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United States Senate

COMMITTEE ON COMMERCE, SCIENCE,
AND TRANSPORTATION

WASHINGTON, DC 20510-6125

WEB SITE: <http://commerce.senate.gov>

ELLEN DONESKI, STAFF DIRECTOR
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December 19, 2011

Mr. Charlie Katz
President
Budget Van Lines
5150 Wilshire Boulevard, 4th Floor
Los Angeles, California 90036

Dear Mr. Katz,

The Senate Committee on Commerce, Science, and Transportation is investigating the practice of moving companies' holding household goods "hostage." In this well-documented scam, interstate household goods carriers and brokers refuse to complete delivery of consumers' possessions until the consumers pay exorbitant fees that were not part of the original estimates for their moves. Through the Committee's investigation, I have learned that your company, Budget Van Lines, has generated a significant number of consumer complaints related to this scam. I am writing to request information about this company and its alleged role in holding household goods hostage.

The threat of moving companies' holding goods hostage is nothing new. In 2005, Congress addressed this issue by including provisions in the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU)¹ that established civil penalties for engaging in the practice, strengthened licensing requirements for carriers, and granted the states authority to enforce federal consumer protection laws against interstate movers. While these provisions were a step in the right direction, based upon the Committee's investigation, I am concerned that hostage household goods situations continue to occur too frequently.

In October, I wrote to the Federal Motor Carrier Safety Administration (FMCSA) to request information about the number of hostage household goods complaints it has received from consumers in recent years and the actions it has taken to address these complaints. The information FMCSA provided showed that hostage household goods scams continue to be a significant threat to consumers undertaking interstate moves. Since 2005, thousands of consumers have complained to the FMCSA that moving companies held their goods hostage or threatened to hold their goods hostage. The Committee has also learned that thousands of

¹ Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU), Pub. L. No. 109-59, §§ 4201-4216.

consumers have complained to the Better Business Bureau and various consumer websites about this problem.

Your company has generated a significant number of hostage household goods complaints. In the complaints, consumers alleged that they were offered very low estimates by your companies, but once their household goods had been packed and loaded onto trucks, the movers demanded additional fees. These complaints also alleged that movers either threatened to hold their goods hostage or refused to deliver them, if the additional fees were not paid.

To better understand how your company operates and why consumers frequently complain that your company engages in hostage household goods scams, I request that you provide the Committee with the information and documents requested below. Please provide the information and documents by Friday, January 27, 2012.

In each of the requests below, “company” refers to Budget Van Lines, any of its parents, subsidiaries, and affiliates, any other company you have fully or partly owned, and any company for which you have served as an officer or director. “Company” includes trade names, operations under assumed names, fictitious business names, corporations, limited liability companies, unincorporated divisions, joint ventures, partnerships, sole proprietorships, associations, cooperatives, and other legal entities.

1. Identify any company that you or anyone acting on your behalf, either currently or previously, partially or fully owns, controls, or is affiliated with in any way, that operates as a moving carrier or broker. For each company, provide the following:
 - a. all d/b/a’s, names of all officers, addresses, US DOT Numbers, MC Docket Numbers, and whether it operates as a carrier or broker;
 - b. copies of all Household Goods Carrier Applications for operating authority submitted to FMCSA, including copies of all supporting documents and information provided for any applications that required additional investigation by FMCSA; and
 - c. names of any motor carriers that the company, operating as a broker, has used to complete interstate moves in the past five years. For each motor carrier, provide names of officers, addresses, US DOT Numbers, and MC Docket Numbers. Provide copies of all written agreements between the company and the motor carriers.
2. For each of the last five years, provide the following information organized by the companies identified in Request 1:
 - a. the number of interstate moves the company conducted or arranged;

- b. the number of interstate moves the company conducted or arranged that resulted in price changes to the original estimate, whether binding or nonbinding, after the customer's household goods were loaded onto trucks;
 - c. the number of interstate moves the company conducted or arranged that resulted in the carrier taking the customer's household goods into custody for any period of time and, for each such instance, the length of time the goods were taken into custody and the method the company used to store the goods;
 - d. the number of interstate moves the company conducted or arranged that were completed after the "service by" date agreed upon with the customer and, for each such instance, the date on which the delivery was completed and the date the delivery was agreed upon;
 - e. the number of the company's estimates for interstate moves that were made using "in home" visits by the company's agents;
 - f. the number of the company's estimates for interstate moves that were made by the company's agents through the Internet or via telephone without an "in home" visit;
 - g. the number of occasions the company allowed customers to pay for their interstate moves using debit or credit cards;
 - h. all documents related to the company's interstate moves that included a price change to the estimates after the customer's household goods were loaded onto trucks; and
 - i. all documents related to the company's interstate moves that resulted in the company or a carrier taking the customer's household goods into custody for any period of time.
3. All documents related to any move the company conducted or arranged after January 1, 2010, including, but not limited to, the files the company kept related to each move, the contracts customers signed for their moves, and the company's estimates for their moves.
4. All scripts, policies, manuals, or procedures that have been provided to the company's employees to use in preparation for or during communications with customers, including, but not limited to, documents related to determining estimates for moves and documents related to handling complaints or inquiries from the company's customers.
5. All documents related to the complaints or inquiries the company received in the last five years from customers about carriers or brokers' adding fees following pickup of their household goods, taking household goods into custody, or delivering household goods after the agreed upon "service by" date.
6. Describe the process that the company uses to determine estimates for customers' moves.
7. Describe how the company solicits potential customers, and for moves that the company does not both arrange and complete, describe the company's relationship with other

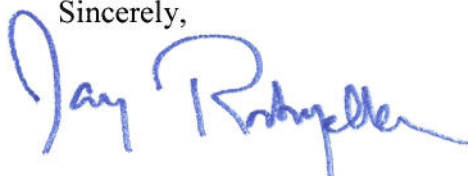
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carriers or brokers, including, but not limited to, how the company divides the customer's payment with the carrier or broker that also played a role in the customer's move.

8. For the past five years, provide the domain name of all websites the company has used to advertise their services.

The Committee is conducting the investigation under the authority of Senate Rules XXV and XXVI. An attachment to this letter provides additional information about how to respond to the Committee's request. If you have any questions, please contact Melanie Tiano or Erik Jones with the Committee staff at (202) 224-1300.

Sincerely,



John D. Rockefeller IV
Chairman

Enclosure

cc: Kay Bailey Hutchison
Ranking Member