volume twelve | edition one

spring 2016

CONSUMER CONNECTION

California to Regulate MEDICAL MARIJUANA

ALSO INSIDE:

Protecting Your Ears

Extreme Weight Cutting

Managing the High Cost of Prescription Drugs

STATE OF CALIFORNIA
dca
DEPARTMENT OF CONSUMER AFFAIRS

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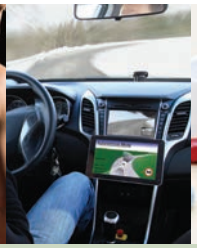


MESSAGE FROM THE DIRECTOR

Welcome to the first Consumer Connection of 2016.

The State of California has always been a leader when it comes to innovation in state government; many of the other 49 states look to California, and DCA, when it comes to the way we protect consumers and regulate licensees. Last year, the passage of the Medical Marijuana Regulation and Safety Act added another new regulatory entity, the Bureau of Medical Marijuana Regulation (Bureau/BMMR), under our varied and innovative umbrella. Although the Bureau doesn't officially open its doors for business for a few more years, the DCA team is already hard at work getting the structure of the Bureau in place.

DCA is unique among State departments because of the variety of professions we regulate. One of the things that *Consumer Connection* does is highlight the work we do to protect and educate consumers in the areas we regulate. That commitment represents our belief that an educated and informed consumer is a powerful force in fighting scams and ensuring fair and honest treatment for all California consumers.

This issue is an excellent example.

Last year, the California State Athletic Commission (CSAC) took the lead in addressing the subject of youth participating in Pankration (MMA fighting); this year, CSAC is leading the way again, this time addressing the risky—and sometimes deadly—practice of extreme weight cutting.

The skyrocketing prices of prescription drugs have caused some consumers to risk their health by skipping doses, ordering from questionable online pharmacies, or not taking their prescriptions at all. DCA's State Board of Pharmacy and Medical Board of California offer some recommendations on how to manage the costs and stay healthy.

Here's a look at some of the other articles in this issue:

Urban beekeeping is back in Los Angeles after a 136-year hiatus. Disease, pesticides, and other factors have taken a toll on the world's bee population; the little pollinators contribute $15 billion per year to our economy by keeping fruits, nuts, and vegetables in our diets. Find out how to build your own hive or how to give the bees a helping hand.

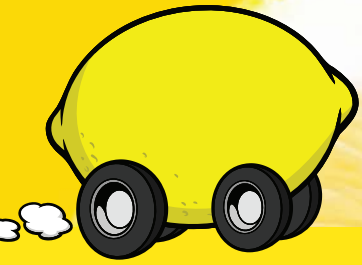
Like it or not, driverless cars are coming—actually, they're already on some California streets. Find out the pros and cons, plus the new proposed rules from the Department of Motor Vehicles.

Other articles include how to protect your hearing, what to do if your car is a lemon, a look at new consumers laws, and crowdfunding.

It's a variety of consumer news, by all means. We invite you to read on and find out more.

AWET KIDANE, *Director*

If you have any questions or comments or would like more information regarding reports, statistics, quotes, and studies mentioned in this publication, please e-mail us at **consumerconnection@dca.ca.gov**.



Left With a LEMON?

Getting Help Using the State Arbitration Certification Program

Sometimes situations don't go as planned—owning a car can be one of them. Despite the proper research and inspections before buying a car, you may still be left with a "lemon."

If you think that may be the case, there are possible solutions. As is standard with all new—and some pre-owned—vehicles, an original manufacturer's warranty provides a service contract for a specific amount of time. The dealership's service department may be able to immediately diagnose and remedy the problem.

However, if the issue persists after multiple attempts by the manufacturer to fix the same problem, turn to DCA's Arbitration Certification Program (ACP). You can pursue arbitration if you've met all these requirements:

- **The specific problem is covered by the original manufacturer's warranty or within six months of expiration. This does not include extended warranties.**
- **You have notified the manufacturer directly about the problem, if required.**
- **The problem substantially impairs the use, value, or safety of your vehicle.**
- **The problem has not been satisfactorily repaired.**
- **The manufacturer has a State-certified arbitration program.**

Several vehicle manufacturers offer arbitration in California. Arbitration is a dispute resolution process that uses a neutral third party (an arbitrator). The ACP (**www.dca.ca.gov/acp**) is free, does not require an attorney, and provides information about arbitration, recordkeeping suggestions, and sources of advice and assistance for consumers while facilitating the arbitration process. Decisions are typically rendered within 40 days of the ACP's receipt of your application.

Although the California Lemon Law also seeks to protect buyers and lessees from serious warranty defects that the manufacturer or dealer can't repair, before you can use the Lemon Law in court, you must first resort to the manufacturer's State-certified arbitration program.

"ACP is a great alternative for consumers who would prefer to avoid the costs associated with litigation and a faster resolution of their warranty dispute; ACP exists to aid California consumers in navigating this process," said Sherrie Moffet-Bell, ACP Bureau Chief.

After contacting your manufacturer's certified arbitration program and filing an application, the manufacturer may or may not attempt to settle the case with you. It is your choice to attempt to settle or proceed to arbitration. The program will request documents from you such as repair orders, sales contract, vehicle registration, etc. A hearing will then be scheduled at a location near you. You can present your case in person, by phone, or in writing. During the hearing, both parties are asked to present their case and explain why they feel the vehicle is or is not a lemon. You will also be given the opportunity to rebut any testimony provided by the manufacturer. The arbitrator will ask questions of both parties. A test drive and/or inspection of the vehicle may also be performed by the arbitrator.

Participating manufacturers in the ACP have agreed to comply with the arbitrator's decision if the consumer accepts it. The consumer has the option to accept or reject the arbitrator's decision. Should the consumer reject the arbitrator's decision, they can still pursue their legal rights in court.

If there is no State-certified arbitration program for your type of vehicle, you can pursue your California Lemon Law rights in court. The Lemon Law states that if your new car has a serious warranty defect the dealer or vehicle manufacturer can't fix, even after several reasonable repair attempts, you may be eligible to get your money back or get another car. To learn more about the Lemon Law, download the *Lemon-Aid for Consumers* publication at **www.dca.ca.gov/acp/pdf_files/englemn.pdf**.

As an alternative, you may also consider mediation through the New Motor Vehicle Board's Consumer Mediation Services Program; for more information, visit **www.nmvb.ca.gov**.

New Laws Impact California Consumers

The new year brings with it a host of new laws that will impact Californians. Although 807 bills were signed into law last year, there are a few new consumer-specific laws that are good to know about before buying goods and services in 2016.

Assembly Bill 265—Known as the Consumer Protection/Starter Interrupt Warning Law, AB 265 requires a "buy-here-pay-here" dealer to make certain disclosures and notices to a vehicle buyer when a car is sold with installed tracking and starter interrupt technology.

A buy-here-pay-here dealer is defined as a used car dealer that assigns less than 90 percent of their conditional sales and lease contracts to third-party lenders and, therefore, provides direct financing to car buyers.

This law also requires advance warning be given to the purchaser prior to engagement of the starter interrupt technology if the buyer fails to make timely vehicle payments.

AB 1073—A major new law for pharmacies is Assembly Bill 1073. This bill requires California pharmacists to provide translations of prescription instructions for use to patients upon request by a patient or his or her representative into at least five (5) languages other than English. The Board of Pharmacy provides translations in Spanish, Tagalog, Chinese, Vietnamese, Russian, and Korean.

The California Board of Pharmacy—which regulates pharmacists—already requires no-cost, oral translation of both prescription labels and instructions for use to patients by either pharmacy staff or a call-in hotline, if interpretive services in that language are available.

With this bill, California joins New York as the only two states in the nation to require pharmacists to provide non-English medication information to patients.

Here are a few other consumer-related laws that took effect January 1.

AB 1422—Ride-Sharing: Under AB 1422, ride-sharing services such as Uber and Lyft will have to participate in a Department of Motor Vehicles program and regularly monitor the records of its participating drivers. For more information on this service, log on to **www.dmv.ca.gov**.

AB 8—Yellow Alert: This new bill allows law-enforcement officers to utilize the State's electronic freeway signs to broadcast information about vehicles suspected in hit-and-run incidents. Alerts will only be issued by local law enforcement agencies when there is a sufficient description of the offending vehicle or the identity of the suspect is known. California's emergency alert system is typically used to inform the public of Amber Alerts in child-abduction cases. The Yellow Alert system will also be limited to the geographic area where the hit-and-run crime occurred and will only be implemented when the hit-and-run results in death or serious injury.

AB 281—Collateral Recovery: This bill changes existing law to prohibit licensed repossessors and their agents from performing or charging for repair work, cleaning, or detailing of repossessed collateral; to prohibit a licensee from selling a consumer's personal effects or personal property not covered by a security agreement; to require a licensee to provide the available inventory of repossessed collateral no later than 96 hours (120 hours if over a weekend or holiday) after recovery of the collateral when the licensee is unable to open a locked compartment in the collateral; and to allow a licensee or registrant to use a hard copy printout from the Bureau of Security and Investigative Services (Bureau) website or a legible electronic screenshot display as proof of licensure or registration in lieu of receiving a license or registration in the mail from the Bureau.

AB 1097—Alarm Companies and Electronic Transactions: This new law authorizes those licensed, certified, or registered under the Alarm Company Act to conduct specific transactions electronically in compliance with the Uniform Electronic Transactions Act and with the consumer's permission. The Alarm Company Operator must also provide an identical paper copy of the signed electronic contract upon the consumer's request.

Senate Bill 254—Mattress Recycling: California and Connecticut are the only states in the nation that currently offer a recycling program for used mattresses and box springs. Residents can find their nearest participating collection site or recycling facility by visiting **www.byebyemattress.com**.

SB 675—Hospital Patient Discharges: This bill allows hospitals to take specified actions relating to family caregivers, including notifying the family caregiver of the patient's discharge or transfer to another facility. Hospitals also must provide information and counseling regarding the post-hospital care needs of the patient, but only if the patient has consented to the disclosure of this information.

SB 270—Grocery Bags: Under SB 270, grocery store bags will be phased out at checkout counters at large grocery stores and supermarkets, convenience stores, and pharmacies in 2016. The law does not apply to plastic bags used for fruits, vegetables, or meats, or to shopping bags used at other retailers. However, it does allow grocers to charge a fee of at least 10 cents for supplying shoppers with paper and plastic bags.

To find out more about California's new laws, go to **www.leginfo.ca.gov**. ■

Safe and Sound:

PROTECTING YOUR EARS

If you've ever walked through a forest or gone camping, you notice something—the dead silence. This differs dramatically from our city and suburbanite existences where we're exposed to loud noises on a daily basis. The reality is that starting from a very young age, everyday noise—from lawn mowers and street traffic to MP3 players and rock concerts—takes a gradual and predictable toll on your ears.

Turn it way down

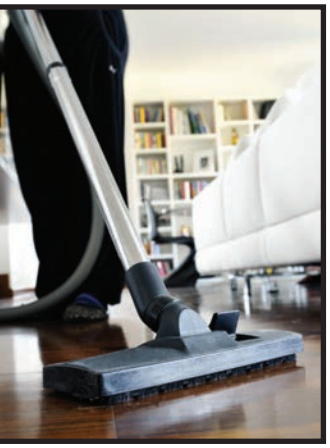
Noise is measured in decibels (dB), which indicates a sound's intensity. The general rule is that a safe noise level should be no more than 85 dB; busy city traffic is an example of noise at about the 85 dB level. If you can carry on a conversation with someone in person without yelling, then you're at a safe decibel level (60 dB). You can get a reading of decibel measurements through smartphone applications that display noise intensity.

Take measures to protect your hearing

To determine what is a safe listening level, set the volume to no more than 60 percent of the maximum level. Be sure to wear earplugs or

other hearing protection at potentially noisy venues, as well as when operating equipment and appliances such as a lawn mower or power tools. These protection measures can reduce noise by up to 30 dB.

Instead of using earbuds, switch to over-the-ear headphones, which cancel out more background noise and let you hear better at lower volumes.



The World Health Organization suggests taking listening breaks to reduce the time exposed to loud noises; moving away from direct loud noises such as loudspeakers; and limiting use of personal audio devices to no more than 60 minutes per day. Overall, avoid being around loud noises; this warning is particularly important for young children, who are more sensitive to loud noises.

Smoking is also connected to hearing loss. In a University of Manchester (U.K.) 2014 study, researchers calculated that smokers were 15 percent more likely to develop hearing loss, and second-hand smokers were 28 percent more likely to develop hearing loss than nonsmokers. The connection between smoking and hearing loss is not clear; it could be because of the toxins in the tobacco smoke, the smoking-related cardiovascular disease effects, or perhaps both.

If your workplace exposes you to loud noises, know that you are entitled to certain protections by your employer. The U.S. Department of Labor's Occupational Safety and Health Administration can regulate noise in the workplace so that workers are not exposed to constant noise above 90 dB for longer than eight hours.

How noise affects your health

Because damage from loud noises is usually gradual, you may not notice that you're suffering any hearing loss. However, according to the Centers for Disease Control and Prevention, be aware of these warning signs: muffled or distorted hearing; difficulty hearing everyday sounds such as birds singing, alarm clocks, doorbells, and phones ringing; pain or ringing in the ears (tinnitus) after exposure to excessively loud sounds; and difficulty understanding speech during phone conversations or while participating in group conversations.

In addition to hearing loss, there are other potential health effects from long-term noise exposure, including hypertension, sleep disruption, headaches, heart problems, and mental health and behavioral issues. Another gradual effect of hearing loss is a social one—it can lead to isolation from family and friends since you're less engaged in conversation, which can then also lead to depression and other emotional issues.

If you suspect that you may be suffering from hearing loss, consult a doctor who has specific training in ear care and hearing disorders (an otolaryngologist or otologist) and who is qualified and licensed by the Medical Board of California. Even if you don't think you have any hearing issues, regular screenings are important to catch any loss at an early stage. ■

How Loud is it?

Check out the decibel (dB) levels of common noises:

GUNSHOT OR FIREWORKS	140 dB
AMBULANCE OR JACK HAMMER	120 dB
LEAF BLOWER	110 dB
ROCK CONCERTS AND SPORTING EVENTS	89–115 dB
BUSY CITY TRAFFIC	85 dB
WASHING MACHINE	75 dB
HAIR DRYERS	72–92 dB
NORMAL CONVERSATION	60 dB

Keep it under 85 dB and you should be fine. If you go any higher, take precautions, such as staying away from direct noise and using earplugs or earmuffs (or both).

Sources: *Consumer Reports* (July 2009), Hearing Loss Association of America, and ZocDoc.

DAILY FANTASY SPORTS

California Wades Into Daily Fantasy Sports Debate

Daily fantasy sports has exploded in popularity while revolutionizing the concept of fantasy sports. And with the exponential growth that has turned daily fantasy sports into a billion-dollar industry, heightened scrutiny has followed.

A handful of states—New York, Illinois, Texas, Washington, Nevada among them—have determined daily fantasy sports (commonly referred to as DFS) is an illegal form of gambling and have banned it. Daily fantasy (primarily the domain of two websites, DraftKings and FanDuel) now has the attention of California lawmakers.

The State Assembly approved Assembly Bill 1437 on January 27, legislation that would allow DFS websites to operate in California after obtaining a license through the State Department of Justice. In March, the Senate had yet to vote on AB 1437.

Daily fantasy website operators contend the contests are games of skill, while opponents contend they are based on luck (and, therefore, are gambling). Fantasy sports are exempted from the federal ban on sports gambling.

The thrust of Assembly Bill 1437, however, isn't determining legality but rather focuses on regulating a rapidly growing industry that Californians are helping fuel with their pocketbooks.

"The legal question is one for our Attorney General and the courts," said Assemblymember Adam Gray, a Democrat from Merced who authored AB 1437. "The fact remains that we have millions of constituents playing these games with zero assurance of State protections. This legislation will bring California's laws into the 21st century and provide consumers with the safeguards they expect the Legislature to provide."

Fantasy sports, in essence, is picking a lineup of players and playing against another team or teams of players. The group of players that produces the best collective statistics based on their performances in actual games wins.

Traditional fantasy, with pro football as an example, typically amounts to a group of friends or co-workers drafting a team at the start of a season and juggling those players week-to-week based on who they think will perform the best. It's a season-long competition with maybe a few hundred dollars as a one-time buy-in (the amount varies widely).

Daily fantasy threw rocket fuel on the fire. Staying with the football example, daily fantasy sports allows you to pick a new team every week. Or five new teams for five different contests every week. During baseball or basketball season, you can play every day, in multiple contests, because there are actual games scheduled every day. Players have an assigned dollar amount and you have to stay under a given salary cap. Entry fees range from a few bucks per contest to hundreds, and winnings are paid out immediately.

It is not uncommon for tens of thousands of people to enter a single daily fantasy football contest that boasts a million-dollar first prize.

With millions playing and the vast majority losing their money, revenues have rolled in—FanDuel and DraftKings are each valued at more than $1 billion.

The lack of industry regulation with so much money at stake became a national story—and one lawmakers across the country started following—in September. That's when it was discovered that a DraftKings employee won $350,000 in a single day on FanDuel, according to several media outlets, raising suspicions of impropriety among DFS operations.

"California is setting the tone for the rest of the nation on what a regulatory framework should look like," Gray said. "While there is still a lot of work to be done, I believe California will be the first to … implement legislation that allows its citizens to continue to play a game they love in a safe and fair environment."

Since that incident in September—and the media scrutiny that followed—the concept of "fair" daily fantasy competition has been challenged. While the barrage of commercials during the NFL season for daily fantasy sites touted ordinary Joes winning six-figure prizes, the reality is that the overwhelming majority of money won on major DFS sites goes to high-volume players who use advanced statistical modeling and automated tools to make a full-time living playing daily fantasy.

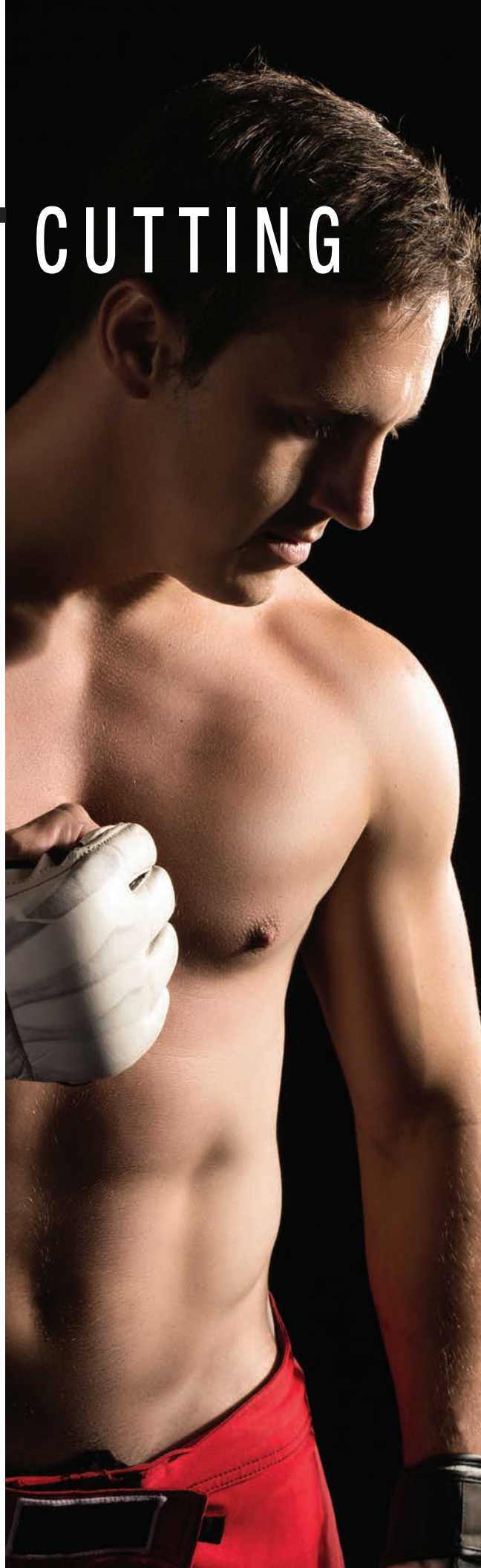
According to a *New York Times Magazine* report in January, 89 percent of DraftKings players had a negative return on investment from 2013 to 2014. The report also said that, in the first half of the 2015 Major League Baseball season, 91 percent of the prize money was won by a miniscule 1.3 percent of the players.

All daily fantasy sports wagering is not created equally, however, and shouldn't be painted with the same broad brush. There are dozens of variations of games one can enter. A group of friends spread out across the country, for instance, can compete against each other, with small stakes and good-natured trash-talking as the focus. There are head-to-head games and 50-50 games, in which the top half of finishers in the field get paid.

In short, there are ways to level the playing field, at least to some extent, in daily fantasy. But if you want to drop a few dollars on typical daily fantasy contests with dozens or hundreds of competitors in the field, know that you're likely facing some pros—and be prepared to donate your entry fee. ■

State Athletic Commission Seeks Solutions to

EXTREME WEIGHT CUTTING



In December, just as the California State Athletic Commission (CSAC) prepared to host a first-of-its-kind summit in Los Angeles on drastic weight cutting and dehydration in combat sports such as mixed martial arts (MMA) and boxing, tragic news broke that focused a harsh light on the issue.

Yang Jian Bing, a 21-year-old MMA fighter from China, died a week before the summit as a result of weight cutting in the lead-up to an event in the Philippines.

The summit—which was attended by representatives from the two major MMA organizations, UFC and Bellator, as well as from the Association of Boxing Commissions, United States Anti-Doping Agency (USADA), and doctors from the Association of Ringside Physicians (ARP)—was the latest effort by CSAC to bring attention to the problem of weight cutting and severe dehydration. A brochure and posters created in conjunction with ARP have been distributed and posted statewide to raise awareness among fighters and trainers of the major health risks associated with drastic weight cutting and dehydration.

Weight cutting is not new. Originating in amateur wrestling, cutting weight happens in the days leading up to a bout. Fighters generally try to be as heavy as they can for an edge over their opponent when they enter the MMA cage. Because of weight-class limits, however, that can mean cutting as much as 20 or 30 pounds leading up to a bout, only to have fighters try to rapidly rehydrate and gain back as much weight as possible in the 24 hours between the official weigh-in and the fight.

Such sharp weight cycling can pose major health risks: CSAC Executive Officer Andy Foster has been among the most outspoken advocates for change nationwide.

“Dehydration and weight cutting is the most serious issue facing mixed martial arts from a health and regulatory perspective,” Foster said. “It is my hope that the Commission can amend the regulatory structure so the current athletes are better protected and also create education initiatives so that the next generation of combat sports participants can be better informed.”

There have been several documented cases of MMA fighters being hospitalized, or worse, because of drastic weight cutting. Johny Hendricks, an up-and-coming UFC fighter and former amateur wrestler, had to pull out two days before a big fight in October because he was hospitalized with a kidney stone and intestinal blockage due to an extreme weight cut. In 2013, MMA fighter Leandro Souza died after he passed out before the weigh-in for a fight in his native Brazil. The 26-year-old’s death was attributed to severe weight cutting.

Among the proposed rule changes discussed by the new 10-person rules and regulations committee at the summit are adding more weight classes (there are now 10 in the Unified Rules of MMA) and banning the use of IVs to rehydrate after a weigh-in. Weight classes would be added to encourage fighters to compete closer to their natural weight, while banning IVs would take away the most extreme method of rehydration.

"The summit was great in that it brought a lot of ideas to the public and input from various stakeholders was discussed," Foster said. "General consensus regarding the banning of IVs was agreed upon. Additionally, new weight classes were discussed, but this change will need to occur at the national level through the Association of Boxing Commissions."

In the wake of the summit, Commission members met February 2 in Los Angeles and followed through on their commitment to battle severe weight cutting and dehydration. Three emergency regulations were approved by CSAC: a ban on severe dehydration to make weight before a fight, the prohibition of IVs for rehydration, and moving back the time of weigh-ins from 24 hours to 30 hours before a fight (giving participants more time to rehydrate before a fight).

The new rules may take effect as early as March. To enforce the ban of severe hydration before a fight, physicians can now collect urine samples from fighters that would be tested before a bout. If a fighter fails a hydration test, the bout would be canceled.

Rehydration—or the lack of it—is one of the biggest concerns in the sport. Research has shown fighters cannot completely rehydrate in a single day between a weigh-in and the fight.

A study in the *Journal of Strength & Conditioning Research* in 2013 showed 39 percent of MMA fighters were entering competitions in a dehydrated state, and fighters entering the cage less than full strength because of dehydration pose a number of health risks, according to ARP, such as decreased heart function, heat illness, kidney damage, and loss of muscle strength and endurance. Doctors also warn that dehydrated fighters are likely at high risk of brain bleeding and concussion due to the lack of fluid around the brain.

Because cutting weight is so ingrained in the athletes of combat sports, officials say it's unrealistic to expect the practice to be eliminated. But reducing the most extreme weight-cutting and informing athletes about the inherent dangers it poses is an important starting point. ■

DCA's publication can be ordered online at **www.dca.ca.gov/publications/publications_list.pdf**.

MORE INFORMATION:
California State Athletic Commission:
www.dca.ca.gov/csac

Association of Ringside Physicians:
www.associationofringsidephysicians.org

California Moves Ahead to Regulate MEDICAL MARIJUANA

In 1936, the film "Reefer Madness" propagandized the catastrophic effects of marijuana use, which allegedly included insanity and criminal crime sprees, among other mayhem. Although arguably a hugely exaggerated idea, marijuana's bad rap was maintained for decades.

Contrast to today, when public opinion about legalizing marijuana has undergone a dramatic long-term shift, according to a 2015 Pew Research Center study, which said that 53 percent favor the legal use of marijuana, while 44 percent are opposed. When asked *why* they favor or oppose legalizing marijuana, supporters of legalization mention its perceived health benefits or see it as no more dangerous than other drugs. To opponents, it is a dangerous drug, one that inflicts damage on people and society more generally. Another recent national poll conducted by public opinion research firm Anzalone Liszt Grove Research said 78 percent of Americans support allowing individuals to use marijuana for medical purposes if a doctor recommends it.

But even as the controversy continues, several initiatives to legalize adult marijuana use—including recreationally—are being proposed for inclusion in California's November 2016 ballot. And in 2015, the California Legislature passed and the Governor signed into law three bills (Assembly Bills 243 and 266, and Senate Bill 643) that create a licensing and regulatory framework through the Medical Marijuana Regulation and Safety Act for the cultivation, manufacture, transportation, storage, distribution, and sale of medical marijuana to be administered by the California Department of Consumer Affairs (DCA) through the Bureau of Medical Marijuana Regulation, the California Department of Food and Agriculture, and the California Department of Public Health.

The framework provides for environmental protection features along with provisions to root out and punish physicians who recommend marijuana in excess or take kickbacks from dispensaries, among other goals. At this time, it is anticipated that the regulations will be developed by January 1, 2018.

In the meantime, DCA's focus has been on education. "In order to fully understand the industry that the Department is now mandated to regulate, we have been actively engaging our partner agencies, industry experts, and local government," said DCA Director Awet Kidane. "It's a diverse industry and we'll be working with many stakeholders to get it right."

Medical Marijuana and the Law

In 1996, California voters passed the Compassionate Use Act (Proposition 215), which legalized marijuana use for medical purposes with a doctor's recommendation to help with serious conditions.

Effective January 1, 2004, Senate Bill 420 became law and further clarified the intent of Proposition 215. It mandated the creation of a voluntary identification card program for medical marijuana patients. That program, currently administered by the California Department of Public Health, maintains a registry database for verification of qualified patients and their primary caregivers. Although participation is voluntary, the Web-based registry allows law enforcement and the public to verify the validity of a qualified patient's or primary caregiver's card as authorization to possess, grow, transport, and/or use medical marijuana in California. SB 420 also mandated that the State Attorney General develop guidelines for the security and nondiversion of marijuana grown for medical use. The federal government still categorizes marijuana as a Schedule I drug, along with heroin and LSD.

Congress has twice approved appropriations amendments intended to prevent the federal government from interfering with state medical marijuana programs. In 2013, the U.S. Department of Justice (USDOJ) updated its federal marijuana enforcement policy in light of recent state ballot initiatives that legalized, under state law, the possession of small amounts of marijuana and provide for the regulation of marijuana production, processing, and sale. In a memo issued by the U.S. Attorney General's Office (known as the Cole memo), the USDOJ made clear that marijuana remains an illegal drug under the Controlled Substances Act and that federal prosecutors will continue to aggressively enforce this statute, with a focus on preventing the following:

- The distribution of marijuana to minors.
- Revenue from the sale of marijuana from going to criminal enterprises, gangs, and cartels.
- The diversion of marijuana from states where it is legal under state law in some form to other states.
- State-authorized marijuana activity from being used as a cover or pretext for the trafficking of other illegal drugs or other illegal activity.
- Violence and the use of firearms in the cultivation and distribution of marijuana.
- Drugged driving and the exacerbation of other adverse public health consequences associated with marijuana use.
- The growing of marijuana on public lands and the attendant public safety and environmental dangers posed by marijuana production on public lands.
- Marijuana possession or use on federal property.

But outside of these enforcement priorities, the federal government has traditionally relied on state and local authorities to address marijuana activity through enforcement of their own narcotics laws. The U.S. Attorney General's memo adds, however, that if state enforcement efforts fall short in protecting against the harms listed above, the federal government may seek to challenge the regulatory structure itself as well as bring individual enforcement actions, including criminal prosecutions, focused on those harms.

How the Department will Implement the New Law

Kidane outlined four phases to implement the mandates of the Medical Marijuana Regulations and Safety Act by January of 2018. They include:

1. Hiring staff to draft regulations and hold stakeholder meetings. On February 4, 2016, Governor Brown appointed Lori Ajax to serve as Chief of the Bureau of Medical Marijuana Regulation.
2. Developing and noticing regulations with a focus on stakeholder engagement and outreach through industry events.
3. Focusing on information technology implementation. Once regulations are drafted and publicly noticed, the Department will get a better understanding of the business requirements of an IT solution, and focus can shift to implementing a licensing system while ensuring continuity across the systems of partnering agencies.
4. Licensing and enforcement, including hiring and training enforcement staff and license application intake.

Although the implementation of the Medical Marijuana Regulation and Safety Act is a little less than two years away, DCA has already been receiving questions from consumers, businesses, and potential licensees. Below are some frequently asked questions and answers.

Consumers:

Q. *How can I apply for jobs with the Bureau of Medical Marijuana Regulation?*

A. Search for job vacancies on the CalHR website at **https://jobs.ca.gov/**.

Q. *Can I continue to use my current Medical Marijuana Identification Card to purchase medical marijuana?*

A. Yes. There will be no change in the process for using or applying for a Medical Marijuana Identification Card.

Q. *Can I only make purchases at dispensaries licensed by the State?*

A. No. Currently you may continue to purchase medical marijuana from a locally authorized dispensary.

Businesses and Potential Licensees:

Q. *What types of licenses will the Bureau of Medical Marijuana Regulation issue?*

A. The Bureau is authorized to issue licenses for distributors, dispensaries, and transporters.

Q. *How can I apply for a license?*

A. DCA is in the early stages of establishing the Bureau of Medical Marijuana Regulation and is not issuing licenses at this time. DCA recommends interested parties continue to work with their city or county governments to procure the local licenses and permits required to establish a medical marijuana business.

Q. *How will these new laws impact my existing business?*

A. There should be no change in the way you do business. At this time the new law does not impact a local government's ability to establish its own marijuana regulations, and at this time DCA is placing no additional requirements on existing marijuana businesses.

Q. *What is the timeline for the development of regulations?*

A. DCA anticipates that regulations will be developed by January 1, 2018.

Q. *How can I receive updates regarding regulation development?*

A. Once DCA commences regulations, information will be posted on its website at **www.dca.ca.gov** in order to announce proposed regulatory actions and solicit stakeholder input.

Q. *How will DCA develop regulations?*

A. DCA will convene stakeholders, members of the public, and other licensing authorities to develop the standards and regulations necessary to successfully implement a statewide medical marijuana regulatory structure in California.

Q. *How long will licenses be active before they must be renewed?*

A. Licenses will be effective for one year, at which time they must be renewed in order for the licensee to continue distributing, dispensing, or transporting medical cannabis.

Q. *Where will I be able to obtain a license to grow medical marijuana?*

A. The California Department of Food and Agriculture is the agency responsible for licensing cultivation. It will also be responsible for implementing a tracking program for plants from cultivation to sale. Visit **www.cdfa.ca.gov** for more information.

Q. *Where can I get a copy of the new law?*

A. Three different bills provide the structure for the Medical Marijuana Regulation and Safety Act. Below are a few of the highlights from each bill. To see the entire text of each bill, go online to the California Legislative Information website at **https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml**.

Assembly Bill 266, Bonta. Medical Marijuana.

- Enacts the Medical Marijuana Regulation and Safety Act. Establishes the Bureau of Medical Marijuana Regulation as part of the Department of Consumer Affairs.
- Requires the Board of Equalization to adopt a system for reporting the movement of commercial cannabis and cannabis products.

Assembly Bill 243, Wood. Medical Marijuana.

- Authorizes the Department of Finance to provide funding for the Bureau of Medical Marijuana Regulation.
- Requires the Department of Food and Agriculture, the Department of Pesticide Regulation, the State Department of Public Health, the Department of Fish and Wildlife, and the State Water Resources Control Board to set standards relating to medical marijuana and its cultivation.
- Requires various State agencies to take specified actions to mitigate the impact that marijuana cultivation has on the environment.

Senate Bill 643, McGuire. Medical Marijuana.

- Sets standards for physicians and surgeons who prescribe medical marijuana.
- Requires the Medical Board of California to investigate licensees who have repeatedly recommended excessive cannabis to patients or have prescribed cannabis without a good faith examination.
- Authorizes the Bureau of Medical Marijuana Regulation to require applicants to furnish a full set of fingerprints for the purposes of conducting criminal history record checks.
- Requires the California Department of Public Health to oversee manufacturing and testing of medical cannabis. ■

For updates about the developing Bureau of Medical Marijuana Regulations, visit DCA's website at **www.dca.ca.gov**.

Beeline to the Backyard

Urban Hives Benefit Your Garden and the Environment

After a 136-year ban, backyard beekeeping is back in Los Angeles. Last fall, the Los Angeles City Council voted unanimously to legalize urban hives.

The overturn of the ban—which was based on a mistaken belief that bees attack and damage fruit—is in line with a growing beekeeping trend in the United States. Because of honeybees' vital role in sustaining agriculture and their simultaneous shrinking population, many are looking to give bees a boost through home-based hives.

According to the White House, there were 6 million beehives in 1947, but today there are only 2.5 million beehives. The decline is attributed to a number of factors, including a reduction in plants important to their diet, exposure to certain pesticides, and mite infestations and diseases. This decrease in pollinators has had a substantial effect: According to a June 2014 release by the White House, honeybees account for more than a $15 billion contribution to the U.S. economy through their role in keeping fruits, nuts, and vegetables in our diet.

To combat the dramatic decline of honeybees in the United States, efforts are being made to grow and strengthen population levels. In May 2015, the federal government unveiled a national strategy to promote the health of honeybees and other pollinators. The plan involves establishing a National Pollinator Health Strategy to "understand, prevent, and recover from pollinator losses" and having a task force to "enhance pollinator habitat on federal lands and facilities."

Although backyard beekeeping may seem like a minimal effort compared to a complex

How to Build a Bee Watering Hole

Water is essential for a honeybee hive. Particularly in the spring and summer, bees use water for cooling down the hive through evaporation.

Creating an ideal water source for your backyard beehive is simple. You can just use a bucket filled with water and floating objects, such as sticks or wine corks. These objects give the bees something to land on so they don't drown as they gather water.

Be sure to keep the water supply fresh and clean. If you find your bees prefer your neighbor's pond or swimming pool, you may want to add several drops of lemongrass oil or vanilla to the water supply to attract them.

national plan and large-scale commercial beekeeping, maintaining urban bees can help. According to a May 2015 *Los Angeles Times* report, home-based bees can replenish declining populations and provide and introduce disease-resistant genes into the environment and eventually into commercial bee operations.

To get started on your own backyard hive, first be sure your county allows it. Check your city ordinances and regulations, otherwise you may be fined. California requires you to register annually with your county and pay a registration fee. Read books and go online to learn as much as you can, and see if there's a local beekeeping association you can contact for information and to join as a member. Another important step is to discuss your new hobby with your family and neighbors and make sure they're OK with your raising bees and—very importantly—are not allergic to bee stings.

If it's all clear with your local ordinance, family, and neighbors, prepare for the arrival of your bees and buy a beehive locally or online. Buying a used beehive may be an option, so keep an eye out in local beekeeping club newsletters and online ads. If situating your hive in your backyard, be sure that your yard has a tall fence or shrubbery—at least six feet high. This will help guide the bees' flight path above people's heads and lessen the chance bees will bump into people and sting them. Also important is to have safety clothing, including a full bee suit, with hat, veil, and gloves, and any necessary equipment such as a smoker, which is a cylindrical container with bellows attached. The smoke has the effect of calming the bees as the smoke distracts them.

According to a January 2015 *Popular Mechanics* article, there are three kinds of honeybees that are good for beginner beekeepers because of their gentle demeanor: Italians, which are the most commonly available and are productive and easy to manage; Carniolans, which can weather harsh winters well but require more maintenance; and Russian bees, which are also more complex to manage but are resistant to varroa mites—a big benefit. Buy your bees early in the year—no later than spring—and the bees will have time to harvest enough pollen and nectar for the winter honey. As far as where to buy your bees, check with your local beekeeping association for reputable local sellers.

Make sure the bees have access to water on your property. Situate the beehive near the water and nectar sources, and where it has protection from wind. The ideal temperature inside the colony is 90 to 95 degrees Fahrenheit, so depending on your local climate, put the hive in full sun or in partial shade. The hives also will do better if they have early-morning sun exposure.

As far as maintenance, although beekeeping does not require daily work, regularly check that your bees and queen are healthy, and that the bees are laying eggs.

With the proper preparation and care, your beehive is great for the environment and will help keep your own garden healthy and thriving. Plus, you'll have more honey than you'll know what to do with.

Quick Facts About Pollination

- Pollination happens when pollen is moved within flowers or from flower to flower by pollinators such as birds, bees, butterflies, moths, and beetles. Movement of the pollen causes the plant to become fertilized and produce fruits, seeds, and young plants.
- One-third of all vegetables and fruits exist in the United States because of pollination.
- Healthy ecosystems depend on pollinators. Plants produced through pollination clean our air, supply oxygen, and support wildlife.
- To attract pollinators to your own garden, fill it with certain native plants or wildflowers, including manzanita, common yarrow, wild lilac, and lavender.

Sources: National Park Service, Pollinator Partnership, www.benefits-of-honey.com, National Honey Bee DA, UC Berkeley Urban Bee Lab.

RESOURCES

American Beekeeping Federation:
www.abfnet.org

Bee Culture: The Magazine of American Beekeeping:
www.beeculture.com

American Honey Producers Association:
www.ahpanet.com

COMING DOWN THE PIKE:

Driving Without a Driver

Driverless cars—it sounds like something from a science fiction movie. But if you think the prospect of seeing a driverless car on the street sounds preposterous, you may want to think twice. Driverless cars are well on their way. Companies such as Google, Toyota, Ford, Tesla, Uber, BMW, and General Motors are getting on board, and California's Department of Motor Vehicles (DMV) recently proposed driverless car regulations.

How they work ... basically

Turning a "dumb" vehicle into a smart, autonomous one requires different systems to work together. A driverless car has a GPS system similar to the ones found in regular vehicles that work with a system of sensors, cameras, and radars using lasers. This combination of equipment helps to decipher static and dynamic conditions while driving, such as road construction, street lights, pedestrians, overpasses, signs, and lane markings. Also, the controller area network (CAN bus) takes the information from the other systems and processes it so the car can drive autonomously, deciphering when and how to complete driving functions such as steering, acceleration, and braking. As part of the technology, a three-dimensional map of surroundings is created with software in a self-driving car, allowing it to recognize land markers, signs, and overall environment.

The positive

Safety increases with a driverless car, proponents contend. An April 2013 article in *The Economist* stated that because of the roof-mounted sensors in self-driving cars, which can see in all directions, there is "arguably a greater situational awareness than a human driver."

Since the majority of collisions happen due to driver error, this works in favor of driverless cars as well. The U.S. Department of Transportation's National Highway Traffic Safety Administration (NHTSA) estimated that 94 percent of highway crashes are a result of human error, according to its National Motor Vehicle Crash Causation Survey conducted from 2005 to 2007. The NHTSA's 2014 Crash Data Key Findings report stated various statistics outlining human-error induced accidents. It found that alcohol-impaired driving accounted for 31 percent of total fatalities, distracted driving accounted for 10 percent of all fatalities, drowsy drivers accounted for 2.6 percent of all fatalities, and speeding-related crashes accounted for 28 percent of all fatalities.

Driverless cars should also free up space. More parking spaces should be available as driverless cars can drop off passengers and park elsewhere, or pick up other passengers.

Those with disabilities, such as the visually impaired or physically disabled, would now be able to drive. For the elderly, according to the American Association of Retired Persons, there are more than 45 million people in the United

The cars can drive autonomously, deciphering when and how to complete driving functions such as steering, acceleration, and braking.

States age 65 or older, a figure that is rapidly increasing. Self-driving cars will give them the mobility and independent living they may be missing otherwise.

With less time having to drive behind the wheel yourself, you can concentrate on other activities, such as getting work done and chatting with passengers.

The concerns

Some experts say that similar to other smart devices and home technologies, cars equipped with CAN bus can be vulnerable to hacking because of the lack of strong security and privacy of collected data.

Additionally, self-driving cars will be expensive, at least initially. Currently, the technology adds $70,000 to $100,000 to the cost of a car, according to an August 2014 *Washington Post* article. However, down the road, assuming demand increases and there is mass production, projections indicate the price could fall to as low as $3,000 to $5,000.

Concerns have been raised about the need for split-second decisions. For example, what if a child runs into the street to get a ball? Other potential issues include when a person is directing traffic versus street lights, and regarding sudden and inclement weather such as heavy rainstorms and snowfall. Would a self-driving car be able to safely and competently handle those situations?

DMV-proposed regulations

Because of these types of concerns, the California DMV announced draft rules in December 2015. Cars would have to have a steering wheel and a licensed driver present, who would be liable for traffic violations. Also, drivers of autonomous cars would have to have special training through the manufacturer and then receive a special certification on their driver's license. Manufacturers would receive a permit for three years, during which consumers could lease cars, but manufacturers would have to track driving safety and report performance information to DMV. The DMV's intention is to take into account public safety without slowing down the advancement of self-driving technology.

So far, the progress definitely doesn't show any signs of stopping. Lyft recently announced a partnership with General Motors to work on building a driverless fleet of cars. Google and Ford have announced a joint venture to build self-driving vehicles.

Driverless cars will likely meet with initial resistance—for those of us who have been driving for years, it's a difficult concept to wrap our heads around. However, a 2015 *Business Insider Intelligence* report projects 10 million self-driving cars on the road by 2020. The technology also got a boost from the federal government: In January, the Obama administration announced a 10-year, $4 billion plan to help the development of self-driving cars.

The long-term vision of driverless car technology is vehicle-to-vehicle communication to eliminate the need for street lights, stop signs, etc., and bring further efficiency, less congestion, and more safety. But that's even farther down the road. For now, don't be surprised if in the next few years you find yourself driving next to a passengers-only vehicle. ■

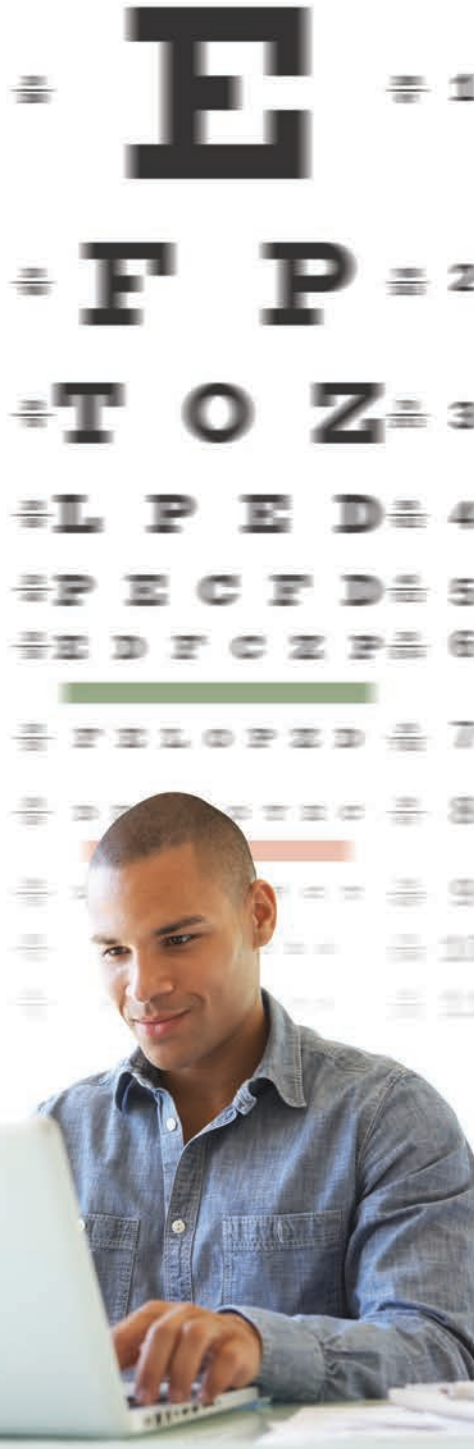
NARROW FOCUS

Online Refractions Aren't the Same as Comprehensive Eye Exams

At first sight, it sounds convenient and cost-effective—buy an online refractive test for a relatively small fee and, in exchange, get a prescription for glasses or contact lenses from a California-licensed ophthalmologist.

However, be aware that perfect vision doesn't necessarily mean healthy eyes. Substituting an online refractive test for a comprehensive eye exam can mean key issues could be missed and you could be putting your eye health—and possibly your overall health—at serious risk.

Some eye health issues have few warning signs and no pain, and don't just affect the elderly. A comprehensive eye exam done by an eye care professional (optometrist or ophthalmologist) can help ensure that a problem is found and treated early. For example, diabetes affects more than 8 percent of the U.S. population, but about 7 million people are unaware they are diabetic, according to the Centers for Disease Control and Prevention.



What is an online refractive test?

An online refractive test is a service provided through a website. They are vision tests used to determine the appropriate lens power necessary to correct your vision. You take a brief test online for a fee, then you can receive a prescription for eyeglasses or contact lenses from a California-licensed ophthalmologist.

Refractive versus comprehensive

A refractive test is only a part of a comprehensive eye exam. During comprehensive exams, an optometrist or ophthalmologist evaluates the overall health of your eyes by:

- Understanding your case history.
- Completing a thorough exam, which will determine the internal and external health of your eyes.
- Conducting an evaluation of your refractive status (how your eyes focus and coordinate) and providing you with a prescription if necessary.

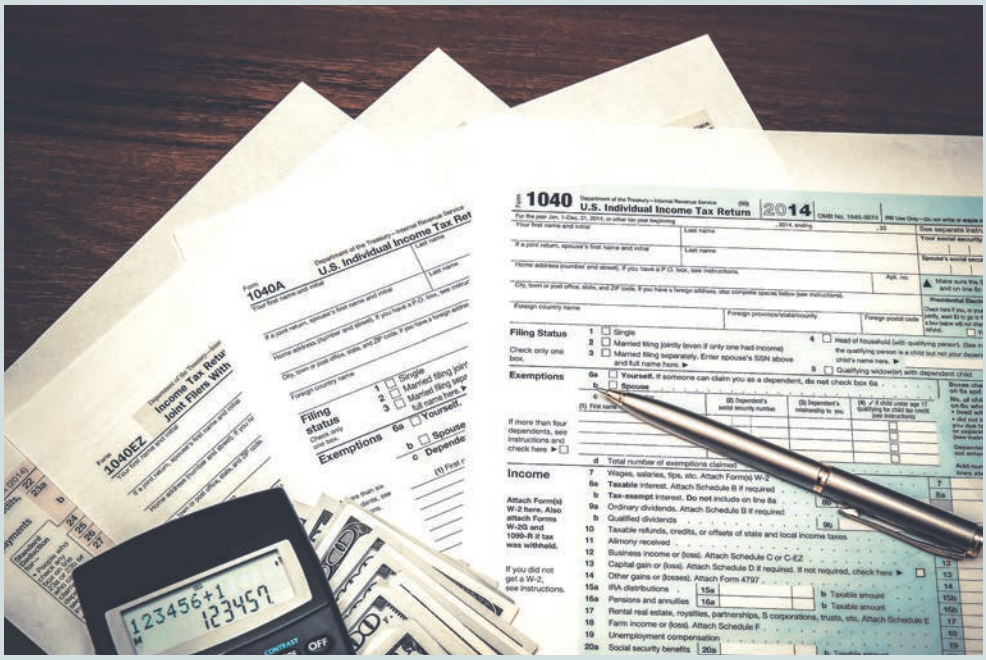
The California State Board of Optometry (Board), which is a consumer protection agency that licenses and regulates optometrists and the optometry profession, believes routine, comprehensive eye exams are crucial.

"Your vision is dependent on the health of your eyes. Refractive eye exams alone do not tell you how healthy your eyes are," says Jessica Sieferman, Executive Officer of the Board. "You may have serious eye conditions that could result in blindness—and a refractive eye exam would not diagnose it. We urge all consumers to get comprehensive eye exams from an optometrist or ophthalmologist. There truly is no substitute."

Comprehensive eye exams can discover issues such as cataracts, glaucoma, diabetic retinopathy, retinal tears and scarring, eye infections, and dry eye syndrome—conditions that cannot be checked or detected with an online refractive exam.

For more information, contact the Board by phone at (916) 575-7170 or toll-free at (866) 585-2666, and visit the Board's website, **www.optometry.ca.gov.** ■

TAX TIPS



It's tax season again—how will you get your taxes done this year? Will you take the plunge and file your taxes on your own? Will you hire someone to file your taxes for you? How do you decide who to choose?

Stressful, right?

There's no need to stress. If you are armed with the right information from reliable resources, tax time can be a little less painful.

Filing on Your Own

If you plan on filing your own taxes, you may be able to do them for free. If your adjusted gross income was $62,000 or less in 2015, you can use Free File. Free File provides free federal tax preparation and e-file for taxpayers, either through brand-name software or online fillable forms. To find out if you qualify, go to **www.irs.gov/freefile**. If your income was higher than $62,000, Free File Fillable Forms are available. You can use CalFile to e-file your California State tax return directly to the Franchise Tax Board (FTB) for free. Simply visit **www.ftb.ca.gov** to get started. You'll need to have completed your federal tax return in order to use CalFile.

Choosing a Tax Preparer

If you plan on hiring someone to help do the work for you, you have several options. You have plenty of resources to help you choose a tax preparer. You may choose to use a Certified Public Accountant (CPA), Public Accountant (PA), California Tax Education Council (CTEC) Registered Tax Preparer, Enrolled Agent (EA) or an attorney. To review the tax preparer's history and qualifications, contact the appropriate licensing authority.

If you choose a CPA, the California Board of Accountancy (CBA) has useful information on their website at **www.cba.ca.gov**. A CPA is a person who has met the requirements of California State law and has been issued a license to practice public accounting by the CBA. Prior to having any work done, you should get an engagement letter detailing the work to be performed by the CPA. If you want to be certain to be represented before the Internal Revenue Service (IRS) by the CPA, this should be agreed upon and included in the engagement letter and signed by both parties. If the CPA will not agree, you should get a different CPA. Once the work is complete, if you believe the CPA did something illegal or violated professional standards, you can and should file a complaint with the CBA.

How to Select an Income Tax Return Preparer—Tips from the IRS and FTB

https://www.ftb.ca.gov/forms/misc/982.pdf

Before you select a tax preparer or tax preparation services:

- ☐ Check the tax preparer's credentials to ensure the tax preparer meets your specific needs.
- ☐ Review the tax preparer's history with these various licensing authorities:
  - — CBA for CPAs and PAs.
  - — CTEC for CTEC-registered tax preparers (CRTPs).
  - — IRS Return Preparer Office of Enrollment for EAs.
  - — State Bar of California for attorneys.
- ☐ Determine who will prepare your tax return before you contract for the service. Avoid tax preparers who delegate work to someone with less experience or knowledge.
- ☐ Ask if the tax preparer has a professional organization affiliation. The organization should provide or require its members to obtain continuing education and require them to adhere to an ethics code.
- ☐ Avoid tax preparers who guarantee a larger refund than other tax preparers. Given the same information, any qualified tax preparer should arrive at similar numbers.
- ☐ Select a tax preparer who can assist you if the IRS or the FTB contact you or audit your tax return.
- ☐ Understand your tax return. A good tax preparer should clearly answer any questions about your tax return.
- ☐ Review all information before you sign your tax return: name, address, Social Security numbers, or other tax identification numbers.
- ☐ E-file and request a direct deposit refund. You generally receive your refund within 10 days.
- ☐ Understand the fees and interest rates tax preparers may charge on Refund Anticipation Loans (RALs).

Preparer Tax Identification Number Requirement:

All paid tax return preparers are required to obtain a Preparer Tax Identification Number (PTIN) from the IRS and renew it annually.

Go to **www.irs.gov** and search under "Tax Professionals" for additional information. ■

Avoid a tax preparer who:

- Does not provide you a copy of your tax return.
- Does not exercise due diligence in tax return preparation.
- Charges unconscionable tax return preparation fees.
- Asks you to sign a blank tax return, or sign a tax return in pencil.
- Does not provide a PTIN on your tax return.
- Refuses to sign your tax return or complete the required tax preparer information.
- Is not properly registered or licensed, including new IRS regulations.

Report Fraudulent Tax Preparers

Contact the IRS by visiting its website at **www.irs.gov** and search for Preparer Complaint, or call (800) 829-0433.

the rapid emergence of CROWDFUNDING

In less time than President Obama has been calling the White House home, crowdfunding has grown into a global financial market where billions of dollars annually change hands online.

Dozens of crowdfunding websites—many catering to specialized niche markets—have sprung up in recent years as the concept has experienced dramatic growth and proven to be more than a fiscal fad, although the vast majority of crowdfunding projects are hosted by only a handful of websites.

Crowdfunding involves an individual or business seeking funding for a project or other venture by raising money from a large number of people. The three common crowdfunding models are based on donations, rewards, and investments.

Donor-based financial backers choose to contribute to a cause without an expectation of receiving anything in return—a family needing help paying expensive hospital bills after a tragedy, for instance. For those contributing within the reward model of crowdfunding, items or services are typically offered in exchange for financial support. This could be a sample of the product being developed or a copy of an album being recorded, etc. A more recent model is

investment crowdfunding, where businesses seeking capital sell ownership stakes online in the form of equity or debt. In this model, individuals who fund become owners or shareholders and have a potential for financial return.

Three of the most widely used crowdfunding sites are GoFundMe, Kickstarter, and Indiegogo. GoFundMe is geared toward community donation-based ventures, while Kickstarter and Indiegogo largely feature "creators" in the arts and product developers. The projects seeking funding on those sites—and the fundraising goals of those projects—vary widely. An unknown author, for example, may be seeking a few thousand dollars to get a book published, while a famous film actor or director has been known to raise millions on Kickstarter for the production of a movie.

A recent visit to Indiegogo provided a snapshot of the diverse projects seeking funding. Four of the site's "Top Picks" were featured on its homepage: Bluetooth "smartgloves" for runners, cyclists, motorsports, etc. ($54,386 raised); a "bionic" knee brace ($57,247); a band trying to record a new album ($1,829); and a modular stand-up desk that turns into a mobile case ($35,207).

In 2015, a well-known video game developer of the Shenmue action adventure series raised more than $6.3 million from 70,000 backers on Kickstarter to fund the making of the third installment of the game, according to *The Guardian* in Britain. Developer Yu Suzuki's original goal was to raise $2 million.

Crowdfunding website fundraising policies differ. Kickstarter, which launched seven years ago and in February marked the milestone of 100,000 projects being successfully funded, has an all-or-nothing fundraising policy—if a project doesn't meet its goal, all of the money pledged is returned to the backers. Indiegogo's policy, however, is more flexible, so that no matter what percentage of the fundraising goal is reached, the campaign originator still gets the money.

Another significant, growing segment of the crowdfunding industry is in real estate. Until recently, only investors with a net worth of $1 million or more or who earn $200,000 a year (known as "accredited") were able to invest in real estate deals through crowdfunding platforms such as RealtyShares and FundRise.

But in October, the U.S. Securities and Exchange Commission finalized proposed rules for Title III of the JOBS Act, allowing non-accredited investors entry into the real estate crowdfunding arena on a widespread scale. For the first time, the ruling gives potentially millions of new investors an opportunity to invest in private real estate deals with relatively modest amounts. The real estate crowdfunding industry is projected to hit the $3.5 billion mark in 2016, according to *Forbes*.

Crowdfunding platforms use a variety of fee structures. Most commonly, a website will take a commission on the funds awarded, usually in the range of 3 to 10 percent. With a subscription fee, websites offer a monthly or yearly fixed-fee subscription that comes with a cap on the number of projects to be offered. In a flat fee format, sites charge a

fixed fee in exchange for hosting each project.

Consumers should be aware that the inherent structure of pledging on crowdfunding sites comes with risk because it's largely based on trust. Online reviews for various crowdfunding sites are rife with posts of unhappy users—most often stories from backers who say they were scammed in some form.

The Federal Trade Commission (FTC) settled its first crowdfunding fraud case in 2015 against a project creator, Erik Chevalier, who scammed more than $122,000 from Kickstarter backers who believed in the board game he was developing. After 14 months, Chevalier abruptly canceled the project and promised to refund the contributions but he never issued refunds or rewards.

Playing on sympathies of strangers wanting to help, an Iowa woman faked her 5-year-old daughter's terminal cancer in 2014 through a GoFundMe campaign. She was arrested after it was discovered the girl was healthy.

Before finding a cause or product to fund, know the onus of vetting a particular project or cause is on you. Reputable crowdfunding sites have customer service departments that can answer questions or e-mails, but recouping money in the case of a scam is unlikely.

There are several tips (see below), however, that consumers can use to reduce the chances of being a victim of fraud, according to the FTC.

If you learn of a crowdfunding scam or are victimized by such a fraud, take action by filing a complaint with the FTC or your State Attorney General's Office. Also alert other consumers by commenting on a creator's profile or crowdfunding site.

Every indication suggests the explosive growth of the crowdfunding industry over the past few years will continue, at least in the short-term. In 2010, the crowdfunding industry represented $880 million dollars in commerce, according to Forbes. By 2014 that figure had skyrocketed to $16 billion—and one year later, in 2015, the global market had more than doubled to more than $34 billion.

The U.K.-based The Crowdfunding Centre did an analysis of five crowdfunding sites—Kickstarter, Indiegogo, Fundrazr, Crowdfunder.co.uk, and Rockethub—from the start of 2014 through January 2016. It tracked 339,000 projects during that period and found about 22 percent were successfully fully funded. A little more than $2 billion was pledged to all projects by 20.6 million backers. The average pledge amount was $89.

Crowdfunding has emerged as a viable addition to the broader finance industry, with innovators, artists, and creators of all types finding financial backing for projects without the need for a bank or loan. For the first time, the opportunity to invest a small sum in a multimillion-dollar real estate deal is possible. Strangers are helping people in dire financial circumstances because of tragedy.

But, as is often the case in any industry where large sums of money are involved, there are criminals trying to exploit others. Consumers should be aware that some research and fact-checking can go a long way to avoiding being a victim of fraud.

MORE INFORMATION:
Federal Trade Commission: **www.ftc.gov**

The Crowdfunding Centre: **www.thecrowdfundingcentre.com**

HELPFUL TIPS

- **Look out for campaigns with little or no real details.**
- **Watch out for no links: Credible campaigns have personal links and a Facebook page that features real-time comments, believable friends, and an extensive timeline.**
- **Check the creator's background: Has he or she launched other projects successfully? Do they have a professional online profile that shows a background with expertise in appropriate fields?**
- **Be suspicious: Is the person trying to fund the same or a very similar project on multiple crowdfunding sites, indicating a possible quick cash grab?** ■

Managing the HIGH COST of PRESCRIPTION DRUGS

Last fall, news outlets across the country covered the story of Turing Pharmaceuticals, which raised the price of an old generic drug by more than 5,000 percent in October 2015. The price for the drug used to treat parasitic infections went overnight from $13.50 a pill to $750 a pill and created public outrage while also highlighting the overall problem of spiraling prescription drug costs.

The skyrocketing cost of prescription drugs has become a national issue and has left many patients wondering how they can continue to pay for their medications.

To save money, many consumers have resorted to skipping medication doses, splitting pills, ordering from dubious online pharmacies, or even discontinuing use. All of these can lead to complications, worsening medical conditions, undertreatment, hospitalizations, or even death.

Speak with your pharmacist about which medications can be prescribed in higher doses and then safely split. If you do this, always use a pill splitter for an even cut. Pill-splitting devices are available for a nominal cost at pharmacies.

Some consumers are turning to online purchasing of prescription drugs to save money, but many online pharmacies are frauds and sell fake drugs that may contain toxins and poisons and none of the desired medication. The Board of Pharmacy (Board) estimates that 97 percent of online pharmacy websites don't comply with pharmacy laws and standards. The Board recommends doing business only with California-licensed pharmacies. To check a license, go to **www.pharmacy.ca.gov/online/verify_lic.shtml**.

Be aware of the dangerous and illegal practice of purchasing prescription medications from street vendors. Those drugs are often counterfeit, stolen, illegal, expired, or contain none of the desired medication and may contain toxic materials.

The Medical Board of California recommends that patients concerned about the cost of their medications talk to their prescriber to discuss alternate medications, including generics, which might be lower in cost. It is vital that patients tell their doctor if they are skipping doses or reducing doses to save money. A pharmacist can also check if there are alternate generic medications that are less costly.

A January 2016 *Consumer Reports* article encourages consumers to check various pharmacies for prices. The publication recently reported that prices for generic drugs can vary considerably between pharmacies.

It gave the example of Plavix, a drug used to prevent blood clots after a recent heart attack or stroke, which costs $13 at a membership store, $30 at two large retail outlets, and as much as $130 at a chain pharmacy.

There are also tools available to help consumers shop around for the best price. Mobile application and website Goodrx (**www.goodrx.com**) offers savings tips and coupons and shows the prices at various pharmacies in your geographic area.

However, be careful about simultaneously purchasing prescriptions from different pharmacies. Pharmacists always check to ensure that a new medication won't cause an interaction with any prescription medications a patient may already be taking, and a pharmacist won't have access to prescriptions filled by other pharmacies. Patients should always advise their pharmacist about any drugs they may be taking.

According to a September 2015 *MarketWatch* article, customers should ask the pharmacy what their retail price is before presenting their insurance card because some retailers have generic medication lists from which consumers can purchase a month's supply of generics for about $4 without going through their insurance. Lisa Gill, prescription drugs editor at *Consumer Reports*, said some independent pharmacies may be willing to match those prices. There are also patient assistance programs and discount cards available at **NeedyMeds.org**, a national nonprofit organization that offers free information on programs that help people who can't afford their medications.

Some pharmaceutical companies offer patient assistance programs, which can be found at **RxAssist.org**. This website maintains a comprehensive database of patient assistance programs set up by drug companies. The site also maintains a list of foundations and other organizations that can help patients afford their copayments.

Another option for some patients to consider is making lifestyle changes that could improve their health and reduce their need for medications. Exercise and a healthier diet can result in lower blood pressure and reduce the need for diabetes medications and cholesterol-lowering medications.

Whatever your circumstances, don't give up taking needed medications because of cost. Instead, work with your health care providers to find affordable alternatives. ■

For more information, see Board publications *Splitting Pills: Understanding the Benefits and Risks* (**www.pharmacy.ca.gov/publications/pill_splitting_brochure.pdf**) and *Counterfeit Prescription Drugs: Protect Yourself, Your Family, and Your Pets* (**www.pharmacy.ca.gov/publications/counterfeit_drugs.pdf**).

DCA's New Consumer Publications

All of the following new publications are available online. For printed copies to be mailed out at no charge, call the Publications Hotline at (866) 320-8652 and leave your name and mailing address and the name of the publication you would like mailed. Orders can also be placed online at ***www.dca.ca.gov/publications/publications_list.pdf****.*

Available in English and Spanish

The Small Claims Court: A Guide to its Practical Use

www.dca.ca.gov/publications/small_claims/index.shtml

The newly updated *Small Claims Court* guide contains valuable information on whether to file a small claims court case in the first place, as well as details on what to do if you're suing or being sued in small claims court.

The "Making the Best of Your Day in Court" section gives you tips on preparing your case; for example, gathering the documents you'll need, arranging for your witnesses, presenting before a temporary judge, and presenting your claim or defense.

The publication also has an extensive glossary of terms and a checklist for defendants and plaintiffs to follow before and after the hearing.

What You Should Know Before Hiring a Professional Fiduciary

www.fiduciary.ca.gov/forms_pubs/hire_fiduciary.pdf

This new Professional Fiduciaries Bureau (Bureau) publication provides a variety of questions to ask when searching for a qualified Professional Fiduciary. The Bureau recommends you interview at least three licensed Professional Fiduciaries before making a decision, and ask questions like "How will you provide me with an accounting?" and "What are your internal controls like, and how is my confidential information protected?"

Real Estate Matters: Finding the Right Real Estate Agent

www.bre.ca.gov/files/pdf/re16.pdf

Before looking for a real estate agent, you may want to consult the Bureau of Real Estate's new brochure. The publication gives numerous tips—from reviewing website postings from previous clients to looking up county court records for any pending criminal charges or civil actions—on vetting a real estate agent. Also be sure to use the brochure's checklist before hiring an agent.

Reverse Mortgages: Is One Right for You?

www.calbre.ca.gov/files/pdf/re52.pdf

If you're considering taking on a reverse mortgage, there are many important things to consider first. The new Bureau of Real Estate brochure details the potential advantages and drawbacks, as well as the crucial questions to ask before you make a decision.

Fraud Warnings for Homeowners in Financial Distress

www.calbre.ca.gov/files/pdf/FraudBrochure0909.pdf

Learn about protecting yourself against loan modification or foreclosure rescue scams, and about reporting fraud to the Bureau of Real Estate if you are already a victim of a scam. The publication also gives information about free and trusted sources for foreclosure avoidance counseling programs.

STATE OF CALIFORNIA

DEPARTMENT OF CONSUMER AFFAIRS

Office of Publications, Design & Editing
Digital Print Services
1625 N. Market Blvd., Suite N-112
Sacramento, CA 95834

PDE 16-038

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