

May 2007

# CONSUMER PROTECTION

## Some Improvements in Federal Oversight of Household Goods Moving Industry Since 2001, but More Action Needed to Better Protect Individual Consumers





Highlights of [GAO-07-586](#), a report to congressional committees

## Why GAO Did This Study

The Department of Transportation's (DOT) Federal Motor Carrier Safety Administration (FMCSA) is responsible for protecting consumers involved in interstate household goods moves by issuing regulations and conducting oversight and enforcement actions. The Safe, Accountable, Flexible, Efficient Transportation Equity Act—A Legacy for Users (SAFETEA-LU), enacted in 2005, included provisions to enhance consumer protections for household goods moves and mandated that GAO study (1) the protections federal laws and regulations provide to consumers of *interstate* household goods moves and the effectiveness of federal enforcement efforts, (2) the protections states provide to consumers of *intrastate* household goods moves and how they have affected consumers and movers, and (3) the potential effects on both consumers and interstate movers if movers were subject to state consumer protection laws. To address these issues, GAO analyzed federal and state legislation, federal complaint and enforcement data, and interviewed federal and state officials.

## What GAO Recommends

GAO recommends DOT develop a strategy with performance goals and measures for its oversight and enforcement of the industry and take some additional actions. DOT agreed to consider the recommendations.

[www.gao.gov/cgi-bin/getrpt?GAO-07-586](http://www.gao.gov/cgi-bin/getrpt?GAO-07-586).

To view the full product, including the scope and methodology, click on the link above. For more information, contact JayEtta Hecker at (202) 512-2834 or [heckerj@gao.gov](mailto:heckerj@gao.gov).

## CONSUMER PROTECTION

# Some Improvements in Federal Oversight of Household Goods Moving Industry Since 2001, but More Action Needed to Better Protect Individual Consumers

## What GAO Found

Federal laws and regulations require FMCSA to provide protections for the 1.6 million consumers who annually hire interstate movers, but FMCSA lacks the information to determine the effectiveness of its efforts. SAFETEA-LU increased licensing requirements for interstate movers, enhanced existing federal authority and expanded it to allow states to bring actions against interstate movers in federal and state courts, although there is no indication that any state has yet exercised this authority. However, states are still prevented from regulating interstate household goods movers. FMCSA took several steps to improve oversight of household goods movers, including increasing compliance reviews from 13 in 2001 to 562 in 2006, increasing enforcement actions from 5 in 2001 to 72 in 2006, expanding consumer education efforts, and establishing a complaint database. However, FMCSA is precluded from resolving individual complaints and, as a regulatory agency, lacks authority to force movers to relinquish goods held illegally. Also, FMCSA has not established a strategy to measure the overall effectiveness of its household goods enforcement efforts.

All six states we visited have laws that protect consumers from false and deceptive trade practices and allow consumers to receive compensation from intrastate movers for amounts greater than the cost of the actual lost or damaged goods. For example, consumers in five of the states we visited can receive a monetary award up to three times the amount of the actual damages. Additionally, all six states have laws governing intrastate movers but vary in their licensing, oversight, and enforcement requirements. For example, four of the six states GAO visited have licensing requirements such as background checks and evidence of financial fitness, in addition to the requirement that applicants provide proof of insurance; and two states have changed their laws to allow local law enforcement authorities to aid consumers whose goods are held hostage. State and moving industry officials told GAO that these actions had a positive effect on both consumers and legitimate movers.

The application of state consumer protection laws to interstate movers has the potential to enhance protections for consumers, but may not be helpful in addressing the problem of movers who operate illegally and may increase costs. If state consumer protections were applied to interstate movers, consumers would have the opportunity to resolve their disputes in state court. However, industry officials GAO contacted told us illegitimate movers would likely fail to appear in court and may not comply with any judgments. Moving industry officials strongly oppose the application of state consumer protection laws to interstate movers, pointing out such action may increase their costs, which could be passed on to consumers. However, some state officials we interviewed did not think that legitimate movers' costs would increase due to regulation.

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## Abbreviations

BBB	Better Business Bureau
DMV	Department of Motor Vehicles
DOT	Department of Transportation
FMC	Federal Maritime Commission
FMCSA	Federal Motor Carrier Safety Administration
FTC	Federal Trade Commission
GPRA	Government Performance and Results Act of 1993
HHGCC	Household Goods Consumer Complaint
ICC	Interstate Commerce Commission
OAA	Office of Aviation Analysis
OAEP	Office of Aviation Enforcement and Proceedings
SAFETEA-LU	The Safe, Accountable, Flexible, Efficient, Transportation Equity Act—A Legacy for Users
STB	Surface Transportation Board

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United States Government Accountability Office  
Washington, DC 20548

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May 16, 2007

The Honorable Daniel K. Inouye  
Chairman  
The Honorable Ted Stevens  
Vice Chairman  
Committee on Commerce, Science and Transportation  
United States Senate

The Honorable James L. Oberstar  
Chairman  
The Honorable John L. Mica  
Ranking Republican Member  
Committee on Transportation and Infrastructure  
House of Representatives

The Department of Transportation (DOT) has responsibility for protecting consumers involved in interstate household goods moves, which includes issuing regulations, conducting oversight activities, and taking enforcement actions. Within DOT, the Federal Motor Carrier Safety Administration (FMCSA) carries out these duties. In 2001, we reported that DOT had not taken steps to understand the nature and extent of problems in the household goods moving industry nor had it made more than minimal efforts to provide information to consumers that would assist them in making more informed choices. At that time, DOT had few resources with which to oversee the industry, creating a vacuum in which unscrupulous movers could flourish.<sup>1</sup> Consumers complained about a broad range of problems, including lost and damaged goods for which the carrier refused to compensate them, and goods held “hostage” until the consumer paid fees greatly in excess of the agreed-upon estimate. We recommended, among other things, that DOT examine whether legislative changes were needed to supplement its efforts, including legislative authorization for the states to enforce federal statutes and regulations.

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<sup>1</sup>GAO, *Consumer Protection: Federal Actions Are Needed to Improve Oversight of the Household Goods Moving Industry*, [GAO-01-318](#) (Washington, D.C.: Mar. 5, 2001).

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The Safe, Accountable, Flexible, Efficient Transportation Equity Act – A Legacy for Users (SAFETEA-LU),<sup>2</sup> the federal surface transportation reauthorization legislation passed in 2005, included provisions that increase the amount of consumer protection provided under federal law. In addition, SAFETEA-LU gave state authorities the capability to enforce these federal consumer protection laws and regulations against interstate movers. This legislation also mandated that we study the current consumer protections that DOT provides and the possible effects on consumers and movers involved in interstate moving if state attorneys general were allowed to apply state consumer protection laws to such moves. Accordingly, this report discusses the following:

- The protections that federal laws and regulations provide to consumers of interstate household goods moves and the extent to which information is available on the effectiveness of current enforcement efforts at the federal level;
- The protections that states provide to consumers of intrastate household goods moves and how they have affected consumers and intrastate household goods movers; and
- The potential effects on both consumers and interstate movers of household goods if interstate movers were subject to state consumer protection laws, including the potential for states to regulate the rates of interstate household goods movers.

Lastly, in response to the mandate's request that we compare household goods consumer protections to consumer protections for other modes of transportation, we are providing information on how consumer protections provided by federal regulation of interstate household goods movers compare with consumer protections provided by federal regulation of airline travel and the shipment of household goods overseas (see app. II).

Our overall approach to addressing these topics was to (1) analyze federal and state laws and regulations pertaining to consumer protections for the household goods moving industry; (2) interview a wide variety of representatives and review pertinent documentation from federal and state governments, the household goods moving industry, law

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<sup>2</sup>SAFETEA-LU, Pub. L. No. 109-59, Title IV, Sec. 4201-4305, 119 Stat. 1751 (Aug. 10, 2005).

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enforcement and consumer groups, and an alternative dispute resolution organization to understand and assess FMCSA's oversight and enforcement efforts; and (3) conduct site visits to six states to review their consumer protection policies and procedures and obtain their views on the authorities granted to them under SAFETEA-LU and the potential effects of applying state consumer protection laws to interstate household goods movers. The six states—California, Florida, Georgia, New York, Texas, and Virginia—were selected to include a cross-section of characteristics, including states that have had problems with interstate household goods movers, according to motor carrier administration and industry officials, and/or had enacted recent legislative changes to address problems with household goods movers. We performed our work from February 2006 through May 2007 in accordance with generally accepted government auditing standards. See appendix I for further details about our scope and methodology.

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## Results in Brief

Federal laws and regulations require FMCSA to provide some protections for the approximately 1.6 million consumers who annually hire interstate movers, but FMCSA lacks the information to determine the effectiveness of many of its enforcement and oversight efforts and lacks authority to force movers to relinquish goods to their owners, a situation referred to as holding goods hostage. Both the increased oversight and enforcement provided by the SAFETEA-LU legislation in 2005 and by FMCSA since our 2001 report<sup>3</sup> have expanded protections for consumers hiring interstate household goods movers. The protections provided by SAFETEA-LU include increased licensing and registration requirements for movers and authorization of state governments to enforce federal law and bring action against interstate movers in federal or state court.<sup>4</sup> However, it is too soon to determine the effectiveness of the authority given to the states because it was restricted by amendment to federal court until September 2006, and to date, it appears no state has yet exercised it. SAFETEA-LU also mandated that DOT develop and implement an outreach plan to enhance cooperation and enforcement of federal laws between federal and state law enforcement and consumer protections authorities. Thus far, no plan

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<sup>3</sup>GAO-01-318.

<sup>4</sup>SAFETEA-LU does not allow a consumer to sue an interstate carrier in state court nor does it allow the consumer to sue for an amount greater than the declared value of the transported goods, even if the consumer's goods are damaged or lost and the mover is at fault.

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has yet been developed, although FMCSA officials have hired a contractor to begin developing the plan. With regard to oversight since 2001, FMCSA has increased the number of inspectors who conduct household goods compliance reviews from 2 to 8 while training almost 100 inspectors who conduct truck safety reviews to also carry out inspections of household goods movers. FMCSA has also increased the number of compliance reviews conducted, from 13 in 2001 to 562 in 2006, and increased the number of enforcement actions taken from 5 to 72. FMCSA officials told us that they believe this current level of oversight and enforcement is adequate within the resources available, pointing out that of the approximately 1.6 million interstate moves handled annually by interstate movers, only about 3,000 result in complaints made to FMCSA. FMCSA has also expanded its consumer education efforts by launching a consumer education campaign and developing a Web site dedicated to preventing moving fraud, which provides guidance on how to have a successful move and avoid falling victim to dishonest movers. FMCSA has also developed a “consumer outreach and education logic model” that the agency plans to use to determine the effectiveness of their outreach and education efforts. This model outlines the program areas in which FMCSA is planning to develop metrics for evaluating the effectiveness of its outreach and education activities. FMCSA officials expect to complete a report assessing their consumer outreach and education efforts, including this model, by January, 2008. In addition, FMCSA has established a complaint hotline, compiled a complaint database, and is in the process of making complaint information about specific movers available to the public. However, FMCSA officials told us that if consumers, whose goods are held hostage, call FMCSA for help, FMCSA has no authority to force the mover to release the goods. FMCSA officials also told us they are precluded from resolving individual complaints,<sup>5</sup> thereby leaving consumers with arbitration as the main option to resolve disputes with interstate movers about loss and damage. In addition, other than their logic model for evaluating consumer education and outreach activities, FMCSA lacks information to determine the effectiveness of any of its oversight and enforcement efforts, including arbitration; and its draft strategic plan for

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<sup>5</sup>While the Congress provided DOT with the authority to regulate the interstate household goods moving industry, a House Committee report accompanying the Interstate Commerce Commission (ICC) Termination Act of 1995 directed DOT not to intervene and help resolve individual disputes. A DOT official told us that when it undertakes enforcement actions, it focuses on patterns of behavior (e.g., multiple complaints) by a carrier.



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2006 through 2011<sup>6</sup> contains very little information about FMCSA's efforts in providing oversight and enforcement of the household goods industry.

All six states we visited have consumer protection laws that safeguard consumers of intrastate household goods moves against false, misleading, and deceptive practices and allow consumers to receive compensation for amounts greater than the cost of the actual lost or damaged goods. For example, consumers in five of the states we visited can receive a monetary award up to three times the actual economic damages. Additionally, all six states have laws governing intrastate movers but vary in their licensing, oversight, and enforcement requirements. For example, four of the six states we visited have licensing requirements (i.e., background checks, evidence of financial fitness, etc.) in addition to the requirement that applicants provide proof of insurance. With regard to aiding consumers whose goods are held hostage, two states (California and Florida) have changed their laws to allow local law enforcement authorities to intervene in these situations. In the states we visited that have enacted legislation to improve their consumer protections, officials told us that these laws and regulations—such as the additional licensing requirements and increased enforcement efforts—have helped to reduce consumers' problems with illegitimate<sup>7</sup> intrastate movers and that the situation for consumers and legitimate intrastate movers had improved.<sup>8</sup>

Applying state consumer protection laws to interstate movers has the potential to enhance protections for consumers, but it may not be helpful in addressing the problem of illegitimate movers and may increase costs. If state consumer protections were applied to interstate movers, consumers would have the opportunity to resolve their disputes with interstate movers in state court, and consumers could potentially recover damages greater than the value of their lost or damaged goods. However, industry officials we contacted believe illegitimate movers would fail to appear in court and may not comply with any judgments. In addition, applying these

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<sup>6</sup>As of March 2007, this draft plan has not yet been finalized, even though it covers a year (2006) that is already completed. FMCSA officials told us that they have not yet set a date for issuing a final plan.

<sup>7</sup>Throughout this report, we use the term "illegitimate" mover to include movers that are unlicensed, unregistered, or operating in an illegal manner.

<sup>8</sup>Of the three states, only New York provided data showing a reduction in problems with intrastate movers subsequent to increased enforcement actions by the state. We did not perform any analysis of this data.

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laws would likely adversely affect interstate movers by increasing legitimate movers' operational expenses. The moving industry officials we contacted strongly oppose applying state consumer protection laws to interstate movers, pointing out that such action may increase costs. Furthermore, basic economic reasoning suggests that some of those increased costs may be passed on to consumers. However, some state officials we interviewed did not think that legitimate movers, who are already complying with states' consumer protection laws, would incur increased costs due to regulation. Finally, on the basis of our work in the six states, if interstate movers were subject to state consumer protection laws, the attorneys general of the five states that commented did not believe that applying state consumer protection laws to interstate movers would give the states additional authority over rate regulation.

We are recommending that the Secretary of Transportation direct the Administrator of FMCSA to take several actions to improve oversight of the household goods moving industry, including developing a strategy, with performance goals and measures, that explains how FMCSA's oversight and enforcement activities related to household goods movers will improve consumer protection. We sent a draft of this report to DOT and to the Federal Maritime Commission (FMC). DOT generally agreed with the information provided in the report and both DOT and FMC provided technical clarifications, which we have incorporated as appropriate. DOT agreed to consider our recommendations.

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## Background

Each year, commercial moving companies transport household goods of approximately 1.6 million Americans to other states. Over 3,000 of these moves result in complaints made annually to FMCSA. Additionally, the Council of Better Business Bureaus (BBB) reports that it received nearly 9,800 complaints against movers in 2005, of which approximately 6,800 were settled.<sup>9</sup>

Approximately 4,000 moving companies actively transport household goods across state lines. These moving companies represent a small percentage of the approximately 677,000 interstate carriers engaged in all aspects of interstate commerce. Household goods movers are of three types: national van lines, independent movers, and short-haul movers.

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<sup>9</sup>Council of BBB officials told us that they do not differentiate between interstate and intrastate movers.

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These companies use agents that perform the actual moves on behalf of the van lines. Agents are local moving companies that own the moving equipment and storage facilities used in interstate moves. Independent movers lease or own their equipment and storage facilities and often share storage facilities and some equipment in an effort to provide enough capacity and flexibility to compete with the national van lines. Short-haul movers typically undertake moves of around 500 miles or less.

Until 1996, the Interstate Commerce Commission (ICC) had regulatory responsibility for interstate household goods movers, including issuing regulations, conducting oversight activities, and taking enforcement actions. The ICC Termination Act of 1995 dissolved ICC and transferred the consumer protections for those hiring interstate household goods movers to DOT, which DOT further assigned to the motor carrier safety office within the Federal Highway Administration. The Motor Carrier Safety Improvement Act of 1999 transferred these consumer protection functions to a new organization within DOT, FMCSA. Furthermore, the Federal Trade Commission is barred from regulating common carriers including movers of household goods. In addition to its headquarters facilities, FMCSA maintains a field office structure consisting of 4 service centers and 52 division offices—one in each state, Puerto Rico, and the District of Columbia.

FMCSA's oversight activities for interstate household goods movers include, among other things, education and outreach to consumers, and collecting information on the state of the industry, such as complaints lodged against registered movers. FMCSA also reviews compliance with regulatory requirements (called "compliance reviews") at a moving company's base of operations. When it identifies instances of noncompliance, FMCSA can rely on a variety of enforcement activities. For example, it can issue orders to compel compliance, impose civil monetary penalties, revoke a mover's operating authority, or seek federal court orders to stop regulatory violations. FMCSA can also seek a temporary restraining order or injunctive relief (i.e., a court order to prevent a carrier from engaging in a specific action) against a carrier that is suspected of operating illegally, although FMCSA officials told us they are not aware of an instance in which FMCSA has sought to issue a temporary restraining order or injunctive relief against a household goods carrier in a court of appropriate jurisdiction. As a regulatory agency, FMCSA does not have authority to arrest movers who violate the criminal provisions applicable to household goods moves.

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While consumer protections have been expanded in recent years under SAFETEA-LU, a long-standing federal statute known as the Carmack Amendment imposes limits on consumers' actions against interstate movers.<sup>10</sup> The Carmack Amendment imposes a uniform scheme of liability for loss or damage, which eliminates the uncertainty associated with conflicting state laws regarding interstate shipments. The Carmack Amendment limits claims filed by consumers and preempts a broad range of state law remedies related to loss and damage in interstate shipment. A household goods mover's maximum liability for loss or damage can only be equal to the replacement value of the lost or damaged goods. Plaintiffs cannot recover damages in excess of their replacement value in federal court.

For moves within a state, state laws govern the actions of household goods movers and state regulating agencies and possibly the state offices of attorneys general may work with the consumers to resolve issues related to an intrastate move. Federal laws apply to moves of household goods across state lines, and FMCSA is the only agency that accepts complaints from consumers involved in an interstate move. However, FMCSA was directed by a House Report not to become involved in assisting consumers in resolving individual disputes regarding an interstate household goods move.

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## Federal Legislation and FMCSA's Enforcement Efforts Have Enhanced Protections for Consumers of Interstate Moves, but the Effectiveness of These Efforts Remains Unclear

Consumers who contract with interstate movers are protected by federal laws and regulations. These laws were recently strengthened by SAFETEA-LU, which passed in 2005, and increased licensing and registration requirements at the federal level. SAFETEA-LU also increased consumer protections by enhancing states' abilities to enforce laws against interstate movers in both state and federal court but it appears states have not yet used this new authority. In addition, SAFETEA-LU also required that FMCSA implement an outreach plan to enhance the coordination among federal and state law enforcement and consumer protection authorities. Since 2001, FMCSA has increased its oversight and enforcement activities against illegitimate movers as well as its consumer education outreach to prevent consumers from being victims of such movers. However, the effectiveness of its efforts is unknown, and FMCSA currently has no process in place to determine the effectiveness of its enforcement efforts; currently has no information on the usefulness of

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<sup>10</sup>The Carmack Amendment is set forth in section 14706 of title 49, U.S. Code.

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arbitration in resolving disputes consumers have with carriers; and has limited authority to help consumers whose goods have been lost, damaged, or are being held hostage by a mover.

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### Federal Laws, Recently Strengthened by Congress, Provide Protections for Consumers of Interstate Household Goods Moves

Federal statutes provide protection for consumers who hire interstate household goods movers through licensing and registration requirements as well as other specific household goods laws designed to protect consumers.<sup>11</sup> Current federal laws, including SAFETEA-LU, require movers of household goods to register with DOT and be licensed as a carrier of household goods. To be registered with DOT, carriers must pay a registration fee, provide evidence of insurance coverage and of participation in an arbitration program, and disclose any relationship involving common stock, common ownership, common management, or common familial relationship between themselves and other movers or brokers. The information which companies provide on their application about insurance coverage and participation in an arbitration program is confirmed by FMCSA within 18 months of the carrier's receiving a license.<sup>12</sup> However, the agency does not perform any sort of background check on applicants.

Federal laws specifically formulated to provide consumer protections require that household goods movers must charge reasonable rates, must maintain rates and rules in published tariffs, must provide consumers with written estimates, and must relinquish goods upon payment of no more than 110 percent of the estimated charges.<sup>13</sup> If a mover refuses to release a consumer's goods when the consumer has paid either 100 percent of the charges contained in a binding estimate or 110 percent of the charges contained in a nonbinding estimate, then the mover is, in effect, holding the goods hostage. For such action, the mover faces civil penalties of at

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<sup>11</sup>The laws are contained in Title 49 of the U.S. Code.

<sup>12</sup>In 2003, at the direction of Congress, FMCSA implemented the New Entrant (NE) Program. Under this program, the agency established partnerships with the states (allowing safety audits to be conducted by either a state or federal auditor) to ensure that all NE carriers understand their safety responsibilities and demonstrate acceptable safety performance before receiving permanent operating authority. U.S. DOT, FMCSA, *Report to Congress on the New Entrant Program Implementation Plan*, (Washington, D.C.: December 2004, p. 3).

<sup>13</sup>An estimate is binding if it guarantees the total cost of the move. An estimate is nonbinding if the final charges are based upon the actual weight of the individual consumer's goods and the carrier's lawful tariff charges.

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least \$10,000 for each violation and criminal penalties of up to 2 years in prison. Additionally, should a mover refuse to comply with any federal rules, DOT is authorized to assess civil penalties, bring a civil action in federal court, and/or revoke the carrier's license.

SAFETEA-LU also required FMCSA to take three further actions, among others, to enhance protections for consumers of household goods. First, the legislation required FMCSA to modify its regulations for brokers of household goods services, so that brokers will be required to provide consumers with their license number, a pamphlet on consumers' rights, and a list disclosing the moving companies for which the broker is providing services.<sup>14</sup> Second, SAFETEA-LU required FMCSA to implement an outreach plan to enhance the coordination and enforcement of federal laws and regulations with respect to transportation of household goods between and among federal, state, and local law enforcement and consumer protection authorities. Third, the legislation required FMCSA to establish a working group, by November 2005, composed of state attorneys general, state consumer protection administrators, and federal and local law enforcement officials to develop practices and procedures to enhance federal-state relations in enforcement efforts with respect to interstate transportation of household goods.

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**SAFETEA-LU Expanded Enforcement Authority at the State Level, but States Have Not Yet Used the New Authority and FMCSA Has Not Fully Implemented an Outreach Plan**

The several provisions intended to enhance consumer protection at the state level contained in the SAFETEA-LU legislation were temporarily restricted by a subsequent amendment. However, the amendment expired in September 2006, restoring the full authorities granted to states under SAFETEA-LU.<sup>15</sup> SAFETEA-LU enacted two separate provisions to enhance states' abilities to enforce laws against interstate movers. The first SAFETEA-LU provision allows state agencies to enforce federal consumer protection laws and regulations that apply to individual movers and that are related to the delivery or transportation of household goods in interstate commerce, in either federal or state court. The expired amendment restricted this enforcement to federal court only, but state regulatory authorities are now able to utilize either federal or state court under the authority granted by SAFETEA-LU. This provision applies to state agencies that regulate intrastate household goods movers,

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<sup>14</sup>FMCSA published a Notice of Proposed Rulemaking on these broker regulations in the *Federal Register* in February 2007, 72 Fed. Reg. 5947 (Feb. 8, 2007).

<sup>15</sup>Pub. L. No. 109-115, Title I, § 173, 119 Stat. 2426 (Nov. 30, 2005).

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authorizing the regulatory agency to impose penalties on interstate movers for violating federal laws and regulations. This section also contains an added incentive for the state agencies, by allowing the penalties to be paid to and retained by the state. Penalties collected under this authority are not paid to the consumer.

The second SAFETEA-LU provision grants state attorneys general the right to bring civil actions on behalf of individual consumers or impose civil penalties in U.S. federal district courts to enforce the federal consumer protection laws and regulations whenever the state attorneys general have reason to believe that the interests of their residents are being threatened or adversely affected by an interstate mover.<sup>16</sup> The expired amendment placed temporary restrictions on these civil suits by limiting them to apply only to movers who were unregistered, newly licensed, poorly rated, or who had their license revoked, but these limitations no longer apply, and state attorneys general may now bring suits against any mover.<sup>17</sup> If a resident of a state is adversely affected by the actions of a carrier or broker, the state attorney general may sue on the resident's behalf to enforce the federal laws and regulations with which the carrier or broker was required to comply. Penalties imposed and collected by these lawsuits would be paid to the federal government, not to the state or the individual consumer.

For any civil action initiated by a state attorney general, the state must serve written notice to DOT or the Surface Transportation Board (STB),<sup>18</sup> whichever agency has jurisdiction. DOT or STB must review the action if (1) the carrier or broker is not registered with DOT; (2) the license of the carrier or broker is pending for failure to file proof of required bodily injury or cargo liability insurance, or the license has been revoked for any reason by DOT; (3) the carrier is not rated or has received a conditional or unsatisfactory rating by DOT; or (4) the carrier or broker has been licensed with DOT for less than five years. DOT or STB has the authority to intervene in a civil action, to be heard on all matters arising in the action, and to file petitions for appeal of decisions in such actions.

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<sup>16</sup>49 U.S.C. § 14711 (2005).

<sup>17</sup>Pub. L. No. 109-115, Title I, § 173, 119 Stat. 2426 (Nov. 30, 2005).

<sup>18</sup>The Surface Transportation Board (STB) was created in the ICC Termination Act of 1995 and is the successor agency to the Interstate Commerce Commission. The STB serves as both an adjudicatory and regulatory body and has jurisdiction over certain trucking company rate matters, among other duties.

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SAFETEA-LU also required that FMCSA identify for states the federal statutory provisions and FMCSA regulations that states may enforce through either the attorney general provision or the state agency provision. In November 2006, FMCSA published a notice in the *Federal Register*, identifying the federal consumer protection laws and regulations that states may immediately enforce. The statutory provisions enforceable by states include laws regarding requirements and penalties for tariffs, written binding estimates, registration requirements, full value protection, binding arbitration, falsifying documents, and holding goods hostage. The federal regulations promulgated by FMCSA that are enforceable by states include the consumer protection regulations in 49 C.F.R. Part 375, which involve bills of lading for freight forwarders, investigations of loss and damage claims, records kept by brokers, and insurance requirements.

Furthermore, as noted earlier, SAFETEA-LU required that DOT establish a working group of state attorneys general, consumer protection authorities, and federal and local law enforcement agencies, and implement an outreach plan. FMCSA established the working group which has met several times since October 2005, with the last meeting occurring in April 2007. The working group established a charter specifying that the group, which is to meet every quarter, would develop practices and procedures to enhance the federal-state partnership, exchange information and coordinate enforcement efforts, and submit legislative and regulatory recommendations to the Secretary of DOT regarding such enforcement efforts. While the group's meeting notes do not mention the development of an outreach plan to help states use and enforce federal laws at the local level pertaining to household goods matters, in March 2007, FMCSA officials shared with us documents that indicate a contractor has been hired to work with the group to begin formulating such a plan and develop milestones. Two of the group's participants told us that in past meetings, the group had focused on FMCSA's efforts to improve its public education via its Web site. At the meeting held on November 28, 2006, which was led by FMCSA, state officials said that they would like clearer guidance from FMCSA on using authority granted to the states. This request that FMCSA provide some guidance to the states on implementing the authority granted to them by SAFETEA-LU was reiterated in April, 2007, by one of the participants of the working group.

The effectiveness of SAFETEA-LU's provisions granting states authority to pursue interstate movers in federal and state court remains unclear because, as of March 2007, it appears that no state had yet used this authority, according to officials of the National Association of Attorneys General and the National Association of Consumer Agency Administrators.



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Officials in four states that expressed an opinion on the SAFETEA-LU authority told us that prosecuting cases in federal court was either too expensive or not an efficient use of state resources.

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## FMCSA Has Updated Regulations and Increased Oversight and Enforcement

Since our 2001 report,<sup>19</sup> which recommended improving oversight of the household goods industry, FMCSA has updated its regulations, increased its oversight activity, and taken steps to enhance its consumer education and outreach activities. Current regulations include specifying the information that movers must include in their advertisements, the information that they must provide to consumers who contract with them, the manner in which they provide estimates to consumers, and criteria for establishing and maintaining an arbitration program. FMCSA has increased its oversight activity, including increasing the number of full-time household goods investigators from 2 to 8, training nearly 100 truck safety investigators to review companies' compliance with regulatory requirements, and recently updating an electronic field office training manual for investigators carrying out household goods compliance reviews. Over the past 5 years, this expanded work force has enabled FMCSA to increase the annual number of compliance reviews it conducts from 13 in 2001 to 562 in 2006. FMCSA has also increased its enforcement actions against movers through the use of strike forces. Strike forces focus on states that have reported a high number of complaints about household goods movers and bring together FMCSA and state law enforcement officials to make site visits to the carriers that have generated the greatest number of complaints. FMCSA also partners with state law enforcement agencies to conduct "roadside" audits in an effort to locate and remove from the road, drivers and trucks that are operating in an unsafe or illegal manner.<sup>20</sup> FMCSA's enforcement actions against interstate movers from fiscal year 2001 to 2006 resulted in over \$950,000 in fines being collected,<sup>21</sup> and 28 moving companies being put out of business, as shown in table 1 below.

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<sup>19</sup>GAO-01-318.

<sup>20</sup>FMCSA funds and oversees this program through its Motor Carrier Safety Assistance Program. It is designed primarily to carry out enforcement activities at the state level related to truck safety.

<sup>21</sup>FMCSA officials told us that currently, the Uniform Fine Assessment Tool, which has been used to make uniform across the states fines levied against trucking companies for safety violations, is not being used to assess fines against interstate movers. FMCSA is developing a uniform fine assessment tool to be applied to household goods movers and expects to have it completed in 2007.

**Table 1: FMCSA Compliance Reviews and Enforcement Actions against Interstate Movers, Fiscal Years 2001 through 2006**

<b>FMCSA actions</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>Total</b>
Compliance reviews	13	20	30	52	381	562	<b>1,058</b>
Enforcement actions	5	11	6	12	46	72	<b>152</b>
Amount fined	\$78,000	\$481,000	\$396,180	\$150,360	\$312,120	\$467,905	<b>\$1,885,565</b>
Amount collected	\$61,500	\$226,000	\$40,180	\$56,910	\$245,420	\$323,775	<b>\$953,785</b>
Carriers put out of service	1	5	1	3	11	7	<b>28</b>

Source: GAO analysis of FMCSA compliance reviews and enforcement actions.

In addition, in response to our 2001 report highlighting the need to centralize household goods complaint data, FMCSA officials told us they created, in 2001, the Complaint Management System and set up and made available the Safety Violation and Household Goods Consumer Complaint Hotline at 1-888-DOT-SAFT, which consumers can call to complain about an interstate household goods mover. The data provided by FMCSA staff indicate there have been over 3,000 complaints annually, since 2004, about household goods movers.<sup>22</sup> The SAFETEA-LU legislation passed in 2005 required that FMCSA make this complaint data available to the public by August 2006. FMCSA told us they did not meet the deadline because developing, testing, and finalizing the National Consumer Complaint Database for Household Goods Movers was significantly more complicated than anticipated, but the public launch date is scheduled for spring 2007.

Our 2001 report also stated that for interstate moving services, as for other services, the primary responsibility for consumer protection lies with consumers. To expand its consumer outreach and help educate consumers, FMCSA launched a consumer education campaign in 2005 called “Protect Your Memories. Your Money. Your Move.” This campaign aims to provide consumers with information on how to avoid illegal movers and to raise the visibility of the new Web site developed by FMCSA.<sup>23</sup> This Web site, titled “Protect Your Move,” provides guidance on how to have a successful move and avoid falling victim to dishonest movers or brokers. The site provides a list of federally registered and insured movers and brokers, details about current regulations governing

<sup>22</sup>FMCSA officials noted that since 2004, consumer complaints to FMCSA about household goods movers have declined by about 9 percent, from 3,631 in 2004 to 3,333 in 2006.

<sup>23</sup>This Web site is [www.protectyourmove.gov](http://www.protectyourmove.gov).

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household goods movers, and instructions on how to file a complaint. The site also provides links to local Better Business Bureaus, consumer protection agencies, state attorneys general, and state and national moving associations. Since being activated in June 2005, the Web site has had more than 5 million hits. In addition, the agency has partnered with a company that prints *yellow pages* to help educate consumers about the Web site. FMCSA officials also told us that they partnered with the U.S. Postal Service to distribute approximately 20 million leaflets to states that have the highest concentration of household goods complaints, i.e., California, Florida, New Jersey and New York. In addition, officials also stated that they intend to reach roughly 1.8 million consumers through the Postal Service's online Change of Address service.

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## Overall Effectiveness of Federal Efforts to Protect Consumers Is Unknown

FMCSA has not established a comprehensive strategy or a process to fully measure the overall effectiveness of the agency's household goods enforcement and oversight efforts. FMCSA's draft strategic plan for 2006 through 2011—which as of March 2007 had not been issued in final form<sup>24</sup>—contains very little information about FMCSA's efforts in providing oversight and enforcement of the household goods industry.<sup>25</sup> For example, the draft plan does not articulate an overall strategy for overseeing the household goods industry that identifies each of its major activities—including implementing legislative changes, addressing consumer complaints, carrying out compliance reviews, taking enforcement actions, and improving consumer education and outreach—or explains how those activities collectively will improve consumer protection. Rather, the draft plan contains very limited information about FMCSA's efforts, including (1) a statement that FMCSA has established a partnership with state, local, and private sector officials to address the problem of illegitimate movers and (2) an output goal to improve the timeliness of FMCSA's response to household goods consumer complaints. Additionally, the draft plan does not contain any performance goals or measures related to FMCSA's major responsibilities and outcomes in conducting compliance reviews and strikeforces, taking enforcement actions, or providing consumer outreach. Under the Government Performance and Results Act of 1993 (GPRA), federal programs should

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<sup>24</sup>A FMCSA official told us that FMCSA's strategic plan is in final concurrence and a draft copy is available on the agency's Web site.

<sup>25</sup>GAO, *Results-Oriented Government: GPRA Has Established a Solid Foundation for Achieving Greater Results*, [GAO-04-38](#) (Washington, D.C.: Mar. 10, 2004).

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have well-defined strategies to help align activities, core processes, and resources to support achievement of strategic goals and missions. Additionally, setting meaningful goals for performance, and using performance information to measure performance against those goals, is consistent with the requirements in GPRA. One of the stated missions of FMCSA's household goods program is to identify the worst violators of federal rules and regulations and focus enforcement efforts on reducing their number and making this information available to the public, but FMCSA does not have performance goals or measures related to this mission. Without performance goals that are meaningful, comprehensive, and measurable, and without evaluation, it is difficult to determine whether FMCSA's household goods program is accomplishing its intended purpose and whether the resources dedicated to the program efforts should be increased, used in other ways, or applied elsewhere. FMCSA's own internal assessment of its household goods program, reported in May 2006, found (1) a lack of management tools and integrated databases to track, monitor, and report household goods performance; (2) inconsistent and unpredictable handling of household goods consumer complaints and subsequent compliance actions; and (3) unclear goals, performance measures, and management controls for supporting timely communications among headquarters, the field, and other entities.

With regard to its consumer education and outreach efforts, we reported in December 2005 that there was little information on the effectiveness of FMCSA's education and outreach programs since FMCSA had not completed many evaluations of its programs.<sup>26</sup> In response to our report, FMCSA has developed a "consumer outreach and education logic model" that it plans to use to determine the effectiveness of its outreach and education efforts. This model outlines the program areas where FMCSA is planning to develop metrics for evaluating the effectiveness of its outreach and education activities. FMCSA officials expect to complete a report assessing their consumer outreach and education efforts, including this model, by January 2008.

Lastly, FMCSA does not know how effective arbitration has been for consumers to resolve their disputes with movers and, as noted earlier, the agency was directed in a House Report not to resolve individual consumer

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<sup>26</sup>GAO, *Federal Motor Carrier Safety Administration: Education and Outreach Programs Target Safety and Consumer Issues, but Gaps in Planning and Evaluation Remain*, [GAO-06-103](#) (Washington, D.C.: Dec. 19, 2005), p. 7.

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complaints. Consumers of interstate moves who are unable to resolve a dispute with a mover generally have two choices: they can take the mover to court or they can select arbitration, in which a third party is given the facts of the dispute from both the consumer and the mover and renders a binding decision. In three state attorneys general offices, officials with whom we spoke told us that to sue a mover for loss or damage in federal court is costly and not a realistic option for most consumers. As a result, arbitration is the main option for those who have a dispute with a mover, and there is currently no information available on whether this is an option consumers find equitable and fair. The ICC Termination Act of 1995 mandated that DOT complete a study of the effectiveness of arbitration as a means of settling household goods disputes within 18 months of the date of enactment. FMCSA did not initiate the required study until fiscal year 2004 because of a lack of resources. FMCSA estimates that the study will be completed in 2007, more than a decade after the study was mandated, and 6 years after we recommended that FMCSA undertake and complete the study.

FMCSA officials told us they consider their current level of oversight and enforcement of the household goods industry adequate within the resources available. They pointed out that 85 to 90 percent of complaints were generated in six states—Florida, New York, New Jersey, California, Texas and Illinois—and they have targeted strike force activity in these problem states and placed household goods investigators in several of them. The agency also increased its performance target of compliance reviews of household goods movers it conducted, from 300 in fiscal year 2005 to 450 in fiscal year 2006, and plans to conduct another 450 or more reviews in fiscal year 2007.<sup>27</sup>

In five of the six states we visited, however, state regulating agency officials told us that they do not think FMCSA is providing adequate protection for consumers. For example, officials in two states told us that they do not think FMCSA has the resources to adequately address consumer complaints. Officials in another state told us that current federal laws are adequate to protect consumers; in their view, the problem is enforcement by FMCSA. When asked what could be done to improve protections for consumers of interstate moves, representatives from two of six state regulatory agencies and one of six local BBBs told us that FMCSA's licensing requirements should be more stringent. In addition, a

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<sup>27</sup>FMCSA actually conducted 562 compliance reviews in fiscal year 2006.

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representative from 1 of 10 moving companies, a representative from one of five state moving associations, as well as representatives of the national American Moving and Storage Association told us that in their opinion, one way to reduce the number of illegitimate movers would be for FMCSA to make its licensing requirements more stringent. According to these officials, the agency should conduct background checks to limit market entry; some thought this was necessary to keep out companies who have previously had their license revoked.

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### Hostage Goods Situations Are Frequently Cited as the Most Egregious Violation Committed by Moving Companies, but Few Resources Exist to Aid Consumers in Resolving These Situations

While the number of hostage goods situations reported annually is small compared with the overall number of interstate moves, the experience can be quite traumatic. Most of the approximately 1.6 million interstate moves handled annually by commercial movers are accomplished in a relatively safe and satisfactory manner. The FMCSA complaint database indicates that since 2004, FMCSA has received between 3,100 and 3,600 complaints a year; in 2004 and 2005 over 600 complaints were specifically about goods held hostage; and in 2006, about 450 complaints were about hostage goods. However, as DOT's Acting Inspector General testified in May 2006, some victims of movers who held their goods hostage have not seen their belongings again, have not recovered their damaged possessions until many months after the move, have had their goods looted and sold, or have had their goods end up in the homes of the perpetrators. He provided the following examples of the personal hardship resulting from hostage goods situations:<sup>28</sup>

- Household goods belonging to a mother and infant were held hostage for more than a year because the mother did not pay the carrier's demand of a five-fold increase in the cost of their move from New York to Florida.
- A West Virginia couple paid \$5,000 in bogus charges after the carrier threatened that they would never again see their household goods, which included a piano that had belonged to the couple's deceased son. Although they eventually received their goods, the piano had been damaged beyond repair.

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<sup>28</sup>Statement of Todd J. Zinser, Acting Inspector General, U.S. Department of Transportation before the Committee on Commerce, Science, and Transportation, Subcommittee on Surface Transportation and Merchant Marine, United States Senate, May 4, 2006, *Household Goods Moving Fraud* CC-2006-044, p. 3.

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- An elderly New York couple, intimidated and fearing physical harm from a moving crew, paid \$5,000 for a move quoted at \$1,500.
  - A Massachusetts woman testified at trial that she felt “violated” when a carrier loaded her goods on a truck and demanded \$16,000—more than four times the company’s estimate of \$3,600.

Consumers whose goods are being held hostage have few legal resources. If the move is being made within the state, the consumer can call the state agency that regulates household goods movers and/or the state attorney general’s office and possibly get some help. For example, state officials told us that if a consumer complains about a carrier in Virginia, the Department of Motor Vehicles (DMV) requires the moving company to respond. If the company does not, DMV can investigate the carrier. In addition, in Florida and California, consumers can now call on local police to help them retrieve their goods from movers who engage in such tactics.

FMCSA officials told us that consumers involved in moving goods across state lines, however, have little access to help. The only federal agency with oversight responsibility is FMCSA. If consumers’ goods are being held hostage at the time of their call, FMCSA officials told us that it is possible someone with the complaint line will attempt to get consumers’ goods released.<sup>29</sup> However, FMCSA officials told us that they have no legal authority to order a mover to release goods held hostage. Even though holding goods hostage has been made a felony by the recent SAFETEA-LU legislation, FMCSA, as a regulatory agency, lacks law enforcement authority. One federal official we interviewed told us that it is unrealistic to think federal officers would assist in retrieving a consumer’s goods being held hostage. Movers who hold goods hostage are often illegitimate operations and may only be in business for a short time under any given name; thus, once they have either forced a few consumers to pay them additional money or taken the consumer’s goods to an undisclosed location, they may shut down their business and set up operations under a new name. The case histories cited by DOT’s Acting Inspector General demonstrate that if consumers are unable to get movers to release their goods when the movers first threaten to hold them for additional money,

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<sup>29</sup>On the nongovernmental side, consumers can contact the Move Rescue program, a nationwide network of volunteer attorneys that provides help with securing court orders and providing volunteer moving agents that send crews to pick up goods held hostage and deliver them to consumers. This program is endorsed by two of the large interstate moving companies.

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the consumer may be forced to pay excessive charges or their goods may be permanently lost. In his May, 2006, testimony before Congress, DOT's Acting Inspector General noted that "state authorities are in a better position to pursue cases with fewer victims and smaller losses, and to provide more timely action to stop unscrupulous movers—perhaps even while the hostage goods are still on the truck."<sup>30</sup> Three interstate movers as well as FMCSA officials at headquarters and one of the regional offices whom we interviewed agreed that one possible solution to the problem of aiding consumers whose goods are held hostage would be for FMCSA to partner with the states and local authorities to aid consumers in retrieving their goods. Officials from several organizations, including an established mover, one BBB official, and one FMCSA official at a field office told us they are concerned about illegitimate movers because they are driving legitimate movers out of business.

Some state, federal, and BBB officials told us that carriers most likely to hold goods hostage are small operations. In his May 2006, congressional testimony, DOT's Acting Inspector General also emphasized that such movers often solicit business through the Internet, using low prices to attract customers. Consumers today use the Internet to shop and compare prices for many products and services, including moving services. But because consumers may only contract for moving services once or twice in their lifetime, they may not know how to identify a legitimate mover. Some federal and state officials told us that interstate movers who advertise on the Internet are a significant source of consumer complaints. One state official agreed that requiring movers to have a link to FMCSA's "Protect Your Move" Web site in their Internet ads could improve a consumer's knowledge about how to conduct a successful move and could aid consumers in avoiding illegitimate movers.

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<sup>30</sup>CC-2006-044, p. 8.



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## The States We Visited Provide Protections to Consumers of Intrastate Moves but Vary in Their Industry Oversight and Enforcement

All six of the states we visited have consumer protection laws that give the consumer the right to bring a suit against an intrastate mover for recovery or compensation for lost or damaged goods. Consumers can also receive monetary compensation greater than the actual amount of the lost or damaged goods if the consumer was harmed by fraudulent or deceptive practices, which is currently not available to consumers of interstate moves that are subject to federal consumer protection laws and regulations. The six states we visited also have laws governing intrastate household goods movers, but they vary in their licensing requirements and the level of resources they commit to oversight and enforcement. In the states we visited that have enacted legislation to improve their consumer protections, officials told us that these laws and regulations—such as the additional licensing requirements and increased enforcement efforts—have helped to reduce consumers’ problems with illegitimate intrastate movers and that the situation for consumers and legitimate intrastate movers had improved.

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## States Have Consumer Protection Laws that Allow Consumers to Sue Intrastate Movers for Amounts over the Valuation of Their Goods

The states we visited have laws in place that permit consumers to pursue intrastate movers in court for false and deceptive trade practices. These laws allow consumers to sue intrastate movers in the state and local court system for damages in excess of actual property values, attorney’s fees and court costs, but the states differ in the amount of monetary compensation beyond the actual damages that a consumer can recover. For example, five of the six states we visited (California, Georgia, New York, Texas, and Virginia) allow consumers to recover a maximum up to three times the monetary value of actual damages.

**Table 2: Highlights of Recovery Provisions in Consumer Protection Laws of the Six States We Visited**

State	State consumer protection laws
California	Consumers can bring suit under California’s Unfair Practices Act and can recover up to three times the actual damages sustained.
Florida	Florida specifically authorizes individual consumers to sue for damages if they have been aggrieved by unfair and deceptive trade practices. The amount of damages for individuals is not specified, but if the state imposes a civil penalty under this section, the mover is liable for up to \$10,000 for each violation.
Georgia	Georgia authorizes individual consumers to sue under the state’s Fair Business Practices Act to recover general damages, as well as exemplary damages when the violation was intentional. The statute directs the court to award three times the damages when the violation is intentional.
New York	New York consumer protection law prohibits deceptive acts and practices and authorizes consumers who have been injured by violation of the section to bring an action in their own name “to enjoin such unlawful act or practice, an action to recover actual damages or fifty dollars, whichever is greater, or both such actions. The court may, in its discretion, increase the award of damages to an amount not to exceed three times the actual damages up to \$1,000, if the court finds the defendant willfully or knowingly violated this section. The court may award reasonable attorney’s fees to a plaintiff.” New York law also allows consumers to take action for false advertising where consumers can receive damages up to \$1,000 meaning that consumers can potentially recover up to \$2,000 if the mover has engaged in both false advertising and deceptive practices.
Texas	Texas law allows individual consumers who sustain damages from deceptive acts to recover economic damages and damages for mental anguish, as well as court costs and attorney’s fees. If the conduct of the mover was committed <i>knowingly</i> , the plaintiff may recover mental anguish damages up to three times the cost of the economic damages. Texas defines a knowing act as one in which the person is aware that his/her conduct is reasonably certain to cause the result. If the conduct was committed <i>intentionally</i> , the plaintiff may recover mental anguish damages up to three times the cost of the economic damages plus mental anguish damages. Texas defines an intentional act as one in which the person has a conscious objective or desire to engage in the conduct or cause the result.
Virginia	Virginia law authorizes individual consumers whose goods are damaged by deceptive or fraudulent practices to recover \$500 or actual damages, whichever is greater. If the violation was willful, the consumer can recover up to three times the actual damages or \$1,000, whichever is greater.

Source: GAO analysis of state consumer protection laws.

While consumers in the six states have the ability to obtain compensation in excess of their lost and damaged goods for intrastate moves, they do not have this option if making an interstate move that is subject to federal consumer protection laws and regulations. As previously discussed, the Carmack Amendment limits consumers of interstate movers to recovering only the value of their lost or damaged goods in federal court.

**States Have Laws Governing Intrastate Household Goods Movers but Vary in Their Licensing Requirements, Oversight, and Enforcement**

All six states we visited have laws and regulations specific to intrastate household goods movers, but the state laws differ in their requirements of intrastate household goods movers. Five of the six states have requirements for intrastate movers to provide consumers some form of written estimate, but the states have different provisions on what should be in the estimate. For example, Florida requires estimates for a move to be signed by both the mover and the consumer, and the mover cannot charge anything more than the signed estimate. New York requires that if

the actual shipping cost exceeds the estimate by more than 10 percent, the mover must notify the consumer. Georgia, on the other hand, requires movers to provide either a binding or nonbinding estimate if requested by the consumer. All six states also have laws that allow the state regulating agency to fine intrastate movers for violations of state laws or regulations. Five of the six states have fines up to \$5,000 per violation, and one state can fine a mover up to \$20,000 for violating intrastate mover laws.

Some of the laws or requirements resulted from problems that states have had with movers. Three states have made changes to their intrastate household goods mover laws or requirements due to recent problems with illegitimate movers. State officials in Florida told us that problems with intrastate movers in their state resulted in a new intrastate mover law in 2002 that, among other things, makes holding goods hostage a third-degree felony. New York state officials stated that they tightened their entrance requirements in the mid-1990s as a result of rising complaints against intrastate movers and began disconnecting telephone lines of moving companies that were violating state laws. Officials in California stated that increased problems with movers in their state led to changes in the law that included automatically revoking the license of movers in violation of regulations and giving local police the authority to intervene in situations involving goods held hostage. Table 3 highlights some of the intrastate household goods mover laws in the six states we visited.

**Table 3: Highlights of Selected State Laws Governing Intrastate Household Goods Movers**

State	State regulating agency for intrastate movers	Cost estimates for moving household goods	Maximum fines that can be imposed per violation	Provision in state law for hostage goods situations
California	Public Utility Commission	A mover must provide either a written estimate of the total cost of the move or a written maximum rate for the cost of the move.	\$30,000	Gives local peace officers authority to intervene
Florida	Department of Agriculture and Consumer Services	Estimate must be in writing and must include an itemized breakdown; description; and total of all costs and services for loading, transporting, and unloading goods. The estimate must also be signed by the mover and the consumer.	\$5,000	Makes hostage goods situations a third-degree felony and gives law enforcement authority to intervene
Georgia	Public Service Commission	At the request of the consumer, movers must provide either a binding or nonbinding estimate. For nonbinding estimates, a mover cannot collect more than 110 percent of the estimate at the time of delivery.	\$5,000	No state provision

State	State regulating agency for intrastate movers	Cost estimates for moving household goods	Maximum fines that can be imposed per violation	Provision in state law for hostage goods situations
New York	Department of Transportation	At the request of the consumer, more than 72 hours before pick-up, a mover must provide a written estimate. <sup>a</sup> If the mover determines that the actual shipping cost will exceed the estimate by at least 10 percent, the carrier must inform the consumer by telephone or telegram.	\$5,000	No state provision
Texas	Department of Transportation	Movers must provide a written estimate prior to loading a consumer's household goods. The estimate must have the maximum amount the consumer could be required to pay.	\$5,000 for each violation and up to \$15,000 for knowingly committing a violation.	A mover must release the household goods to a shipper at destination if the shipper pays the maximum price listed on the moving services contract.
Virginia	Department of Motor Vehicles	At the consumer's request, the mover must provide a written nonbinding estimate of charges after a visual inspection of the goods. The estimate must contain language stating that the estimate is not a guarantee that the actual charges will not exceed the estimated amount.	\$5,000	No state provision

Source: GAO analysis of state household goods mover laws

<sup>a</sup>Moves of one room that are less than 400 square feet do not have to have a written estimate.

All six states have laws that require moving companies to obtain a license to operate. Additionally, all six states require moving companies to obtain some level of insurance to provide cargo liability in case of loss or damage to household goods. For example, Georgia requires intrastate movers to maintain cargo insurance of \$10,000 while California requires cargo insurance of \$20,000. Virginia requires movers to carry \$50,000 cargo liability insurance coverage to cover lost or damaged goods. According to a Florida state official, lack of adequate insurance is the primary reason for denial of a license.

While all six states have some similar requirements for an intrastate mover to obtain a license, four states have additional requirements. For example, three of these states perform background checks of household goods mover applicants. In California, the state requires applicants to be fingerprinted and performs criminal background checks through the FBI and the state Department of Justice. Additionally, these states have other requirements for intrastate movers to obtain a license. For example, California and New York require applicants to meet certain requirements pertaining to financial fitness and industry knowledge in order to receive a license. In New York, applicants must submit evidence of (1) at least 2

years experience in the household goods moving industry, (2) equipment suitable for transporting household goods, and (3) sufficient moneys or funds to meet start-up costs. Table 4 provides information on some of the requirements for obtaining an intrastate mover license in states that we visited.

**Table 4: Selected State Licensing Requirements for Intrastate Household Goods Movers**

State	Proof of cargo insurance	Background checks	Evidence of financial fitness	Evidence of industry knowledge
California	X	X	X	X
Florida	X			
Georgia	X		X	
New York	X	X	X	X
Texas	X			
Virginia	X	X	X	

Source: GAO analysis of state household goods mover licensing requirements.

Note: Florida allows companies with two or fewer trucks to provide a \$25,000 bond in lieu of carrying cargo insurance. Virginia requires a newly certificated intrastate mover to carry a \$50,000 bond for the first 5 years of operation to protect the consumer against fraud by the mover.

According to a number of state and moving industry officials, these additional licensing requirements did not adversely impact legitimate movers and effectively screened out undesirable illegitimate movers. Additionally, officials from one state told us that when their state was not adequately screening movers, illegitimate movers were entering the marketplace. These officials also stated that one of the traits of illegitimate movers is that they do not pay the same costs as legitimate movers (e.g., liability insurance, workman’s compensation etc.). According to a moving industry official, the low rates which illegitimate movers use to lure customers make it necessary for legitimate movers to lower their rates, but legitimate movers still have all the attendant costs of insurance for vehicles, personnel, workmen’s compensation, and decent wages. Some of these officials stated that illegitimate movers may pay none of these costs, thus driving out the legitimate, quality movers.

Oversight of intrastate household goods movers varied in the six states we visited. Three of the states (California, Florida and New York) had increased the amount of oversight and enforcement due, in part, to the severity of the problem with intrastate household goods movers. For example, California officials stated that they had increased the number of their investigators from 4 to 8 due to the rising problems with intrastate

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movers. Florida has 11 investigators it uses for household goods oversight and other programs. Conversely, Virginia officials stated that they have no full time staff dedicated specifically to overseeing household goods movers because intrastate movers have not been viewed as a problem, in terms of the number of complaints. In Georgia, the state official responsible for household goods oversight stated that changes in state agency jurisdiction for household goods oversight led to a reduction in the number of investigators and subsequently, increased problems with movers in the state.

Officials in all six states told us that they also receive consumer complaints on intrastate movers and attempt to resolve them. In addition, Texas and Virginia have more formal mediation programs available to consumers to resolve their complaints. Two states we visited (Georgia and Virginia) make complaint information available to the public via the Internet. In Virginia, consumers can search moving companies by name to see if a complaint has been logged against a company and whether the complaint was resolved favorably or unfavorably. Consumers in Georgia can view a list of licensed intrastate movers to determine if a mover has had a complaint filed against the company. The other four states we visited stated that consumers can call to inquire if a complaint has been made against a specific moving company. State officials also told us that many of the complaints that consumers have are related to small and illegitimate movers who often advertise on the Internet.

Enforcement activity against intrastate movers in the six states we visited also varied. According to Florida officials who regulate intrastate household goods movers, since 2002, over 360 investigations have been conducted, and over \$270,000 in fines have been assessed against movers. Additionally, the Florida Attorney General's Office has pursued 22 cases against movers under their consumer protection laws resulting in civil penalties against movers. Since 2003, California has performed 541 investigations and fined intrastate movers over \$350,000. An official with the California Office of Attorney General told us that the office has successfully prosecuted movers under state consumer protection laws, resulting in companies being put out of service and deportation. On the other hand, officials with Virginia's Office of Attorney General stated that they did not remember any enforcement action brought against intrastate movers in the last 17 years.

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## States That Took Actions to Improve Consumer Protections Told Us that These Actions Had a Positive Effect on Both Consumers and Legitimate Movers

Officials in three states we visited stated that after the state took actions to improve protections of consumers of intrastate moves, problems with intrastate movers decreased, and the situation for consumers and legitimate intrastate movers had improved. For example, California and New York state officials said that their additional licensing requirements of background checks and proof of financial fitness have helped to screen out illegitimate movers. California state officials told us that they were surprised by the number of former criminals applying for licenses to operate as an intrastate mover when they began performing background checks. New York officials also stated that disconnecting the telephone lines of moving companies that violate state laws had been effective in reducing the ability of illegitimate movers to continue to operate and that complaints against intrastate movers have gone down as a result of increased compliance efforts and the additional licensing requirements. In fact, information provided by New York State officials indicates that consumer complaints against intrastate movers have declined from a high of 553 complaints in 1997 to 203 complaints in 2005.<sup>31</sup> Florida officials stated that the new enforcement measures, which allow law enforcement authorities the right to force movers to release hostage goods have reduced the number of hostage goods situations. Additionally, a California official stated that the additional laws pertaining to intrastate movers have not adversely affected legitimate movers. In fact, the official stated that legitimate movers were happy to have the additional laws because legitimate businesses are being hurt by illegal operators. Officials representing the state's moving association also stated that the moving industry supports the additional state laws California has enacted to remove illegitimate movers from the industry. Officials representing New York's moving association stated that their state requirements help screen out illegitimate movers and help educate movers that receive a license about what it takes to operate as a legitimate mover.

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<sup>31</sup>Of the three states that told us their actions had led to improved conditions for consumers and legitimate movers, only New York provided data to substantiate this claim. We did not perform any analysis of the data provided by New York state.

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## Applying State Consumer Protection Laws to Interstate Movers May Aid Consumers and Could Increase Movers' Costs, but Such Action Is Unlikely to Allow States to Regulate Rates of Interstate Movers

Applying state consumer protection laws to interstate household goods movers could enhance protections for consumers but may increase movers' and consumers' costs and may be ineffective in providing relief to consumers who pursue legal action against illegitimate movers. Such application would allow consumers to sue interstate household goods movers in state court and consumers could recover greater damages than current federal law allows. However, such application may not improve protection for consumers hiring illegitimate interstate movers. Industry representatives we contacted opposed such application, stating that subjecting interstate movers to states' consumer protection laws would increase their costs and potentially drive them out of business. Economic reasoning suggests that if increased regulation raises costs, rates charged to consumers will increase. However, some state officials we interviewed did not think that legitimate movers, who are already complying with states' consumer protection laws, would incur increased costs due to regulation. Finally, if state consumer protection laws were applied to interstate movers, it is likely that the responsibility for overseeing interstate movers' rates would remain with the federal government because all rate regulation for interstate movers is the responsibility of the federal government.

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## Applying State Consumer Protection Laws to Interstate Movers Might Benefit Consumers, but Not Protect Them from Illegitimate Movers

Applying state consumer protection laws to interstate household goods movers has the potential to enhance protections for consumers. Federal law currently provides consumers with the options of pursuing civil litigation in federal court or seeking recourse through participation in the movers' arbitration program to resolve disputes with interstate household goods movers. Courts have consistently held that the Carmack Amendment preempts recovery in state courts against interstate movers; i.e., that the only remedies available for consumers are at the federal level, and these remedies are limited to a maximum of the replacement value of the goods.<sup>32</sup> Applying state consumer protection laws to interstate movers would give consumers an alternative to the current options for resolving their disputes. In the six states we visited, state consumer protection laws allow consumers to sue intrastate household goods movers for unfair and deceptive trade practices and, in some cases, to recover compensation beyond the replacement value of their goods. Although general consumer protection laws and the standards for proving their violation vary from

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<sup>32</sup>For plaintiffs suing in federal court, the court does have the discretion to award reasonable attorney's fees and costs to the prevailing party.



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state to state, plaintiffs can often recover other compensatory or punitive damages in excess of the value of their goods. Officials from four of the six state attorneys general offices commented on the application of state consumer protection laws to interstate movers and told us that such an application would not be problematic.

Several industry officials stated that since illegitimate movers operate outside of the law, the application of state consumer protection laws to interstate household goods movers would not alleviate the problem of illegitimate movers or improve consumers' options for recourse. According to these officials, illegitimate movers would not appear in court or would not have assets with which to compensate the consumer. We highlighted in a previous report similar situations in which consumers won judgments, but could not collect damages from illegitimate movers.<sup>33</sup>

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### Applying State Consumer Protection Laws to Interstate Movers Could Increase Movers' Costs and Increase Rates Charged to Consumers

A complete evaluation of a regulation should take into account benefits and costs to all affected parties, even if some of the effects are unintended. Although some consumers may benefit from increased protection, applying state consumer protection laws to interstate movers may also have some adverse consequences. In particular, moving companies may experience an increase in costs due to increased regulation. As a consequence, if movers' costs increase, then some of those costs may be passed on to consumers in the form of higher rates. While the sizes of these effects are unclear, they should be considered in evaluating proposals to increase consumer protection.

Moving company and state officials expressed varied opinions about the cost effects of applying state consumer protection laws to interstate movers. Industry officials we contacted expressed concerns that applying state consumer protection laws to interstate movers could increase mover's costs. Specifically, five of the eight interstate moving company representatives with whom we spoke believed that it would be difficult to adhere to all states' consumer protection laws without incurring additional costs. Several moving company officials told us that costs associated with increased regulation could drive some legitimate moving companies out of business. A few industry officials said that such regulation may

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<sup>33</sup>Consumers have complained that, in some instances, even when they have won judgments against carriers in court, they have been unable to collect damages because the carrier has hidden its assets. [GAO-01-318](#), p. 9.

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disproportionately affect smaller moving companies due to increased costs. In contrast, some state officials told us that legitimate movers would not incur additional expenses due to regulation. These officials stated that legitimate movers are already complying with the law and would, therefore, not face increased costs.

Basic economic reasoning suggests that, to the extent they occur, some of the increased costs from increased regulation would be passed on to consumers. As regulations increase the cost of compliance, the willingness of moving companies to move household goods at the existing rates is likely to decrease. In addition, an increase in the costs movers face may decrease entry into the moving industries, and thus decrease the number of movers. Both of these factors would diminish supply and increase the prices paid by consumers for moving services.

However, the size of the resulting rate change from the proposed regulation in the household goods moving industry is unclear. For one reason, as discussed above, it is unclear how much costs will actually increase. In addition, consumers may have other options for moving goods across state lines, which makes it difficult for movers to always increase rates in response to higher costs. For example, some consumers with smaller loads of household goods may be able to rent vans to move furniture themselves, or send boxes through the U.S. Postal Service or private companies. To the extent that these services are substitutes for moving services, moving companies may lose business to these other services if they raise rates, which constrains their ability to pass along costs to consumers.

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### State Consumer Protection Laws Would Likely Not Regulate the Rates of Interstate Movers

It is unlikely that the application of state consumer protection laws to interstate movers would allow states to regulate their rates. In the six states we visited, laws pertaining to rates of intrastate household goods movers are separate from state consumer protection laws. In general, state consumer protection laws prohibit deceptive trade practices. These laws do not grant the states authority to regulate rates of household goods movers. Furthermore, none of the officials in the state attorneys general offices that responded believed such application would allow them to regulate the rates of interstate movers. A few of these officials told us that they did not desire the authority to regulate the rates of interstate movers.

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## Conclusions

While FMCSA has increased its enforcement and other oversight activities related to interstate household goods movers, the effectiveness of its

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actions remains unclear. FMCSA's enforcement efforts have been taken largely in response to consumer complaints and have included identifying problem movers by volume of consumers' complaints, then investigating these movers, and issuing fines and/or revoking licenses as necessary. According to FMCSA, these actions have resulted in removing or bringing into compliance some problem movers. However, under this approach, the agency has focused on measuring the quantity of its outputs, not on the resulting outcomes, and as a result, has no information on the overall effectiveness of its enforcement actions. Without such information, FMCSA does not know whether or to what extent its actions are improving industry compliance and reducing the number of illegitimate movers. Thus, it lacks the information needed to determine whether it should change its enforcement policies to improve their effectiveness.

FMCSA has done little to prevent illegitimate movers from entering the marketplace and injuring consumers, expressing concern about creating barriers for companies entering the marketplace. Some states, however, have decided that additional licensing and registration requirements are necessary to improve the chances of screening out illegitimate intrastate movers.

With regard to aiding consumers in making informed choices, FMCSA has developed a Web site that provides a lot of information for consumers. Consumers are increasingly choosing movers over the Internet, based on price alone, with no knowledge of the quality of service provided. If consumers become aware of the information available on FMCSA's Web site while researching moving companies over the Internet, they may make a more informed choice and avoid being a victim of an illegitimate mover.

Currently, consumers who are victimized by illegitimate movers have few options for redress. The effectiveness of the authority SAFETEA-LU granted to the states in August 2005 is unknown because states have not yet exercised it. It is possible that with the expiration in September 2006, of the amendment limiting state actions, states may make use of this authority in the near future. If consumers were allowed to pursue interstate movers under state consumer protection laws, they would have the option to sue the interstate mover in state court. However, our research indicates that consumers might not materially benefit as these movers might not show up in court or, if the consumer should win his/her case, some of these movers would not have the assets to pay the penalties. What seems apparent is that once a consumer has been victimized by an illegitimate mover, it is very difficult to repair the damage done both financially and psychologically. Thus, consumers would clearly benefit if

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illegitimate movers were prevented from ever entering the marketplace. In states that have made the holding of goods hostage a felony, consumers who become victims of illegitimate movers and have their goods held hostage can call on local law enforcement to come to their immediate aid. Now that SAFETEA-LU has authorized all states to enforce the federal provision making it a felony to hold goods hostage, all states could benefit from federal guidance on how to use this new authority.

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## Recommendations

To enhance FMCSA's effectiveness in protecting consumers of interstate moves, we recommend that the Secretary of Transportation direct the Administrator of FMCSA to take the following three actions:

1. Develop a strategy with performance goals and measures that delineates how its oversight and enforcement activities related to household goods movers will improve consumer protection. The strategy and performance goals and measures should delineate a method for monitoring and evaluating FMCSA's performance against set goals and timelines to improve consumer protection.
2. In developing its strategy, FMCSA should assess the potential advantages and disadvantages, including the cost-effectiveness, for consumers and movers of the following:
  - Determining whether implementing additional licensing and registration requirements would be effective in reducing the number of illegitimate movers performing interstate moves, and
  - Determining whether interstate movers should be required to place a Web address link to FMCSA's "Protect your Move" Web site in all their online advertising and place the Web address in all print advertising to aid consumers in making more informed decisions about choosing and contracting with a mover.
3. In developing and implementing an outreach plan to enhance coordination and effective enforcement of federal laws and regulations between and among federal and state law enforcement and consumer protection authorities, FMCSA should include guidance to state officials on what is required to enable them to enforce the federal laws in this area, including laws regarding holding goods hostage in their state.

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## Agency Comments

We sent a draft of this report to DOT and to the Federal Maritime Commission. DOT generally agreed with the information provided in the report, and both agencies provided technical clarifications, which we have incorporated as appropriate. DOT agreed to consider our recommendations.

We are sending copies of this report to the appropriate congressional committees and to the Secretary of Transportation. We will also make copies available to others upon request. In addition, this report will be available at no charge on the GAO Web site at <http://www.gao.gov>.

If you or your staff have any questions about this report, please contact me at (202) 512-2834 or [heckerj@gao.gov](mailto:heckerj@gao.gov). Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff that made key contributions to this report are listed in appendix III.

A handwritten signature in black ink, appearing to read "Jayetta Z. Hecker". The signature is fluid and cursive, with a long horizontal line extending to the right.

JayEtta Z. Hecker  
Director, Physical Infrastructure Issues

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# Appendix I: Objectives, Scope, and Methodology

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To determine the protections provided to consumers by federal regulation of interstate household goods movers, we reviewed key federal legislation and regulations, including the Interstate Commerce Commission (ICC) Termination Act of 1995, the Motor Carrier Safety Improvement Act of 1999, the Safe, Accountable, Flexible, Efficient Transportation Equity Act—A Legacy for Users (SAFETEA-LU) legislation of 2005, the amendment to the 2006 transportation appropriations law, and the Carmack Amendment set forth in 49 U.S.C. 14706. To understand the Department of Transportation’s (DOT) role with respect to the household goods industry, as delegated to Federal Motor Carrier Safety Administration (FMCSA), as well as the role of other federal agencies, including the Surface Transportation Board (STB) and the Federal Trade Commission (FTC), we reviewed applicable federal regulations, program guidance, and information provided to consumers through those agencies’ Web sites. We also conducted semistructured interviews with representatives from DOT and other pertinent federal agencies, state regulatory and enforcement agencies, consumer groups, interstate movers, and mover associations—and analyzed pertinent documentation—to understand how consumer protection for this industry is provided and to learn how well FMCSA is providing oversight and enforcement of its rules and regulations. To report the number of consumer complaints against carriers that FMCSA received, we obtained their Household Goods Consumer Complaint (HHGCC) database and assessed its reliability by interviewing knowledgeable agency officials about data collection processes and performing electronic testing of the data. We determined the HHGCC database was sufficiently reliable for the purpose of reporting the number of annual complaints since 2004.

To determine the protections states provide to consumers of household goods moves, describe their effects on consumers and intrastate movers, and assess the implications of applying state consumer protections laws to interstate household goods movers including the potential to regulate rates, we made site visits to six states (California, Florida, Georgia, New York, Texas and Virginia). The six states that were selected were among the top 10 states in terms of the total number of complaints for calendar years 2004, 2005, and 2006. In addition, four of these states were reported to have had problems with interstate household goods movers, according to FMCSA and industry officials and/or they had enacted recent legislative changes to address problems with household goods movers. During the site visits to the states, we analyzed consumer protection laws and regulations pertaining to household goods movers, and interviewed state agency officials, intrastate household goods movers, movers’ associations, and local Better Business Bureaus to obtain their views on the potential

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effects of applying state consumer protection laws to interstate household goods movers and learn their processes for investigating and resolving complaints and conducting enforcement activities. We also interviewed state officials about the new authorities granted to the states by SAFETEA-LU.

With respect to the information contained in appendix II, we compared information on FMCSA's protections for consumers of interstate household goods moves to the consumer protections provided by federal regulation of two other transportation modes, aviation and maritime. We chose these modes because the two federal organizations involved provide consumer protections involving transport of personal or household goods, including (1) DOT's Office of Aviation Analysis (OAA) and the Office of Aviation Enforcement and Proceedings (OAEP), which are responsible for the only other DOT transportation mode that promulgates extensive consumer protections and (2) the Federal Maritime Commission (FMC), which oversees the transport of household goods across oceans. We interviewed officials at these agencies and reviewed pertinent documentation to understand each organization's processes for protecting consumers, including (1) licensing and registration of carriers, (2) complaint investigation and resolution, and (3) enforcement activities. We then compared the consumer protection processes in OAA/OAEP and FMC with the processes used by FMCSA in protecting consumers of interstate household goods moves.

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## Organizations Contacted

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### Federal Agencies

*Department of Transportation*  
Federal Motor Carrier Safety Administration Headquarters  
FMCSA Southern Service Center (Georgia)  
FMCSA Division Offices (California, Florida, Georgia, New York, Texas, and Virginia)  
Office of Aviation Analysis  
Office of Aviation Enforcement and Proceedings  
Office of Inspector General  
Surface Transportation Board  
Federal Maritime Commission

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State Agencies

*California*

Office of the Attorney General  
Public Utility Commission

*Florida*

Office of the Attorney General  
Department of Agriculture and Consumer Services

*Georgia*

Office of the Attorney General  
Public Service Commission

*New York*

Office of the Attorney General  
Department of Transportation

*Texas*

Office of the Attorney General  
Department of Transportation

*Virginia*

Office of the Attorney General  
Department of Motor Vehicles

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Industry Associations

American Moving and Storage Association  
California Moving and Storage Association  
Florida Movers and Warehousemen's Association  
New York Movers' and Warehousemen's Association  
Southwest Movers Association  
Virginia Movers and Warehousemen's Association

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Law Enforcement and  
Consumer Associations

National Association of Attorneys General  
Council of Better Business Bureaus  
The Better Business Bureau of Metro Atlanta, Athens, and Northeast  
Georgia  
The Better Business Bureau of Metropolitan Dallas, Inc.  
The Better Business Bureau of Metropolitan New York,  
The Better Business Bureau of Northeast Florida  
The Better Business Bureau of Northern California  
The Better Business Bureau of Central Virginia



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**Alternative Dispute  
Resolution Association**

National Arbitration Forum

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**Moving Companies**

Adams Transfer and Storage Company  
Arnoff Moving and Storage  
Atlantic Relocation Systems  
Clark Moving and Storage, Inc.  
Crown Moving and Storage  
Gabriel's Moving  
Hilldrup Moving and Storage  
Northstar Moving and Storage  
Texas Moving Company, Inc.  
UniGroup, Inc.

# Appendix II: Consumers of Airline Travel and Household Goods Moves Overseas Have Added Protections

In two areas, licensing requirements and resolving individual consumer complaints, other federal entities provide additional protections to airline travelers and/or consumers of household goods moves overseas, compared with those provided by DOT’s FMCSA. Two offices within DOT—OAA and OAEP—have responsibility for airline consumer protections. OAA is responsible for, among other things, licensing airline carriers, and OAEP handles consumer complaints against airline carriers. FMC is responsible for, among other things, licensing nonvessel-operating common carrier (NVOCC) overseas movers that are used to transport household goods and resolving consumer complaints.

First, OAA and FMC require applicants to meet greater licensing requirements as compared with FMCSA. For example, both of these agencies require proof of financial fitness as part of the licensing process: airline carriers must generally submit information to OAA demonstrating financial fitness, while FMC requires a surety bond and evidence that an applicant is in good standing as a business. As another licensing requirement, the agencies require applicants to prove that management personnel possess industry experience before they receive a license. For example, OAA ensures that management personnel have an adequate background to oversee an airline before issuing a license, while FMC requires a minimum of 3 years experience in ocean transportation of goods to obtain a license. In contrast, FMCSA does not require applicants to meet financial fitness or management competency standards. The following table compares selected licensing requirements of FMCSA, FMC, and OAA.

**Table 5: Selected licensing requirements of FMCSA, FMC, and OAA**

Federal agency	Requires evidence of industry experience	Requires evidence of financial fitness	Requires proof of insurance	Requires filing/publication of tariff
FMCSA			X	X
FMC	X	X	X	X
OAA	X	X	X	X

Source: GAO analysis of DOT and FMC laws and regulations.

Assistance in resolving individual complaints is another area in which additional protections are provided to consumers. For example, FMC responds to every consumer complaint against NVOCC overseas movers. The office receives 300 to 500 consumer complaints each year that require staff assistance. Furthermore, FMC invites consumers using its Web site to

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**Appendix II: Consumers of Airline Travel and Household Goods Moves Overseas Have Added Protections**

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contact FMC with any problem the consumers might have. For consumers of airline services, OAEP will contact an airline carrier on behalf of consumers to help resolve legitimate complaints. OAEP also invites consumers on their Web site to file complaints by e-mail. Finally, it publishes monthly an Air Travel Consumer Report that lists, by carrier, complaints it has received; on-time performance; lost, damaged, or delayed baggage; and oversales<sup>1</sup> information. In comparison to FMC and OAEP, FMCSA aids individual consumers only in hostage goods situations, and this aid is limited since FMCSA is unable to enforce the release of goods held hostage.

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<sup>1</sup>Oversales occur when flights are overbooked, e.g. with boarding priority rules and issuing travel vouchers.

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# Appendix III: GAO Contact and Staff Acknowledgments

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## GAO Contact

JayEtta Z. Hecker, 202 512-2834 or [heckerj@gao.gov](mailto:heckerj@gao.gov)

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## Staff Acknowledgments

In addition to the individual named above, Rita Grieco, Assistant Director; Amy Abramowitz; Ashley Alley; Benjamin Bolitzer; Jay Cherlow; Andy Clinton; Colin Fallon; N’Kenge Gibson; Sara Ann Moessbauer; Beverly Ross; Laura Shumway; and Nancy Zearfoss made key contributions to this report.

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