

Decision 96-02-028 February 23, 1996

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Investigation and the Commission's own motion into the operations and practices of Technoa, Inc., doing business as Ego Line Moving and Storage, and its President, John Blankier, and Vice President, Eilon Blankier, (T 166,815)

ORIGINAL

I.95-05-048
(Filed May 24, 1995)

prospective shipper upon completion of Respondent's.

Ronald C. Chauvel, Attorney at Law, for
protestant.
Carol Dumond, Attorney at Law, for safety
and Enforcement Division.

OPINION

Background

On May 24, 1995, we issued Order Instituting Investigation (I.) 95-05-048 into the operations and practices of Technoa, Inc., doing business as Ego Line Moving and Storage (EGO), and its President, John Blankier, and Vice President, Eilon Blankier, to determine whether respondents have violated the following provisions:

1. Section 5133 of the Public Utilities (PU) Code by operating as a household goods carrier during a period or periods when their permit was not in force;
2. Section 5135.5 of the PU Code by failing to have valid Workers' Compensation insurance on file with the Commission at a time when they were operating as a household goods carrier;
3. Section 5311 of the PU Code by failing to furnish to each prospective shipper a copy of the information specified in Item 470 of MAX 4, in violation of Item 88 of MAX 4;

4. Section 5311 of the PU Code by failing to mail the "important information" booklet to prospective shippers when the move was arranged and confirmed by telephone three or more days before the move and no in-person contact was to be made prior to the move, in violation of Item 88(b) of MAX 4;

5. Section 5311 of the PU Code by failing to furnish to each prospective shipper a copy of the information specified in Item 470 of MAX 4, failing to then pay \$100.00 to each such prospective shipper upon completion of the move, in violation of Item 88(e) of MAX 4;

6. Section 5311 of the PU Code by misrepresenting the scope of their services, and by falsely representing to the public (by displaying major credit card symbols in their advertisements) that they accept payment with those credit cards, and subsequently demanding cash, in violation of Item 88(8)(d) of MAX 4;

7. Section 5311 of the PU Code by failing to file with the Commission certified copies of fictitious business name statements and affidavits of publication required to be filed with the county clerk for carrier's principal place of business, in violation of Item 88(1) of MAX 4;

8. Section 5311 of the PU Code by failing to cross-reference each name listed in the classified section of a telephone directory to all other names listed and by advertising under a name different from that under which their effective permit is issued by the Commission, in violation of Item 88(5)(8)(a) of MAX 4;

9. Section 5311 of the PU Code by failing to show all names, both real and fictitious, used by the carrier in conducting its operations on their shipping documents and related forms, in violation of Item 88(3) of MAX 4;

10. Section 5311 of the PU Code by giving estimates not in writing, in violation of Item 108 of MAX 4;

11. Section 5311 of the PU Code by giving estimates not based upon visual inspection of the goods to be moved, in violation of Item 108 of MAX 4;

12. Section 5311 of the PU Code by issuing an estimate upon a form which did not meet the requirements contained in MAX 4, Item 108(1)(b);

13. Section 5311 of the PU Code by charging in excess of the maximum allowable charge on estimated services, in violation of MAX 4, Item 108(2)(a);

14. Section 5311 of the PU Code by failing to execute the required document completely and properly by including the statement of 10% CAP on the estimated cost when there is no such provision in the Tariffs, in violation of MAX 4, Item 108(3);

15. Section 5311 of the PU Code by failing to execute and provide to each shipper prior to commencement of any service, an Agreement for Service, in violation of Item 128 of MAX 4, respectively;

16. Section 5311 of the PU Code by failing to include upon the Agreement for Service a Not To Exceed Price, in violation of MAX 4, Item 128(2)(q);

17. Section 5311 of the PU Code by failing to state rates and charges on the Agreement for services and materials described on the Shipping Order, in violation of MAX 4, Item 128(2)(k);

18. Section 5311 of the PU Code by failing to have shippers declare the value of their goods, in their own handwriting, (MAX 4, Item 128, Note 3), and by failing to obtain the shippers' signature for said declared value on the Agreement, in violation of MAX 4, Item 136(3);

19. Section 5311 of the PU Code by failing to issue a Change Order for Services for additional services not covered in the Estimated Cost of Services and by failing to properly describe or additional services to be performed and rates to be applied on the Change Order for Services, in violation of MAX 4, Item 120(1);

1020 Section 5311 of the PU Code by failing to notify shipper of the weight of shipment upon request by the shipper in violation of MAX 4, Item 80(6);

212 Section 5311 of the PU Code by failing to assume maximum liability for loss and damage up to \$20,000 of actual cash value of when shippers did not insert another value, in violation of (MAX)401 Item 136(2);

122 Section 5311 of the PU Code by applying a deductible of an \$250 to an Actual Cash Value Declaration, when (there is no) MAX provisions for a deductible in the Tariff, in violation of MAX 4, Item 136(6);

230 Section 5311 of the PU Code by failing to notify shippers that carrier was unable to deliver a shipment of used household goods upon the agreed date and by failing to provide shippers with notification of date on which shipment would be delivered in violation of MAX 4; Item 199(1)(2);

24. Section 5311 of the PU Code by failing to show on shipping documents information required by Items 336 and 132 of MAX 4, including failing to state actual time, minimum number of hours, helpers and packers, units of measurement upon which charges are based, and failing to complete information to make an accurate determination of applicable rates for charges assessed; and by failing to include the signature of the carrier;

25 Section 5311 of the PU Code by charging for services not rendered, or not agreed to in writing beforehand, in violation of MAX 4; Items 128 and 132;

26 Section 5311 of the PU Code by not providing to the shipper a copy of the Shipping Order And Freight Bill, in violation of MAX 4; Item 132(1);

27 Section 5311 of the PU Code by failing to pay, declining to pay, or making a firm compromise settlement offer to claimant within 60 days after receipt of claim in violation of MAX 4; Item 92(15);

28. Section 5241 of the PU Code by denying a claim against a household goods carrier for loss or damage of goods solely because the lost or damaged goods were not noted at the time of delivery.

29. Section 5311 of the PU Code by permitting drivers, helpers, or packers to be used in the transportation of, used household goods or in the performance of accessory services, who are not trained and experienced in the movement of used household goods, or who is not adequately supervised in violation of

Commission General Order (GO) 142 (2) (a), and drivers who use household goods carrier equipment for the transportation of used household goods not maintained in a manner which will afford adequate protection for the household goods tendered to the carrier in violation of Commission General Order (GO) 142 (1) (a).

S&E Division continued its investigation after we issued this investigation and discovered additional problems.

- EGO had been delinquent in paying court judgements;

EGO routinely appealed small claims court judgements to Superior Court, thus delaying payments.

Hearings

Duly noticed hearings were held in San Francisco on October 31, and December 4, 1995. Testimony was received from the following persons:

Testifying for the Commission S&E Division:

- Lisa Martinez, formerly of the Special Investigations Unit, who explained the declaration and attachments, and the supplemental declaration and attachments which she prepared and

- Wilson Lewis, supervisor of the Special Investigations Unit, and supervisor of Martinez, who explained his involvement in the investigation.

Respondents did not cross-examine Martínez or Lewis (Respondents offered no testimony) regarding household goods carrier (HGC) Settlement to which all parties have agreed to. The proposed settlement was agreed to by IS&E Division and respondents, and attached as Appendix A, was offered and recommended for Commission approval. The essential terms of the settlement are:

1. EGO agrees to permanent revocation of its Commission household goods carrier permit (for cause) and with prejudice to Egon Blankier, John Blankier, and any affiliation of theirs is not allowed to apply for a new household goods carrier permit from the Commission for at least five years from the effective date of the settlement, i.e., the date of adoption by the Commission.

2. EGO will pay all complainants, named in Exhibits (1) and (2) in this proceeding, full restitution for damages no later than 180 days after the effective date of this order. Those parties who have received partial restitution shall receive the balance due for full restitution.

3. Within 180 days after the effective date of this order, EGO will pay to the Commission the costs, not to exceed \$10,000, of placing in the San Jose Mercury News, a public notice explaining the disciplinary action taken by the Commission in this matter, and informing the public of a Commission contact for parties who believe they have a claim against EGO.

4. EGO agrees to the veracity of Exhibits 1 and 2, subject to according appropriate weight to unsupported hearsay evidence under the Commission's Rules of Practice and Procedure.

5. EGO will provide to S&E staff an inventory and customer list covering the contents in its warehouse of intrastate moves not yet completed. EGO will inform those customers of its revocation and will notify the customers that they have the right to make arrangements to have their goods removed from storage.

EGO will reasonably protect the goods in storage, from damage and theft, and will handle loss and damage claims pursuant to GO 142 and Maximum Rate Tariff.

Any warehouseman's lien that may be found necessary, will be done in consultation with S&E staff.

EGO will enter into a permanent injunction against it for committing further violations, in the Superior Court of Santa Clara County.

S&E staff may investigate complaints, claims, or suits against EGO, resulting from the public notice described in paragraph 3 above. S&E staff may also investigate any other complaints, claims, or suits against EGO during the five-year duration of the revocation. If S&E staff and EGO cannot agree on the amount of payment due a shipper, EGO may request binding arbitration through the American Arbitration Association (AAA).

Other provisions attest to EGO's recognition of its obligation to comply with all legal requirements, and to both parties' representation that the agreement is willingly and responsibly entered into, and is fair to both parties.

Discussion

S&E Division worked at length with respondents in developing the settlement agreement that is before us. An initial proposed settlement agreement was presented by S&E at the prehearing conference on October 31, 1995. The terms seemed preliminarily to be in the public interest, subject to detailed review. That signed settlement agreement was to be made available to the Commission by November 3, but EGO objected to a number of conditions and refused to sign it.

As a result, evidentiary hearings were scheduled to commence on December 4, 1995. On that date, S&E presented a new settlement agreement, which we will refer to as the "agreement" signed by both parties. The agreement improves the terms of the

earlier proposal, with regard to protection of the public, and restitution to shippers.

The abuses documented in this proceeding are among the most egregious we have dealt with. Clearly the operations of EGO cannot be allowed to continue. While we will not recite all the problems here, we note that EGO's normal operations appeared to violate most rules, regulations and laws relevant to its operations, and it lacked common courtesy and ethics that are necessary in such operations. It used inexperienced persons who either didn't know how to safely move household goods, or didn't take care. EGO's management was quick to hold goods hostage for evoked increased charges. EGO appears to have been interested only in its revenues, however obtained, legally or otherwise. However, while finding it necessary to revoke EGO's authority, we are also greatly concerned with assuring restitution for damages and refunds for overcharges, to the many shippers who suffered from EGO's operations. We believe the agreement provides for this. Additionally, considering EGO's past performance, we are concerned with its compliance with any agreement. In this regard, S&E staff assures that it will monitor EGO's compliance, and if EGO fails to comply with the terms of the agreement, S&E staff will take appropriate actions to assure compliance. Such actions may include notifying Superior Court of Santa Clara County of continuing violations by EGO, and presenting evidence of such violations to the Court. We are satisfied that the five year term of revocation is sufficient. If EGO fully complies in good faith with all terms of the agreement for the full duration, we may consider allowing it to again operate as a household goods carrier.

We are pleased that S&E staff has negotiated an agreement that is in the best interests of the affected shippers. We believe it also sends a strong message to other household goods carriers.

who may be operating in a less than exemplary manner, that the Commission will aggressively pursue violations.

We will approve the agreement in the order that follows.

Findings of Fact

1. A settlement agreement has been reached between S&E staff and EGO.
2. The settlement agreement is reasonable and in the best interests of shippers who have been harmed by EGO.
3. S&E staff will actively monitor EGO's compliance with the settlement agreement.

Conclusions of Law

1. The settlement agreement should be approved.
2. This proceeding should be closed.

ORDER

IT IS ORDERED that:

1. The settlement agreement attached to this order as Appendix A is approved.
2. This proceeding is closed.

This order is effective today.

Dated February 23, 1996, at San Francisco, California.

DANIEL Wm. FESSLER
President
P. GREGORY CONLON
JESSIE J. KNIGHT, JR.
HENRY M. DUQUE
JOSIAH L. NEEPER
Commissioners

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Investigation on the Commission's own motion into the operations and practices of Technoa, Inc., doing business as Ego Line Moving & Storage, its President, John Blankier, and its Vice President, Eilon Blankier. (Filed May 24, 1995)

SETTLEMENT AGREEMENT

This SETTLEMENT AGREEMENT is the final and complete expression of the agreement entered into the 2nd day of November, 1995, by and between the California Public Utilities Commission ("CPUC"), Safety and Enforcement Division ("Staff") on the one hand; and Technoa, Inc., doing business as Ego Line Moving & Storage, its President, John Blankier, and its Vice President Eilon Blankier, together with their employees, officers, directors, agents and predecessors and successors in interest, if any (collectively, "Ego").

WHEREAS, the CPUC has before it a proceeding, investigation on the Commission's own motion into the operations and practices of Technoa, Inc., doing business as Ego Line Moving & Storage, its President, John Blankier, and its Vice President, Eilon Blankier, (1.95-05-048); and

WHEREAS, the parties each desire to resolve amicably the dispute among them and to settle and forever dispose of all issues raised in 1.95-05-048;

NOW, THEREFORE, in consideration of the foregoing, and of the mutual promises hereinafter made, and intending legally to be bound, Staff and Ego, by their authorized representatives, hereby agree and contract as follows:

- 1. Ego agrees to the permanent revocation of its CPUC household goods carrier permit, for cause and with prejudice. Neither Eilon Blankier, nor John Blankier, nor any company, partnership or corporation with which either is affiliated in any

way, may apply for a new household goods carrier permit from the Commission for at least five (5) years from the date of adoption by the Commission of this Settlement. Should Eilon Blankier, or John Blankier, or any company, partnership or corporation with which either is affiliated in any way apply for new authority after the five years is over, the application will not be considered without proof that the revocation has been complied with, including, but not limited to, proof of restitution to all claimants as provided for in paragraph 2 herein, and payment of all small claims judgments. After the Commission has revoked its authority by adopting this Agreement:

a. Ego will not conduct any intrastate operations as a household goods carrier, as defined by Public Utilities Code Section 5109;

b. Ego shall immediately and throughout the period of suspension remove or cover their "Cal T-number" (149,921) on all vehicles;

c. Ego may not act as a sub-hauler, nor engage a sub-hauler, nor refer any member of the public seeking moving services to any other moving company.

d. Ego will not move any household goods over any public highway in California, or into or out of its warehouse, unless said goods are (i) being shipped either into California from another state or out of California into another state; (ii) consigned in writing to their final interstate destination before pickup; and, (iii) stored in Ego's warehouse, if at all, no more than 90 days in transit between origin and destination.

2. Ego will pay to all complainants named in Exhibits 1 and 2 in this proceeding, full restitution under (a) the Public Utilities Code; (b) General Order (GO) 142, and (c) Maximum Rate Tariff 4 (MAX 4) no later than 180 calendar days after the adoption of this Agreement, and will forward documentation of such payments to:

California Public Utilities Commission
 Special Investigations Unit
 505 Van Ness Avenue
 San Francisco, CA 94102
 Attention: Wilson Lewis

To the extent that any of these persons named in Exhibits 1 and 2 has received partial but not complete restitution as of the date of adoption of this agreement, Ego agrees to complete its restitution to those persons within 180 days of the effective date of this Agreement. The Parties understand that additional facts or evidence may become known to Staff after the effective date of this Agreement which could lead Staff to conclude that Ego should pay additional restitution to shippers, whether those shippers were or were not known to Staff on the effective date of this Agreement. For the life of this Agreement, which is five years from its adoption unless modified by Commission order as provided below, Staff and Ego agree to treat and process all such additional facts and evidence, and the complaints or claims to which they relate, according to the provisions of Item 7 of this Agreement.

3. Ego will, within 270 days after the Commission Order adopting this Agreement, pay to the Commission the cost of the placement of a public notice in a weekday edition of the San Jose Mercury News, not to exceed \$10,000, explaining that the Commission took disciplinary action against Ego. Staff will notify Ego at least fifteen (15) calendar days prior to the appearance of this public notice. The public notice will read as follows:

PUBLIC NOTICE

DANIEL W. FESSLER
Commission President

The California Public Utilities Commission (CPUC), San Francisco, which licenses and regulates moving companies within California, has recently concluded its investigation of a San Jose moving company by entering into a settlement agreement. The mover is Techno, Inc., doing business as "Ego Line Moving & Storage," (Cal T-166,815), John Blankier, President and Ellen Blankier, Vice President. The unlawful business practices alleged occurred during 1992, 1993, 1994, and 1995, and include, but are not limited to, operating while under suspension for failure to maintain proof of worker's compensation insurance, failure to respond to loss and damage claims, giving oral estimates, giving estimates without visual inspection of goods to be shipped, failure to provide adequately trained and/or supervised workers, failure to maintain equipment in satisfactory condition, failure to provide secure and clean

storage conditions, overcharging, misrepresenting rates and services, and failing to provide consumer information to customers. The terms of this settlement agreement are:

- (1) Revocation for cause and with prejudice;
- (2) Placement of this public notice;
- (3) Restitution to specified customers;
- (4) Stipulation to a permanent injunction against further violations, enforceable by local law enforcement agents; and
- (5) Adequate protection to shippers with goods currently in the warehouse at the time of adoption of the agreement.

The CPUC considers these measures sufficient to correct the problems noted in its investigation and to protect the public. Anyone who believes they have a claim for restitution against this mover, should contact CPUC Investigator Wilson Lewis at (415) 703-2071.

The notice will not vary from this wording in any particular except with respect to the identity of the President of the Commission or the Investigator contact; Staff will inform Ego should such changes become appropriate.

4. Ego will stipulate to the admission and truth of Exhibits 1 and 2, with the proviso that it asks the Commission to accord any unsupported hearsay evidence therein no more weight than such evidence is entitled to under the Rules of Practice and Procedure.

5. Ego will, by November 13, 1995, provide to Staff at the address above an inventory and customer list covering those contents of its warehouse which do not correspond to the description contained in paragraph 1.d. above. For the benefit of those customers, whose contracts for moving and storage have not yet been completed, Ego agrees to the following:

Ego will write a letter to each of said customers, (i) informing them that Ego's permit as a California mover has been suspended for five years for cause; (ii) noting that each customer has the right to decide what other arrangements to make in order to retrieve his or her goods from Ego; (iii) restating the terms of the customer's contract with Ego, including the agreed-upon price for moving and/or storage services provided before this Agreement was entered into; (iv) stating its intent to exercise its right to a warehouseman's lien upon any goods which would otherwise be subject to such a lien under California

law) and (v) providing the name and business address of Wilson Lewis as a contact in case the customer has any complaint against Ego. In addition, (vi) Ego will convey a copy of each letter to the Commission in care of Wilson Lewis through the jurisdiction and Ego will ensure that these customers' goods will be safe from vermin damage, and theft while in Ego's possession, and to abide by the provisions of the Public Utilities Code, GO 142, and Maximum Rate Tariff 4 in handling any loss and damage claims which may arise with respect to these customers. Should Ego find it necessary to impose a warehouseman's lien as described in paragraph 5. a. iv. above, it will notify Wilson Lewis of Staff and consult with him as necessary to ensure adequate protection for the customer. Ego confirms its intent to execute its prior oral stipulation with Staff to the entry of a permanent injunction against its committing further violations in the Superior Court of Santa Clara County. Ego further agrees that it will not use or attempt to use its warehouse to hide any intrastate moving in violation of this Agreement, however, the inclusion of this provision may not be construed to mean that Staff has accused Ego of doing or of having done so. Staff will, at its discretion, investigate any or all complaints, claims, or suits arising against Ego in response to the public notice described in paragraph 3, and the letters described in paragraph 5) of this Agreement. Staff will also examine and investigate any and all complaints, claims, or suits against Ego which come to Staff's attention by any other means during the life of this Agreement, which is five years from its effective date. Staff may also examine and investigate any previously known complaints, claims, suits, or shipments in view of any additional facts which may come to Staff's attention during the life of this Agreement. If Staff determines through any such investigation that Ego should make payment or take other action to compensate any party or parties, Staff will make a request in writing to Ego specifying the party or parties to be compensated, and the amount of money to be paid thereto and/or the specific action Staff is asking Ego to take. Upon receiving

such a request from Staff, Ego will, within 30 calendar days, either comply fully with the request, or, in the alternative, make a written offer to the party or parties to submit to binding arbitration through the American Arbitration Association (AAA). Such written offer will include the provision that Ego and the party to whom the offer is made will each pay half (50%) of any fee for such arbitration to AAA in advance. Such written offer will also include the provision that should AAA's judgement be either against Ego or a compromise, Ego will refund to the other party the entire amount which that party paid to AAA. Should the judgement of AAA begin favor of Ego, Ego will make no claim to the other party for payment of any part of the fee paid to AAA for arbitration. Should Ego make an offer of binding arbitration to any claimant pursuant to this Item, and should such offer be accepted by that party, Ego will expeditiously arrange for and submit to such binding arbitration, pay its share of any fee to AAA as required by this Item, and obey fully any judgement arising from arbitration. Ego will, within seven (7) calendar days of sending or receiving any correspondence with such parties, or with AAA, send copies of all such correspondence by first class mail to Wilson Lewis at the address above to his 875. After a period of 30 (three) years has elapsed from the effective date of the adoption of this Agreement, Ego may, at its discretion, petition the Commission to modify this Agreement solely with respect to the length of the suspension. In asking the Commission to shorten the length of suspension, Ego will have the burden of providing evidence of its full compliance with all provisions of this Agreement, and of demonstrating to the Commission's satisfaction that it is fit to operate as an intrastate household goods carrier. After a period of four years and eleven months has elapsed from the effective date of the Commission's Order adopting this Agreement, Ego may, after notifying Staff of its intent to do so, begin to contract with customers for intrastate moving and storage to begin no sooner than five years from the effective date of the adoption Order. Ego is on notice that Staff will monitor its operations closely after the suspension period ends.

9. Ordering Paragraph 3 of I.95-05-048 provided that should Ego fail to serve its written affirmative defenses on the ALJ and Staff ten days prior to the start of hearings the Commission could cancel hearings, accept Staff's findings, or permanently revoke Ego's authority for cause, and/or impose other sanctions. Ego did not file said defenses at the time ordered or at any time. Accordingly, if at any time during the life of this Agreement, which is five years from its date of adoption, Staff determines that Ego has failed to fully comply with every one of its terms, Staff may, at its discretion, move the Commission to reopen this investigation, apply the provisions of Ordering Paragraph 3 and revoke Ego's authority permanently and with prejudice. Ego agrees, as a condition of this Agreement, to recognize its obligation under the law to comply fully with any and all decisions, orders, injunctions, judgments, or rulings by the Commission or by any court or other lawful authority in this State, or the American Arbitration Association, or any other arbitrator to which Ego is subject or has submitted, arising from its operations as an intrastate household goods carrier. Staff and Ego both acknowledge and confirm that they have received sufficient consideration for the settlement set forth in this Agreement, and represent and warrant that no promise or inducement has been made or offered to them, except as set forth in this Agreement; that they are executing this Agreement without reliance upon any statement or representation by any person or party released, or the representative of any person or party released, except as set forth in this Agreement; that they are legally competent to make the settlement set forth in this Agreement and to execute this Agreement; that this Agreement sets forth the entire understanding of the parties with respect to the terms and conditions of their settlement agreement; that they fully understand their right to discuss with their respective legal counsel any and all aspects of the settlement set forth in this Agreement; that they have availed themselves of that right; that they and their legal counsel carefully have read and fully understand all of the provisions of

By:

Ronald C. Chauvel
Ronald C. Chauvel, Esq.
Attorney for Technoa, Inc. and for
John Blankier, President, and for
Eilon Blankier, Vice President

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