



# Investigation Report

Dolly, Inc.

TV-171212

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Compliance Investigations

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## **PURPOSE, SCOPE AND AUTHORITY**

### **Purpose**

Commission staff (“staff”) opened this investigation to determine whether Dolly, Inc., (Dolly or Company) advertised, solicited, offered, or entered into one or more agreements to transport household goods within the state of Washington without having first obtained a household goods carrier permit as required by RCW 81.80.075(1).

Staff also opened this investigation to determine whether Dolly displayed on any building, vehicle, billboard, or in any manner, any advertisement of, or by circular, letter, newspaper, magazine, poster, card, or telephone directory, advertisements to operate as a common carrier, contract carrier, or temporary carrier for the transportation of property for compensation in this state without first obtaining the necessary permit as required by RCW 81.80.355.

Finally, staff also opened this investigation to determine whether Dolly has operated for the hauling of solid waste for compensation by advertising to provide such service without first obtaining a certificate of convenience and public necessity authorizing it to do so as required by RCW 81.77.040 and RCW 81.77.090(2).

### **Scope**

Staff focused its investigation on Dolly’s business operations, including the company’s Terms of Service, Advertising, and documentation related to the company’s website and mobile application (app).

### **Authority**

The Washington Utilities and Transportation Commission (commission), pursuant to RCW 81.04.510, may institute a special proceeding on its own motion to determine whether Dolly has engaged, and is still engaging, in business as a household goods carrier, common carrier, or solid waste collection company within the state of Washington without the authority required by chapters 81.80 and 81.77 RCW.

### **Staff**

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## EXECUTIVE SUMMARY

Staff conducted this investigation to determine whether it should recommend that the commission institute a special proceeding to determine whether Dolly has engaged, and is still engaging, in business as a household goods carrier or common carrier or operating as a solid waste collection company within the state of Washington without the required authority.

Staff's investigation into the business practices of Dolly reveals the company is engaging in business as both a household goods carrier and common carrier without the required permits and also operating as a solid waste collection company without the required certificate of public convenience and necessity based on evidence that Dolly:

- Advertises household goods moves on its website and social media without the necessary permit in violation of RCW 81.80.010(5) and RCW 81.80.075.
- Advertises to transport property other than household goods by motor vehicle without the necessary permit in violation of RCW 81.80.355.
- Advertises to haul solid waste without a certificate of public convenience and necessity in violation of RCW 81.77.040 and RCW 81.77.090(2).

### Recommendation

Staff recommends that the commission institute a special proceeding on its own motion to determine whether Dolly has engaged, and is engaging, in business as a household goods carrier or common carrier or operating as a solid waste collection company without the authority required by chapters 81.80 and 81.77 RCW.

Staff recommends that the commission assess Dolly the following penalties:

- Up to \$5,000 for each of the eleven separate violations of RCW 81.80.010(5) and RCW 81.80.075 for advertising household goods moves on the company's website, billboards, Facebook, Instagram, Twitter, LinkedIn, iTunes, Craigslist, YouTube, Pinterest, and Yelp.
- Up to \$1,000 for each of the eleven advertisements to transport property other than household goods on company's website, billboards, Facebook, Instagram, Twitter, LinkedIn, iTunes, Craigslist, YouTube, Pinterest, and Yelp, in violation of RCW 81.80.355.
- Up to \$1,000 for each of the three advertisements found on Dolly's website, iTunes, and Yelp to haul solid waste without first obtaining a certificate of public convenience and necessity from the commission in violation of RCW 81.77.040 and RCW 81.77.090(2).

## BACKGROUND

### Company Information

Staff became aware of Dolly's operations in March 2015 after receiving multiple emails from permitted household goods carriers. Staff was also provided with a Seattle Times article on the company, originally published March 8, 2015. The article named Michael Howell as a co-founder and CEO. The article also stated that "Dolly scored \$1.7 million in seed funding."<sup>1</sup> Staff's research found that Dolly's governing persons are Michael Howell and Chad Wittman. A second Seattle Times article, published Oct. 1, 2015, described Dolly as formed by Jason Norris, Kelby Hawn, Mike Howell, and Chad Wittman, and noted that the company raised \$8 million to be "the friend who has a pickup truck."<sup>2</sup>

An early article published by the Chicago Tribune's Blue Sky Innovation newsletter described Dolly as an online moving and delivery platform that uses an app to connect people who want to move tough-to-carry items with people who have a truck, van or large SUV.<sup>3</sup> The article further explained that Dolly's software platform uses an algorithm to set a price for moves, with jobs averaging \$50 to \$85.

On March 20, 2015, staff sent Dolly a letter notifying it that the commission regulates the moving of household goods items and that only permitted household goods carriers may move these items for compensation.<sup>4</sup> The letter also explained that any person found operating or advertising as a household goods carrier without the required commission-issued permit is subject to a penalty of \$5,000 per violation.

On Oct. 9, 2015, staff sent Dolly a follow-up letter, again notifying the company that the commission regulates the moving of household goods items and that only permitted household goods carriers may conduct such moves for compensation.<sup>5</sup> The letter also again explained that any person found operating or advertising as a household goods carrier without the required commission-issued permit is subject to a penalty of \$5,000 per violation. The letter requested the company to respond to the commission in writing by Oct. 23, 2015, to confirm that all Dolly "helpers" providing household goods moves possessed commission-issued permits.<sup>6</sup>

On Oct. 23, 2015, Mr. Howell emailed staff and requested a meeting to have an open conversation about Dolly's business to give staff a full view of the company's operations and its compliance with the appropriate regulations.<sup>7</sup>

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<sup>1</sup> A copy of Seattle Times article, dated March 9, 2015, is attached as Appendix A.

<sup>2</sup> A copy of Seattle Times article, dated Oct. 1, 2015, is attached as Appendix B.

<sup>3</sup> A copy of Blue Sky article, dated Dec. 18, 2014, is attached as Appendix C.

<sup>4</sup> A copy of letter to Dolly, dated March 20, 2015, is attached as Appendix D.

<sup>5</sup> A copy of letter to Dolly, dated Oct. 9, 2015, is attached as Appendix E.

<sup>6</sup> Dolly refers to people performing moves contracted for using its platform as "helpers."

<sup>7</sup> A copy of email, dated Oct. 23, 2015, is attached as Appendix F.

On Nov. 4, 2015, Mr. Michael Howell and Ms. Kristin Smith met with staff at the commission's office in Olympia and gave a presentation on Dolly's business operations.<sup>8</sup> At this meeting, Dolly indicated that it contracts between the customers and the drivers. Staff informed Dolly that it was operating as a household goods carrier without the required permit.

On Jan. 13, 2016, staff convened a meeting at the commission's office to discuss issues related to the operation and regulation of residential household goods moving companies. Staff invited numerous companies to attend this meeting. Mr. Howell and Ms. Smith attended and represented Dolly. During this meeting, the attendees had an opportunity to provide a brief description of their business and staff discussed the commission's jurisdiction.<sup>9</sup> In the course of this meeting, Dolly stated that it employed 1099 contractors (independent contractors) to perform the moves and that the contractors carry their own insurance. Dolly indicated that it may fill in any insurance gap if needed.<sup>10</sup>

On Sept. 25, 2017, staff again met with Dolly at its request to discuss Dolly's business practices. At the meeting, staff discussed with Dolly the different commission-issued permits and the requirements for household goods carriers, common carriers, and solid waste collection companies. Dolly indicated that its helpers carry cargo insurance but that Dolly has a backup insurance plan if needed.

At this same meeting, the company stated that it requires background checks for its helpers, but was not specific about who performed the background checks or the criteria used to determine whether a potential helper was eligible to work with Dolly.

During the meeting, staff asked Dolly about a Facebook posting of a photograph of a van by a potential helper who asked whether the vehicle was okay to use to conduct moves. Dolly's Facebook response was, "Definitely! Looks great!"<sup>11</sup> When staff expressed concern about the lack of vehicle safety checks, Dolly said that it does not require vehicle checks because the consumers use a rating system on the app that rates both the driver and the vehicle. Dolly stated that if there is a problem with the helper or truck, the consumer will leave a poor rating.

Dolly has grown rapidly, and not only in the state of Washington. Through a data sharing agreement with Washington Department of Revenue, staff found that the company reported the following gross revenues for the state of Washington:

<b>YEAR</b>	<b>Gross Revenue for WA</b>
2015	
2016	
2017 (Jan. – Aug.)	

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<sup>8</sup> A copy of staff's notes from Nov. 4, 2015, presentation by Dolly is attached as Appendix G.

<sup>9</sup> A copy of email and Residential Household Goods Moving Topics Agenda, dated Jan. 13, 2016, is attached as Appendix H.

<sup>10</sup> A copy of staff notes from the meeting is attached as Appendix I.

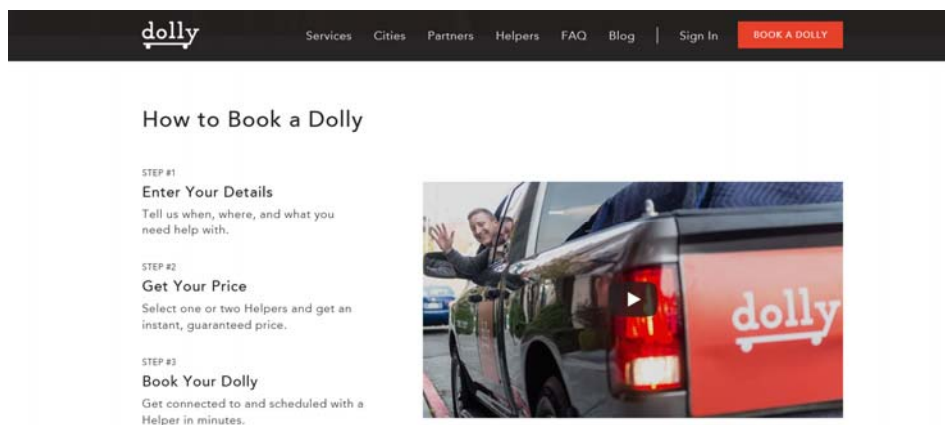
<sup>11</sup> A copy of Dolly's Facebook page with photograph of van is attached as Appendix J.

## INVESTIGATION

Staff researched Dolly’s website and found that the company advertises “Moving & Delivery Help, When You Need It. Dolly connects you with local truck owners who are ready to help with your moving, delivery, and hauling needs.”<sup>12</sup> Dolly’s website advertises many types of moves. Some of these moves do not fall under the commission’s jurisdiction; however, many do.

### Dolly - How It Works

Consumers use Dolly’s website or download the Dolly app on their mobile phone and then choose the type of moving service needed, such as moving a whole apartment. The platform instructs consumers on how Dolly works:



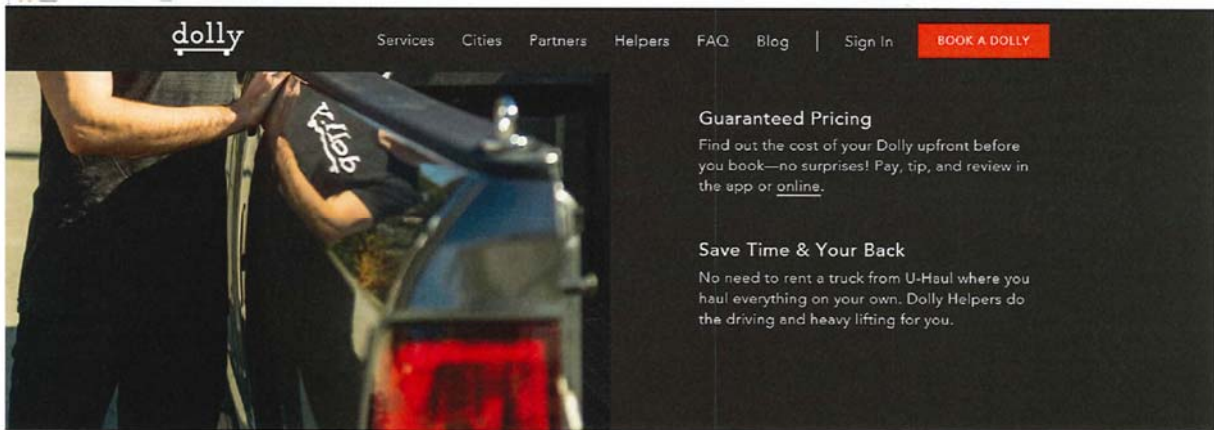
The consumer adds details about the pick-up and delivery locations and whether or not the move requires navigating elevators, stairs, or similar difficulties. The consumer also adds details about the items to be moved and indicates their quantities and sizes. The consumer may add photos. The consumer also requests how many helpers he or she needs to complete the move. Once the consumer has provided these details, Dolly provides the consumer with an estimate.

Dolly advertises mini and small moves, apartment moves, Craigslist and donation pick-up and delivery, storage moves; and junk removal.

Dolly also offers “Guaranteed Pricing. Find out the cost of your Dolly upfront before you book – no surprises! Pay, tip, and review in the app or online.”

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<sup>12</sup> A copy of Dolly’s website, printed on Sept. 5, 2017, is attached as Appendix K.



## Dolly's Website - Frequently Asked Questions

Dolly's website provides answers to frequently asked questions, and these provide insight to the company's business model. Following is a portion of the questions and answers:<sup>13</sup>

### **What is Dolly?**

Think of Dolly as your moving, delivery, and heavy lifting concierge. We connect you with local truck owners (called "Helpers") who are ready to help with your moving, delivery, and hauling needs.

### **Who are the Dolly Helpers?**

Every Dolly Helper is an independent contractor that is background checked and vetted by Dolly and continuously rated and reviewed by other Dolly customers. Rest assured that Dolly aims to work with only the best contractors who can provide an incredibly high level of service and pays close attention to their ratings to ensure that's the case.

### **How much does a Dolly cost?**

Pricing is personalized based on the details of every Dolly. In general, the cost varies based on the number and type of items being moved, the number of Helpers requested, the distance between pick-up and drop off and the service level selected. For a quick price quote, visit Dolly's [quoting tool](#).

### **What's the difference between curbside and standard service?**

With standard service, your Helper(s) will pick-up and place your items from and to a room of your choosing. With Curbside, your Helper(s) will pick-up the items at the curb and drop them off at the curb. You are responsible for getting it to and from the Helper's vehicle.

### **How do I pay my Helper(s)?**

All payment is done directly through Dolly via credit card or the other electronics forms of payment offered – no cash needed.

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<sup>13</sup> A copy of Dolly's full FAQs, printed on Aug. 31, 2017, is attached as Appendix L.



### **Can I tip my Helper(s)?**

Yes, but tipping is completely optional (though much appreciated by Helpers). You'll be able to tip your Helpers directly through the Dolly app once the Dolly has been completed. Helpers receive 100% of the tip and the tip amount is added to the cost of your Dolly.

### **Is there a cancellation fee?**

In the event that you cancel your Dolly with more than 24 hours notice, your hold is released. If you cancel with less than 24 hours notice and a Helper is scheduled, a 20% cancellation fee is applied. In the event that your Dolly has "started" and/or your Helper(s) have arrived at the first location and cannot complete your Dolly due to cancellation, rescheduling, or any reasons outside of their control, a 50% cancellation fee is applied.

### **How do I communicate with my Helper(s)?**

You and your Helper(s) will be able to message and call one another via the Dolly app or website. Phone numbers are made anonymous for both you and the Helpers' protection.

### **Dolly's Terms of Service**

Dolly's Terms of Service is found on the company's website and notifies consumers, "... YOU AGREE TO BE BOUND BY ALL OF THE TERMS BELOW." "If you don't agree to all of the terms below, you may not use the Dolly Platform."<sup>14</sup> Staff finds that the terms of service violate RW 81.80.010(5), which states that "Household goods carrier" means a person who transports for compensation, by motor vehicle within this state, or who advertises, solicits, offers, or enters into an agreement to transport household goods was defined by the commission. Dolly does not have the required permit(s) to solicit or enter into agreements to transport household goods moves.

Dolly requires the consumer to enter into an agreement with the company, not the carrier, for the move. Dolly provides the consumer with a rate for the move based on the information the consumer enters into the app. Estimates for the move are not performed by the carrier as required by WAC 480-15-630 and Tariff 15-C, Item 85.

### **Advertising**

Staff has found Dolly advertisements on the company's website, billboards, Facebook, Instagram, Twitter, LinkedIn, iTunes, Craigslist, YouTube, Pinterest, Yelp, and newspaper articles. Dolly advertises as a moving company by providing consumers a rate for moving services based on information completed by the consumer on their mobile app or website. As shown in Dolly's website advertisement below, the company states "Dolly – Truck & Muscle Anytime You Need It."<sup>15</sup>

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<sup>14</sup> A copy of Dolly's Terms of Service, printed on Sept. 13, 2017, is attached as Appendix M.

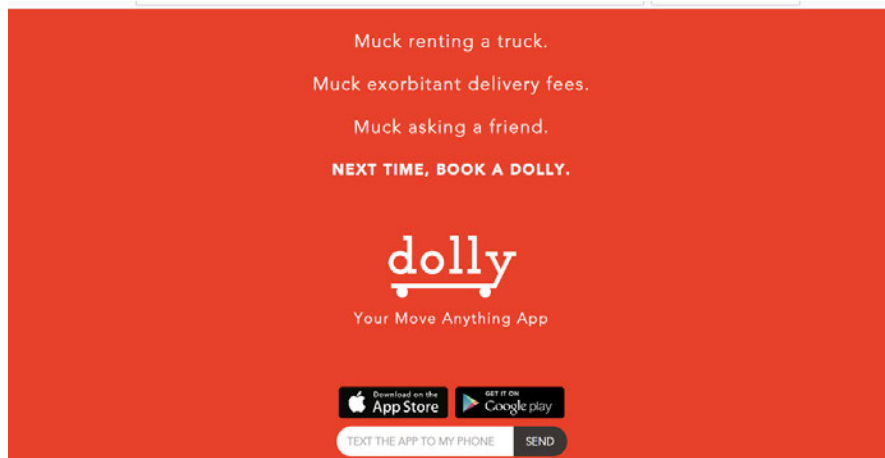
<sup>15</sup> Copies of Dolly's advertisements are attached as Appendix N.

# #MUCKFOVING

Dolly - Truck & Muscle, Anytime You Need It



In July 2016, Dolly purchased space on a billboard in Seattle’s Interbay neighborhood that simply states, “MUCK FOVING.com.” Staff went to the Muck Foving website and found a Dolly advertisement featuring a video of Dolly’s services. The video states in part, “Ever wondered what it would look like if your Uber driver married your moving guy? It’s called Dolly. And they’ll take your stuff from wherever it’s at, to wherever it needs to be, whenever you want it to be there. Whether it’s one item or the entire contents of your apartment.” The Muck Foving advertisement (shown below) also claims “Your Move Anything App.”



Dolly also advertises transporting solid waste for compensation. In its website’s Frequently Asked Questions, Dolly states: “With curbside, your Helper(s) will pick-up the items at the curb and drop them off at the curb. You are responsible for getting it to and from the Helper’s vehicle.” Dolly advertises junk removal in many of its advertisements and promises responsible disposal. When Dolly picks up junk or trash from the curb for disposal, it acts as a solid waste hauler in violation of RCW 81.77.040 and RCW 81.77.090(2).

Dolly has numerous advertisements in the form of videos on YouTube. One such video is titled, “Dolly – How it Works.” This video, posted Oct. 25, 2016, states: “Dolly is your go to local moving and delivery service. Tell us what you need help moving, and where it needs to go. Book a 30-minute window that works for you and get a guaranteed price upfront. A background-checked helper will safely move your items to give you the peace of mind that your items will arrive just as they were picked up. Save time, money, and your back. Let Dolly take care of it.”

### **Staff Findings**

Staff finds that Dolly has advertised, solicited, offered, or entered into one or more agreements to transport household goods within the state of Washington without having first obtained a household goods carrier permit from the commission as required by RCW 81.80.075(1).

Staff also finds that Dolly has advertised to transport property other than household goods by motor vehicle without first obtaining a commission-issued permit in violation of RCW 81.80.355.

Further, staff finds that Dolly has advertised to operate for the hauling of solid waste without the required certificate of public convenience and necessity issued by the commission in violation of RW 81.77.040 and RCW 81.77.090(2).

## **RECOMMENDATIONS**

### **1. How serious or harmful the violation is to the public.**

Staff believes that Dolly’s business practices cause serious harm to the public, to household goods carriers, common carriers, and solid waste collection companies permitted by the commission.

Dolly does not use regulated household goods movers or common carriers who have a commission-issued permit, but instead hires independent contractors who perform the moves. Because the consumer pays Dolly for the move, the independent contractors are not following the required laws and rules in providing the consumer with estimates, supplemental estimates, and bills of lading. The consumer also does not receive the Consumer Guide, which outlines consumers’ rights and responsibilities related to a move.

Dolly advertises that they use box trucks, pickups, cargo vans, minivans, SUV’s, and cars. Dolly has confirmed to staff that it does not require safety checks for any of the vehicles used in a move. Dolly said that it depends on the consumers to report the condition of the moving vehicle through reviews.

Dolly claims that all Helpers are independent contractors who are backed by a commercial insurance policy. Staff could find no guidance on Dolly’s website that instructed consumers on how to file a claim in case of loss property or damage. In fact, Dolly’s Terms of Service states, in part, that Dolly will not be liable for any direct, incidental, special, indirect, consequential, exemplary, or punitive damages whatsoever

including, but not limited to, damages for loss of property, physical losses, death, or any other damages or losses arising out of or related to these terms, the Dolly platform, including the app and any request or bid, services performed by Helpers, and/or third party services or materials. While Dolly also states that some states do not allow the exclusion or limitation of incidental or consequential damages so that the limitation may not apply to the consumer, Dolly does not specify any of these states, leaving Dolly's consumers without critical knowledge.

Importantly, consumers who contract with Dolly:

- Are not informed of their rights and responsibilities related to a move,
- Are not informed of the commission's role in regulation and enforcement, and
- Are not assured of vehicle maintenance.

## **2. Whether the violation is intentional.**

Staff has informed Dolly numerous times that it operates as a household goods carrier because it provides estimates (fixed price) to the consumer and collects money from the consumer for the move. Staff has met with company representatives at the commission's office in Olympia and has explained that the company may not operate without the required commission-issued permit. Dolly has repeatedly ignored staff's guidance. Staff has also informed Dolly that it must have a permit or certificate of public convenience and necessity to transport property other than household goods over state roads.

On Sept. 26, 2017, Dolly filed a Petition to Amend Motor Carrier Rules or in the Alternative to Initiate Rulemaking (Docket TV-170999). On Oct. 31, 2017, the commission, by entering Order 01 in that same docket, denied Dolly's petition.

Order 01 reiterates staffs' statements to Dolly that the commission's authority is constrained by the statute and that the public service laws require household goods carriers, common carriers, and solid waste collection companies to obtain a permit or certificate of public convenience and necessity from the commission. Dolly and each of its Helpers, as household goods carriers, common carriers, and solid waste collection companies, must obtain the necessary authority from the commission. As of the date of this report, Dolly has not applied for a household goods permit, common carrier permit, or certificate of public convenience and necessity allowing it to transport solid waste from the commission. It is unknown if any of Dolly's 2,000 Helpers have applied for a permit or certificate.

## **3. Whether the company self-reported the violations.**

Dolly did not inquire about obtaining any permit or certificate from the commission. When the company was notified that they could not operate as a household goods carrier until they obtained a commission-issued permit, it continued to do so.

**4. Whether the company was cooperative and responsive.**

Staff has found the company to be uncooperative and non-responsive. The company is quick to return telephone calls and emails; however, it continues to operate under the same business plan. While the company states that it is willing to work with staff to come under compliance, it has only shown that it wants staff to approve its current business operations and appears to have no intention of seeking the required permits or certificate.

**5. Whether the company promptly corrected the violations and remedied the impacts.**

Dolly continues to operate as a household goods carrier, common carrier, and solid waste collection company in the state of Washington without the necessary authority from the commission. It has not remedied any of its violations.

**6. The likelihood of recurrence.**

Staff believes that the company will continue to operate, using its current business practices as described in this report. Staff notes that according to its website, Dolly operates in Massachusetts, Illinois, Colorado, California, and Oregon. Staff contacted each state. Illinois has cited Dolly multiple times for operating or advertising without the necessary permits. Dolly had no permit to operate in any of the other states contacted.

**7. The company's past performance regarding compliance, violations and penalties.**

The company has received at least two cease and desist letters and has had meetings with Staff, who have informed the company it is operating as a household goods mover. The company has not changed its business practices or obtained permit to legally operate as a household goods carrier, common carrier, or solid waste collection company in the state of Washington.

Staff found that Dolly has similar regulatory issues in other states. Dolly is operating in numerous states and staff could not find any record of Dolly having a permit to operate. The Illinois Commerce Commission has taken enforcement action against Dolly for operating without authority. On Oct. 4, 2016, it served Dolly with an administrative citation for operating without a household goods license and fined \$750. Dolly paid that penalty. On May 14, 2015, Dolly received two \$100 citations for advertising as a household good mover. The fees have not been paid.

**8. The company's existing compliance program.**

Staff is not aware of any compliance program.

**9. The size of the company.**

Dolly is not being regulated by UTC and, in turn, annual reports are not being submitted to determine the size or revenue of the company. Through a data sharing agreement with Washington Department of Revenue, the company reports gross revenue of [REDACTED] for the months of January through August 2017.

In addition, the legislature set out two specific factors that must be considered when imposing penalties under RCW 81.80.075.

**1. The carrier's willingness to comply with the requirements of RCW 81.80.070 and the commission's administrative rules governing household goods carriers.**

As discussed above, Dolly has not shown an ability or willingness to comply with applicable law. Although Dolly continues to tout that it wants to work with the commission for a solution, the company has not been amenable to any change in its business practices.

**2. The carrier's history of compliance with chapter 81.80 RCW.**

Again, as discussed above, Dolly has a history of non-compliance with the provisions of Title 81 RCW.

**Staff Recommendations**

Staff recommends that the commission institute a special proceeding on its own motion to determine whether Dolly has engaged, and is still engaging, in business as a household goods carrier within the state of Washington without the authority required by RCW 81.80.075(1).

Staff also recommends that the commission find Dolly in violation of chapter 81.80 RCW for advertising for the transportation of property for compensation without the required common carrier permit.

Further, staff recommends that the commission find Dolly in violation of chapter 81.77 RCW for operating as a solid waste collection company without the required certificate of public convenience and necessity.

Staff recommends that the commission issue a formal complaint against Dolly, Inc., and recommends the commission assess penalties as follows:

- Up to \$5,000 for each of the eleven separate violations of RCW 81.08.010(5) and 81.80.075 for advertisements for household goods moves found on the company's website, billboards, Facebook, Instagram, Twitter, LinkedIn, iTunes, Craigslist, YouTube, Pinterest, and Yelp.
- Up to \$1,000 for each of the eleven violations of RCW 81.80.355 for advertisements to transport property other than household goods on the company's website, billboards, Facebook, Instagram, Twitter, LinkedIn, iTunes, Craigslist, YouTube, Pinterest, and Yelp.
- Up to \$1,000 for each of the three violations of RCW 81.77.040 and RCW 81.77.090(2) for advertisements found on Dolly's website, iTunes, and Yelp to haul solid waste without first obtaining a certificate of public convenience and necessity from the commission.