

UTAH DEPARTMENT OF COMMERCE

ANNUAL REPORT 2013



OUR MISSION

To protect the public interest by ensuring fair commercial and professional practices.

OUR VISION

The Department of Commerce contributes to the success of Utah businesses, professionals and consumers by creating a favorable economic environment.

TABLE OF CONTENTS

Governor’s Statement2

Executive Director’s Statement3

DIVISION REPORTS

Administration6

Office of Consumer Services.....10

Consumer Protection 14

Corporations and Commercial Code19

Occupational and Professional Licensing.....27

Public Utilities34

Real Estate38

Securities45

Division Statistics50

Financial Summary50

Web Trends51



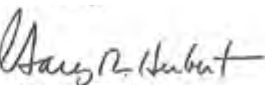
Greetings,

It is my pleasure as Governor to present the Utah Department of Commerce 2013 Annual Report. This state agency supports Utah’s economy by regulating business, as well as protecting consumers to ensure Utah companies and residents have continued opportunities to grow and prosper.

Economic development continues to be one of my top priorities. In collaboration with the private sector and local governments, we have fostered a business-friendly environment that encourages sustained job growth and increased economic investment. Coupled with our greatest asset – an educated, productive workforce – Utah boasts one of the nation’s strongest economies. In fact, *Forbes* magazine recognized Utah as the “Best State for Business and Careers” for three consecutive years.

Our success is largely due to the proficiency, character, and diligence of state employees. I wish to express my heartfelt gratitude to all Department of Commerce employees. Your service is commendable. Keep up the good work!



Sincerely,

Gary R. Herbert
Governor

MESSAGE FROM FRANCINE A. GIANI, EXECUTIVE DIRECTOR

Governor Herbert, Members of the Utah Legislature, Citizens of Utah:

It is my pleasure to present the Annual Report for Fiscal Year 2013 for the Utah Department of Commerce, recording how our agency and employees serve the people of Utah.

With responsibility for issuing over 300,000 licenses and regulating hundreds of industries, Commerce is one of Utah's chief regulatory agencies. Our employees are dedicated to fair and efficient regulation across a variety of industries which impact Utah's citizens.

During fiscal year 2013, our Divisions expanded their efforts to protect Utah consumers, while regulating business and industry to promote healthy commerce in the state. The following are highlighted achievements for each Division:

Administration: Travelwise plan reduced emission-causing trips by 10%, employee public transit use increased by 4%.

Office of Property Rights Ombudsman: Launched online database where public can access past Advisory Opinions.

Office of Consumer Services: Worked with energy advocates and stakeholders to establish solar incentive program.

Division of Consumer Protection: Recovered over 1.1 million dollars in benefits for Utah consumers in 2013.

Division of Corporations and Commercial Code: 91.5% of all business filings were completed online through OSBR.

Division of Occupational and Professional Licensing: Controlled Substance Database registered users increased 9%, meaning more prescribers are going online to check patient history to help fight prescription drug abuse in Utah.

Division of Public Utilities: Pipeline safety team inspected Questar gas pipelines statewide to ensure public safety.

Division of Real Estate: Real estate and appraiser licensees may now print off their own licenses from the Division's website saving State printing and mailing costs.

Division of Securities: Presented over 74 investor education presentations statewide to help prevent investor fraud.

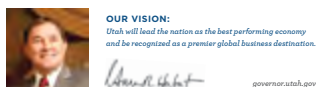
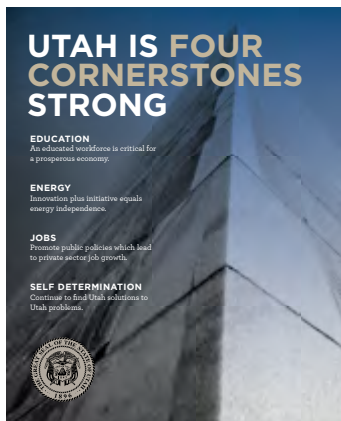
These advancements and others made Fiscal Year 2013 one of great progress. Commerce employees look forward to serving the citizens of Utah and building on our accomplishments in the years ahead. I invite you to visit our website at www.commerce.utah.gov to learn more about the Utah Department of Commerce.

Respectfully yours,

Francine A. Giani
Executive Director



Francine A. Giani,
Executive Director



GOVERNOR HERBERT'S FOUR CORNERSTONES PRIORITIES:

Administration

Education: The Department's ongoing goal is to keep the public and licensees informed on services the agency provides to support a positive business environment in Utah.

Energy: The Department of Commerce and its employees participated in Governor Herbert's Air Pollution Mitigation Plan where staff adopted new behaviors over several months to create a positive impact on Utah's air quality. Several marked areas of improvement among Commerce employees included; reducing vehicle idling time, carpooling to work / lunch, bringing lunch to work and a 4% increase in the use of public transit.

Jobs: The Department of Commerce strives to keep business costs down through fiscal responsibility on an agency level and keeping fees down for licensees and the public to encourage business growth in the Beehive State.

Office of the Property Rights Ombudsman

Self Determination: The Attorneys at the OPRO worked closely with legislators, lobbyists, and other stakeholders to ensure laws passed would protect the property rights of citizens, and that government does not unduly interfere with private property rights.

Education: The OPRO works closely with local universities to provide law students with hands-on legal experience in land use laws and eminent domain. Students are given the opportunity to participate in the dispute resolution process and observe mediations.

Energy: The OPRO staff has taken a proactive approach to conserving energy by utilizing various public transit systems such as UTA and GREENBike (Salt Lake City's Bike Share Program).

Office of Consumer Services

Energy: The Office has long supported cost-effective energy efficiency and conservation programs (also known as demand side management or DSM). Over the past year the Office has filed recommendations on a number of proposed changes to existing DSM programs and has actively participated in the DSM Advisory Groups for both Rocky Mountain Power and Questar Gas. The Office was instrumental, along with other stakeholders, in creating a DSM Steering Committee for Rocky Mountain Power to facilitate more effective oversight of DSM issues.

Division of Consumer Protection

Jobs: By continuing to monitor business compliance with the Consumer Sales Practices Act, the Division helps achieve a more level playing field for companies that deal fairly with consumers.

Education: The Division regularly presents at the Utah Senior Expo and provides educational materials to senior living centers to educate the population on scams targeted at seniors.

Energy: The Division has implemented the Governor's idling policy with regard to motor vehicles, and is implementing fuel-efficient hybrid vehicles as old fleet vehicles are phased out.

Self-Determination: The Division continues to regulate immigration consultants to ensure that immigration consultants fairly assist those individuals who are seeking to legitimately enter the country and State of Utah legally.

Division of Occupational & Professional Licensing (DOPL)

Jobs: The Division's switchboard answered 95,137 phone calls with approximately 98.75% of them answered within the Division's two-minute goal. Quicker phone call response times mean lower regulatory burdens on Utah businesses.

The Division processed 32,125 licensing applications and 80,819 renewal applications for licensure. A total of 92.13% of renewal licenses were performed online, allowing individuals to more easily renew and practice their profession.

The Division purchased a portable fingerprint machine and visited various schools and other entities to assist them in completing licensing requirements without having to send all of their students or employees to downtown Salt Lake City. Simplifying regulatory burdens enhances the business environment in Utah.

Education: The Division sought a statutory change to eliminate state regulation of nursing educational programs. For the nursing industry, schools were previously required to be nationally accredited and approved by the Division and State Board of Nursing. The change eliminates duplicative, unnecessary regulation.

The Division provided at no cost more than 50 training sessions addressing the State Construction Registry. (SCR) When businesses understand the SCR, they are able to maintain their lien rights and remain a viable business in Utah's construction industry.

The Division sponsored a Cosmetology Safety and Sanitation Symposium for 175 licensed cosmetologists and local health department inspectors.

The Division reviewed, evaluated and approved more than 528 continuing education courses for the most recent electrician and plumber licensing renewal cycle.

Self-determination: The Division worked with the Legislature to create citation authority for various licensing violations. Citation authority means that minor offenses of laws can be resolved more quickly with less involvement of other agencies. In addition, citations provide cheaper, simpler compliance.

The Division began targeting enforcement actions toward construction companies that are violating the law, rather than those that are complying with the law. Previously enforcement efforts focused on site checks. While site checks are still important, targeted efforts reduce interruptions on construction worksites.

Division of Public Utilities

Energy: The Division of Public Utilities helps ensure Utahns' access to safe, adequate, and reliable energy at reasonable rates. In Fiscal Year 2013, the Division was one of the chief advocates of a new agreement with Questar Gas and its Wexpro affiliate to provide long-term physical gas supplies to Utah ratepayers. A similar agreement in place since the 1980s has saved Utah ratepayers over \$1 billion. The Division also participated in the reformation and adoption of a new solar incentive program for Rocky Mountain Power customers, large and small.

Division of Real Estate

Education: Annual Spring Caravan to remote locations outside of the Wasatch Front, frequent speaking engagements to licensees, and Newsletter addressing industry questions and concerns.

Energy: Online renewals continue to increase and more than 90% of all licensees renew online. The Division continues to scan more documents to decrease the need for paper. The Division utilizes a DropBox for commission and board meetings to reduce paper consumption for meetings. Real estate and appraisal licensees can now print their own licenses saving paper and mailing costs.

Division of Securities

Education: The Division of Securities educates investors about fraud through statewide outreach efforts which include the Fraud College where Governor Herbert has been a keynote speaker on the dangers of affinity fraud.

Jobs: The Division of Securities and Salt Lake City were chosen as host site for the North American Securities Administrators Association (NASAA) annual meeting. The NASAA conference attracted around 500 attendees estimated to boost local economy by \$1M as referenced in remarks from Governor Herbert.



UTAH DEPARTMENT OF COMMERCE ADMINISTRATION

MISSION STATEMENT

Administration's mission is to provide administrative support (financial, human resources, information technology, public relations, and adjudicative) to the following Divisions within the Department of Commerce:

- » Office of Consumer Services (OCS)
- » Occupational and Professional Licensing (DOPL)
- » Consumer Protection (DCP)
- » Public Utilities (DPU)
- » Corporations and Commercial Code (CORP)
- » Securities (DS)
- » Real Estate (DRE)

Utah Department of COMMERCE
160 East 300 South

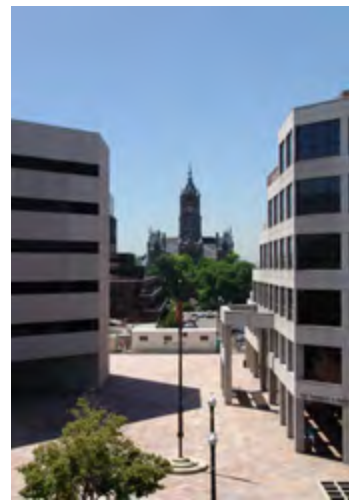


INTERNAL EFFICIENCIES

The Department of Commerce is continually looking for ways to increase operating efficiency and has implemented new programs to lower costs. The following are measures taken by the entire Department during fiscal year 2013. Additional cost-saving programs are in each Division's report.

BUDGET HIGHLIGHTS FY 2013

- » General out of state travel expenses were reduced by 13% in FY 2013 in efforts to save funds and energy.
- » Reduction in technology expenses of 3% in FY 2013 in concert with the Department of Technology Services.
- » Replaced three fleet fuel midsize vehicles with hybrid vehicles to reduce emissions and improve fuel economy.
- » Commerce has implemented public transit initiatives to help reduce emission producing trips by 10% and has recorded a 4% increase in employees taking public transit so far.
- » Dispersed \$220,000 in building code education initiatives by facilitating courses offered by educational providers to ensure contractors know and understand changes in building code requirements.
- » Collected \$2.7 million in consumer restitution fines in part to educate consumers in fraud prevention and supplement general fund education.



SERVING THE PUBLIC

Commerce Administration oversees the following programs and procedures;

- » Office of the Property Rights Ombudsman
- » New Automobile Franchise Act
- » Powersport Vehicle Franchise Act
- » Agency Review of Administrative Actions

INTRODUCTION

The Office of the Property Rights Ombudsman (OPRO) is a non partisan, neutral state office, created by the Utah Legislature to protect the property rights of citizens when state and local government condemns or regulates private land. The OPRO consists of three attorneys who advise both citizens and government entities regarding property rights and land use laws. The OPRO regularly mediates disputes between citizens and government entities effectively avoiding costly litigation. The OPRO also recognizes and supports Government Herbert's Cornerstone priorities.



Questions specific to the Property Rights Ombudsman may be directed to:

Brent Bateman, *Lead Attorney*
(801) 530-6391
bbateman@utah.gov
www.propertyrights.utah.gov

FISCAL YEAR 2013 HIGHLIGHTS

The OPRO provides a balance in property rights protection, so that government agencies can further the public good by building roads or other infrastructure without placing an unfair burden on individuals, families and businesses. The Attorneys at the OPRO work every day with the citizens of Utah to protect their property rights. The Attorneys also work with state and local government agencies to ensure that they regulate and acquire land in a manner consistent with applicable statutes and constitutional law. In addition, the dispute resolution efforts of the OPRO save both citizens and state and local government agencies millions of dollars by avoiding expensive and time-consuming litigation.

Dispute Resolution in Eminent Domain & Land Use Cases

During the 2013 Fiscal Year, the attorneys at the OPRO

- » Logged 519 telephone calls from citizens and government agencies where questions were answered or concerns resolved with one or two phone calls;
- » Opened 147 cases;
- » Closed 142 cases;
- » Conducted 66 formal mediations and arbitrations.
- » Issued 14 formal Advisory Opinions. Advisory Opinions this fiscal year primarily addressed Conditional Uses, Interpretation of Ordinances, Vesting and Compliance with Mandatory Land Use Ordinances;
- » Other Significant Accomplishments
- » The OPRO launched a new website aimed at helping the public access information. The new website offers a database of all past Advisory Opinions searchable by topic or keyword, a "Find the Law" section where property rights laws can be accessed by topic and are explained in detail, and a layout designed to be accessible by phone or mobile device.
- » The OPRO continues to provide formal and informal training sessions on topics within its purview to various organizations such as Utah State Bar, Utah Local Government's Trust, Utah County Indemnity Pool, Utah Municipal Attorneys Association and various municipalities, counties and neighborhood communities;
- » The Attorneys at the OPRO worked closely with legislatures, various lobbyists and other interested parties to ensure laws were passed to protect the property rights of citizens.

NEW AUTOMOBILE FRANCHISE ACT AND POWERSPORT VEHICLE FRANCHISE ACT

The New Automobile Franchise Act (NAFA) and the Powersport Vehicle Franchise Act (PVFA) protect the public interest by helping ensure fair business practices between vehicle franchisors and franchisees. The Acts establish a standard of conduct and clarify the duties of a franchisor (generally a manufacturer) and a franchisee (a dealer). In addition, they establish a right to notice and hearing for franchisees with regards to a franchisor's intent to terminate, relocate, or establish a new franchised dealership. Franchisors and franchisees must pay an annual registration fee to cover the cost of adjudication.

Registrations for MVFA and PSFA

Motor Vehicle Franchise Act Registrations.....	182
Power Sport Franchise Act Registrations	34

Franchise Cases Ajudicated	FY 2010		FY 2011		FY 2012		FY2013	
Adjudicated	Filed	Closed	Filed	Closed	Filed	Closed	Filed	Closed
Motor Vehicle	3	3	1	1	4	4	0	0
Powersport Vehicle	0	0	1	1	0	0	0	0

ADMINISTRATIVE ACTIONS

A business registrant or licensee, having been adversely impacted by a Department of Commerce Division action, may request agency review by the Executive Director. Upon review, the decision could be upheld, reversed, modified, or remanded to the Division for further consideration.

Division Cases	TOTAL			DCP			CORP			DOPL			DRE			DS		
Fiscal Year	'11	'12	'13	'11	'12	'13	'11	'12	'13	'11	'12	'13	'11	'12	'13	'11	'12	'13
Filed	73	68	52	2	5	6	0	0	0	69	59	40	2	4	6	0	0	0
Closed	57	82	45	2	6	3	0	0	0	52	72	38	3	4	4	0	0	0
Affirmed	11	24	17	0	2	3	0	0	0	11	20	13	0	2	1	0	0	0
Remanded	22	19	7	0	1	0	0	0	0	22	18	6	0	0	1	0	0	0
Dismissed	22	37	16	1	3	0	0	0	0	18	33	15	3	1	1	0	0	0
Reversed	1	2	2	0	0	0	0	0	0	1	1	2	0	1	0	0	0	0
Modified	1	0	3	1	0	0	0	0	0	2	0	2	0	0	1	0	0	0





PUBLIC OUTREACH

Administration participated in media interviews, created and aired public service announcements throughout the state through local television as well as presenting at several Utah events to educate the public about consumer fraud awareness topics.

DECLUTTER DAY 2013

The Department of Commerce launched its first public “Declutter Day” May 17, 2013 where employees from the Division of Consumer Protection partnered with Big Brothers Big Sisters of Utah, E-Cycle electronics recycling, and Columbus Secure Shred to offer the community an opportunity to protect themselves from fraud and identity theft by getting rid of outdated financial documents, electronics and household goods in a free all day event at the University of Utah. Paid advertisements in the Deseret News, Salt Lake Tribune and Salt Lake City Weekly as well as media outreach before the event helped get the word out to the community. The University of Utah and Salt Lake County kindly partnered in the state agency event. At the end of the day, over 9000 tons of financial documents had been collected and shredded, over 5 truckloads of old electronics/ computers had been collected for recycling, and one full truck of household goods was donated to charity. The public response was overwhelmingly positive as many citizens liked the idea of being able to rid their homes of these items at one location rather than making several separate trips. The agency received tremendous feedback about the event and looks forward to making this an annual tradition in Utah.



Questions specific to the Commerce Administration may be directed to:

Francine A. Giani,
Executive Director
(801) 530-6431
fgiani@utah.gov

Thomas Brady,
Deputy Director
(801) 530-6431
tbrady@utah.gov



OFFICE OF CONSUMER SERVICES

The Office of Consumer Services is Utah's utility consumer advocate, representing residential, small commercial and agricultural consumers of natural gas, electric and telephone service. Utah's utility consumer advocate was first established as the Committee of Consumer Services in 1977 by the Utah Legislature, reorganized into the Office of Consumer Services in 2009. The Office has a staff of five led by a director. The Director, on behalf of the Office, represents the interests of residential and small commercial consumers in regulatory proceedings. A nine member layperson committee advises the Office on its regulatory and advocacy work and helps establish policy objectives.

The Office serves Utah consumers by making certain that small consumer interests are fully represented in electric, natural gas, and telecommunication matters — which includes vigilant assessment of regulatory actions impacting customer rates, reliability of service, and public policy issues.

UTILITY REGULATORY FILINGS

The core work of the Office is to evaluate the impact of utility rate proposals and other regulatory actions and to advocate positions advantageous to residential and small commercial customers. Regulatory filings occur throughout the year and include a wide range of issues such as: requests for rate increases, proposals for energy efficiency and conservation programs, and presentation of long-term resource plans to meet customer's future electricity and natural gas needs. Some of the Office's accomplishments for FY2013 include:

Rocky Mountain Power General Rate Case:

One of the first cases this fiscal year was a settlement pertaining to Rocky Mountain Power's request for a significant rate increase. The parties were able to reach agreement regarding the rates that would be in place for the next two years. The Office worked to ensure that rates were fair for the residential, small commercial and irrigator customers in Utah. The Office's efforts resulted in having certain specific expenses that we thought should not be paid by Utah customers removed from rates. Together with other intervenors, we were able to achieve rates that were lower than originally requested and still able to meet customer demand.

New Regulatory Mechanism:

Although previously authorized in Utah law, this year Rocky Mountain Power submitted the first two filings under a mechanism that allows utilities to request pre-approval for certain types of investments. The Office developed the policy position that it would support pre-approval requests when the benefits to customers are clear. However, if too much uncertainty existed regarding the request and potential outcome, the Office would oppose the request and recommend that more standard regulatory processes be pursued. This position resulted in the Office supporting one request and raising concerns on the other.

Wexpro II:

Questar Gas Company is unique in the country in that a large portion of the gas supplies for its customers are utility-owned and provided at a "cost of service" rate rather than at market prices. These utility-owned gas supplies are governed under the Wexpro Agreement and over the past thirty years this Agreement has proven to be advantageous for customers. This year, Questar requested to expand the Wexpro Agreement to allow for acquisition of new gas properties. The Office raised concerns about whether the proposed expansion contained adequate regulatory oversight and worked to get terms that provided appropriate customer protections. Although the Office did not succeed in achieving all of its objectives, the concerns it raised resulted in an agreement that contains improved terms and conditions over those originally filed. The Office will continue to participate in related proceedings to ensure customers are well protected.



New Website Launched

This year the Office unveiled its new, completely redesigned website. The new site is designed to be more helpful to consumers, both in form and content. The new format is more compatible to mobile devices and contains an expanded section of education about utility regulation. The new website also includes basic information about providers in Utah, links to various resources for utility customers (such as energy efficiency and low-income assistance programs) as well as non-technical summaries of recent issues.



Solar Pilot Program:

The Office worked with Rocky Mountain Power and a variety of stakeholders representing different customer groups and renewable energy advocates to advance a five-year program providing incentives for the installation of new small-scale solar resources.

Avoided Cost Pricing:

Federal law grants certain types of renewable energy projects (those who meet the definition of “qualifying facilities” or “QF”) the right to sell their output to the local utility and receive a price based on the utility’s avoided cost. By law, the avoided cost to be paid to these QF facilities should hold the ratepayers harmless, i.e. should not cost more than what the ratepayers otherwise would have paid for other sources of power. This year, the Office participated in a process that examined whether the current calculations for avoided cost are being done in a fair and accurate way. The Office filed expert testimony to make sure that small customers were protected by keeping strict adherence to the standards laid out in federal law.

Energy Efficiency:

The Office supports cost-effective conservation and energy efficiency programs as being in the interest of customers, both to lower individual customer bills and to provide system benefits of lower long-term costs for all customers. We actively participate in the DSM (demand-side management) advisory groups for Rocky Mountain Power and Questar. This year, we worked with other stakeholders to develop a DSM Steering Committee to perform more detailed analysis and evaluation of DSM issues and programs. The Office is pleased with this development since new or expanded energy efficiency programs are an important component of Rocky Mountain Power’s plan for meeting customer demand for electricity in the next ten years.

Integrated Resource Planning:

Long-term resource planning is an ongoing activity for all utilities and the Office plays an active role when appropriate. This year consisted of the preparatory analysis, workshops and public meetings leading up to the biennial IRP filing made by Rocky Mountain Power at the end of the fiscal year. Questar Gas also files a resource plan, but on an annual basis. The Office works closely with the utilities to understand their key planning issues and to ensure that the needs of Utah customers will be met.



FEDERAL AND REGIONAL REGULATORY ISSUES

While the majority of the Office's work is focused on state regulatory proceedings and state/regional policy initiatives, the Office also monitors federal actions and regional forums that play a key role in utility regulation. This work included the following:

Regional Transmission Planning and Cost Allocation:

The Federal Energy Regulatory Commission (FERC) regulates interstate transmission access. The recently issued FERC Order 1000 resulted in some new regional processes for transmission planning and the allocation of costs associated with new transmission lines. The Office has been actively participating in the regional forums in which the compliance methodology for these new processes is being determined. We believe it is important for Utah stakeholders to make sure that adequate transmission to serve customer needs is planned for and constructed. In addition, we must also ensure that the customers in this state only pay a fair share of this new transmission investment.

FCC transformation orders:

The Office continues to monitor the ongoing processes that are the result of the Federal Communication Commission (FCC) efforts to reform the Universal Service Fund (USF – the fund collected from customers of telecommunications companies used to fund certain low-income programs and to lower the rates in high cost areas to serve.)

Western Electricity Coordinating Council (WECC) bifurcation:

WECC is the regional entity responsible for coordinating and promoting the bulk electric system reliability in the West. WECC also coordinates additional activities related to the bulk electric system such as some long-term transmission planning and houses WREGIS, which tracks the renewable credits from renewable energy facilities in the West. The Office has been participating in the bifurcation process to ensure that the resulting organizations will be suitable to maintain or improve electric reliability for customers without inappropriately increasing costs for all electric customers in Utah and the West. For more information about this initiative see: <http://www.wecc.biz/About/strategic/Pages/default.aspx>



Questions specific to the Office of Consumer Services may be directed to:

Michele Beck, *Director*
(801) 530-6674
ocs@utah.gov



DIVISION OF CONSUMER PROTECTION

Mission Statement

The Division of Consumer Protection's mission is to respond to consumer complaints, protect consumers from unfair and deceptive practices, encourage businesses to develop fair practices, and to provide consumer education.

About the Division

The Division has a staff of twenty employees who accomplish the Division's mission through a three-pronged approach: education, registration, and enforcement.

EDUCATION

The Division works with the Federal Trade Commission, the U.S. Consumer Product Safety Commission, the AARP, local schools and universities, and other consumer groups to ensure consumer awareness of deceptive business practices and to distribute brochures and other educational materials to the public. The Division also works with trade groups in explaining their obligations to consumers under state and federal consumer protection laws.

The Division continues to perform extensive outreach efforts to federal, state, and local law enforcement agencies, industry members, and the public. Since January, 2013 the Division has had over 60 speaking engagements and reached hundreds of consumers, regulators, and industry members.



ENFORCEMENT

The Division administers the following statutes:

- » Business Opportunity Disclosure Act
- » Charitable Solicitations Act
- » Child Protection Registry
- » Consumer Sales Practices Act
- » Credit Services Organizations Act
- » Health Spa Services Protection Act
- » Immigration Consultants Registration Act
- » Music Licensing Practices Act
- » New Motor Vehicle Warranties Act
- » Pawnshop and Secondhand Merchandise Transaction Information Act
- » Postsecondary Proprietary School Act
- » Price Controls During Emergencies Act
- » Prize Notices Regulation Act
- » Telephone and Facsimile Solicitation Act
- » Telephone Fraud Prevention Act
- » Unfair Practices Act
- » Uniform Debt-Management Services Act

REGISTRATION

The Division regulates the following business organizations:

- » Charitable Organizations
- » Credit Service Organizations
- » Debt-Management Service Providers
- » Health Spas
- » Immigration Consultants
- » Postsecondary Proprietary Schools
- » Professional Fund Raisers
- » Sellers of business opportunities
- » Telemarketers
- » Pawnshop



FY2013 HIGHLIGHTS

Benefits recovered for consumers.

The Division recovered over \$1.1 million in benefits for consumers during FY2013.

The Division worked with state and federal enforcement agencies to protect consumers.

The Division has coordinated investigations with the U.S. Consumer Product Safety Commission in investigating Portable Generator dealerships, the Federal Trade Commission, and other administrative, civil, and criminal agencies.

The Division has also worked with FTC's Consumer Sentinel Network on the continuing issue of immigration service provider fraud.

The Division is responding to increased telemarketing violation complaints.

With the downturn in the economy, consumers are increasingly looking to work-from-home opportunities to supplement their income, and telemarketers are cashing in on this trend with "coaching" products sold over the phone. The Division is increasingly seeking enhanced penalties against telemarketing companies who fail to register with the Division, fail to inform consumers of the three day right to cancel, and fail to provide refunds in conformance with the companies' stated refund policies.

The Division hosted the North American Consumer Protection Investigators' Conference from August 4-7, 2013.

Over 50 attendees from many states attended the conference, which included speakers from the Federal Bureau of Investigation, Department of Treasury, Securities and Exchange Commission, the Federal Trade Commission, and Regional Computer Forensics Laboratory, among others. The conference was a great success due to the efforts of the Division in planning and coordinating. Attendees made important connections to sister states and federal law enforcement agencies, which will aid consumer protection efforts in the future.

TOP TEN CONSUMER COMPLAINTS

The top consumer complaints received by the Division during FY2013 are as follows:

- 1. Coaching Services/Telemarketing:** Typically involve misrepresentations and deceptive refund policies, failure to abide by do-not-call provisions.
- 2. Retail Sales/Deposits/Refunds:** False advertising and other deceptive practices, defective merchandise, problems with rebates, coupons, gift cards and gift certificates, failure to deliver, and failure to honor stated refund policies.
- 3. Retail Sales/Other:** All types of deceptive practices concerning retail sales other than dealing with deposits or refunds.
- 4. Internet Offer/Sales:** Misrepresentations or other deceptive practices, failure to deliver online purchases.
- 5. Alarm Systems:** Aggressive sales tactics used in door-to-door solicitations, failure to allow cancellations within stated time period.
- 6. Telemarketing:** Complaints involving consumer transactions resulting from telemarketers, often due to misrepresentations made to the consumer during the sale or due to the telemarketer not being registered with the Division to conduct telemarketing.
- 7. Personal Services:** Typically involve failure to render or deliver the services purchased in the time frame represented or in the manner it was advertised.
- 8. Auto Repair/Sales:** Repairs: Failure to disclose refund policies, failure to obtain consumer's express authorization prior to repair, unnecessary repairs. Sales: Misrepresentations in advertising or sales, aggressive sales practices, contracts with incapacitated or vulnerable purchaser.
- 9. Home Improvement/Repair:** Shoddy work, failure to start or complete job, refusal of job completion until consumer agrees to a higher price than originally agreed upon.
- 10. Debt Collection:** Billing and fee disputes, mortgage-related fraud, credit repair, debt relieve services, illegal or abusive debt collection tactics.



Legislative Highlights

The Legislature passed H.B. 245, Consumer Protection Amendments, sponsored by Representative Derek Brown and Senator Pat Jones. Among other things, the bill amended various statutes enforced by the Division, including adding a subsection to the Consumer Sales Practices Act related to automatic renewal provisions in service contracts, modifying requirements for certain individuals to participate in a telemarketing business, and indicating that registration as an immigration consultant is an annual registration.



Questions specific to the
Division of Consumer
Protection may be directed to:

Daniel O'Bannon, *Director*
(801) 530-6303
dobannon@utah.gov

Statistics

Complaints	FY 2011	FY 2012	FY 2013
Complaints received	2,729	2,408	2,620
Complaints opened	2,083	1,917	2,127
Complaints closed	2,080	1,744	1,374
Referred/Not Assigned	643	491	493

Registrations

Active Registrations	FY 2011	FY 2012	FY 2013
Business Opportunities	14	14	9
Business Opportunity Exemptions	1,001	893	1093
Charitable Organizations	3,135	3,191	3934
Charitable Organizations Exempt	1,199	1,313	1361
Credit Service Organizations	10	14	56
Debt Management Service Providers	30	30	39
Health Spas	241	265	302
Pawnshops	115	110	126
Secondhand Merchandise Dealers	320	217	423
Professional Fundraisers	262	277	75
Proprietary Schools	65	78	78
Proprietary Schools Exempt	479	573	703
Proprietary Schools Private Nonprofit	8	18	46
Proprietary Schools Accredited Exempt	31	14	135
Telemarketers	79	97	101
Telemarketers Exempt	116	5	122
Immigration Consultants	—	—	19*

* New registrations for the Division as of May 10, 2012

	FY2011	FY2012	FY2013
Total Consumer Benefits Recovered	\$1,920,069	\$1,159,796	\$1,458,688
Total Fines Collected	\$207,314	\$334,915	\$384,600



DEPARTMENT OF CORPORATIONS AND COMMERCIAL CODE

Mission Statement

The Division of Corporations and Commercial Code serves business enterprises by providing registration and informational assistance. Additionally, the Division serves the public by facilitating access to all of its records and data. The Division functions as Utah's filing office and repository for all corporations, commercial code filings, business registrations, limited partnerships, limited liability companies, limited liability partnerships, collection agencies, and trademarks.



The Division of Corporations and Commercial Code continues to look for innovative ways to give business filers access to services 24 hours a day, 7 days a week.

ABOUT THE DIVISION

The Division of Corporations and Commercial Code in the Utah Department of Commerce registers all statutory business entities, state trademarks, and article 9 (UCC) and agricultural (CFS) lien notice filings. There are other less noticeable, but equally important filings.

Those businesses which should register with the Division are: profit and non-profit corporations, limited liability companies, limited partnerships, limited liability partnerships, unincorporated cooperative associations, general partnerships & sole proprietors who have an assumed name, business trusts, real estate investment trusts, tribal businesses, and any other assumed business name.

Out-of-state motorist service of process is also filed with the division. Certain bankruptcy filings are sent to the division for notice only.

The Division is charged with a variety of small filings, such as:

- » The Governmental Entity Database—an online directory of contact for any governmental entity;
- » One Stop Business Registration web site—a partnership with multiple agencies from local, state and federal level;
- » Archival business research—searching old stock certificates to find disposition of business entity; and
- » Individual name searches—those people involved as principals in businesses.



The Division staffs an information and help/phone center that answers an average of 7,000 phone calls per month. The help staff also provides an online information chat for those using online services.

SERVICE CENTER

The Division has two service centers; one in the first floor lobby and one on the second floor with public access computers, which have streamlined the process of filing documents so customers face a minimal wait time. As a result, the Division of Corporations and Commercial Code usually keeps within the 24 to 48 hour turnaround time on all incoming documents.

Customer service is not something we can achieve with systems and processes alone. The Division's goal is to empower our employees, particularly those on the front line, to make a difference as they are the face of the Division. The Division of Corporations and Commercial Code continues to be committed to adopting new technology for online services that especially help all businesses meet regulatory obligations quickly and efficiently.

LEGISLATIVE UPDATE FROM 2013 GENERAL SESSION

SB 21 Unincorporated Business Entities

(effective date see below):

This bill updates Title 48, Partnership, to enact a new Unincorporated Business Entity Act, and modifies references to the partnership or unincorporated business entities provisions throughout the Utah Code.

It has a delayed effective date of January 1, 2014 for new filings and January 1, 2016 for existing entities to come in to compliance.

S.B. 41 Substitute Uniform Commercial Code Amendments

(effective date: July 1, 2013):

This bill updates the Uniform Commercial Code to address secured transactions and repeal outdated language.



Help Center

The Help Center answers an average of 1750+ calls a week. The five member Help Center fields questions ranging from "How do I start up a new business?" to "How do I reinstate an old business?". With courtesy and understanding, the members of the Help Center educate all those who request help with online business filings over the phone and in live online chats.



Uniform Commercial Codes

	UCC I	UCC I Addendum	UCC II	UCC III	UCC III Addendum
2006	24,322	9,609	1,145	19,145	1,567
2007	24,744	10,629	1,365	18,311	2,098
2008	23,115	7,805	1,265	18,748	3,278
2009	18,295	4,565	1,113	17,394	1,525
2010	15,967	4,801	1,570	17,034	2,341
2011	15,367	6,875	1,302	17,167	905
2012	16,752	4,020	1,393	17,887	1,242
2013	17,873	3,571	1,077	17,344	920

Uniform Commercial Codes

UCC - 1	2006	2007	2008	2009	2010	2011	2012	2013
In-house Filings	10,394	10,564	8,281	4,391	4,137	6,500	4,380	3,725
Online Filings	13,928	14,180	14,834	13,904	11,830	8,867	12,372	14,148
Total	24,322	24,744	23,115	18,295	15,967	15,367	16,752	17,873
Adoption Rate	57.27%	57.31%	64.17%	76.00%	74.09%	57.70%	73.85%	79.16%
Difference from previous year	-254	252	654	-930	-2,074	-2,963	3,505	1,776
% Increase	-1.79%	1.81%	4.61%	-6.27%	-14.92%	-25.05%	39.53%	14.35%

UCC - 2	2006	2007	2008	2009	2010	2011	2012	2013
In-house Filings	115	206	146	164	121	143	112	110
Online Filings	1,030	1,159	1,119	949	1,449	1,159	1,281	967
Total	1,145	1,365	1,265	1,113	1,570	1,302	1,393	1,077
Adoption Rate	89.96%	84.91%	88.46%	85.27%	92.29%	89.02%	91.96%	89.79%
Difference from previous year	-300	129	-40	-170	500	-290	122	-314
% Increase	-22.56%	12.52%	-3.45%	-15.19%	52.69%	-20.01%	10.53%	-24.51%

UCC - 3 Terminations/Continuations	2006	2007	2008	2009	2010	2011	2012	2013
In-house Filings	6,782	5,687	2,659	1,915	2,208	7,253	1,999	1,665
Online Filings	7,437	8,731	11,376	10,603	10,796	6,057	11,501	11,302
Total	14,219	14,418	14,035	12,518	13,004	13,310	13,500	12,967
Adoption Rate	52.30%	60.56%	81.05%	84.70%	83.02%	45.51%	85.19%	87.16%
Difference from previous year	526	1,294	2,645	-773	193	-4,739	5,444	-199
% Increase	7.61%	17.40%	30.29%	-6.80%	1.82%	-43.90%	89.88%	-1.73%



New Filings

	Corp.	% Change	DBA	% Change	LLC	% Change	LP	% Change	Total	% Change
2005	11,423	5%	17,325	-1%	19,018	39%	556	-1%	48,322	13%
2006	12,674	11%	17,296	0%	23,320	23%	618	11%	53,908	12%
2007	12,633	0%	16,780	-3%	27,643	19%	744	20%	57,800	7%
2008	11,491	-9%	16,793	0%	27,283	-1%	618	-17%	56,185	-3%
2009	9,256	-19%	15,659	-7%	24,344	-11%	515	-17%	49,774	-11%
2010	8,566	-7%	15,747	1%	24,143	-1%	378	-27%	48,834	-2%
2011	8,043	-6%	15,284	-3%	24,976	3%	436	15%	48,739	0%
2012	8,102	1%	15,667	3%	27,693	11%	622	43%	52,084	7%
2013	7,590	-6%	15,531	-1%	33,033	19%	1,058	70%	57,212	10%

	Average No. of Entities Gained per Month	Total	% Increase		CFS -I	CFS -III
2006	1,503	18,036	8%	2006	419	724
2007	1,669	20,030	11%	2007	319	612
2008	1,512	18,144	-9%	2008	303	668
2009	494	5,928	-67%	2009	361	537
2010	516	6,192	4%	2010	436	613
2011	791	9,492	53%	2011	375	511
2012	823	9,876	4%	2012	367	559
2013	1,106	13,272	34%	2013	402	500



Questions specific to the Division of Corporations and Commercial Code may be directed to:

Kathy Berg, Director
(801) 530-4849
kberg@utah.gov

ONE STOP BUSINESS REGISTRATION

The One Stop Business Registration portal continues to improve and be recognized in the national and international community. Representatives from foreign countries continue to look at this site as a model of government filing efficiency.

The One Stop Business Registration program has even more enhancements that are able to target problem areas based on customer input and adapt the flow of the application to allow for a more user-friendly experience.

This encouragement of online filings helps the Division manage growth in business without requiring growth of government.

The following local partners offer business licensing services through OSBR; Clearfield, Logan, North Logan, South Logan, Murray, Orem, Provo, Salt Lake City, Salt Lake County, Sandy City, Springville, and West Jordan.

The Division has a system online to register DBAs (Doing Business As). This allows existing businesses that use an alternate or assumed name to conduct business, or small businesses, an opportunity to have a quick and simple registration process. In less than 30 minutes an assumed business name can be registered and available to the business filer.

In May of this year the Division put a fraud alert system online to allow our registered business owners an optional \$3.00 annual renewable service that alerts them via email of any changes made to their UT Corporations registration.

Some actual examples that prompted the creation of this service are former business partners or officers making unauthorized additions or deletions to a business registration's principles. Some would try to add themselves to a business's bank account or create one. Fraud is usually the intent behind the unauthorized changes but some individuals have used it as a way to cause frustration and confusion.





Other Data Entry

	Reinstatements	Amendments	Mergers	Conversions	Renewals	Change Forms
2006	4,504	4,001	413	1,298	15,629	20,590
2007	5,009	4,132	296	1,293	13,844	13,578
2008	3,232	4,401	499	1,618	22,111	6,288
2009	2,259	4,042	463	1,458	22,132	5,371
2010	2,665	3,049	352	617	19,498	4,617
2011	2,433	2,828	320	997	17,752	3,895
2012	2,191	2,971	299	1,006	17,041	3,462
2013	1,840	2,974	303	1,146	15,326	3,276

OneStop Business Registration

	2006	2007	2008	2009	2010	2011	2012	2013
In-house Filings	41,237	43,052	36,690	30,365	28,736	26,964	23,449	29,561
Online Filings	11,600	14,030	18,751	19,613	20,329	21,994	28,861	27,878
Total	52,837	57,082	55,441	49,978	49,065	48,958	52,310	57,439
Adoption Rate	21.52%	24.58%	34.13%	39.24%	41.43%	44.92%	55.17%	48.53%
Difference from previous year	2,144	2,430	4,721	862	716	1,665	6,867	-983
% Increase	22.67%	20.95%	33.65%	4.60%	3.65%	8.19%	31.22%	-3.41%



All Online Services

	2006	2007	2008	2009	2010	2011	2012	2013
Total Online Filings	83,800	212,497	255,616	332,613	331,080	339,710	411,905	411,974
Adoption Rate	35.00%	64.00%	77.00%	81.00%	82.00%	82.00%	84.00%	85.00%
Difference from previous year	15,573	128,697	43,119	76,997	-1,533	8,630	72,195	69
% Increase	22.83%	153.58%	20.29%	30.12%	-0.46%	2.61%	21.25%	0.02%

Certificates of Existence

	2006	2007	2008	2009	2010	2011	2012	2013
In-house Certificates	856	682	678	422	482	492	440	377
Online Certificates	10,116	12,163	11,337	10,530	10,716	12,369	12,152	12,786
Total	10,972	12,845	12,015	10,952	11,198	12,861	12,592	13,163
Adoption Rate	92.20%	94.69%	94.36%	96.15%	95.70%	96.17%	96.51%	97.14%
Difference from previous year	1,515	2,047	-826	-807	186	1,653	-217	634
% Increase	17.61%	20.24%	-6.79%	-7.12%	1.77%	15.43%	-1.75%	5.22%

Annual Business Renewal

	2006	2007	2008	2009	2010	2011	2012	2013
In-house Renewals	103,296	35,790	22,111	22,132	19,498	18,360	17,588	14,998
Online Renewals	39,308	113,733	149,447	160,163	166,964	175,246	183,899	188,947
Total	142,604	149,523	171,558	182,295	186,462	193,606	201,487	203,945
Adoption Rate	27.56%	76.06%	87.11%	87.86%	89.54%	90.52%	91.27%	92.65%
Difference from previous year	11,561	74,425	35,714	10,716	6,801	8,282	8,653	5,048
% Increase	41.67%	189.34%	31.40%	7.17%	4.25%	4.96%	4.94%	2.74%



DIVISION OF OCCUPATIONAL AND PROFESSIONAL LICENSING

Mission Statement

The mission of DOPL is to protect the public and to enhance commerce through licensing and regulation.

DOPL Objectives

- » Provide courteous customer service that is responsive, accurate, and informative
- » Collaborate with stakeholders to balance regulation and commerce
- » Administer programs and applications efficiently
- » Enforce laws effectively and in a timely manner
- » Promote a positive working environment where employees can participate and develop as teams and individuals.





Licensing Statistics

One of the primary purposes of the Division is to protect the public by ensuring that an applicant for a professional license meets statutory standards for licensure prior to practicing a profession.

Total Licensees

Fiscal Year	2010	2011	2012	2013
Total Licensees	169,597	179,307	188,023	190,251
New Applications Submitted	29,879	35,325	29,457	32,125
License Renewals				
Online	84,391	71,077	92,320	74,458
Manual	7,831	9,045	7,875	6,361
Total	92,222	80,122	100,195	80,819
Percent of renewals online	91.51%	88.71%	92.14%	92.13%

Licensees by Profession (Including Temporary Licenses)

Fiscal Year	2010	2011	2012	2013
Acupuncturists	108	104	103	135
Architects.....	2,371	2,194	1,992	2,277
Athlete Agents.....	16	28	33	39
Athletic Trainer	264	281	366	341
Building Inspectors	608	687	608	661
Burglar Alarm Company Agents.....	5,265	5,644	10,205	8,514
Burglar Alarm Companies	172	175	185	171
Certified Court Reporters.....	141	126	111	120
Certified Public Accountants.....	4,335	4,400	4,710	4,670
Certified Public Accountancy Firms	651	646	685	646
Chiropractic Physicians.....	873	841	789	884
Clinical Mental Health Counselors (Formally Professional Counselors).....	953	1,080	1,207	1,307
Contractors & Handyman.....	17,283	20,314	16,888	18,358
CS Handler: Facility and Individual	101	87	101	106
Controlled Substance Precursors: Purchaser and Distributor	11	6	7	6
Cosmetologist/Barbers.....	23,752	25,650	27,044	27,459
Cosmetology/Barber Schools	46	55	52	54
Deception Detection Examiners and Interns.....	29	23	24	22
Dental Hygienists	2,157	2,316	2,821	2,575
Dentists.....	2,604	2,608	2,431	2,752
Dietitians, Certified	622	594	670	652
Direct-Entry Midwives	20	25	22	26
Electricians.....	9,869	8,799	9,894	9,232
Electrologists.....	115	137	135	137
Electrology Schools	1	1	1	1
Elevator Mechanics	na	111	128	134
Engineers: Professional and Structural.....	7,933	8,129	8,896	8,566
Environmental Health Scientists	235	225	236	210
Estheticians and Master Estheticians	2,687	3,351	3,857	4,525
Esthetics Schools.....	23	30	24	26

Licensees by Profession (Continued)

Fiscal Year	2010	2011	2012	2013
Factory Built Housing Dealers	44	35	37	35
Funeral Directors and Apprentices	387	353	332	367
Funeral Service Establishments	113	114	106	118
Genetic Counselors	48	47	68	65
Geologists.....	863	836	878	832
Health Facility Administrators	339	308	339	325
Hearing Instrument Specialists	114	106	125	119
Hunting Guides/Outfitters	51	286	285	354
Land Surveyors.....	735	725	768	721
Landscape Architects	441	388	361	393
Marriage and Family Therapists	553	584	645	665
Massage Therapists.....	4,983	4,754	5,789	5,104
Medical Language Interpreter	4	16	24	23
Nail Technicians	3,538	4,170	4,190	4,461
Nail Technician Schools	8	12	11	10
Naturopathic Physicians.....	40	44	47	57
Nurses	28,567	29,980	31,833	32,215
Occupational Therapists and Assistants	732	762	854	884
Online Internet Facilitator.....	Na	Na	2	2
Optometrists	468	458	482	462
Osteopathic Physicians	457	508	537	614
Pharmacists, Interns, and Technicians	8,220	8,449	8,359	9,131
Pharmacies	1,263	1,431	1,724	1,800
Physical Therapists	1,973	2,061	2,348	2,462
Physician Assistants.....	836	921	932	1,068
Physician / Surgeons	8,512	8,734	8,399	9,049
Plumbers.....	4,455	4,094	4,426	3,833
Podiatric Physician	196	186	198	193
Preneed Funeral Arrangement Providers and Sales Agents	438	319	225	322
Private Probation Providers	67	62	81	75
Psychologists.....	866	867	922	912
Radiology Technologists and Practical Technicians.....	2,655	2,538	2,306	2,691
Recreational Therapists.....	705	676	745	577
Respiratory Care Practitioners	1,293	1,342	1,437	1,353
Security Companies	87	76	79	68
Security Personnel: Armed and Unarmed Officers.....	4,259	3,702	5,193	4,210
Social Workers	6,005	5,888	6,291	5,995
Speech-Language Pathologists and Audiologists	779	777	916	863
Substance Use Disorder Counselors (Formerly Substance Abuse Counselors).....	443	404	455	419
Veterinarians and Interns.....	670	673	712	706
Vocational Rehabilitation Counselor	98	205	217	205
Total	169,597	179,307	188,023	190,251





STATE CONSTRUCTION REGISTRY

The State Construction Registry provides disclosure to property owners, contractors, and other interested parties, of people or entities providing goods and services to a construction project. The Registry is a standardized statewide system for protecting construction lien rights through preliminary notices, notice of completions and notices of commencements.

Fiscal Year	2011	2012	2013
Notice of Commencement Filings	44,464	5,987	1,001
Building Permits	na	36,151	37,422
Preliminary Notice Filings	99,526	140,167	192,735
Notice of Completion Filings	3,422	2,955	4,847

RESIDENCE LIEN RECOVERY FUND

The Residence Lien Recovery Fund protects homeowners from paying twice for construction on their homes by prohibiting liens when projects meet certain criteria. The Fund also provides a remedy for contractors or suppliers who lose income due to homeowner protection.

Fiscal Year	2013	Since Inception
Number of Claims Filed	37	2,793
Amount of Claims	\$381,848.04	\$19,846,870.00
Number of Claims Paid	23	1,964
Amount of Paid Claims	\$144,929.03	\$13,282,962.32
Number of Claims Denied	7	560
Number of Claims Dismissed	2	242



PRELITIGATION

Prelitigation provides malpractice prelitigation hearing panels when properly requested by a petitioner. A certificate of compliance is required from DOPL before the petitioner may file a medical malpractice complaint in District Court.

Prelitigation Action:

Fiscal Year	2010	2011	2012	2013
Cases Opened	295	270	284	267
Requests Denied	35	64	56	49
Hearings Scheduled	194	163	173	195
Cases Closed	312	271	263	247

Outcomes:

No Merit	162	126	118	124
Meritorious	13	5	13	17
Stipulated	50	63	47	26
Dismissed	61	42	41	37
Dismissed-arbitration	0	0	17	17
Split Decision	18	14	24	25
Jurisdiction	8	8	2	1
Other	0	0	1	0





Questions specific to the Division of Occupational and Professional Licensing may be directed to:

Mark Steinagel, Director
(801) 530-6626
msteinagel@utah.gov

INVESTIGATIONS

The Division’s Bureau of Investigation investigates unlicensed practice in regulated professions or occupations, allegations of gross negligence or incompetence, patterns of negligence or incompetence, and acts or practices inconsistent with generally recognized standards of conduct.

When an individual is found to have violated licensing laws, they may be disciplined through an administrative action.

Complaints

Fiscal Year	2009	2010	2011	2012	2013
Complaints Received	4,549	3,687	3,139	3,777	3,756
Complaints Assigned	3,995	2,991	2,787	3,405	3,504
Closed Cases	4,147	3,523	3,144	3,352	3,197

Actions

Fiscal Year	2009	2010	2011	2012	2013
Felony Filings	47	27	43	31	17
Misdemeanor Filings	15	8	23	19	18
Administrative Filings*	377	427	550	546	624
Letters of Concern	501	435	416	525	423
Diversion Referrals	32	28	25	25	17
Citations Issued	510	715	582	754	808

*Administrative filings have been updated in this year’s report to include filings that were not included in previous annual reports.

UTAH RECOVERY ASSISTANCE PROGRAM (URAP) AND PROBATION

The Division offers two programs to protect the public from licensees who engage or may engage in misconduct, while still allowing them to practice their occupation or profession. URAP is a confidential approach allowing certain first time offenders diversion rather than disciplinary action. Probation is a public disciplinary approach. Both approaches have terms and conditions that are carefully monitored, and further action is taken for noncompliance.

Fiscal Year	2011	2012	2013
Total Number of Active Licensees	179,307	188,023	190,251
Total Number of Diversionees (URAP)	138	148	138
Total Number of Probationers	556	565	564
Percent of Licensees in Diversion or Probation	.387	.38	.37



CONTROLLED SUBSTANCE DATABASE

The Utah Controlled Substance Database Program tracks and collects data on the dispensing of Schedule II-V drugs by all retail, institutional, and outpatient hospital pharmacies, and in-state/out-of-state mail order pharmacies. The data is disseminated to medical and law enforcement professionals and used to identify potential cases of drug over-utilization, misuse, and over-prescribing of controlled substances throughout the state.



Total prescription records in CSDB	52,129,848
Total prescriptions entered in FY2013	5,694,160
Online reports	650,715
In-house reports.....	16,658
Number of Hospital Overdose Reports	1,388
Number of Overdose Reports mailed to practitioners	3,184
Number of Court Reports regarding DUI conviction.....	346
Number of DUI reports mailed to practitioners	780
Number of doctor shopper letters mailed to practitioners	1,704
Number of doctor shopper letters mailed to law enforcement.....	2,865

Registered users:

Law Enforcement	828
Pharmacists	1,726
Prescribing practitioners	14,415
Others.....	175



DIVISION OF PUBLIC UTILITIES

Mission Statement

The Division of Public Utilities promotes the public interest in public utility regulation and works to assure that all customers of regulated gas, electric, telephone and water utilities have access to safe, reliable service at reasonable rates. Division activities include:

- » Investigating applications for certificates to provide utility service or to build new utility facilities;
- » Auditing, analyzing, and investigating proposed rate increases or changes;
- » Investigating and resolving complaints of utility customers;
- » Monitoring the safety of intrastate natural gas pipelines;
- » Auditing the finances and activities of utilities doing business in Utah;
- » Assisting in the monitoring and management of the Universal Service Fund, which provides support for telecommunications customers in high-cost areas;
- » Monitoring compliance with Utah law and Public Service Commission (PSC) rules and orders;
- » Coordination and consultation with other state agencies in developing and implementing utility and other state policies;
- » Advising the Governor and Legislature as requested.

ABOUT THE DIVISION

The Division's staff of approximately thirty employees works with the PSC, the Office of Consumer Services and other state agencies, regulated telecommunications, electric, natural gas and water utilities, the public, outside experts, attorneys, and other states' utility regulators. Staff members have expertise in accounting, auditing, business, finance, economics, statistics, customer service, and engineering.

ENERGY

Energy Balancing Account (EBA)

For the first time since its establishment in FY 2012, the Division audited Rocky Mountain Power's EBA. This account is designed to allow the company to collect a portion of the difference between projected power costs included in rates and the actual expenses incurred. The company requested \$9.3 million dollars. The Division made numerous adjustments based on its audit and ultimately settled the matter with Rocky Mountain Power, allowing collection of \$7.8 million.

Generation Plant Additions

Rocky Mountain Power applied for pre-approval of its decision to deploy new pollution controls on some of its Jim Bridger generation units, located in Wyoming. The selective catalytic reduction technology allows Rocky Mountain Power's generation affiliate to meet Wyoming and EPA haze requirements at a better cost to ratepayers than alternatives, such as constructing new natural gas generation, conversion to natural gas, or closure of the plant.

Wexpro II

Largely mirroring the Wexpro Agreement of the 1980s, this new agreement entered into between the Division, Questar Gas, and Wexpro, allows Utah ratepayers a no-cost option on future gas-producing properties acquired by Wexpro. Properties will be evaluated for inclusion in the agreement at the time Wexpro acquires the properties. If approved by the Public Service Commission for inclusion in the agreement, these properties' gas production will be included in so-called cost of service gas. This gas is available to ratepayers at the cost of production plus a rate of return. It provides a significant hedge against price fluctuations. Gas purchased under the original Wexpro Agreement has saved ratepayers over \$1 billion in the 30 years of its existence.





Questions specific to the Division of Public Utilities may be directed to:

Chris Parker, Director
(801) 530-7622
chrisparker@utah.gov

TELECOMMUNICATIONS

Universal Service Fund (USF)

The Division produced a report for the Public Service Commission concerning the state of the state’s USF and ongoing changes in markets and governance of telecommunications companies. In short, federal changes, coupled with a changing marketplace, suggest that the state’s current USF is likely unsustainable in the long-run. While there is no immediate risk to the fund or the companies it supports, changes in federal reimbursements and the market’s move away from traditional telephone service toward broadband service with varying applications, suggests that policy makers should began considering changes to the USF. These changes could include providing incentives for expanding broadband availability.

CUSTOMER SERVICE SECTION

The Customer Service Section helps to answer utility customer questions and works with customers and utilities to resolve informal complaints. Unresolved disputes are referred to the PSC for formal action. The Division’s goal is to try to help resolve customers’ issues as seamlessly as possible.

During FY 2013, the Customer Service Section fielded 415 informal complaints from utility customers, a large decrease from the previous year. Most complaints involve billing and service shut off issues.

In all cases, the Division first works with customers and utilities to resolve complaints informally. As shown below, most complaints were resolved by the Division working with the customer and the utility company. The unresolved disputes are referred to the PSC for formal action or hearing

FIVE-YEAR HISTORY OF UTILITY COMPLAINTS

Fiscal Year	2009	2010	2011	2012	2013
Electric	229	209	193	169	130
Natural Gas	233	193	212	145	105
Telecomm – ILEC* & Century-Link	333	204	165	149	117
Telecomm – CLEC**	84	63	47	51	40
Telecomm – Long Distance	44	43	34	30	16
Water/Sewer	20	17	8	8	7
TOTAL	943	729	659	552	415

* - Incumbent Local Exchange Carriers, e.g. Century Link, All West, Frontier, Beehive
** - Competitive Local Exchange Carrier, e.g. AT&T, McLeod USA, Integra



PIPELINE SAFETY

The Pipeline Safety Section operates under federal law to investigate safety and other conditions relative to the piping of natural gas within Utah. The section works with local natural gas distribution companies, such as Questar Gas Company, as well as municipal operators, intrastate transmission operators and master meters.

During fiscal year 2013, Pipeline Safety personnel conducted comprehensive inspections of Questar Gas Company operations, municipal gas distribution operators, and intrastate transmission operators. The section also inspected pipeline construction projects and investigated incidents on pipelines. These inspections assure that operator procedures and operations are consistent with federal regulations for safe functioning of natural gas systems.



PIPELINE SAFETY INSPECTIONS

Fiscal Year 2013

Questar Gas Company Regions	7
Municipal Gas Distribution Operators.....	6
Intrastate Transmission Operators.....	5
Gathering Operators	3
Small Gas System Operators (Master Meters).....	41
Construction	13
Incident	41

DIVISION OF REAL ESTATE

Mission Statement

The mission of the Division of Real Estate is to protect the public and promote responsible business practices through education, licensure and regulation of real estate, mortgage, and appraisal professionals.



2013 OUTREACH

The Division makes every effort to be available to the public, to professional organizations, and to the individuals licensed or registered to practice in real estate-related industries. In fiscal year 2013, the Division sponsored several educational events. In addition, Division staff spoke at numerous meetings sponsored by industry groups. The table below lists the Division's outreach efforts for the past fiscal year.

DATE	EVENT
September 2012	Division representatives spoke at the Utah Association of Realtors' State Convention.
October 2012	Division representatives spoke for The Utah Association of Mortgage Professionals.
October 2012	Division-sponsored Instructor Development Workshop held in Park City. Speakers included the Division Director, Division enforcement and licensing supervisors, and Len Elder.
December 2012	Division representatives spoke to the Assessor's School.
February 2013	Division representative spoke to Northern Wasatch Front Board of Realtors.
March 2013	Division representatives spoke at the Spring Symposium of the Utah Chapter of the Appraisal Institute.
April 2013	Division representative spoke to Appraisal Institute for their annual Legislative Update Meeting.
April – May 2013	Three-hour Division-sponsored continuing education seminars held in Park City, Vernal, Logan, Ogden, Tooele, Moab, Richfield, Cedar City, and St. George.
May 2013	Division representatives spoke to the Utah Apartment Association.



Live Chat

The Division started a new Live Chat service to better the public and our licensees. Live Chat has now been effect for two years and has proven to be a helpful resource to licensees who are seeking help either on the website or for general licensing and compliance questions.



STATUTORY CHANGES

Representative Gage Froerer sponsored the Division's 2013 bill. Changes were made to Appraisal Management, Mortgage, Real Estate, and Uniform Land Sales Practices Act. Highlights include the following:

For APPRAISAL MANAGEMENT:

- » Changed the current requirement that an Appraisal Management Company must reinstate an expired license within 30 days to one year.

For MORTGAGE:

- » Clarified that a home address provided to and maintained by the Division is not public information, unless no other address is provided.
- » Authorized the Division to create administrative rules requiring periodic criminal background checks and credit checks.
- » Clarified that equivalent experience (experience other than origination experience) to become a Lending Manager will be created through rule.
- » Require all new Lending Managers to submit to a criminal background check.
- » Clarified that a Principal Lending Manager cannot also act as a Branch Manager for the individual's sponsoring entity if the entity operates from more than one location.

For REAL ESTATE:

- » Clarified that all licensing fees will be made in accordance with 63J-1, Budgetary Procedures Act.
- » Established when the Division may terminate an entity's registration with the Division.
- » Clarified exemptions for property management.

For UNIFORM LAND SALES PRACTICES:

- » Updated the Uniform Sales Practices Act to be consistent with Dodd-Frank.



EDUCATION

The Division's three education coordinators certify prelicensing courses, schools, and instructors in the real estate, mortgage, and appraisal industries. They also certify continuing education courses for real estate and appraisal professionals. The following tables give historical data as to the number of certifications issued by the Division, as well as the number of prelicensing examinations that have been administered:

Certifications Issued

Fiscal Year	2010	2011	2012	2013
Educational Programs	31	51	36	36
Real Estate Pre-Licensing Instructors	47	44	40	38
Real Estate CE Courses	970	1,039	1,015	1102
Real Estate CE Instructors	383	169	360	390
Mortgage Pre-Licensing Instructors	36	22	14	8
Mortgage CE Courses	371	32*	0*	0*
Mortgage CE Instructors	122	67	7	0
Appraisal CE Courses	412	491	491	455
Appraisal Instructors	107	54	49	41
Appraisal Pre-Licensing Instructors	—	24	28	18

**Under the licensing program that has been adopted across the country in order to comply with the federal S.A.F.E. Act, continuing education courses for mortgage professionals are now reviewed and approved at the national level by the Nationwide Mortgage Licensing System (NMLS).*



Pre-licensing Examinations Administered

Fiscal Year	2009	2010	2011	2012	2013
Real Estate Agent Exams	1536	1865	1,114	795	1388
Real Estate Broker Exams	304	275	233	124	144
Mortgage Originator Exams	1152	713	*	*	*
Mortgage PLM Exams	163	98	278	242	79
Appraiser Exams	189	202	186	44	27

** Exams are now scheduled and administered through NMLS.*



LICENSURE

The following tables show the number of licenses and registrations granted over the past six years in all industries regulated by the Division. We are seeing a slight upswing in some areas.

Total Number of Licenses/Registrations

Fiscal Year	2008	2009	2010	2011	2012	2013
Real Estate	28,735	26,425	23,655	21,559	20,754	18,198
Mortgage	12,354	10,416	8,385	4,308	4,241	4,840
Appraiser	2,064	2,094	2,021	1,457	1,393	1,384
Appraisal Management Companies (AMCs)	—	—	88	133	143	147
Subdivision/Timeshare	477	571	352	400	393	566
Total	43,630	39,506	34,501	27,857	26,924	25,135

New Licenses/Registrations Issued

Fiscal Year	2008	2009	2010	2011	2012	2013
Real Estate	3,591	2,209	2,050	1,362	1,401	1,042
Mortgage	2,032	1,028	1,113	853	665	1,113
Appraiser	531	307	347	196	236	145
Appraisal Management Companies (AMCs)	—	—	88	50	26	21
Timeshare	216	173	115	71	115	276
Total	6,370	3,717	3,713	2,532	2,443	2,597

Licenses/Registrations Renewed

Fiscal Year	2008	2009	2010	2011	2012	2013
Real Estate	9,340	9,550	9,049	8,388	8,475	8,229
Mortgage	3,367	3,086	1,283	3,704	4,137	4,045
Appraiser	463	586	511	626	597	651
Timeshare	185	140	88	36	63	194
Total	13,355	13,362	10,931	12,754	13,272	13,119



ENFORCEMENT

The Division continues to work closely with prosecutors from the Attorney General's office to screen and file criminal charges, which have resulted in a few successful criminal convictions to date. During the last fiscal year, the Division of Real Estate worked with a prosecutor from the Attorney General's Office to file a criminal case in which three real estate agents, two title agents, and an unlicensed person were charged with conspiracy to commit fraud against banks during short sales of properties. The criminal case is currently on-going. The Division is also looking to broaden its interaction with local District/County Attorneys by referring cases directly to County prosecutors in addition to the Attorney General's Office during the 2014 fiscal year.

The Division continues to pursue cases which result in administrative actions as well. The following tables provide data about the type and number of disciplinary sanctions obtained by the Division, either through stipulation or by disciplinary action in an administrative hearing. Through these actions, the Division ordered a total of \$170,350.00 in fines during fiscal year 2013.



ENFORCEMENT STATISTICS

Complaints Received

Fiscal Year	2008	2009	2010	2011	2012	2013
Real Estate	675	440	539	645	436	389
Appraiser	142	145	146	129	129	78
Mortgage	401	278	319	493	154	139



Questions specific to the
Division of Real Estate
may be directed to:

Jonathon Stewart, *Director*
(801) 530-6751
jstewart@utah.gov

Cases Opened

Fiscal Year	2008	2009	2010	2011	2012	2013
Real Estate	215	189	127	254	491	199
Appraiser	85	118	93	101	123	60
Mortgage	104	53	93	170	212	83

Cases Closed

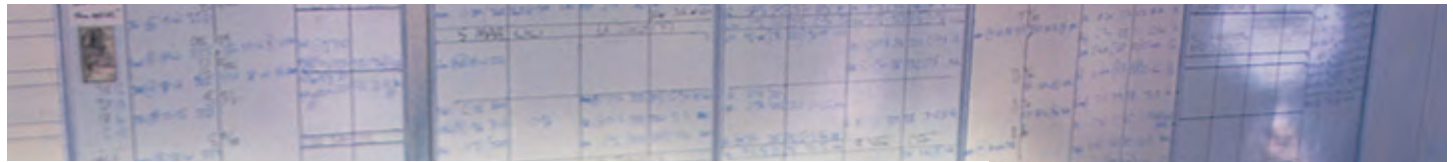
Fiscal Year	2008	2009	2010	2011	2012	2013
Real Estate	220	153	170	172	412	194
Appraiser	106	12	937	124	122	62
Mortgage	136	71	98	128	275	61

Total Open Cases as of June 30, 2013

Fiscal Year	2008	2009	2010	2011	2012	2013
Real Estate	175	112	69	142	208	225
Appraiser	100	91	91	68	55	67
Mortgage	68	49	44	85	18	43

Fiscal Year 2013 Sanctions

	Appraisal	Mortgage	Real Estate	Total
Remedial Education	5	0	13	18
Fines	9	11	46	66
Probation	0	9	45	54
Suspension	1	10	17	28
Revocation/Surrender	4	2	6	12
Cease and Desist Orders	0	2	0	2
Criminal referrals	2	3	3	8



DIVISION OF SECURITIES

Mission Statement

The Division of Securities enhances Utah's business climate by protecting Utah's investors through education, enforcement, and fair regulation of Utah's investment industry while fostering opportunities for capital formation.

The Utah Division of Securities is working to update its rules to work smoothly with the new federal regulations and make the transition as easy as possible.





LICENSING

The Division of Securities licenses and regulates those in the securities industry that sell securities, offer advice about securities, or manage the investments of others. These include: broker-dealers, securities agents, investment advisers, investment adviser representatives, issuer agents, and certified dealers and their agents.

The Division works closely with the U.S. Securities and Exchange Commission (SEC) and securities regulators from other states to streamline the licensing process and to ensure consistency.

Securities Licensing

Fiscal Year	2008	2009	2010	2011	2012	2013
Broker-Dealers	1,819	1,775	1,641	1,621	1,590	1,563
Broker-Dealer Agents	103,174	100,677	88,947	96,660	99,499	101,709
Investment Advisers	148	183	156	142	145	180
Federal Covered Advisers	945	985	926	906	925	905
I.A. Representatives	4,445	4,189	3,577	3,881	4,156	4,471
Certified Broker-Dealers	21	15	10	12	16	14
Certified Broker-Dealer Agents	72	63	73	74	82	91
Certified Investment Advisers	—	—	—	—	4	6
Certified Investment Adviser Representatives	—	—	—	—	25	33
Issuer agents	109	102	85	87	84	87
Total	110,908	107,993	95,418	103,397	106,526	109,059



CORPORATE FINANCE/SECURITIES REGISTRATION

Another key component of the Division's efforts to promote legitimate capital markets is to register securities offerings that are qualified to be sold in this state and review the adequacy of disclosures to potential investors by companies offering certain types of securities. In addition, Division employees meet with companies seeking to raise capital to explain the many options for raising capital and to discuss how to improve the quality of disclosure to potential investors.

The chart below lists the number of registrations, exemption offerings, and other filings reviewed by the Corporate Finance Section of the Division.

Securities Filings

Fiscal Year	2008	2009	2010	2011	2012	2013
Coordination	116	102	92	106	120	104
Qualification	0	0	1	0	1	0
Exemptions	50	27	31	53	48	41
Opinion/No Action Letter	3	4	1	2	2	0
Mutual funds	5,150	5,541	5,330	5,589	5,749	5,865
Rule 506	1,076	712	588	690	651	651
Total	6,395	6,386	6,043	6,440	6,571	6,661



COMPLIANCE AND ENFORCEMENT

The Compliance Section of the Division of Securities conducts routine and “for cause” examinations pertaining to the operations of licensed broker-dealers, investment advisers, and their agents. If misconduct is found, the Division will work with the licensed individual or firm to bring them into compliance with the applicable laws or initiate disciplinary proceedings against the licensee depending upon the nature of the violation or misconduct.

The Division of Securities actively seeks to identify those investment offerings that are fraudulent or otherwise fail to comply with the law’s requirements. Enforcement is a key component in promoting legitimate capital markets by preventing the loss of investor monies to fraudulent schemes and promoting investor confidence in the integrity of the markets.

Compliance and Enforcement

Fiscal Year	2008	2009	2010	2011	2012	2013
Activity						
New Investigations/Audits						
Complaints Received	162	283	191	202	226	164
Audit Files Opened	34	41	34	45	62	82
Investigation Files Opened	149	66	40	83	58	44
Administrative Cases						
New Cases Filed	123	78	65	94	87	81
Stipulations & Consent Orders	—	—	34	34	35	31
Adjudicated Orders	—	—	4	8	0	19
Criminal Cases						
Criminal Charges Filed	34	31	16	34	18	10
Convictions	9	19	18	13	5	2
Pleas in Abeyance	3	2	6	7	3	3
Fines & Restitution						
Fines Assessed	\$4,409,235	\$1,736,378	\$5,363,698	\$1,822,484	\$5,239,452	\$5,539,646
Fines Paid	\$210,090	\$56,460	\$2,676,796	\$1,176,116	\$550,223	\$217,983
Restitution Ordered	\$31,036,757	\$31,906,009	\$21,484,942	\$5,256,191	\$2,435,430	\$15,915,435

**Disclaimer: In 2010, the Utah Division of Securities adopted a new database “progress” to track enforcement, licensing and statistics*



INVESTOR EDUCATION

The Division's mission includes a mandate to educate Utah investors regarding the securities laws and to help increase public awareness of the problem of investment fraud. The Division hosts educational events throughout the state and uses various media outlets to run public service announcements, all designed to help give Utah investors the tools they need to take control of their savings and investments and recognize and avoid investment fraud. The Division partners with several other government agencies and non-profit groups in the state who also work to increase the financial literacy of all Utahns.

Fiscal Year	2010	2011	2012	2013
Investor Education Presentations	47	44	55	74
Total Number of People Attending Investor Education Presentations	3,424	8,290	11,920	9,889

The Division of Securities hosts educational events and uses various media outlets to run public service announcements, all designed to help give Utah investors the tools they need to take control of their savings and investments and recognize and avoid investment fraud.



Questions specific to the Division of Securities may be directed to:

Keith Woodwell, *Director*
 (801) 530-6600
kwoodwell@utah.gov

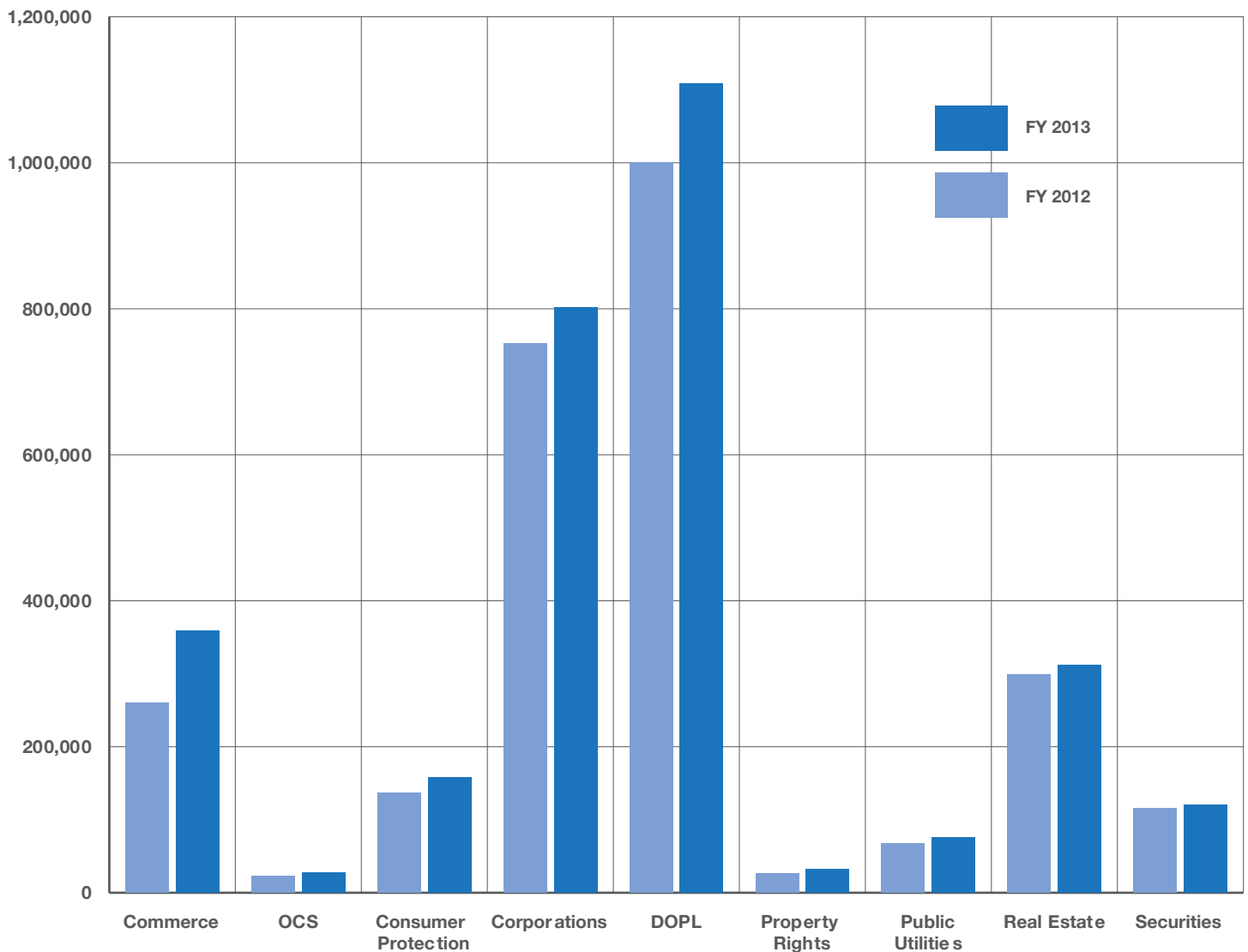


COMMERCE FY 2013 EXPENDITURES BY DIVISION

DIVISION NAME	EXPENDITURES
Commerce Administration	\$3,664,000
Property Rights Ombudsman.....	\$421,000
Occupational & Professional Licensing	\$7,648,300
Securities	\$1,857,000
Consumer Protection	\$1,433,000
Corporations & Commercial Code.....	\$2,277,000
Real Estate	\$1,629,600
Public Utilities	\$3,373,000
Consumer Services.....	\$967,700
Building Operations & Maintenance.....	\$288,000



FISCAL YEAR WEB TRENDS ACROSS DIVISIONS, YEARS 2012 | 2013



FISCAL YEAR 2013	Jul '12	Aug '12	Sep '12	Oct '12	Nov '12	Dec '12	Jan '13	Feb '13	Mar '13	Apr '13	May '13	Jun '13
Commerce	19423	20342	19072	20678	19384	17796	24117	42769	47260	46920	46316	35322
OCS	2027	1805	2144	2846	2435	2625	2380	2208	2360	2235	2205	1923
Consumer Protection	13851	12606	12700	13160	12635	11369	10810	13673	15157	14324	13490	13828
Corporations	64494	66596	60959	68729	60973	61003	59182	71083	78713	75260	71765	63190
DOPL	80468	82131	85764	90505	94792	76273	95012	84342	94600	96920	107403	120756
Property Rights	2131	2171	2274	2789	2558	2585	1865	6563	2337	2344	2290	1896
Public Utilities	5994	5776	6314	6679	6139	5959	5533	6292	6671	6454	7122	7386
Real Estate	24589	23999	22359	29647	23289	22631	25895	25346	26245	34547	28247	24562
Securities	9568	9307	9953	11209	10890	10634	9000	10283	10444	9797	10236	9033
TOTAL	222545	224733	221539	246242	233095	210875	233794	262559	283787	288801	289074	277896

