

ALJ/PAB/mrj

Mailed 2/4/99

Decision 99-02-027 February 4, 1999

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Order Instituting
Investigation on the Commission's own motion
into the operations and practices of Mike Amos
Galam, an individual doing business as Load,
Lock N Roll,

Investigation 98-03-012
(Filed March 12, 1998)

Respondent.

OPINION ADOPTING SETTLEMENT AGREEMENT

Summary

We herein adopt the proposed settlement agreement between the Commission Consumer Services Division and respondent, Mike Amos Galam, an individual doing business as Load, Lock N Roll. We conclude that the agreement meets the requirements of Rule 51(e) of the Commission's Rules of Practice and Procedure by being reasonable in light of the whole record, consistent with the law, and in the public interest.

The agreement imposes a \$15,000 fine, the staying of \$5,000 of this total fine during a two-year period of probation, a 40-day suspension, stayed during the two-year probation and correction of violations, and resolution of customer claims.

Background

In its order in this proceeding, the Commission Consumer Services Division (CSD, staff) alleged that respondent, an individual household goods carrier, doing business as Load, Lock N Roll, had violated the Household Goods

Carriers Act (PU Code §§ 5101 et. Seq.), and the Commission's Maximum Rate Tariff 4 and General Orders 100-L, 136-B, 139-A, 142, and others.

Staff's investigation was opened as a result of customer complaints alleging "bait and switch" tactics, unrecovered loss and damage, lack of carrier providing information as required, lack of responsiveness to customer complaints, rude or threatening behavior, and unhonored estimated charges. Staff's investigation revealed improper documentation of moves violating tariff rules, and unlawful charges also in violation of the maximum tariff.

A staff survey of 126 customers showed that 59 had complaints about loss, damage, incorrect estimates, excessive charges, inadequate information, threats and rude conduct, and inadequate transportation. The county of Los Angeles, office of the Better Business Bureau from April 1995 to July 1997, recorded 18 customer complaints against respondent involving inadequate contracts or service. Nine civil or small claims actions were filed regarding overcharges, loss, damage, negligence, breach of contract, and assault and battery. Commission records indicate five informal customer complaints filed against respondent.

A PHC by telephone was held on April 17, 1998 and continued until May 4, 1998. On May 4, the parties indicated that settlement of all issues was in progress and a status report would be provided on May 18. On May 18, the parties indicated the settlement agreement would be filed within two weeks and no hearings need be scheduled. On June 8, the parties filed a joint motion to approve the settlement agreement. The matter was submitted on October 5, 1998 after further PHC to clarify the terms of the agreement.

Settlement Agreement

The parties propose that the settlement agreement be adopted to avoid the expense and time of litigation to save the resources of respondent and the Commission.

The agreement imposes a \$15,000 fine, a stay of \$5,000 of this total fine during a two-year period of probation, and a 40-day suspension, which is stayed during the two-year probation provided respondent corrections on all violations, and resolves all customer claims.

We believe this settlement is in the public interest because it punishes unlawful behavior, provides a disincentive for such future behavior, assures that respondent will immediately cease unlawful behavior, provides monitoring to ensure that this occurs, and provides relief and restitution to any injured customers without the expense or time of formally litigating their claims.

The settlement avoids the expense, time, inconvenience, and uncertainty of litigating the disputed issues and conserves the resources of all parties.

The settlement agreement does not violate any statute, Commission rule, or regulation.

Accordingly, the settlement agreement will be adopted.

This is an uncontested matter in which the decision grants the relief requested. Accordingly, pursuant to Public Utilities Code § 311(g)(2), the otherwise applicable 30-day period for public review and comment is being waived.

Findings of Fact

1. The Commission opened an investigation into the operations of Mike Galam, doing business as Load, Lock N Roll, based upon customer complaints of unlawful operations.
2. The respondent and the Consumer Services Division have reached a settlement agreement, attached as Appendix A, which they request the Commission to adopt.
3. The settlement agreement resolves all disputed issues in this proceeding and should be adopted.

Conclusions of Law

1. The settlement agreement resolves all issues in this proceeding, is reasonable in the light of the entire record, does not contravene state law, and is in the public interest.

2. The motion to approve the settlement agreement should be granted and settlement agreement attached as Appendix A should be adopted.

O R D E R

IT IS ORDERED that:

1. The joint motion of respondent, Mike Amos Galam doing business as Load, Lock 'N Roll and the Commission Consumer Services Division to approve the Settlement Agreement is granted and the Settlement Agreement attached as Appendix A is adopted.

2. The effective date of the Settlement Agreement is the date of this order.

3. Respondent's operations are suspended for 40 days; however, this suspension is stayed provided respondent submits to a two-year period of probation which begins on the effective date of the Settlement Agreement and complies with all reporting and other terms of the Settlement Agreement.

4. Respondent will pay a total fine of \$15,000, with the first \$10,000 payable in three installments: \$3,333 within 30 days of the effective date of the agreement; \$3,333 within nine (9) months of the first installment; \$3,334 within eighteen (18) months of the first payment. The final \$5,000 is stayed during probation and is null and void provided respondent complies with all terms of the Settlement Agreement.

5. Respondent agrees to: pay customer claims as ordered by any court; not to give oral estimates of total costs to customers; comply with all other applicable

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rules and regulations of this Commission; and, comply with all terms of the Settlement Agreement in this proceeding.

6. This proceeding is closed.

This order is effective today.

Dated February 4, 1999, at San Francisco, California.

RICHARD A. BILAS
President
HENRY M. DUQUE
JOSIAH L. NEEPER
Commissioners

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the Order Instituting)
Investigation on the Commission's own)
motion into the operations and)
practices of Mike Amos Galam, an)
individual doing business as Load,)
Lock N Roll,)
))
Respondent.)
_____)

FILED
PUBLIC UTILITIES COMMISSION
MARCH 12, 1998
SAN FRANCISCO OFFICE
I.98-03-012

SETTLEMENT AGREEMENT

This **SETTLEMENT AGREEMENT** is the final and complete expression of agreement entered into in May, 1998 by and between the Consumer Services Division (CSD) of the California Public Utilities Commission (CPUC or Commission) and Mike Amos Galam (Galam), an individual doing business as Load, Lock N Roll (LLNR) (collectively, Respondent), each of which is a Party to this Agreement and which, collectively, are the Parties. The Parties agree that this Agreement will, upon its effective date, which shall be the date on which the Commission issues its order adopting the Agreement, apply and bind the Parties and each of their employees, officers, directors, agents and predecessors and successors in interest.

WHEREAS, the Commission has before it the proceeding, as described in the caption of this **SETTLEMENT AGREEMENT**, which alleges violations by Respondent of the Household Goods Carriers Act, other statutes, and Commission rules and

regulations pertaining to Household Goods Carriers, and in which CSD was charged with investigation of the allegations; and

WHEREAS, the Parties, desiring to avoid the expense, time, inconvenience, and uncertainty attendant to the litigation of the issues in dispute between them have agreed to resolve amicably said issues and desire to submit this SETTLEMENT AGREEMENT to the Commission for approval and adoption as its final disposition of the matters raised in I.98-03-012;

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

- A. Respondent agrees to a two-year period of probation, which shall begin on the date this SETTLEMENT AGREEMENT is adopted by order of the Commission, during which Respondent shall be subject to the following terms and conditions:
1. Respondent agrees to a suspension of operations for 40 consecutive days, with actual suspension stayed during the two years of probation, provided respondent is in compliance with all terms of this settlement Agreement. Upon Respondent's violation of the terms of this Agreement, CSD may ask the Commission to impose part or all of the stayed suspension immediately, and, in such event, respondent shall have all appropriate and usual due process rights. After the period of probation expires, any period of suspension not served shall terminate and be void.
 2. Respondent agrees to pay a total fine of \$15,000. The first \$10,000 shall be payable in two installments of \$3,333 each, and one final installment of \$3,334. The first installment of \$3,333 shall be paid within 30 days of the effective date of this Agreement. The second installment shall be due within nine (9) months of the first installment, and the third installment within eighteen (18) months of the first payment. Each such installment shall be made payable and paid to the California Public Utilities Commission. No interest is payable with respect to the fine amount or any timely made installment thereof. The final \$5,000 shall be stayed during the period of probation and shall be rendered null and void provided Respondent complies with all terms of this Settlement Agreement. Upon Respondent's violation of any of the terms of this Agreement, CSD may

ask the Commission to impose the entire stayed amount of the fine immediately, and, in such event, respondent shall have all appropriate and usual due process rights.

3. Respondent agrees to pay claims in amounts as ordered by the Small Claims or other courts of competent jurisdiction to its customers, and to obey all other orders of such courts as required by law. No later than 90 days after the effective date of this SETTLEMENT AGREEMENT, Respondent agrees to complete its settlement, in accordance with MAX 4, Item 92, of those pending loss, damage, overcharge, or other claims that were submitted to either Respondent or to the Commission by March 12, 1998, the date this investigation was issued, whether or not those claims are listed on Attachment A hereto. In the event that any of those claims is the subject of an action or actions before any court of competent jurisdiction, Respondent agrees to comply within 30 days with any final judgment of the court, whether ordering him to pay a claim amount or to take any other action. Respondent agrees to submit proof of resolution, or status of the court action, within 90 days of the effective date of this Agreement, of all the complaints listed on Attachment A hereto, to CSD staff. In all cases in which payment is due to a customer, payment shall be by check to the customer or, at the customer's sole option, to a designated agent or representative of the customer, and shall be made in full.
4. Respondent agrees to provide adequate equipment and ensure proper supervision and training of its employees in the movement of household goods as required by General Order 142. Respondent further agrees to provide extra supervision to its employees Maschon Williams and Richard Florio.
5. CSD is concerned about allegations of customer abuse. Respondent recognizes that physical abuse of and threats to customers are never legal or acceptable, and agrees not to so abuse or threaten customers at any time. Respondent agrees to comply with all laws, regulations, and decisions applicable to Respondent as a household goods carrier.
6. Respondent agrees to file an application to transfer its household goods carrier permit to the LLNR Corporation, as required by Public Utilities Code Sections 5133, 5284, and 5284.5.
7. Respondent agrees not to give oral estimates of total costs to customers, and will issue estimates only in writing, as required by Public Utilities Code Section 5245 and Item 108 of Maximum Rate Tariff No. 4 (MAX 4).

8. Respondent agrees not to add fuel, credit or other surcharges to its quoted rates or on its shipping documents except as specifically authorized by the Commission, or to include a preprinted "Not To Exceed Price" of \$10,000, or of any other amount which does not represent the reasonable maximum variation of similar services within the scope of the Household Goods Carriers Act for similar households in the same area. Respondent may quote a specific rate or rates for requested services, and agree with customer to reduce the rates for payment in cash, cashier's check or money order, except that Respondent may not charge a higher rate for credit card use than for such cash payments if Respondent has quoted only the cash rate to the customer before payment is due.
9. Respondent agrees to properly complete and provide shipping documents, including completed insurance valuation options, to its customers, and to provide information booklets to its customers as required by MAX 4.
10. Respondent agrees not to deny claims solely because lost or damaged items were not noted at time of delivery, and recognizes that denial of claims solely on that basis is not allowable under MAX 4.
11. If, during the period of probation, CSD believes, upon information in its possession, that respondent has materially violated the agreement, applicable law, regulations, or decisions, CSD will ask the Commission that a hearing be held promptly to ascertain whether a material violation has occurred. Respondent understands that the sanction CSD will ask the Commission to impose for a material violation during probation will be, for the first material violation, imposition of the remaining \$5,000 fine and of the suspension of 40 consecutive days as provided in paragraphs A1 and A2 herein, and, for the second material violation, revocation of operating authority.
12. During the two year probation period, Respondent agrees to provide CSD with four semi annual written reports. The first shall be provided no later than 90 days after the effective date of this Agreement, and thereafter each report will be provided no later than six (6) months after the previous report. Each report shall contain the following information:
 - a. A summary of all complaints made during the current reporting period against

Respondent or any of its employees.

- b. The nature of each such complaint.
- c. The date upon which the complaint was made.
- d. The names of person who made the complaint, and the person or persons to whom the complaint was made.
- e. The handling and/or disposition of the complaint by the Respondent.
- f. Copies of all correspondence between Respondent or any of its employees and all complainants.

Reports should be forwarded to:

W. G. Waldorf, CSD Second Floor
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102-3298

- B. The Parties each 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, 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 Agreement; that they have not assigned, transferred, or conveyed, or purported to assign, transfer or convey, voluntarily, involuntarily, or by operation of law, any or all of their respective rights or claims against the other; 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 have carefully read and fully understand all of the provisions of the settlement set forth in this Agreement; that they are entering into this Agreement voluntarily; and that this Agreement cannot be modified except in writing signed by all Parties to the modification and approved by order of the Commission.

- C. The Parties acknowledge and stipulate that this Agreement is fair and is not the result of any fraud, duress, or undue influence exercised by any Party upon another Party or by any person or persons upon either; that the provisions herein are adequate, reasonable, and satisfactory to each of them; that they have arrived at the compromise that forms the basis of this Agreement after thorough bargaining, negotiation, and review of the applicable factual allegations and legal authorities, and that this settlement represents a final and mutually agreeable compromise of the matters set forth in this Agreement. Each party further acknowledges that, after the execution of this Agreement, he or it may discover facts in addition to or different from those that he or it now knows or believes to be true with respect to matters encompassed by the settlement set forth in this Agreement, but that it is the intention of each Party to settle, and each Party does settle, fully, finally, and forever, the matters set forth in I.98-03-012 notwithstanding the discovery or existence of such additional or different facts.
- D. No individual term of this Agreement is assented to by any Party except in consideration of another Party's assent to all other items. Thus, the Agreement is indivisible, and each part is interdependent on each and all other parts. Any Party may withdraw from this Settlement Agreement only by order of

the Commission modifying, deleting from, or adding to the disposition of the matters agreed to herein.

- E. This Agreement is to be governed by and construed in accordance with the laws of the State of California applicable to settlement agreements either entered into or to be performed in the State of California.
- F. This Agreement may be executed in multiple counterparts, each of which shall constitute an original, and all of which shall constitute one single agreement.
- G. The effective date of this Agreement is defined as the date when the Commission adopts it by a decision.

IN WITNESS OF the settlement set forth in this Agreement, the Parties, by their authorized representatives, have signed this Settlement Agreement as of the dates below written.

By: William R. Schulte Date: June 8, 1998
William R. Schulte, Director
Consumer Services Division
Public Utilities Commission
of the State of California

By: Carol Dumond Date: May 20, 1998
Carol Dumond, Attorney for
Consumer Services Division
Public Utilities Commission
of the State of California

By: [Signature] Date: 5-29-98
Mike Amos Galam dba Load
Lock N Roll, Respondent

By: Edward J. Hegarty
Edward J. Hegarty, Attorney
for Load Lock N Roll and
Mike Galam, Respondent

Date: 5/21/98

By: Martin L. Grayson
Martin L. Grayson, Attorney
for Load Lock N Roll and
Mike Galam, Respondent

Date: 5/22/98

ATTACHMENT A

LOAD, LOCK N ROLL - CUSTOMER CLAIMS

NAME REASON

1. Michael Schweitzer Loss and Damage
366 N. Spaulding Ave. #10
Los Angeles, CA 90036
PH: (213) 937-9924

2. Jeanne Adams Damage
5511 ½ Kester Ave.
Van Nuys, CA 91411
PH: (818) 786-9187

3. Gary Orkin Overcharge
25534 W. Hamilton Ct.
Calabasas, CA 91302
PH: (818) 879-0291

4. Mark Shore Overcharge
4441 Woodman Ave.
Sherman Oaks, CA 91423
PH:

5. Watonya L. Folsom Loss and Damage
6416 ¼ La Mirada Ave.
Los Angeles, CA 90038
PH: (800) 237-5022

ATTACHMENT A

6. Anita Harris Overcharge
10488 Eastborne Ave. #105
Los Angeles, CA 90024

7. DuVergne Gaines Overcharge
636 S. Cochran Ave. Damages
Los Angeles, CA 90036
PH:

8. Rockland Standifer Service
P.O. Box 432201
Los Angeles, CA 90043
PH: (213) 246-1052

9. Martha Hecht Overcharge
6060 Buckingham Pkway #404 Damage
Culver City, CA 90230-6826

10. Elizabeth Lapham Overcharge
585 N. Rossmore Ave. #312 Damage
Los Angeles, CA 90004
PH: (213) 966-5769

11. Marcia Ruffino Overcharge
17259 Sunset Blvd. #115
Pacific Palisades, CA 90272-3005
PH: (310) 230-4116

12. John Cawly Overcharge/Loss and
753 N. King Rd. #303 Damage
Los Angeles, CA 90009
PH: (213) 655-7134

ATTACHMENT A

13. Natasha Zazhinne Overcharge
2100 N. Main St. A-2 Loss and Damage
Los Angeles, CA 90031
PH: (213) 221-8062

14. Holly Hayes Overcharge/Loss and
505 South Hudson #2 Damage
Pasadena, CA 91101
PH: (213) 629-9370

15. Laura Robinson Overcharge
231 Bay St. #5
Santa Monica, CA 90405
PH: (310) 998-2639

16. Agnes Lee Overcharge
1422 7th St. #505 Loss and Damage
Santa Monica, CA 90401
PH: (213) 688-7900

17. Nechele N. Gay Overcharge
5009 ½ Crenshaw Blvd. Loss and Damage
Los Angeles, CA 90042
PH: (310) 655-1567

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document entitled "JOINT MOTION OF CONSUMER SERVICES DIVISION AND RESPONDENT TO ADOPT SETTLEMENT AGREEMENT" and "SETTLEMENT AGREEMENT" upon all known parties by mailing by first-class delivery a copy thereof properly addressed to each party.

Dated at San Francisco, California, the 8TH day of June, 1998.



Angelita F. Martinda

(END OF APPENDIX A)