

COMMONWEALTH OF PENNSYLVANIA
HOUSE OF REPRESENTATIVES
COMMITTEE ON JUDICIARY

In re: House Bill 1936 - Repair Services

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Stenographic report of hearing held
in Room 140, Majority Caucus Room,
Main Capitol Building, Harrisburg, PA

Wednesday,
August 18, 1993
10:00 a.m.

HON. THOMAS R. CALTAGIRONE, CHAIRMAN

MEMBERS OF COMMITTEE ON JUDICIARY

Hon. Andrew J. Carn	Hon. Kathy M. Manderino
Hon. Peter J. Daley	Hon. Albert H. Masland
Hon. Gregory C. Fajt	Hon. Karen A. Ritter

Also Present:

David Krantz, Executive Director
Margaret Tricarico, Committee Staff

Reported by:
Ann-Marie P. Sweeney, Reporter

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1 CHAIRMAN CALTAGIRONE: If we could, we'd
2 like to get started. We would like to have Chet, Lynn,
3 and Ric please come forward.

4 This is the House Judiciary Committee
5 public hearing on House Bill 1936 dealing basically
6 with repair services. I'm Chairman Tom Caltagirone
7 from Berks County. I would like the other members
8 present and staff to please introduce themselves for
9 the record.

10 REPRESENTATIVE MANDERINO: Kathy
11 Manderino, Philadelphia County.

12 REPRESENTATIVE MASLAND: Al Masland,
13 Cumberland County.

14 MR. KRANTZ: Dave Krantz, executive
15 director of the committee.

16 REPRESENTATIVE CARN: Andrew Carn,
17 Philadelphia County.

18 REPRESENTATIVE FAJT: Greg Fajt,
19 Allegheny County.

20 MS. TRICARICO: Margaret Tricarico,
21 committee secretary.

22 CHAIRMAN CALTAGIRONE: And with that, I
23 would just like to open up with a basic comment that I
24 think that in looking at the issue that we're going to
25 be dealing with today, I think some thought has to be

1 given to the number of times people have gone into
2 repair situations, whether it's major or minor, many
3 people think it's just limited to automobiles. It
4 certainly isn't. We have come across situations, and
5 I'll mention a company, Sears, gave an estimate on a
6 repair of a vacuum cleaner of \$70. That same vacuum
7 cleaner was taken to another repair service and they
8 repaired it for \$3. It required a little rubber belt.
9 It took about two minutes to have it done.

10 Situations like that I think cry out for
11 some type of remedial action and safeguards for our
12 consumers in this State and to let the people know that
13 in the repair industry, and there are very, very many
14 good people that do an excellent job, they give good
15 service, they give good estimates, and they do good
16 work, and that's not to say that everybody in the
17 repair industry is rip-off artists. They're certainly
18 not. We're not saying that. What we're saying is that
19 we would like an estimate given so that before the work
20 is done, that the person is fully aware of what it's
21 going to cost, or at least reasonably aware, and then
22 if there are additional things, and this has cropped up
23 from time to time, well, what about if there's
24 additional things that they undercover when they start
25 to repair it? There's always a phone and there's

1 always an explanation and the person can make the
2 decision as to whether they want the repairs done or
3 not.

4 So these are the safeguards that we're
5 looking at, and with that, I'd like Chet to start out
6 and please feel free and give whatever testimony you
7 want to.

8 MR. AMEND: Thank you. I'm pleased to
9 have an opportunity to speak to the subject this
10 morning. As the Better Business Bureau representative,
11 we're on the receiving line along with other customers
12 - for instance, the Consumer Protection Office, part of
13 the Attorney General's section, does an excellent job.
14 We've heard, in fact, that we are the velvet glove and
15 they have teeth; if it's beyond our capacity, why, that
16 may be an alternative.

17 I'm glad to hear you say that you feel
18 that this transcends the automobile business because
19 the complaints that we receive cover the total
20 spectrum, whether it's a vacuum cleaner or a roof
21 repair, siding, whatever the situation is.

22 My concern in reading through the bill
23 was that it appears to limit, that once the estimate is
24 given, that that's a lock-in for that particular
25 service, whereas I feel that there should be room for

1 mediation between the business and the consumer. I
2 have read through the bill, the statutes, by whatever
3 name, that the automotive industry is covered by, the
4 Consumer Protection Office, and this seems to provide
5 sufficient guidelines for the automotive industry,
6 where if I take my car in to be repaired that they give
7 me an estimate of what it's going to cost and I sign
8 the repair order. But that isn't to say that once I
9 get back to the office and they call me and say, well,
10 the belt needs to be replaced, do you want us to do
11 that while we have the car in? That gives me the
12 opportunity to say, yes, do it, or don't do it, which
13 is over and above the estimate.

14 We were talking earlier about those
15 customers that show up at the garage and say it's time
16 for my 30,000 mile check-up, do whatever is necessary.
17 How is this going to be provided? In other words, this
18 is, in my estimation, *carte blanche*, do whatever is
19 necessary to comply with the warranty requirements of
20 the automobile. Those things are difficult sometimes
21 to establish in the law and I recognize that, but I'm
22 not certain what penalties are provided under the
23 Attorney General's Office as the statute presently
24 applies and whether it's actually enforced.

25 Those are my main concerns at this point.

1 CHAIRMAN CALTAGIRONE: Okay, Chet.
2 Are there questions from any of the
3 members of the committee?

4 Representative Masland.

5 REPRESENTATIVE MASLAND: Just briefly,
6 Mr. Chairman.

7 BY REPRESENTATIVE MASLAND: (Of Mr. Amend)

8 Q. Just to follow up on your last comment, I
9 was just thinking that maybe if we added some kind of
10 language in the event of additional problems arising
11 subsequent to the signing of the estimate, an oral
12 consent may be obtained if documented on the original
13 document, on the invoice. That might be one way around
14 it, because I could see a problem. I know this goes
15 beyond automobiles, but I think a lot of us think of
16 this initially as automobiles. That's my initial
17 reaction. And I have a friend, not me, and maybe some
18 of you have friends like this, too, who go to the
19 dealer and say, it makes this sound, fix it. And of
20 course the dealer doesn't have any idea at that point
21 why it's making that sound because my friend isn't very
22 good at describing what that sound is, and so do you
23 just sign the invoice at that time and wait for them to
24 call back and fill it in? Because how can a dealer
25 know what has to be done and put a price on it at that

1 point in time? That's one of my concerns, and there
2 may be some way to draft language in the bill so that
3 we can address that, too.

4 A. Well, perhaps if you include the
5 necessity of getting the time, the place, if I'm repair
6 man, I called your friend at this time at his office
7 and he gave me a verbal approval to proceed with the
8 work.

9 Q. Hopefully, we can address it that way.
10 Thank you.

11 A. Yes.

12 CHAIRMAN CALTAGIRONE: Representative
13 Manderino.

14 REPRESENTATIVE MANDERINO: I guess my
15 concern is the same as Representative Masland's, and he
16 and I were talking about it before the testimony.
17 Maybe if I can call your attention to the second
18 sentence in section 7328(a) where it says, the "written
19 estimate shall be signed by the consumer indicating
20 approval of the repairs to be made and the cost
21 specified," et cetera, et cetera. Would you recommend,
22 in light of the conversation that we just made, that
23 the proviso of an estimate being signed by the consumer
24 be eliminated or would you recommend leaving that in
25 with an additional caution as Representative Masland

1 suggested, and once signed if more is determined? You
2 know, what would your initial reaction be?

3 A. My personal feeling is that it would be
4 better to have the original agreement signed, because
5 that then provides a springboard to the mediation for
6 whatever additional. Who's to say that it's not going
7 to be less than, if they get in there and find out that
8 it was just a squeaky valve and a shot of lubricant,
9 silicon took care of the problem? It does happen, I
10 guess.

11 Q. No, I agree, and actually even the
12 chairman gave a very pointed example when he started,
13 but the reality of it almost could have been that the
14 first estimate of \$70 for repair of a vacuum might have
15 been based on an assumption of what was wrong with it
16 that had the person torn the vacuum apart they might
17 have discovered, oh, it wasn't the motor that I thought
18 was bad, it was really just the belt, and that would
19 have given some leeway there, too.

20 A. We find it difficult to protect the
21 consumers from themselves sometimes, regardless to the
22 adage to be a smart shopper, do comparative shopping,
23 and so forth. Some people are not savvy enough to say
24 I want to get another estimate on that before I make a
25 decision.

1 Q. Let me put you on the spot and ask
2 another question. Do you think that this is necessary
3 protection or overprotection?

4 A. Uh--

5 Q. I did say I was putting you on the spot,
6 didn't I?

7 A. I feel like it's a necessary, I'm all for
8 what you're doing as defined in the guidelines of how
9 it will be applied. I feel that it is necessary to
10 establish ground rules of what is acceptable business
11 practice.

12 Q. Thank you.

13 REPRESENTATIVE MANDERINO: Thank you, Mr.
14 Chairman.

15 CHAIRMAN CALTAGIRONE: Representative
16 Ritter.

17 REPRESENTATIVE RITTER: Hi.

18 I'm sorry I missed your opening comments,
19 Tom, but I did hear the testimony and I agree with the
20 comments that Kathy and Al just brought up in terms of
21 subsequent repairs that will be required after the
22 initial estimate. I also am wondering too whether or
23 not, Tom, you would take into account allowing the
24 consumer to at the beginning, in other words, I do the
25 same thing, I drop my car off and I say, well, it's got

1 this problem and this problem and call me with the
2 estimate or go ahead and do it if it's less than \$50 or
3 \$100, or whatever. I don't want to have to go back in
4 to the repair shop during the day to sign the form if I
5 don't need to. But at my option if I could give the
6 authorization in writing, I'd sign it when I brought
7 the car in that you can make whatever repairs are
8 required up to \$100 or \$50 or whatever level I want to
9 put on it and that that would give you that
10 authorization and then what they do then is call me and
11 say, all right, it's going to be more than that, and
12 have the same provisions that you can make an oral
13 approval over the phone. That wouldn't change what I
14 already do, but I think it is important to offer that
15 protection to other consumers who don't have that same
16 relationship with the repair shop who can feel
17 confident, you know, leaving it and making those kinds
18 of statements.

19 So I don't know, Tom, if you might
20 consider something like that as well, but that would be
21 only at the consumers' option if they wanted to go
22 ahead and do that.

23 MR. AMEND: I concur.

24 REPRESENTATIVE RITTER: Otherwise, they
25 could come back during the day once the estimate was

1 prepared if they wanted to and sign the paper, if they
2 wanted to have it in writing. But I'd like to give
3 that flexibility. I think it is an important bill. I
4 think it is important to provide this protection, but
5 it does need to be a little bit flexible.

6 MR. AMEND: We're really looking for
7 protection from both directions because this then gives
8 the service provider a backup that this was agreed to
9 so that it doesn't become a complaint later. In the
10 real world, the complaints that we see are primarily
11 repairs that were not properly performed, rather than
12 the cost exceeding what they expected it to be. But
13 that does not negate what I'm saying here, that I feel
14 like that it is important and that legislation is
15 required to protect both the service provider and the
16 person who's receiving the service.

17 REPRESENTATIVE RITTER: Okay, thank you.

18 CHAIRMAN CALTAGIRONE: Dave.

19 BY MR. KRANTZ: (Of Mr. Amend)

20 Q. Chet, in section (c), do you feel that
21 the making of a summary offense would bring a more
22 responsible response from one who gives repair as an
23 example in Chairman Callagirone's example \$70, an
24 individual could have just looked at a chart if one
25 came in and said, I think the motor is puffering, and

1 then they would look up on their chart and puttering
2 motors is \$70 versus being more serious to give an
3 estimate where a penalty phase would bring more
4 responsibility and response?

5 A. I don't really have any feeling on that,
6 I guess, one way or another. I feel like it's
7 important that there be something, but I guess my
8 reservation is because how is this going to be
9 enforced?

10 Q. Do you find whether or not the repair
11 estimators now in either large or small companies, when
12 an item comes in for repair, do they really just give
13 it a cursory review or really give a factual thing,
14 estimate?

15 A. I think we're back to how long is a piece
16 of string? It depends on what dealer, what service
17 provider are we talking about, because some of them do
18 a tremendous job, and by far the majority is. The ones
19 that we're addressing today I think are those that are
20 border line where their service department must produce
21 a given figure to the bottom line, to the profit line.
22 They want to make sure that that is obtained, and so
23 whether the repairs are desirable or necessary or are
24 critical then becomes a decision of the service
25 manager, but that must be communicated to the consumer

1 is what we're saying, that to give them an opportunity
2 to make a determination whether they have the smarts
3 enough to know whether it's a critical situation or
4 whether they're just getting an inflated price for the
5 service that's being performed.

6 Q. Have you taken into consideration whether
7 some businesses would be more like a boiler room type
8 operation where they would have to do volume versus
9 quality, would it behoove us to even look into the
10 possibility of licensing and requiring education for
11 repair estimators?

12 A. That's something I haven't really
13 considered. Maybe one of the other people here.

14 Have you thought about it?

15 MR. LeBLANC: No, I really haven't
16 considered that.

17 MR. KRANTZ: Well, it's food for thought.
18 It's food for thought.

19 Thank you.

20 CHAIRMAN CALTAGIRONE: Are there any
21 other questions?

22 (No response.)

23 CHAIRMAN CALTAGIRONE: We'll next move to
24 Lynn Harbold.

25 MR. HARBOLD: I had a little reservation

1 when I first read the bill because as I interpreted it,
2 every time you took your vehicle in to have any repairs
3 done--and of course I'm speaking for our members, we're
4 concerned with our members, my program is directed
5 toward our members--that at that time they would be
6 getting an estimate for repairing their car and the
7 gentleman that would be giving the estimate would have
8 been looking at the situation and figuring in
9 everything that he's ever had to repair to correct this
10 problem, and therefore the estimate signed by him and
11 signed by the member would have been maybe rather
12 costly. I'm glad to hear that you are considering to
13 make that provision where you can call.

14 I have reservations about the written,
15 the consumer having to sign it because we have a number
16 of instances, and of course our organization dealing
17 with towing, we have a lot of tow-ins. A lot of times
18 the member doesn't belong with the vehicle. It gets
19 towed to a repair facility. There's no opportunity for
20 them to be there to sign. And again, if he had dropped
21 it off the night before, that's a lot of, I mean, I
22 personally do that with my own vehicle. I drop it off
23 the night before, and of course if you drop your car
24 off in the morning and you tell them what you want done
25 and they have to take the time, and it does get timely

1 to get everything itemized and written up so that the
2 person can sign it, how many of you would want to go
3 back and sign that estimate or take the time, you know,
4 to get the estimate signed?

5 So I think what's written in now to the
6 Consumer Protection Law, the provisions that apply to
7 the auto repair industry, give a lot of good guidelines
8 and I would like to see somehow, I don't know what the
9 relationship is between what consumer protection can do
10 and what this is going to add to prosecuting the people
11 who don't abide by the things that consumer protection
12 suggests. That's the part that I would be interested
13 in and I feel that this could be applied to, letting
14 consumer protection apply this summary offense to
15 places that they find that do not abide by the
16 guidelines that they have set forth. But I think you
17 need that written in that the consumer can be contacted
18 by telephone.

19 CHAIRMAN CALTAGIRONE: Would you be in
20 favor of the legislation if that was adjusted?

21 MR. HARBOLD: Yes.

22 CHAIRMAN CALTAGIRONE: You'd have no
23 problem with that?

24 MR. HARBOLD: No, I'd have no problem
25 with that. I think this initial though asking to have

1 a signed, a definite signed estimate, I think we have
2 to allow for that being oral, over the telephone,
3 because there's too many situations where people --
4 people today really find it being inconvenienced to go
5 back and forth and sign, and I think it would run into
6 -- we even have trouble getting -- we have to have our
7 members with the car to be sure that the car we're
8 picking up is what we want or the car that is supposed
9 to be towed or doing something legal, and we even have
10 trouble convincing the member that he has to be there
11 when we pick up the car, let alone having him at the
12 repair place to authorize the repairs that would be
13 needed done to it.

14 MR. KRANTZ: You mean to tell me that
15 there's a question when you send out a wrecker that
16 there's a question that someone says, come pick up my
17 car, that the person has to be there versus questioning
18 the legality of picking up a vacant car?

19 MR. HARBOLD: Right, because if he wasn't
20 he could say, my Lincoln is sitting down here in front
21 of the Capitol, will you pick it up? Give me the
22 license number, and we have somebody picking up
23 somebody else's car. We need them to be there, and
24 also we have that protection in case there's any damage
25 that can be noted before we pick up the car. So, yes.

1 And then there's people that don't go along most of the
2 time to wherever it gets dropped off for repair.

3 CHAIRMAN CALTAGIRONE: Questions from the
4 members?

5 Representative Masland.

6 BY REPRESENTATIVE MASLAND: (Of Mr. Harbold)

7 Q. Just one question on section (c), the
8 penalty section. How do you feel about the provision
9 that you would be sentenced to pay a fine of \$1,000?
10 It appears to me the way it's written that that is the
11 fine, period.

12 A. Well, you mean a definite amount? I
13 certainly think it would make the garage owner abide by
14 the guidelines set forth more than what he does today,
15 and I don't see a problem with it.

16 Q. Okay. I just was wondering, because I
17 thought that there may be circumstances, maybe in a
18 garage where you're doing more costly repairs that may
19 be one thing and in a vacuum repair shop or a sewing
20 machine repair shop, and my district office is right
21 next to one, so I have to take this over and let him
22 look at this, but I was thinking about possibly
23 changing it to treble or triple the cost of repairs,
24 the actual end line costs that should have been on the
25 estimate up to \$1,000 as another alternative.

1 A. Triple the cost of the difference?

2 Q. So if you go someplace and they don't
3 give you an estimate and the ultimate cost is \$70 that
4 they charge you for the repairs and they didn't give
5 you an estimate, that they would have to pay you \$210
6 for the fine.

7 A. For the total. You're talking about the
8 total.

9 When you say about more costly, the
10 reason I question it was if you're talking about a
11 transmission overhaul, which can be \$2,200 maybe one
12 place, \$1,500 another place, would you treble the
13 difference or the total?

14 Q. No, I said up to \$1,000.

15 A. Oh, okay. I see.

16 Q. So if the repair costs over \$1,000,
17 \$1,000 would still be the maximum.

18 A. No problem.

19 Q. I just thought I'd throw that out for
20 consideration.

21 A. Yes.

22 CHAIRMAN CALTAGIRONE: Representative
23 Ritter.

24 REPRESENTATIVE RITTER: I just was
25 thinking, when you mentioned about dropping your car

1 off, Greg and I both said, yeah, we've done that
2 already too, and having to sign a form, have some sort
3 of a form maybe in advance. I don't know how you would
4 do that exactly, but would this written statement, Tom,
5 would that include a fax?

6 CHAIRMAN CALTAGIRONE: Yes, it could.

7 REPRESENTATIVE RITTER: So it caught be
8 that I could drop my car off the night before, the
9 dealer could fax me the estimate, I could sign that
10 faxed copy and fax it back? I mean, you could do that
11 too, I would guess. It wouldn't be prohibited. It's
12 not convenient for everybody, probably, but it would be
13 one way to deal with the written issue without having
14 people be required to go into the dealership itself.

15 CHAIRMAN CALTAGIRONE: You know, I
16 wouldn't object to any of these conversations that
17 we've had drafted into amendments to be added to the
18 legislation, because I think from what we're hearing
19 here this morning, there's no real objections to the
20 content or the thrust of the legislation. We need to
21 clarify some sections a little bit and maybe the treble
22 issue and maybe the oral issue that has to be spelled
23 out a little bit more.

24 Representative Manderino.

25 REPRESENTATIVE MANDERINO: Thank you.

1 BY REPRESENTATIVE MANDERINO: (Of Mr. Harbold)

2 Q. Mr. Harbold, you made reference to the
3 Consumer Protection Law that operates in the automobile
4 industry. From your reading of this House Bill that
5 we're talking about, is there a significant difference
6 in terms of how they operate or can you enlighten me,
7 because I'm not really familiar.

8 A. Well, the consumer, and Chet had a copy
9 of it here, but in the consumer protection there's a
10 section written that if the repair shop runs into
11 additional repairs, they have guidelines to follow.
12 They have to note the telephone number they call, the
13 person they're talking to, the amount of the repairs,
14 and I thought there was a fourth item. I think it's
15 time. The time of the telephone call. And that is
16 sufficient for an amendment to the estimate, the
17 original estimate. In other words, you're getting the
18 consumer's okay to change that. That's part of the
19 consumer protection as it applies to auto repair.

20 Q. And from your perspective in terms of,
21 your members are consumers, auto consumers, et cetera,
22 from your perspective, that has sufficiently protected
23 the majority of people?

24 A. That does. As I mentioned to somebody
25 previously, we do some clinics and some classes in the

1 evening for our members to help them out. They bring
2 this question up and my reply to it is they want to
3 know, I'm giving this authorization over the phone, how
4 do I know I'm still not being ripped off? My
5 explanation is ask to see the old parts. Okay? Most
6 likely they will not change an estimate and try to put
7 something in that's not needed if they can't produce a
8 defective part, because you're going go to take that
9 and show it to someone else, and if it's not defective,
10 then that's -- so that seems to work out well, and if
11 somebody makes a complaint about an estimate and they
12 don't have written down that information, we tell them
13 then you can't charge for it.

14 MR. AMEND: You may want to add to that
15 that they must tell us whether it's a new, rebuilt part
16 that's being installed.

17 MR. HARBOLD: Being installed, yes.

18 REPRESENTATIVE MANDERINO: I'm not
19 familiar, does the AAA do mediation, or maybe the next
20 person that we'll hear from will talk more about that.
21 I mean, when you get into consumer disputes, is the
22 problem -- are the majority of the problems we see
23 something that this bill is addressing?

24 MR. HARBOLD: Okay. Let me explain. I
25 do what is called an approved auto repair program for

1 the AAA Southern Pennsylvania Automobile Club. Certain
2 clubs have elected to offer this as a membership
3 benefit. And what we do is we investigate a facility
4 that would like to participate in our program, we check
5 with their past consumers, we make sure they do proper
6 training and have the proper tools. They then become
7 an approved auto repair place for the AAA club. If one
8 of our members goes into that place, we have assured
9 them that they will get an estimate of some kind, that
10 repairs will be guaranteed for 90 days or 4,000 miles,
11 that they can have the old parts, provided it's not a
12 new manufactured part that needs returned for a charge
13 or that it's not an item that was under guarantee and
14 has to be sent back to the manufacturer. And also, if
15 there is a problem with the costs or the repairs that
16 were done, they contact me and I'll do an investigation
17 and make a decision whether, you know, it is a fair
18 repair or a fair charge and so forth. That's offered
19 by, like I say, my club is AAA Southern Pennsylvania.
20 There are 27 automobile clubs in Pennsylvania. I do it
21 for AAA Southern Pennsylvania, and we contract the AAA
22 Central Penn to Lancaster and to Lewistown, and I have
23 16 counties in central Pennsylvania that have that for
24 our members. So that's strictly AAA. I'm strictly
25 working for the AAA member.

1 REPRESENTATIVE MANDERINO: Right. I
2 understand and appreciate that.

3 MR. HARBOLD: Okay.

4 REPRESENTATIVE MANDERINO: That's it. No
5 more questions at this time.

6 Thanks, Mr. Chairman.

7 CHAIRMAN CALTAGIRONE: Dave.

8 BY MR. KRANTZ: (Of Mr. Krantz)

9 Q. Do you find with the recent expose of
10 questionable auto repairs by Sears that the auto repair
11 has become more responsible? Because I think that the
12 intent of the chairman, at least this is my
13 interpretation, is that not only the fact that we're
14 concerned with auto repair but people don't really get
15 into repair or get -- there never seems to be much you
16 hear about repair to sewing machines or vacuum cleaners
17 or whatever, but do you think that the auto repair
18 people have, due to the recent national situation with
19 auto repair, have become more responsible?

20 A. They have. For instance, and I think
21 what triggered the Sears thing, as I understand it from
22 the industry, is that Sears was paying their employees
23 a percentage of the profits on the parts, and this was
24 contributing to their suggesting that parts be
25 replaced. There were other organizations that were

1 doing that that rumor has it that that is a practice
2 that is being eliminated in the repair industry. Now,
3 I can't say for sure. Probably talking to ex-employees
4 or something you could find out, but I've heard rumors
5 that that was a practice and it's being eliminated.
6 So, you know, some good has come out of it nationwide,
7 even though it was a concentrated effort in certain
8 areas. But that was my understanding and what I've
9 heard.

10 CHAIRMAN CALTAGIRONE: Just to follow up
11 on that, K-Mart, this just happened recently, an
12 employee, no less, took her car to the service area of
13 K-Mart, she had brand new tires on it, and he convinced
14 her that she needed another set of brand new tires, and
15 she got them. Now, that kind of nonsense that goes on
16 within the industry I think is criminal.

17 It's not just confined, I might add, to
18 the automobiles. You talk about television repair and
19 what goes on there. I mean, I don't think anybody,
20 anybody in this room or any of the consumers that need
21 to have service work done object if it's done
22 reasonably and if it's done with the due diligence,
23 let's say, of repair service persons working on it.
24 And honestly, I don't think anybody objects to having
25 anything repaired, as long as it's done right and

1 they're not being hijacked with an inordinate amount of
2 extra costs added, or things that were supposed to be
3 done that were not done, and I think they're just
4 adding insult to injury because I daresay most people
5 are not going to take the back of their television
6 apart and see if new tubes were put in if in fact they
7 charged you for new tubes. It's a degree of trust that
8 you have to establish with repair people.

9 But the complaints that I've gotten in my
10 district office and some of the things that we've seen
11 in some other parts of the State start me scratching my
12 head as to, you know, do these people think that they
13 can flaunt that type of activity in the face of the
14 consumer and continue to get away with it? And similar
15 to what happened in California with Sears, you begin to
16 wonder how much of that was going on here in
17 Pennsylvania and may still be in certain particular
18 areas? Because when they allow that profit motive,
19 that incentive to be placed at the serviceman's repair
20 hands, their motive is, whether it's good or bad,
21 they're going to take everything out and replace it
22 with new stuff, period. That's our incentive because
23 that's where we're making our profit. That's where I'm
24 making extra money.

25 Okay. I guess we can move on to Ric.

1 MR. LeBLANC: Thank you. I appreciate
2 the opportunity to testify today. While I have always
3 supported any consumer legislation and continue to, I
4 do have some concerns with the way this is written.

5 First of all, frankly, I don't see where
6 this proposed legislation would even address the
7 scenario of the \$70 Sears charge and then having the
8 repair for \$3, because this seems to be very narrow in
9 its scope in that you're requiring a written estimate
10 to be given, and in fact if a written estimate of \$70
11 had been given by Sears and later they found it could
12 be repaired for \$3, they would be in violation of the
13 letter of this law simply because it says the amount
14 may not be different from the written estimate. And so
15 the first thing I would do, and I understand there's
16 the letter of the law and the spirit of the law, but I
17 would try to amend the wording in some way so that it
18 reflects different in that it would be more than the
19 original estimate, not less than the estimate. I
20 suppose that's a legal thing.

21 But to answer your question, I'm sorry, I
22 forgot the young lady's name.

23 CHAIRMAN CALTAGIRONE: Representative
24 Manderino.

25 MR. LeBLANC: To answer your question,

1 before you ask it, I took the liberty to, when I
2 received notice that I was asked to come over here, I
3 pulled 24 complaints that had been filed in 1992-93 on,
4 in this particular case, auto repair. I'm not
5 computerized so I had to dig up what I could as quickly
6 as I could, and that, combined with my memory, tells me
7 that I have not had a complaint that addresses a charge
8 being more than the estimate. The predominant
9 complaint I get with any kind of repair is that they
10 are inadequate or they are unnecessary repairs. Again,
11 I don't necessarily see where this particular
12 legislation as written would address that, because
13 again, this is simply saying you must provide a written
14 estimate and then adhere to that written estimate. I
15 think, unfortunately, if this were to go as it is
16 proposed, then you're going to have more repair people
17 incorporating the cost of everything they can in an
18 estimate so that they don't exclude anything later. I
19 mean, I understand, and I think, and correct me if I'm
20 wrong, but the intent of this legislation is to prevent
21 service people from low-balling or underestimating and
22 then coming back and charging more than they originally
23 had indicated. And again, that isn't addressing the
24 problem of inadequate or unnecessary repairs, and I
25 think that's where you have to look more so than the

1 required estimate.

2 I agree with my two colleagues here that
3 I think if you are going to require an estimate, there
4 should be wording something to the effect that if
5 repairs are required above and beyond the written
6 estimate, at a cost above and beyond the written
7 estimate, that they would follow a prescribed
8 mechanism, which is pretty much outlined in the
9 consumer laws, as my colleagues had said. They go
10 through any number of steps, as many as I think five or
11 six steps that must be followed when the service man
12 would find a repair that is necessary that was not
13 originally indicated on an estimate.

14 And let me see. What else did I jot
15 down? Basically, I approve or can support any
16 legislation that would put some teeth into consumer
17 laws. I like the idea of a summary offense. I would
18 also like to see some wording though that would enable
19 the consumer to recover his lost money somehow without
20 necessarily having to go through civil procedures. Too
21 often in consumer laws the consumers' only recourse is
22 a civil action. The Attorney General's Office
23 generally won't handle anything unless it's considered
24 in the public interest, and that means of course there
25 have been a number of complaints. So oftentimes--

1 CHAIRMAN CALTAGIRONE: Let me just
2 interrupt you, and I apologize for that.

3 MR. LeBLANC: Sure.

4 CHAIRMAN CALTAGIRONE: Do you think maybe
5 it's time that we take a very hard look at what the
6 Attorney General can and can't do and maybe put it in
7 the hands of somebody else that can do that work? I
8 think the Attorney General is just so bogged down with
9 so many other areas that they don't have the time or
10 the desire to get into this consumer area, and maybe
11 it's time we take a look at the Attorney General's Act
12 and split that away from the Attorney General's Office
13 and put it somewhere else where somebody can do
14 something with it. Because I've run upon the same
15 problem under both Attorney Generals that their people
16 don't particularly care to handle certain things and it
17 takes time and time and time again to wait. You know,
18 consumers die by the time you get to some of these
19 cases. The paperwork and everything else that's
20 involved, and I'm just beginning to wonder, well,
21 maybe, and I was here when we created that office of
22 the elected Attorney General and put all of that under
23 it. It doesn't necessarily mean it has to stay that
24 way forever and a day. Maybe it's time to take a
25 revisit to see exactly what we need to strip away from

1 the Attorney General and put it under somebody else or
2 something else. Would you be interested in something
3 like that?

4 MR. LeBLANC: Yeah, I'd be interested in
5 that, although I'm not necessarily in agreement that
6 it's lack of desire on their part. It's more a matter
7 of priorities; what degree of success they can get.
8 Some of it has probably to do with the consumer laws
9 themselves and the lack of teeth in the consumer laws,
10 and so maybe that should be approached from a
11 legislative angle, and perhaps--I don't like to use the
12 word "stripping," but--separating some of these
13 responsibilities to someone who can or to another
14 agency that can handle it is a good idea, not because
15 the Attorney General is not capable or doesn't have the
16 desire, it's just, well, maybe they're incapable due to
17 the lack of manpower, due to lack of time, as you say,
18 and budgetary restraints.

19 CHAIRMAN CALTAGIRONE: Or priorities.
20 It's not a priority.

21 MR. LeBLANC: Yeah, priority. Because
22 they're handling, as in any agency, including Legal
23 Services, they prioritize everything. They handle what
24 they consider the emergency situations first, and
25 oftentimes situations involving auto repairs or any

1 kind of repair is not considered an emergency or a
2 priority item. But in my particular position, I'm in
3 the front line of defense, and you're right. These
4 people are dying out there and a lot of times I'm
5 frustrated. There's absolutely nothing I can do. I am
6 a mediator, primarily. I have absolutely no force of
7 law behind me. I can refer cases to the Attorney
8 General's Office, but again, as you said before, unless
9 it's a case that is a priority case or something that
10 is so egregious that it's in the public interest to
11 prosecute or take some action, oftentimes nothing is
12 done other than the mediation, and as you know, if both
13 parties aren't willing to mediate, then that's
14 unsuccessful and the consumer is left with no recourse.

15 CHAIRMAN CALTAGIRONE: See, that's why I
16 was looking at a new twist to put some criminal
17 sanctions to get their attention, to let them know that
18 we mean business.

19 MR. LeBLANC: Right.

20 CHAIRMAN CALTAGIRONE: And I feel rapping
21 them on the knuckles sometimes doesn't really get their
22 attention. If you hit somebody in the pocketbook,
23 you've got them.

24 MR. LeBLANC: Right. I have absolutely
25 no disagreement at all with making it a criminal

1 offense, a summary offense. I welcome that portion of
2 it. Again, perhaps with some wording that whoever the
3 judicial person making the decision has the right to
4 order restitution to the consumer, as well as the
5 punitive fine involved. So I have absolutely no
6 problem with that or putting any teeth into any
7 consumer law. I'm behind that 100 percent.

8 CHAIRMAN CALTAGIRONE: Let me make an
9 offer to the three of you here that if there are
10 suggestions that you would like to make, and you
11 certainly have this morning, and put them in writing
12 and send them to us, we would certainly consider those.
13 Anything to better the bill. It's not that the bill is
14 perfect. I don't think we've ever written perfect law,
15 but if you have some suggestions and some comments that
16 you would like to make in addressing the legislation, I
17 certainly would be amenable to that.

18 Questions from the members?

19 Representative Manderino.

20 REPRESENTATIVE MANDERINO: Thank you, Mr.
21 Chairman.

22 BY REPRESENTATIVE MANDERINO: (Of Mr. LeBlanc)

23 Q. Mr. LeBlanc, I think you may have
24 answered one of my earlier questions and so I just want
25 to ask it to make sure I understand. Earlier I had

1 asked, what is missing from the consumer protection --
2 I mean, I was looking at it saying, what is different?
3 Why do we need this if we have this Consumer Protection
4 Law that you were referring to? What is missing? Am I
5 correct now in understanding that what you think is
6 missing is enforcement teeth, whether it's a penalty
7 phase or a method of recovery and making whole of the
8 consumer, not necessarily what the law in and of itself
9 provides from the one end but once you get hurt, what
10 it provides at the other end?

11 A. Yes. I would agree with that. I
12 think the biggest inadequacy in consumer law is the
13 lack of teeth in the law. It doesn't spell out what,
14 it says it's unlawful or shall be unfair or deceitful
15 to engage in the following activities, but then it
16 doesn't go on to say what happens if you do engage in
17 those activities, and too often it's left to the
18 consumer to pursue a civil action. And I spend a deal
19 of my time guiding consumers when I can't successfully
20 mediate through that procedure of how to, and of
21 course, they normally can't afford representation,
22 Legal Services, again, because they do prioritize, and
23 I understand that, won't represent or can't represent
24 them and they don't want to spend the legal fees to
25 recover \$150. So oftentimes I will guide them through

1 the process, and in fact even testify on their behalf
2 when appropriate. So I think you're right that the
3 biggest difference is that this does provide with some
4 kind of offense, it does spell out that there's a
5 thousand dollar fine and it's a summary offense upon
6 conviction.

7 I would go on to say second and
8 subsequents become misdemeanors. Put some real teeth
9 in it. Although \$1,000 is a pretty good fine, but too
10 often some of these people write the cost of fines
11 right into the cost of doing business. Put in a second
12 and subsequent so that they can't just say, oh, you
13 know, it's a \$1,000 fine, we can rip enough people off
14 to cover that if we get caught once. So that's the
15 biggest difference.

16 Q. I guess maybe just not by way of question
17 but by way of as you're thinking of and taking up the
18 chairman's offer, which I'm sure you will, of making
19 suggestions, I mean, I'm just wondering, and I'm sure
20 there are other States, for some reason New Jersey
21 strikes me as one that may even have such a model, but,
22 I mean, maybe what we need to do along the lines of
23 what the chairman was saying is have a consumer
24 protection board or someplace that you can get a
25 mediation of a singular dispute.

1 When I think of the problems that
2 constituents have brought to me with regard to
3 estimates and the feeling that they were taken
4 advantage of or cheated or whatever, you're correct is
5 that sometimes it's a big problem for that consumer who
6 was a senior citizen on fixed income and \$1,500 for a
7 roof may be a lot to him, but it's not a high priority
8 given the priority of consumer complaints across the
9 Commonwealth for the Attorney General to take up and
10 make a top priority. And maybe we need to look at not
11 only the teeth from if you violate as a repair person
12 but the remedy that might make restitution faster for
13 the consumer and build that into what we currently
14 have.

15 My biggest concerns when I first read
16 this was thinking of my practices with repair shops and
17 not wanting to have to go back in and sign forms and
18 knowing that oftentimes until you tear it apart, you
19 don't really know what's wrong with it, and from the
20 testimony I've heard so far, that isn't the bigger
21 problem. The bigger problem is the teeth to what we
22 already have. And so if in sharing your comments with
23 us if you can think of what kind of teeth you think
24 would help the consumers along those lines, I think
25 that would be very helpful.

1 the subject, one of the biggest surprises that most
2 people do not know that the Better Business Bureau
3 provides arbitration services. There's no charge for
4 the consumer for this type of service if you're unable
5 to mediate the problem and if both parties are willing
6 to go into arbitration, binding arbitration on both
7 parts, then we'll handle that, too.

8 REPRESENTATIVE MANDERINO: In that case,
9 the service of the Better Business Bureau, you need
10 both parties to agree.

11 MR. AMEND: Agreed.

12 REPRESENTATIVE MANDERINO: So if you as a
13 consumer are involved with a business person who is
14 less than willing to try to accommodate you, you'd have
15 a problem.

16 MR. AMEND: The step would be first that
17 the consumer would try to resolve the problem with the
18 business. That failing, they would send us a written
19 complaint, which in turn is handled by the BBB with the
20 business. And if we're unable to get conciliation
21 through that mediation, then if both parties are
22 willing to go into arbitration, we will provide
23 trained, certified arbitrators to hear the case and
24 render a decision.

25 REPRESENTATIVE MANDERINO: Thank you.

1 CHAIRMAN CALTAGIRONE: Are there any
2 other questions?

3 Representative Masland.

4 REPRESENTATIVE MASLAND; Thank you, Mr.
5 Chairman.

6 I just briefly would like to thank Ric
7 for attending. It's nice to see you on this side of
8 the river, and I know that you would also be happy to
9 extend your expertise and experience with
10 Representative DeLuca's bill on the used auto Lemon
11 Law, which I imagine is in the Consumer Affairs
12 Committee. So maybe you want to look him up while
13 you're over here. But I thank you for your input and I
14 look forward to seeing your comments.

15 CHAIRMAN CALTAGIRONE: I also want to
16 echo my thanks to all of you for participating here
17 because I think this is an issue that really has to be
18 addressed, and let me mention again, whatever
19 amendments that you think may be necessary or that you
20 think should be incorporated we certainly will consider
21 them and if you could get them to us we'll have them
22 drafted and get ready to deal with this piece of
23 legislation in the fall when we come back.

24 And with that, I'll adjourn, unless you
25 have anything else you would like to add.

1 MR. HARBOLD: I would just like to thank
2 you for the opportunity to give testimony on this.

3 CHAIRMAN CALTAGIRONE: Thank you. Thank
4 you very much.

5 We will now stand adjourned.

6 (Whereupon, the proceedings were
7 concluded at 11:06 a.m.)

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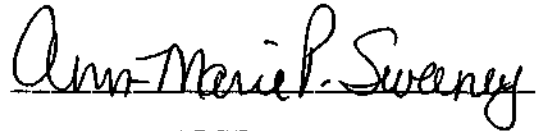
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1 I hereby certify that the proceedings
2 and evidence are contained fully and accurately in the
3 notes taken by me during the hearing of the within
4 cause, and that this is a true and correct transcript
5 of the same.

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8 ANN-MARIE P. SWEENEY

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