

0001

1 BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION

2 COMMISSION

3 WASHINGTON UTILITIES AND )  
TRANSPORTATION COMMISSION, )

4 )

5 Complainant, )

6 )

7 vs. )

8 )

9 NEIGHBORS MOVING & STORAGE )

10 OF SEATTLE, LLC, )

11 )

12 Respondent. )

13 -----

14

15 A hearing in the above matter was held on

16 December 10, 2008, at 2:00 p.m., at 1300 South

17 Evergreen Park Drive Southwest, Olympia, Washington,

18 before Administrative Law Judge PATRICIA CLARK.

19 The parties were present as follows:

20 WASHINGTON UTILITIES AND TRANSPORTATION  
21 COMMISSION, by JENNIFER CAMERON-RULKOWSKI, Assistant  
22 Attorney General, 1400 South Evergreen Park Drive  
23 Southwest, Post Office Box 40128, Olympia, Washington  
24 98504; telephone, (360) 664-1186.

25 NEIGHBORS MOVING & STORAGE OF SEATTLE, LLC,  
by JOSEPH TRANISI, Owner, 8629 South 208th Street,  
Building "O", Kent, Washington 98031; telephone, (253)  
872-9400.

26

27

28

29

30 Kathryn T. Wilson, CCR

31 Court Reporter

0002

1

2

---

INDEX OF EXHIBITS

---

3

4

EXHIBIT:

OFFERED:

ADMITTED:

5

6

1

10

10

7

2

10

10

8

3

10

10

9

4

13

13

10

5

33

33

11

6

33

33

12

7

34

34

13

8

34

34

14

9

35

35

15

16

17

18

19

20

21

22

23

24

25

0003

1

2

---

INDEX OF WITNESSES

---

3

4

WITNESS :

PAGE :

5

6

CARLENE HUGHES

7

8

Direct Examination by Ms. Cameron-Rulkowski

7

9

Cross-examination by Mr. Tranisi

17

10

11

12

JOSEPH TRANISI

13

14

Cross-Examination by Ms. Cameron-Rulkowski

35

15

16

17

18

19

20

21

22

23

24

25

0004

1 P R O C E E D I N G S

2 JUDGE CLARK: Good afternoon. It's  
3 approximately two p.m., December 10th, 2008 in the  
4 Commission's hearing room in Olympia, Washington. This  
5 is the time and the place set for a hearing in the  
6 matter of the Washington Utilities and Transportation  
7 Commission, Complainant, versus Neighbors Moving &  
8 Storage of Seattle, LLC, Respondent, given Docket No.  
9 TV-081675, Patricia Clark, administrative law judge for  
10 the Commission presiding.

11 This matter came before the Commission on  
12 October 16th, 2008, when the Commission issued a  
13 complaint against Neighbors Moving & Storage alleging  
14 five violations of the Commission's rules regarding  
15 advertising for household goods carriers, WAC  
16 480-15-610(4), and the Commission's household goods  
17 carriers tariff. Each violation of the advertising  
18 rules can bear a penalty of up to \$1,000, and the  
19 Complaint alleged five violations, or a total penalty  
20 of \$5,000.

21 At this juncture, I will take appearances on  
22 behalf of the parties. Appearing on behalf of the  
23 Commission staff?

24 MS. CAMERON-RULKOWSKI: Jennifer  
25 Cameron-Rulkowski. My address is 1400 South Evergreen

0005

1 Park Drive Southwest, PO Box 40128, Olympia,  
2 Washington, 98504-7250. My telephone number is area  
3 code (360) 664-1186, and my fax number is (360)  
4 586-5522. My e-mail address is jcameron@utc.wa.gov.

5 JUDGE CLARK: Thank you, and appearing on  
6 behalf of Neighbors Moving & Storage? At this time,  
7 what we do is take what we call the full appearance,  
8 and if you could give your name, your address, your  
9 phone number, your fax number, your e-mail, and if you  
10 forget any of the information we need, I'll remind you.  
11 Appearing on behalf of Neighbors Moving & Storage?

12 MR. TRANISI: Joseph Tranisi. Address of  
13 Neighbors Moving & Storage of Seattle, LLC, is 8629  
14 South 208th Street, Unit "O", Kent, Washington, 98031.  
15 Telephone number is (253) 872-9400; fax, (253)  
16 872-9029; e-mail, joe@neighborsmoving.com.

17 JUDGE CLARK: Thank you, Mr. Tranisi.  
18 Ms. Cameron-Rulkowski, it's my understanding that you  
19 wish to provide a brief opening statement before we  
20 commence with evidence.

21 MS. CAMERON-RULKOWSKI: Yes, Your Honor,  
22 thank you. This is a simple case. Staff warned  
23 Neighbors to stop using particular advertising language  
24 last year. This year, Neighbors was using the same  
25 exact language on its Web site. Staff will show that

0006

1 this language conflicts with the household goods  
2 carrier tariff, which is a violation of the  
3 Commission's household goods carrier advertising rule,  
4 WAC 480-15-610(4).

5 Staff also will demonstrate that the repeat  
6 nature of the violation justifies a significant  
7 penalty. Your Honor, I would like to now proceed with  
8 direct examination of Ms. Hughes.

9 JUDGE CLARK: Mr. Tranisi, would you like to  
10 make an opening statement at this juncture, or would  
11 you like to make that opening statement at the  
12 beginning of your case?

13 MR. TRANISI: I think I will make it at the  
14 beginning of the case, please.

15

16 Whereupon,

17 CARLENE HUGHES,  
18 having been first duly sworn, was called as a witness  
19 herein and was examined and testified as follows:

20

21 JUDGE CLARK: If you could state your full  
22 name for the record and spell your last name.

23 THE WITNESS: Carlene Hughes, H-u-g-h-e-s.

24

25

0007

1 DIRECT EXAMINATION

2 BY MS. CAMERON-RULKOWSKI:

3 Q. Ms. Hughes, please state the name of your  
4 employer.

5 A. The Washington Utilities and Transportation  
6 Commission.

7 Q. What position do you hold with the  
8 Commission?

9 A. I'm the transportation program coordinator.

10 Q. How long have you held this position?

11 A. 11 years.

12 Q. Please describe your duties as they relate to  
13 this matter.

14 A. I investigate utility and transportation  
15 companies for compliance with the rules, laws, and  
16 tariffs.

17 Q. Thank you. Now I'll move to a few questions  
18 on prior technical assistance on advertising for  
19 household goods carriers. Did you investigate the  
20 advertising of Neighbors Moving & Storage in 2007?

21 A. Yes, I did.

22 Q. What led you to initiate this investigation?

23 A. The Commission received information that  
24 Neighbors was improperly advertising for free and  
25 reduced prices for different services under tariff

0008

1 regulation.

2 Q. Did you find any specific compliance problems  
3 related to advertising?

4 A. Yes, I did. I found that Neighbors was  
5 advertising that it was providing free boxes with local  
6 moves. It was offering to provide free storage for one  
7 month. It was saying that it was not charging for  
8 stairs and elevators, and it was also stating that it  
9 would not charge extra for quilt wrapping, furniture,  
10 or other kinds of placement or setup at the destination  
11 of their moves. These free services or statements are  
12 not in compliance with the Commission's tariff.

13 Q. Did the Commission provide technical  
14 assistance to Neighbors regarding its advertising?

15 A. Yes. On April 6th of 2007, Commission sent  
16 Neighbors a compliance letter that informed Neighbors  
17 it was in violation of the Commission rules. It  
18 instructed Neighbors to submit a compliance plan on how  
19 it was going to change its practices.

20 On April 25th, Neighbors submitted its  
21 compliance plan and detailed how it was going to come  
22 into compliance, and its plan was noted how it also  
23 changed its advertising. On May 15th, the Commission  
24 acknowledged the Neighbor's compliance plan and  
25 informed the Company that if it makes the changes it

0009

1 said it was going to make, then it would be in  
2 compliance with the rules.

3 Q. Please refer to what I have marked at the  
4 bottom right-hand corner as Exhibit No. 1. Is this a  
5 true and correct copy of the compliance letter that the  
6 Commission sent to Neighbors on April 6th, 2007?

7 A. Yes, it is.

8 Q. If you flip a few pages, there is some  
9 advertisements regarding these free one-month storage  
10 ads. What is your understanding as to how they  
11 violated the Household Goods Tariff 15(b), the  
12 Commission tariff then in effect?

13 A. Item 100 of Tariff 15(b) states that charges  
14 for storage, or storage and transit, which is storage  
15 for less than 90 days, must be charged for at tariff  
16 rates, and there is no provision in Tariff 15(b) for  
17 free storage.

18 Q. Please refer to the exhibit that's marked as  
19 Exhibit 2. Is this a true and correct copy of the  
20 compliance plan that the Commission received from  
21 Neighbors on April 25th, 2007?

22 A. Yes, it is.

23 Q. Please refer to Exhibit No. 3. Is this a  
24 true and correct copy of the response to the compliance  
25 plan that the Commission sent to Neighbors on May 15th,

0010

1 2007?

2 A. Yes, it is.

3 MS. CAMERON-RULKOWSKI: Your Honor, I offer  
4 the documents marked as Exhibits 1, 2, and 3 into  
5 evidence.

6 JUDGE CLARK: Is there any objection to their  
7 admission, Mr. Tranisi.

8 MR. TRANISI: No.

9 JUDGE CLARK: Exhibits 1, 2, and 3 are  
10 without objection. I just need clarification. Exhibit  
11 No. 1, how is that marked at the bottom of the page?  
12 Does this bear the same numbering of the exhibits that  
13 were provided in advance of hearing?

14 MS. CAMERON-RULKOWSKI: No. I renumbered  
15 them to coincide with the order in which I was going to  
16 offer them.

17 JUDGE CLARK: Thank you very much. You may  
18 proceed.

19 Q. (By Ms. Cameron-Rulkowski) Did you provide  
20 any technical assistance?

21 A. Yes. In July of 2005, I completed an audit,  
22 a general business audit of Neighbors Moving & Storage  
23 in Docket TV-051478 and informed the Company at that  
24 time in that audit report that its advertisement of  
25 free one-month of storage was improper and needed to be

0011

1 changed.

2 Q. Were any violations issued at that time that  
3 related to advertising?

4 A. No. That was just technical assistance.

5 Q. Now I will turn to the 2008 investigation.  
6 Did you investigate the advertising of Neighbors Moving  
7 & Storage in 2008?

8 A. Yes, I did.

9 Q. What led you to initiate this investigation?

10 A. The Commission received information about  
11 Neighbors' advertising.

12 Q. Was there a problem with the advertising that  
13 the Commission received?

14 A. Yes. When I reviewed the advertising, it  
15 stated that Neighbors was once again advertising free  
16 one month of storage in its Dex advertising, and these  
17 were on coupon pages in a Dex directory. This language  
18 was some of the very same language that Neighbors had  
19 promised to change during the 2007 audit.

20 Q. Now, you are referring to Dex advertising.  
21 Are you recommending any enforcement based on this  
22 noncompliant Dex advertising?

23 A. No. Staff investigated that advertising and  
24 found that the wording in the Dex coupon advertisements  
25 was in error. It was in error of the Dex directory

0012

1 sales staff and was not directly placed by Neighbors.

2 Q. Did you find advertising in any other sources  
3 offering free storage?

4 A. Yes. I found that the Neighbors Moving  
5 Internet Web site also had a coupon advertisement for  
6 one month of free storage and to call for details.

7 Q. Did you print the Web coupon offering one  
8 month storage free from the Web site?

9 A. Yes. I printed copies of the Web site coupon  
10 on few different occasions. The initial printing was  
11 on June 3rd, and then again on July 7th, July 10th,  
12 July 15th, and July 16th.

13 Q. Did you otherwise document your  
14 investigation?

15 A. Yes. I completed a preliminary staff  
16 investigation report in June, 2008.

17 Q. When did you close the investigation?

18 A. I closed the investigation in July of 2008.

19 Q. Did you close the investigation after you  
20 printed that last Web coupon?

21 A. Yes. After I completed my investigation,  
22 yes.

23 Q. Please refer to Exhibit No. 4. Is this a  
24 true and accurate copy of the investigation report you  
25 authored?

0013

1 A. Yes, it is.

2 Q. In your opinion, do these Web coupons violate  
3 the current household goods tariff or any Commission  
4 rule?

5 A. Yes. Again, Item 100 of Tariff 15(c), which  
6 is the current tariff in effect, states the charges for  
7 storage and transit must be charged for at tariff  
8 rates. There is no provision in the tariff for free  
9 storage. Also, WAC 480-15-610(4) also states that  
10 carriers may not advertise services or rates or charges  
11 that conflict with the tariff.

12 MS. CAMERON-RULKOWSKI: Your Honor, I offer  
13 Exhibit No. 4 into evidence.

14 JUDGE CLARK: Mr. Tranisi, is there any  
15 objection to the admission of Exhibit No. 4?

16 MR. TRANISI: No.

17 JUDGE CLARK: Exhibit No. 4 is received.

18 Q. (By Ms. Cameron-Rulkowski) Now I will turn  
19 to some questions regarding repeat violations. When  
20 did WAC 480-15-610(4) go into effect?

21 A. January 27th, 2008.

22 Q. In your opinion, do the Web coupons  
23 constitute a repeat violation?

24 A. Yes. During my 2007 investigation, I found  
25 that Neighbors Moving was still advertising free

0014

1 one-month of storage. Neighbors was told in the  
2 Commission's compliance letter of April of 2007 that  
3 Tariff 15(b) does not allow for movers to provide free  
4 storage and transit.

5 In Neighbors' compliance plan dated April  
6 25th, 2007, it said it would be making changes to its  
7 advertising from the free one month of storage to free  
8 one month of storage with three months of storage. In  
9 June and July of 2008, Neighbors again was advertising  
10 one month of free storage on its Web site in violation  
11 of 15(c), and therefore, I found that it was in  
12 violation of the new rule, WAC 480-15-610(4).

13 Q. Did Neighbors abide by its compliance plan  
14 with respect to its advertising of storage?

15 A. Not entirely, no. It made the corrective  
16 changes to the Dex Yellow Page advertising but  
17 continued to use the improper language on its Web site  
18 coupon advertising.

19 Q. What is Staff's recommendation for Commission  
20 action?

21 A. Staff is recommending that we penalize  
22 Neighbors Moving & Storage \$5,000, which is \$1,000 for  
23 each of the days I documented that the free one-month  
24 storage advertisement was posted on the Web.

25 Q. Why is Staff recommending a penalty of \$1,000

0015

1 per violation?

2 A. Staff could have recommended a lesser amount  
3 for each violation, but Staff found it had provided  
4 Neighbors with clear, technical assistance regarding  
5 its advertising in 2007, and Neighbors then submitted a  
6 compliance plan in which it stated it would be working  
7 to be in compliance with the tariff by not offering  
8 free services, and then to find again in 2008 after an  
9 investigation that Neighbors was still not in  
10 compliance I believe justifies the \$1,000 violation.

11 Also, while Staff only printed the  
12 noncompliant ad on five different days, Staff believes  
13 that the ad was posted every day within that six-week  
14 period that I was doing my investigation and available  
15 for use by consumers during that entire time between  
16 June 3rd and July 16th of 2008. Additionally, since  
17 Internet advertising has the potential of reaching so  
18 many customers, we believe these violations are  
19 especially serious.

20 MS. CAMERON-RULKOWSKI: Thank you. I have no  
21 further questions.

22 JUDGE CLARK: Mr. Tranisi, you have the  
23 opportunity to ask Ms. Hughes any cross-examination  
24 questions you might have regarding the testimony she's  
25 given this afternoon. I'll just advise you that the

0016

1 scope of any questions you might have needs to be  
2 within the testimony that she's given this afternoon or  
3 a topic that is addressed in the exhibits that I've  
4 received in evidence.

5 MR. TRANISI: So just to clarify, use of the  
6 exhibits from Neighbors Moving & Storage now is okay?

7 JUDGE CLARK: Those have not yet technically  
8 been admitted, but if you do have questions regarding  
9 those, unless there is objection from  
10 Ms. Cameron-Rulkowski, we can see if we can taylor this  
11 in a manner that would permit that inquiry.

12 MR. TRANISI: Okay. I do have one of the  
13 exhibits which we have listed here as Exhibit 7 that I  
14 would like to just bring up as part of the conversation  
15 at this point if that's okay.

16 JUDGE CLARK: A couple of questions about  
17 that. Ms. Hughes, do you have a copy of the document  
18 that has been marked as Exhibit No. 7 in this  
19 proceeding?

20 THE WITNESS: Yes, I do.

21 JUDGE CLARK: Have you had an opportunity to  
22 review that document before our hearing this afternoon?

23 THE WITNESS: Yes, I have.

24 JUDGE CLARK: If there is no objection from  
25 Ms. Cameron-Rulkowski, I will permit you to ask the

0017

1 questions to see if any questions draw objection.

2 MS. CAMERON-RULKOWSKI: No objection.

3

4

5 CROSS-EXAMINATION

6 BY MR. TRANISI:

7 Q. A quick question for you, from your chance to  
8 be able to kind of review this document, "this" being  
9 for the record, my notes of a conversation between  
10 Carlene and I on or about April 25th, 2007, in  
11 reference to the advertising that we are discussing  
12 here, the changes in verbiage on the advertising for  
13 free boxes, a month free storage, stairs and elevators  
14 charges and wrapping and placement of furniture. You  
15 would say this is a pretty good representation of our  
16 conversation that day?

17 A. Yes, it is.

18 Q. The main thing I want to do is take a couple  
19 of notes here on each item. The first thing, when we  
20 discussed free boxes with local moves, Carlene did ask  
21 me what our policy is on how free boxes with local  
22 moves are offered to customers. I answered that that  
23 is free use of wardrobe boxes on local moves, because  
24 that move is usually completed just within the one day,  
25 and Ms. Hughes did mention that she did not take any

0018

1 issue with that policy.

2                   If we can also make note of Staff's  
3 Exhibit 4, the page pertaining to the Dex coupons,  
4 there is actually a picture of the wardrobe --

5                   MS. CAMERON-RULKOWSKI: Your Honor, I'm going  
6 to object. Right now it looks like you are putting on  
7 your own direct case, and the questions that you are  
8 asking now I would expect that they would address the  
9 testimony that Carlene just gave. So for instance, I'm  
10 already thinking of some questions that I might want to  
11 ask you about what you are discussing now, so I would  
12 ask you to save some of that presentation for your  
13 direct case.

14                   MR. TRANISI: Okay.

15                   JUDGE CLARK: I'm going to sustain that  
16 objection, and I understand that our procedures are  
17 somewhat unfamiliar to you, but at this time, really  
18 the only thing I would be asking you to do is to be  
19 asking Ms. Hughes any questions you might have of her.  
20 I do understand that you have a number of exhibits that  
21 you will want to put in with information about your  
22 position in this particular case, but at this time, it  
23 would only be appropriate to ask Ms. Hughes questions  
24 on those.

25                   MR. TRANISI: That's fine. I'll try to

0019

1 rethink it.

2 JUDGE CLARK: Do you have questions of that  
3 nature?

4 MR. TRANISI: Yes.

5 Q. (By Mr. Tranisi) So Carlene, in your  
6 testimony, you had mentioned that there were several  
7 different types of advertising that were investigated  
8 in 2007, but basically, I think the gist of it was that  
9 the Dex Yellow Pages ad was the main advertising that  
10 was investigated at that time, and then later on, there  
11 was a coupon page that you also investigated.

12 To your knowledge to date, other than the  
13 coupon page on the Internet, has Neighbors Moving &  
14 Storage corrected per our agreement all of the  
15 advertising as agreed except for the coupon on the Web  
16 site?

17 A. I can only testify to the two Dex advertising  
18 pages that I looked at during my 2008 investigation.  
19 Those had been corrected.

20 Q. But at least so far what you've seen,  
21 Neighbors Moving & Storage has corrected what you've  
22 seen so far.

23 A. Those two were correct.

24 Q. One other question would be, does Staff have  
25 noted use of the Web coupon to date by any consumers

0020

1 that Staff has done investigation on?

2 A. No.

3 Q. Are you aware of the date at which the coupon  
4 actually was created on the Web site?

5 A. No.

6 MR. TRANISI: I think that those are all the  
7 questions I can think of just in reference to your  
8 statements, so I think I'll wait to present the rest of  
9 my part until I do my presentation.

10 JUDGE CLARK: All right; thank you. You  
11 reserved your opening statement to the beginning of  
12 your case, and I'm sorry, Ms. Cameron-Rulkowski, does  
13 that conclude the presentation of Staff's witnesses in  
14 this proceeding?

15 MS. CAMERON-RULKOWSKI: I have a brief  
16 closing statement. Would you like to take that at the  
17 end?

18 JUDGE CLARK: I would like to take that at  
19 the very end of that proceeding, and I'm going to let  
20 Mr. Tranisi put on his case now, and we are going to  
21 let him make a brief opening statement, and then I'm  
22 going to let him put on whatever evidence he would like  
23 in support of his position in this case. Are you going  
24 to do your opening statement first?

25 MR. TRANISI: Yes.

0021

1                   JUDGE CLARK:  Then interrupt me so that I  
2   make sure I swear you in so when you change out of your  
3   counsel hat in making your opening statement and into  
4   your witness hat.

5                   MR. TRANISI:  So as an opening statement, I  
6   just wanted to mention a couple of things.  Previous  
7   investigation in 2005, I've realized there were issues  
8   with Neighbors Moving & Storage's practices and that we  
9   had not yet updated our processes to operate within the  
10  state of Washington.

11                   At the time when that process went through, I  
12  personally took responsibility for making sure that all  
13  correspondence between Neighbors Moving & Storage and  
14  the WUTC was handled by me personally so that there  
15  would not be some of those same issues in the future.  
16  I feel that I have done a very good job of making sure  
17  that all questions and concerns that Staff has had from  
18  that point to today have been answered in a timely  
19  fashion and have been answered with nothing but the  
20  utmost of cooperation from Neighbors Moving & Storage,  
21  and whenever anything was brought to our attention that  
22  Staff felt needed to be changed that we have and have  
23  done so in a timely fashion.

24                   I just wanted to make that statement to get  
25  started and a couple of other things.  Neighbors Moving

0022

1 & Storage, due to the findings of the 2005  
2 investigation, has not been able to gain membership of  
3 the Better Business Bureau, which in any type of  
4 service company is a very important thing, because of a  
5 rule they have that states that whenever there is any  
6 type of government action against a company, whether it  
7 be for a penalty of a million dollars or whether it be  
8 for a penalty of five dollars, they have a policy that  
9 states that a company cannot become a member until a  
10 certain number of years after that, and Neighbors  
11 Moving & Storage has just passed that period of time to  
12 again apply for access to become a member of the Better  
13 Business Bureau, and I would just like to note that any  
14 type of additional action against Neighbors Moving &  
15 Storage would set us back again another three to four  
16 years trying to gain access to the Better Business  
17 Bureau, as I think any responsible company would hope  
18 to do, and we want to have that simply because we want  
19 to be able to show on a daily basis that whenever there  
20 is any type of customer concern that Neighbors Moving &  
21 Storage is going above and beyond to show that we are  
22 cooperating with our customers and making sure that  
23 everyone is on the same page.

24           Also, we do spend a great deal of time  
25 training all of our staff to make sure that there are

0023

1 no miscommunications. Because of the fact that there  
2 are so many things stated in any type of advertisement,  
3 there is always the possibility that there can be a  
4 misunderstanding of some sort. No matter how clear you  
5 can possibly be on the advertising, there is always the  
6 possibility that there will be a misunderstanding of  
7 what that means, and that's why we really take a great  
8 deal of time both during telephone conversations with  
9 our clients as well as on-site estimates and  
10 conversations and also our written documentation on  
11 on-site estimates as well as statement of work  
12 documents to make sure that there is absolutely no  
13 chance for a miscommunication of what our advertising  
14 originally meant.

15           And in my experience, I have not come across  
16 any customer scenario where we have had a customer who  
17 has felt that Neighbors Moving & Storage's advertising  
18 was deceptive or was misleading or was unclear --

19           MS. CAMERON-RULKOWSKI: I believe Mr. Tranisi  
20 is making factual statements, and if you would like  
21 them to be considered in the record, I would appreciate  
22 it if he could be placed under oath.

23           JUDGE CLARK: An opening statement is just  
24 kind of a road map to let me know what your case is  
25 going to be all about, and it can be somewhat awkward

0024

1 if you are not an attorney to distinguish between what  
2 an opening statement is and what testimony is, and I  
3 think to be just on the safe side, it would be easier  
4 for us to administer the oath at this time and then  
5 have you go ahead and make whatever statements you like  
6 in that regard. They can be considered evidence.

7

8 Whereupon,

9 JOSEPH TRANISI,

10 having been first duly sworn, was called as a witness  
11 herein and was examined and testified as follows:

12

13 JUDGE CLARK: If you could state your full  
14 name for the record, please, and spell your last name.

15 MR. TRANISI: Joseph Tranisi, T-r-a-n-i-s-i.

16 JUDGE CLARK: Mr. Tranisi, if you would  
17 proceed to give the position that Neighbors Moving &  
18 Storage takes in this proceeding.

19 MR. TRANISI: Just to continue, to my  
20 knowledge, I do not have any record of any client of  
21 Neighbors Moving & Storage who has ever felt any of our  
22 advertising was misleading or deceptive, and so I just  
23 wanted to mention that about our advertising.

24 Also, after Carlene and I had a discussion on  
25 April 5th, 2007, that she felt that there was a

0025

1 possibility that advertising could be misinterpreted  
2 that I did act swiftly to offer a compliance plan and  
3 made sure immediately that all print advertising which  
4 we had discussed had the new verbiage as soon as it was  
5 published.

6 MS. CAMERON-RULKOWSKI: Your Honor, Staff  
7 asks that you ask Mr. Tranisi to refer to Carlene  
8 Hughes as Ms. Hughes on the record.

9 JUDGE CLARK: It would be appropriate for you  
10 to address Ms. Hughes by her surname.

11 MR. TRANISI: Okay. In reference to the  
12 coupon that was posted to the Web site, this Web site  
13 is one national Web site that represents all of  
14 Neighbors Moving & Storage offices. That change in  
15 verbiage that we had discussed as part of the  
16 compliance plan for Neighbors Moving & Storage's  
17 advertising would represent a unique change to just  
18 Seattle advertising, and at the time of our compliance  
19 plan, there was not a Seattle page on the Neighbors'  
20 Web site, so the Web site and coupon resulting did not  
21 exist at the time of that compliance plan.

22 I also was not notified by Commission staff  
23 at all that there was any issue on the Web site that  
24 the only time I was actually made aware of the  
25 oversight of the verbiage on the coupon on the Web

0026

1 site, which did only refer to one free month of  
2 storage, was when I received documentation regarding to  
3 this hearing. I did learn of that oversight and  
4 immediately had that situation remedied. I believe I  
5 found out about it the first week of October and had it  
6 corrected by the 14th of October. I hope that it is  
7 clear that this was an unintentional error and that  
8 it's also shown that since all changes to non-Web site  
9 advertising, such as the Dex Yellow Pages that we've  
10 already discussed, had already been made at that time,  
11 so there was absolutely no reason whatsoever to keep  
12 the old verbiage on the Web site. It was just an  
13 oversight regrettably.

14           Also, just to make a brief mention of the  
15 fact that the moving industry has obviously been very  
16 difficult for many companies, especially in the last  
17 year or two because of the high prices of fuel and the  
18 economy, and so simply as a small business owner, any  
19 type of penalty does represent very serious damage  
20 financially to the Company.

21           In addition, after penalties had been  
22 assessed in 2005, although Neighbors Moving & Storage  
23 did pay those promptly in compliance with Staff's  
24 request, the penalties were only a fraction of the loss  
25 of revenue that Neighbors Moving & Storage incurred

0027

1 because of that investigation, and I say that in that  
2 the loss of business because of the finding by the  
3 State exceeded by quite a bit the actual amount of the  
4 penalty, and I would fear that any action in reference  
5 to this one coupon on the Web site would again result  
6 in the same type of loss of revenue.

7 I think I'll continue on to Exhibit 7,  
8 conversation between myself and Ms. Hughes dated April  
9 5th, 2007. Ms. Hughes, I just wanted to start out by  
10 making sure you feel this is an accurate representation  
11 of our conversation that day.

12 JUDGE CLARK: I just want to make sure you  
13 understand the process, and the process is that at the  
14 beginning of the hearing, the party with the burden of  
15 proof, which is the Commission staff, puts on their  
16 case, and they say whatever they would like me to hear,  
17 and then the second part of this is the respondent in  
18 this case, you get to say whatever you would like me to  
19 hear or consider regarding this, but it is not  
20 appropriate for you to ask Ms. Hughes questions in the  
21 middle of the presentation of your case. So just so  
22 you are not blind-sided, once you have the opportunity  
23 to tell me whatever you would like me to consider,  
24 Ms. Cameron-Rulkowski will have the opportunity to ask  
25 you questions as well.

0028

1           MR. TRANISI: Okay. So just to continue, the  
2 first item that Ms. Hughes and I discussed that day was  
3 the statement, "Free boxes with local moves," which we  
4 did explain was the offer of free use of wardrobe  
5 boxes, which Ms. Hughes mentioned that she did not take  
6 issue with, and that particular use of "Free wardrobe  
7 boxes" was not an infraction of the rules and  
8 regulations in the state of Washington, did not go  
9 against any tariff policies either.

10           The next item was the statement in reference  
11 to a free month of storage. When asked about that by  
12 Ms. Hughes, I did explain that this is only for  
13 permanent storage customers or ones in storage at least  
14 90 days, and Ms. Hughes did ask if that is ever offered  
15 to storage and transit customers, and I explained that  
16 it is not, that the specific verbiage called for  
17 details had been added to that in order to make sure  
18 that our representatives within the office could  
19 identify or qualify a customer as either a storage and  
20 transit customer or a permanent storage customer,  
21 because of the fact that the majority of the customers  
22 do not know which category they fall in until they  
23 explain their scenario to their mover and the mover  
24 identifies which one pertains to them.

25           So the actual offer of a free month of

0029

1 storage is allowed for permanent storage, not allowed  
2 for storage in transit, so the statement one month  
3 storage free was true in at least the permanent storage  
4 customers, and we agreed that additional verbiage  
5 change to that statement would help to make sure that  
6 there was no chance for a miscommunication or  
7 misunderstanding by a client.

8           The next item was no extra charge for stairs  
9 or elevators. I did mention that on any situation  
10 where we do have to do a long-distance move or one  
11 exceeding 55 miles that we do a written estimate and  
12 make sure that's covered with the customer so there  
13 should never be a situation where a customer has a  
14 misunderstanding about the charges involved with that  
15 type of move.

16           Next was no extra charge for quilt padding  
17 and wrapping and no extra charge for placement or  
18 setup. Just to keep that brief, Ms. Hughes mentioned  
19 that it seemed like Neighbors was implying that other  
20 companies may charge extra for those services, and that  
21 was not our intent at all, so we agreed again to make  
22 changes to the verbiage there.

23           So I guess at the end of this document, what  
24 my intention is to do is to show that at the time of  
25 the investigation and I believe again at the time of

0030

1 this most recent investigation, Staff found that  
2 Neighbors' policies as far as the way it actually  
3 fulfills its moves with the customers was not in  
4 conflict with the rules and regulations in the tariff,  
5 even if the verbiage could be misinterpreted, so I just  
6 wanted to make that statement.

7           In good faith, Neighbors Moving & Storage did  
8 create a compliance plan and changed all of its  
9 verbiage voluntarily after discussing this with  
10 Ms. Hughes in 2007. The verbiage itself was not  
11 directly in conflict with the tariff but could  
12 definitely be misinterpreted, and that's why we came to  
13 the conclusion that it would be a good idea to make  
14 those changes. Although that was done voluntarily --  
15 there was no threat of any type of penalty or anything  
16 at that time -- we agreed that it was in the best  
17 interest of all parties to make those changes so there  
18 would be no chance for miscommunication.

19           The regrettable oversight of not getting the  
20 updated language changed on the new coupon on the Web  
21 site when it was created after the investigation in  
22 2007 I feel does not exhibit a disregard for the rules  
23 and regulations but just simply shows a temporary lapse  
24 of that correction of the verbiage agreement, and so  
25 there was no intent to mislead, no damage occurred, and

0031

1 I did check all storage accounts that have been done  
2 with Neighbors Moving & Storage of Seattle since the  
3 time that that coupon had been posted, and it had not  
4 been used for any storage customer to date.

5 I believe that I will go ahead and conclude  
6 on that note my statement.

7 JUDGE CLARK: Before I allow  
8 Ms. Cameron-Rulkowski to cross-examine, I want to back  
9 up a little bit, and I want the record to reflect that  
10 Mr. Tranisi is appearing pro se and that my questions  
11 are not intended in any way to assist Mr. Tranisi in  
12 the presentation of his case but rather to overcome  
13 perhaps some procedural or evidentiary difficulties  
14 that may be present because Mr. Tranisi is not an  
15 attorney.

16 Prior to this afternoon's hearing,  
17 Mr. Tranisi, both parties exchanged a number of  
18 documents, and I want to make sure that we've  
19 identified all of the documents correctly for the  
20 record that you exchanged with the Commission staff and  
21 provided to me.

22 The first document I have is a document that  
23 I've marked for identification purposes as Exhibit  
24 No. 5, and Exhibit No. 5 I have identified as a  
25 Neighbors Moving & Storage coupon. For the record, can

0032

1 you explain when that coupon was printed?

2 MR. TRANISI: I don't have the exact date,  
3 but I believe that it was within the second or third  
4 week of October, right after I was made aware of the  
5 issue with the coupon on the Web site showing the old  
6 verbiage, or I guess another description for that  
7 verbiage would be the verbiage that all other Neighbors  
8 Moving & Storage offices used. As soon as that was  
9 brought to my attention, I did have our Web developer  
10 immediately go in and make that change.

11 JUDGE CLARK: So you printed this  
12 approximately the second week of October?

13 MR. TRANISI: Yes.

14 JUDGE CLARK: For the clarity of the record,  
15 could you explain to me what brought to your attention  
16 the problem with the Web site?

17 MR. TRANISI: When I received the  
18 documentation in the mail at Neighbors Moving & Storage  
19 office that there was a hearing for this hearing.

20 JUDGE CLARK: The Complaint that was issued  
21 in this proceeding?

22 MR. TRANISI: Yes.

23 JUDGE CLARK: Would you like to offer the  
24 admission of Exhibit No. 5 at this time?

25 MR. TRANISI: Yes, please.

0033

1           JUDGE CLARK: Is there any objection to the  
2 receipt of Exhibit No. 5.

3           MS. CAMERON-RULKOWSKI: No, Your Honor.

4           JUDGE CLARK: Exhibit No. 5 is received. The  
5 second document that I have that was exchanged between  
6 the parties prior to hearing is a document that I've  
7 marked for identification purposes as Exhibit No. 6,  
8 and I have for lack of a better description described  
9 this two-page document by the title this appears to  
10 bear, which is, "Information about Neighbors Moving &  
11 Storage of Seattle, LLC." I would like to know if you  
12 are willing to accept the assertions that are made in  
13 this document under oath during our hearing today.

14          MR. TRANISI: Yes.

15          JUDGE CLARK: Would you like to move the  
16 admission of Exhibit No. 6?

17          MR. TRANISI: Yes.

18          JUDGE CLARK: Any objection to the admission  
19 of Exhibit No. 6?

20          MS. CAMERON-RULKOWSKI: No, Your Honor.

21          JUDGE CLARK: Exhibit 6 is received. The  
22 next document I have is a document that I have marked  
23 as Exhibit No. 7, and Exhibit No. 7 is entitled, "Notes  
24 from a telephone discussion between Joe Tranisi and  
25 Carlene Hughes, date of conversation April 5, 2007.

0034

1 Mr. Tranisi, are you willing to accept the statements  
2 in Exhibit No. 7 under oath in this proceeding today?

3 MR. TRANISI: Yes, Your Honor.

4 JUDGE CLARK: Would you like to move the  
5 admission of Exhibit No. 7?

6 MR. TRANISI: Yes, Your Honor.

7 JUDGE CLARK: Is there any objection to the  
8 receipt of Exhibit 7?

9 MS. CAMERON-RULKOWSKI: No, Your Honor.

10 JUDGE CLARK: Exhibit No. 7 is received.  
11 Exhibit No. 8 is actually a copy of the provision of  
12 the Washington Administrative Code that is at issue in  
13 this proceeding. This is a document that ordinarily I  
14 could take official notice of. Given the nature of  
15 this proceeding, I would like to know if there is any  
16 objection to its receipt.

17 MS. CAMERON-RULKOWSKI: No, objection, Your  
18 Honor.

19 JUDGE CLARK: Do you want to offer it?

20 MR. TRANISI: Yes.

21 JUDGE CLARK: I'm going to receive that  
22 Exhibit in as simply a document I could ordinarily take  
23 official notice of, and finally, I have what I've  
24 marked for identification purposes as Exhibit No. 9,  
25 and these appear to be a number of comments that were

0035

1 submitted to Neighbors Moving & Storage, and I would  
2 like to ask Mr. Tranisi if these statements appear to  
3 be true and accurate to the best of your knowledge?

4 MR. TRANISI: Yes, Your Honor.

5 JUDGE CLARK: Would you like to offer Exhibit  
6 No. 9?

7 MR. TRANISI: Yes, Your Honor.

8 JUDGE CLARK: Is there any objection to its  
9 receipt?

10 MS. CAMERON-RULKOWSKI: No objection.

11 JUDGE CLARK: Exhibit NO. 9 is received. Now  
12 that we have all of the documents in the record that I  
13 believe will support Neighbors Moving & Storage  
14 position in this case, I'll turn to you,  
15 Ms. Cameron-Rulkowski, and see if you have any further  
16 inquiry.

17 Ms. CAMERON-RULKOWSKI: Thank you, Your  
18 Honor.

19  
20

21 CROSS-EXAMINATION

22 BY MS. CAMERON-RULKOWSKI:

23 Q. Mr. Tranisi, do you know when the Web coupon  
24 for free one-month storage was first placed on the  
25 Neighbors Moving Seattle Web site?

0036

1           A.     I don't have the exact date.  I do know that  
2     it was somewhere in the May time frame, late April,  
3     early May time frame.  There was Web development going  
4     on with our Web site.  There was no existence of a  
5     Seattle page or a Seattle coupon previous to that, and  
6     as part of that Web development, it was created, thus  
7     making it a situation that also kind of gave me a  
8     problem with actually tracking it and making sure that  
9     that verbiage was put in properly for that particular  
10    page.

11          Q.     Was that the year 2008?

12          A.     It was late April, early May 2008.

13          Q.     Did you review the new Seattle-specific Web  
14    site?

15          A.     I did not review the new Seattle-specific Web  
16    site.  The verbiage that was placed on that Web site  
17    was essentially a carbon copy of the verbiage that was  
18    placed on each of the pages that had been created.  
19    Those pages did not exist previously.  Our Web  
20    developer, in order to try to create a more personal  
21    feel per individual region, had created individual  
22    pages for those different places, and I actually was  
23    unaware that the Seattle page had even been created.  
24    It was not something that was beknownst to me or even  
25    approved by me.

0037

1 Q. When did you become aware there was a  
2 Seattle-specific Web page for Neighbors?

3 A. I was aware of the Seattle page when I got  
4 the documentation in reference to this hearing. I  
5 looked at that particular page on the Web site and  
6 found that the page had been created and that it had  
7 been created with the verbiage that was not updated per  
8 our conversation between myself and Ms. Hughes.

9 Q. In the compliance plan that you submitted in  
10 2007, you pledged that you would change the free  
11 one-month storage advertising language. Did you feel  
12 that it was voluntary whether you changed this language  
13 or not?

14 A. I feel that that was voluntary that we came  
15 to a mutual agreement on what that new verbiage should  
16 be.

17 Q. When you just testified a moment ago that no  
18 damage occurred from your use of the Web coupon, did  
19 you consider that you might have moved customers who  
20 might otherwise have chosen the competitor but for the  
21 coupon?

22 A. In my experience, if a customer is planning  
23 to take advantage of a storage offer, they will ask  
24 about that storage offer as part of their move,  
25 especially when that only portion of the coupon that

0038

1 conflicts with the compliance agreement is in reference  
2 to storage and transit. Storage and transit as  
3 referenced by Staff is, in fact, part of the move, so  
4 that move would have to be a local move to storage,  
5 storage and transit, and a move out of storage as one  
6 complete action, so there would be no way for the  
7 Company to have moved someone without storage and  
8 transit being disclosed or discussed.

9 MS. CAMERON-RULKOWSKI: Thank you. No  
10 further questions.

11 JUDGE CLARK: I have a couple of questions  
12 for clarification, and that is when you were talking  
13 says in reference to the coupon that was printed, you  
14 indicated that there is one national Web site and that  
15 the change in verbiage would represent a unique change  
16 to just Seattle advertising, and when you say "Seattle  
17 advertising," are you referring to the name of the  
18 company, i.e., Neighbors Moving & Storage and Seattle,  
19 or are you referring to the community of Seattle?

20 MR. TRANISI: To clarify, the www.neighbors  
21 moving.com Web site, one Web site which covers the  
22 entire company, Neighbors Moving & Storage nationwide,  
23 within that Web site, April and May 2008, a sub page of  
24 that Web site was created for the Seattle community,  
25 and in that sub page of the overall Web site for the

0039

1 entire country, that's where the new verbiage that had  
2 been agreed upon had not been properly put in there  
3 because of the fact that the Web developer did not  
4 realize that there was a special, unique requirement  
5 within the state of Washington.

6 JUDGE CLARK: Just to make sure I understand.  
7 So this was created for the Seattle community, not the  
8 branch of the nationwide moving company that operates  
9 as Neighbors Moving & Storage of Seattle.

10 MR. TRANISI: I think I understand your  
11 question. Each individual office in each individual  
12 region had its own page under the neighborsmoving.com  
13 Web site created, so it was created for Seattle.

14 JUDGE CLARK: So this was created for the  
15 Company. Let me ask this another way. Is it your  
16 understanding that the Commission's regulations and the  
17 Commission's household good tariffs are applicable to  
18 moves that you make in Seattle or moves you make to  
19 anywhere within the state of Washington?

20 MR. TRANISI: Yes, Your Honor, both.

21 JUDGE CLARK: Thank you. The second question  
22 relates to Exhibit No. 7 where you were talking about  
23 the free one-month storage that is provided, and you  
24 indicate that this is not applicable, the violation is  
25 not applicable to permanent storage customers and that

0040

1 customers don't know which category they fall in.

2           So if the customers don't know which category  
3 they fall in, is Neighbors Moving & Storage the entity  
4 that would tell them whether or not they qualify for a  
5 free one month of storage?

6           MR. TRANISI: Yes, Your Honor. Can I make  
7 another comment on that?

8           JUDGE CLARK: Yes.

9           MR. TRANISI: All clients of Neighbors Moving  
10 & Storage also receive a document, which is a rights  
11 and responsibilities within the state of Washington,  
12 and within that document, it clearly states that any  
13 questions about the process of storage and transit  
14 versus permanent storage can also be answered by the  
15 Staff of the Utility and Transportation Commission.

16           JUDGE CLARK: Have my clarifying questions  
17 posited any additional exam?

18           MS. CAMERON-RULKOWSKI: No, Your Honor.

19           JUDGE CLARK: Then it appears that the only  
20 thing we have left for this afternoon's hearing is  
21 brief closing statements. Closing statements are just  
22 argument. They are not the presentation of additional  
23 evidence. There is no opportunity to ask questions  
24 regarding closing argument, and I will allow  
25 Ms. Cameron-Rulkowski to go first.

0041

1 MS. CAMERON-RULKOWSKI: Thank you, Your  
2 Honor. As I stated initially, this still is a simple  
3 case. Neighbors Moving & Storage was on notice that  
4 there was a problem with some of its advertising  
5 language, specifically the free one month of storage  
6 phrase. Regardless of which part of the Neighbors  
7 Moving family of businesses caused that advertising to  
8 be placed on the Web, the fact is that it was there.

9 Neighbors Moving & Storage is responsible for  
10 policing its own advertising, so in this case, either  
11 the Company decided to unfairly compete with other  
12 carriers by offering a storage and transit rate outside  
13 the tariff band, or the Company did not adequately  
14 police its Web advertising. Whatever the reason, Staff  
15 has demonstrated that Neighbors advertised rates in  
16 conflict with the household goods tariff. Advertising  
17 rates that conflict with the tariff is a violation of  
18 the household goods carrier advertising rule. The  
19 tariff exists to provide a level playing field for  
20 household goods carrier. The violation here frustrates  
21 this purpose.

22 In this case, the remedy of a \$1,000 penalty  
23 per violation is appropriate. There was adequate  
24 technical assistance offered, specifically in 2005 and  
25 2007. For whatever reason, it was ineffective in

0042

1 bringing about full compliance. Neighbors was on  
2 notice because of the prior technical assistance as to  
3 exactly the problematic language that is at issue in  
4 this case. Neighbors was educated and warned very  
5 recently about the problematic language. Neighbors  
6 failed to prevent Web advertising that had this  
7 language corrected. Because of the prior violations,  
8 the violations this year are repeat violations.

9           Finally, whether the violations were  
10 intentional or not, it is the duty of the Company to  
11 insure its advertising complies with Commission rules.  
12 That concludes my statement. Thank you, Your Honor.

13           JUDGE CLARK: Thank you,  
14 Ms. Cameron-Rulkowski. Mr. Tranisi, I'm also going to  
15 give you the opportunity to make any brief closing  
16 statement.

17           MR. TRANISI: Just to recap a couple of  
18 things, I feel that in good faith I did actively change  
19 all of the verbiage on our advertising in order to come  
20 to a mutual agreement on a format that would be least  
21 likely to confuse a client intending to use a moving  
22 service within the state of Washington. I do not feel  
23 that the language of the tariff nor the actual language  
24 of 480-15-610 in reference to advertising had been  
25 intentionally overlooked or intentionally gone against

0043

1 those rules in order to misrepresent the services.

2 I think part of the conversation between  
3 myself and Ms. Hughes identified that there was no  
4 situation that had been shown where Neighbors Moving &  
5 Storage had acted in a way as far as its processes go  
6 which would be against the rules and regulations in the  
7 state of Washington. I agree that the tariff does  
8 exist to keep carriers on a level playing field, and I  
9 think that Neighbors Moving & Storage was also able to  
10 show that it was playing on a level playing field with  
11 all other responsible carriers within the state of  
12 Washington.

13 The regrettable oversight of not getting this  
14 updated language onto a new coupon on the Web site  
15 is -- it's my responsibility to do this, and it was a  
16 lapse of my responsibility. There is no other way to  
17 say it. I do feel that in light of the fact that any  
18 type of penalties and more so the State action against  
19 Neighbors Moving & Storage would cause such a large  
20 loss in revenue but also damage to its reputation,  
21 which is, I feel, unnecessary to do in response to an  
22 oversight.

23 I do understand my responsibility and intend  
24 to all the more intensely investigate all of our own  
25 advertising and processes to make sure that there is

0044

1 never a situation where there can be anything in  
2 conflict with the tariff or the Washington rules and  
3 regulations, and I would ask that in light of the  
4 things like the Better Business Bureau and the loss of  
5 revenue that an action against Neighbors Moving &  
6 Storage not be decided upon as Neighbors being at fault  
7 in this area, and that concludes my closing statement.

8 JUDGE CLARK: Thank you, Mr. Tranisi. Is  
9 there anything further that should be heard on the  
10 record this afternoon?

11 MS. CAMERON-RULKOWSKI: Your Honor, I would  
12 have a very quick rebuttal statement.

13 JUDGE CLARK: Please proceed.

14 MS. CAMERON-RULKOWSKI: Your Honor, the  
15 \$5,000 penalty recommended by Staff is reasonable. As  
16 Ms. Hughes testified, she believes that the Web coupon  
17 was there at least six weeks. Mr. Tranisi testified  
18 that the Web coupon was there considerably longer, that  
19 it had probably been there at least since sometime in  
20 May of 2008.

21 Therefore, Staff could have recommend a  
22 considerably larger penalty. Given the prior technical  
23 assistance on this issue and given the importance of  
24 offering services for rates and charges that comply  
25 with the tariff so that there is a level playing field,

0045

1 the \$5,000 penalty is reasonable. Thank you, Your  
2 Honor.

3 JUDGE CLARK: Thank you. We are adjourned.

4 (Hearing adjourned at 3:06 p.m.)

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25