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Victims Find Unscrupulous Movers Take Them for a Ride

Complaints include jacked-up fees and lost items. Lack of government oversight frustrates consumers.

By MYRON LEVIN
Times Staff Writer

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California Van Lines is the long-distance mover to the stars. On the firm's snazzy Web site, testimonials from celebrities such as Ed McMahon and actor Randy Quaid extol its incomparable service.

The problem is, spokesmen for the stars say the endorsements are fakes.

But more than 90 real-life testimonials have turned up in the files of the Better Business Bureau and other agencies over the last three years. These are complaints from customers who said the Los Angeles-based firm either overcharged them, delivered their goods days or weeks late, or lost or damaged prized possessions--then did not pay their claims.

There are many reputable interstate movers, but also plenty that abuse consumers in the most brazen ways, yet carry on with minimal interference. That's because regulatory oversight is almost nonexistent, and victims of unscrupulous movers have no recourse. The problem has been highlighted in recent years in hearings before Congress, but experts say almost nothing has been done.

Waseem Choudhry's moving experience began in late May. Lured by the promise of a "half-price special," he hired California Van Lines to move him from Anaheim to Maryland. But once his goods were on the truck, Choudhry said, he was told to approve extra charges on his credit card or "you will not get your things."

Choudhry said his belongings arrived three weeks late. While waiting, he and his wife--then six months pregnant--slept on the floor. He said the movers would not unload the items until he paid double the estimate, then he discovered they had lost his bed and left him someone else's mattress. Choudhry said that when he tried to file a claim for missing items, the firm would not return his calls.

It turns out that more than a month before Choudhry hired the mover, federal authorities had revoked its operating authority because its insurance had been canceled. Nonetheless, the firm has not shut down.

Representatives of California Van Lines said they are operating legally, and one said that although he did not know the specifics of Choudhry's case, the company would not have hiked his bill unless his goods weighed more than the estimate.

"We've done everything ... by the book," said Brian Ewell, president and owner of California Van Lines. "We have done a lot of business, ... and yes, over the years you will have a couple of customers that you will drop the ball on. You try to do the best you can to make it right."

The long list of bitter clients has not led to regulatory action against California Van Lines.

In an industry plagued by rogue operators, a mover can attract carloads of complaints without drawing scrutiny. Even the American Moving and Storage Assn., a trade group, acknowledges that it's not just a problem of a few bad apples.

"There are a lot of what we call 'scam movers' out there that we would dearly love to see driven out of the business," said David Sparkman, spokesman for the group. "It really is a situation of caveat emptor, of buyer beware."

Critics put the blame on a regulatory Catch-22. Under U.S. law, authority over interstate movers rests with the federal government, tying the hands of the states.

However, the Federal Motor Carrier Safety Administration, the branch of the Transportation Department that is supposed to ride herd on movers, acknowledges making very little effort. Agency officials say they can't afford to divert staff from their main mission: reducing casualties from truck and bus wrecks.

A Regulation Vacuum

The result is "a vacuum that has allowed unscrupulous carriers to flourish and take advantage of consumers," the General Accounting Office said last year in a highly critical report. Dishonest movers "are aware that the department does little to enforce the consumer protection regulations, or provide much oversight of the industry," the GAO said.

Compounding the problem is the extraordinary leverage movers have while in control of their customers' belongings.

"Once your belongings are out of your possession--if you're not dealing with somebody reputable--you're in jeopardy of losing everything," said David Longo, spokesman for the motor carrier agency.

For many victims, their ordeal begins with a low-ball estimate that the mover has no intention of honoring. The customer's belongings may be held hostage until hundreds or thousands of extra dollars are paid. It's illegal for movers to demand more than 10% above the estimate to release a customer's goods, but many flout the rule with impunity.

Many recalcitrant movers also refuse to resolve or arbitrate claims for lost or damaged goods, as federal rules require.

Complicating the task of choosing a reputable mover, sometimes the company hired for a job arranges for a second firm to do the pickup and a third to transport the goods. Renegade operators also use multiple names to hide their tracks, or shut down and reopen under a new name.

Although abusive practices occur nationwide, the New York-to-Florida corridor has been the main hotbed of scamming firms.

Rip-offs also occur in intrastate moves. But on the long-distance side, authorities say, the clamor for less

government has made things worse.

No More 'Nannies'

Until it was dissolved by Congress in 1995, the Interstate Commerce Commission was assigned to regulate movers and devoted as many as 50 members of its staff to consumer complaints. Though taking few enforcement actions, the agency often was able to jawbone movers into resolving complaints.

After the demise of the ICC, the job was reassigned to the Federal Motor Carrier Safety Administration. But Congress directed that federal officials no longer intercede for consumers.

This was considered "a nanny function," recalled Linda Morgan, a former ICC chairman and now head of the federal Surface Transportation Board. The thinking was that "government shouldn't be in the business of holding people's hands."

Only three members on the motor carrier agency's 760-person staff are working full time in household goods. Since Sept. 11, the agency has new responsibilities for the security of hazardous shipments, so the situation isn't likely to change.

The agency maintains a hotline that annually logs as many as 4,000 household-goods complaints, but there is little follow-up.

"There's more of them [scamming movers] than there are of us, and they know that," Longo said.

The agency and DOT's office of inspector general have taken action in about two dozen of the most egregious cases--imposing civil penalties or injunctions and sending several corrupt movers to jail.

Yet wronged consumers usually have no recourse. Though Congress declared that they could pursue their grievances through arbitration or lawsuits, neither has proved a viable option.

Federal regulations require movers to accept binding arbitration for claims of as much as \$5,000, but many companies ignore the rule. And because interstate carriers enjoy broad legal immunity, the cost of suing them can exceed the damages that might be won.

A nearly century-old law known as the Carmack Amendment holds that carriers can be held responsible only for the value of lost or damaged goods. Claims for negligence or misrepresentation, which might bring a sizable damage award, are barred.

"When Congress was looking at all this, I don't think they really understood" that consumers might have "no place to go if they are getting ripped off," Morgan said.

Critics have called on Congress to unshackle the states by giving them permission to pursue interstate movers under state consumer protection laws. At the very least, they say, states should have the option of enforcing the federal regulations, because the motor carrier agency does not.

The American Moving and Storage Assn., though acknowledging the problem, has weighed in against these proposals. They "would result in an inconsistent interpretation all over the country of what the federal regulations are," said Sparkman, the group's spokesman.

Left for now to fend for themselves, irate consumers share horror stories online at Web sites such as <http://www.ripoffreport.com> and <http://www.movingadvocateteam.com>.

The latter site, created by Florida resident James Balderamma after a bad experience, includes a blacklist nominated by furious customers.

"We flat out tell people, 'Do not ... use these movers,' " Balderamma said. "There is literally nothing you can do to stop them from ripping you off.... They know there's zero enforcement."

By contrast, the Web site of California Van Lines boasts moving excellence.

According to quotations that have appeared on the site, McMahon and Quaid were blown away by the service they received. So were "Gina Davis, Actress"--the film star's first name is Geena--and "Cheryl Crow, Recording Artist," who spells her name "Sheryl."

McMahon, Quaid and Davis said through spokesmen that the endorsements were phony. Crow's publicist failed to return phone calls.

Ewell said California Van Lines did move the celebrities and received their endorsements, but he was unable to provide documentation.

After inquiries by The Times, a lawyer for Quaid demanded that his name be removed, and California Van Lines complied. His alleged quotation still appears, but instead of "Randy Quaid, Actor," the exact words are attributed to "Milano Mellon, MD."

Authority Revoked

The site also says California Van Lines is "fully licensed and insured." But on April 16, the Federal Motor Carrier Safety Administration revoked the firm's authority to operate as an interstate mover, because its insurance carrier had canceled its coverage. Longo, the federal agency's spokesman, said it's illegal for carriers whose authority has been revoked to haul household goods, but he acknowledged that the agency did not follow up to check on the company's status.

California Van Lines has continued to sign up customers. Company representatives said this is legal, because since April they have acted as booking agents for movers that actually haul the loads.

However, some customers--including Choudhry and Zhanna Osminina--who hired California Van Lines after April 16 told The Times that the firm had hauled their goods.

In May, Osminina hired Nationwide Relocation Services, a broker, to coordinate her move from Maryland to Los Angeles. Nationwide sent All Points Moving & Storage to pick up her things. After Osminina's goods were in transit, she learned they had been transferred to California Van Lines.

Osminina arrived at her apartment in Los Feliz and waited, without a bed to sleep in, or the clothes she needed to apply for a job.

Osminina said the truck showed up 10 days after the deadline promised in her contract. She said the movers would not unload until she paid nearly \$800 more than her estimate. She said a computer desk and other things had been broken and six boxes of clothing and other items had been lost.

But Osminina and other former customers interviewed by The Times said that what distressed them most was the disregard they said they were shown when they inquired about their overdue shipments. They recalled representatives of the mover telling different stories every day and being put on hold for

as long as 20 minutes.

The company's general manager, who identified himself as Gary Johnson, said customers are put on hold--but only because "we're very popular."

Ewell said the firm gets many referrals from old customers, so it must be doing something right. "You're writing about the wrong company," he said, "because we do everything ... by the book."

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Making a Good Move

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If you are planning to move to a new state, you should take care to hire a reputable mover. Experience has shown you will get little help from federal watchdogs or the courts if things go terribly wrong.

A few tips:

- * Get several estimates in writing. Never settle for an estimate over the phone. Consider choosing a binding rather than nonbinding estimate. The binding estimate may cost a bit more but theoretically keeps the mover from jacking up the price. The cost is primarily determined by the distance of the move and the weight of the shipment, but customers also should get a full explanation of charges for packing and unpacking materials.
- * Beware of companies that offer to move you for a song--they may have no intention of honoring their low-ball estimate. In some cases, these firms aren't really movers, but rather unlicensed, Internet-based relocation agents or brokers. They will farm out the move to other companies that you will have no chance to investigate.
- * Beware of firms with names nearly identical to those of established movers. This is a common deception by fly-by-night firms.
- * Consider hiring a firm from the American Moving and Storage Assn.'s list of 140 certified movers. These companies, which are a subset of the association's 3,800 members, have agreed to adhere to a set of voluntary standards. To get the names of certified movers, or for information about an AMSA service for obtaining estimates, contact the organization at amconf@amconf.org, by phone at (703) 683-7410, by fax at (703) 683-7527.
- * Consider buying extra insurance. Standard coverage is free but minimal, paying only 60 cents a pound for items damaged, lost or stolen. If a 20-pound precious family heirloom is destroyed, standard coverage pays you just \$12.
- * Create an inventory and carefully review the mover's inventory of your goods. Consider photographing or videotaping your belongings to verify their condition at time of pickup. Also at pickup, carefully read the bill of lading, which is your contract with the mover.
- * Your mover is required by law to give you a booklet spelling out your rights and responsibilities as a shipper of household goods. Included is your right to binding arbitration for damage or loss claims up to \$5,000. Make sure you receive and review the booklet.

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HEADLINE: Movers' Ads Don't Deliver the Goods;
Promotions in the U.S. Postal Service Mover's Guide point to disreputable firms with shoddy service, customers complain.

BYLINE: Myron Levin, Times Staff Writer

BODY:

Moving is never fun. But Carol Erickson figured she'd picked the right firm for the job.

She found Transworld Van Lines in the U.S. Postal Service Mover's Guide, a booklet distributed at all 38,000 post offices. Erickson, 80, who moved in July from Santa Cruz to Washington to be near her daughter, was a believer in the adage "buyer beware." But she figured that because Transworld was "associated with the Postal Service, they must be all right."

When the crew pulled up on moving day, they were not in the gleaming semi-trailer with the Transworld logo that she saw in an ad in the Mover's Guide -- but in a rented Ryder truck. It was Erickson's first, but not worst, surprise.

Unknown to Erickson, Transworld had logged a truckload of complaints. The company wound up shunting her possessions to two other moving companies, whose employees were abusive and refused to tell her their names, she said. It took weeks for Erickson to get her things, she added, because she resisted a demand to pay double the Transworld estimate of \$1,588.

Living out of a suitcase, Erickson held out as long as she could, but with her possessions -- including vital medications -- held hostage, she capitulated. When she finally recovered her property, Erickson recalled, she found many of her nicest things had been damaged, and the companies refused to process damage claims.

Transworld did not respond to questions about individual complaints, saying that it usually subcontracts the actual moves with other companies and cannot account for their actions.

Erickson's story differs only in the particulars from hundreds of similar complaints. Even its leading trade group -- the American Moving and Storage Assn. -- acknowledges that the interstate moving industry is rife with shady operators.

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Little Recourse

Irate victims quickly find that they have almost no recourse, because regulatory oversight is virtually nonexistent, and it's next to impossible to bring a successful claim in court.

It's one thing when authorities leave victims to fend for themselves. But it's another, Erickson said, when the government gives operators such as Transworld a promotional boost.

"I didn't think the post office would be sponsoring someone who would take advantage of vulnerable people," she said.

James Balderamma, a Florida activist who runs a Web site devoted to moving scams, said the Postal Service had failed to appreciate the extent of the industry's problems.

It's "further proof that something drastic needs to be done," Balderamma said. "Even the legitimate movers are complaining that the rogue movers are stealing their business and destroying their industry, piece by piece."

The situation reflects a regulatory Catch-22, in which authority over interstate movers rests with the federal government, essentially tying the hands of the states. But the **Federal Motor Carrier Safety Administration**, a branch of the Transportation Department, concedes that it makes little effort to go after rogue movers. Agency officials say they can't afford to divert staff from their main mission: reducing deaths and injuries from truck and bus crashes.

Although the safety administration advises victims to go to court, lawsuits usually are futile because the cost of suing exceeds the damages that could be won. That's because under federal law, interstate carriers are liable, at most, for the value of lost or damaged goods.

Despite congressional hearings and a blistering report last year by the General Accounting Office, the situation has remained unchanged.

Caught in the crossfire, the Postal Service contractor that publishes the Mover's Guide, Imagitas Inc., recently canceled agreements with Transworld -- which soon went out of business. Imagitas then contracted with a second company, Nationwide Relocation Services Inc., but canceled that deal too after consumer complaints about the firm.

The Postal Service and Imagitas say they won't be accepting more ads from movers anytime soon.

"Despite its obvious relevance to people who are moving, we are no longer ... seeking advertisers for this category," said Sue Brennan, a Postal Service spokeswoman. "Should there be a favorable change in the regulatory environment that would provide consumers ... with a more effective method of evaluating moving companies, we would consider opening the category up again."

Under its Postal Service contract, Imagitas produces the Mover's Guide and a companion Web site that provide change-of-address forms along with ads and tips on moving. After recovering its costs, Imagitas splits ad revenue with the Postal Service.

Published three times a year, the Mover's Guide has been hailed as a big money-saver for the government, shaving millions from the cost of handling undeliverable mail.

Transworld advertised in the January-April 2002 and May-August 2002 editions of the guide. And the

Englewood, Colo.-based firm rode the government's coattails as hard as it could. Scripts used by Transworld's telephone sales force stressed an alliance with the Postal Service, Ron Michael, a former company supervisor, told The Times.

Transworld's Web site described the firm as "the approved vendor of the United States Postal Service."

"To be affiliated with a government group," the site said, "one has to have a strong commitment to integrity and service."

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Growing Complaints

In a recent 18-month period, the Denver/Boulder Better Business Bureau received 96 consumer complaints about Transworld, according to bureau spokeswoman Tami Roeder. "No viable moving company should have this many complaints ... especially that have been unanswered and unresolved," Roeder said.

Shagra Pier, Transworld's owner, attributed the complaints to companies that Transworld had contracted with for the moves. "Basically it was, a lot of times, bad choice," Pier said.

For Tara Roberts, who in April hired Transworld to move her from Texas to Washington after seeing the ad in the Mover's Guide, the experience was as surreal as it was expensive.

The crew that showed up at her Austin home in a Ryder truck included a foreman and two day laborers with no experience as movers. Roberts and her mother, Donna Vallee, said the men told them they had been heading to a pawn shop to raise some cash when the foreman stopped to ask whether they wanted to make a little money.

Roberts said the men gouged holes in the doors and floors of her home, costing her \$1,450 in repairs and lost income from the sale of the house. She said they repacked many things she had already packed -- which seemed odd until she learned they had tacked \$943 onto her bill for packing materials.

Although Transworld had given an estimate of \$2,422.80, Roberts said she was given a bill for \$5,815 and told it must be paid on delivery "or they would put my belongings in storage and I would have to pay storage fees and re-delivery fees as well."

She managed to borrow enough from her father to ransom her goods. After they were delivered, Roberts said she found that her furniture was damaged, and that a diamond bracelet and \$1,000 ring she had packed in a dresser had disappeared.

"I think it's unbelievable," Roberts said. But she said a common response from people she told was, "Oh yeah, this happened to so-and-so" as well.

This summer, Imagitas canceled its agreement with Transworld under disputed circumstances.

John Kelley, chief marketing officer for Imagitas, said the contract ended after discussions with Transworld about consumer complaints. "We were not satisfied" with the response, Kelley said.

Pier, Transworld's owner, had a different account, saying the deal was scrapped because Transworld had defaulted on payments to Imagitas. "The last two months, we were behind," Pier said.

Pier also said shaky finances, not consumer complaints, prompted him to dissolve Transworld in August.

After dropping Transworld, Imagitas signed up Nationwide Relocation Services, a moving broker based in Fort Lauderdale, Fla. Nationwide's ads appeared in the Mover's Guide edition of September-December 2002, but this deal now has been canceled too.

So far this year, the Better Business Bureau of Southeast Florida has received 69 complaints about Nationwide, said Brodie White, the bureau's president. White said many of the complaints involved Nationwide's alleged failure to take responsibility for abuses by movers it procured for its customers.

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A Notorious Figure

A background check of Nationwide might have raised concerns.

The company's operators have included family members and associates of Aldo Disorbo, a notorious figure in the moving industry in South Florida, which government officials say has long been a hotbed of moving scams. Until an amended corporate filing in July, Disorbo was listed in state records as a Nationwide official.

In 1997, Disorbo was banned from the moving industry for three years as part of a settlement of a lawsuit by the state of Florida. He later was sentenced to two months in jail on a contempt charge for violating the ban.

Among other things, authorities said, Disorbo remained involved as a behind-the-scenes operator of at least 10 moving companies, in one case listing his 2-year-old daughter as a vice president.

In an interview with The Times, Nationwide Vice President Milton Campis said the number of complaints against the company was quite low, given that the firm is involved in hundreds of moves each month. And contrary to allegations that it takes no responsibility for its customers once it refers them to moving firms, Campis said Nationwide continues to "hold the customer's hand" throughout the process.

"We have a great company," he said. "Are there problems in the moving industry? Yes." But the way Nationwide handles complaints is "what sets us apart."

Campis said that after Transworld's default, Nationwide signed a one-year contract with Imagitas for about \$700,000. He maintained that mutual dissatisfaction led to termination of the agreement, though Kelley said consumer complaints led to Nationwide being dropped.

Although Nationwide, as a moving broker, does not own or operate trucks, it was described as a "full service" company in a Mover's Guide ad, which also featured a photo of a Nationwide truck.

The truck photo, said Campis, was Imagitas' idea. "They said, 'Listen, put a truck on there with your name on it, it will look great,'" Campis said.

"I'm not aware of that," Kelley said, "and would be surprised by that."