

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the Order Instituting Investigation and Order to Show Cause on the Commission's own motion into the operations and practices of All State Moving and Storage, Inc., a California corporation doing business as (dba) California Transportation Systems, dba Prime Movers, dba All State Moving & Storage, dba City Transportation System, and its President, Jacob (aka Yacov) Sudai, and Secretary, Israel Lerner; Washington Mini-Storage, Inc., a Maryland corporation dba Prime Movers, dba Washington Moving and Storage, and its President, Yacov Sudai; and VIP Relocation, Inc., a California corporation and its President, Israel Lerner, and Vice President, Kfir Cohen,

Applicants/Respondents.

**FILED**  
**PUBLIC UTILITIES COMMISSION**  
**AUGUST 19, 2004**  
**SAN FRANCISCO OFFICE**  
**I.04-08-022**

**ORDER INSTITUTING INVESTIGATION AND ORDER**  
**TO SHOW CAUSE WHY RESPONDENTS' APPLICATIONS**  
**SHOULD NOT BE DENIED WITH PREJUDICE**

The California Public Utilities Commission (Commission) is the agency responsible for regulating the intrastate transportation of used household goods, personal effects and furniture, pursuant to Article XII of the California Constitution, the Household Goods Carriers' Act (Act) (Public Utilities Code §§ 5101 *et seq.*),<sup>1</sup> the Commission's Maximum Rate Tariff 4 (MAX 4), and Commission General Orders (GOs) 100-M, 136-C, 142, and others. These statutes and regulations require, among other things, that household goods carriers operate only in a responsible manner in the public interest; procure, continue in effect, and maintain on file adequate proof of public liability/property damage, cargo,

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<sup>1</sup> Unless otherwise noted, all statutory references are to the California Public Utilities Code.

and workers' compensation insurance; and observe rules and regulations governing: (1) acknowledging and handling claims for loss and damage, (2) issuing estimates, (3) executing and issuing documents, (4) training and supervising employees, (5) maintaining equipment and facilities, and (6) rates and charges. The Commission is the primary agency responsible for enforcing these and other statutes and regulations governing household goods carriers. These other statutes and regulations include general consumer protection and public safety provisions.

We have directed the Consumer Protection and Safety Division (formally in D. 92-05-028) to use all tools at its disposal to enforce the laws and regulations against illegal operations – both carriers operating without a permit, and permitted carriers not in compliance with the law, and our rules and regulations – and to bring cases to district attorneys and before the Commission for prosecution as appropriate. In response to our directives, staff has brought such investigative proceedings before us as Starving Students [I. 92-11-029, 02-02-005], Best Move [I. 91-11-002], Nice Jewish Boy/Father and Son [I. 90-12-010], Reginald Duncan [I. 90-09-009], Dave's Quality Movers [I. 91-10-011], Ronald Zammito [I. 91-01-011], Harrington Brothers, Inc. [I. 94-03-022], Arnold Baeza dba Best Movers [I. 01-06-021], All America Express Moving and Storage [I. 02-09-001] and Affordable Apartment Movers [I. 01-11-052]. All these cases involved a pattern of egregious violations.

Consumer Protection and Safety Division (CPSD) investigators (Staff) advise us, through the declarations supporting the issuance of this investigatory proceeding, that staff became aware of consumer complaints, unlawful operations and advertising for moving services by Respondents All State Moving and Storage Inc., a California corporation, and its officers Jacob Sudai and Israel Lerner (hereinafter All State Moving); Washington Mini-Storage, Inc., a Maryland corporation, and its officer Yacov (aka Jacob) Sudai (hereinafter Washington Mini-Storage); and VIP Relocation, Inc., a California corporation, and its officers Israel Lerner and Kfir Cohen (hereinafter VIP Relocation). All State operates under various fictitious business names including

California Transportation Systems, Prime Movers, All State Moving & Storage, and City Transportation System. “Washington” also operates under various fictitious business names including Prime Movers and Washington Moving and Storage. Staff then initiated an investigation into the business practices of All State Moving and Washington Mini-Storage, which operate a moving and storage business in Los Angeles County. Staff’s investigation of All State Moving and Washington Mini-Storage found numerous alleged violations of the “Household Goods Carriers’ Act” and Commission rules and regulations, including violations of numerous MAX 4 rules, use of “bait and switch” estimating practices as part of a scheme to overcharge its customers, operations and advertising during an extended period without either required evidence of insurance (public liability, cargo and workers’ compensation) on file or a permit in force from the Commission authorizing those operations. Although All State Moving and VIP Relocation filed applications for operating authority, they failed to meet the requirements for issuance of a household goods carrier (HHG) permit.

## **I. ENFORCEMENT HISTORY**

### **A. Temporary Restraining Order and Preliminary Injunction - Case No. BC303987 - Superior Court, County of Los Angeles**

On October 10, 2003, Commission staff filed a complaint for temporary restraining order, preliminary injunction, permanent injunction, and action for recovery of civil penalties in the Superior Court of the County of Los Angeles. A hearing was held on October 30, 2003 in which the PUC was granted a temporary restraining order. Further hearing was held on November 19, 2003, when the court issued a preliminary injunction, which provides that during the pendency of the civil action, All State Moving, Washington Mini-Storage and its officers are restrained and enjoined from operating or advertising as a household goods carrier within the State of California, until such time defendants have been granted a permit duly issued by the California Public Utilities Commission.

## **II. LICENSE HISTORY**

### **A. Application for Household Goods Permit as a Corporation (T-189,553)**

On April 18, 2002, the Commission License Section received an application for a household goods permit from All State Moving & Storage, Inc. dba California Transportation Systems. The corporate officers listed on the application are Jacob Sudai (President/Treasurer) and Israel Lerner (Secretary). The application also listed the carrier's business and mailing address as 13148 Raymer Street, North Hollywood, CA 91605. On February 28, 2003, the application was denied for failure to file evidence of cargo insurance. License Section records disclosed that the DENIAL notice was sent first class mail via U.S. Postal Service to Daniel K. Gaston, Attorney-at-Law, and Agent for Process of Service for the corporation.

### **B. Application for a Household Goods Permit as an Individual (T-189,725)**

On May 15, 2003, the Commission License Section received an application for a household goods permit from Israel Lerner, an individual dba V.I.P. Relocation. The application listed the carrier's business and mailing address as 13148 Raymer Street, North Hollywood, CA 91605. On December 15, 2003, the application was denied for failure to file evidence of workers' compensation insurance. License Section records showed that the denial notice was returned to the Commission, as the addressee is no longer at the "Raymer Street" address. On May 14, 2004, Lerner contacted License Section to appeal the denial of his application, and provided via facsimile, evidence of workers' compensation insurance. Also provided was a new business and mailing address of 9000 Glenoaks Blvd., Sun Valley, CA 91352. On June 4, 2004, a letter was sent to Lerner stating that his application remains denied as evidence of workers' compensation insurance was not filed until April of 2004, more than 3 months after the application was denied, and that the insurance filing was not acceptable because coverage was for a corporation and not an individual.

**C. Application for a Household Goods Permit as a Corporation (T-189,909)**

On June 14, 2004, the Commission License Section received an application for a household goods permit from VIP Relocation, Inc., a California corporation incorporated on July 24, 2003. The corporate officers listed on the application are Israel Lerner (President) and Kfir Cohen (Vice-President). The application also listed the carrier's business and mailing address as 9000 Glenoaks Blvd., Sun Valley, CA 91352. The application is currently pending the outcome of this proceeding.

**III. THE INVESTIGATION**

Following is a summary of the staff's findings and the alleged violations. Staff informs us that it opened its investigation into the practices of All State Moving and Washington Mini-Storage because of consumer complaints, continued unlawful advertising and operations as a household goods carrier without a valid permit issued by this Commission. According to staff, these unlawful activities encompassed the periods from June 1, 2002 to August 31, 2003. Since on or about October 21, 2002, when All State Moving and Washington Mini-Storage's illegal and unlicensed activities were first discovered, All State Moving and Washington Mini-Storage continued to operate through various shell corporations, several fictitious business name and personal aliases with the express purpose of avoiding detections. At an April 29, 2003 meeting with staff, Israel Lerner stated that Prime Movers, All State Moving and Storage, Inc., and California Transportation Systems were one and the same company. Staff's investigation of the complaints revealed that documentation provided to the customers showed an address (13148 Raymer Street, North Hollywood, CA 91605) for Washington Mini-Storage that was the same as listed for All State Moving. Furthermore, on July 28, 2003, staff conducted a sting call to (301) 772-7727, a phone number registered to Washington Mini-Storage in Maryland. An employee answered the phone and stated that the company name was "Prime Movers". The employee further stated that Washington Mini Storage, Inc. and Prime Movers were the same company. When staff inquired about the cost for a move

within California, staff was transferred to the company's California office. Staff contacted the California office and was told that the office and trucks are located in North Hollywood, and that the phone number is 800-504-6683. This is the same phone number used and advertised by All State Moving to conduct unlawful moving services. Staff was provided with a rate quote for a move and was told that payment should be made to Washington Mini-Storage.

Staff alleges All State Moving and Washington Mini-Storage falsely held itself out to the public as a licensed mover by including unauthorized permit numbers in its advertisements in three SBC Smart Yellow pages directories. Staff warned All State Moving and Washington Mini-Storage to cease and desist all unlawful advertising and operations as a mover without the required permit in several separate verbal admonishments and multiple cease and desist letters. Despite directives issued by CPSD staff to cease and desist, All State Moving and Washington Mini-Storage continued to operate and solicit business, therefore violating the statutory and regulatory schemes applicable to household goods carriers. This is evident by additional complaints received from consumers alleging loss and damage and overcharge for moves performed by All State Moving and Washington Mini-Storage in November and December 2002, and January and March 2003 (See Declarations of consumers Piediscalzi, McPeters, Kalemci, and Arnold in the attached staff investigation file). Moreover, All State Moving and Washington Mini-Storage performed moves during periods in which All State Moving and Washington Mini-Storage failed to have at least one of the required types of insurance coverage (public liability, cargo, and/or workers' compensation) with the Commission.

Furthermore, staff discovered that All State Moving conducted seven moves through a referral from Safari Moving Storage (Safari). Safari, a licensed household goods carrier based in San Jose, provided staff with documentation showing that All State Moving conducted nine intrastate moves from March 8, 2003 through June 6, 2003, during a period in which All State Moving did not hold a valid permit from this Commission (see Richard Molzner's declaration).

In a follow-up investigation, staff reports that as of December 2003, All State Moving and Washington Mini-Storage have closed their Raymer Street operations in Los Angeles, California, and that all advertised telephone numbers are disconnected. However, staff is not aware if All State Moving and Washington Mini-Storage may have set up a business office at another address location in California. Staff reports that Israel Lerner, a former officer of All State Moving, has started a new moving business under a newly formed corporate entity named VIP Relocation. Staff has twice admonished VIP Relocation to not operate or advertise without a valid household goods permit issued by the Commission. Despite staff's directives to cease and desist operations, staff alleges that VIP Relocation continues to operate to date and falsely held itself out to the public as a licensed mover by including unauthorized permit numbers in its postcard advertisements. This is evident by a sting call that staff conducted on July 27, 2004, to 866-888-3847(VIP Relocation's phone number on the postcard). Staff was given a written rate quote of \$91 per hour for 3 men and one truck or \$111 per hour for four men and one truck. VIP Relocation also provided staff with a Reference List showing at least ten intrastate household goods moves conducted by VIP Relocation during the period of December 20, 2003 through July 14, 2004. (See Deborah Zundel's declaration).

To date, staff has documented several violations involving Respondents' intrastate moving services. However, there may be several unlawful moves that staff is unaware of or has not been able to document during its investigation.

Respondents are subject to Public Utilities Code Section 5314 because they operated as a household goods carrier without the required permit. The fact that Respondents have three times filed for such a permit indicates that they understood the permit to be a necessary prerequisite to doing business as a household goods carrier. Clearly Respondents have little regard for the state's licensing laws and have continued to ignore staff's warnings. The evidence shows that Respondents knew of the permit requirement and made an informed decision to continue operation in violation of the law.

Thus, these actions satisfy Public Utilities Code Section 5314's requirement that a defendant "willfully" and "knowingly" violate the law.

#### **IV. CONSUMER COMPLAINTS**

##### **A. Commission Records**

The Commission received six (6) consumer complaints filed against All State Moving and Washington Mini-Storage. Complainants generally alleged they were charged more than the estimate; that their goods were damaged; that the company failed to contact them about delayed pick-up and delivery of items; and that the company failed to respond to their claims of damaged goods. CPSD staff interviewed six former customers regarding their experience with All State Moving and Washington Mini-Storage's moving services.

##### **1. Gail Gottsabend**

CPSD received a complaint from Gail Gottsabend concerning events relating to her move performed by California Transportation Systems (All State Moving) on August 10, 2002. On July 18, 2002, All State Moving provided her an on-line hourly rate quote of \$89 for 3 men and 1 truck for a total estimate of 9 hours, and a "Not to Exceed Price" of \$900 for the move. However, on the day of the move, the movers informed her that the estimate was incorrect, and it would take them up to 15 hours to complete the move. The movers presented her with a bill for \$1,030 and refused to unload her household goods at destination until she paid the additional \$130, which she paid under protest. All State Moving moved Ms. Gottsabend's household goods but payment for the move was charged on her credit card to Prime Movers. Ms. Gottsabend was not given the "Important Information For Persons Moving Household Goods" booklet until the day of the move. Item 88 of MAX 4 tariff requires a carrier to furnish each prospective shipper a copy of the booklet three days prior to the move. After staff contacted Israel Lerner regarding Gottsabend's complaint, Lerner settled with Ms. Gottsabend and refunded her \$130.00. Israel Lerner stated that Ms. Gottsabend's move was farmed out to Prime

Movers, a household goods carrier based in Maryland. Lerner stated that he felt responsible for the move and will collect from Prime Movers.

## **2. Jennie Gonzalez**

CPSD received a complaint from Jennie Gonzalez concerning events relating to her move performed by Prime Movers on June 20, 2002. Ms. Gonzalez stated that she spoke to Alex, an employee of Prime Movers, who gave her a written estimate of \$1,010 plus a \$50 coupon credit for the move, including 1-month free storage. Alex guaranteed Ms. Gonzalez that the move would not cost more than \$1,000 and that the total move would take no more than 10 hours. However, on the day of the move, Ms. Gonzalez was presented with a bill for \$3,931. On the day of the move, the foreman insisted that Ms. Gonzalez purchase lunch for the movers, and pressured her to give the crew a tip. Ms. Gonzalez paid \$4,031 for the move (including the \$100 deposit) and payment was charged on her credit card to Prime Movers. Ms. Gonzalez stated that the mover did not deduct the \$100 deposit from the total bill and did not honor the \$50 coupon that they advertised. She was not given the "Important Information For Persons Moving Household Goods" booklet, nor was she given a Change Order for additional charges. On or about November 18, 2002, Ms. Gonzalez filed a claim with Prime Movers Claims Processing Center, in Brooklyn, New York, alleging \$3,000 in overcharges and \$6,385.00 for loss and damage to furniture and items transported. Ms. Gonzalez has not received a response regarding her claims.

## **3. Harold Rawls**

CPSD staff received a complaint from Harold Rawls concerning events relating to his move performed by Prime Movers on June 1, 2002. Mr. Rawls searched the Internet and received a response from Prime Movers. Mr. Rawls was given a verbal estimate over the telephone of \$1,300- \$1,700 two weeks prior to the move, based on the inventory of Rawls' home and belongings, which was also conducted over the telephone. On June 1, 2002, the movers showed up one hour late. Before they loaded his goods onto their truck, the movers told Rawls to sign a blank Change Order, stating that it was for

insurance purpose. Instead of delivering the goods to Sacramento on the same day as scheduled, the movers took his goods and unloaded it into storage for four days. Mr. Rawls immediately called the mover but did not get a response. Mr. Rawls called the movers again on June 3, 2002, and was informed that the charges were now \$6,700. On June 5, 2002, when the movers delivered his household goods, they demanded a 10% tip and threatened to raise the moving charges if Rawls refused. Mr. Rawls had no choice but to give them \$80 cash and a \$200 check payable to one of the movers. Mr. Rawls paid a total of \$6,617.85 for the move, and is seeking \$5,300 in overcharges. Mr. Rawls was not given the "Important Information For Persons Moving Household Goods" booklet until June 10, 2002.

#### **4. Tina Louise Masquelier**

CPSD staff received a complaint from Tina Louise Masquelier concerning events relating to her move performed by All State Moving into storage on October 4, 2002, and subsequently out of storage to her new residence on December 15, 2002. Ms. Masquelier alleged All State Moving overcharged her by \$300.00 for her move based upon a lower verbal estimate she initially received from the carrier over the phone. Ms. Masquelier also alleged loss and damages in the amount of \$16,247.00. Payment for the move was made to Prime Movers through her credit card. She did not receive the "Important Information For Persons Moving Household Goods" booklet. On December 16, 2002, Masquelier filed a claim with All State Moving but has not received a response. Ms. Masquelier hired an attorney to assist her in recovering her damages.

#### **5. Scott Arnold**

CPSD staff received a complaint from Scott Arnold concerning events relating to his move performed by California Transportation Systems (All State Moving) on March 1, 2003. Mr. Arnold contacted California Transportation Systems on February 24, 2003, and spoke to Mike, an employee of California Transportation Systems. Mike told Mr. Arnold that the company is fully licensed, and gave Arnold an estimate of \$600-\$700 for the move. On the day of the move, the movers showed up half an hour late. The

movers gave Mr. Arnold the “Important Information For Persons Moving Household Goods” booklet and the “Agreement for Service” while they were loading his goods onto the truck. There was no Not To Exceed Price on the Agreement. Mr. Arnold paid \$1,250 in cash for the move. He is seeking \$550 in overcharge due to excessive use of packing materials, and \$600.00 in loss and damage to his furniture.

#### **6. Yaron Oren-Pines**

CPSD staff received a complaint from Yaron Oren-Pines concerning events relating to his move performed by California Transportation Systems (All State Moving) on September 18, 2002. On September 11, 2002, California Transportation Systems provided Mr. Oren-Pines a written on-line rate quote for an hourly rate of \$110 for 3 men and 1 truck for a total estimate of 5-6 hours for the move. On the day of the move, the movers showed up six hours late and did not notify Mr. Oren-Pines of the delay. Mr. Oren-Pines stated that the contract was to move his goods into California Transportation Systems’ storage facility in San Francisco. However, he found out that his household goods were stored in California Transportation Systems’ Sunnyvale storage facility without his knowledge. California Transportation Systems billed Mr. Oren-Pines \$1,383 for the move, instead of the \$550-\$660 quoted price in the original estimate. Mr. Oren-Pines stated that after many attempts to contact California Transportation Systems regarding the storage of his household goods, he found out that California Transportation Systems had transferred his household goods, without his permission, to another storage facility in San Jose (Safari Moving storage). Mr. Oren-Pines paid Safari Moving \$1,330 for seven months of storage and transportation of his household goods to a public storage. Mr. Oren-Pines did not receive the “Important Information For Persons Moving Household Goods” booklet. Mr. Oren-Pines has filed legal action against California Transportation Systems for \$ 1,383 in overcharges and additional moving expenses, and \$22,879 in loss and damages.

## 7. Better Business Bureau of the Southland (BBB)

Staff's review of the BBB Southland web site disclosed nine unanswered and unresolved consumer complaints filed between June 2002 and January 2003. The BBB's web site contained a Reliability Report (See Michael Nakasone's declaration, Attachment 14) for All State Moving and all of its other business names including City Transportation System, All State Moving & Storage, and Prime Movers which states, in part:

We rate this company as having an unsatisfactory business performance record based on a pattern of complaints, allegations which cause us concern and a failure to respond to complaints. Complainants generally allege they were charged more than the estimate, that their goods were damaged, that the company failed to show up for pick-up dates, and that the company failed to contact them about delayed delivery items. The company responded to a few complaints by sending claim forms. Some complaints remain unresolved, meaning the complainants are not satisfied with the company's response. Most complaints remain unresolved.

Staff contacted all of the complainants to determine the dates and final destinations of their moves. Of the nine intrastate household goods moves completed by All State Moving, only one shipper could not be contacted (Matthew Bedke). Mr. Bedke stated in his complaint to the BBB that he was fraudulently charged for packing costs totaling \$1,077.00. Another complaint, Ms. Gail Gottsabend, was a duplicate complaint already filed with the CPUC. Six of the BBB complainants provided the Commission with a written declaration outlining their moving experience with All State Moving. These declarations substantiate continued operations by All State Moving. Two of the complainants also filed written complaints with the Commission and provided documentation.

Yugandhar Kyasa	Kevin Piediscalzi	Carol McPeters
John Drakeford	Funda Kalemci	Jae Chung

**B. Public Utilities Code and Commission General Order Violations****1. Advertising Without a Permit in Force**

According to Sections 5139 and 5314.5, every corporation or person who knowingly and willfully causes or permits the issuance, publishing of any oral or written advertisement of household goods carrier operations to the public without a valid permit, is guilty of a misdemeanor punishable by a fine of not more than one thousand dollars (\$1,000). Respondents All State Moving and Washington Mini-Storage advertised household goods carrier services to the public in three SBC Smart Yellow Pages Directories (Greater Los Angeles – August 2002 issue; Glendale & Burbank – July 2002 issue; and San Fernando Valley West – July 2002 issue), for a total of 396 days from July 1, 2002 through August 31, 2003. These full-paged ads are placed under the “Movers” section. Section 5315 provides every violation of the Household Goods Carriers’ Act is a separate and distinct offense, and in case of a continuing violation, each day’s continuance is a separate and distinct offense. A \$1,000 fine per violation; at 396 alleged violations, Respondents All State Moving and Washington Mini-Storage could be jointly liable for a total fine of \$396,000.

**2. Operating Without Permit in Force**

According to Section 5133, no household goods carrier shall engage, or attempt to engage, in the business of transportation of used household goods by motor vehicle over the public highways in this State without a permit in force issued by the Commission authorizing those operations. Respondents All State Moving and Washington Mini-Storage conducted household goods operations for a period of 23 days. Section 5315 provides every violation of the Household Goods Carriers’ Act is a separate and distinct offense. In case of a continuing violation, each additional day is a separate and distinct offense. Section 5313 authorizes a \$500 fine per violation; at 23 alleged violations, Respondents All State Moving and Washington Mini-Storage could be liable for a total fine of \$11,500.

### 3. Operating Without Proper Insurance Coverage

According to Sections 5135.5, 5139 and 5161, and Commission General Orders (GOs) 100-M and 136-C, a carrier must maintain *inter alia* workers' compensation (WKCP), public liability and property damage (PL & PD), and cargo insurance coverage in effect and on file with the Commission. In this case, Respondents All State Moving and Washington Mini-Storage failed to maintain all three required insurance coverage for the 22 days in which All State Moving and Washington Mini-Storage performed household goods moves (see table below).

<b>Type of Coverage</b>	<b>Period of no insurance coverage</b>	<b>Total number of days</b>
PLPD	June 1, 2002 through June 4, 2002	169
	September 18, 2002 through December 18, 2002	
	March 24, 2003 through June 6, 2003	
CARGO	June 1, 2002 through June 4, 2002	190
	December 8, 2002 through June 6, 2003	
WKCP	June 1, 2002 through September 6, 2002	172
	March 25, 2003 through June 6, 2003	
	<b>Total Number of Days in which CTS and Prime Movers did not have all three required insurance coverage</b>	<b>363</b>

Section 5313 authorizes \$500 fine per violation; at 363 alleged violations, Respondents could be liable for a total fine of \$181,500.

### 4. MAX 4 Violations

According to Section 5139 and the Commission's Maximum Rate Tariff 4 (MAX 4), Items 128 and 132, every household goods carrier shall issue an Agreement for Moving Services, a Shipping Order and Freight Bill to a shipper for each shipment received for transportation. In addition, Item 88 requires that every household goods carrier shall

furnish to each prospective shipper a copy of the “Important Information Booklet For Persons Moving Household Goods.” Respondents All State Moving and Washington Mini-Storage failed to provide the required information, including a “Not To Exceed Price”, on its shipping documents; failed to furnish to each prospective shipper a copy of the consumer information booklet; issued verbal estimates over the telephone and charged in excess of the maximum allowable charge on estimated services; and failed to issue a change order for increased charges in violation of Items 108 and 120 of MAX 4. Finally, Item 92 of MAX requires household goods carriers to timely acknowledge and process customer claims for loss and damage. Complaints from consumers allege Respondents All State Moving and Washington Mini-Storage failed to respond and resolve their loss and damage claims.

#### **5. Fitness Issues**

Public Utilities Code Section 5135 (e) provides that, “[t]he commission may refuse to issue a permit if it is shown that an applicant or an officer, director, partner or associate thereof has committed any act constituting dishonesty or fraud; committed any act which, committed by a permit holder would be grounds for a suspension or revocation of the permit; misrepresented any material fact on the application; or, committed a felony, or crime involving moral turpitude.” Staff states its investigation disclosed that Israel Lerner has applied for a household goods permit under the corporate entity of VIP Relocation, Inc. The application is currently pending the outcome of this proceeding. Staff has concerns that Respondent VIP Relocation may continue to practice similar unfair “bait and switch” estimating practices as part of a scheme to overcharge its customers; continue to operate and advertise during an extended period without either required evidence of insurance (public liability, cargo and workers’ compensation) on file or a permit in force from the Commission authorizing those operations, and continue to violate the “Household Goods Carriers’ Act” and Commission rules and regulations, including MAX 4 rules.

## V. DISCUSSION

The Commission exercises continuing oversight of a carrier's fitness. Public Utilities Code § 5285 authorizes the Commission, upon complaint or on the Commission's own initiative and after notice and opportunity to be heard, to suspend, change, or revoke a permit for failure of the carrier to comply with any of the provisions of the Act, or with any order, rule, or regulation of the Commission, or with any term, condition, or limitation of the permit. Section 5139 gives the Commission power to establish rules for the performance of any service of the character furnished or supplied by household goods carriers.

We place tremendous trust in household goods carriers in granting them operating authority, a trust equaled by that of our citizens who tender their most personal and treasured belongings to movers. The Respondents' pattern of violations, operations without a permit in force, failure to file evidence of public liability insurance, failure to file evidence of cargo insurance, failure to file evidence of workers' compensation insurance, advertising moving services without a valid household goods carrier's permit, and continuing such advertising and operations after staff directives to cease all such unlawful activity, alarms us.

The Respondents should recognize that the CPSD's allegations described herein are grave and, if substantiated through hearing, may well constitute grounds for denial for cause of the Respondents' application for operating authority and/or other appropriate sanctions and remedies, including a Permanent forfeiture of rights to operate as a household goods carrier in this state.

It appears that:

Respondents may have violated § 5133 by conducting operations as a household goods carrier, without a valid permit issued under Chapter 7 of the Public Utilities Code; COUNTS: 23 for All State Moving and Washington Mini-Storage, and 1 for VIP Relocation.

Respondents may have violated §§ 5139 and 5161 and GO 100-M by failing to procure, and to continue on file and in effect while conducting operations as a household goods carrier, adequate protection against liability, as imposed by law upon carriers;

COUNTS: 363

Respondents may have violated §§ 5139 and 5161 and GO 136-C by failing to procure, and to continue on file and in effect while conducting operations as a household goods carrier, adequate cargo insurance coverage, as imposed by law upon carriers;

COUNTS: 363

Respondents may have violated § 5135.5 by failing to procure, and to continue on file and in effect while conducting operations as a household goods carrier, adequate workers' compensation insurance coverage for its employees, as imposed by law upon carriers; COUNTS: 363

Respondents may have violated § 5245 and Item 108 of MAX 4 by issuing verbal estimates, issuing written estimates without a visual inspection of the goods to be moved, and charging customers in excess of estimates issued; COUNTS: 24 for All State Moving and Washington Mini-Storage, 1 for VIP Relocation.

Respondents All State Moving and Washington Mini-Storage may have violated § 5139 and Item 128 of MAX 4 by failing to provide a completed Agreement For Moving Services to the customer no less than 3 days before the move date; COUNTS: 23

Respondents All State Moving and Washington Mini-Storage may have violated § 5139 and Items 128 and 132 failing to include required information, including a "Not To Exceed Price" on shipping documents; COUNTS: 23

Respondents All State Moving and Washington Mini-Storage may have violated § 5314.5 by advertising and holding out to the public that it is in operation as a household goods carrier, without a valid permit issued under Chapter 7 of the Public Utilities Code; COUNT: 396 days

Respondents All State Moving and Washington Mini-Storage may have violated § 5139 and Item 92 of MAX 4 by failing to timely respond to customer claims for loss or damage; COUNTS: 7

Respondents All State Moving and Washington Mini-Storage may have violated § 5139 and Item 88 of MAX 4 by failing to include its company name, address and/or CAL-T number in advertising; COUNTS: 7

Respondents All State Moving and Washington Mini-Storage may have violated § 5139 and Item 88 of MAX 4 by failing to furnish to each prospective shipper a copy of the information specified in Item 470 of MAX 4, the Important Information For Persons Moving Household Goods booklet; COUNTS: 9

**IT IS ORDERED** that:

1. An investigation on the Commission's own motion is instituted into the operations and practices of the Respondents, All State Moving and Storage, Inc., a California corporation doing business as (dba) California Transportation Systems, dba Prime Movers, dba All State Moving & Storage, dba City Transportation System, and its President, Jacob (aka Yacov) Sudai, and Secretary, Israel Lerner; Washington Mini-Storage, Inc., a Maryland corporation dba Prime Movers, dba Washington Moving and Storage, and its President, Yacov Sudai; and VIP Relocation, Inc., a California corporation and its President, Israel Lerner, and Vice President, Kfir Cohen. A public hearing on this matter shall be held expeditiously before an Administrative Law Judge (ALJ) at a time and date to be set at the prehearing conference. At the hearing, the Respondents shall appear and show cause why its application for a household goods carrier permit should not be denied for cause and lack of fitness in view of the above listed allegations made by staff.

2. During the pendency of this investigation, it is ordered that Respondents shall cease and desist from any violations of the terms of the "Preliminary Injunction" in Case No. BC303987 filed with the Superior Court in Los Angeles County.

3. The Consumer Protection and Safety Division staff, if it elects to do so, may present additional evidence beyond that described in the declaration issued with this order, either

by testimony or through documentation, bearing on the operations of the respondents and any new advertising of moving services to the public.

4. Scoping Information: This paragraph suffices for the “preliminary scoping memo” required by Rule 6 (c).

This enforcement proceeding is adjudicatory, and, absent settlement between staff and the respondent, will be set for evidentiary hearing. A hearing may also be held on any settlement for the purpose of enabling parties to justify that it is in the public interest or to answer questions from the ALJ about the settlement terms. A prehearing conference will be scheduled and held within 40 days and hearings will be held as soon as practicable thereafter in the Commission Los Angeles office. Objections to the OII may be filed but must be confined to jurisdictional issues, which could nullify any eventual Commission order on the merits of the issues about violations of statutes, rules, regulations or orders.

5. Respondents are hereby ordered to cease and desist performing any and all moves of any kind until the Commission has an opportunity to review and pass judgment on the instant application for reinstatement as a mover.

6. Respondents are hereby placed on notice that if staff’s allegations are proven during the evidentiary hearing, the Commission may impose fines and penalties according to those authorized by law. The Executive Director shall cause a copy of this order, the staff declarations and other related documents to be served by certified mail upon Respondents:

- a. All State Moving and Storage, Inc.  
Attn: Israel Lerner, Secretary and Agent for Service of Process  
9000 Glenoaks Blvd.,  
Sun Valley, CA 91352
- b. Washington Mini-Storage, Inc.  
Attn: Jacob Sudai, President  
1710 Olive Street  
Capitol Heights, MD 20743
- c. VIP Relocation, Inc.

Attn: Israel Lerner, President  
9000 Glenoaks Blvd.,  
Sun Valley, CA 91352

This order is effective today.

Dated August 19, 2004, at San Francisco, California.

MICHAEL R. PEEVEY  
President  
CARL W. WOOD  
LORETTA M. LYNCH  
GEOFFREY F. BROWN  
SUSAN P. KENNEDY  
Commissioners