



COMMITTEE ON COMMERCE,  
SCIENCE, AND TRANSPORTATION

OFFICE OF OVERSIGHT AND INVESTIGATIONS  
MAJORITY STAFF

**INTERNET MOVING BROKERS**

**A NEW CONSUMER PROTECTION  
PROBLEM IN THE HOUSEHOLD  
GOODS MOVING INDUSTRY**

STAFF REPORT FOR CHAIRMAN ROCKEFELLER  
SEPTEMBER 19, 2012

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## EXECUTIVE SUMMARY

Each year, an estimated 1.6 million Americans use the services of household goods carriers and brokers to assist them with interstate moves. While most consumers appear to have a positive experience with the companies they hire, a significant number continue to complain about the business practices of certain moving companies. These consumers describe a “bait and switch” scheme where a moving company agrees to move their goods for one price, but then dramatically increases its charges after it has taken physical possession of the consumers’ property. In some cases, the moving company will refuse to deliver consumers’ goods at their new home unless they pay these exorbitant extra charges, a practice commonly referred to as holding customers’ goods “hostage.”

In the fall of 2011, Chairman Rockefeller directed Committee staff to open an investigation to determine why consumers continue to complain about troubling experiences with their moving companies. After carefully reviewing five years of consumer complaints filed with the Federal Motor Carrier Safety Administration (FMCSA), the investigation focused on a small group of moving companies that generated disproportionately large numbers of consumer complaints. In particular, the investigation examined the troubling practices of a small group of household good *brokers*, companies that arrange household moves, but do not actually perform them.

While policymaking and enforcement efforts have traditionally focused on the business practices of household goods *carriers*, the companies that transport consumers’ property to their new homes, the investigation has found that moving brokers are creating the conditions that lead to many of the complaints that consumers make about interstate moves.

Committee staff interviewed dozens of the moving brokers’ former customers, reviewed hundreds of consumer complaints, and reviewed thousands of the companies’ customer files. The evidence obtained through the investigation showed that the practices of certain types of moving brokers regularly harm consumers. The key findings of the Committee’s investigation are:

***The moving brokers that have the most complaints filed with the FMCSA employed similar business practices and relied heavily on the Internet to generate business.***

Consumers who used the brokers that generated the most complaints filed with the FMCSA described very consistent scenarios. The consumers went online to shop for moving services and through an Internet search, usually conducted via a search engine, the consumers identified and contacted an “Internet moving broker.” Frequently, the business names used by the brokers were often very similar to well-known, reputable brand names, like United Van Lines or Budget Truck Rental.

***The business practices that Internet moving brokers use to find customers, provide estimates, and arrange moves regularly confuse consumers.*** Committee staff has interviewed dozens of the Internet moving brokers’ former customers who repeatedly stated that they were not made aware that they were hiring a broker, and that they were surprised when an entirely different company arrived on the day of their move.

Consumer complaints obtained by the Committee also regularly showed that consumers were not made aware they were hiring a broker, rather than a carrier. The websites for Internet moving brokers often failed to clearly disclose the fact that they are merely brokers and that they do not play a role in the interstate moves that consumers are undertaking.

***Internet moving brokers have their customers pay “deposits” that are nothing more than their fees.*** Internet moving brokers provided information to the Committee that showed they labeled their broker fees, which sometimes amounted to thousands of dollars, as “deposits.” Consumers repeatedly stated that they were not aware these “deposits” were not dedicated to the payment of their actual moves. Customers of Internet moving brokers frequently paid thousands of dollars in “deposits” to the Internet moving brokers and these “deposits” were never shared with the carriers performing the moves. Consequently, before the consumers’ belongings were placed on trucks, they had already paid hundreds – and sometimes thousands – of dollars, to companies that played no role in the actual moves.

***Internet moving brokers never do on-site visits to catalog consumers’ belongings and determine the price estimates.*** Without conducting visual inspections of the consumers’ goods the brokers gave the consumers an estimated price for the moves. The brokers’ estimates were usually significantly lower than the prices quoted by other moving companies that conducted on-site visits.

***The “binding estimates” that Internet moving brokers provided to their customers frequently provided no price certainty.*** Although the purpose of a “binding estimate” is to provide price certainty for a consumer undertaking an interstate move, consumers who booked their moves through Internet moving brokers often experienced significant price increases for their moves after the moves had begun. Committee staff found multiple examples of price increases for thousands of dollars with very little justification for the increases.

***Internet moving brokers create the conditions for harmful moving experiences.*** To convince consumers to do business with them, Internet moving brokers frequently provided very low estimates to consumers. Because Internet moving brokers also routinely took substantial fees, labeled as “deposits,” many carriers inevitably attempted to make up the difference by increasing the price once the moves began.

***Internet moving brokers should be aware their practices are harming consumers.*** Committee staff found a significant amount of evidence suggesting that Internet moving brokers should be aware that their practices are harming consumers. Their former customers frequently complained to them about terrible moving experiences, including significant price increases and carriers holding their goods hostage.

As more Americans feel comfortable arranging their household moves online, Internet-based moving brokers will have more opportunities to harm consumers. Policymakers,

regulators, and law enforcement officials will need to spend more time understanding how Internet moving brokers operate and how they are changing the household goods industry.

## I. BACKGROUND

### A. Overview of the Household Goods Moving Industry

All moves that occur within the United States are either intrastate or interstate. An intrastate move is within one state and never crosses state lines. These moves are regulated, if at all, by the state in which the move occurs and the cost is generally determined on a per-hour basis.<sup>1</sup> Interstate moves cross at least one state line and are regulated by federal law. The cost of an interstate move is typically based upon the weight of the goods to be shipped and the distance travelled.<sup>2</sup> Until 1995, the interstate moving industry was regulated by the Interstate Commerce Commission. Today, it is regulated by the Federal Motor Carrier Safety Administration (FMCSA), a division of the Department of Transportation.

The interstate household goods moving industry is comprised of three players: individual shippers, household goods motor carriers, and household goods moving brokers.

**Shippers** An individual shipper is a person who is paying to move household goods.<sup>3</sup> Shippers are the consumers of the household goods moving industry.<sup>4</sup> They employ the services of either a carrier or broker to arrange their shipments.

**Carriers** A household goods motor carrier transports household goods. Carriers also regularly offer additional services to consumers, including providing estimates, packing household goods, and loading and unloading household goods.<sup>5</sup> Companies operating as carriers range from national moving companies and their local agents, such as United Van Lines, Mayflower Transit, and North American Van Lines, to smaller independent moving companies. The national moving companies, or van lines, “handle dispatching, shipment routing and monitoring, paperwork processing, and claims settlement” and rely upon their local agents to facilitate the moves.<sup>6</sup> The local agents are full-service moving and storage companies that are either owned by a van line or are independently owned and operated, but affiliated with a van line. The independent moving companies are also full-service moving and storage companies, but have no affiliation with the national moving companies.

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<sup>1</sup> American Moving and Storage Association, *Make a Smart Move, Consumer Handbook: A Practical Guide to Interstate Moving* (2007) at 1 (online at [www.moving.org](http://www.moving.org)).

<sup>2</sup> Some interstate movers will charge based upon volume, or the cubic feet that goods fill in the truck. FMCSA requires that all interstate moves with a non-binding estimate be based upon the actual weight of the shipment. The regulations require that the shipment be weighed on a certified scale and weight tickets be provided to the shipper to substantiate the final charges. 49 C.F.R. § 375.507.

<sup>3</sup> 49 U.S.C.A. § 13102(13); 49 C.F.R. § 365.105.

<sup>4</sup> The terms “consumers” and “shippers” will be used interchangeably throughout this report.

<sup>5</sup> 49 U.S.C.A. § 13102(12).

<sup>6</sup> *The Moving and Storage Industry in the U.S. Economy: Facilitating Economic Growth by Making Residential Mobility Easier, Creating Opportunities for Small Businesses, and Stimulating Other Industries throughout the Economy*, Robert Damuth, Vice President, Nathan Associates Inc. (Oct. 8, 2008) at 6 (online at [http://www.promover.org/files/msi/msi\\_report.pdf](http://www.promover.org/files/msi/msi_report.pdf)).

**Brokers** Household goods moving brokers provide moving estimates and coordinate moves between a shipper and carrier.<sup>7</sup> Brokers often do not own trucks and do not perform any moving services. Brokers charge shippers a fee to provide an estimate and locate a carrier who will pick up and transport the shippers' goods. Over the past decade, the increased use of the Internet by consumers has increased the presence and use of Internet moving brokers, which will be discussed further below.

To operate as either a carrier or broker a company must register and apply for operating authority with the FMCSA. To register as a household goods motor carrier, federal law requires a company to meet the following requirements:

- It must offer shippers an arbitration process through which they can resolve disputes over charges and damage claims;
- It must publish its rates in a tariff and make this tariff available to its shipper customers;
- It must be familiar with and observe federal consumer protection laws that apply to household goods moving; and
- It must disclose any business or family relationships with other carriers, freight forwarders, or brokers.<sup>8</sup>

Provisions included within the new surface transportation law (MAP-21) will impose additional requirements on carriers applying for operating authority, including passing an examination intending to ensure that they understand all applicable federal consumer protection laws and that they will comply with them.<sup>9</sup>

### ***B. Estimates and Transport***

For a shipper planning an interstate move, the two most important phases of the move are the estimate, which is provided by the broker or carrier, and the actual transport of the shipper's household goods, which is solely provided by carriers. Congress has passed laws that govern the interactions between shippers, brokers, and carriers during these two phases in order to protect the rights of all parties. In creating rules for these interactions, Congress has specifically noted the vulnerabilities of shippers in interstate moves. For example, in passing the Household Goods Transportation Act of 1980, the House Committee on Public Works and Transportation noted:

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<sup>7</sup> According to the regulations, a household goods broker means a person, other than a motor carrier or an employee or bona fide agent of a motor carrier, that as a principal or agent sells, offers for sale, negotiates for, or holds itself out by solicitation, advertisement, or otherwise as selling, providing, or arranging for, transportation of household goods by motor carrier for compensation. 49 C.F.R. §371.103.

<sup>8</sup> 49 U.S.C.A. § 13902(a)(2).

<sup>9</sup> Moving Ahead for Progress in the 21<sup>st</sup> Century (MAP-21), Pub. L. No. 112-141 (July 6, 2012).

[S]hippers usually move only once or twice in their lives and, consequently, lack a thorough understanding of the industry and sufficient clout to negotiate with it. Their situation is made more vulnerable by the fact that the moves involve all of their personal possessions, which often are of a fragile nature.<sup>10</sup>

### *1. Estimates*

FMCSA requires movers to prepare written cost estimates for every shipment. Both carriers and brokers are authorized to provide estimates. If a broker is providing an estimate on behalf of a carrier, the broker must have a written agreement with the carrier whereby the carrier agrees to accept and honor that estimate.<sup>11</sup> Every estimate must be signed by both the carrier or broker and the shipper, and a dated copy must be provided to the shipper.<sup>12</sup>

Estimates can be either “binding” or “non-binding.” A binding estimate is “an agreement made in advance with [an] individual shipper. It guarantees the total cost of the move based upon the quantities and services shown on [the] estimate...”<sup>13</sup> In 1980, Congress created the authority for binding estimates in order to provide the shipper with “price certainty” for moving costs.<sup>14</sup> A House Committee report explained its reasoning for supporting the creation of binding estimates:

An estimate is a price quote for performance of transportation services by a household goods carrier. Under existing law, an estimate is based upon an assessment of the weight of the shipment, plus other incidents of the service, such as distance and the amount of accessorial work that is to be performed. The estimate is not binding. The actual charge for the transportation service is based on the actual weight of the shipment and the cost for that weight. Therefore, if a household goods carrier gives a consumer an estimate of \$1,200 for its service, and after weighing the shipment, the charge is \$1,800, the carrier must charge the shipper \$1,800. This requirement has resulted in a great deal of consumer dissatisfaction. In order to address this problem, these subsections create a foundation for written binding estimates.<sup>15</sup>

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<sup>10</sup> House Committee on Public Works and Transportation, *Household Goods Transportation Act of 1980*, 96<sup>th</sup> Cong., at 2 (1980) (H. Rept. No. 96-1372).

<sup>11</sup> 49 C.F.R. § 371.115 and 49 C.F.R. § 375.409.

<sup>12</sup> 49 C.F.R. § 375.401.

<sup>13</sup> 49 C.F.R. § 375.401(b)(1).

<sup>14</sup> House Committee on Public Works and Transportation, *Household Goods Transportation Act of 1980*, 96<sup>th</sup> Cong., at 7 (1980) (Report No. 96-1372).

<sup>15</sup> *Id.*



With the new provision, the Committee report explained that:

[A] carrier may give a written binding estimate of \$1,200, and regardless of the weight of the shipment, the carrier can charge the consumer the quoted price of \$1,200. The benefit to the shipper is that he or she achieves price certainty...<sup>16</sup>

As will be discussed further below, the written binding estimates that some Internet moving brokers are giving to shippers do not appear to be providing the “price certainty” for shippers that Congress envisioned when it passed legislation on written binding estimates in 1980.

In contrast to a binding estimate, a non-binding estimate is merely an approximation of the cost. The final price is based upon “the actual weight of the individual shipper’s shipment”<sup>17</sup> and will be determined after the shipment has been loaded and weighed. For all non-binding estimates, the carrier is required to weigh the shipment prior to assessing any charges due. The carrier must be able to furnish weight tickets to the shipper to substantiate the charges and provide the shipper an opportunity to observe the weighing of the goods.<sup>18</sup>

To provide either a binding or non-binding estimate, a carrier or broker is required to conduct a physical survey of the goods to be moved if the goods are located within 50 miles of the carrier, broker, or their agent. If the goods to be shipped are located more than 50 miles away, or the shipper waives this requirement in writing, then an estimate can be based upon an inventory provided over the telephone or the Internet.<sup>19</sup>

While estimates via the telephone and the Internet are allowed under current law, both the Better Business Bureau (BBB) and the American Moving and Storage Association (AMSA) advise consumers to get multiple estimates based upon in-home visual inspections of their goods. Estimates based upon a physical survey of the goods to be moved are more accurate. The Better Business Bureau instructs consumers to “get at least three *in-home* estimates,” and warns consumers that, “[n]o legitimate mover will offer to give you a firm estimate on-line or over the telephone.”<sup>20</sup> In an article written to explain the interstate moving process, AMSA warns consumers that “if a mover you are considering refuses to provide you with an in-home estimate and tells you he can provide an accurate estimate over the phone without ever seeing your home and your furniture – you may want to choose another mover.”<sup>21</sup> The major van lines provide the majority of their estimates based upon a visual inspection of the goods to be shipped.

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<sup>16</sup> *Id.* at 2.

<sup>17</sup> 49 C.F.R § 375.401(b)(2).

<sup>18</sup> 49 C.F.R § 375.513; 49 C.F.R. § 375.519 .

<sup>19</sup> 49 U.S.C.A. §14104; 49 C.F.R. § 375.401(a).

<sup>20</sup> Better Business Bureau, *May is National Moving Month: BBB Advice for A Smooth Move* (May 1, 2012).

<sup>21</sup> American Moving and Storage Association, *Make a Smart Move, Consumer Handbook: A Practical Guide to Interstate Moving* (2007) at 5 (online at [www.moving.org](http://www.moving.org)) (emphasis omitted).

## **2. Delivery**

Federal regulations also outline how carriers are to be paid and when they must relinquish possession of shippers' goods in interstate moves. Upon delivery, a carrier is required to relinquish possession of shippers' household goods upon payment of 100% of the charges contained in a binding estimate or 110% of the charges contained in a non-binding estimate. Carriers can charge shippers the amount that is in excess of the 110%, so long as it is charged after 30 days.<sup>22</sup>

These rules do not apply to any "post-contract services" requested by the shipper after the contract of service has been executed.<sup>23</sup> This provision allows carriers to include additional charges, such as fees for packing services and materials, shuttle services, and fees for walking distances exceeding 75 feet, at the time of delivery. Charges for "post-contract services" can be collected by the carrier at the time of delivery prior to unloading the shippers' goods.

While carriers are permitted to charge for additional services that are requested by shippers or are necessary to complete the move, these charges need to be agreed upon prior to loading goods onto the truck. Federal regulations require that, if additional services are necessary or requested by the shipper, the carrier must negotiate a revised estimate prior to loading any goods onto the truck. If the shipper and carrier have not agreed upon a new estimate, and the carrier begins loading goods onto the truck, the carrier has reaffirmed the original estimate and therefore cannot demand payment for the additional services at the time of delivery.<sup>24</sup> If additional services are necessary after the goods are in transit, then the services need to be agreed upon before the carrier performs those services. Charges for any additional services not agreed upon prior to loading or performance may be charged to the shipper after 30 days.<sup>25</sup>

Each carrier is required to establish an arbitration program available for shippers to resolve disputes about loss, damage, and disputes over whether additional carrier charges must be paid. Federal regulations provide very specific guidelines for what elements the arbitration program must include.<sup>26</sup>

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<sup>22</sup> 49 U.S.C.A. §13707(b)(3)(A); 49 C.F.R. § 375.403(a)(10); 49 C.F.R. § 375.405(b)(10).

<sup>23</sup> 49 U.S.C.A. §13707(b)(3)(C).

<sup>24</sup> 49 C.F.R. § 375.403(a)(7).

<sup>25</sup> 49 C.F.R. § 375.403(a)(8).

<sup>26</sup> 49 C.F.R. § 375.211.

### *C. Common Abuses and Congressional Responses*

For years, shippers have complained about dramatic, unexpected price increases while their belongings are in transit during interstate moves. And in more egregious cases, shippers have complained that carriers have held their belongings “hostage,” until they pay additional fees that sometimes total thousands of dollars. These abuses are well-known and over the past several decades, Congress has repeatedly passed legislation to address them.

In 2005, Congress included provisions in the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) aimed at protecting consumers from abusive practices within the household goods moving industry.<sup>27</sup> In addition to creating civil and criminal penalties and stricter licensing requirements for carriers, the legislation included a grant of authority to the states to enforce federal consumer protection law against interstate movers. These provisions allowed the State Attorneys General and other state regulatory agencies to enforce the federal consumer protection laws. Despite early praise for this measure, no State Attorneys General or state regulatory agency has used this grant of authority to bring a case against an interstate mover.<sup>28</sup>

In 2006, almost one year after the passage of SAFETEA-LU, the Senate Commerce Committee held a hearing focused on fraud in the moving industry.<sup>29</sup> Witnesses at the hearing highlighted the frequency of situations in which consumers received low estimates, only to have the price increase dramatically once the consumers’ household goods had been picked up by the moving company. Testimony suggested that “rogue” movers that operate without licenses and frequently change names to avoid detection were primarily responsible for holding consumers’ goods hostage and that an increase in the use of the Internet had worsened the problem. When describing cases investigated by the Department of Transportation, Office of the Inspector General, Acting Inspector General Todd J. Zinser stated:

Prior to the advent of the Internet, operators ... relied primarily on advertising through telephone directories, newspapers, and direct mail. The Internet has broadened the market, and for unscrupulous movers, this enables them to lure customers well beyond their local area.<sup>30</sup>

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<sup>27</sup> Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU), Pub. L. No. 109-59, §§ 4201-4216 (Aug. 10, 2005).

<sup>28</sup> In 2009, the Government Accountability Office conducted a survey of State Attorneys General and state regulatory agencies to see why the offices were not utilizing the powers given to them in SAFETEA-LU. Some of the reasons expressed were that federal remedies do not benefit the states, the penalties were insufficient, and the inability to bring cases in state court. Government Accountability Office, *Household Goods Moving Industry, Progress Has Been Made in Enforcement, but Increased Focus on Consumer Protection is Needed* (Oct. 2009) at 13 (GAO-10-38).

<sup>29</sup> Senate Committee on Commerce, Science, and Transportation, Subcommittee on Surface Transportation and Merchant Marine Infrastructure, Safety, and Security, Hearing on *Protecting Consumers from Fraudulent Practices in the Moving Industry*, 109<sup>th</sup> Cong. (May 4, 2006) (S. Hrg. 109-529).

<sup>30</sup> *Id.* at 6 (Prepared statement of Department of Transportation Acting Inspector General, Todd J. Zinser).

The Government Accountability Office (GAO) has issued two reports, in 2007 and 2009, examining the state of consumer protection in the moving industry. In these reports, GAO found that FMCSA had made progress in implementing the consumer protection initiatives specified in SAFETEA-LU, but these improvements had been slow and were still not adequately protecting consumers from abusive practices within the industry. The 2007 report highlighted that the practice of moving companies' holding household goods hostage while demanding excessive fees was still a problem, made worse by consumers' lack of familiarity with the process and the growth of the Internet. The report provided:

Consumers today use the Internet to shop and compare prices for many products and services, including moving services. But because consumers may only contract for moving services once or twice in their lifetime, they may not know how to identify a legitimate mover. Some federal and state officials told us that interstate movers who advertise on the Internet are a significant source of consumer complaints.<sup>31</sup>

As will be discussed below, despite the attention devoted to this issue following the passage of SAFETEA-LU, consumer complaints about the moving industry have continued to increase.

On July 6, 2012, President Obama signed the Moving Ahead for Progress in the 21<sup>st</sup> Century Act (MAP-21) into law.<sup>32</sup> MAP-21 also included additional requirements for registration of household goods motor carriers. Specifically, beginning in 2014, applicants will be required to successfully pass an examination to demonstrate knowledge and intent to comply with applicable federal laws relating to consumer protection and will be subject to a consumer protection standards review within the first 18 months of operations.

In addition to these registration requirements, MAP-21 included two initiatives intended to provide assistance and remedies for consumers. For shippers who find themselves in a situation where a carrier is holding their goods hostage, a provision in MAP-21 will permit all or a portion of any civil penalties collected from the carrier to be assigned to the aggrieved shipper. Additionally, the new law gives the Secretary of Transportation the authority to order the return of a shipper's goods, following notice to the carrier and an opportunity for a proceeding.

#### ***D. Criminal Enforcement Actions***

As Congress has worked to strengthen consumer protections for household goods shippers, the Department of Transportation Inspector General's (DOT OIG) office and other law enforcement agencies have been pursuing criminal cases against moving companies that overcharge and hold their customers' goods hostage. The fact patterns in these cases are often very similar to the consumer complaints Committee staff reviewed during this investigation.

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<sup>31</sup> Government Accountability Office, *Consumer Protection: Some Improvements in Federal Oversight of Household Goods Moving Industry Since 2001, but More Action Needed to Better Protect Individual Consumers* (May 2007) at 20 (GAO-07-586).

<sup>32</sup> Moving Ahead for Progress in the 21<sup>st</sup> Century (MAP-21), Pub. L. No. 112-141 (July 6, 2012).

For example, in June 2000, the DOT OIG announced that a U.S. District Court in California had sentenced three individuals for mail and wire fraud conspiracy, in connection with a household moving extortion scam involving multiple moving companies in New York, Florida, and California, that attempted to defraud up to 875 consumers.<sup>33</sup> As part of the scheme, the defendants – who operated through companies named North American Moving, United Interstate Movers, Strong and Gentle Moving Company, Prime Moving and Storage, and AAA Moving Systems – would hold consumers’ household goods as ransom unless the victims agreed to pay huge extra amounts of money. Two men were each sentenced to 33 months in jail and ordered to pay almost \$485,000 to their victims; a third individual was fined \$5,000 and ordered to pay \$14,600 in restitution.<sup>34</sup>

In 2001 and 2002, the DOT OIG announced a series of criminal actions as part of a two-year investigation into a household moving scam that defrauded 259 victims and cost at least \$1.5 million.<sup>35</sup> As part of the scheme, the owner and employees of All American Van Lines in Pembroke Park, Florida, induced victims to contract for moving and shipping services and subsequently charged higher “hidden costs” associated with the shipment of their goods. The defendants then held the goods as ransom and, in some cases, never returned the victims’ belongings. Three defendants, who were former employees, were sentenced to jail terms of 12 to 20 months and ordered to pay restitution ranging from \$5,914 to \$780,543. The former president and owner was ordered to pay \$2.5 million in restitution and sentenced to 40 months in prison.<sup>36</sup>

The DOT OIG, along with the FBI and FMCSA, conducted an investigation into household goods moving fraud that in 2003 resulted in the convictions of three Brooklyn movers operating under four different names.<sup>37</sup> According to press reports, “the business was a racket;

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<sup>33</sup> See DOT OIG, Press Release, *Three Sentenced in Moving Scam Involving Up to 875 Possible Victims* (June 26, 2000) (online at <http://www.oig.dot.gov/library-item/3091>).

<sup>34</sup> *Id.*

<sup>35</sup> See DOT OIG, Press Release, *Former Moving Company Employees Jailed in Fraud Case* (Apr. 9, 2002) (online at <http://www.oig.dot.gov/library-item/2958>); DOT OIG, Press Release, *Moving Company Owner Jailed for Defrauding 259 People* (July 13, 2001) (online at <http://www.oig.dot.gov/library-item/2845>); DOT OIG, Press Release, *Four All American Van Lines Company Employees Jailed* (July 13, 2001) (online at <http://www.oig.dot.gov/library-item/3092>); DOT OIG, Press Release, *Foreman of Household Goods Moving Company Jailed* (May 11, 2001) (online at <http://www.oig.dot.gov/library-item/2825>).

<sup>36</sup> See DOT OIG, Press Release, *Former Moving Company Employees Jailed in Fraud Case* (Apr. 9, 2002) (online at <http://www.oig.dot.gov/library-item/2958>); DOT OIG, Press Release, *Moving Company Owner Jailed for Defrauding 259 People* (July 13, 2001) (online at <http://www.oig.dot.gov/library-item/2845>); DOT OIG, Press Release, *Four All American Van Lines Company Employees Jailed* (July 13, 2001) (online at <http://www.oig.dot.gov/library-item/3092>); DOT OIG, Press Release, *Foreman of Household Goods Moving Company Jailed* (May 11, 2001) (online at <http://www.oig.dot.gov/library-item/2825>).

<sup>37</sup> See DOT OIG, Press Release, *Three Brooklyn Movers Fined \$1.4 Million for Extortion Scheme* (Oct. 16, 2003) (online at <http://www.oig.dot.gov/library-item/3162>); DOT OIG, Press Release, *Brooklyn Jury Convicts Three Household Movers for Defrauding Public* (May 9, 2003) (online at <http://www.oig.dot.gov/library-item/3127>); DOT OIG, Press Release, *Three Operators of Household*

its modus operandi was to win customers with low estimates, and then, once the goods were on the truck, to demand up to four times as much. If customers balked at paying, the movers locked their belongings in a warehouse and demanded even greater sums.”<sup>38</sup> The defendants were able to extort over \$400,000 from more than 100 victims. As part of the sentence, two of the defendants were required to pay more than \$1.4 million in fines and each serve more than 12 ½ years in prison.

The DOT OIG also conducted an investigation with the FBI and FMSCA into a fraud by numerous moving companies that netted \$1.8 million from over 1,000 victims during the course of a two-year conspiracy.<sup>39</sup> The investigation resulted in charges being brought against 16 companies and 74 individuals, with numerous defendants paying restitution and serving time in prison. Defendant Yair Molol, the owner and president of four moving companies at issue, was sentenced to 12 ½ years in prison and was ordered to forfeit his interest in numerous assets, including his residence as well as accounts totaling more than \$115,000. According to the DOT OIG:

Malol provided low moving estimates to customers to induce them to hire the companies to move their goods. Once customers retained the company, the company’s employees arrived at customers’ homes, packed customers’ belongings in a moving truck, and rushed customers through the paperwork, causing them to sign blank or incomplete bills of lading and other documents, and failing to inform them of the total price of the move. Once the customers’ goods were loaded onto the moving truck, employees fraudulently inflated the total price of the move, often by thousands of dollars, claiming that customers’ goods occupied more cubic feet than had been originally estimated and by overcharging the customers for packing materials. When contacted by customers requesting the delivery of their goods, Malol demanded full payment of the inflated price before delivery of the goods. In many cases, Malol and Tafuri-Vakin ignored customers’ repeated complaints about the inflated price and/or provided false information to customers about the delivery of their goods. When customers refused to pay the inflated price, company employees arranged to warehouse customers’ goods and refused to divulge the location of the goods to customers. Employees threatened to sell or auction

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*Moving Companies Arrested in Extortion Scheme* (Feb. 20, 2002) (online at <http://www.oig.dot.gov/library-item/2940>).

<sup>38</sup> Andy Newman, *Movers Convicted of Fraud; Held Clients’ Goods Hostage*, N.Y. Times (May 10, 2003) (online at <http://www.nytimes.com/2003/05/10/nyregion/movers-convicted-of-fraud-held-clients-goods-hostage.html>).

<sup>39</sup> See, e.g., DOT OIG, Press Release, *President of moving companies involved in moving scheme sentenced to 12.5 years in prison* (Jan. 31, 2005) (online at <http://www.oig.dot.gov/library-item/3307>); DOT OIG, Press Release, *Moving Company Employees Fined \$1.1 Million and Sentenced to Prison for Extorting Money From Customers* (Dec. 30, 2003) (online at <http://www.oig.dot.gov/library-item/3178>); DOT OIG, Press Release, *One Florida Mover Jailed, Another Pleads Guilty in Household Goods Moving Case* (Sep. 26, 2003) (online at <http://www.oig.dot.gov/library-item/3158>); DOT OIG, Press Release, *Miami Household Goods Movers Plead Guilty to Defrauding Public* (Aug. 8, 2003) (online at <http://www.oig.dot.gov/library-item/3147>); DOT OIG, Press Release, *57 Arrested to Date in Florida Household Movers Case* (Apr. 3, 2003) (online at <http://www.oig.dot.gov/library-item/3116>).

off customers' household goods and personal items if payment was not received within a certain period of time. In some cases, Majesty Moving and Storage, America's Best Movers, My Best Movers, and Apollo Van Lines refused to adequately compensate customers for any damaged or undelivered items.<sup>40</sup>

In 2005, following a DOT OIG investigation, a U.S. District Court in Washington sentenced four defendants to jail for a scheme to defraud conducted through Nationwide Moving Systems, LLC, that involved more than 50 victims and profited Nationwide over \$1 million.<sup>41</sup> The scheme was to provide "low-ball" moving estimates and later charge large amounts of money, often after having held consumers' possessions hostage. The defendants were sentenced to jail terms ranging from fifteen months to seven years, and were ordered to pay restitution totally more than \$670,000.<sup>42</sup>

Although most of these criminal investigations have focused on carrier misconduct, recently DOT OIG announced criminal actions against a moving broker as well.<sup>43</sup> A series of criminal actions in San Jose, California, have focused on National Moving Network ("NMN"), a moving broker. According to a court transcript in which an NMN employee, Matthew Sandomir, pled guilty to the charge of theft from an interstate shipment, the scheme went as follows:

The evidence would show that while working at [NMN], Mr. Sandomir learned that it was a regular part of [NMN]'s business to purposely provide fraudulently low bids to customers – or estimates. And the sales representatives were motivated to provide these artificial and fraudulently low quotes to customers because they received commissions in connection with the number of bids and were encouraged by management to move as many bids as possible and also encouraged, and in many ways directed, to provide

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<sup>40</sup> DOT OIG, Press Release, *President of moving companies involved in moving scheme sentenced to 12.5 years in prison* (Jan. 31, 2005) (online at <http://www.oig.dot.gov/library-item/3307>).

<sup>41</sup> DOT OIG, Press Release, *Owner and Two Foremen of Interstate Moving Company Ordered to Pay \$670,000 in Restitution to Victims of Household Goods Moving Scam* (Sep. 2, 2005) (online at <http://www.oig.dot.gov/library-item/3386>); DOT OIG, Press Release, *Interstate Moving Company Employee Sentenced to Jail in Household Goods (HHG) Case Involving Over \$1 Million Loss* (Jan. 6, 2005) (online at <http://www.oig.dot.gov/library-item/3296>).

<sup>42</sup> DOT OIG, Press Release, *Owner and Two Foremen of Interstate Moving Company Ordered to Pay \$670,000 in Restitution to Victims of Household Goods Moving Scam* (Sep. 2, 2005) (online at <http://www.oig.dot.gov/library-item/3386>); DOT OIG, Press Release, *Interstate Moving Company Employee Sentenced to Jail in Household Goods (HHG) Case Involving Over \$1 Million Loss* (Jan. 6, 2005) (online at <http://www.oig.dot.gov/library-item/3296>).

<sup>43</sup> DOT OIG, Press Release, *Former Moving Company Estimator Sentenced for His Role in a Household Goods Scheme* (May 25, 2012) (online at <http://www.oig.dot.gov/library-item/5828>); DOT OIG, Press Release, *Former San Jose Moving Company Employee Sentenced for Her Role in a "Low-ball" Estimate Household Goods Scheme* (Apr. 30, 2012) (online at <http://www.oig.dot.gov/library-item/5887>); DOT OIG, Press Release, *Florida Moving Brokerage Sales Representative Sentenced to 3 Years Probation and Ordered to Pay \$30,000 in Restitution in Household Goods Extortion Scheme* (Nov. 26, 2008) (online at <http://www.oig.dot.gov/library-item/3670>).

arduously low bids to get more business. It would be a part of the evidence that there were discussions with management on the manner in which to manipulate the bidding process to make sure that customers received these low bids and that this topic was discussed among the estimators and also among management at NMN. It would also be part of the evidence that there was knowledge that AY Transport, which was a moving company that got a large – or a significant number of the moves booked by [NMN], habitually and systemically demanded amounts of up to two and three and four times the amounts of these bids as a part of the scheme, and that the consequence to the consumer was they were being told they had to pay these extortionately significantly greater fees, and if they didn't pay these larger fees, they would never get their goods back.<sup>44</sup>

As a result of the investigation, Mr. Sandomir and a number of defendants were sentenced to probation and have paid thousands of dollars in restitution.

### ***E. Consumer Complaints***

In spite of these legislative and enforcement efforts, thousands of consumers continue to complain every year about their interstate moves to FMCSA, the BBB, local and state agencies, and various consumer complaint websites. Since 2005, FMCSA has reported receiving nearly 10,000 complaints about shipments being held hostage and price increases or overcharges.<sup>45</sup> The numbers of complaints have risen in recent years. In 2011 alone, FMCSA received 2,851 consumer complaints about moving companies, up from 2,440 in 2010.<sup>46</sup> Similarly, in 2011, the Better Business Bureau received more than 9,000 complaints about moving companies,<sup>47</sup> which was an increase over 2010.

## **II. THE COMMITTEE'S REVIEW OF CONSUMER COMPLAINTS**

In 2011, Chairman Rockefeller directed Committee staff to open an investigation to better understand why consumers continue to complain about troubling experiences with their moving companies. In October 2011, Chairman Rockefeller and Senator Lautenberg wrote a letter to FMCSA requesting the agency's consumer complaint data. Over the next several months, Committee staff analyzed these complaints to gain a better understanding of how frequently consumers complained to the agency about their moves, the types of complaints consumers made about their moves, and the moving companies named in the complaints.

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<sup>44</sup> Matthew Sandomir Guilty Plea, *United States v. Ezyani, et al.*, No. 5:07-cr-00788 (N.D. Cal. May 14, 2008) (Doc. 206).

<sup>45</sup> FMCSA reports that between January 1, 2005 and October 1, 2011 they received 19,453 complaints. Approximately half of these complaints were about hostage shipments and charge disputes. Federal Motor Carrier Safety Administration Production (Oct. 21, 2011).

<sup>46</sup> U.S. Department of Transportation, *FMCSA Helps Consumers "Protect Your Move" with Moving Company Checklist: Checklist offers helpful tips during busiest moving season of the year* (May 23, 2012).

<sup>47</sup> Better Business Bureau, *Protect Your Move and Yourself During National Moving Month* (May 22, 2012).



The consumer complaint information that the FMCSA provided to the Committee showed that, since 2005, complaints related to hostage household goods situations and disputes over price increases accounted for almost 50% of the complaints that the agency received.<sup>48</sup> Complaints related to hostage situations and price increases were among the most frequently reported complaints from consumers. Since 2005, the agency has received over 4,000 complaints about hostage household goods situations and over 5,000 complaints about price increases.<sup>49</sup> The average number of complaints for price increases across all 1,164 companies that generated at least one complaint was 5.44.<sup>50</sup> The average number of hostage complaints was 3.22.<sup>51</sup>

The data showed that a small group of companies generated complaints about price increases and hostage situations at a much higher rate than the rest of the industry. The number of complaints against these companies was out of proportion to their size. As a result of this analysis, the Committee staff narrowed the scope of the investigation to focus on two carriers (Able Moving, Inc. and Best Price Moving and Storage) and two brokers (Nationwide Relocation Services and Budget Van Lines) whose complaint volumes were significantly higher than other moving companies. The practices of these companies produced more complaints than even the largest national van lines, as seen in Figure I below.<sup>52</sup>

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<sup>48</sup> Federal Motor Carrier Safety Administration Production (Oct. 21, 2011).

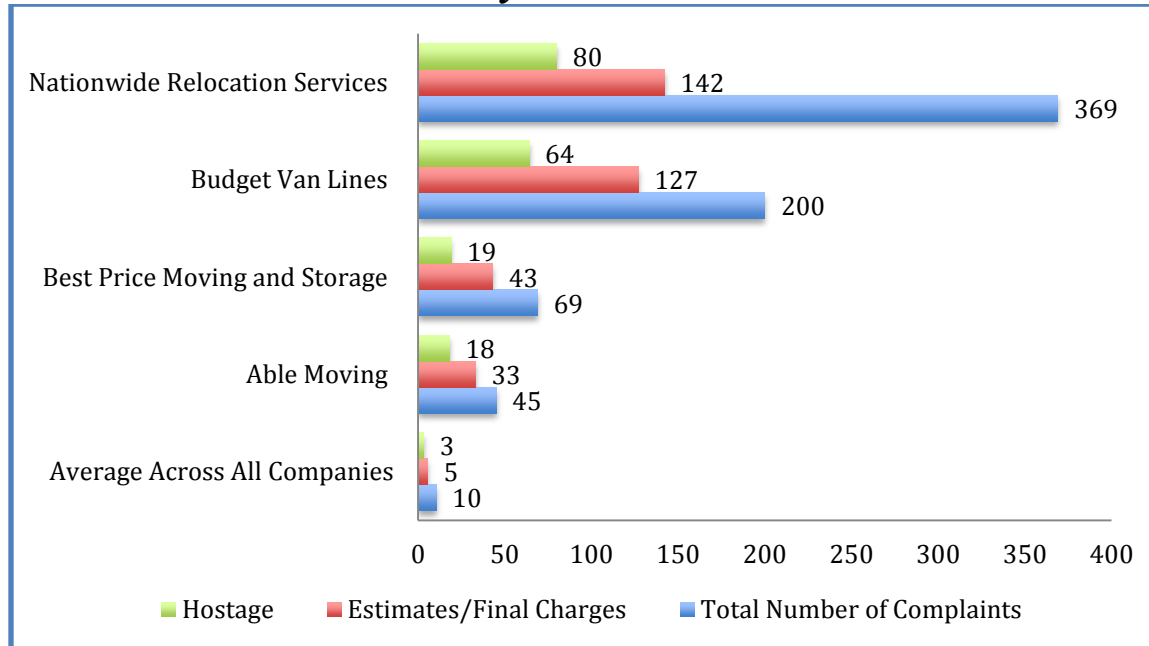
<sup>49</sup> *Id.*

<sup>50</sup> Federal Motor Carrier Safety Administration Complaint Data (Oct. 20, 2011) (FMCSA Doc. Attachment 2.2).

<sup>51</sup> *Id.*

<sup>52</sup> Committee staff analyzed the Federal Motor Carrier Safety Administration data for the largest moving companies with over 1,000 trucks. Committee staff found that the four companies investigated had three times the number of hostage household goods complaints and nearly twice as many complaints for issues related to estimates and final charges when compared to the largest national moving companies.

**Figure I – FMSCA Complaint Data and Companies Examined by the Committee**

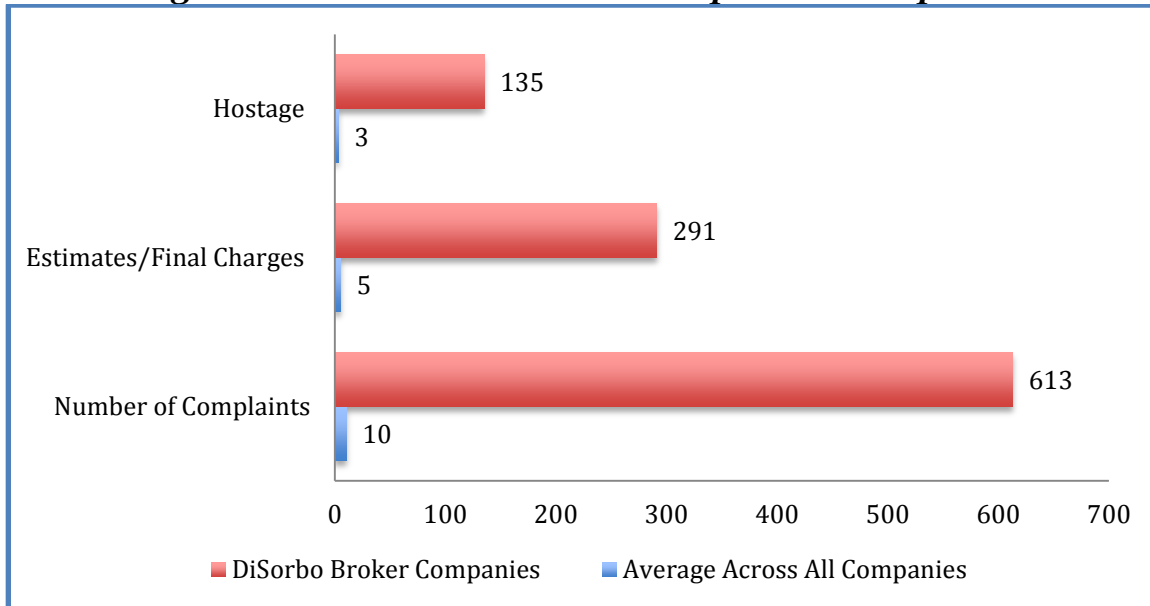


Source: Committee Review of FMSCA Compliant Data from 1/1/06 – 10/1/11

In the course of its review of FMCSA consumer complaints, Committee staff learned that the owner of Nationwide Relocation Services, Aldo DiSorbo, owns and operates several broker companies, all of which use the same business model and offer the same services as Nationwide Relocation Services.<sup>53</sup> For the purposes of its investigation, Committee staff analyzed Mr. DiSorbo’s broker companies as a single entity, and will be referred to in this report as the “DiSorbo Broker Companies.” As a group, the DiSorbo Broker Companies had extremely elevated levels of consumer complaints about price increases and hostage situations, as seen in Figure II below.

<sup>53</sup> The broker companies identified as being owned and operated by Aldo DiSorbo include Nationwide Relocation Services, United States Van Lines Relocation Division, All State Van Lines Relocation, American Van Lines, Inc. d/b/a American Van Lines of California, Colonial Van Lines Relocation Division, and Patriot Van Lines. Mr. DiSorbo also owns and operates several companies licensed as carriers. The carriers identified are United States Van Lines, Inc., States Van Lines, B and E Movers d/b/a Moving Squad, Inc., We-Haul, Inc., and All Coast Transporters, Inc.

**Figure II – DiSorbo Broker Companies Complaints**



*Source: Committee Review of FMSCA Compliant Data from 1/1/06 – 10/1/11*

In December 2011, Chairman Rockefeller wrote letters to request information from these companies to determine why their practices led to high levels of complaints with the FMSCA. The letters asked the companies to provide information and documents about the number of customer complaints they had received, their process for responding to customer complaints, their process for creating estimates, and the training materials they provide to their employees.

During this investigation, Committee staff has reviewed tens of thousands of pages of documents related to practices in the moving industry, including agreements between carriers and brokers, training and customer service manuals, estimates, and other documents provided directly to customers. Committee staff also reviewed thousands of documents related to consumer complaints and interviewed dozens of consumers who used the services of those companies investigated.

### **III. INTERNET MOVING BROKERS AND THEIR IMPACT ON CONSUMERS**

The consumer complaints reviewed by Committee staff and the records produced by the companies that received information requests from Chairman Rockefeller show a strikingly similar pattern. These materials show that the business practices that Budget Van Lines, the DiSorbo Broker Companies, and other moving brokers use to find customers, provide estimates, and arrange moves regularly mislead and confuse consumers. While policymakers and law enforcement officials have traditionally focused their consumer protection efforts on household goods carriers, the evidence reviewed during this investigation shows that specific types of moving brokers are responsible for many of the complaints that consumers have reported to FMCSA, BBB, or other consumer protection organizations in recent years.

A large number of consumer complaints about moving brokers that Committee staff reviewed during this investigation follow the same basic fact pattern:

- A consumer begins planning a move and goes online to shop for moving services. Through this Internet search, usually conducted via a search engine, the consumer identifies and contacts a moving broker. The broker often has a business name that is similar to a well-known, reputable brand name.
- Without conducting a visual inspection of the consumer's goods or disclosing to the consumer that it will not be performing the actual move, the broker gives the consumer an estimate price for the move, which is often described to the consumer as a "binding estimate." The broker's estimate is usually significantly lower than the price quoted by other moving companies.
- The consumer makes a payment to the broker that is described as a "deposit," but is actually a fee kept by the broker. The broker then turns over the consumer's move to a household goods carrier. Typically, the consumer is not made aware that a company other than the broker will be conducting their move.
- On moving day, a household goods carrier unknown to the consumer shows up to perform the move. During or after the loading of the goods, the carrier asks the consumer to sign new paperwork and claims that the broker's estimate was too low, sometimes by thousands of dollars. The consumer must decide whether to pay the new fees, or risk having the carrier hold the goods "hostage."

Because the moving brokers that employ these practices each rely heavily on the Internet to generate customer leads and find new customers, they are referenced throughout the remainder of the report as "Internet moving brokers."

#### ***A. Internet Searches Direct Consumers to Internet Moving Brokers***

Consumers who have complained about the business practices of Internet moving brokers almost always report that they initially found the companies by entering general terms related to household moving into an Internet search engine. In spite of the many complaints consumers have lodged against them, some Internet moving brokers – in particular, the DiSorbo Broker Companies – continue to rank well in Internet search results, often landing on the first page of consumers' search results.

According to one of the leading "Search Engine Optimization" industry analysts, "the major engines typically interpret importance as popularity – the more popular a site, page or document, the more valuable the information contained therein must be."<sup>54</sup> Although each search engine uses proprietary technology to determine rankings, a core principle is that the more links to a website, particularly from other trusted websites or sources, the higher the ranking.

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<sup>54</sup> SEOMoz, *The Beginners Guide to SEO*, at <http://www.seomoz.org/beginners-guide-to-seo> (last updated May 22, 2012).

Websites operated by or on behalf of the DiSorbo Broker Companies use questionable website and linking strategies that appear to be intended to enhance the companies' search engine rankings. For example, Mr. DiSorbo operates [movingcost.com](http://movingcost.com), a company that purports to provide consumers information about "the most qualified and professional relocation experts in the industry."<sup>55</sup> The operators of this website have attempted to increase its popularity by embedding text that includes hyperlinks to [www.movingcost.com](http://www.movingcost.com) in tens of thousands of other websites. In many instances, these linked websites are college newspapers and student organizations – like the Cornell Gymnastics Club and the Yale Democrats – or they are irrelevant link directories such as "Muscle-Body Links." While these links have little or no relevance to the content of the websites in which they are embedded, they help increase [movingcost.com](http://movingcost.com)'s popularity with search engines, making it more likely that consumers will find the page during an Internet search.

Once at the website, [www.movingcost.com](http://www.movingcost.com) appears to be a legitimate tool for consumers to locate reputable moving companies. The homepage includes links to social media and a section on "Moving Tips." Upon closer review, however, the site is little more than a tool for DiSorbo Brokers Companies to attract Internet customers. The site's "Featured Movers" – Moving Squad, MBM Moving Systems, American Van Lines, and Nationwide Relocation Services – are all companies owned by Mr. DiSorbo or his family members.<sup>56</sup>

### ***B. Consumer Confusion about Brokers' Role***

Consumers frequently complained they were confused about the role that Internet moving brokers would play in their moves. Consumers expressed frustration that (1) they did not learn that a different company would actually be handling their move until the company arrived to pick up their household goods, and (2) the companies' names were confusing.

Committee staff spoke with dozens of former customers of Budget Van Lines and the DiSorbo Broker Companies to better understand their experiences with the companies. During Committee staff interviews, former customers of each company repeatedly stated that they were not aware that they were hiring a broker, and that had they been made aware, they would have chosen to work with a carrier directly instead. For the DiSorbo Broker Companies specifically, of the dozens of customers that Committee staff interviewed, more than 75% reported not being made aware that the company was a broker until a different company arrived to pick up their household goods.

Customers of both Budget Van Lines and the DiSorbo Broker Companies repeatedly expressed similar sentiments in complaints filed with the Better Business Bureau and the FMCSA.

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<sup>55</sup> [Movingcost.com](http://movingcost.com), Homepage (online at [www.movingcost.com](http://www.movingcost.com)) (last visited on Sep. 19, 2012).

<sup>56</sup> American Van Lines, Inc. is owned by Anthony DiSorbo. See Florida Department of State, Division of Corporations Record for American Van Lines, Inc. (Doc. No. P95000065434). The President of MBM Moving is Anna DiSorbo, MBM Moving Systems, Our Mission (online at [www.mbmmove.com/our\\_mission.php](http://www.mbmmove.com/our_mission.php)) (last visited on Sep. 18, 2012).

- An American Van Lines of California customer from Arizona wrote in a complaint to the BBB that she “[w]as never told that they broker out their business, if I wouldve [sic] known, I NEVER would have gone with them.”<sup>57</sup>
- A customer of Patriot Van Lines wrote, “[i]n our many conversations, he NEVER mentioned that PVL would not be the actual movers. I completed research on PVL to read reviews and check their BBB status. I had no idea there was another moving company involved until days before my furniture was to be picked up and therefore did not have an opportunity to research that company.”<sup>58</sup>
- A California customer of Nationwide Relocation Services wrote, “I eventually found out that they were a brokerage service and was enraged, but at this point I had no choice.”<sup>59</sup>
- Still another customer wrote, “I feel that [United States Van Lines] misrepresented their service, it was not clear from their website or speaking with their estimator that USVL was a broker and not actually the carrier.”<sup>60</sup>
- In a complaint to the FMCSA, a Budget Van Lines customer wrote that she “was not informed by budget van line that another carrier would handle my household good[s].”<sup>61</sup>

Despite regulations that require brokers to disclose their status as brokers, customers repeatedly reported that they were not made aware that the companies they were dealing with were brokers and not carriers with the capability of conducting their moves.

Federal regulations mandate that “[a] broker shall not, directly or indirectly, represent its operations to be that of a carrier. Any advertising shall show the broker status of an operation.”<sup>62</sup> The regulations provide specific direction for how a broker must notify customers of their broker status, stating:

You must prominently display in your advertisements and Internet Web site(s) your status as a household goods broker and the statement that you will not transport an individual shipper’s household goods, but that you will arrange for the transportation

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<sup>57</sup> Better Business Bureau, Complaint, Case No. 8846810 (Dec. 22, 2011) (DiSorbo Doc. DBC 002078).

<sup>58</sup> Better Business Bureau, Complaint Activity Report, Case No. 90116133 (Sep. 1, 2011) (DiSorbo Doc. DBC 002493).

<sup>59</sup> Better Business Bureau, Complaint Activity Report, Case No. 90080915 (Jan. 4, 2011) (DiSorbo Doc. DBC 002304).

<sup>60</sup> Customer Complaint to Federal Motor Carrier Safety Administration (Feb. 1, 2011) (DiSorbo Doc. DMC 000337).

<sup>61</sup> Customer Complaint to Federal Motor Carrier Safety Administration (Dec. 7, 2009) (Budget Doc. Exhibit 5 – 000206).

<sup>62</sup> 49 C.F.R. § 371.7(b).

of the household goods by an FMCSA-authorized household goods motor carrier, whose charges will be determined by its published tariff.<sup>63</sup>

Despite federal regulations designed to prevent consumer confusion between brokers and carriers, consumers do not understand the distinction. Broker companies are advertising themselves and their services in ways that are confusing consumers.

### ***1. Misleading Websites***

Websites for the DiSorbo Broker Companies and Budget Van Lines often portray themselves as full service moving companies seeking to service a consumer's move from initial estimate to final delivery of goods. The websites of these companies often fail to clearly disclose the fact that the companies will likely never move a consumer's goods but instead act as a broker and contract with a carrier to complete the move.

In those cases where a website does use the word "broker," companies like Patriot Van Lines and Colonial Van Lines Relocation Division often did so in ways that could potentially be overlooked by consumers. Consumers are often required to check the fine print of a website instead of being told up front of the companies' role as a broker.

For example, on the website for Patriot Van Lines, the statement that the company is a broker is left off the front page and found elsewhere on the site, in the "About Us" section. The Patriot Van Lines website also includes the statement, "[o]ur commitment to sterling moving help has made us one of the nation's most reputable moving companies," in the same section.<sup>64</sup> While "moving company" is not a defined term, this term is generally associated with carriers, not brokers. Patriot Van Lines, which is one of the many DiSorbo Broker Companies, is registered with the FMCSA as a broker.

On Budget Van Lines' home page, the company's acknowledgement that it is a household goods broker is written in fine print underneath the prominently displayed company name. While at the same time the company more prominently advertises, "We provide our customers with Full Service Moving at Self-Service Rates."<sup>65</sup>

### ***2. Company Names Lead to Confusion***

AMSA has reported that one of the trademarks of a problematic moving company is that it uses names that are similar to well-known companies. A recent report written about the current state of the moving industry, states:

... [R]ogue operators are unique, and they have benefitted from emergence of the Internet. Rogues prey on consumers who seek the lowest cost service. They often fail to register as required with the U.S. Department of Transportation and state departments of transportation. Their practices include using a name and mark similar to those of a reputable company, offering low-price services only to hold the consumer's goods

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<sup>63</sup> 49 C.F.R. § 371.107(c).

<sup>64</sup> Patriot Van Lines, About Us (online at <http://patriotvanlines.com/about>) (last visited Aug. 28, 2012).

<sup>65</sup> Budget Van Lines, Homepage (online at [www.budgetvanlines.com](http://www.budgetvanlines.com)) at 70 (last visited Sep. 19, 2012).

captive until consumers pay a higher price, and changing the name of their business once consumer complaints result in a lowering of the company's rating with the Better Business Bureau.<sup>66</sup>

While the broker companies analyzed in this investigation are not considered to be "rogue" operators because they are registered and licensed with FMCSA, many of their marketing techniques appear to be very similar to those used to describe the activities of "rogue" operators. Both Budget Van Lines and many of the DiSorbo Broker Companies use names similar to well-known companies in the moving and transportation industry.

Repeatedly, consumers reported that they believed the brokers to be different well-known companies, and that is what caused them to choose the broker. For example, during one conversation with a customer of Budget Van Lines, the customer stated that she chose Budget Van Lines because they are a "recognizable name" and "you see the trucks everywhere," so she felt more comfortable using them than a "mom and pop" company.<sup>67</sup> Another customer reported that the sales person reinforced her assumption that they were a well-known company. She alleged that the sales person told her, "you know our big trucks that you see, well sometimes those have space so we are able to fill that space with your stuff."<sup>68</sup> She went on to say that she would have never used them had she understood that they were a broker, but instead would have called the carrier directly. The trucks with "Budget" on their paneling belong to Budget Truck Rental, LLC, a completely different company that is not affiliated with Budget Van Lines in any fashion. Budget Van Lines informed the Committee that it operates solely as a broker and not a motor carrier, and its registration with FMCSA is as a broker only and lists that Budget Van Lines owns no trucks.<sup>69</sup>

Similarly, customers of the DiSorbo Broker Companies reported that they too were led to believe that the companies were affiliated with more well-known companies. One customer of United States Van Lines reported that throughout the estimate process the estimator continually referred to the company as "United Van Lines." He believed that he was dealing with United Van Lines and that, coupled with the fact that they had the lowest estimate, is why he chose them.<sup>70</sup>

This confusion on the part of the consumer is not unknown to the companies. In a note provided by Budget Van Lines, a Budget Van Lines representative wrote, "she though[t] we

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<sup>66</sup> *The Moving and Storage Industry in the U.S. Economy: Overcoming the Challenges of the Great Recession*, Robert Damuth, Economist and Principal Consultant, Nathan Associates Inc. (Apr. 5, 2012) (online at [http://www.promover.org/files/msi/msi\\_report.pdf](http://www.promover.org/files/msi/msi_report.pdf)).

<sup>67</sup> Committee staff interview with Budget Van Lines customer (Mar. 8, 2012).

<sup>68</sup> Committee staff interview with Budget Van Lines customer (Mar. 15, 2012).

<sup>69</sup> Federal Motor Carrier Safety Administration, Company Snapshot for Budget Van Lines (accessed Sep. 19, 2012); Letter from Jason M. Romrell, President and Chief Legal Officer, Budget Van Lines, to Chairman John D. Rockefeller IV (Jan. 27, 2012).

<sup>70</sup> Committee staff interview with United States Van Lines Customer (Mar. 6, 2012).



were affiliated with Budget Truck Rental ... Hmmmmm.”<sup>71</sup> In another note, a Budget Van Lines representative reported being yelled at by a customer who told him that “she was misled [sic] not knowing we were a broker and we shouldn’t [sic] be using the name budget...”<sup>72</sup>

### ***3. Use of Multiple Companies and Frequent Name Changes***

Mr. DiSorbo owns and operates several different companies, both brokers and carriers, under different names. Committee staff has seen evidence that suggests all of his broker companies are run out of the same office in Florida, despite having different addresses listed on the websites and with the FMCSA. For example, Colonial Van Lines Relocation Division is registered with FMCSA as being located in Indianapolis, Indiana.<sup>73</sup> However, the website lists the same address in Margate, Florida, that Mr. DiSorbo uses to run several other brokerage companies.<sup>74</sup> Similarly, American Van Lines Relocation Division lists a San Francisco, California address with FMCSA, but the Margate, Florida address on its website.<sup>75</sup> Patriot Van Lines lists a Richmond, Virginia address with FMCSA, but the Margate, Florida address on the company’s filing with the Florida Secretary of State.<sup>76</sup>

In addition to operating several companies that all offer the same services, these companies change names often. For example:

- On January 20, 2012, Brown Van Lines changed its name to Colonial Van Lines. This name change was accompanied by a letter from Aldo DiSorbo’s Executive Assistant acknowledging that Brown Van Lines, Inc., Colonial Van Lines, Inc., Colonial Van Lines, LLC, and Colonial Van Lines Relocation Division, Inc. are all owned by the same incorporators.<sup>77</sup>
- On January 14, 2000, Mr. DiSorbo incorporated Moving Cost, Inc. On September 16, 2009, the name was changed to United States Van Lines Relocation Division,

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<sup>71</sup> Budget Van Lines Representative Notes, Job No. 938325 (Nov. 9, 2011) (Budget Doc. Exhibit 3-B 330623).

<sup>72</sup> Budget Van Lines Representative Notes, Job No. 899649 (Aug. 18, 2011) (Budget Doc. Exhibit 3-B 282564).

<sup>73</sup> Federal Motor Carrier Safety Administration, Licensing and Insurance Information for Colonial Van Lines Relocation Division (accessed Sep. 11, 2012).

<sup>74</sup> Colonial Van Lines Relocation Division, Homepage (online at [www.colonialvanlinesrelo.com](http://www.colonialvanlinesrelo.com)) (last visited Aug. 29, 2012).

<sup>75</sup> Federal Motor Carrier Safety Administration, Licensing and Insurance Information for American Van Lines Relocation Division, Inc. (accessed Sep. 11, 2012); American Van Lines Relocation Division Homepage (last visited on Sep. 11, 2012) (online at [www.americanvanlinesrelo.com](http://www.americanvanlinesrelo.com)).

<sup>76</sup> Federal Motor Carrier Safety Administration, Licensing and Insurance Information for Patriot Van Lines (accessed Sep. 11, 2012); Florida Department of State, Division of Corporations Record for Patriot Van Lines, Inc. (Doc. No. P02000042793).

<sup>77</sup> Florida Department of State, Division of Corporations Record for Colonial Van Lines, Inc. (Doc. No. P03000044519).

Inc. On July 20, 2012, the name was changed to All State Van Lines Relocation, Inc.<sup>78</sup>

- On August 7, 2012, United States Van Lines changed its name to States Van Lines.<sup>79</sup>
- On November 14, 2002, Mr. DiSorbo incorporated GG Moving, Inc. On December 5, 2002, the name was changed to Golden Gloves Moving and Storage, Inc. On April 9, 2010, the name was changed to Champion Moving and Storage. Finally, on May 28, 2010, the name was changed to Moving Squad Inc. of Fort Lauderdale.<sup>80</sup>
- On February 24, 2005, We Haul Moving Inc., changed its name to WeHaul International, Inc. On May 3, 2011, WeHaul International, Inc. changed its name to Patriot Van Lines, Inc.<sup>81</sup>

Customers appear to be unaware of the relationships between the various companies, and the DiSorbo companies appear to make efforts to conceal these relationships. In several examples provided to the Committee, in moves where a DiSorbo Broker Company brokers the job to a carrier also owned by DiSorbo, the companies' responses to consumers who have complained attempt to disguise the relationship. For example, a customer who moved from Colorado to Texas complained to FMCSA that she received a binding estimate from American Van Lines of California for \$2,290.60.<sup>82</sup> When the carrier, Moving Squad, arrived to deliver her goods, he was provided a new price of \$3,311.75.<sup>83</sup> In Moving Squad's response to FMCSA it wrote:

Our company was contracted to provide coordinated relocation services to [customer] for her move from Colorado to Texas. ... [Customer]'s estimate was prepared by American Van Lines of California; a moving broker.<sup>84</sup>

Both American Van Lines of California and Moving Squad are owned and operated by Aldo DiSorbo, yet this fact was apparently not disclosed to the customer.

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<sup>78</sup> Florida Department of State, Division of Corporations Record for All State Van Lines Relcoation, Inc. (Doc. No. P00000005128).

<sup>79</sup> Florida Department of State, Division of Corporations Record for States Van Lines, Inc. (Doc. No. P03000045335).

<sup>80</sup> Florida Department of State, Division of Corporations Record for Moving Squad Inc. of Fort Lauderdale (Doc. No. P02000121957).

<sup>81</sup> Florida Department of State, Division of Corporations Record for Patriot Van Lines, Inc. (Doc. No. P02000042793).

<sup>82</sup> Customer Complaint to Federal Motor Carrier Safety Administration, Complaint No. 100048054 (Apr. 12, 2011) (DiSorbo Doc. DMC 000279-000280).

<sup>83</sup> *Id.*

<sup>84</sup> Response from Moving Squad to Federal Motor Carrier Safety Administration (DiSorbo Doc. DMC 000281).

### C. Broker “Deposits” and Fees

Both Budget Van Lines and the DiSorbo Broker Companies collect a deposit at the time of arranging the move. These deposits are collected up front, prior to performing any moving services. These “deposits” are actually the fee that the consumer pays to the broker for its services. According to AMSA:

Professional movers generally don’t require a deposit before moving you, and if they do it is generally just a small “good faith” deposit. However, some scam movers or internet brokers frequently require a large deposit. So, if a mover you are considering requires you to pay a big deposit to “hold your dates” or to insure “prompt service” you may want to choose another mover.<sup>85</sup>

Committee staff found examples of “deposits” paid to broker companies that were well over a thousand dollars. These “deposits,” which were nothing more than fees that went directly to the brokers, were not shared with carriers. Consequently, before any of the consumers’ items had been picked up, they had often paid hundreds – sometimes thousands – of dollars to an Internet moving broker. These substantial fees likely contribute to the price increases during the move process, which are discussed further below, as the amount of money left over for the carrier is likely not enough for the expense of the move.

Budget Van Lines charges each customer a booking fee, the amount of which is up to the discretion of the Budget employee arranging the move. In training materials provided to its employees, Budget Van Lines defines a booking fee as:

[O]ur fee which we charge the customer as a broker for using our service. The booking fee is in addition to the percentage charge (our cut) for the total job ... Note, as a sales person you are able to increase this fee if the customer is willing to pay it but it should never be below \$195.”<sup>86</sup>

In addition to the booking fee, Budget Van Lines collects 25% of the initial estimated price as a “deposit.” Budget Van Lines explained to the Committee that it “charges customers who sign estimates and book moves a ‘booking fee,’ separately itemized on the estimate, and a deposit for the transportation services as quoted in the estimate. This deposit is equal to the broker fee or commission.”<sup>87</sup> The payment for this charge is collected at the time of booking. The remainder of the estimate is due to the carrier at the time of delivery.

The DiSorbo Broker Companies also charge a sizeable “deposit” at the time of booking.<sup>88</sup> The DiSorbo Broker Companies call these initial payments “deposits,” but none of the money

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<sup>85</sup> American Moving and Storage Association, *Make a Smart Move, Consumer Handbook: A Practical Guide to Interstate Moving* (2007) at 5 (online at [www.moving.org](http://www.moving.org)) (emphasis omitted).

<sup>86</sup> Budget Van Lines, *Estimate Guidelines*, Version 4.0 (Oct. 31, 2011) (Budget Doc. Exhibit 4 – 000072).

<sup>87</sup> Letter from Jason M. Romrell, President and Chief Legal Officer, Budget Van Lines, to Chairman John D. Rockefeller IV (Jan. 27, 2012).

<sup>88</sup> Exhibit I includes examples of deposits paid by customers to several DiSorbo Broker Companies.

actually goes to the carrier as a deposit on the move. This deposit is collected by the DiSorbo Broker Companies as their fee for performing the services of providing an estimate and attempting to locate a carrier. The DiSorbo companies explained that “the deposit fees paid to the broker to secure the move is the only portion of the total customer payments that the broker companies receive. All charges and monies paid for the move after the deposits are received by the moving company.”<sup>89</sup>

In addition, the DiSorbo Broker Companies have what they call a “Quality Assurance Department” that contacts customers a few days prior to the move. Many former customers have complained that, at this point in the process, the cost of their move is increased and an additional deposit is due to the broker. DiSorbo Broker Companies described the Quality Assurance process, stating:

Approximately 5 to 7 days before the move, the DiSorbo Broker Companies’ Quality Assurance Department calls and emails the customer to again confirm the customer’s property list, the move dates, and to review the estimate with the customer for accuracy. The DiSorbo Broker Companies take this extra step to alleviate any potential confusion on the customers’ end that may result from the customer receiving multiple estimates, which occurs when a customer changes their move plans after the initial estimate.<sup>90</sup>

Former customers describe the Quality Assurance process differently. Customers routinely complained that, at this point in the move, a new, much higher estimate is generated, resulting in the requirement of an additional “deposit” for the shipper to pay.

This quality assurance process causes two problems for shippers. First, shippers are contributing more money to what they believe to be a “deposit,” when it is in fact nothing more than additional broker fees. Second, these calls too often occur once it is too late for the shipper to cancel and be refunded the original deposit paid. Therefore, the shipper has a choice to either accept the new estimate and pay the additional deposit or cancel and forfeit the money already paid.<sup>91</sup>

#### ***D. Price Increases***

Committee staff found abundant evidence showing that consumers who used Internet moving brokers for their moves repeatedly faced price increases after carriers arrived at their residence or after their belongings were loaded onto carriers’ trucks. These price increases were often dramatic. Numerous examples in documents provided to the Committee showed increases over \$3,000, and they happened even though the consumer had received a “binding estimate” from the Internet moving broker.

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<sup>89</sup> DiSorbo Broker Companies response to Chairman John D. Rockefeller IV Dec. 19, 2011 letter (Jan. 27, 2012).

<sup>90</sup> *Id.*

<sup>91</sup> The DiSorbo Broker Companies will not refund any deposits paid unless notice is received “at least 5 business days (Saturdays, Sundays and Holidays not included) prior to the pack or load date.” Copy of United States Van Lines Relocation Division estimate (DiSorbo Doc. DBC 004581).

However, when Chairman Rockefeller asked Internet moving brokers for information about price increases, the companies claimed they had none. Both Budget Van Lines and the various companies owned by Mr. DiSorbo responded that they do not keep track of what happens to the price once the move is transferred to a carrier. Budget Van Lines responded:

Budget Van Lines conducted no interstate moves; it operates solely as a broker, not a motor carrier. It has no data available in its files that would allow it to calculate the number of interstate moves it arranged that resulted in price changes to the original estimates. The underlying motor carriers do not normally inform Budget Van Lines when the prices or freight charges listed in the original estimates are subsequently adjusted.<sup>92</sup>

Similarly, the DiSorbo Broker Companies responded that “[t]he fact that the DiSorbo Broker Companies do not link their fees to the moving companies’ final cost means that the DiSorbo Broker Companies are not given comprehensive records of price variations between the initial estimate and the final move price.”<sup>93</sup>

Because neither of the broker companies could answer the question of how often the cost of their customers’ moves increases after carriers arrive, Committee staff found alternative methods to determine what was happening to the price once the moves were transferred from Internet moving brokers to carriers.

### ***Bills of Lading***

Committee staff reviewed over 1,000 customer files produced by Able Moving and Best Price Moving and Storage. The customer files contained bills of lading, which showed shippers’ original estimates and the price they actually paid for the moves. The majority of the estimates for these moves appeared to be performed by Internet moving brokers and a significant percentage of the estimates were “binding estimates.” In 90% of the moves, the bills of lading showed that the shippers experienced a price increase. In 35% of the moves, shippers experienced a price increase greater than \$500 and in 15% of the moves consumers experienced a price increase greater than \$1,000.

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<sup>92</sup> Letter from Jason M. Romrell, President and Chief Legal Officer, Budget Van Lines, to Chairman John D. Rockefeller IV (Jan. 27, 2012).

<sup>93</sup> DiSorbo Broker Companies response to Chairman John D. Rockefeller IV Dec. 19, 2011 letter (Jan. 27, 2012).

### *Company Logs*

The Internet broker companies informed the Committee that there are two instances in which a broker could become aware of price changes after the carrier arrived: (1) if a customer complains directly to the broker about a change in the price or to another agency that is then forwarded to the broker for a response, or (2) if a carrier alerts them to the price increase.<sup>94</sup> Both of these scenarios are generally recorded by the companies in notes that accompany each customer file. Committee staff reviewed thousands of pages of documents that included these notes. This review showed that a large number of customers are calling the broker companies to complain about price increases.

Budget Van Lines provided copies of estimates that included employee notes about activity on the file. In 2011, at a minimum, at least 1,400 customers contacted Budget Van Lines to complain about an increase in the cost above the estimate or to question additional charges being added by the carrier.<sup>95</sup> This equates to approximately four customer calls each day about price increases. Examples from the call log notes include:

- “Customer wife called stated that weight is over by 10000 pounds and is gonna cost another 6000 dollars...”<sup>96</sup>
- “Cust upset that he came in over weight ... says our system was off [b]y 20% doesn’t feel like he should have to pay for that weight ... advise cust system not perfect but he is responsible for additional weight and he must pay carrier.”<sup>97</sup>

The DiSorbo Broker Companies provided the Committee with a smaller sampling of similar notes, yet they too showed frequent calls from customers about price increases. The notes reviewed were representative of approximately 484 completed moves. The call logs showed that almost 25% of those customers called to complain about an increase in the price of their moves once the carriers arrived.

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<sup>94</sup> DiSorbo Broker Companies response to Chairman John D. Rockefeller IV Dec. 19, 2011 letter (Jan. 27, 2012); Letter from Jason M. Romrell, President and Chief Legal Officer, Budget Van Lines, to Chairman John D. Rockefeller IV (Jan. 27, 2012).

<sup>95</sup> The calculation of 1,400 customer contacts likely underrepresents the total number of calls that Budget Van Lines received about price increases or to question additional charges in 2011. The call logs are maintained by Budget Van Lines employees; accuracy depends upon the specific employee who is handling the call and requires that the employee make a note in the file that the customer called as well as the reason for the call.

<sup>96</sup> Budget Van Lines Ticket Log (Job # 884608) (Aug. 8, 2011) (Budget Doc. Exhibit 3-B 270920).

<sup>97</sup> Budget Van Lines Ticket Log (Job # 885329) (Aug. 4, 2011) (Budget Doc. Exhibit 3-B 271523).

### *Customer Interviews*

Throughout the investigation, Committee staff interviewed dozens of consumers who had used the services of the companies from whom Chairman Rockefeller had requested information.<sup>98</sup> In interviews with dozens of customers of Budget Van Lines and the DiSorbo Broker Companies, all but four reported that the price increased at some point after the carrier arrived for pick-up.<sup>99</sup>

Customers of the moving carriers also reported increases in price. Able Moving did not arrange any interstate moves directly during the time period examined by the Committee. All of Able Moving's interstate moves were arranged by a broker.<sup>100</sup> Every customer of Able Moving that Committee staff interviewed reported having the price increased by Able Moving.

Unlike Able Moving, Best Price Moving and Storage arranges some interstate moves directly and also receives some from brokers.<sup>101</sup> Several customers of Best Price Moving and Storage reported that the price either did not increase or did not increase significantly. These customers reported that they did not use the services of an Internet-based broker, but rather worked directly with Best Price Moving and Storage.

Best Price Moving and Storage was unable to recreate complete moving files for the Committee that included whether each move was arranged by Best Price directly or through a broker. However, based upon customers' best recollections of which company arranged their moves, it appears that those customers who worked directly with Best Price Moving and Storage reported having a better experience and less often reported price increases than those customers who arranged the move through a broker who then transferred the move to Best Price Moving and Storage.

### *E. Hostage Situations*

Price increases that occur late in the moving process, especially after pick-up has occurred, force consumers to make difficult decisions. Consumers can either agree to pay the

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<sup>98</sup> Committee staff called hundreds of customers of the four companies investigated. The customers contacted were selected from the customer files provided by the companies without regard for whether it appeared that the customers had encountered a price increase. As discussed earlier in Section C, the information provided by Budget Van Lines and the DiSorbo Broker Companies gave no indication whether the customer experienced a price increase.

<sup>99</sup> Of the four that did not report a price increase, one customer cancelled the move prior to pick-up, forfeiting the deposit paid after reading negative reviews online. One customer reported that no carrier ever showed up to pick up his goods, so his deposit money was returned. Two customers had estimates that were based upon a minimum weight. The consumers who alleged that they had a minimum weight requirement reported moving far less weight than the minimum but still paid for the minimum weight.

<sup>100</sup> Letter from Rory K. McGinty, Counsel to Able Moving, Inc., to Chairman John D. Rockefeller IV (Feb. 3, 2012).

<sup>101</sup> Letter from Elliot S. Berke, Counsel to Best Price Moving and Storage, Inc., to Chairman John D. Rockefeller IV (Jan. 26, 2012).

inflated fees, whether they are justified or not, or refuse and face the possibility that the carriers will not return their household goods and hold their goods “hostage.”

Committee staff obtained numerous examples of consumers who faced hostage situations due to price increases late in the process. In one example, a Budget Van Lines customer from Missouri complained that she had a non-binding estimate from Budget Van Lines for \$1,799 to move her mother’s furniture. However, “when they arrived they demanded more than twice the agreed upon price. When she did not have it they drove off with her furniture and [she] was not informed who had the items until 5 months later when they demanded three times the agreed upon price.”<sup>102</sup> Budget’s documents showed that the customer’s original estimate was for 3,150 pounds, and the carrier alleged that she actually had 5,920 pounds.<sup>103</sup>

Another customer hired American Van Lines of California for a move from Missouri to New York. American Van Lines of California then brokered the move to Able Moving, Inc. The customer was provided an estimate of \$1,346.67 to move 2,000 pounds. The customer paid a deposit of \$560.66 to American Van Lines of California, leaving a balance of \$786.01 due upon delivery. Two days after pick-up, “a representative from [American Van Lines] left a message on [his] cellphone stating that [the] total for the move was \$1,400.40 ... When we reached the carrier the next morning, they claimed that our shipment was 800 pounds overweight (despite our having given them less to move than on the original agreement with AVL).”<sup>104</sup> After Able Moving arrived for delivery, they refused to deliver the customer’s belongings unless he paid the additional money. The customer stated:

... When we couldn’t immediately pay them the additional \$614.39, they said they were going to put our possessions in storage, and that we’d have to pay them \$350 (then \$325, then \$250, then \$350 again) to release it, and that we’d have to arrange to move it ourselves because they would not redeliver.<sup>105</sup>

As of the date of the complaint, the customer had still not received their goods.

In these situations, the absolute worst case scenario is when the shippers are unable to acquire the necessary funds to get their possessions back, and the carrier resorts to auctioning them off. In one example, a Budget Van Lines customer from Idaho complained to the FMCSA, stating:

Budget Van Lines brokered Executive Relocation. Executive Relocation is holding my, and my 3 year old’s personal effects hostage. Our estimate from Budget was \$1400, now Budget Van Lines and Executive Relocation want \$9400. Neither Budget, nor Executive Relocation will provide me with any disclosures or documents

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<sup>102</sup> Better Business Bureau Complaint (Apr. 19, 2010) (Budget Doc. Exhibit 2-h 000053).

<sup>103</sup> Budget Van Lines Binding Estimate (Dec. 12, 2010) (Budget Doc. Exhibit 2-h 000054).

<sup>104</sup> Customer Complaint to Federal Motor Carrier Safety Administration, Complaint No. 100037676 (Nov. 7, 2009) (produced by Able Moving without Bates Number).

<sup>105</sup> *Id.*



as to how they went from a quote of \$1400 to now \$9400 – I have requested this paperwork in writing to them, twice and there is no response from either company. Executive Relocation is telling me that if we do not pay them this \$9400 that in 90 days they will SELL ALL OF OUR BELONGINGS! Please help??<sup>106</sup>

Documents show that the original binding estimate provided by Budget Van Lines was for \$1,399 to move 1,000 pounds.<sup>107</sup> The customer paid \$571 to Budget Van Lines as a deposit. At pick-up, the customer paid an additional \$414. Once the carrier had picked up her belongings, she was informed that the carrier was charging her for 7,020 pounds, instead of the 1,000 pounds that Budget Van Lines had estimated.<sup>108</sup> The customer was unable to come up with the increased fees at delivery, so her belongings were placed in storage. The call logs provide that “all [customer] has is \$2200, may be able to get up to \$2400 and that’s all she has to work with.”<sup>109</sup> The carrier refused to deliver for \$2400, requiring at least \$3,000 to deliver. After many months of negotiating, a Budget Van Lines representative wrote, “this is between customer and carrier, customer has paid nothing to date with the exception of pick up amount, that is it since December, nothing more we can do, closed.”<sup>110</sup> It is unclear from the documents whether this customer ever received her household goods.

Similarly, a Nationwide Relocation Services customer moving from Colorado to Florida spent nearly five months negotiating with the carrier to deliver. The customer was given an original binding estimate for \$3,332.85. She paid an initial deposit of \$1,585.73, leaving a balance of \$1,747.12.<sup>111</sup> After pick-up, the carrier advised that the “final weight of her goods was an additional 2,035 pounds above the original estimate.”<sup>112</sup> The customer was also charged for \$1,220 worth of additional packing services, increasing the amount due at delivery by \$1,877.52.<sup>113</sup> The customer objected to this increase and alleged that the carrier made her sign blank documents. The customer was unable to pay the increased fees, and the carrier placed her goods in storage.

After several months of unsuccessful negotiations, on March 9, 2011, the carrier sent the customer an auction notice.<sup>114</sup> After many more months of haggling with the carrier and Nationwide Relocation Services, the carrier agreed to deliver her goods for \$2,500. The

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<sup>106</sup> Consumer Complaint to Federal Motor Carrier Safety Administration, National Consumer Complaint Database (Jan. 20, 2011) (Budget Doc. Exhibit 5 000696).

<sup>107</sup> Budget Van Lines Binding Estimate (Nov. 13, 2010) (Budget Doc. Exhibit 5 000698).

<sup>108</sup> Budget Van Lines Agent Log (Feb. 7, 2011) (Budget Doc. Exhibit 5 000706).

<sup>109</sup> Budget Van Lines Agent Log (Feb. 9, 2011) (Budget Doc. Exhibit 5 000706).

<sup>110</sup> Budget Van Lines Agent Log (May 13, 2011) (Budget Doc. Exhibit 5 000700).

<sup>111</sup> Nationwide Relocation Services Estimate for Service for Job No. 6376147-01-R1 (Jan. 14, 2011) (DiSorbo Doc. DBC 002370-002374).

<sup>112</sup> Nationwide Relocation Services response to Florida Department of Agriculture and Consumer Services (Mar. 8, 2011) (DiSorbo Doc. DBC 002376).

<sup>113</sup> Nationwide Relocation Services Customer Logs (Jan. 17, 2011) (DiSorbo Doc. DBC 002394).

<sup>114</sup> Nationwide Relocation Services Customer Logs (Mar. 9, 2011) (DiSorbo Doc. DBC 002388).

customer's goods were finally delivered on June 4, 2011.<sup>115</sup> However, the customer alleged that the carrier demanded an additional \$500 at the time of delivery.<sup>116</sup>

More often than not, based upon the information reviewed by the Committee and the interviews Committee staff conducted, consumers will pay the price increases, rather than face a hostage situation. As one customer explained, "[t]he carrier refused to unload belongings unless I paid, but did not hold the belongings for more than one day, as I paid the balance."<sup>117</sup> The customer reported paying "roughly \$825 more than the original estimate."<sup>118</sup>

#### **IV. EXAMPLES OF MOVES BOOKED BY INTERNET MOVING BROKERS**

Through the investigation, Committee staff accumulated hundreds of examples from consumers that demonstrated the flaws and dangers in the business practices used by Internet moving brokers. The following are a few of those examples. Each example illustrates the experiences of shippers who had relied upon Internet moving brokers and their interstate moving partners for their interstate moves. For each of these consumer stories, there are very likely thousands that are similar to them. Committee staff made dozens of calls at random to the companies' former customers and heard similar stories frequently.

*Joyce Gonzalez – Miami, Florida.*<sup>119</sup> To plan for her move from Detroit, Michigan, to Florida, Ms. Gonzalez selected Budget Van Lines after searching online for a good deal. She was quoted a price of \$900 plus a \$250 booking fee. She paid \$475 as a deposit. She was unaware that Budget Van Lines was a broker. A few days past her original scheduled moving date, a single mover arrived and loaded her belongings into a Uhaul truck; he told her that there was an issue with the truck and that her belongings would be reloaded into a larger truck later.

On the day of delivery, Ms. Gonzalez received a phone call from the movers stating that they were around the corner and would need almost \$1,700 in cash. When she questioned the price increase, the movers stated that it was due to the increased weight of her move. It was only at this point that Ms. Gonzalez learned that Able Moving, Inc. was her carrier, not Budget Van Lines. When she indicated that she did not have the cash, they left with all of her property.

She was told that her belongings would be placed in storage and that until she wired the \$1,691 balance, she could neither learn the location of her property nor retrieve it; once she paid this amount, she would receive the key in the mail and learn the location of her belongings. When Ms. Gonzalez asked Able Movers to meet her at a weigh station to understand the price increase, she was told that she must first wire the remaining balance. At one point, Ms.

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<sup>115</sup> Nationwide Relocation Services Customer Logs (June 4, 2011) (DiSorbo Doc. DBC 002381).

<sup>116</sup> Nationwide Relocation Services Customer Logs (June 6, 2011) (DiSorbo Doc. DBC 002381).

<sup>117</sup> Customer Complaint to Federal Motor Carrier Safety Administration (June 1, 2009) (Budget Doc. Exhibit 5 000135).

<sup>118</sup> Customer Complaint to Federal Motor Carrier Safety Administration (June 1, 2009) (Budget Doc. Exhibit 5 000136).

<sup>119</sup> Committee staff interview with Joyce Gonzales (Sept. 4, 2012); Joyce Gonzales Complaint to Federal Motor Carrier Safety Administration (Mar. 8, 2011) (Budget Doc. Exhibit 5 – 000903-000904).

Gonzalez said the movers threatened to take her belongings to Chicago and charge her \$4,000 to have it shipped back to Florida.

Ms. Gonzalez repeatedly attempted to contact Budget Van Lines and Able Moving and locate her belongings. At each point, she was told that she must first wire \$1,691 to Able Moving before she could learn where her property was being held. Months after her items were taken, Ms. Gonzalez received a call from a local storage company near Lake Wales, Florida. She was told that her belongings had been sold at auction, but the company would hold her personal papers – such as financial documents – until she could retrieve them. Unfortunately, she was unable to ever get what remained of her belongings.

According to Ms. Gonzalez, she lost everything – including family photos and all of her children’s belongings. She also learned that Able Moving had continued to seek a wire transfer for \$1,691 even *after* her property had been sold at auction. Ms. Gonzalez said, “They are just trying to rip people off that don’t have it.”

***Katie Blick White – San Diego, California.***<sup>120</sup> Mrs. White attempted to find a local moving company to handle her family’s move from Wichita, Kansas, but none could handle a move to California. She then began searching for a national company online, and ultimately selected United States Van Lines because it provided the lowest quote and the estimator made her feel comfortable. The estimator repeatedly told her that “he was a professional” and that “he always over-estimates the price so in the end you’ll pay less.” Mrs. White signed a contract with the company dated December 24, 2010, which gave a \$2,578.41 estimate for moving an estimated weight of 4,032 pounds; she requested a move date of January 15 or 16 and paid \$810.59 as a deposit.

On the afternoon of January 11, 2011, Mrs. White returned a call to the Quality Assurance department to review the inventory list again. She was told at this point that United States Van Lines had “drastically underestimated” her box count; the new estimated charges were increased to approximately \$4,900 to cover 6,692 pounds. Mrs. White allowed them to charge an additional \$1,486.14 for her deposit. After discussing it further with her husband, later that evening Mrs. White emailed the company and indicated that she would not be signing the new paperwork, that she would like to cancel the move, and that she was within the five-day window to do so and expected a full refund.

On January 12, 2011, United States Van Lines contacted her and, after several discussions, provided a new estimate of \$3,539.32. Mrs. White said, “I called QA [Quality Assurance] supervisor [at United States Van Lines] back and told her that we would move with the \$3,539 seeing as it was our last resort since we were scheduled to move 3 days later. She sent me to another dept to give yet another deposit, and told me that the previous 2 deposits would be credited back to my card.” Mrs. White received a \$1,155.50 refund to account for her adjusted revised estimate.

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<sup>120</sup> Committee staff interview with Katie Blick White (Feb. 24, 2012); E-mail from Katie Blick White to Committee Staff (Feb. 24, 2012); United States Van Lines Relocation Division Estimate (Dec. 24, 2010) (DiSorbo Doc. DBC 001398-001406).

On January 15, 2011, movers from Sirena Moving arrived and determined that the weight of the household goods was 3,048 pounds more than the revised estimated weight. Ultimately, Mrs. White's move cost \$5,039.68 – approximately \$1,500 more than her revised estimate from three days earlier.

***Holly Root – Middleburg, Florida.***<sup>121</sup> In October 2011, Holly Root contacted Budget Van Lines to move her possessions from two storage lockers in Minnesota to her home in Florida. At the time of the call, Ms. Root was given a quote of \$3,500 for 7,000 pounds, with a rate of 39 cents per pound for any amount over the initial weight. In order to secure the move date, she paid a deposit of \$1,108.25 to Budget. On the day of her move, Ms. Root met the movers at her storage lockers in Minnesota and they loaded all of her possessions onto the moving trucks. Once they had finished, she said:

The storage business was now closed and the storage units I had were now locked up with the storage units [sic] locks. Then one of the movers said “this is way more than 7000 pounds.” Then he approached me with a contract he just wrote up for his company, including Budgets [sic] prices. I could hardly read it. It was dark by this time, I told him it was hard to see in the dark!

At this point, she was presented with a new contract from Moving Central – a company she had previously never heard of – for \$8,649, more than double the original quote. When Ms. Root asked what would happen if she did not sign the new contract, the movers said “we will unload everything right here.” Ms. Root called Budget multiple times but received no assistance. At that point, Ms. Root signed the contract with Moving Central and used her credit card to pay an additional \$4,000 deposit with \$3032.63 due upon delivery.

Ms. Root continued to call Budget to complain about the additional charges and her experience. She said:

I would continue to call and call Budget and they said we'll have to call the carrier, they would put me on hold, sometimes for long periods of time or even disconnect me or give me the run around the [sic] with the same responses, I would ask to speak to a Manager and they would tell me they are in a meeting, then either put me on hold again, hang up and I never got any calls returned. They acted like nothing [was] wrong, it was me. They acted as if they were not even hearing me.

Despite numerous calls to both Budget and Moving Central, weeks and months went by without delivery of Ms. Root's possessions. “Neither company would take responsibility as they held my property hostage.” Moving Central began to threaten to sell Ms. Root's possession at auction if

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<sup>121</sup> Committee staff telephone interview with Holly Root (Jan. 31, 2012); E-mail from Holly Root to Committee staff (Feb. 8, 2012); Budget Van Lines Estimate and Customer Call Log (Budget Doc. Exhibit 3-B 326670-326713); Holly Root Complaint to Better Business Bureau (Dec. 30, 2011) (Budget Doc. Exhibit 2-h 000426-432).

she did not pay the additional amount. Ultimately, Ms. Root was able to negotiate with Moving Central and have her items delivered, although some items are still missing.

**Mark and Julie Malenda – Erie, Pennsylvania.**<sup>122</sup> In November 2011, after searching online for a moving company, Mrs. Malenda worked with United States Van Lines Relocation Division to arrange the family's move from Nevada to Pennsylvania. She spent a considerable amount of time on the phone with the company providing a detailed inventory of items to be moved. Ultimately, Mr. Malenda signed a contract to move approximately 230 items with an estimated weight of 11,182 pounds on November 17 or 18; he was told this was a binding estimate not to exceed the price.

On November 19, American Van Lines arrived and told Mrs. Malenda that the weight would likely be over the estimated weight. According to Mrs. Malenda, the movers "had me sign an invoice which I did because he refused to load our belongings so we would lose our deposit and have to find a new mover one day later than we were supposed to be moved in the first place." Over the course of several days and through multiple phone calls, Mrs. Malenda was informed that the weight was more than 2,400 pounds over the original estimate and that she owed approximately \$4,800. Mrs. Malenda informed United States Van Lines Relocation Division that she only had \$3,600. The company said it would reduce her bill by \$400 if it received the remaining balance by the following day, otherwise "they would put our belongings in storage and give us the address and keys when we could pay the full amount plus the storage fees." After numerous unsuccessful calls with the company, Mrs. Malenda ultimately paid \$4,000 to receive her family's belongings – which included the remains of her youngest son. According to Mrs. Malenda:

This company is not interested in providing any of the customer service they promised when we chose them. We were led to believe they were their own company only to find out through this fiasco that they are a brokerage firm. The actual company that has our things on it's [sic] van is American Van Lines.

United States Van Lines Relocation Division's response to the BBB provided that "Mrs. Malenda was informed in writing of [their] role pertaining to her move." But it is not clear whether she was ever made aware that the company who was holding her belongings was owned by the brother of Aldo DiSorbo, the owner of United States Van Lines Relocation Division.

**Alan Vangen – Rio, Wisconsin.**<sup>123</sup> In preparation for his family's move, Mr. Vangen obtained bids from four companies, and United States Van Lines was the lowest bid. On February 16, 2011, he was given a \$5,482.39 binding estimate, not to exceed the price, to move 233 items weighing 13,289 pounds. Mr. Vangen paid a \$2,335.94 deposit on his credit card. On

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<sup>122</sup> Committee staff telephone interview with Mark Malenda (Aug. 10, 2012); Better Business Bureau, Complaint Activity Report, Case No. 90127175 (Nov. 28, 2011) (DiSorbo Doc. DBC 002716-002718).

<sup>123</sup> Committee staff telephone interview with Alan Vangen (Aug. 10, 2012); Better Business Bureau, Complaint Activity Report, Case No. 90092866 (Mar. 25, 2011) (DiSorbo Doc. DBC 002757); United States Van Lines Response to Better Business Bureau Complaint and Accompanying Customer Call Log Notes (Feb. 28, 2012) (DiSorbo Doc. DBC 002758 – 002761).

March 11, 2011, a representative of United States Van Lines contacted Mr. Vangen to review his inventory; Mr. Vangen added two items to the move – a stroller and a plastic highchair – and counted the total number of boxes to be moved, which was still significantly less than the total on the original estimate. Yet these changes resulted in an increased estimate amount of \$6,095.89 to move 257 items weighing 13,892 pounds, resulting in \$406.78 in additional charges on his credit card. He owed \$3,353.17 when his items arrived. According to Mr. Vangen:

This didn't make a lot of sense with adding two small items, and still being under their initial estimate in total boxes – they raised the price. From what I understand now, but they never told me. Once you change any part of the initial order the “binding estimate not to exceed price” vanishes and you will now have to pay full tariff rates. Not one word was said about this.

When Mr. Vangen arrived in Wisconsin with his family on March 17, United States Van Lines informed him that he would have to pay the movers, Roma Movers, \$4,424.75 in cash instead of the original \$3,353.17. He was told that if he did not pay this amount, all of his belongings would be placed in storage. However, Mr. Vangen had only arranged to have \$3,400 available based on his estimate. “The drivers were steadfast and refused to due [sic] anything until I gave them the additional \$1024.75 in cash. I had no choice, so the bank after hearing my situation agreed to cash a personal check for cash so I could give it to the drivers.” Ultimately, Mr. Vangen paid \$7,166.97 for the move instead of the original \$5,482.39 estimate. According to Mr. Vangen, “What is the point of a contract or estimate if they are going to miss it by so much or not abide by it at all?”

***Adam Martin – Phoenix, Arizona.***<sup>124</sup> On June 1, 2012, Mr. Martin obtained a \$2,856 binding estimate from Budget Van Lines to move his belongings from Fort Wayne, Indiana to Phoenix, Arizona, and paid a \$714 deposit to schedule the move. In addition, he was charged a \$278 booking fee by Budget Van Lines. Mr. Martin requested a pickup date of June 8 or 9. Mr. Martin paid \$1,070 at the time of pickup, and per the agreement the remaining \$1,072 balance was due in full at the time of the delivery.

On June 11, Mr. Martin's carrier, Moving Central, Inc., arrived and determined that the estimated cost of the move would be \$6,159.10. Once the carrier had loaded all of his belongings onto the truck he was told that he had more items than were listed on the inventory and would need to sign a new agreement. Under the new agreement, Mr. Martin owed \$4,375.10 at the time of delivery – almost four times the cost of the original estimate. Since Mr. Martin did not have the amount demanded at the time of delivery, he is making payments until he pays off the total balance.

***Matthew and Danielle Buhler – Las Cruces, New Mexico.***<sup>125</sup> Ms. Buhler's husband was offered a job that required the family to move from North Carolina to New Mexico in three

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<sup>124</sup> Committee staff telephone interview with Gary Martin (June 12, 2012); E-mail from Gary Martin to Committee staff and accompanying documents (June 12, 2012).

<sup>125</sup> Committee staff telephone interview with Danielle Buhler (Aug. 9, 2012); Better Business Bureau, Complaint Activity Report, Case No. 90122099 (Oct. 17, 2011) (DiSorbo Doc. DMC 000410-000411);

weeks. United States Van Lines gave her a binding estimate of \$3,411.74 to move an estimated 5,441 pounds; Ms. Buhler originally planned to use a different company, but United States Van Lines matched that estimate. Ms. Buhler paid \$956.32 as a “binding estimate fee” to schedule the move for September 26. “They did not advise us until after we gave the deposit that it could take 3 weeks to deliver our stuff.” United States Van Lines never explained that they were a broker.

On September 27 – one day after the move was scheduled to occur – MBM Moving Systems, LLC, arrived and determined that the items weighed approximately 9,200 pounds, which increased the estimate to \$5,285.26. Throughout the move, Ms. Buhler attempted to contact United States Van Lines, but her phone calls were not returned. Ms. Buhler’s items arrived on October 17 and were significantly damaged. According to Ms. Buhler:

I see now that it doesn’t matter what they promise you because they know the contract is not really binding and they can charge you whatever they want. After everything happened I researched this company and have found that I am not the only person that they did this to. My only fault is not researching them more in the beginning, but we were in a hurry and the rep I spoke with seemed very knowledgeable and friendly. Lo and behold I could not get in touch with her at all once we were on the hook. It just goes straight to the manager’s voice mail and NO one calls you back.

***Richard Selinfreund – Terre Haute, Indiana.***<sup>126</sup> On July 16, 2012, Mr. Selinfreund signed a contract with Colonial Van Lines estimating his family’s move at \$4,896.24; he paid an initial deposit of \$2,023 with a pick-up date of July 30, 2012 and an estimated delivery date between August 3 and August 11. On July 27, only a few days before the scheduled move, a Colonial employee demanded an additional \$2,024 payment or the movers would not come. Mr. Selinfreund paid the additional amount.

On July 30, the day of the scheduled move, Mr. Selinfreund was contacted by Colonial, informed that the truck would not be arriving on time, and offered \$350 if he could wait until August 4. However, Mr. Selinfreund explained that he could not wait because he had to be out of the home before August 1 pursuant to the contract for sale and to avoid paying an extra month on his mortgage.

On August 1, Colonial Van Lines promised him that a van would arrive that afternoon or, at the latest, the next day. Mr. Selinfreund was told that he would need approximately \$1,900 for the movers. On August 2, the carrier – United Distribution Van Lines – arrived and demanded over \$3,000 to complete the move; when Mr. Selinfreund disagreed, the movers drove away. Mr. Selinfreund spoke with Colonial Van Lines, and a Colonial employee informed him that United Distribution would return the next day for the previously agreed upon \$1,900. On August 3, United Distribution returned and loaded some of the items, taking \$1,900 but still demanding

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United States Van Lines Response to Better Business Bureau Complaint and Accompanying Documents (Nov. 17, 2011) (DiSorbo Doc. DMC 000412-000422).

<sup>126</sup> Committee staff telephone interview with Richard Selinfreund (Aug. 20, 2012); E-mail from Richard Selinfreund to Committee staff (Aug. 20, 2012).

over \$3,000 to load the remaining belongings. Ultimately, Mr. Selinfreund was forced to personally rent a truck and hire local labor to load his remaining belongings.

At this point, Mr. Selinfreund was left with no choice but to make his \$2,700 mortgage payment for the month of August. Furthermore, because he was unable to move out by the originally agreed upon date and the final walk through could not occur, the contract to purchase his home expired on July 31 and was no longer in effect.

On August 13, he called Colonial Van Lines to determine when his shipment would arrive. On August 18, United Distribution informed him that the delivery would arrive the next day, but Mr. Selinfreund would need to pay an additional \$6,526.45 for extra weight and additional services. On August 20, United Distribution called again and indicated that the total move had in fact cost \$10,678.80 – more than twice the original estimate – and that, based on his previous deposits, Mr. Selinfreund owed \$4,705.25. Ultimately, Mr. Selinfreund was able to negotiate with United Distribution and have his items delivered.

***Edgar Ibarra – St. Augustine, Florida.***<sup>127</sup> Mr. Ibarra began searching online to find movers to handle his relocation from Volo, Illinois, to St. Augustine, Florida. He spoke with a few companies and, on July 15, 2011, ultimately chose Budget Van Lines because it gave the cheapest estimate – \$1,955 – and seemed like a larger company that would be concerned about reputation. Mr. Ibarra paid \$683.75, which included a \$195 booking fee, to reserve the move.

He was not aware that Budget Van Lines was a broker until after he paid the initial fee. A few days before his August 2011 move, he learned that Able Moving Inc. would be his carrier. On August 14, 2011, Able Moving packed Mr. Ibarra's belongings, and Mr. Ibarra paid \$733.13, with the remainder of approximately \$700 due at the time of delivery. Approximately one week later, the driver for Able Moving called Mr. Ibarra to arrange for delivery of the items and indicated that Mr. Ibarra owed approximately \$1,650. This included approximately \$600 in additional packing expenses that had not previously been disclosed to Mr. Ibarra. When Mr. Ibarra requested paperwork from Able Moving, he received documents that he believes Able Moving altered after he signed them in order to increase the price.

When Mr. Ibarra stated that he only owed \$700 more and would not pay the additional money, Able Moving put his belongings in storage and refused to release them until he wired funds. Mr. Ibarra was not told where his items were, and despite numerous calls to both Able Moving and Budget Van Lines, he received no assistance. Mr. Ibarra contacted FMCSA on August 26, 2011 to complain and, with the agency's assistance, ultimately paid \$928.12 on September 4, 2011 and received his items.

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<sup>127</sup> Committee staff telephone interview (Sept. 4, 2012); Edgar Ibarra complaint to the Federal Motor Carrier Safety Administration (Aug. 26, 2011) (Budget Doc. Exhibit 5 – 001441-001442); Budget Van Lines Estimate and Customer Call Logs and accompanying documents (Budget Doc. Exhibit 5 – 001443-001468).



## **V. CONCLUSION**

Despite continuous legislative and enforcement efforts, thousands of consumers continue to complain every year that moving companies give them low estimates, but then increase the cost dramatically once the move is underway. In recent years, the rise of the use of the Internet by consumers to locate a mover has increased the presence of Internet moving brokers. Many of the business practices used by Internet moving brokers appear to be problematic for consumers and lead to a significant number of consumer complaints. As the household goods moving industry continues to evolve, policymakers, regulators, and law enforcement officials will need to put more effort into understanding the role of Internet moving brokers and the impact that these practices are having on consumers.