

**Neighbors Moving and Storage of Seattle, LLC**  
Staff Investigation  
June 2008

**Purpose**

The purpose of this investigation is to determine if Neighbors Moving and Storage of Seattle, LLC (Neighbors Moving) is in sufficient violation of WAC 480-15, to warrant staff proceeding with a penalty assessment for improper advertising.

**Background**

This investigation was prompted by a complaint received in May 2008, indicating that Neighbors Moving was advertising using language in violation of commission rules, and for which Neighbors had previously been given technical assistance.

**Company Information**

Neighbors Moving is located at 18650 72<sup>nd</sup> Avenue South, Kent, Washington. The company's annual report shows Louis Massaro, President, holding 51 percent of the corporate shares, and Joseph Tranisi, Vice President, with 49 percent of the shares.

In Docket No. TV-031143, Neighbors Moving was granted provisional operating authority effective July 31, 2003. Neighbors Moving was granted permanent authority, permit HG-61028, on February 18, 2004. Neighbor's gross intrastate operating revenue in 2006 was \$2,327,660.

**Investigation**

In March 2007, Staff received a complaint that Neighbors Moving was improperly advertising free or reduced prices for services that were under tariff regulation.

On April 6, 2007, after conducting an initial investigation, the commission sent Neighbors Moving the following compliance letter:

*Dear Mr. Tranisi:*

*The Washington Utilities and Transportation Commission (commission) recently received a complaint that Neighbors Moving and Storage of Seattle, LLC (Neighbors) is offering services to the public at improper rates and charges.*

*As part of the complaint process, staff reviewed the enclosed advertisement to determine your company's compliance with Washington Administrative Code (WAC) rules governing the transportation of household goods, specifically, WAC 480-15. Upon completion of this review, staff found that the services Neighbor's offers appear to violate a number of commission rules and tariff requirements. The advertisement states:*

- ***“Free Boxes With Local Moves”***

*Tariff 15-B does not allow for a household goods mover to supply free containers or materials during a move.*

- ***“Free One Month Storage”***

*Tariff 15-B does not allow a household goods mover to provide free storage-in-transit.*

- ***“No extra charge for stairs or elevators”***

*Tariff 15-B requires a charge for stairs and elevators if used at the origin or destination of a mileage-rated move.*

- ***“No extra charge to quilt wrap furniture” and “No extra charge for placement and set-up at destination”***

*Tariff 15-B does not allow for quilt wrap, placement, or set-up charges. Therefore, Neighbors can not imply that it is providing a service at a lesser charge than other carriers.*

*In July 2005, staff completed an investigation into the business practices of Neighbors Moving. The result of that investigation was the issuance of a commission penalty against Neighbors in the amount of \$42,475. Part of that investigation identified that Neighbors Moving was not charging the proper rates according to the tariff in effect at that time, Tariff 15-A. It appears from this advertisement that Neighbors has not corrected its behavior.*

*According to state statute, the commission is authorized to assess penalties of up to \$1,000 per day for each violation of commission rules. While staff could recommend the commission take action against Neighbors Moving it does not wish to do so at this time.*

*Instead, you must submit a compliance plan to us by April 25, 2007, indicating how the company plans to change its practices to comply with applicable laws, rules, and tariff requirements. If, in the future, Neighbors efforts fail to show improved compliance, we will likely ask the commission to take enforcement action against your company.”*

### **Neighbors Compliance Plan**

On April 25, 2007, Neighbors Moving, in response to the commission’s compliance letter, sent staff the following plan on how it was going to change its advertising to comply with the commission’s rules:

*We are consistently working to be in absolute compliance with the tariff. We appreciate your continuing efforts to assist us in appropriately interpreting the tariff. It is our goal to be in full compliance and to have a comprehensive understanding of the State of Washington's interpretation of the tariff.*

*Per your request, here is a plan for suggested changes to the verbiage addressed in your letter dated April 6, 2007.*

*We will be making the following changes to our advertising:*

*- "Free boxes with local moves", will be changed to "Free use of wardrobe boxes with local moves".*

*- "Free One Month Storage" will be changed to "Free One Month Storage with 3 months of Storage".*

*- "No extra charge for stairs or elevators" will be changed to "No extra charge for stairs or elevators on local moves".*

*- "No extra charge to quilt wrap furniture" will be changed to "Furniture will be quilt pad wrapped before removal from home".*

*- "No extra charge for placement and set-up at destination" will be changed to "Furniture will be uncovered, placed and set-up in new home".*

*Upon your approval, we will place these changes into affect on all of our advertisements. All periodic advertising that is already published will be changed upon renewal.*

On May 15, 2007, the commission responded to Mr. Tranisi's plan, noting that the corrections made to the advertising brought the ads into compliance.

*Dear Mr. Tranisi:*

*The Washington Utilities and Transportation Commission (commission) recently sent you a compliance letter in response to a complaint that Neighbors Moving and Storage of Seattle, LLC (Neighbors) was offering services to the public at improper rates and charges. In the letter staff informed you that you must change your advertising to comply with the commission's laws and rules.*

*Neighbors responded with a list of the corrections it made to its advertisement. Commission staff finds that Neighbors has made the necessary changes to its ad, and is now in compliance with the rules. The changes Neighbors made are shown below:*

- ***"Free Boxes With Local Moves" is changed to "Free use of wardrobe boxes with local moves".***

*Tariff 15-B does not allow for a household goods mover to supply free containers or materials during a move, however, the use of wardrobe boxes is considered part of the mover's supply and equipment and does not require a charge.*

- ***"Free One Month Storage" is changed to "Free One Month Storage with 3 months of Storage".***

*Tariff 15-B does not allow a household goods mover to provide free storage-in-transit (storage for less than 90 days), however, at three months the storage becomes permanent and outside of commission jurisdiction over the rates or charges.*

- *“No extra charge for stairs or elevators” is changed to “No extra charge for stairs or elevators on local moves”.*

*Tariff 15-B requires a charge for stairs and elevators if used at the origin or destination of a mileage-rated move. There are no charges for moves of less than 35 miles (local moves).*

- *“No extra charge to quilt wrap furniture” and “No extra charge for placement and set-up at destination” is changed to “Furniture will be quilt pad wrapped before removal from home” and “Furniture will be uncovered, placed and set-up in new home.”*

*Tariff 15-B does not allow for quilt wrap, placement, or set-up charges. Therefore, Neighbors can not imply that it is providing a service at a lesser charge than other carriers. The changes Neighbors made to that part of its advertisement explain the service it provides.*

*Also, as you are aware, any further findings of Neighbors using improper advertisements may result in staff recommending to the commission some form of penalty or other enforcement action.*

### **Washington Administrative Code (WAC) Rule Change**

In January 2008, the household goods rules were updated and the rules regarding household goods carrier advertising, WAC 480-15-610, was changed to include the following language (emphasis added):

#### Advertising

(1) Carriers must include the commission-issued permit number, name or trade name as recorded at the commission, business address and business telephone number in any advertising for household goods moving services. Advertising includes, but is not limited to:

(a) Advertisements in telephone books, newspapers, correspondence, cards, or any other written document.

(b) Signs, posters or similar displays.

(c) Web sites or other on-line advertising.

(2) Advertisements may not be misleading, false or deceptive.

(3) Carriers may advertise services provided as an agent of, or connecting carrier to, another household goods carrier if they include the name and permit number of the other household goods carrier in their advertising.

**(4) Carriers may not advertise services or rates and charges that conflict with those in the tariff.**

## 2008 Neighbors Advertising

In May 2008, staff received a complaint from a competitive carrier that Neighbors was once again offering free services or free packing materials in its advertising.

A copy of the 2008 Dex advertisement was sent to staff and is included in Appendix A.

Upon investigation staff found that “Coupon Pages” were published in both the Tacoma and Puyallup Dex directories.<sup>1</sup> The coupons offer “Free 1 Month Storage” and “Free Boxes Local Moves Only.”

Staff contacted Mr. Tranisi and requested an explanation of why improper ads were again being published. Neighbors Moving responded:

*I spoke with my Dex Media rep today and found out what happened in the ad that you are referring to. If you look at the full page ad that is in this same book, a few pages prior, you will see the format that is used in all of our advertising since we had reached an agreement last year. This is the ad that we had discussed making changes on last May. That ad has all of the revisions that we discussed. Our graphic artist made that new format which we provided to Dex to put into all newly published ads.*

*Dex Media designed the “coupon pages”. The new verbiage was given to Dex media so that they could make the appropriate changes on the “coupon pages”. After speaking to my rep today, I have verified that the “coupon page” was not augmented with the new verbiage per our request. My Dex Media representative has offered his sincerest apologies in reference to their oversight.*

*Although only a very small minority of our consumers see the “coupon page” or reference it, I completely understand your concern that this verbiage is not what we had discussed. I can assure you that although the verbiage on the “coupon page” is different than the revised ad, that each and every customer of Neighbors Moving that references these ads has been and will be serviced, as all of our customers are...in complete compliance with the Tariff rules.*

*It is unfortunate that this oversight has occurred. My Dex Media representative was very concerned and has offered to speak with you about the oversight should you choose to hold a meeting with him. Also, now that this oversight has been brought to my attention, I will make sure that this does not happen in any other upcoming ads. If you would like any further information from Dex, please let me know as I am sure that they will be happy to accommodate your request.*

*Best Regards,*

*Joe Tranisi  
Neighbors Moving & Storage of Seattle, LLC*

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<sup>1</sup> Joe Matthys, Dex Media Representative, confirmed that the Tacoma and Puyallup directories were the only directories that included the Neighbors Moving “coupon pages”.

### **Neighbors Web Site**

Staff reviewed Neighbors' Web site to determine if it improperly advertises any tariffed services on its Web site in addition to telephone directories. Staff found on the Neighbor's site under "web specials," a coupon for "Storage – One Month Storage Free – call for details." The coupon is available for any Neighbor's customer to print and use. That Web site advertisement was found on June 3, July 7, July 10, July 15, and July 16, 2008. See Appendix B.

### **Findings**

#### Neighbors Dex Directory Advertising

Neighbors' Moving is currently improperly advertising in violation of WAC 480-15-610.

Neighbors coupon advertisements are published in both the Tacoma and Puyallup Dex telephone directories, and each of the coupon pages includes two coupons that state "Free 1 Month Storage" and "Free Boxes Local Moves Only." However, since the wording in the coupon advertisements was the error of the Dex directory sales staff, and the improper language was not placed or approved by Neighbors Moving, staff does not believe these advertisements should reflect Neighbors non-compliance with the rules.

See Appendix C for e-mails between commission staff and the Dex sales staff regarding the Neighbors advertising.

#### Neighbors Web Site Advertising

The Neighbors Web site includes a "Web Special" that provides consumers a coupon that states "Storage One Month Storage Free." This is in violation of the UTC Tariff and with the agreement that Neighbors made previously that it would change this advertising language to state that free storage could only be offered for permanent storage situations, e.g. "*Free One Month Storage with 3 months of Storage*".

Staff checked this website on five separate dates and the improper advertising language was found on each date, for five violations of WAC 480-15-610.

### **Recommendation**

Staff recommends the commission issue a penalty assessment against Neighbors Moving & Storage in the amount of \$5,000, for five violations of WAC 480-15-610, which states that carriers may not advertise services or rates and charges that conflict with those in the tariff after having been given technical assistance.

# Neighbors Moving and Storage 2008 Investigation