

**TESTIMONY OF J. JOSEPH CURRAN, JR.
ATTORNEY GENERAL OF MARYLAND
BEFORE THE U.S. SENATE COMMITTEE
ON COMMERCE, SCIENCE AND TRANSPORTATION
REGARDING HOUSEHOLD GOODS MOVERS
MAY 4, 2006**

Good morning and thank you for the opportunity to address this Committee regarding the need for State Attorneys General to enforce laws to protect consumers who are victims of deceptive practices by interstate movers. We believe we should be able to provide our citizens with the same protection when they move to Rockville, Maryland from Milwaukee, Wisconsin that we are currently able to provide them when they move from Rockville from Baltimore.

Currently, consumers are extremely vulnerable to unscrupulous interstate movers. A 2001 report from the GAO concluded that, since the termination of the Interstate Commerce Commission in 1996, there has been virtually no oversight of interstate movers at the federal level. While federal enforcement has increased recently, as the Federal Motor Carrier Safety Administration reported that it fined 17 movers in 2005 for violations, that represents only a small dent in addressing the more than 10,000 consumer complaints it has received since 2001.

Additionally, the federal authority is limited to imposing fines upon moving companies, while State Attorneys General have the authority under state consumer

protection laws to also seek restitution for injured consumers and obtain injunctive relief against deceptive practices. However, many state and federal courts, interpreting the Carmack Amendment, have held that the Amendment precludes state agencies, including State Attorneys General, from enforcing state consumer protection laws when interstate movers harm consumers. Last year, Congress briefly gave State Attorneys General limited authority to enforce federal law and regulations against interstate movers, but revoked that authority shortly thereafter.

Each year, my office receives between 150 and 200 complaints from consumers about problems they've experienced with household goods movers. Those complaints are fairly evenly divided between complaints involving interstate moves and complaints involving intrastate moves. Here is an example of a complaint my office received against an interstate mover:

- A consumer who was moving from Rockville, Maryland to Rehoboth Beach, Delaware was given an estimate of \$1,495 for the move. On the day of the move, the moving company arrived and told the consumer for the first time that there would be a surcharge of 40 cents per pound for "additional weight" that had not been included in the estimate. On the day of the move, the consumer was told the move would cost \$2,847, almost double the original estimate. The consumer paid, having no other choice at that point.

Attempts by the consumer and by my office to resolve the complaint with the moving company have been unsuccessful.

At the present time, there was no further action that my office could take to assist the consumer. By contrast, we have been able to address these types of complaints against intrastate movers through our state consumer protection laws.

In 2002, Maryland's General Assembly enacted the Maryland Household Goods Movers Act, which prohibits a household goods mover from enforcing or threatening to enforce a lien against a consumer's household goods in relation to an intrastate move. This law was passed in response to numerous complaints from consumers about household goods movers who would provide consumers with estimates for moving the consumer's goods and then, on the day of the move, refuse to unload the consumer's goods unless the consumer paid a price that significantly exceeded the estimate. Since the law took effect, the number of complaints received by my office concerning a mover refusing to unload a consumer's goods during an intrastate move has dropped each year, from 11 in 2003 after the Maryland law first took effect, to 8 in 2004, to only 2 such complaints in 2005. By contrast, the number of similar complaints involving the refusal to unload a consumer's goods during an interstate move has gone from 10 in 2003, to 15 in 2004, and 7 in 2005.

When we have received complaints about intrastate moves, my office has been able to successfully use our State consumer protection laws to bring enforcement actions to protect Maryland consumers. My office has entered into settlements with moving companies that had generated the most complaints from Maryland consumers, including complaints about:

- lowball estimates
 - refusing to unload consumers' goods when consumers were being charged amounts on the day of the move that significantly exceeded estimates
 - misrepresenting that consumers were being sold insurance
 - failing to disclose material contract terms
 - asserting liens that the movers were not legally-authorized to assert, and
 - using contracts that made it unreasonably difficult for consumers to file damage claims.
- In 2003, my Consumer Protection Division entered into an Assurance of Discontinuance with Starline Van Lines, Inc. d/b/a Prime Movers, Inc., located in Beaver Heights, Maryland. Prime Movers agreed to injunctive relief, including an agreement not to ask consumers to pay more than 110%

of the estimated price it provided the consumer. Prime Movers agreed to pay restitution of all premiums charged to consumers for insurance it did not procure and 50% of the amount by which the price it charged consumers exceeded Prime Movers' estimate. Prime Movers also agreed to pay a civil penalty and costs.

- In 2002, my office entered into an Assurance of Discontinuance with Magic Movers of Jessup, which since changed its name to 1st Class Movers. Under the settlement, Magic Movers agreed to injunctive relief designed to prevent the alleged practices, including an agreement by Magic Movers to arbitrate consumer claims through my Consumer Protection Division's arbitration program. Magic Movers also agreed to pay restitution of insurance premiums collected from consumers for insurance that was never procured and costs.
- The Division was previously able to reach settlements in 2001 with Mid-Atlantic Moving and Storage of Annapolis, which later became Nationwide Moving and Storage Company of Forestville, Maryland, and with Metro Moving and Storage Company of Hyattsville, Maryland, which later became Metropolitan Moving and Storage Company. Both settlements involved allegations similar to those in the Magic Movers and Prime Movers cases

and, in addition to injunctive relief addressing the alleged violations of the Consumer Protection Act, required the companies to pay civil penalties, costs, and restitution to injured consumers.

- My Consumer Protection Division is currently preparing to file an enforcement action under Maryland's Consumer Protection Act against another Maryland moving company that engaged in similar practices.

Although the authority that State Attorneys General were briefly provided to address similar complaints involving interstate moves under the Household Goods Mover Oversight and Reform Act of 2005 was limited to enforcement of federal laws and regulations in federal courts, that authority would have provided State Attorneys General with some leverage to address many of those complaints. However, as stated in a 2004 letter to Congress in support of H.R. 1070 signed by the Attorneys General of 48 states, we continue to believe that Attorneys General should be able to enforce state consumer protection laws against rogue interstate movers. We have used these laws to great effect in combating fraud in other interstate industries and believe it would greatly assist our efforts to protect our citizens against abusive practices by interstate movers. Additionally, our state consumer protection laws enable us to obtain relief for injured consumers, which

is not a remedy available under federal law. The 2005 law provided for the Comptroller General to study whether State Attorneys General should be given this authority to help supplement limited enforcement at the federal level.

I strongly urge this Committee to support legislation that would allow State Attorneys General to enforce our consumer protection laws to address abuses by interstate movers just as we are currently able to do with respect to intrastate movers. I look forward to the day when consumers can move their household goods confidently around the country without the fear of fraud and abuse.