

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

STARVING STUDENTS, INC.,

Respondent.

DOCKET TV-140643

SETTLEMENT AGREEMENT

1 This Settlement Agreement is entered into by both parties to this proceeding for the
purpose of resolving all issues raised in the above docket.

I. PARTIES

2 The parties to this Settlement Agreement are Starving Students, Inc. (“Starving
Students” or “Company”) and the Staff of the Washington Utilities and Transportation
Commission (“Commission Staff”) (collectively, “the Parties”).

II. RECITALS

3 Starving Students holds a permit issued by the Commission for the intrastate
transportation of household goods in Washington state. In December, 2013, Staff initiated a
compliance investigation into the business practices of Starving Students to determine if the
Company was in compliance with Commission rules and Household Goods Tariff 15-C.
Staff’s investigation reviewed the Company’s records, provided in response to data requests.
Staff compiled the results of its investigation in an Investigation Report.

4 Commission Staff's investigation found multiple violations of statute, Commission
rules and Tariff 15-C. On September 8, 2014, the Commission issued against the Company
a Complaint and Notice of Prehearing Conference. The Complaint alleged that the
Company committed violations of RCW 81.80.132, WAC 480-110-630, WAC 480-110-
490, and WAC 480-15-710, and Tariff 15-C, Items 85, 95, 115, and 230, and sought
monetary penalties and customer refunds of improperly-billed charges.

5 The Commission held a prehearing conference on October 6, 2014, and set the
matter for hearing on January 13, 2015.

6 Prior to the hearing, the Parties engaged in settlement discussions, which resulted in
this Settlement Agreement.

III. AGREEMENT

7 The Parties have reached agreement on the issues raised in the above docket and
present their agreement for the Commission's consideration and approval. The Parties
therefore adopt the following Settlement Agreement, which the Parties enter into
voluntarily, to resolve the matters in dispute between them and to expedite the orderly
disposition of this proceeding.

A. Admission and Penalties

8 Starving Students admits that violations of RCW 81.80.132, WAC 480-110-630,
WAC 480-110-490, and WAC 480-15-710, and Tariff 15-C, Items 85, 95, 115, and 230
occurred, as alleged in the Complaint.

9 The Parties agree that the Commission should assess penalties in the amount of
\$7,300. The Parties agree that one half of the total penalty, \$3,650, shall be suspended for,
and waived after, one year from the date the Commission approves this Settlement

Agreement, provided that Starving Students, upon a further compliance investigation by Commission Staff within one year, is found to be in substantial compliance with RCW 81.80.132, WAC 480-110-630, WAC 480-110-490, and WAC 480-15-710, and Tariff 15-C, Items 85, 95, 115, and 230. Starving Students agrees to pay \$3,650 of the total penalty in four quarterly installments of \$912.50, due by January 30, 2015, April 30, 2015, July 31, 2015, and October 30, 2015.

10 Commission Staff will conduct a review within one year from the date the Commission approves this Settlement Agreement and will provide to the Commission its recommendation on whether the suspended penalty in paragraph 9 should be waived or imposed.

B. Customer Refunds

11 Starving Students agrees to refund customers for excess charges of \$11,289.68, as itemized in the Refund Credit Schedule, Attachment A to this Settlement Agreement.

12 Starving Students will complete all refunds over four calendar months, as measured from the first month following the effective date of this Settlement Agreement. Starving Students agrees to keep thorough records of its refunds effort for each customer and provide Commission Staff with this documentation at the conclusion of this four-month period, so that Commission Staff may review the Company's efforts. If any refunds are not able to be completed because certain customers cannot be located, despite thorough efforts of the Company to locate and refund, Starving Students agrees to pay an amount equal to the amount not refunded into the public service revolving fund.

C. Compliance Plan

13 Starving Students has instituted, and agrees to follow through with, a Remedial
Action Plan to address the violations identified in Staff's investigation and its compliance
going forward. Attachment B to this Settlement Agreement contains a description of this
plan.

14 Consistent with the Remedial Action Plan, representatives of Starving Students,
including Brett Larson and Brian Vanduren, attended a Commission-hosted compliance
training class on November 12, 2014.

IV. GENERAL PROVISIONS

15 The Parties agree that this Settlement Agreement reflects the settlement of all
contested issues between them in this proceeding. The Parties understand that this
Settlement Agreement is not binding unless and until accepted by the Commission.

16 The Parties agree to cooperate in submitting this Settlement Agreement promptly to
the Commission for acceptance. The Parties agree to support adoption of this Settlement
Agreement in proceedings before the Commission through testimony or briefing. No party
to this Settlement Agreement or their agents, employees, consultants, or attorneys will
engage in advocacy contrary to the Commission's adoption of this Settlement Agreement.

17 The Parties agree: (1) to provide each other the right to review in advance of
publication any and all announcements or news releases that the other party intends to make
about the Settlement Agreement (with the right of review to include a reasonable
opportunity to request changes to the text of such announcements); and (2) to include in any
news release or announcement a statement that the Staff's recommendation to approve the
settlement is not binding on the Commission itself.

18 Nothing in this Settlement Agreement shall limit or bar any other entity from pursuing legal remedies against Starving Students or Starving Students' ability to assert defenses to such claims.

19 The Parties have entered into this Settlement Agreement to avoid further expense, inconvenience, uncertainty, and delay of continuing litigation. The Parties recognize that this Settlement Agreement represents a compromise of the Parties' positions. As such, conduct, statements, and documents disclosed during negotiations of this Settlement Agreement shall not be admissible as evidence in this or any other proceeding, except in any proceeding to enforce the terms of this Settlement Agreement or any Commission order fully adopting those terms. This Settlement Agreement shall not be construed against either party because it was a drafter of this Settlement Agreement.

20 The Parties have negotiated this Settlement Agreement as an integrated document to be effective upon execution and Commission approval. This Settlement Agreement supersedes all prior oral and written agreements on issues addressed herein. Accordingly, the Parties recommend that the Commission adopt this Settlement Agreement in its entirety.

21 The Parties may execute this Settlement Agreement in counterparts and as executed shall constitute one agreement. Copies sent by facsimile are as effective as original documents.

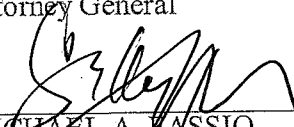
22 The Parties shall take all actions necessary, as appropriate, to carry out this Settlement Agreement.

23 In the event that the Commission rejects or modifies any portion of this Settlement Agreement, each party reserves the right to withdraw from this Settlement Agreement by

written notice to the other party and the Commission. Written notice must be served within ten (10) business days of the Order rejecting part or all of this Settlement Agreement. In such event, neither party will be bound or prejudiced by the terms of this Settlement Agreement, and either party shall be entitled to seek reconsideration of the Order.

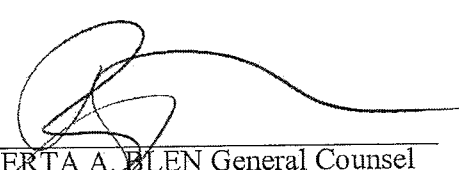
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION

ROBERT W. FERGUSON
Attorney General



MICHAEL A. FASSIO
Assistant Attorney General
Counsel for the Utilities and
Transportation Commission Staff

Dated: 12/26, 2014



BERTA A. BLEN General Counsel
For Starving Students, Inc.

Dated: Dec. 24, 2014

ATTACHMENT A

**Refund Credit Schedule
Starving Students TV-140643**

No.	Invoice	Overcharge			Total Refund
		Breaks	Binding	Nonbinding	
1	4795396	\$42.50			\$42.50
2	4797714	\$149.91			\$149.91
3	4798553			\$82.47	\$82.47
4	4799310	\$40.00			\$40.00
5	4801008	\$50.00			\$50.00
6	4802893			\$20.00	\$20.00
7	4803715	\$40.00		\$40.00	\$80.00
8	4803739	\$47.50		\$569.93	\$617.43
9	4803908			\$20.00	\$20.00
10	4804400	\$47.50			\$47.50
11	4804508	\$50.00			\$50.00
12	4805078	\$40.00			\$40.00
13	4805094	\$42.50			\$42.50
14	4805218	\$40.00			\$40.00
15	4806196			\$20.00	\$20.00
16	4806272	\$45.00		\$204.94	\$249.94
17	4806565	\$62.47			\$62.47
18	4806582	\$40.00		\$140.05	\$180.05
19	4807155	\$59.99			\$59.99
20	4807584	\$40.00	\$159.98		\$199.98
21	4807953	\$37.50			\$37.50
22	4808030		\$314.97		\$314.97
23	4808180	\$42.50			\$42.50
24	4808191		\$42.50		\$42.50
25	4808300	\$89.95			\$89.95
26	4808856	\$59.99			\$59.99
27	4808960	\$40.00			\$40.00
28	4808996	\$40.00		\$139.98	\$179.98
29	4808997	\$45.00			\$45.00
30	4809001	\$40.00			\$40.00
31	4809178	\$57.49			\$57.49
32	4809319	\$40.00			\$40.00
33	4809678		\$52.02		\$52.02
34	4810231	\$45.00			\$45.00
35	4810744			\$42.50	\$42.50
36	4810932	\$40.00			\$40.00

No.	Invoice	Overcharge			Total Refund
		Breaks	Binding	Nonbinding	
37	4811022			\$19.99	\$19.99
38	4811198	\$40.00			\$40.00
39	4811202	\$40.00			\$40.00
40	4811366			\$341.00	\$341.00
41	4811421	\$35.00			\$35.00
42	4811603			\$119.99	\$119.99
43	4811948		\$79.99		\$79.99
44	4813316			\$593.47	\$593.47
45	4813335		\$48.06		\$48.06
46	4814578	\$45.00			\$45.00
47	4814856	\$57.47			\$57.47
48	4815766			\$89.99	\$89.99
49	4815786		\$93.48		\$93.48
50	4815950	\$40.00			\$40.00
51	4816317	\$50.00		\$49.99	\$99.99
52	4816411	\$47.50			\$47.50
53	4817385		\$99.99		\$99.99
54	4817421	\$70.00			\$70.00
55	4817467	\$57.47			\$57.47
56	4817692			\$67.49	\$67.49
57	4817720		\$258.97		\$258.97
58	4818088			\$44.98	\$44.98
59	4818440			\$27.24	\$27.24
60	4818666		\$224.97		\$224.97
61	4818923	\$42.50			\$42.50
62	4819864	\$59.99			\$59.99
63	4820168		\$22.50		\$22.50
64	4820170	\$84.99			\$84.99
65	4820223		\$142.98		\$142.98
66	4820636	\$47.50			\$47.50
67	4820765		\$104.98		\$104.98
68	4820857	\$52.50			\$52.50
69	4821186	\$37.50			\$37.50
70	4821215	\$40.00			\$40.00
71	4821232	\$50.00		\$49.99	\$99.99
72	4821306		\$74.99		\$74.99
73	4821500	\$50.00		\$164.99	\$214.99
74	4822201	\$50.00			\$50.00
75	4822507		\$44.99		\$44.99

No.	Invoice	Overcharge			Total Refund
		Breaks	Binding	Nonbinding	
76	4822961	\$40.00		\$219.96	\$259.96
77	4823159	\$25.00			\$25.00
78	4823441		\$112.49		\$112.49
79	4823753			\$78.75	\$78.75
80	4824370	\$52.50		\$31.25	\$83.75
81	4824890	\$54.50			\$54.50
82	4825304		\$47.49		\$47.49
83	4825965	\$62.49		\$499.90	\$562.39
84	4826001			\$285.03	\$285.03
85	4826429			\$90.00	\$90.00
86	4826934	\$45.00		\$224.97	\$269.97
87	4826973	\$40.00			\$40.00
88	4827136	\$32.50		\$64.99	\$97.49
89	4827138	\$64.99			\$64.99
90	4827176			\$94.99	\$94.99
91	4827187		\$159.98		\$159.98
92	4827529	\$42.50			\$42.50
93	4827882			\$67.49	\$67.49
94	4827908			\$19.99	\$19.99
95	4828519	\$52.50		\$288.72	\$341.22
96	4828620	\$47.50			\$47.50
97	4828646		\$332.46		\$332.46
98	4828647			\$94.98	\$94.98
99	4828753	\$45.00			\$45.00
100	4829107			\$39.98	\$39.98
101	4829156			\$157.48	\$157.48
102	4829222		\$40.00		\$40.00
103	4829362		\$44.99		\$44.99
104	4829576			\$22.50	\$22.50
105	4830132		\$132.50		\$132.50
106	4830572		\$217.98		\$217.98
107	4831451			\$189.98	\$189.98
108	4832765		\$100.01		\$100.01
Totals		\$3,016.70	\$2,953.27	\$5,319.95	\$11,289.92

ATTACHMENT B

ROOT-CAUSE ANALYSIS AND INTERNAL INVESTIGATION

The combination of several factors including the complaint filed by the Attorney General in the State of Washington led to the Company making a determination of the need to perform a root cause analysis and internal investigation to determine the extent of the violations and causes for the lack of compliance in Washington.

In furtherance of conducting the forgoing analysis, the Company and outside consultants contacted customers in Washington who had been moved by the Company and informally asked such individuals about their customer experience. The substantial majority were either satisfied or extremely satisfied with their service. In the case of customers who experienced a problem, in most cases there was minor damage, which the Company compensated according to its legal liability or the truck arrived late.

Additionally, in-depth but conversational interviews were conducted with key employees accountable for the Company's operations and compliance in Washington. In particular, there was an examination of the extent of their knowledge of rules, and a somewhat subjective look into the culture including the dedication to performing within the bounds of Washington statutes, and regulatory rules, safety, and customer-oriented operations.

In addition, in determining the frequency and severity of violations, the Company reviewed a sample of shipping documents provided to moving customers and other records that would demonstrate compliance or the lack thereof.

By speaking with customers, interviewing employees and auditing documentation, the Company concluded that that the violations are indeed serious and must be addressed immediately and aggressively. This conclusion led to the development of a Remedial Action Plan.

REMEDIAL ACTION PLAN

Based on the forgoing internal investigation, root-cause analysis and the conclusions thereof, the following action plan was designed.

1. CHANGE OF PERSONNEL

The CEO and key management were replaced. In particular, the key officer accountable for operations in the State of Washington is no longer with the Company; and a new Branch Mgr. has been hired to run the branch office in Tacoma. Sara Wicks, the V.P. of Operations, has been with the Company for over 10 years. Ms. Wicks formerly was responsible and successful as Regional Director over the State of Washington and is very familiar with WUTC requirements.

2. OUTSIDE OVERSIGHT

The Company has retained Mr. William A. Schulte, former key executive of the California Public Utilities Commission, to provide outside oversight to the Company's Washington operations. He will be working closely with persons accountable for Washington operations to

ensure that compliance violations are identified and corrected. He will be asked to submit a report to the Investigator after 6 months and after 1 year, both from the date of the Settlement Agreement. In the unlikely event Mr. Schulte is not able to perform his duties pursuant to this provision, a mutually satisfactory individual will be jointly chosen by the Parties to assume and complete the duties stated herein.

3. SELF-CORRECTING INTERNAL AUDIT PROCEDURE

The Company has re-implemented a periodic report that measures paperwork errors. The report is distributed to management so that corrective action can be taken. In the past this audit procedure was found to cause recognition of defects and promote self-correction.

4. TRAINING BY WUTC

Company representatives will attend the November compliance training meeting put on by the WUTC. The Company well appreciates that the WUTC makes such services available.

5. PARTIAL CLOSURE OF OPERATION

The Company formerly operated its business from two locations in the state of Washington, one in Seattle and one in Tacoma. The Company took the very aggressive step of closing the Seattle location. The Company shall focus compliance and corrected action in one location before reopening the other.