101, 12-40-101, 12-55.5-101, 25-05-701, 12-22-101, 12-41-102, 12-58-101, 12-43-602, 12-43-302, 12-43-401, 12-64, 101, 12-41.5-101, C.R.S.

Division of Registrations

The Division of Registrations regulates licensees in nearly 50 professions and occupations throughout Colorado. Its boards and licensing programs have been created by the General Assembly to ensure a basic level of competence among licensees and to protect the public welfare. The Division's licensing examinations measure applicants' knowledge, skills, and abilities. The Division also licenses or approves qualified facilities, programs, and equipment. Public protection is further enhanced by conducting inspections, investigating complaints, and restricting or revoking licenses when generally accepted standards of practice or safety have not been met. The funding source for the Division is the Division of Registrations Cash Fund created in Section 24-34-105 (2) (b) (1), C.R.S.

11-51-101, et seq.
11-53-101, et seq.
11-59-101, et seq.
24-75-701, et seq.,
C.R.S.

Division of Securities

The Division of Securities monitors the conduct of broker-dealers and sales representatives throughout Colorado. It also investigates citizen complaints and other indications of investment fraud. In addition to license application screening, Division personnel perform on-site examinations of broker-dealer offices. The Division enforces the following programs: the Colorado Securities Act, the Colorado Commodity Code, the Colorado Municipal Bond Supervision Act, and the Local Government Investment Pool Trust Fund Administration and Enforcement Act. All appropriations for the Division are from the Division of Securities Cash Fund.

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CRS 2-7-201(1)(a)(IV) How the Department accomplishes Program or Service Objectives

From the standpoint of workload, the following tasks are performed throughout DORA's regulatory programs: (1) establishes standards of education, training, and competency that must be attained by those who seek entry to regulated professions and occupations; (2) establishes standards governing the practice of those professions or occupations; (3) offers a process for investigating claims by citizens against negligent or unscrupulous practitioners; (4) provides a mechanism by which regulated individuals and institutions may be sanctioned or stripped of the credentials allowing them to practice if, following appropriate due process, it is determined that such action is warranted by wrongful conduct. The Department does so via the following specific activities: licensing/permitting/certifying/registering; promulgating standards; performs inspections and exams; providing information to legislators, the Governor, individual licensees and their employers, business associations, consumers, and the general public; performing investigations and enforcement activities; administering direct service programs; and providing support services.

CRS 2-7-201(1)(a)(V) Statement of the Amount of Funding and Number of Employees for Programs or Services

The Department has supplied below a list of Divisions and funding for DORA. The Department's annual budget submission includes further detail on programs in narrative format. In addition to each Division's regulatory functions, specialized programs are administered including: Colorado High Cost Mechanism, the Disabled Telephone Users Fund, the Low Income Telephone Assistance Fund, the Real Estate Recovery Fund, and Premium Tax Collection.

<u>FY 08-09 Appropriation</u>	<u>FTE</u>	<u>GF</u>	<u>CF</u>	<u>RF/GFE</u>	<u>FE</u>	<u>Total</u>
Executive Director's Office	52.3	526,782	15,332,456	5,990,513	345,073	22,194,824
Division of Banking	38.5		3,587,186			3,587,186
Civil Rights Division	32.4	984,445		419,067	444,272	1,847,784
Office of Consumer Counsel	7.0		914,860			914,860
Division of Financial Services	13.0		1,197,809			1,197,809
Division of Insurance	86.9		8,406,451		522,246	8,928,697
Public Utilities Commission	101.1		15,729,484			15,729,484
Division of Real Estate	50.1		4,305,317			4,305,317
Division of Registrations	178.3		15,288,024	2,181,315	6,492	17,475,831
Division of Securities	20.0		2,521,990			2,521,990
Total Appropriation:	579.6	1,511,227	67,283,577	8,590,895	1,318,083	78,703,782

CRS 2-7-201(1)(a)(VI) Statement on What Aspects of Program or Service Could be Reduced in the Event of Reduced Funding

DORA understands the financial hardship the state is in and appreciates the efforts it will take to balance the budget. DORA continues to participate in these planning efforts and stands ready to do what can be done to mitigate the impact of reductions. As a regulatory agency, in a results-based government, we set clear and measurable targets in our strategic plan that will be compromised in the event of a reduction in funding. As a predominantly cash-funded department, if reductions are made in staff or operations, consumer protection will unfortunately be at risk. In a time of economic uncertainty like today, consumers lack confidence in the marketplace and are more vulnerable to the bad actors who try to take advantage of them. It is important now more than ever to educate consumers about scams and fraud, as well as provide valuable information to protect people from these vulnerabilities. DORA's staff comprises predominantly of investigators, examiners and complaint resolution professionals. A reduction in force of staff would compromise protection of the citizens of our state by extending the timing with which complaints are resolved. This would allow bad actors to continue behaving unscrupulously, and would likely decrease the possibility of consumer restitution ever occurring. There are areas where DORA is seeking to reduce expenditures, such as implementing efficiency programs like Expedited Settlement Program and reduce the amount of training provided by outside resources.

CRS 2-7-201(1)(b) Description and Explanation of Department's Performance Measures: Please See DORA's 2009/2010 Strategic Plan



DORA redefined its mission in 2007 to emphasize consumer protection — the common thread that links all nine agencies within the department: Banking, Civil Rights, Financial Services, Insurance, Office of Consumer Counsel, Public Utilities Commission, Real Estate, Registrations, and Securities.

DORA Strategic Results:

- I. **Consumer Outreach** – Consumers are educated about their rights and understand how the violation of those rights can be addressed and resolved.
- II. **Professional Outreach** – Businesses and professionals are educated about consumer rights and the standards and regulations that apply.
- III. **Complaint Resolution** – Consumer complaints are resolved in a timely and efficient manner.
- IV. **Timely Access** – Businesses and professionals can access the regulatory process in a timely and efficient manner.
- V. **Qualified Professionals** – DORA’s employees have the knowledge, skills, and abilities to effectively and fairly regulate Colorado professionals and industries.
- VI. **Economic Environment** – DORA plays an active part in improving Colorado’s economic environment.

■ **Increasing Consumer Confidence**

- Protected consumers’ assets in the 112 state-chartered banks and 57 state-chartered credit unions. (Results II, V, VI)
- Levied the largest fines in Colorado history against improper activities of insurance companies, totaling approximately \$2 million since January 2007. (Results II, III, VI)
- Uncovered mortgage fraud totaling \$8 million in undisclosed buyer rebates and other inappropriate compensation, exorbitant inflation of property purchase prices, and the illegal distribution of loan proceeds. The case involves 105 properties, 85 of which ended up in foreclosure. (Results I, II, III, V, VI)
- Took legal action in 259 financial fraud cases. (Results III, VI)
- Resolved over 20,000 complaints against licensed professionals, recovered \$35 million for consumers because of these complaints, and issued \$3.5 million in fines. (Results III, VI)
- Identified trends of discriminatory mortgage lending across the state, shining a spotlight on neighborhoods or communities where the highest rates of subprime lending and minority populations overlap. A series of outreach meetings across the state were held to educate at-risk communities and specific mortgage lenders are now under investigation. (Results I, II, III, VI)

- Protected Colorado's Conservation Easement Program by aggressively pursuing action against appraisers overvaluing conservation easements and examining unscrupulous investment transactions. (Results I-VI)

■ **Saving Consumers Money**

- Total DORA savings has been estimated at \$162 million during 2007 and \$225 million during 2008, which represents an average annual return-on-investment of 210 percent of DORA's costs. However, added savings in the form of negotiated settlements and financial relief equate to hundreds of millions of dollars in savings to Colorado consumers through reduced rates and restitution. (Results I-VI)

Specific examples of these savings include:

- **The Public Utilities Commission and the Office of Consumer Counsel** conducted regulatory actions to review and contest utility rate cases as well as enforcement that saved Colorado consumers an estimated \$100 million during 2007 and an estimated \$125 million during 2008. In one investigation alone, the Public Utilities Commission found that a gas utility over-collected gas payments from its customers from July 1, 2006 through June 30, 2007, and approved a plan directing the utility to return \$8.85 million to its natural gas customers. (Results I-VI)
- **The Division of Insurance negotiated the largest healthcare agreement** of its kind with Kaiser Permanente, resulting in expansion of services in underserved areas of the state and financial relief of \$155 million to its consumers over the next two years. (Results I-VI)
- **The Division of Insurance helped businesses save on workers' compensation insurance** when Colorado's Commissioner of Insurance reduced the loss cost factor which affects rates for businesses 16 percent lower, which could potentially result in \$162 million in savings in 2009. This adjustment follows a 7.5 percent decreased rate this year, saving businesses a total of \$239 million over two years. (Results I-VI)
- **The Division of Insurance reviewed other rates, besides workers' compensation, and conducted enforcement, saving consumers \$14.7 million in 2008 and \$7.3 million in 2007, or \$22 million since 2007.** (Results I-VI)
- **Resolved over 20,000 consumer complaints** resulting in an estimated \$34.8 million recovery for consumers. (Result III, VI)

Details of this consumer savings is as follows:

- **The Division of Insurance** processed more than 9,000 consumer complaints since 2007 regarding health insurance, property and casualty, and auto protests, recovering over \$25 million for consumers. (Results III, VI)

- The **Division of Securities** was able to recover nearly \$6.2 million in settlements for consumers since 2007. (Results III, VI)
- The **Public Utilities Commission** reviewed 5,660 complaints against utility companies since 2007 and 513 complaints against transportation companies since that same time, resulting in consumer recovery of \$1.1 million. (Results III, VI)
- The **Division of Real Estate** recovered \$17,797 for consumers since 1997. (Results III, VI)
- The **Division of Civil Rights**, through its mediation efforts, recovered \$804,290 in FY 06-07 and \$1,336,691 in FY 07-08. (Results III, VI)
- The **Division of Banking** recovered \$37,788 in FY 06-07 and \$78,215 in FY 07-08. (Results III, VI)
- Other divisions, like the **Division of Registrations**, resolve thousands of consumer complaints, but do not have restitution authority. (Results III, VI)

■ **New Energy Economy**

- DORA has worked with partners across the state to keep utility rates fair while examining opportunities for Colorado to realize energy savings and support renewables. (Results I, II, III, VI)
- The Public Utilities Commission approved the Xcel Energy 2015 Resource Plan. This decision will result in the closing of two of the dirtiest coal plants in Colorado and developing 800 MW of wind power. (Results II, III, IV, VI)
- Initiated consumer awareness strategies through the Office of Consumer Counsel, such as working with Xcel Energy to provide ratepayers with information about carbon emissions. (Result I)

■ **Accessible and Efficient Government**

- State regulation of financial institutions is more efficient and cost-effective, evidenced by more and more Colorado banks and credit unions opting for state charters rather than being regulated at the federal level. Since 2007, three national banks converted to state charters, three new bank charters were created, and one new credit union has converted to state charter. (Results IV, V)
- Gov. Ritter and DORA Executive Director Rico Munn officially re-opened the Civil Rights Southern Regional Office in Pueblo and Western Regional Office in Grand Junction, after funding cuts closed the offices in 2004. (Results I, III, IV, VI)
- With an influx of new legislation last year adding new professionals to regulate, the Division of Registrations, which licenses nearly 50 occupations, recruited professionals in various communities across the state to educate them about new legislation affecting their occupations. (Results II, IV)

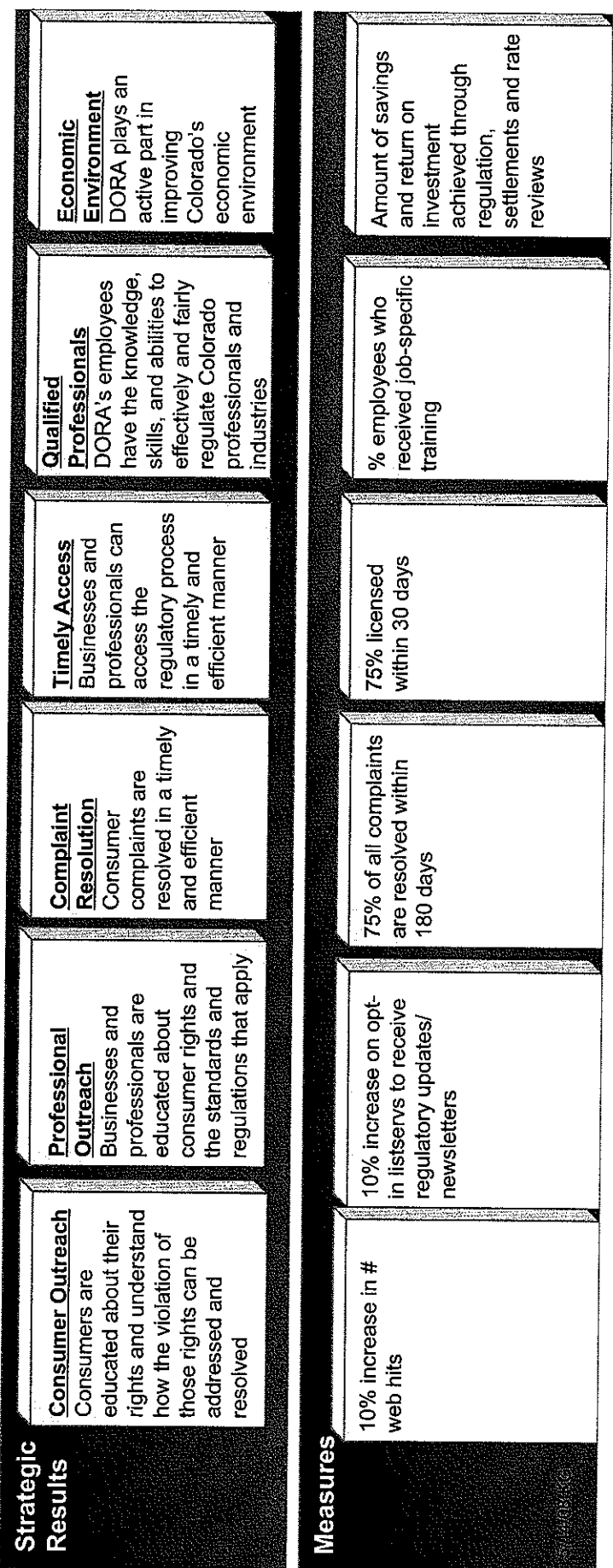
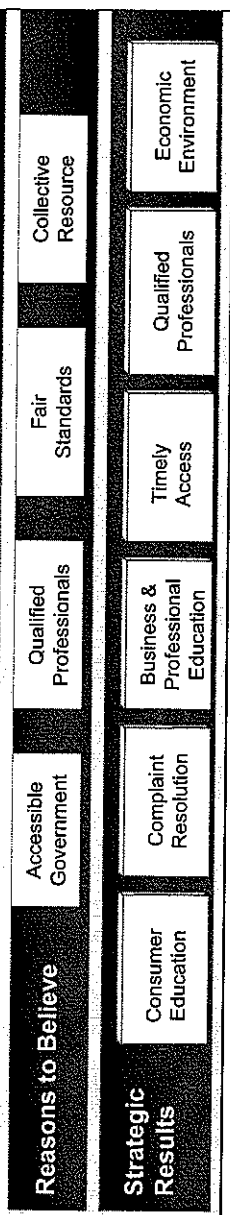
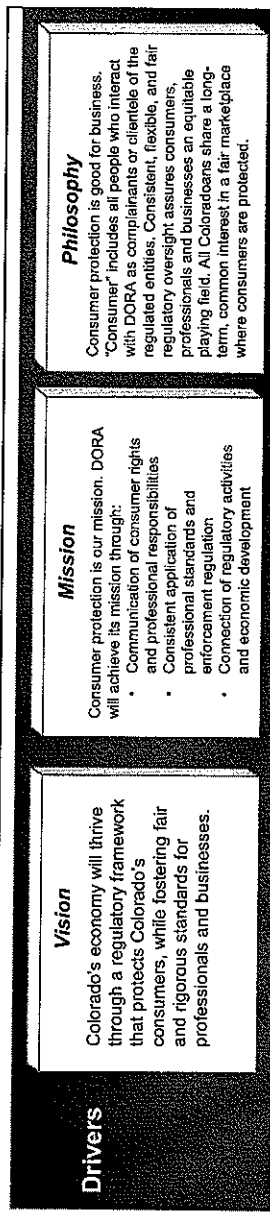
■ DORA Initiatives

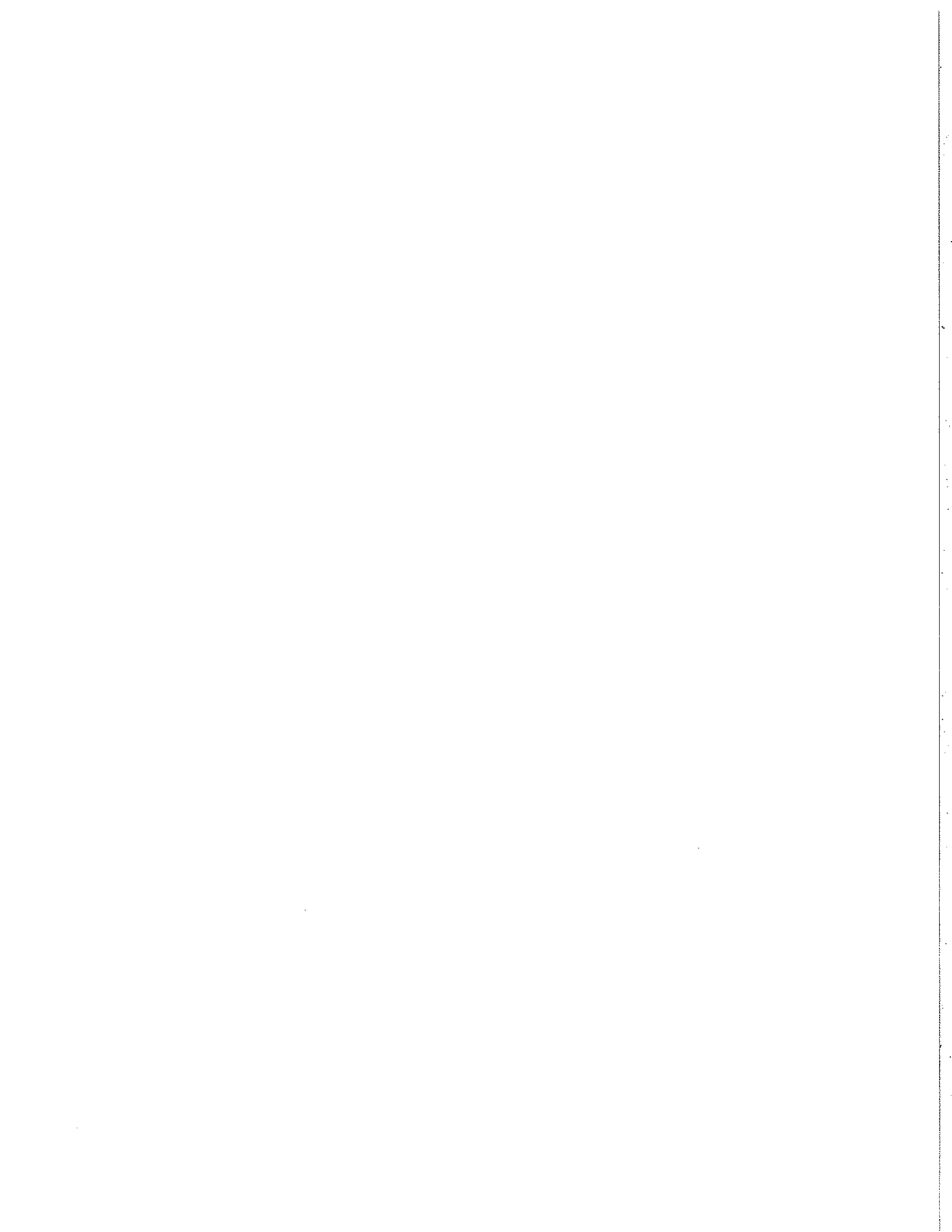
- **Outreach Program:** DORA was given the authority by the Legislature to implement a Consumer Outreach Program to educate consumers about their rights and professionals about their responsibilities. (Results I, II)
- **Greeley Civil Rights Office:** The Colorado Division of Civil Rights intends to open a satellite office in Greeley, budget permitting. (Results I, III, IV, VI)
- **Continuing Competency:** DORA is working with professional boards to institute continuing competency as opposed to continuing education. Continuing Competency requires assessing an individual's knowledge and skills against a pre-established standard within their profession, then developing a learning plan to remediate areas for improvement. (Results II, IV, V)
- **Financial Literacy/Access to Capital:** DORA is working with the Governor's Office and community partners to examine ways to assist Coloradans in gaining access to capital and managing it effectively. (Results I, II, VI)

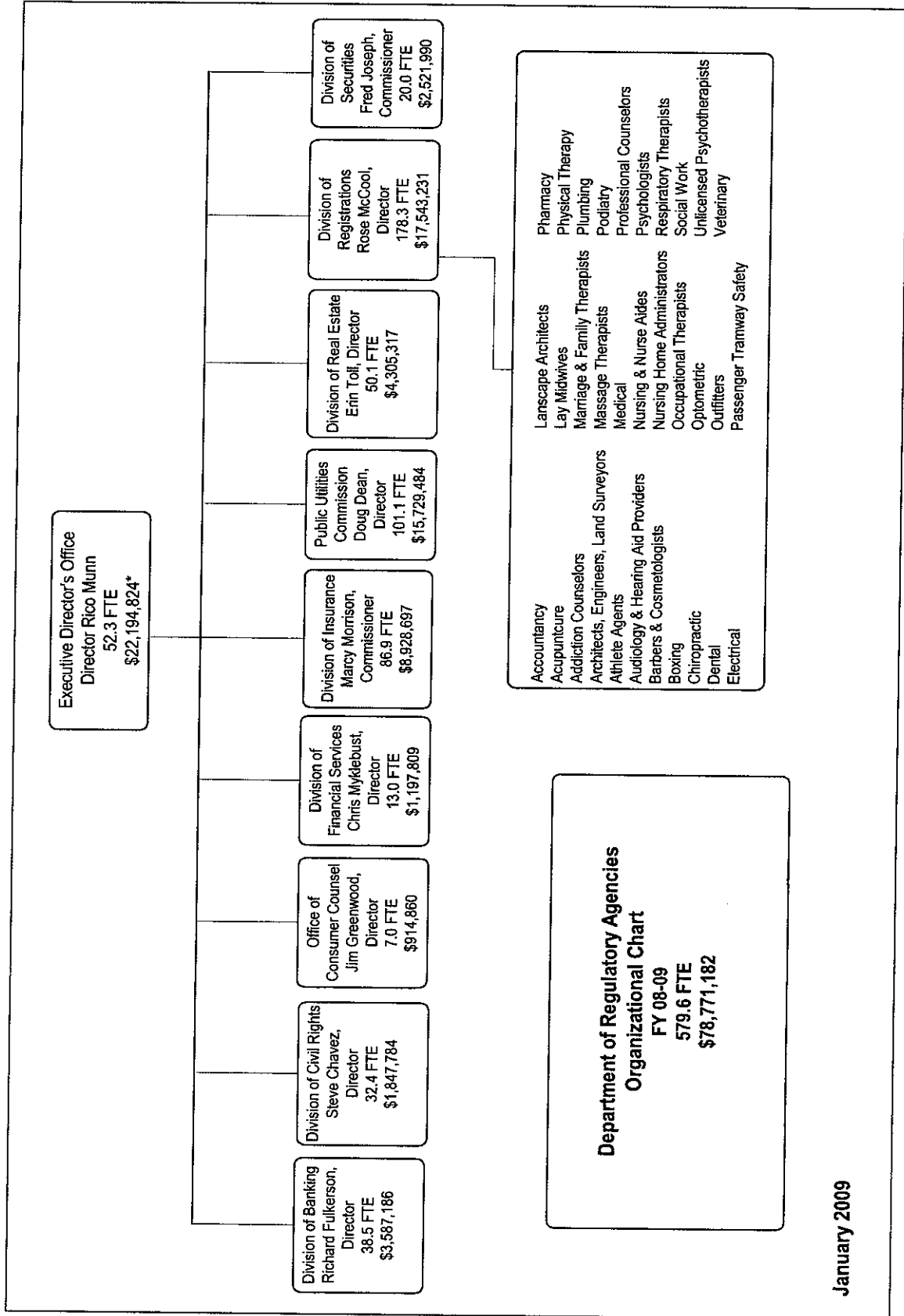
DORA 2009/2010 Strategic Plan

Colorado Department of Regulatory Agencies (DORA)

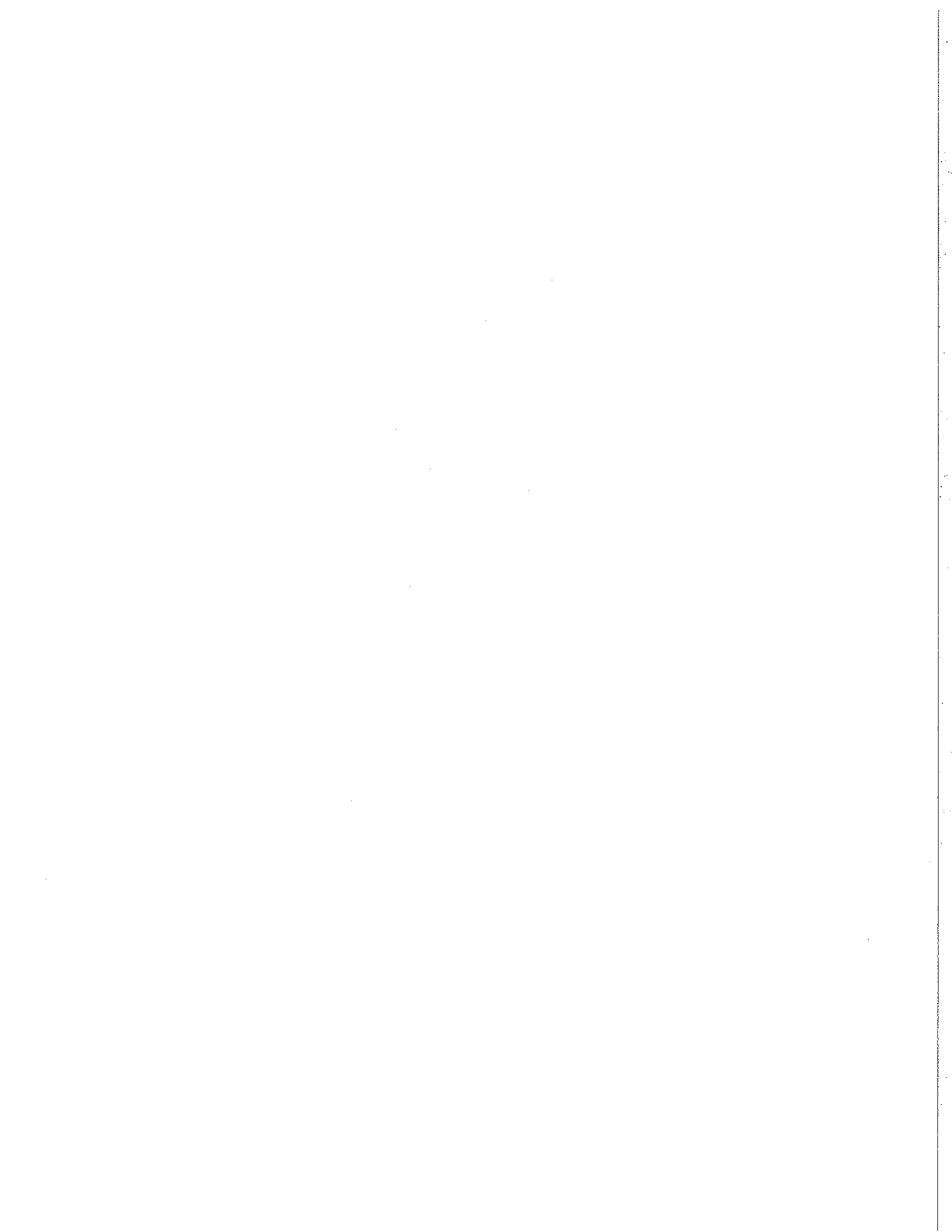
DORA is dedicated to preserving the integrity of the marketplace and is committed to promoting a fair and competitive business environment in Colorado. Consumer protection is our mission.







**The Executive Director's Office's operating budget consists of \$4.8 million and 52.3 FTE. The remaining \$17.5 million represents central appropriations made for agencies across the Department, including legal services (\$7.5 million), leased space (\$2.8 million), and various other centralized appropriations.*



NUMBER OF LETTERS OF CONCERN				
ISSUED BY CALENDAR YEAR				
BOARD		2007	2008	
Allied Health				
	Acupuncture	1	3	
	Audiologists	1	1	
	Hearing Aid Assc.	0	1	
	Hearing Aid Prov.	2	2	
	Midwives	1	0	
	Physical Therapy	3	1	
	Respiratory Therapy	2	2	
	Chiropractic	5	57	
	Optometric	2	6	
Mental Health				
	Addiction Counselor	9	14	
	MFT	2	9	
	LPC	12	43	
	Psychologists	12	20	
	Social Work	22	37	
	Unlicensed Psycho.	23	30	
Health Care				
	Pharmacy	59	124	
	Medical	137	118	
	Podiatry	1	4	
	Dental	57	111	
	NHA	2	3	
	Veterinarian	2	7	
	Nursing	114	100	
	NAAC	25	68	
Business & Technical				
	AES	12	4	
	Electrical	66	5	
	Landscape Arch.	0	0	
	Plumbing	9	2	
	Tramway	0	0	
	Boxing	0	0	
	Accountancy	9	3	
	Barber/Cosmetology	0	1	
TOTAL				
		590	776	
Notes: Outfitters omitted because does not have LOC authority				

