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United States Senate

COMMITTEE ON COMMERCE, SCIENCE,
AND TRANSPORTATION

WASHINGTON, DC 20510–6125

WEB SITE: http://commerce.senate.gov

October 16, 2012

The Honorable Anne S. Ferro
Administrator
Federal Motor Carrier Safety Administration
U.S. Department of Transportation
1200 New Jersey Avenue, SE
Suite W60-300
Washington, DC 20590

Dear Administrator Ferro,

I am writing to share the results of a recent Senate Commerce Committee staff investigation into a set of troubling business practices used by companies in the household goods moving industry. The investigation documented a number of practices that have confused and misled thousands of consumers and likely cost them millions of dollars in unjustified charges over the past decade.

For many years, Congress and law enforcement authorities have been working to protect American consumers from abuses in the household goods moving industry. Despite these efforts, thousands of consumers continue to complain each year about moving companies that agree to move household goods for one price, but then dramatically increase the charges, often after they have taken physical possession of the consumers' property. In some cases, the moving companies refused to deliver the consumers' goods at their new homes until they paid exorbitant additional charges, a practice commonly referred to as holding consumers' goods "hostage."

To better understand the troubling practices companies are using and the impact these practices have on consumers, last year I directed the Commerce Committee Oversight and Investigations staff to conduct an investigation into the industry. Following a year-long investigation, a staff report released last month showed that the moving companies responsible for many consumer complaints have adapted their techniques to consumers' changing shopping habits. As more consumers use the Internet to research moving companies and arrange moves, they are unfortunately encountering Internet-based moving brokers that are making misleading and confusing claims.

The tactics used by these "Internet moving brokers" are alarmingly similar to the tactics used by unscrupulous moving companies in the past, but with the growth of the Internet, their reach has grown. Through Internet searches, consumers are now locating what appear to be reputable moving companies with professional websites. Consumers believed they were hiring moving companies that would be able to conduct their interstate moves at reasonable prices. Consumers informed the Committee that they did not realize they were hiring moving brokers

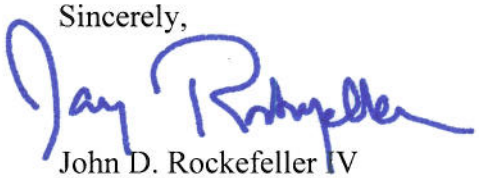
that would play almost no role in their moves. Consumers informed Committee staff that, during their interactions with the companies, the companies failed to disclose that they were moving brokers and that they would not be performing the actual moves. Making these interactions more confusing for consumers, the companies' names were frequently very similar to well-known and respected brands like Budget Truck Rental or United Van Lines. Before consumers realized that the Internet moving brokers would not be playing a role in their actual moves, the companies also collected substantial "broker fees" and routinely informed consumers that the payments were "deposits" for the moves.

On moving day, these consumers were surprised when a different moving company showed up to conduct the move and demanded additional fees, which were often thousands of dollars more than the amount quoted in the so-called "binding" estimates previously provided by the Internet moving brokers. When consumers refused to pay these exorbitant charges, movers frequently held consumers' goods hostage. Internet moving brokers often provided little to no assistance when contacted by their customers.

I applaud the efforts of law enforcement to identify and prosecute moving companies employing illegal practices to take advantage of consumers, and I encourage these efforts to continue. I have enclosed a copy of the Committee staff report, "Internet Moving Brokers: A New Consumer Protection Problem in the Household Goods Moving Industry," to provide you with more information about Internet moving brokers' questionable practices. I urge you to review the findings of this investigation and hope that these findings will assist you in your efforts to protect American consumers and hold companies accountable.

If you have any questions, please contact Melanie Tiano with my staff at (202) 224-1300.

Sincerely,



John D. Rockefeller IV
Chairman

Enclosure

cc: Kay Bailey Hutchison
Ranking Member