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NOV 05 2012



RFP Comments for Tonight's Mayor and Council Meeting
Bonnie Simpson

to:

Mayor&Council@chandleraz.gov, Eric.Anderson@chandleraz.gov

11/05/2012 04:28 PM

Hide Details

From: Bonnie Simpson <bms@buelerjones.com>

To: "Mayor&Council@chandleraz.gov" <Mayor&Council@chandleraz.gov>,

"Eric.Anderson@chandleraz.gov" <Eric.Anderson@chandleraz.gov>

1 Attachment



Letter to Mayor and Council Members 11-5-12.pdf

Attached is a letter from Attorney Jones on behalf of our client Thompson Diversified. Please consider these comments for tonight's meeting.

Bonnie M. Simpson

Legal Assistant

Bueler Jones LLP

1300 North McClintock Drive, B-4

Chandler, AZ 85226-7205

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November 5, 2012

Mayor Tibshraeny
City Councilmembers
Office of the Mayor & City Council
P.O. Box 4008, Mail Stop 603
Chandler, AZ 85244-4008

Re: RFP on Towing

Dear Mayor and Councilmembers:

We write on behalf of Valley Express Towing, to encourage you to disregard the staff recommendation and award the towing contract to our client. As you are aware, in May the City insisted on rejecting the IFB process in favor of the current RFP process. The stated reason for rejecting all IFB proposals and not awarding the contract to Valley Express was skepticism about Valley's -0- bid and apparent concern that Chandler motorists would be subject to back-end charges and potential excess towing fees.

In response, Valley Express representatives met with the Mayor and several council members to assure them that the \$-0- bid was completely responsible and to address any concerns that the mayor and council had. Even after these meetings, the council insisted that the IFB process be scrapped in favor of the RFP, disregarding the warning signs that this would lead to more chaos and appearance of impropriety.

Ironically, the very practice that concerned the mayor and council in May is exactly the basis of the inquiry by the Arizona Department of Insurance against All City Towing. After reviewing the email correspondence from Investigation Supervisor Mr. Chuck Gregory to Special Agent Paul Hill, it is apparent that in August alone, All City received four different inquiries regarding its "re-towing practices" and questioning the amount of its initial tow. (See page 2 of 5 attached hereto.) These complaints are for Chandler alone and reported by only one insurance company. There may be several more from other insurance companies.

By comparison, the other towing contractors currently being considered for the towing contract award have received only three inquiries for Apache Sands and zero since 2008 for Valley Express, respectively. Yet inexplicably even after this disparity was brought to light last Friday, the City issued a written statement reaffirming their decision of an All City recommendation.

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Mayor Tibshraney
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In the first sentence of the cover letter to All City's proposal it states that "All City has previously served the City for the last 13 years." During the same time period, All City (or its predecessor) has been the subject of investigations by law enforcement offices. These investigations have resulted in lengthy suspensions from contracts like the one the City is contemplating today. Despite this, All City failed to mention any of this in its bid proposal. This appears to be a direct violation of the RFP and non-responsive to the questions asked.

When Valley Express pointed the above out in their protest, the City's response was that the "City reserved the right to waive any informality or irregularities in any offer received." More confusing is the City's response to the protest, a response that appears to ignore the important facts not disclosed. The response, made by the City Attorney, states, "I have not seen where any of those allegations were part of the record, before the committee so it is not clear how the committee members could have considered that information, even if they wanted to." In other words, because All City Towing did not disclose items it should have disclosed in its bid, the City could not consider the fact of nondisclosure or consider the information not disclosed. The City's position is nonsense. What seems more apparent is that the City's committee continued to give every latitude and accommodation to All City's bid and awarded it the maximum amount of points in the "experience" category, even though it failed to disclose its negative history.

Probably most troubling is that Chandler insisted at the contractor's orientation meeting, that there would be no scoring formula for price until "they received all the proposals, examined who bid and how much they bid." Valley Express was unsatisfied with this response and pressed the purchasing manager for clarification. He responded by saying, "the awarding of points for price would be proportionate to the amount bid."

In fact, the actual evaluation and awarding of points was anything but proportionate. Instead, an alternative method which inverted the results and left Valley Express in last place and All City in first place was used. Even more troubling is that in less than five months time the recommended contractor raised their contract bid from \$860,000 to 2.3 million.

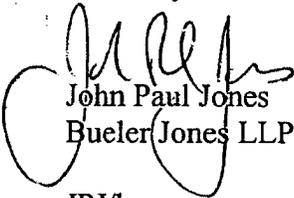
What is crystal clear in the City Attorney's rejection of Valley Express's protest is that the City believes that the appointed committee had broad latitude in subjectively evaluating the proposals. However, it is the Mayor and City Council's job to ultimately evaluate each proposal and award the contract. The Mayor and Council should not allow

Mayor Tibshraney
And City Councilmembers
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any committee to circumvent the best interests of the citizens of Chandler by awarding a contract based on subjective criteria when all of the objective evidence obtained by the City supports an award to Valley Express Towing.

We respectfully request that at the Council meeting tonight you act in the best interest of the City of Chandler and award the towing contract to Valley Express Towing.

Cordially,



John Paul Jones
Bueler Jones LLP

JPJ/bms

FW: updated - All City
Paul W. Hill
to:
Michael.Mandt@chandleraz.gov
10/25/2012 07:36 AM
Show Details

History: This message has been replied to.
Mike,

Sorry I did not get the faxes to you yesterday things were crazy yesterday. I will send them in a few minutes.
Besides faxes here are two emails from State Farm that I was asked to forward to you.

NOTE: in 2008 we had one "information only" referral on Valley Express Towing. In 2012 we had three referrals on Apache Sands. All of the referrals on these two companies were in Mesa.

Paul Hill, CFE
Special Agent
Arizona Department of Insurance
2910 N. 44th Street #210
Phoenix, Arizona 85018
Direct (602) 364-2141

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From: Chuck Gregory
Sent: Thursday, October 25, 2012 6:35 AM
To: Paul W. Hill
Subject: FW: updated - All City

Can you forward this to Chandler. They related in a earlier phone conversation this involved Chandler accidents only.

Chuck Gregory, Investigations Supervisor
Arizona Department of Insurance
Investigations Division
2910 North 44th St Suite #210
Phoenix, Arizona 85018
Phone: 602-364-2142

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From: Dawn Palmieri [mailto:dawn.palmieri@statefarm.com]
Sent: Wednesday, October 24, 2012 6:08 PM
To: Chuck Gregory

Cc: Dawn Palmieri
Subject: updated - All City

Chuck--

I added the date of loss to this table and clarified the statement about "assuming the owner signed an authorization form". My intent was to show that the statute says the owner must sign a written authorization form to release the car. We are not finding that any owners signed anything for the tow company to move their car--especially to a shop - and in many cases we have sent a release to have the car taken to a salvage yard instead since it is a total loss.

CoPart does not charge anything to us to pick up the car at All City Tow. If All City follows the statute and allows CoPart to pick it up, they only get the contracted \$10. If All City quickly moves the car to a repair shop (which is the norm), they get to charge around \$300 for that second tow. Since the cars are not repairable, it is misleading to guide the owners to have the cars taken to a repair shop - just so they get the \$300 when it's dropped off. The statements they make to the owners are misleading and intentional, the owners are relying upon the statements made by All City, and the carriers are paying money they don't owe (damages).

Let me know if you need anything else. We will keep working on it.



8/23/2012 0310W6472 EKLUND

Administrative charges billed, not allowed per contract

- Vehicle released to CoPart. Owner asked that car go to T&S, but T&S rejected as an obvious total loss and told them to take it back to ACT. Instead, ACT dropped the vehicle at Earnhardt without owners' knowledge or permission.
Owner affidavit.

8/10/2012 0310M5508 KIM

- Vehicle released to CoPart, but towed to a shop. (The owner should have signed a written release, but none was found in the file.)

3/10/2012 0310M5508 RUIZ

Initial tow \$32.50 - higher than contract

Administrative charges billed, not allowed per contract

- Vehicle released to CoPart, but ACT towed a total loss to a shop (San Tan Collision Center).
Owner affidavit.

4/8/2012 0310L1781 GORKE

Administrative charges billed,

- Vehicle released to Copart, but ACT solicited husband after speaking with wife and

8/8/2012 0310L1781 SANCHEZ	not allowed per contract	<p>towed a total loss vehicle to a shop (Thorobred Chevy). <i>Owner affidavit.</i> - Vehicle released to CoPart, but total loss vehicle towed to a shop (Auto Body World). (The owner should have signed a written release, but none was found in the file.)</p>
11/30/2011 034143743 ROESNER	<p>Administrative charges billed, not allowed per contract Initial tow \$32.50 - higher than contract</p>	<p>(The owner should have signed a written release, but none was found in the file.)</p>
10/11/2011 034140171 LEIGHTON	<p>Administrative charges billed, not allowed per contract</p>	<p>- Vehicle released to CoPart but taken to a shop (Berge Ford). (The owner should have signed a written release, but none was found in the file.)</p>
9/21/2011 034138043 WARREN	<p>Administrative charges billed, not allowed per contract</p>	<p>(The owner should have signed a written release, but none was found in the file.)</p>
8/4/2011 034131598 OBRIEN	<p>Initial tow \$25 - higher than contract</p>	<p>(The owner should have signed a written release, but none was found in the file.)</p>
6/18/2011 034125207 MEDRANO	<p>Administrative charges billed, not allowed per contract</p>	<p>(The owner should have signed a written release, but none was found in the file.)</p>
5/16/2011 034120769 LI	<p>Initial tow \$34.50 - higher than contract</p>	<p>ACT sent collection letter to owner that they were not paid for the tow to Advanced Auto Body, yet their invoice shows they were paid by Advanced Auto Body when the car was dropped off. ACT may have been paid twice for the tow (\$450).</p>
5/11/2011 034119985 FISCHER	<p>Administrative charges billed, not allowed per contract</p>	<p>(The owner should have signed a written release, but none was found in the file.)</p>
1/22/2011 034116916 LOHRING	<p>Administrative charges billed, not allowed per contract</p>	<p>- ACT took car to repair shop before owner decided on action.</p>

contract

Owner affidavit. ADOI
complaint.

4/9/2011 034115076 STITT

Administrative
charges billed,
not allowed per
contract

4/9/2011 034115076 FOSTER

Administrative
charges billed,
not allowed per
contract

3/30/2011 034113584 SANDHOLM

- Vehicle released to CoPart
but it was towed to a shop.
The owner had his girlfriend
(not next of kin) call ACT to
provide shop name. (The owner
should have signed a written
release, but none was found
in the file. The owner asked
his girlfriend to call All
City provided. She is not the
next-of-kin.)

3/29/2011 034113124 QUEALE

(The owner should have signed
a written release, but none
was found in the file.)

12/7/2010 034092302 TYLINSKI

Administrative
charges billed,
not allowed per
contract

- ACT told owner to tow total
loss vehicle to a shop
(Ernhardt) (ie
solicitation). *Owner
affidavit.*

11/12/2010 034087317 TAYLOR

Administrative
charges billed,
not allowed per
contract

10/12/2010 034079274 BERGERON

Administrative
charges billed,
not allowed per
contract

(The owner should have signed
a written release, but none
was found in the file.)

6/19/2010 034037829 BRINKLEY

Administrative
charges billed,
not allowed per
contract

3/19/2010 034037829 PARRA-
PENA

Administrative
charges billed,
not allowed per
contract

- ACT towed a total loss
vehicle to a shop (BodyPros).
(The owner should have signed
a written release, but none
was found in the file.)

3/17/2010 034026854 LENG

Administrative
charges billed,
not allowed per
contract

Dawn Palmieri CPCU, CLU
SUI - MCIU Tempe

A State Farm Insurance Companies

☎ Office (480) 293-7760

☎ Fax (480) 293-7929

✉ Email Dawn.Palmieri.hq61@statefarm.com

📍 Address PO Box 22045
Tempe, AZ 85285-9684

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Date: November 2, 2012
To: Michael Mandt, Acting Purchasing Supervisor
From: Jeffrey D. Dunn, General Manager
Subject: Police Towing Contract – Response to ADOI Information

ALL CITY SUMMARY

The documents from the Arizona Department of Insurance (“ADOI”), which were received at the 11th hour, were generated from the National Insurance Crime Bureau. The NICB maintains a national database of claims referrals from insurance companies. This is one way insurance companies and their adjusters track accident information. These NICB documents are merely an insurance adjuster’s notes about their beliefs of what happened. These documents are WITHOUT ANY SUPPORTING EVIDENCE OR INVESTIGATIONS INTO THE ALLEGATION OTHER THAN TYPICALLY OBTAINING THEIR OWN INSURED’S BIASED STATEMENT AND NOTHING MORE. The entities being reported upon may or may not ever be contacted for their position as to the NICB entry.

Furthermore, ACT had no prior notice of these alleged issues with their service since none of the actual towing client’s ever raised the issue with it and, more importantly, there has been no inquiry from the ADOI as of today. As far as we know, these unsupported allegations will go nowhere and the ADOI has already indicated as much to the City. If there were substance to the allegations, why supply the information without a request just minutes after an award recommendation?

We were and remain shocked and infuriated by this 11th hour attempt to derail the City of Chandler’s procurement department’s recommendation that the City Council award the contract to ACT. We can only assume this 11th hour attack is from one of the non-selected Proposers. One or more of these Proposers apparently are upset that they could not match ACT’s experience, record of service or resources during the evaluation. **The City’s procurement department, even with these new allegations, still recommends that the City Council award the bid to ACT.** This speaks volumes to ACT’s ability to provide the quality of service the City of Chandler demands for the current towing contract.

We have compiled what our responses would have been, had these matters, as old as two and one-half years ago, been sent to us by the ADOI. They are as follows:

DATE OF SERVICE	ALL CITY INVOICE #	CUSTOMER NAME
-----------------	--------------------	---------------

1. 8/23/12	967842	Eklund
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On 8/23, vehicle was involved in an accident and towed to our Chandler facility per the Chandler Police Department ("CPD"). The next day, vehicle was towed to T&S Body Shop per insurance company authorization. T&S refused the vehicle. Vehicle returned to yard and RO was contacted. He then authorized vehicle to go to Earnhardt's. DOB secured. CPD contract charges were \$10.00/tow and 0 days storage = \$10.00

2. 8/10/12	967503	Kim
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On 8/10, the vehicle was involved in an accident and towed to our Chandler facility per CPD. Five days later, the vehicle was released to Copart per insurance company release. Vehicle was never towed to a shop by All City as has been alleged. CPD contract charges were \$10.00 tow and 5 days of storage at \$7.50/day = \$47.50

3. 08/10/12	967502	Ruiz
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On 8/10, the vehicle was involved in an accident and towed to Chandler facility per CPD. 3 days later, vehicle towed to San Tan Collision Center per RO's verbal authorization. DOB secured. CPD contract charges were \$10/tow and 3 days of storage at \$7.50/day = \$32.50

4. 08/08/12	966192	Gorke
-------------	--------	-------

On 8/8, the vehicle was involved in an accident and towed to our Chandler facility per CPD. A day later vehicle was towed to Thoroughbred Chevy per RO's verbal authorization. DOB secured. CPD contract charges were \$10.00 for the tow and 0 days of storage = \$10.00

5. 08/08/12	966191	Sanchez
-------------	--------	---------

On 8/8, the vehicle was involved in an accident and towed to our Chandler facility per CPD. Vehicle was released to Copart on 8/13 per insurance company release. Vehicle was never towed to a body shop by All City as has been alleged. CPS contract charges were \$10.00 tow and 5 days of storage at \$7.50/day = \$47.50

6. 11/30/11	937565	Roesner
-------------	--------	---------

On 11/30, the vehicle was involved in an accident and towed to our Chandler storage facility per CPD. A day later, the vehicle was towed to Auto Body World per the RO's verbal authorization. DOB secured. CPD contract charges were \$10.00 for the tow and 0 days of storage = \$10.00

7. 10/11/11	932911	Leighton
-------------	--------	----------

On 10/11, the vehicle was involved in an accident and was towed to our Chandler facility per CPD. 3 days later, vehicle was towed to San Tan Collision Center per the insurance company's release. CPD contract charges were \$10/tow and 3 days of storage at \$7.50/day = \$32.50

8. 09/21/11	930039	Werdean
-------------	--------	---------

On 9/21, the vehicle was involved in an accident and was towed to our Chandler facility per CPD. The same day, the vehicle was towed to Auto Body World per the RO's verbal authorization. DOB secured. CPD contract charges were \$10/tow and 0 days of storage = \$10.00

9. 08/04/11

924835

O'Brien

On 8/4, the vehicle was involved in an accident and was towed to our Chandler facility per CPD. The same day, the vehicle was towed to Auto Body World per the RO's verbal authorization. DOB secured. CPD contract charges were \$10/tow and 0 days of storage = \$10.00.

10. 06/18/11

918187

Medrano

On 6/18, the vehicle was involved in an accident and was towed to our Chandler facility per CPD. The same day, the vehicle towed to Auto Pro Collision per the insurance company's release. CPD contract charges were \$10/tow and 2 days of storage at \$7.50/day = \$25.00

11. 05/16/11

916065

Li

On 5/16, the vehicle was involved in an accident and was towed to our Chandler facility per CPD. The next day, the vehicle was towed to Chapman BMW Collision Center per the RO's verbal authorization. DOB secured. CPD contract charges were \$10/tow and 0 days of storage = \$10.00

12. 05/11/11

913745

Fischer

On 5/11, the vehicle was involved in an accident and was towed to our Chandler facility per DPS. Two days later, the vehicle was towed to Advanced Auto Body per the RO's verbal authorization. DOB secured. This was not a CPD tow. DPS contract charges were \$60/tow, \$24.50 for mileage and 2 days of storage at \$25.00/day = \$134.50. We were not paid twice for this invoice as has been alleged.

13. 04/22/11

911845

Downing

On 4/22, the vehicle was involved in an accident and was towed to our Chandler facility per CPD. The same day, the vehicle was towed to Advanced Auto Body per the RO's verbal authorization. DOB secured. CPD contract charges were \$10/tow and 0 days of storage = \$10.00. Insurance company states they paid the body shop directly for our services; however, we never received payment from the body shop or the insurance company. We did not sign a direction to pay advising the insurance company to pay anyone else other than us. We sent a collections letter to the RO. We heard from the insurance company's attorneys and the matter is still in dispute. We filed the insurance department complaint, not the RO and not the insurance company.

14. 04/09/11

911618

Stitt

On 4/9, the vehicle was involved in an accident and was towed to our Chandler facility per CPD. Two days later, the vehicle was towed to the RO's residence per their verbal authorization. DOB secured. CPD contract charges were \$10/tow and 2 days of storage = \$25.00

15. 04/09/11

911620

Foster

On 4/9, the vehicle was involved in an accident and was towed to our Chandler facility per CPD. Twelve days later, the vehicle was towed to Abel's Auto per the RO's verbal authorization. DOB secured. Car was refused at Abel's Auto as they refused to provide payment upon delivery. Called RO and he did not want to pay out of pocket for the tow as it was the other driver's fault. Vehicle was returned to our Chandler storage facility. Insurance company was then contacted and they authorized tow to go back to the RO's repair facility. Tow completed. CPD contract charges were \$10/tow and 11 days of storage at \$7.50/day = \$92.50

16. 03/30/11

910359

Sandholm

On 3/30, the vehicle was involved in an accident and was towed to our Chandler facility per CPD. The vehicle was released to Copart on 4/6 per the insurance company's release. The vehicle was never towed to a body shop by All City as has been alleged. CPD contract charges were \$10.00 tow and 7 days of storage at \$7.50/day= \$62.50

17. 03/29/11

909192

Queale

On 3/29, the vehicle was involved in an accident and towed to our Chandler facility per CPD. The same day, the vehicle was towed to Auto Body World per the insurance company's release. CPD contract charges were \$10.00 tow and 0 days of storage at = \$10.00. No payment ever received from the body shop, the RO or the insurance company. Accounting recorded as uncollectible on 10/13/11.

18. 12/07/10

897303

Tylinski

On 12/7, the vehicle was involved in an accident and was towed to our Chandler facility per CPD. The next day, the vehicle was towed to Earnhardt's Auto Body per the RO's verbal instructions. DOB secured. CPD charges were \$10.00 tow and 0 days of storage = \$10.00

19. 11/12/10

894592

Taylor

On 11/12, the vehicle was involved in an accident and was towed to our Chandler facility per CPD. The same day, the vehicle was towed to Earnhardt's Auto Body per the RO's verbal authorization. DOB secured. CPD contract charges were \$10/tow and 0 days of storage = \$10.00

20. 10/12/10

890780

Bracken

On 10/12, the vehicle was involved in an accident and was towed to our Chandler facility per CPD. The next day, the vehicle was towed to San Tan Collision Center per the RO's verbal authorization. DOB secured. CPD contract charges were \$10/tow and 0 days of storage = \$10.00

21. 06/19/10

876730

Brinkley

On 6/19, the vehicle was involved in an accident and was towed to our Chandler facility per CPD. The vehicle was released 6 days later to IAA per the insurance company's release. CPD contract charges were \$10/tow and 5 days of storage at \$7.50/day = \$47.50

22. 06/19/10

876674

Parra

On 6/19, the vehicle was involved in an accident and was towed to our Chandler facility per CPD. The vehicle was towed to Body Pro Collision 32 days later per the RO's verbal request. DOB secured. CPD contract charges were \$10/tow and 31 days of storage at \$7.50/day = \$232.50

23. 04/17/10

871053

Deng

On 4/17, the vehicle was involved in an accident and was towed to our Chandler facility per CPD. Two days later, the vehicle was towed to San Tan Collision per the RO's verbal request. DOB secured. CPD contract charges were \$10/tow and 2 days of storage at \$7.50/day = \$25.00



**PURCHASING ITEM
FOR
COUNCIL AGENDA**

1. Agenda Item Number:

14

2. Council Meeting Date:
November 5, 2012

TO: MAYOR & COUNCIL

3. Date Prepared: October 16, 2012

THROUGH: CITY MANAGER

4. Requesting Department: Police

5. SUBJECT: Agreement PD2-968-3140 for Police Towing Service to ACT Towing dba All City Towing.

6. RECOMMENDATION: Recommend award of agreement PD2-968-3140 for Police Towing Service to ACT Towing dba All City Towing.

7. HISTORICAL BACKGROUND/DISCUSSION: In December of 1995, the City began utilizing a contract for towing service. Contract towing service has proven to be a successful alternative to the previous rotation program. Some of the benefits provided by contract service include lower cost to the citizens, fewer customer complaints, and a streamlined workload for the Police Department. The Police Department utilizes the contract for vehicle towing, storage and impounding services including removal of wrecked vehicles, vehicles abandoned on city streets, vehicles left unattended in a traffic way, vehicles towed for evidentiary purposes, vehicles impounded, and vehicles towed due to an arrested driver. The requested agreement will have a two-year term with provisions to extend for up to two additional two-year periods.

8. EVALUATION PROCESS: In May of 2012, City Council directed staff to issue a Request For Proposal (RFP) for Police Towing Service. It was also requested by City Council that staff meet with the Fire and Police Subcommittee and meet with the towing industry on the process. On July 24, 2012, after meeting with the Fire and Police Subcommittee, the City issued RFP PD2-968-3140 for Police Towing Service. The RFP was advertised, and all registered vendors were notified. A pre-proposal conference/industry meeting was held August 13, 2012. Responses were due August 27, 2012. The City received responses from (1) All City Towing, (2) Apache Sands Towing, and (3) Valley Express Towing. An evaluation committee, which included representatives from Police Department, Traffic Engineering, Purchasing, and an at-large Public Member, evaluated the responses received. The evaluation criteria set forth in the RFP included Experience, Resources, and Cost. As part of the evaluation, the evaluation committee members inspected all proposed sites, reviewed reference information, and reviewed the information provided by the proposers. Based on the criteria set forth in the RFP and a thorough review of all information, the Evaluation Committee is recommending award to All City Towing.

9. FINANCIAL IMPLICATIONS: The vehicle owner will be responsible for payment of all fees with the exception of City-owned vehicles and vehicles towed for evidentiary purposes.

10. PROPOSED MOTION: Move to award agreement PD2-968-3140 for Police Towing Service to ACT Towing dba All City Towing for two years with provisions to extend up to two additional two-year periods.

APPROVALS

11. Requesting Department

Gregg Jacquin

Police Commander

12. Department Head

Sherry Kiyler

Police Chief

13. Buyer/Contract Admin.

Mike Mandt

Procurement Office

14. City Manager

Rich Dlugas

City Manager

CITY OF CHANDLER SERVICES AGREEMENT

Police Towing

PD3-968-3140

THIS AGREEMENT is made and entered into this ____ day of _____, 20__, by and between the City of Chandler, a Municipal Corporation of the State of Arizona, hereinafter referred to as "CITY", and ACT Towing, LLC dba All City Towing an Arizona Limited Liability Company, hereinafter referred to as "CONTRACTOR".

WHEREAS, CONTRACTOR represents that CONTRACTOR has the expertise and is qualified to perform the services described in the Agreement.

WHEREAS, CONTRACTOR hereby certifies that, based on its thorough review to the terms of this Contract, it can provide towing and storage services pursuant to the terms of this Contract without violation of any applicable law, including any applicable order, decision, statute, or regulation of the State of Arizona.

NOW THEREFORE, in consideration of the mutual promises and obligations set forth herein, the parties hereto agree as follows:

1. CONTRACT ADMINISTRATOR

1.1. **Contract Administrator.** CONTRACTOR shall act under the authority and approval of the Police Commander, Field Operations/designee (Contract Administrator), to provide the services required by this Agreement.

1.2. **Key Staff.** This Contract has been awarded to CONTRACTOR based partially on the key personnel proposed to perform the services required herein. CONTRACTOR shall not change nor substitute any of these key staff for work on this Contract without prior written approval by CITY.

1.3. **Subcontractors.** During the performance of the Agreement, CONTRACTOR may engage such additional SUBCONTRACTORS as may be required for the timely completion of this Agreement. In the event of subcontracting, the sole responsibility for fulfillment of all terms and conditions of this Agreement rests with CONTRACTOR.

2. **SCOPE OF WORK** CONTRACTOR shall provide vehicle towing, storage and impounding services for all vehicles when so requested by the City of Chandler. Many of the vehicles to be towed will have become disabled due to motor vehicle accidents. There will also be a number of service calls relating to stolen vehicle recoveries, the arrest of the vehicle driver, abandoned vehicles, vehicles required for evidentiary purposes and others. The CONTRACTOR shall be available twenty-four (24) hours a day every day of the year to provide service pursuant to this AGREEMENT.

- 2.1. **No guarantee of volume of work.** Estimated volume based on historical information ranges from approximately 300 to 400 vehicles per month. This figure is an estimate only. CITY makes no guarantees regarding actual volume to be expected under the Contract.
- 2.2. **Response Time.** Except for off road or out of City vehicle recoveries CONTRACTOR shall respond, with the proper equipment to the subject location within 30 minutes after receiving CITY'S request for service. The CONTRACTOR must be able to respond to a minimum of 95 percent of the calls referred within the 30-minute period.
- 2.3. **Site Cleanup.** The CONTRACTOR shall promptly and thoroughly clean up debris at the scene of accidents, including all vehicle parts and any other matter left in the roadway as a result of the accident. All clean up shall be to the satisfaction of any officer on scene.
- 2.4. **Release of Vehicles.** Prior to releasing any vehicle, CONTRACTOR shall require the person or company requesting possession to present a copy of a picture identification verifying ownership of the vehicle as indicated on the police report. An agent of the owner must also present a written statement authorizing the release, with a notarized signature of the vehicle owner and picture ID of the agent. If the owner is incapacitated, the written authorization from the owner's adult next of kin may be substituted for the notarized signature of the vehicle owner. The contractor will accept release documentation by Fax, mail or hand delivery. If requested by CITY, CONTRACTOR shall verify the presence of an ignition interlock or other device. Release of vehicles to insurance companies shall be in accordance with ARS 28-4847 Insurance Companies; release; fees and definition.
- 2.5. **Early Release of Impounded Vehicles.** For vehicles ordered impounded by the City Police Officer at the scene, in accordance with ARS 28-3511 et seq, CONTRACTOR shall not release the vehicle prior to the expiration of the 30-day impound period without permission from the Chandler Police Legal Unit. If requested by CITY, CONTRACTOR shall verify the presence of an ignition interlock or other device.
- 2.6. **Release of Personal Property.** Upon presentation of a picture identification verifying ownership of the vehicle or written notarized authorization from the owner and picture identification of the agent if the property is being sought by an agent of the owner, CONTRACTOR shall allow vehicle owners or their agents access to the vehicle to recover personal property from the vehicle (allow them to enter the yard, walk to their vehicle and physically remove items themselves) at any time during normal business hours and shall not require payment of any fee or charge prior to or as a condition of such release. If the owner is incapacitated, the written authorization from the owner's adult next of kin may be substituted for the notarized signature of the vehicle owner.
- 2.7. **Timely Release of Vehicles.** CONTRACTOR shall make vehicle available to owner or owners agent within a reasonable time (not more than 30minutes) from the time the owner or owner's agent arrives at storage facility during the time specified in section 3.3.7 Storage Lot Availability.

- 2.8. No Other Conditions of Release.** Except as listed herein or as required by law, CONTRACTOR shall not require any other documentation as a condition of or prior to release of vehicles or personal property nor impose any other requirements to prevent owners or their agents from obtaining possession of their vehicle or personal property.
- 2.9. Non-Discrimination.** CONTRACTOR shall comply with State Executive Order No. 99-4 and all other applicable City, State and Federal laws, rules and regulations, including the Americans with Disabilities Act.
- 2.10. Licenses.** CONTRACTOR shall maintain in current status all Federal, State and local licenses and permits required for the operation of the business conducted by CONTRACTOR as applicable to this contract.
- 2.11. Use of Another Tow Service.** CONTRACTOR agrees and understands that requests by motorists for another tow service will be honored if the officer determines that the request is reasonable. The purpose of this contract is to provide towing service for those motorists who do not have a specific request for another tow service, or are incapable of making such a request due to injuries or for other reasons.
- 2.12. Expansion of Boundaries.** City boundaries may expand during the period of the contract due to annexations by the City of Chandler. If annexations occur CONTRACTOR shall provide tow services to the annexed area for the term of the contract under the same terms and conditions as set forth in the Agreement. CITY may occasionally request service outside the City limits for stolen vehicle recoveries or other reasons. When such service is requested, CONTRACTOR is permitted to add the "per mile" rate for the distance from the recovery site and back to the City limits.
- 2.13. Advertising, Publishing and Promotion of Contract.** CONTRACTOR shall not use, advertise or promote information for commercial benefit concerning this Contract without the prior written approval of CITY.
- 2.14. Compliance with Applicable Laws.** CONTRACTOR shall comply with all applicable Federal, State and local laws, and with all applicable license and permit requirements.
- 2.14.1** Pursuant to the provisions of A.R.S. § 41-4401, the Contractor hereby warrants to the City that the Contractor and each of its subcontractors ("Subcontractors") will comply with all Federal Immigration laws and regulations that relate to the immigration status of their employees and the requirement to use E-Verify set forth in A.R.S. §23-214(A) (hereinafter "Contractor Immigration Warranty").
- 2.14.2** A breach of the Contractor Immigration Warranty (Exhibit B) shall constitute a material breach of this Contract that is subject to penalties up to and including termination of the contract.
- 2.14.3** The City retains the legal right to inspect the papers of any Contractor or Subcontractor employee who works on this Contract to ensure that the Contractor or Subcontractor is complying with the Contractor Immigration Warranty. The Contractor agrees to assist the City in the conduct of any such inspections.

- 2.14.4** The City may, at its sole discretion, conduct random verifications of the employment records of the Contractor and any Subcontractors to ensure compliance with Contractors Immigration Warranty. The Contractor agrees to assist the City in performing any such random verifications.
- 2.14.5** The provisions of this Article must be included in any contract the Contractor enters into with any and all of its subcontractors who provide services under this Contract or any subcontract. "Services" are defined as furnishing labor, time or effort in the State of Arizona by a contractor or subcontractor. Services include construction or maintenance of any structure, building or transportation facility or improvement to real property.
- 2.14.6** In accordance with A.R.S. §35-393.06, the Contractor hereby certifies that the Offeror does not have scrutinized business operations in Iran.
- 2.14.7** In accordance with A.R.S. §35-391.06, the Contractor hereby certifies that the Offeror does not have scrutinized business operations in Sudan.
- 2.15. Acceptable Performance.** CONTRACTOR'S performance is subject to review and approval by the Contract Administrator

3. REQUIRED EQUIPMENT, PERSONNEL AND FACILITIES

- 3.1. Equipment.** The tow trucks shall have current inspection and certification by the Arizona Department of Public Safety and shall maintain the certification throughout the term of the Contract. CONTRACTOR must be capable of responding and providing service for any vehicle up to a maximum gross vehicle weight of 25,000 pounds.
- 3.1.1 Minimum Equipment Requirements.** CONTRACTOR will be required to have a minimum of six (6) tow vehicles, one of which must be capable of towing a vehicle up to 25,000 GVW. The tow trucks shall be equipped with the proper complement of dollies, chains, slings, bumpers and other equipment necessary to prevent damage to towed vehicles. Tow trucks shall also be equipped with brooms, shovels, oil absorbent material, and other necessary equipment to clean up the site after removal of the vehicles. CONTRACTOR will be required to add equipment if necessary to meet the terms of the AGREEMENT.
- 3.1.2 Substitute Equipment Requirements.** If any of CONTRACTOR'S equipment is out of service, CONTRACTOR shall be responsible for acquiring substitute equipment sufficient to provide timely service on demand under this Contract. Such substitute equipment shall be considered CONTRACTOR'S equipment for the purposes of this Agreement and be operated by personnel of CONTRACTOR.
- 3.1.3 Truck Identification.** Tow trucks shall have CONTRACTOR's name and telephone number and comply with applicable law regarding truck identification as the law may be amended.
- 3.1.4 Communications Equipment Requirements.** CONTRACTOR shall have the ability to communicate with drivers via radio, mobile telephone, or other like equipment, so that the

City of Chandler Police Department Communications Section will have the ability to pass on information to the driver through CONTRACTOR'S dispatch center as the driver responds to a call. CONTRACTOR must be available by phone to the police department 24 hours a day, 7 days a week. CONTRACTOR shall have a telephone answering machine, or voice mail, to receive customer phone calls when the business office is vacant and for calls received outside of normal business hours.

3.1.5 CONTRACTOR shall be responsible for and is liable for the safekeeping of vehicles towed and/or stored and for items left in stored vehicles.

3.2. Personnel Minimum Requirements. CONTRACTOR shall have available at all times sufficient qualified personnel to operate the number of tow trucks necessary to provide timely service. Such personnel shall be employees of CONTRACTOR. Each driver shall be properly licensed with correct class license as required by the Motor Vehicle Division of the State of Arizona. It shall be CONTRACTOR's responsibility to ensure that all drivers maintain current Arizona licenses during the contract term. Contractor shall hire, train and supervise all drivers in accordance with the laws of the State of Arizona and rules and regulations of the Department of Public safety of the State of Arizona, pursuant to A.R.S. 28-1108.

3.2.1 Driver Conduct. All drivers shall operate the tow trucks in a safe and prudent manner and shall refrain from using profane or vulgar language in a public area while performing work under this agreement. CONTRACTOR will agree to prohibit the use of intoxicating substances by all tow truck drivers and ensure that they do not either use or possess illegal drugs while in the course of performing their duties under this contract. Employees of CONTRACTOR who normally and regularly come into direct contact with the public shall be in a reasonably clean uniform that at a minimum identifies the name of the tow company and the individual. CONTRACTOR shall be fully responsible for drivers' actions.

3.3. Storage Facilities

3.3.1 Lot Location. Storage facility shall be located at 1600 N. Delaware St, Chandler, AZ which is within an 8.5-mile radius of the intersection of Arizona Ave. and Chandler Blvd. The storage facility must meet all applicable zoning and other requirements of the City, County, State and Federal Government. Vehicles shall be stored in the storage facility offered until released to the owner or other authorized agent.

3.3.2 Location Prohibition. The storage facility shall not be located within a wrecking yard that is in the business of dismantling vehicles.

3.3.3 Fencing. A fence of a minimum of six (6) feet in height is required. The fence may be constructed from chain link, masonry, wood or equivalent as permitted by the appropriate building and zoning regulations. Barbed wire or razor wire may be provided at the top of the fence if permitted by law.

3.3.4 Lighting. The storage area shall be sufficiently lit with overhead lighting that illuminates the entire storage facility.

- 3.3.5 Security.** The fenced storage facility shall be locked when unattended. The CONTRACTOR shall be responsible for the safe keeping of vehicles towed and for items left in stored vehicles. All vehicles shall be kept within the fenced storage area until released to the owner or authorized agent. Access to the storage facility shall be limited to the CONTRACTOR'S employees or individuals with a legitimate interest in vehicles being stored. All individuals must be accompanied by an employee of CONTRACTOR. The storage lot shall be dedicated to the storage of vehicles towed and stored by CONTRACTOR.
- 3.3.6 Size.** The minimum storage space required will be 45,000 square feet dedicated to vehicles stored pursuant to this Contract. Vehicles towed under the resultant Contract shall be stored in one location. If additional space is required during the term of the contract, the contractor will be required to provide such additional space.
- 3.3.7 Storage Lot Availability.** CONTRACTOR shall staff its vehicle storage facility between the hours of 7 a.m. and 7 p.m. Monday through Friday and from 8 a.m. to noon Saturday except the following holidays: New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day. CONTRACTOR shall have a telephone number and company name prominently posted at the storage location for after-hour release of vehicles.
- 3.3.8 Zoning.** Storage facilities must meet the appropriate zoning/permit requirements of the appropriate government entity where the facility is located.
- 3.3.9 Overflow Storage Lot.** CONTRACTOR may use an overflow storage lot to store vehicles that have been stored in the primary storage facility for over 35 days. CONTRACTOR shall make provision for release of vehicles from overflow storage lot at no additional charge and without any additional delay. Overflow storage lot shall be within a 15 mile radius of Arizona Avenue and Chandler Blvd. The overflow storage lot shall meet requirements set forth in sections 3.3.2, 3.3.3, 3.3.4, 3.3.5, 3.3.7 and 3.3.8.
- 4. DOCUMENTATION**
- 4.1. Retention of Records.** CONTRACTOR shall retain and shall contractually require each SUBCONTRACTOR to retain all data and other "records" relating to the acquisition and performance of the Contract for a period of five years after the completion of the Contract.
- 4.2. Audit.** At any time during the term of this Contract and five (5) years thereafter, CONTRACTOR'S or any SUBCONTRACTOR'S books and records shall be subject to and open for inspection and audit by CITY to the extent that the books and records relate to the performance of the Contract or Subcontract. Upon request, CONTRACTOR shall produce a legible copy of any or all such records.
- 4.3. Reports to Department of Transportation.** CONTRACTOR shall submit all necessary reports to the Arizona Department of Transportation in accordance with A.R.S. Sections 28-1401 through 28-1411 and subsequent amendments thereto, when the statutes are applicable to vehicles towed and stored under this contract.

4.4. Required Records. CONTRACTOR shall maintain adequate records of every vehicle towed at the request of the City of Chandler under the contract showing the following:

- a) Location of vehicle pick up.
- b) Location where vehicle taken.
- c) Date and time of the tow.
- d) Make, model and year of the vehicle.
- e) License number and state.
- f) Vehicle identification number.
- g) Name of person or business to whom vehicle released.
- h) Itemized tow and storage billing statements.

CONTRACTOR shall maintain a record, either electronically or manually, that is easily separated from all other records CONTRACTOR may keep, of each vehicle towed under this Agreement. The customer record file is to include the master log, signed invoice and service fee listing and must be maintained alphabetically by the last name of the customer or the Vehicle Identification Number. The invoice shall be presented to the customer upon the customer's request for the invoice.

4.5. Inspection of Facility and Equipment. CONTRACTOR shall permit and make available for inspection all of its facilities and equipment by CITY upon reasonable notice and during normal business hours.

4.6. Required Reports. On or before the fifteenth of each month, CONTRACTOR shall provide a report for all vehicles towed and released pursuant to the contract. The report shall be in Excel format unlocked, in the form shown in Exhibit C. The report shall be provided in electronic and hard copy.

4.7. Confidentiality of Records. CONTRACTOR shall establish and maintain procedures and controls that are acceptable to CITY to assure that no information contained in CONTRACTOR'S records or obtained from CITY or from others in carrying out CONTRACTOR'S functions under this Contract is used by or disclosed by it, its agents, officers, or employees, except as required to efficiently perform duties under the contract. Persons requesting such information shall be referred to CITY. CONTRACTOR also agrees that any such information shall not be divulged other than to employees or officers of CONTRACTOR as needed for the performance of duties under the contract, unless otherwise agreed to in writing by CITY.

5. ALLOWED CHARGES. For all services provided under this Agreement, CONTRACTOR may charge vehicle owners only those fees set forth herein at the rates and in the amounts listed in the Price Sheet attached hereto as Exhibit A and incorporated herein by reference.

5.1. Flat Rate Per Tow Fee. CONTRACTOR shall charge vehicle owners the Flat Rate Per Tow Fee listed in Exhibit A. This fee covers all towing services 24 hours per day including weekdays, weekends and holidays. The flat rate per tow fee includes all costs for hookups, winching, preparation to tow, cleanup of debris, stand by time, use of dollies when

necessary, drive line dropping, all labor incurred, mileage, sealing of windows if necessary, and delivery to the public roadway for subsequent tow if necessary. The allowable flat rate per tow fee is listed in Exhibit A and is a flat rate for vehicles up to and including 25,000 lb. GVW.

- 5.2. Unit Price for Storage.** CONTRACTOR may charge the full daily storage charge shown on Exhibit A for any part of a 24-hour period. The Rate set forth in exhibit A shall apply to all vehicles stored pursuant to this contract including those vehicles impounded pursuant to A.R.S. 28-3511 et. seq. The time period for billing for storage shall commence from the time the vehicle arrives at the storage lot. The unit price for storage is for vehicles up to and including 25,000 lb. GVW.
- 5.3. Extraordinary Recoveries.** With prior written approval from the officer on the scene, CONTRACTOR may charge an additional hourly fee for extraordinary recoveries, i.e. lake recoveries, recoveries from canals with water in them, recoveries from swimming pools, etc. This fee will be in addition to the flat rate per tow fee.
- 5.4. After Hours Opening.** CONTRACTOR may charge the fee shown on Exhibit A to open the lot after normal business hours, as defined in Paragraph 3.3.7 Storage Lot Availability. Contractor shall make vehicle available within 60 minutes from the time owner or owner's agent notifies the contractor of request for afterhours opening.
- 5.5. Mileage.** CONTRACTOR shall not charge a "cost per mile" charge when the tow is made to the CONTRACTOR'S storage facility or any location within the City of Chandler. CONTRACTOR may charge the Mileage charge shown on Exhibit A only when (1) the owner or agent requests that the vehicle be towed to a location other than CONTRACTOR'S storage facility or a location outside the City of Chandler and then only for the additional actual mileage beyond the mileage to the nearest City of Chandler border based on the most direct route or (2) when a vehicle is towed from outside the City limits and then only for the actual mileage from the point of pick up to the nearest City or Chandler border based on the most direct route .
- 5.6. Device Verification.** When requested by CITY to verify installation of an interlock or other device, CONTRACTOR shall not charge any fee for such verification.
- 5.7. Incidental Services.** CONTRACTOR shall perform related services such as inflating tires, jump starting, opening of locked vehicles and other incidental services requested by the owner of a towed vehicle without charge from the time the contractor is dispatched to the time vehicle is released.
- 5.8. Filing Fee.** CONTRACTOR may charge a filing fee at the rate set forth by state law for reimbursement of any filing fee paid by CONTRACTOR pursuant to state law.
- 5.9. Re-tows.** CONTRACTOR shall provide vehicle owners or their agents a choice to use CONTRACTOR or another source for re-towing. CONTRACTOR may not charge any re-tow fee nor any other fee to allow the vehicle owner or agent to use another source for re-towing.

- 5.10. Outside Contracted Services.** With approval from the officer on scene, CONTRACTOR may charge actual expenses in cases where it is necessary to hire outside services or lease additional equipment for vehicle recoveries, i.e. hiring divers, crane rental, etc.
- 5.11. Business Card and Rate Sheet.** CONTRACTOR shall provide a business card and Contract Rate Sheet to the owner or agent of each vehicle towed. If unable to do so because the owner or agent has been transported to a hospital or otherwise left the scene, CONTRACTOR will provide the business card and rate sheet to the officer investigating the accident. The Contract Rate Sheet will be provided to CONTRACTOR by CITY. CONTRACTOR shall notify CITY if additional rate sheets are needed.
- 5.12. Additional Fees.** Under no circumstances shall CONTRACTOR charge any fees not authorized herein and listed in the Price Sheet, Exhibit A, for services by reason of this Contract. This Contract covers all services, charges and fees from the time CONTRACTOR receives a request from the City of Chandler to respond until possession of the vehicle is released from CONTRACTOR and passes to the vehicle's owner or owner's agent.
- 5.13. Compensation, Taxes and Workman's Compensation.** CONTRACTOR shall be solely responsible for any and all tax obligations, which may result out of CONTRACTOR'S performance of this Agreement. CITY shall have no obligation to pay any amounts for taxes, of any type, incurred by CONTRACTOR. CONTRACTOR shall have the total responsibility for all salaries, wages, bonuses, retirement, withholdings, Workmen's Compensation and occupational disease compensation insurance, all unemployment compensation, other benefits and all taxes and premiums pertinent thereto concerning any persons(s) supplied by the CONTRACTOR in the performance of this Agreement and CONTRACTOR shall indemnify and hold harmless with respect thereto.

6. RESPONSIBILITY FOR PAYMENT

- 6.1. Payment by Vehicle Owners.** All payments, except for vehicles towed for evidentiary purposes and City owned vehicles will be the responsibility of the vehicle owner and not CITY. For vehicles owned by the City or vehicles towed or stored for evidentiary purposes, CITY shall pay CONTRACTOR at the rates shown on Exhibit A.
- 6.2. Method of Payment.** CONTRACTOR shall and hereby agrees to accept all reasonable forms of payment from vehicle owners, including but not limited to, cash, credit cards, and debit cards.
- 7. TERM:** The term of this Contract commences on January 1, 2013 and terminates on December 31, 2014 which is approximately two years and may be extended by mutual agreement of the parties for up to two additional successive terms of two years each. All prices offered herein shall be firm against any increase for two (2) years from the effective date of the Contract. Prior to commencement of subsequent renewal terms, CITY will entertain a fully documented request for price adjustment. The requested increase shall be based upon a cost increase to CONTRACTOR that was clearly

unpredictable at the time the Contract was executed directly correlated to the price of the service concerned.

8. USE OF THIS CONTRACT

- 8.1.** The Contract is for the sole convenience of the City of Chandler. CITY reserves the rights to obtain like services from another source to secure significant cost savings or when timely completion cannot be met by CONTRACTOR.
- 8.2. Cooperative Use of Contract.** In addition to the City of Chandler and with approval of the contracted vendor, this Contract may be extended for use by other municipalities, school districts and government agencies of the State. Any such usage by other entities must be in accordance with the ordinance, charter and/or procurement rules and regulations of the respective political entity.
- 8.3. Solicitation of Business Prohibited.** In connection with any vehicle towed pursuant to this agreement, CONTRACTOR may not solicit business for, or contact the vehicle owner or owner's agent on behalf of, any body shop, towing company, wrecking yard, health care provider, lawyer, or other person or business of any description. This prohibition does not prohibit the contractor's employees from answering questions from a vehicle owner or owner's agent. In addition, CONTRACTOR shall not accept any referral fees or commission from any body shop, towing company, wrecking yard, health care provider, lawyer, or other person or business in connection with this contract. In addition, CONTRACTOR is prohibited from receiving a commission, referral fee or other compensation from any body shop, insurance company, legal firm, attorney or others in exchange for referring business from this contract to said parties.

9. CITY'S CONTRACTUAL REMEDIES

- 9.1. Right to Assurance.** If CITY in good faith has reason to believe that CONTRACTOR does not intend to, or is unable to perform or continue performing under this Contract, the Contract Administrator may demand in writing that CONTRACTOR give a written assurance of intent to perform. Failure by CONTRACTOR to provide written assurance within the number of days specified in the demand may, at CITY's option, be the basis for terminating the Contract in addition to any other rights and remedies provided by law or this Contract.
- 9.2. Assessment for failure to provide Required Reports.** In addition to other remedies available to CITY for a violation of any term of this contract, CITY may assess, and CONTRACTOR agrees to pay to CITY, fifty dollars (\$50) per day that any report is late.
- 9.3. Assessment for Failure to Meet Response Time.** In addition to other remedies available to CITY for a violation of any term of this contract, CITY may assess, and CONTRACTOR agrees to pay to CITY, for violation of the response time requirements herein, one thousand dollars (\$1,000) per percentage point below 95 percent that CONTRACTOR fails to respond within the time required during each calendar month.

Compliance Rate	Assessment
94%	\$1,000
93%	\$2,000
92%	\$3,000
91%	\$4,000
90%	\$5,000
89%	\$6,000
88%	\$7,000
87%	\$8,000
86%	\$9,000
85%	\$10,000

9.4. Non-exclusive Remedies. The rights and the remedies of CITY under this Contract are not exclusive.

9.5. Right of Offset. CITY shall be entitled to offset against any sums due CONTRACTOR, any expenses or costs incurred by CITY, or damages assessed by CITY concerning CONTRACTOR'S non-conforming performance or failure to perform the Contract, including expenses, costs and damages incurred by CITY.

10. TERMINATION

10.1. Termination for Convenience. CITY reserves the right to terminate this Agreement or any part thereof for its sole convenience with thirty (30) days written notice. In the event of such termination, CONTRACTOR shall continue to provide storage services for those vehicles already in their possession at the rates and for the allowable charges listed in Exhibit A but CITY will not request towing, storage or other services for any additional vehicles.

10.2. Cancellation/Termination for Cause. The City reserves the right, upon written notice, to cancel and/or terminate the whole or any part of this Contract due to failure of the Contractor to comply with any term, promise, or condition of this Contract, including, but not limited to, in any of the following situations:

- A. In the opinion of the City, the Contractor fails to perform adequately the services required in the contract.
- B. The Contractor fails to respond within the time required in the contract.
- C. The City determines that the Contractor has charges fees in excess of those permitted by this Contract.
- D. The City determines that the Contractor has violated any City, State or Federal law, regulation or requirement.

- E. The City determines that the Contractor has committed a criminal act or defrauded any citizen. CONTRACTOR need not be convicted of a criminal act for the City Council to terminate this Contract for cause.
 - F. In the opinion of the City, CITY has received an unreasonable number of complaints about CONTRACTOR'S services or charges.
 - G. The Contractor gives the City a positive indication that the Contractor will not or cannot perform to the requirements of the contract.
 - H. Failure to provide adequate insurance coverage.
- 10.2.1** Upon receipt of a termination notice, the Contractor shall promptly discontinue all services affected (unless the notice directs otherwise) and promptly forward to the City final reports required by this Contract.
- 10.2.2** The rights and remedies of the City and the Contractor provided in this clause are in addition to any other rights and remedies provided by law or under the contract.
- 10.3. Cancellation for Conflict of Interest.** Pursuant to A.R.S. § 38-511, CITY may cancel this Contract within three (3) years after Contract execution without penalty or further obligation if any person significantly involved in initiating, negotiating, securing, drafting or creating the Contract on behalf of CITY is or becomes at any time while this Contract or an extension of this Contract is in effect, an employee of or a consultant to any other party to this Contract. The cancellation shall be effective when CONTRACTOR receives written notice of the cancellation unless the notice specifies a later time.
- 10.4. Gratuities.** CITY may, by written notice, terminate this Contract, in whole or in part, if CITY determines that employment or a Gratuity was offered or made by CONTRACTOR or a representative of CONTRACTOR to any officer or employee of CITY for the purpose of influencing the outcome of the procurement or securing this Contract, an amendment to this Contract, or favorable treatment concerning this Contract, including the making of any determination or decision about contract performance. CITY, in addition to any other rights or remedies, shall be entitled to recover exemplary damages in the amount of three times the value of the Gratuity offered by CONTRACTOR.
- 10.5. Suspension or Debarment.** CITY may, by written notice to CONTRACTOR, immediately terminate this Contract if CITY determines that CONTRACTOR has been debarred, suspended or otherwise lawfully prohibited from participating in any public procurement activity, including but not limited to, being disapproved as a SUBCONTRACTOR of any public procurement unit or other governmental body. Execution of this Contract shall attest that CONTRACTOR is not currently suspended or debarred. If CONTRACTOR becomes suspended or debarred, CONTRACTOR shall immediately notify CITY.

- 10.6. Continuation of Performance Through Termination; Continuation During Disputes.** CONTRACTOR shall continue to perform, in accordance with the requirements of the Contract, up to the date of termination, as directed in the termination notice. Notwithstanding the existence of any dispute between the parties or any other provisions of this Agreement and insofar as is possible under the terms of the Agreement, CONTRACTOR and CITY shall continue to perform the obligations imposed on it under this Agreement during the continuation of any such dispute unless enjoined or prohibited by any court of competent jurisdiction.
- 10.7. No Waiver.** Either party's failure to insist on strict performance of any term or condition of the Contract shall not be deemed a waiver of that term or condition even if the party accepting or acquiescing in the nonconforming performance knows of the nature of the performance and fails to object to it.
- 11. FORCE MAJEURE:** Neither party shall be responsible for delays or failures in performance resulting from acts beyond their control. Such acts shall include, but not be limited to, acts of God, riots, acts of war, epidemics, governmental regulations imposed after the fact, fire, communication line failures, power failures, or earthquakes.
- 12. ALTERNATE DISPUTE RESOLUTION**
- 12.1 Alternative Dispute Resolution.** The parties hereby agree that there shall be a sixty (60) day moratorium on litigation commencing on the day that a claim is filed by CONTRACTOR pursuant to A.R.S. § 12-821.01 during which time the parties will negotiate in good faith to resolve the dispute and evaluate the viability of pursuing alternative dispute resolution procedures such as mediation and arbitration.
- 12.2 Arizona Law.** This Agreement shall be governed and interpreted according to the laws of the State of Arizona.
- 12.3 Jurisdiction and Venue.** The parties agree that this Agreement is made in and shall be performed in Maricopa County. Any lawsuits between the Parties arising out of this Agreement shall be brought and concluded in the courts of Maricopa County in the State of Arizona, which shall have exclusive jurisdiction over such lawsuits.
- 12.4 Fees and Costs.** Except as otherwise agreed by the parties, the prevailing party in any adjudicated dispute relating to this Agreement is entitled to an award of reasonable attorney's fees, expert witness fees and costs including, as applicable, arbitrator fees; provided, however, that no award of attorney's fees shall exceed ten percent (10%) of the damages awarded the prevailing party unless the non-prevailing party has been determined to have acted in bad faith or in a frivolous manner during the adjudication.
- 13. INDEMNIFICATION** To the fullest extent permitted by law, CONTRACTOR shall defend, indemnify and hold harmless the City of Chandler, its Mayor and Council, appointed boards and commissions, officials, officers, employees individually and collectively; from and against all losses, claims, suits, actions, payments and judgments, demands, expenses, damages, including consequential damages and loss of productivity,

attorney's fees, defense costs, or actions of any kind and nature relating to, arising out of, or alleged to have resulted from CONTRACTOR'S work or services. CONTRACTOR'S duty to defend, hold harmless and indemnify the City of Chandler, its Mayor and Council, appointed boards and commissions, officials, officers, employees shall arise in connection with any claim or amounts arising or recovered under Worker Compensation Laws, damage, loss or expenses relating to, arising out of or alleged to have resulted from any acts, errors, mistakes, omissions, work or services in the performance of this Contract including any employee of CONTRACTOR, anyone directly or indirectly employed by them or anyone for whose acts CONTRACTOR may be liable, regardless of whether it is caused in part by a party indemnified hereunder, including the City of Chandler. IT IS THE INTENTION OF THE PARTIES to this contract that the City of Chandler, its Mayor and Council, appointed boards and commissions, officials, officers, employees, individually and collectively, are to be indemnified against their own negligence unless and except their negligence is found to be the sole cause of the injury to persons or damages to property. The amount and type of insurance coverage requirements set forth herein will in no way be construed as limiting the scope of the indemnity in this paragraph.

14. INSURANCE

14.1. Insurance Representations and Requirements:

- A. CONTRACTOR, at its own expense, shall purchase and maintain insurance of the types and amounts required in this section, with companies possessing a current A.M. Best, Inc. rating of A - 6, or better and legally authorized to do business in the State of Arizona with policies and forms satisfactory to CITY.
- B. Policies written on a "Claims made" basis are not acceptable without written permission from the City's Risk Manager.
- C. All insurance required herein shall be maintained in full force and effect until all work or services required to be performed under the terms of this Agreement is satisfactorily completed and formally accepted. Failure to do so may, at the sole discretion of CITY, constitute a material breach of this Agreement and may result in termination of this contract.
- D. If any of the insurance policies are not renewed prior to expiration, payments to the CONTRACTOR may be withheld until these requirements have been met, or at the option of the CITY, CITY may pay the Renewal Premium and withhold such payments from any monies due CONTRACTOR.
- E. All insurance policies, except Workers' Compensation required by this Agreement, and self-insured retention or deductible portions, shall name, to the fullest extent permitted by law for claims arising out of the performance of this contract, the City of Chandler, its agents, representatives, officers, directors, officials and employees as Additional Insureds.

- F. CONTRACTOR'S insurance shall be primary insurance over any insurance available to CITY and as to any claims resulting from this contract, it being the intention of the parties that the insurance policies so effected shall protect both parties and be primary coverage for any and all losses covered by the described insurance.
- G. The insurance policies, except Workers' Compensation, shall contain a waiver of transfer rights of recovery (subrogation) against CITY, its agents, representatives, officers, directors, officials and employees for any claims arising out of CONTRACTOR'S acts, errors, mistakes, omissions, work or service.
- H. The insurance policies may provide coverage, which contain deductibles or self-insured retentions. Such deductible and/or self-insured retentions shall be assumed by and be for the account of, and at the sole risk of CONTRACTOR. CONTRACTOR shall be solely responsible for the deductible and/or self-insured retention. The amounts of any self-insured retentions shall be noted on the Certificate of Insurance. CITY, at its option, may require CONTRACTOR to secure payment of such deductibles or self-insured retentions by a Surety Bond or an irrevocable and unconditional letter of credit. Self-insured retentions (SIR) in excess of \$25,000 will only be accepted with the permission of the Management Services Director/Designee.
- I. All policies and certificates shall contain an endorsement providing that the coverage afforded under such policies shall not be reduced, canceled or allowed to expire until at least thirty (30) days prior written notice has been given to CITY.
- J. Information concerning reduction of coverage on account of revised limits or claims paid under the General Aggregate, or both, shall be furnished by CONTRACTOR with reasonable promptness in accordance with CONTRACTOR'S information and belief.
- K. In the event that claims in excess of the insured amounts provided herein, are filed by reason of any operations under this Contract, the amount of excess of such claims, or any portion thereof, may be withheld from payment due or to become due the CONTRACTOR until such time as CONTRACTOR shall furnish such additional security covering such claims as may be determined by CITY.

14.2. Proof of Insurance – Certificates of Insurance

- A. Prior to commencing work or services under this Agreement, CONTRACTOR shall furnish to CITY Certificates of Insurance, issued by CONTRACTOR'S insurer(s), as evidence that policies providing the required coverages, conditions and limits required by this Agreement are in full force and effect and obtain from the City's Risk Management Division approval of such Certificates.

- B. If a policy does expire during the life of this Agreement, a renewal certificate must be sent to the City of Chandler five (5) days prior to the expiration date.
- C. All Certificates of Insurance shall identify the policies in effect on behalf of CONTRACTOR, their policy period(s), and limits of liability. Each Certificate shall include the job site and project number and title. Coverage shown on the Certificate of Insurance must coincide with the requirements in the text of the contract documents. Information required to be on the Certificate of Insurance may be typed on the reverse of the Certificate and countersigned by an authorized representative of the insurance company.
- D. REQUIRED CITY reserves the right to request and to receive, within 10 working days, certified copies of any or all of the herein required insurance policies and/or endorsements. CITY shall not be obligated, however, to review same or to advise CONTRACTOR of any deficiencies in such policies and endorsements, and such receipt shall not relieve CONTRACTOR from, or be deemed a waiver of CITY'S right to insist on, strict fulfillment of CONTRACTOR'S obligations under this Agreement.

14.3. Coverage

- A. Such insurance shall protect CONTRACTOR from claims set forth below which may arise out of or result from the operations of CONTRACTOR under this Contract and for which CONTRACTOR may be legally liable, whether such operations be by CONTRACTOR or by a SUBCONTRACTOR, by anyone directly or indirectly employed by any of them, or by anyone for whose acts any of them may be liable. Coverage under the policy will be at least as broad as Insurance Services Office, Inc., policy form CG00011093 or equivalent thereof, including but not limited to severability of interest and waiver of subrogation clauses.
- B. Claims under workers' compensation, disability benefit and other similar employee benefit acts which are applicable to the work to be performed;
- C. Claims for damages because of bodily injury, occupational sickness or disease, or death of CONTRACTOR'S employees;
- D. Claims for damages because of bodily injury, sickness or disease, or death of any person other than CONTRACTOR'S employees;
- E. Claims for damages insured by usual personal injury liability coverage;
- F. Claims for damages, other than to the work itself, because of injury to or destruction of tangible property, including loss of use resulting therefrom;
- G. Claims for damages because of bodily injury, death of a person or property damage arising out of ownership, maintenance or use of a motor vehicle;

Coverage will be at least as broad as Insurance Service Office, Inc., Coverage Code "1" "any auto" policy form CA00011293 or equivalent thereof.

- H. Claims for bodily injury or property damage arising out of completed operations;
- I. Claims involving contractual liability insurance applicable to CONTRACTOR'S obligations under the Indemnification Agreement;
- J. Claims for injury or damages in connection with one's professional services;
- K. Claims involving construction projects while they are in progress. Such insurance shall include coverage for loading and offloading hazards. If any hazardous materials, as defined by any local, state or federal authorities are to be transported, MCS 90 endorsement shall be included.

14.4. Commercial General Liability - Minimum Coverage Limits.

The Commercial General Liability insurance required herein shall be written for not less than \$1,000,000 limits of liability or ten percent (10%) of the Contract Price, whichever coverage is greater. Any combination between general liability and excess general liability alone amounting to a minimum of \$2,000,000 per occurrence (or 10% per occurrence) and an aggregate of \$4,000,000 (or 20% whichever is greater) in coverage will be acceptable. The Commercial General Liability additional insured endorsement shall be as broad as the Insurance Services, Inc.'s (ISO) Additional Insured, Form B, CG 20101001, and shall include coverage for CONTRACTOR'S operations and products, and completed operations.

14.5. General Liability - Minimum Coverage Limits

The General Liability insurance required herein, including, Comprehensive Form, Premises-Operations, Explosion and Collapse, Underground Hazard, Products/Completed Operations, Contractual Insurance, Broad Form Property Damage, Independent CONTRACTORS, and Personal Injury shall be written for Bodily Injury and Property Damage Combined shall be written for not less than \$2,000,000 or 10% of the contract cost and with a \$4,000,000 aggregate.

14.6. Automobile Liability

CONTRACTOR shall maintain Commercial/Business Automobile Liability insurance with a combined single limit for bodily injury and property damage of not less than \$2,000,000 each occurrence with respect to any owned, hired, and non-owned vehicles assigned to or used in performance of CONTRACTOR'S work. Coverage shall be at least as broad as Coverage Code 1, "any auto", (Insurance Service Office, Inc. Policy Form CA 00011293, or any replacements thereof).

14.7. Worker's Compensation and Employer's Liability

CONTRACTOR shall maintain Workers' Compensation insurance to cover obligations imposed by federal and state statutes having jurisdiction over CONTRACTOR'S employees engaged in the performance of the work or services; and, Employer's Liability insurance of not less than \$1,000,000 for each accident, \$1,000,000 disease coverage for each employee, and \$1,000,000 disease policy limit.

In case any work is subcontracted, CONTRACTOR will require the SUBCONTRACTOR to provide Workers' Compensation and Employer's Liability to at least the same extent as required of CONTRACTOR.

- 15. NOTICES.** All notices or demands required to be given pursuant to the terms of this Agreement shall be given to the other party in writing, delivered by hand or registered or certified mail, at the addresses set forth below, or to such other address as the parties may substitute by written notice given in the manner prescribed in this paragraph.

In the case of the CITY

Contract Administrator:	<u>Police Commander</u>
Contact:	<u>Gregg Jacquin</u>
Mailing Address:	<u>PO Box 4008 MS 303W</u>
Physical Address:	<u>251 N. Desert Breeze Blvd.</u>
City, State, Zip	<u>Chandler, AZ 85244</u>
Phone:	<u>782-940-4840</u>
FAX:	<u>480-782-4880</u>

In the case of the CONTRACTOR

Firm Name:	<u>All City Towing</u>
Contact:	<u>Jeff Dunn</u>
Address:	<u>2031 West 1st Street</u>
City,	<u>Tempe, AZ 85281</u>
State,	
Zip	
Phone:	<u>480-833-7278</u>
FAX:	<u>480-967-2918</u>

Notices shall be deemed received on date delivered, if delivered by hand, and on the delivery date indicated on receipt if delivered by certified or registered mail.

16. CONFLICT OF INTEREST

- 16.1. No Kickback.** CONTRACTOR warrants that no person has been employed or retained to solicit or secure this Agreement upon an agreement or understanding for a commission, percentage, brokerage or contingent fee; and that no member of the City Council or any employee of CITY has any interest, financially or otherwise, in the firm unless this interest has been declared pursuant to the provisions of A.R.S. Section 38-501. Any such interests were disclosed in CONTRACTOR'S proposal to CITY.

- 16.2. Kickback Termination.** CITY may cancel any contract or agreement, without penalty or obligation, if any person significantly involved in initiating, negotiating, securing, drafting or creating the agreement on behalf of CITY is, at any time while the Agreement or any extension of the Agreement is in effect, an employee of any other party to the Agreement in any capacity or a CONTRACTOR to any other party to the Agreement

with respect to the subject matter of the Agreement. The cancellation shall be effective when written notice from CITY is received by all other parties, unless the notice specifies a later time (A.R.S. §38-511).

16.3. No Conflict. CONTRACTOR stipulates that its officers and employees do not now have a conflict of interest and it further agrees for itself, its officers and its employees that it will not contract for or accept employment for the performance of any work or services with any individual business, corporation or government unit that would create a conflict of interest in the performance of its obligations pursuant to this project.

17. GENERAL TERMS

17.1. Entire Agreement. This Agreement, including Exhibit A, B and C attached hereto, constitutes the entire understanding of the parties and supersedes all previous representations, written or oral, with respect to the services specified herein. This Agreement may not be modified or amended except by a written document, signed by authorized representatives or each party.

17.2. Arizona Law. This Agreement shall be governed and interpreted according to the laws of the State of Arizona.

17.3. Assignment: Services covered by this Agreement shall not be assigned in whole or in part without the prior written consent of CITY.

17.4. Amendments. The Contract may be modified only through a written Contract Amendment executed by authorized persons for both parties. Changes to the Contract, including the addition of work or materials, the revision of payment terms, or the substitution of work or materials, directed by a person who is not specifically authorized by CITY in writing or made unilaterally by CONTRACTOR are violations of the Contract. Any such changes, including unauthorized written Contract Amendments shall be void and without effect, and CONTRACTOR shall not be entitled to any claim under this Contract based on such changes.

17.5. Independent Contractor. CONTRACTOR under this Contract is an independent CONTRACTOR. Neither party to this Contract shall be deemed to be the employee or agent of the other party to the Contract.

17.6. No Parole Evidence. This Contract is intended by the parties as a final and complete expression of their agreement. No course of prior dealings between the parties and no usage of the trade shall supplement or explain any terms used in this document and no other understanding either oral or in writing shall be binding.

17.7. **Authority.** Each party hereby warrants and represents that it has full power and authority to enter into and perform this Agreement, and that the person signing on behalf of each has been properly authorized and empowered to enter this Agreement. Each party further acknowledges that it has read this Agreement, understands it, and agrees to be bound by it.

IN WITNESS WHEREOF, the parties have hereunto subscribed their names to this _____ day of _____ 20____.

FOR THE CITY OF CHANDLER

FOR THE CONTRACTOR

MAYOR

By: *Donald L. Green*
Signature

ATTEST:

ATTEST: If Corporation

City Clerk

Secretary

Approved as to Form

City Attorney *(EA)* SEAL

**EXHIBIT A
PRICE SHEET**

Description	Unit	Estimated Quantity Per Year	Unit Price
Flat rate per tow	Each	4312	<u>\$ 15.00</u>
Storage	Day	33647	<u>\$ 9.00</u>
Extraordinary Recovery	Hour	10	<u>\$ 50.00</u>
After hours opening	Each	24	<u>\$ 40.00</u>
Mileage	Mile	1224	<u>\$ 3.00</u>
Total*			

Outside Contracted Services at actual cost may also be charged upon written approval from the officer at the scene.

A listing of all towing and service prices as contracted shall be issued to the owner, agent of the owner, or the owner's insurance representative at pick-up and a copy shall be issued when invoiced at the time of vehicle release.

EXHIBIT B

**Contractor Immigration Warranty
To Be Completed by Contractor Prior to Execution of Contract**

A.R.S. § 41-4401 requires as a condition of your contract verification of compliance by the contractor and subcontractors with the Federal Immigration and Nationality Act (FINA), all other Federal immigration laws and regulations, and A.R.S. § 23-214 related to the immigration status of its employees.

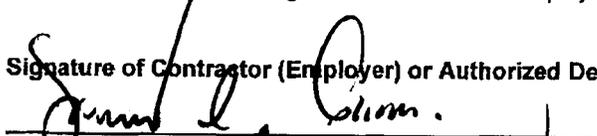
By completing and signing this form the contractor shall attest that it and all subcontractors performing work under the cited contract meet all conditions contained herein.

Contract Number:		
Name (as listed in the contract):		
Street Name and Number:		
City:	State:	Zip Code:

I hereby attest that:

1. The contractor complies with the Federal Immigration and Nationality Act (FINA), all other Federal immigration laws and regulations, and A.R.S. § 23-214 related to the immigration status of those employees performing work under this contract;
2. All subcontractors performing work under this contract comply with the Federal Immigration and Nationality Act (FINA), all other Federal immigration laws and regulations, and A.R.S. § 23-214 related to the immigration status of their employees.

Signature of Contractor (Employer) or Authorized Designee:



Printed Name: JEFFREY D. DUNN

Title: General Manager

Date (month/day/year): 10/18/12

EXHIBIT C1

OPENING REPORT
(all vehicles towed)

Registered Owner	OR Number	Tow Date	Time Called	Time Arrived	Response Time



MEMORANDUM

Management Services Memo No. 13-019

DATE: NOVEMBER 1, 2012

TO: MAYOR AND COUNCIL

THRU: RICH DLUGAS, CITY MANAGER *RD*
DAWN LANG, MANAGEMENT SERVICES DIRECTOR *DL*

FROM: MIKE MANDT, ACTING PURCHASING SUPERVISOR *JMM*

SUBJECT: POLICE TOWING CONTRACT - PROTEST & RESPONSE /
EVALUATION SCORE SHEETS

Attached is a copy of a protest of the recommended award for Police Towing Service and the City's response.

Also attached are the Score Sheets completed by the Evaluation Committee for your information. The score sheets have been provided to all proposers through information requests.

Attachments

cc: All City Towing
Valley Express Towing
Apache Sands Towing
Police Chief Sherry Kiyler
Police Assistant Chief Dave Neuman
Police Towing Evaluation Committee Members

October 29, 2012

City of Chandler
Attn: Mike Mandt, CPPB
Procurement Officer
175 S. Arizona Avenue – 3rd floor
Chandler, Arizona 85225

Subject: RFP Inquiry
Reference: Solicitation # PD3-968-3140

Mr. Mandt:

In accordance with sections 8.1, 8.2, and 8.3 of Chandler solicitation # PD3-968-3140, Thompson Diversified hereby submits the following four causes of protest with regards to the legality, fairness, and objectivity of the referenced RFP.

Before acting upon this protest, I recommend the City review the protest of the nature of the RFP which Valley Express filed in August. This complaint predicted many of the problems the City now faces and the City should reconsider the validity of the claims asserted therein at this time.

As always, we welcome further discussion of any of the protests discussed herein and stand at your disposal for constructive improvement of the process.

Respectfully,



Richard Thompson
Thompson Diversified, LLC dba Valley Express Towing

CC: Chandler City Council Members

Cause of Protest 1

The City of Chandler constructed a scoring method AFTER the proposals were opened to willfully manufacture an award for the incumbent contractor. This action was taken despite a pre-bid protest pointing out the illegality of this procedure and thus cannot represent an oversight of any kind.

The City's purchasing department held a contractor orientation upon releasing the RFP in August, 2012. At this meeting, Jeffery Dunn of All City Towing asked the purchasing manager how points were to be awarded with regards to price. Chandler's troubling response was, "When the proposals have been opened and we have seen who bid and how much they bid, scoring instructions will be developed and applied." Follow up questions were not answered. The purchasing manager only replied that points awarded for price bids would be "proportional" to the bids.

The City thus improperly developed a price scoring formula **after** the bids were opened. To the hour of this protest, the bidders do not know the scoring formula for price bids submitted. The City has directly violated Arizona statutes which require an open and competitive process for the procurement of services. Nothing in Arizona law allows the City to create a price bid scoring system only after the proposals have been opened, the bidders have been identified, and the amount bid has been analyzed.

The obvious flaws in this system, pointed out by Valley Express in writing weeks ago, should have immediately terminated the bid process. This City's practice here is unethical and afield of honest and transparent government. The open admission of using such a method, when it is guaranteed to yield controversy and criticism, can only be justified by a City which has been compelled to use such means to manufacture an award for a preferred contractor. Chandler stands so determined to stand behind this method that simple inquiries to the purchasing department regarding what formula, method, or standard was finally used to award pricing points have been met with the response, "I cannot answer questions."

The simple truth is that it does not matter what formula was used. Chandler openly stated that no method existed until after the bids had been analyzed. This fact alone corrupts the entire evaluation system and voids all results that followed.

Chandler owes the contractors and the citizens so much more than they have provided in this intentionally biased evaluation. To move forward with such a method after an August protest of this process plainly pointed out is nothing less than collusive and conspiratorial.

To put the Chandler City Council in the position of voting November 8th to sustain such a deplorable process and make a \$2,300,000 award pursuant to such chicanery is a terrible disservice to Chandler's citizens and its reputation. Just three months ago, ACT Towing bid \$172,000 for the same contract. Now the same company is recommended for contract despite more than doubling its bid, to \$372,000. The City should void the entire RFP process and preserve what little Chandler integrity remains after this debacle.

Cause of Protest 2

Chandler disregarded its commitment to “proportional” awarding of pricing points. This unethical decision was made after the proposals were opened and evaluated and can serve no purpose whatsoever but to illegally manufacture an award for the incumbent contractor.

At the Contractor Orientation Meeting, the City of Chandler’s purchasing manager committed to award points for pricing “proportional” to the total bid amount. The City’s award of points for pricing is not “proportional” to the values bid. As such, the entire process is invalid.

Proportionality is a reflection of the relationship between two values and is the industry standard for such awards. When a bid is twice as cheap, it deserves twice as many points. This practice was guaranteed in the contractor orientation and is the standard in RFP’s everywhere.

The City has refused to disclose what method was finally used to manufacture the recommended award to ACT Towing. The purchasing manager has responded to questions on the “proportionality” formula used with, “I cannot answer questions.”

However, the use of basic logic and grade school math proves that the City has broken its promise of proportionality in price scoring. Consider that ACT Towing chose to bid \$372,000/year. This figure is over three times higher than Apache Sands’ bid of \$120,000/year. Chandler’s commitment to proportionality at the orientation should have guaranteed that Apache Sands would receive points in excess of 300% of any points awarded to ACT Towing.

The City, inexplicably, awarded 8 points to ACT Towing and 14 points to Apache Sands. Apache Sands received merely 75% more price points for a bid which was 300% cheaper! It is obvious that Chandler felt free to change their promised evaluation standards when it became clear ACT Towing was to be soundly defeated. This practice is so far afield from the practices of good government and fair practices as to reinforce every negative stereotype citizens hold regarding government and politicians!

The abandoning of Chandler’s commitment to proportionality in price scoring is even more glaring when one compares these two bids with that of Valley Express. Using \$1 to score the Valley Express bid of zero for simplicity, Valley Express’s bid was 120,000% lower than Apache Sands and 372,000% lower than ACT Towing. Proportional scoring, as guaranteed by the City, should have awarded Valley Express 20 points, Apache Sands .00016667 points and ACT Towing .00005376 points.

This legally required scoring method which was guaranteed by the City would have resulted in a recommended award to Valley Express .

Cause of Protest 3

ACT Towing's proposal was non-responsive and should have been disqualified as such.

Chandler's RFP solicitation required that bidding contractors provide 10.5 years of police towing history and disclose all disciplinary events over this time. ACT Towing's proposal cover letter begins with the statement that they have served the City of Chandler for over 13 years. However, this same proposal never mentions a two-year long sheriff's department investigation of the company, the raid conducted on its offices, and the protracted investigation by the Attorney General. In addition to this, ACT Towing received extended suspensions from its towing contracts with the City of Gilbert and the Maricopa County Sheriff's Office. ACT Towing never listed or disclosed these disciplinary actions taken by the City of Gilbert and Maricopa County in its bid.

All of these actions were taken against ACT Towing during the 13 years they declared they had been serving Chandler, and well inside the historical parameters defined within the RFP. As such, this omission should have been met with disqualification for non-responsiveness or at the very least severe deduction of points.

Cause of Protest 4

The City has openly acknowledged awarding points based on philanthropy/community service when the RFP never solicited contractors to disclose their acts of philanthropy and no indication that points could be earned through charity exists anywhere in the document.

It is obvious that the City cannot award points for any criteria that do not exist in the RFP solicitation. Were such criteria to be considered, Chandler would be presiding over a compelling competition between Bob Hope Towing and Jerry Lewis Towing. This item really requires no discussion. Instead we ask how ACT Towing knew Chandler could and would award points for philanthropy when the solicitation never discusses the topic whatsoever.

It is not surprising that the City has refused to disclose how many points were awarded to ACT Towing for their community service. They have only stated that community service contributed to their winning experience score. Further inquiries to Chandler were met with the answer, "I cannot answer questions."

Dated this 29th day of October, 2012.

THOMPSON DIVERSIFIED, LLC

By Richard Thompson
Richard Thompson

Its: Owner-Member



Chandler + Arizona
Where Values Make The Difference

November 1, 2012

Mr. Richard Thompson
Thompson Diversified, LLC
661 W. Broadway Road
Mesa, Arizona 85210

Re: City of Chandler Solicitation No. PD3-968-3140

Mr. Thompson:

The City has received your October 29, 2012 letter which protests the staff recommendation of an award of a police towing contract to All City Towing (“the Protest”). This letter is to advise you that the City staff have determined that your protest is not merited and therefore the staff will continue with its recommendation regarding the contract award.

Preliminarily, please allow me to clarify what may be a misunderstanding regarding this process. As you aware, the City staff issued a request for proposals (RFP) following direction from the City Council, which is the governing body of the City of Chandler. The goal of the RFP process is to obtain a contract for services which is in the best interest of the City, or otherwise stated, “most advantageous to the City.” The Chandler City Council will make that ultimate determination. In this case, the duty of the City staff is to make a recommendation to the City Council as to an award of a contract which staff believes will be most advantageous to the City. Following that basic premise, I think you will be better able to understand why the City staff does not feel your protest has merit.

Turning to the specific items of your protest, I will attempt to at least address the major points. However, this letter is not an endeavor to provide a complete and exhaustive response to the issues raised therein.

Cause of Protest No. 1

Although your protest makes referrals to unethical and unlawful conduct, the protest fails to provide a single citation to a rule or regulation, which you assert has been violated. You may recall that the City’s response to your first protest on August 24, 2012 pointed out the same defect with essentially the same allegations raised at that time. Extensive research by this office has confirmed that there are no Arizona laws or regulations which require that a detailed scoring system be included as part of the RFP or that a rigid scoring system even be used at all.

Mailing Address:
Mail Stop 602
PO Box 4008
Chandler, Arizona 85244-4008

Office of the City Attorney
Telephone (480) 782-4640
Fax (480) 782-4652

Location:
2nd Floor
175 South Arizona Avenue
Chandler, Arizona 85225

Nevertheless, the RFP clearly communicated the areas that would be evaluated by the City staff and the maximum points to be awarded for each of the three areas of evaluation.

You may also recall that the City explained to you in the earlier response that the Purchasing Division exercised its judgment not to have a rigidly defined scoring process because it “could pre-determine results and deprive the individual committee members of their independent thought process in evaluating and ultimately making a recommendation as to the award of the contract.” In fact, a committee was formed and given only general guidance as to scoring of points for each responding company.¹ The committee freely evaluated each proposal received and awarded points based on its evaluation of the various proposals. In essence, the process worked as the committee reached its recommendation independently without undue influence to the evaluation process.²

Cause of Protest No. 2

Contrary to your suggestion, the City did not represent that any particular formula would be used to award points based on the “price” portion of the evaluation. And, again, there is no legal requirement for the same. Thus, while your Protest suggests one method of scoring, it appears that the Committee exercised its judgment on how to evaluate the pricing offered by each responding company and utilized another method to reach its consensus on a score for each company. Nevertheless, as you should be able to ascertain from the committee scoring sheets provided at your request, Thompson received by far the highest points from the committee for this category. Therefore, I cannot understand why Thompson would protest this result. Regardless, the Protest is not merited.³

Cause of Protest No. 3

You have asserted that All-City’s response should have been stricken for consideration as non-responsive. However, this again appears to be simply your desire to substitute your judgment for the committee. In section 6.3 of the initial solicitation, “the City reserved the right to waive any informality or irregularity in any Offer received.” Assuming, arguendo, that All City did not respond completely, that would just indicate that the Committee exercised its judgment and waived the irregularity. I will note, however, that All City’s scoring sheet does

¹ It is my understanding that you have been provided with a copy of the general scoring guidelines in response to an earlier public records request. If that is not the case, please advise, and I will forward them to you as soon as possible.

² I would be remiss if I did not note that the City takes umbrage with your assertion of a “deplorable process.” The City Committee that convened to evaluate the RFP responses consisted of reputable members of the City’s Police Department, a City traffic engineer, the Acting Purchasing Supervisor, as well as a citizen volunteer. The Committee also received legal guidance to make sure that the review process was conducted in a fair and impartial manner.

³ Your Protest refers to a “legally required scoring method” but similarly fails to identify the law or other regulation upon which it relies. If you have actual citation to the legal authority upon which you rely, please provide it as soon as possible so I can evaluate the cited authority prior to the City Council’s ultimate determination of the award.

reflect a note regarding an incomplete submission. Thus, it is possible that the Committee did deduct points from All City's scoring for the irregularity. As for the other allegations brought forth in your protest regarding All City, I have not seen where any of those allegations were part of the record before the Committee so it is not clear how the Committee members could have considered that information, even if they wanted to.

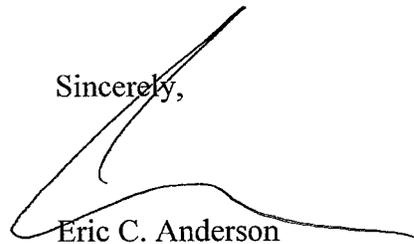
Cause of Protest No. 4

This issue appears to be a product of a misreading of the Committee's scoring sheets. The Committee did not consider "community service" as a factor, but rather noted in the All City scoring sheet under Other Factors that All City had "[c]ommunity support and letters of recommendation." Community support is distinguishable from "community service." In section 6.6.2 of the RFP solicitation, responding companies were invited to provide evidence regarding "other factors that impact customer convenience and proposer's ability to safely and professionally meet current and future requirements of the City." Consistent therewith, it appears that All City included letters of community support and customer satisfaction with this work. These are factors that impact the best interest of the City and which the Committee apparently felt worthy of mention in the scoring process. I have found no indication that the philanthropic efforts, or lack thereof, of any company were considered during the evaluation process.

Summary

As noted in the City's earlier response to your first protest, § 2.04 of the City Charter vests the City Council with policy making and all other powers of the City. The City staff has reviewed your protest carefully and determined that there is no merit. Accordingly, City staff will proceed with its recommendation of an award of the towing contract as stated for ultimate consideration by the Chandler City Council.⁴

Sincerely,



Eric C. Anderson
Assistant City Attorney

EAC/smr

⁴ Any reader of this response to the Protest is cautioned that this is only a summary response and may not contain a recitation of all factual and legal bases for denying the Protest.

ALL CITY TOWING EVALUATION SHEET

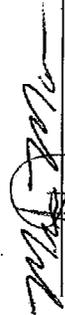
Police Towing
RFP No. PD3-968-3140

Name of Firm Evaluating: ALL CITY TOWING

Total Possible Points Per Criterion	Score & Justification	
	Score	Justification
1. Experience of the Proposer (45 points)	36	Approximately 23,000 tows per year highest volume experience No validated complaints 97% on time Demonstrated capacity for training and extraordinary recoveries Response only provided 4.5 years of experience Exceptional 81%

2. Resources of the Proposer (35 points)	32	<p>Tow Vehicles Most tow vehicles Diversified fleet</p> <p>Storage Facility Closest facility Within City limits</p> <p>Security Block wall Electric gate Best light Tape recorded calls</p> <p>Staffing Most drivers 2 to 3 dispatchers</p> <p>Other factors Dispatch rolls over to management after 2 rings Most professional appearance Community support and letters of recommendation Exceptional 91%</p>
3. Overall Cost (20 points)	8	<p>HIGH COST UP 23% FROM CURRENT LOW END OF MEETS STANDARD 40%</p>
TOTAL (100)	76	Based on the Total Score above, compared to all other firm scores, this firm is ranked: 1

Evaluators

Mandt 

Jacquin 

Austerman 

Lavergne 

Mah 

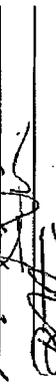
APACHE SANDS EVALUATION SHEET

Police Towing
RFP No. PD3-968-3140

Name of Firm Evaluating: **APACHE SANDS TOWING**

Total Possible Points Per Criterion	Score & Justification	
	Score	Justification
1. Experience of the Proposer (45 points)	31	Approximately 5000 tows per year lowest volume experience 97% on time No validated complaints Exceeds 68%
2. Resources of the Proposer (35 points)	27	Tow Vehicles High number and diversity of tow vehicles Storage facility Smallest lot Security Electric gate Block wall Low lighting Staffing 32 drivers 2 to 3 dispatchers redundancy Lot not staffed 24 hrs Exceeds Standard 77%

3. Overall Cost (20 points)	14	60% LESS THAN CURRENT CONTRACT EXCEEDS STANDARDS 70%
TOTAL (100)	72	
Based on the Total Score above, compared to all other firm scores, this firm is ranked: 2		

Evaluators
Mandt 
Jacquin 
Austerman 
Lavergne 
Mah 

VALLEY EXPRESS EVALUATION SHEET

Police Towing
RFP No. PD3-968-3140

Name of Firm Evaluating: **VALLEY EXPRESS TOWING**

Total Possible Points Per Criterion	Score & Justification	
	Score	Justification
1. Experience of the Proposer (45 points)	31	Approximately 6000 tows per year lower volume 97% on time No validated complaints Exceeds Standards 68%
2. Resources of the Proposer (35 points)	20	Tow Vehicles Lowest number of trucks least diversified vehicles Storage facility Largest lot Dedicated to Chandler Poor access Low level security Temporary facility and lighting Furthest away Security No electric gate 24 hr security No video Staffing 24 hr staff at storage facility Fewest drivers Meets Standard 57%

3. Overall Cost (20 points)	20	LOWEST COST EXCEPTIONAL 100%
TOTAL (100)	71	
Based on the Total Score above, compared to all other firm scores, this firm is ranked: 3		

Evaluators

Mandt

Jacquín

Austerman

Lavergne

Mah









MEMORANDUM

Management Services Memo No. 13-017

DATE: NOVEMBER 1, 2012

TO: MAYOR AND COUNCIL

THRU: RICH DLUGAS, CITY MANAGER *RD*
DAWN LANG, MANAGEMENT SERVICES DIRECTOR *DL*

FROM: MIKE MANDT, ACTING PURCHASING SUPERVISOR *MM*

SUBJECT: POLICE TOWING CONTRACT - INFORMATION RECEIVED

Staff received the attached unsolicited information from the Arizona Department of Insurance Fraud Unit (DOI) concerning All City Towing shortly after posting the award recommendation for the Police Towing Contract. Staff did not receive any information from DOI until after the Evaluation Committee had met and made its recommendation, therefore Agent Hill from DOI was contacted to gain additional information and clarify DOI's intent.

The Evaluation Committee was reconvened to deliberate and determine whether this information received (attached) and further clarified would change the recommended award. The Evaluation Committee continues to recommend All City Towing after deliberation of the following facts:

- The DOI provided a small list of alleged claims for various Cities, but chose only to inform the City of Chandler of the issues and indicated it was for our information only. Historically, the City has requested towing from All City of approximately 12,600 vehicles with no known problems during this time frame.
- Without further substantiation of the claims by DOI, the Evaluation Committee is uncomfortable relying on mere allegations to determine contract non-compliance. The DOI advised the City that it has **no** intention of investigating the claims at this time.
- This information generally falls under the purview of alleged insurance fraud related matters and is typically investigated by the DOI rather than the City.
- At the time of the Evaluation of all responses, none of this information was known by the City. In addition, during the current contract, neither Purchasing nor the Police Department have ever been in contact or received any information from the

DOI, any other regulatory agency, or any individual party regarding these types of claims.

- Based on monthly audits of the existing All City contract, the Police Department has not learned of or observed any inappropriate charges being made to citizens.

The Evaluation Committee continues to support the recommendation for All City Towing after thoughtful consideration of all facts.

Attachments

cc: All City Towing
Valley Express Towing
Apache Sands Towing
Police Chief Sherry Kiyler
Police Assistant Chief Dave Neuman
Police Towing Evaluation Committee Members



FRAUD UNIT

FRAUD UNIT

Arizona Department of Insurance

2910 N. 44th Street, Suite 210, Phoenix, AZ 85018

FAX

Date: 10/23/12

Number of pages including cover sheet: 9

To: MIKE MANATT

Phone:

Fax phone: (480) 782-2410

CC:

From: Paul Hill, CFE

Special Agent

ADOI Fraud Unit

Phone: 602-364-2141

Fax phone: 602-912-8419

Email: paulhill@azinsurance.gov

REMARKS: Urgent For your review Reply ASAP Please comment



ARIZONA DEPARTMENT OF INSURANCE DEPARTMENTAL REPORT

LAW ENFORCEMENT SENSITIVE

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Handwritten notes:
4-10-12
SNAPE
KLEB RAB

NICB is forwarding this information to you from:

INFINITY INSURANCE COMPANY
3700 COLONNADE PKWY
STE 600
BIRMINGHAM AL

Naic Code: 22268

NICB Referral#: R1210000161
Policy/Claim#: 10001265785
Date of loss: 2012-03-22

- Referral code(s): 1. Inflated Tow Bill/Storage
- 2. 3.
- 4. 5.
- 6. 7.

Is this for Information Submission or Referral (I or R)? R
Has Law Enforcement requested Claim Information? N
Agency:
contact:

phone:

CONTACT ON THIS REFERRAL
Name: DIGIOVINE, VICTOR
addr: 3540 E. BASELINE RD, #103
City: PHOENIX

Phone: 6025673627

St: AZ Zip: 85042

Email address:
VICTOR.DIGIOVINE@IPACC.COM
Fax Number: 8885296671

Has the SIU Investigation been completed?
What County did the alleged fraud occur? Maricopa

Investigation Information:
Additional investigation information:
Reason for referral text:

ALL CITY TOWED THIS VEHICLE FOLLOWING A MVA. OUR INSURED IS AN ELDERLY GENTLEMAN WHO STATED THAT ALL CITY DID NOT ASK PERMISSION TO MOVE THE VEHICLE. THIS VEHICLE WAS AND IS AN OBVIOUS TOTAL LOSS AND ANYONE AT ALL CITY WOULD HAVE KNOWN THIS WITH JUST ONE LOOK, HOWEVER ALL CITY MOVED IT TO RIVERVIEW COLLISION AT A CHARGE OF \$265.00.

Activity & Date: CASUALTY 2012-03-22 NICB Number: 7Z003148932
 Type of Loss: *PAU* *OTHER*
 Location of Loss: MCDOWELL RD & 77TH ST
 City: SCOTTSDALE ST: AZ
 Amount Reserved: Amt Paid To Date: Est Claim Value:
 Company: INFINITY INSURANCE COMPANY Phone: 2058038183
 Claim Number: 10001265785

Involved Party: Both Claimant & Insured

Name: HEBER, THOMAS, MATTHEW
Address: 8625 E BELLEVIEW PL UNIT City: SCOTTSDALE State: AZ

SSN: (SQL ERROR IN VALIDATION OF SSN 805 001)
Phone: 4802846747
VIN: 4TANL42N9VZ256133 VYR: 19 VST:
VMA: TOYO VMO: VTP:

Handwritten: 12-0635

10-23-'12 15:51 FROM-DOI MOD

6023644998

T-535 P003/009 F-173

Involved Party: Claimant

Name: RAYMOND, ROSEANNE

Address: 8350 E MCKELLIPS RD. #108 City: SCOTTSDALE

State: AZ

DOB:

Phone: 4808749853

Reported Injury: BODILY INJURY

to AF
3-22-11
SHAR
FILES REQ

NICB is forwarding this information to you from:

STATE FARM (R) AFFILIATE
AZ AUTO
PO BOX 22105
TEMPE AZ

Naic Code: 25178

NICB Referral#: R1107600238
Policy/Claim#: 034092302
Date of loss: 2010-12-07

- Referral code(s): 1. Inflated Tow Bill/Storage
- 2. 3.
- 4. 5.
- 6. 7.

Is this for Information Submission or Referral (I or R)? R
Has Law Enforcement requested Claim Information? N

Agency:
contact:

phone:

CONTACT ON THIS REFERRAL

Name: PALMIERI, DAWN
addr: PO BOX 22045
City: TEMPE

Phone: 4802937760

St: AZ Zip: 85285

Email address:

dawn.palmieri.hg6i@statefarm.com

Fax Number: 4802937929

Has the SIU Investigation been completed? Y
What County did the alleged fraud occur?

Investigation Information:

Claim Information

Additional investigation information:

Reason for referral text:

NAIC #25178

>MIKE FROM ALL CITY TOW ENCOURAGED THE INSURED TO TOW HER CAR TO A BODY SHOP, EVEN THOUGH IT WAS A TOTAL LOSS. SHE RELIED UPON THAT ADVISE AND AGREED. THE CAR WAS LATER TAKEN TO A SALVAGE YARD. THE EXTRA TOW ENCOURAGED BY ALL CITY TOW RESULTED IN A PAYMENT TO THEM OF \$811.50.

>THE INSURED SIGNED AN AFFIDAVIT TO THIS EFFECT.

Activity & Date: CASUALTY

2010-12-07

NICB Number: 7J002923201

Type of Loss: *PAU*

BIAR PAU

Location of Loss: RAY RD & BLACKSTONE

City: CHANDLER

ST: AZ

Amount Reserved:

Amt Paid To Date:

Est Claim Value:

Company: STATE FARM (R) AFFILIATE

Phone: 4806363100

Claim Number: 034092302

Involved Party: Insured Driver

5 Name: TYLINSKI, VICTORIA
Address: 3134 S MARKET ST APT 3058 City: GILBERT

State: AZ

DOB:

11-0554

SSN: (SQL ERROR IN VALIDATION OF SSN 805 001)
 Phone: 4808136927
 Driver Lic: State: AZ
 Reported Injury:

Involved Party: Body Shop

3 Name: COPART AUTO AUCTIONS
 Address: 615 S 51ST AVENUE City: PHOENIX State:AZ

Tax ID: 942867490
 Reported Injury:

Involved Party: Towing Company

2 Name: ALL CITY TOWING
 Address: 1600 N DELAWARE STREET City: CHANDLER State:AZ

Phone: 4809179722
 Reported Injury:

Involved Party: Towing Company

1 Name: PRATT,MIKE
 Address: 1600 N DELAWARE STREET City: CHANDLER State:AZ

Phone: 4809179722
 Reported Injury:

Involved Party: Claimant

4 Name: TYLINSKI,VICTORIA,M
 Address: 3134 S MARKET ST APT 3058 City: GILBERT State:AZ

SSN: (SQL ERROR IN VALIDATION OF SSN 805 001)
 Driver Lic: State:
 Reported Injury: SORE ALL OVER UPPER BACK & NECK

Involved Party: Body Shop

Name: COPART AUTO AUCTIONS
 Address: 615 S 51ST AVENUE City: PHOENIX State:AZ

Tax ID: 942867490
 Reported Injury:

FLA
10-4-11
5:00 PM
FILED REC'D
PLAS REC'D
11-15-11

NICB is forwarding this information to you from:

STATE FARM (R) AFFILIATE
TUCSON AUTO SIU ECF
PO BOX 22105
TEMPE

Naic Code: 25178

AZ

NICB Referral#: R1127600175
Policy/Claim#: 034119802
Date of loss: 2011-05-11

Referral code(s): 1. Auto Repair/Body Shop
2. Inflated Tow Bill/Storage 3.
4. 5.
6. 7.

Is this for Information Submission or Referral (I or R)? R
Has Law Enforcement requested Claim Information? N

Agency:
contact:

phone:

CONTACT ON THIS REFERRAL

Name: PALMIERI, DAWN
addr: PO BOX 52280
City: PHOENIX

Phone: 4802937760

St: AZ Zip: 85072

Email address:

dawn.palmieri.hg61@statefarm.com

Fax Number: 4802937929

Has the SIU Investigation been completed?
What County did the alleged fraud occur?

Investigation Information:

Claim Information

Additional investigation information:

Reason for referral text:

NAIC #25178

>POSSIBLE STATUTE VIOLATION BY ALL CITY TOWING ARS 28-4847 (F)
-PHILLIP ELLERTSON S VEHICLE WAS INVOLVED IN A COLLISION.
-HE SIGNED AN AFFIDAVIT THAT HIS CAR WAS TOWED FROM THE SCENE BY
POLICE REQUEST.
-ALL CITY TOWING THEN TOWED HIS VEHICLE TO EARNHARDT COLLISION
WITHOUT HIS PRIOR PERMISSION.
-IN FACT ALL CITY TOWING MISREPRESENTED THAT HIS CAR HAD TO BE TAKEN
TO EARNHARDT COLLISION EVEN THOUGH IT WAS AN OBVIOUS TOTAL LOSS.
MR. ELLERTSON WORKED IN THE AUTO COLLISION INDUSTRY AND KNEW HIS
VEHICLE WAS A TOTAL LOSS, BUT WAS NOT GIVEN A CHOICE BY ALL CITY
TOWING.
-THE AMOUNT PAID FOR THE UNREQUESTED AND UNNECESSARY CHARGES IS \$904.

Activity & Date: CASUALTY 2011-05-11

NICB Number: 98003039558

Type of Loss: PAULT *PAULT*

PAULT *BIAR*

Location of Loss: WB ON 60 & BEFORE BROADWAY

City: MESA

ST: AZ

Amount Reserved:

Amt Paid To Date:

Est Claim Value:

Company: STATE FARM (R) AFFILIATE

Phone: 4802937756

Claim Number: 034119802

11-1792

Involved Party: Insured

5 Name: LICANO MICHAEL
Address: 6903 E PARKWAY NORTE City: MESA State:AZ

Driver Lic: State:
Reported Injury:

Involved Party: Claimant Driver

3 Name: ELLERTSON, PHILLIP
Address: 313 N JACQUE City: QUEEN VALLEY State:AZ

DOB:
SSN: (SQL ERROR IN VALIDATION OF SSN 805 001)
Phone: 5208409419
Driver Lic: State: AZ
Reported Injury: BRUISING, NECK, SHOULDER,

Involved Party: Body Shop

4 Name: EARNHARDTS GILBERT DODGE INC
Address: 1301 N COLORADO STREET City: GILBERT State:AZ
Tax ID: 860568174
Phone: 4808135587

Reported Injury:

Involved Party: Towing Company

1 Name: ALL CITY TOWING
Address: 1600 N DELAWARE City: CHANDLER State:AZ

Tax ID: 201094157
Phone: 4808337278
Reported Injury:

Involved Party: Other

2 Name: PRATT, MIKE
Address: 1600 N DELAWARE City: CHANDLER State:AZ

Phone: 4808337278
Reported Injury:

CA of
10/23/12
SHALIK
FILES
REQ

NICB is forwarding this information to you from:

STATE FARM (R) AFFILIATE
AZ SIU
PO BOX 22105
TEMPE AZ

Naic Code: 25178

NICB Referral#: R1201900344
Policy/Claim#: 034140192
Date of Loss: 2011-10-11

- Referral code(s): 1. Auto Repair/Body Shop
- 2. Inflated Tow Bill/Storage 3.
- 4. 5.
- 6. 7.

Is this for Information Submission or Referral (I or R)? R
Has Law Enforcement requested Claim Information? N
Agency:
contact:

phone:

CONTACT ON THIS REFERRAL
Name: PALMIERI, DAWN
addr: PO BOX 52280
City: PHOENIX

Phone: 4802937760

St: AZ Zip: 85072

Email address:
dawn.palmieri.hg61@statefarm.com
Fax Number: 4802937929
Has the SIU Investigation been completed?
What County did the alleged fraud occur?

Investigation Information:
Claim Information
Additional investigation information:
Reason for referral text:
NAIC # 25178

QUESTIONABLE DIRECTION GIVEN BY ALL CITY TOWING
>A VEHICLE OWNED BY DAVID SCHMID WAS INVOLVED IN A LOSS. IT WAS TOWED AT POLICE ORDER. (THE PR DOES NOT INDICATE ALL CITY TOWING, BUT ALL CITY TOWING REMOVED THE VEHICLE AND PROVIDED A TOW BILL OF \$470.65.)

>THE MORNING AFTER THE ACCIDENT, A MAN FROM ALL CITY TOWING CALLED DAVID AND TOLD HIM HE HAD TO MOVE THE CAR AND THAT HE WOULD TAKE IT TO WEST GATE COLLISION. HE RELIED UPON THAT REFERRAL SINCE HE DID NOT KNOW IF HIS CAR WAS REPAIRABLE AND NEEDED TO GO TO A REPAIR SHOP.

>SHORTLY AFTER THAT THE INSURANCE COMPANY CALLED DAVID ABOUT HIS CAR S LOCATION, AND LEARNED IT HAD BEEN MOVED TO A REPAIR SHOP. THE INSURANCE REP WENT TO THE REPAIR SHOP AND FOUND DAVID S CAR WAS A TOTAL LOSS AND NOT REPAIRABLE.

>THE ADDITIONAL CHARGES/DAMAGES INCURRED BASED ON THE TOW YARD S RECOMMENDATION THAT THE VEHICLE WAS REPAIRABLE WAS \$920.65.

Activity & Date: CASUALTY 2011-10-11 NICB Number: 1Q003098605
Type of Loss: *PACT* *PITYD*

12-21-12

Location of Loss: W/B ON I-10 IN THE TUNNEL

City: PHOENIX

ST: AZ

Amount Reserved:

Amt Paid To Date:

Est Claim Value:

Company: STATE FARM (R) AFFILIATE

Phone: 4802937756

Claim Number: 034140192

Involved Party: Insured Driver

Name: SCHMID, DAVID

Address: 11979 W FILLMORE ST

City: AVONDALE

State: AZ

3

DOB:

SSN:

(SQL ERROR IN VALIDATION OF SSN 805 001)

Phone: 6239344090

Driver Lic:

State: CO

VIN: 1B3ES56C54D535856

VYR: 20

VST: SD

VMA: DODG

VMO:

VTP: PC

Lic Plate: ASK0655

Lic State: AZ

Lic Year:

Lic Type: PC

Involved Party: Towing Company

Name: ALL CITY TOW

Address: PO BOX 41780

City: MESA

State: AZ

1

Phone: 4809634452

Involved Party: Body Shop

Name: WESTGATE COLLISION CENTER

Address: 7535 W CAROL AVE STE 1

City: PEORIA

State: AZ

2

Tax ID: 271334587

Phone: 6234860216



FRAUD UNIT

FRAUD UNIT

Arizona Department of Insurance

2910 N. 44th Street, Suite 210, Phoenix, AZ 85018

FAX

Date: 10/25/12

Number of pages including cover sheet: 26

To: MIKE MANDT

Phone:

Fax phone: (480) 782-2410

CC:

From: Paul Hill, CFE

Special Agent

ADOI Fraud Unit

Phone: 602-364-2141

Fax phone: 602-912-8419

Email: paulhill@azinsurance.gov

REMARKS: Urgent For your review Reply ASAP Please comment



ARIZONA DEPARTMENT OF INSURANCE DEPARTMENTAL REPORT

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COA
10 25-12
101 LTR

NICB is forwarding this information to you from:

STATE FARM (R) AFFILIATE
CIOS - 00
ONE STATE FARM PLAZA
BLOOMINGTON IL

Naic Code: 25178

NICB Referral#: R1229700510
Policy/Claim#: 0310W6472
Date of loss: 2012-08-23

COPY

Referral code(s): 1. Inflated Tow Bill/Storage
2. 3.
4. 5.
6. 7.

Is this for Information Submission or Referral (I or R)? R
Has Law Enforcement requested Claim Information? N
Agency:
contact:

phone:

CONTACT ON THIS REFERRAL
Name: PALMIERI, DAWN
addr: PO BOX 52283
City: PHOENIX

Phone: 4802937760

St: AZ Zip: 85072

Email address:
dawn.palmieri.hg6i@statefarm.com
Fax Number: 4802937929
Has the BIU Investigation been completed? Y
What County did the alleged fraud occur? MARICOPA

Investigation Information:
Claim Information
Additional investigation information:
Reason for referral text:
NAIC #25178

1. The owners' vehicle was towed from the scene by police order by All City Tow.
2. The owner asked All City Tow to take the vehicle to T&S Auto Body.
3. All City Tow took the vehicle to T&S, but the rejected the vehicle as an "obvious total loss".
4. All City Tow then took the vehicle to ^{3.} Earnhardt Body Shop - without the owners' knowledge or permission. An affidavit was obtained from the owner.
5. Earnhardt staff confirmed All City Tow does drop cars there and is paid immediately under a purchase order.
6. Earnhardt staff looked at the car and confirmed it appeared to be a total loss and not repairable.

Activity & Date: CASUALTY 2012-08-23 NICB Number: 2C003231075
 Type of Loss: *PACT*
 Location of Loss:
 City: CHANDLER ST: AZ
 Amount Reserved: Amt Paid To Date: Est Claim Value:
 Company: STATE FARM (R) AFFILIATE Phone:
 Claim Number: 0310W6472

12-1965

COPY

Involved Party: Insured Driver

f
 Name: EKLUND, ELDON
 Address: 42540 W JAWBREAKER DR City: MARICOPA State: AZ
 DOB:
 SSN: _____ (SQL ERROR IN VALIDATION OF SSN 805 001)
 Phone: 5205689477
 Driver Lic: State: CA
 Reported Injury: BODILY INJURY
 VIN: 3VWDE7AJ3CM346409 VYR: 20 VST:
 VMA: VOLK VMO: VTP:

Involved Party: Insured Driver

Name: EKLUND, ELDON, H
 Address: 42540 W JAWBREAKER DR City: MARICOPA State: AZ
 Reported Injury:

Involved Party: Non-Professional

Name: COPART
 Address: 615 S 51ST AVE City: PHOENIX State: AZ
 Tax ID: 942867490
 Phone: 6024847075
 Driver Lic: State: CA
 Reported Injury:

Involved Party: Non-Professional

2
 Name: T & S BODY WORKS, INC.
 Address: 7135 S HARL AVE City: TEMPE State: AZ
 Tax ID: 860704606
 Phone: 4804919100
 Driver Lic: State: CA
 Reported Injury:

Involved Party: Non-Professional

1
 Name: ALL CITY TOWING
 Address: 2450 S 35TH AVE City: PHOENIX State: AZ
 Tax ID: 201094157
 Phone: 6022724440
 Driver Lic: State: CA
 Reported Injury:

Involved Party: First Mortgagee

Name: VOLKSWAGEN CREDIT INC
 Address: PO BOX 3704 City: HILLSBORO State: OR
 Phone: 8666238350
 Driver Lic: State: CA
 Reported Injury:

Involved Party: Insured Passenger

Name: EKLUND, JANETLEE
Address: 42540 W JAWBREAKER DR City: MARICOPA State:AZ

DOB: [REDACTED]
SSN: [REDACTED] (SQL ERROR IN VALIDATION OF SSN 805 001)
Phone: 5205689477
Reported Injury: 7400 E OSBORNE RD SCOTTSDALE HOSPITAL 480-882-400

Involved Party: Insured Passenger

Name: EKLUND, JANETLEE, D
Address: 42540 W JAWBREAKER DR City: MARICOPA State:AZ

Reported Injury:

Involved Party: Lawyer For Insured

COPY

Name: FITZGIBBONS LAW OFFICES PLC
Address: 1115 E COTTONWOOD LN STE City: CASA GRANDE State:AZ

Tax ID: 860807358
Phone: 5204263824
Reported Injury:

Involved Party: First Mortgagee

Name: VOLKSWAGEN CREDIT INC
Address: PO BOX 3704 City: HILLSBORO State:OR

Phone: 8666238350
Driver Lic: State: CA
Reported Injury:

Involved Party: Non-Professional

Name: T & S BODY WORKS, INC.
Address: 7135 S HARL AVE City: TEMPE State:AZ

Tax ID: 860704606
Phone: 4804919100
Driver Lic: State: CA
Reported Injury:

Involved Party: Claimant

Name: CHACON, DEBRA
Address: 1450 W CANARY WAY City: CHANDLER State:AZ

DOB: [REDACTED]
SSN: [REDACTED] (SQL ERROR IN VALIDATION OF SSN 805 001)
Phone: 4804663646
Driver Lic: State: AZ
Reported Injury:

VIN: 3GCEC14X76G215146 VYR: 20 VST:
VMA: CHEV VMO: VTP:
Lic Plate: 692VGP Lic State: AZ Lic Year: Lic Type:

Involved Party: Claimant

Name: DEBRA, CHACON
Address: 1450 W CANARY WAY

City: CHANDLER

State: AZ

Reported Injury:

Involved Party: Claimant

Name: CHACON, DEBRA, ANN
Address: 1450 W CANARY WAY

City: CHANDLER

State: AZ

Phone: 4804663646

Reported Injury:

Involved Party: Non-Professional

Name: COPART
Address: 615 S 51ST AVE

City: PHOENIX

State: AZ

Tax ID: 942867490

Phone: 6024847075

Driver Lic:

State: CA

Reported Injury:

Involved Party: Non-Professional

Name: HERTZ LOCAL EDITION
Address: PO BOX 121139

City: DALLAS

State: TX

Tax ID: 131938568

Phone: 2013072000

Driver Lic:

State: AZ

Reported Injury:

Involved Party: First Mortgagee

Name: WELLS FARGO DEALER SERVICES
Address: PO BOX 25341

City: SANTA ANA

State: CA

Phone: 8002898004

Driver Lic:

State: AZ

Reported Injury:

COPY

CA A
10-25-12
10147R

NICB is forwarding this information to you from:

STATE FARM (R) AFFILIATE
CIOS - 00
ONE STATE FARM PLAZA
BLOOMINGTON IL

Naic Code: 25178

NICB Referral#: R1229700528
Policy/Claim#: 034125207
Date of loss: 2011-06-18

COPY

Referral code(s): 1. Inflated Tow Bill/Storage
2. 3.
4. 5.
6. 7.

Is this for Information Submission or Referral (I or R)? R
Has Law Enforcement requested Claim Information? N
Agency:
contact:

phone:

CONTACT ON THIS REFERRAL
Name: ALDER, WENDI
addr: PO BOX 52283
City: PHOENIX

Phone: 4802937792

St: AZ Zip: 85072

Email address:
wendi.alder.g5ck@statefarm.com
Fax Number: 4802937929
Has the SIU Investigation been completed? Y
What County did the alleged fraud occur? MARICOPA

Investigation Information:
Claim Information
Additional investigation information:
Reason for referral text:
NAIC #25178

Inflated tow bill/storage
-Invoice presented by ACT to Autopro Collision, shows tow truck call fee as \$25.00. Per Chandler contract this fee should be \$10.

Activity & Date: CASUALTY 2011-06-18 NICB Number: 4Y003267375
Type of Loss: *PHACT* *PHAD*
Location of Loss: City: CHANDLER ST: AZ
Amount Reserved: Amt Paid To Date: Est Claim Value:
Company: STATE FARM (R) AFFILIATE Phone:
Claim Number: 034125207

Involved Party: Insured Driver

3 Name: MEDRANO, ERNESTINA
Address: 1210 W GARY CT City: CHANDLER State: AZ
DOB: *[REDACTED]*
SSN: *[REDACTED]* (SQL ERROR IN VALIDATION OF SSN 805 001)
Phone: 4807234008
Driver Lic: State: AZ

12-196P

Reported Injury: PROPERTY DAMAGE

Involved Party: Non-Professional

Name: CROSS COUNTRY MOTOR CLUB

Address: 1 CABOT ROAD

City: MEDFORD

State:MA

Tax ID: 042530679

Driver Lic:

State: AZ

Reported Injury:

COPY

Involved Party: Towing Company

Name: ALL CITY TOWING

Address: 1600 N DELAWARE ST

City: CHANDLER

State:AZ

Phone: 4309179722

Reported Injury:

Involved Party: Claimant Driver

Name: LARA, JOSE, A

Address: 302 W EL ALBA WAY

City: CHANDLER

State:AZ

DOB: [REDACTED]

SSN: [REDACTED]

(SQL ERROR IN VALIDATION OF SSN 805 001)

Phone: 6027546382

Driver Lic:

State: AZ

Reported Injury: FACE AND HAND INJURIES

Involved Party: Medical Clinic/Hospital

Name: SCOTTSDALE HEALTHCARE

Address: 5111 N SCOTTSDALE RD SUIT City: SCOTTSDALE

State:AZ

Tax ID: 942735859

Phone: 4808826776

Driver Lic:

State: AZ

Reported Injury:

Involved Party: Medical Clinic/Hospital

Name: MESA FAMILY PHYSICIANS

Address: 1440 S COUNTRY CLUB STE 3 City: MESA

State:AZ

Tax ID: 860515013

Phone: 4809645800

Driver Lic:

State: AZ

Reported Injury:

Involved Party: Lawyer For Claimant

Name: ALEX & GAXIOLA

Address: 1717 E BELL RD SUITE 1

City: PHOENIX

State:AZ

Tax ID: 205459031

Phone: 6029711775

Driver Lic:

State: AZ

Reported Injury:

Involved Party: Other Insurance Personnel

Name: SOUTHWEST SERVICE ADMINISTRATORS, INC
Address: 2400 W DUNLAP AVE STE 250 City: PHOENIX

State:AZ

Phone: 6022493582

Driver Lic:
Reported Injury:

State: AZ

Involved Party: Non-Professional

Name: COPART AUTO AUCTIONS
Address: 615 S 51ST AVENUE

City: PHOENIX

State:AZ

Tax ID: 942867490

Phone: 6024847075

Driver Lic:
Reported Injury:

State: AZ

Involved Party: Medical Clinic/Hospital

Name: PROFESSIONAL MEDICAL TRANSPORT INC
Address: PO BOX 61085

City: PHOENIX

State:AZ

Tax ID: 860416661

Phone: 4808047400

Driver Lic:
Reported Injury:

State: AZ

COPY

EA
10-25-12
101 LTR

NICB is forwarding this information to you from:

STATE FARM (R) AFFILIATE
CIOS - 00
ONE STATE FARM PLAZA
BLOOMINGTON IL

Naic Code: 25178

NICB Referral#: R1229700489
Policy/Claim#: 0310M5508
Date of loss: 2012-08-10

COPY

Referral code(s): 1. Inflated Tow Bill/Storage
2. 3.
4. 5.
6. 7.

Is this for Information Submission or Referral (I or R)? R
Has Law Enforcement requested Claim Information? N
Agency:
contact:

phone:

CONTACT ON THIS REFERRAL
Name: PALMIERI, DAWN
addr: PO BOX 52263
City: PHOENIX

Phone: 4802937760

St: AZ Zip: 85072

Email address:
dawn.palmieri.hg6i@statefarm.com
Fax Number: 4802937929
Has the SIU Investigation been completed? Y
What County did the alleged fraud occur? MARICOPA

Investigation Information:
Claim Information
Additional investigation information:
Reason for referral text:
NAIC #25178

1. All City Tow picked up the vehicle at police orders.
2. All City Tow staff told the owner/driver that her car had to be towed to a shop and then he told her the name of the shop.
3. Within 5 minutes the owner spoke with State Farm and learned the car was a possible total loss and that CoPart would pick it up.
4. She called All City Tow back and told them CoPart was coming and was told her car was gone. She was surprised they could have located her car, rehooked it and towed it off the lot in 5 minutes, and believed the car had already been towed before they even called her.

Activity & Date: CASUALTY 2012-08-10 NICB Number: 5A003229354
 Type of Loss: *PALET* *BIAR*
 Location of Loss: City: CHANDLER ST: AZ
 Amount Reserved: Amt Paid To Date: Est Claim Value:
 Company: STATE FARM (R) AFFILIATE Phone:
 Claim Number: 0310M5508

Involved Party: Insured Driver

12-1904

4 Name: KIM, ALICIA
 Address: 2572 E REDWOOD PL City: CHANDLER State: AZ
 DOB: [REDACTED]
 Phone: 4809076249
 Driver Lic: State: AZ
 Reported Injury:

Involvement Party: Insured

COPY

3 Name: KIM, DAVID
 Address: 2572 E REDWOOD PL City: CHANDLER State: AZ
 DOB: [REDACTED]
 Phone: 8018423525
 Driver Lic: State: AZ
 Reported Injury:
 VIN: 5GZER13778J301590 VYR: 20 VST:
 VMA: SATU VMO: VTP:
 Lic Plate: Lic State: AZ Lic Year: Lic Type:

Involvement Party: Non-Professional

1 Name: ALL CITY TOWING
 Address: 2450 S 35TH AVE City: PHOENIX State: AZ
 Tax ID: 201094157
 Phone: 4808337278
 Driver Lic: State: AZ
 Reported Injury:

Involvement Party: Non-Professional

2 Name: CHANDLER AUTO BODY
 Address: 1505 N ARIZONA AVE City: CHANDLER State: AZ
 Tax ID: 860945017
 Phone: 6029639734
 Driver Lic: State: AZ
 Reported Injury:

Involvement Party: Claimant Driver

5 Name: RUIZ, PAMELA, K
 Address: 850 E ZESTA LANE City: GILBERT State: AZ
 DOB: [REDACTED]
 SSN: [REDACTED] (SQL ERROR IN VALIDATION OF SSN 805 001)
 Phone: 5055731561
 Driver Lic: State: AZ
 Reported Injury: BODILY INJURY
 VIN: 2RNYD18284H553008 VYR: 20 VST:
 VMA: ACUR VMO: VTP:
 Lic Plate: Lic State: AZ Lic Year: Lic Type:

Involvement Party: Claimant Driver

Name: RUIZ, PAMELA
 Address: 850 E ZESTA LN City: GILBERT State: AZ

Reported Injury:

Involved Party: Medical Clinic/Hospital

Name: MERCY GILBERT MEDICAL CENTER
Address: 3555 S VAL VISTA DR City: GILBERT State:AZ

Tax ID: 352263845

Driver Lic: State: AZ

Reported Injury:

COPY

Involved Party: Non-Professional

Name: ENTERPRISE
Address: PO BOX 840086 City: KANSAS CITY State:MO

Tax ID: 430724835

Driver Lic: State: AZ

Reported Injury:

Involved Party: Non-Professional

Name: ALL CITY TOWING
Address: 2450 S 35TH AVE City: PHOENIX State:AZ

Tax ID: 201094157

Phone: 6022724440

Driver Lic: State: AZ

Reported Injury:

Involved Party: Medical Clinic/Hospital

Name: PREMIER EMERGENCY MEDICAL SPECIALI
Address: PO BOX 96328 City: OKLAHOMA CITY State:OK

Tax ID: 460508979

Phone: 8002250953

Driver Lic: State: AZ

Reported Injury:

Involved Party: Claimant Passenger

Name: RUIZ, HARRIET
Address: 850 E ZESTA LN City: GILBERT State:AZ

DOB: [REDACTED]

SSN: [REDACTED]

(SQL ERROR IN VALIDATION OF SSN 805 001)

Phone: 5055731563

Reported Injury: POSSIBLE BROKEN ARM

Involved Party: Claimant Passenger

Name: RUIZ, HARRIET, I
Address: 892 EVENING PRIMROSE City: BERNALILLO State:NM

Reported Injury:

Involved Party: Claimant Passenger

Name: RUIZ, CAMERON

10-25-'12 07:16 FROM-DOI MOD

6023644998

T-537 P012/026 F-177

Address: 850 E ZESTA LN

City: GILBERT

State:AZ

DOB: ██████████

Reported Injury: BODILY INJURY

COPY

02 H
10/26/12
101 H

NICB is forwarding this information to you from:

STATE FARM (R) AFFILIATE
CIOS - 00
ONE STATE FARM PLAZA
BLOOMINGTON IL

Naic Code: 25178

NICB Referral#: R1229700469
Policy/Claim#: 0310L1781
Date of loss: 2012-08-08

COPY

Referral code(s): 1. Inflated Tow Bill/Storage
2. 3.
4. 5.
6. 7.

Is this for Information Submission or Referral (I or R)? R
Has Law Enforcement requested Claim Information? N
Agency:
contact: phone:

CONTACT ON THIS REFERRAL
Name: PALMIERI, DAWN
addr: PO BOX 52283
City: PHOENIX

Phone: 4802937760

St: AZ Zip: 85072

Email address:
dawn.palmieri.hg61@statefarm.com
Fax Number: 4802937929
Has the SIU Investigation been completed? Y
What County did the alleged fraud occur? MARICOPA

Investigation Information:
Claim Information
Additional investigation information:
Reason for referral text:
NAIC #25178

- All City Tow picked up the vehicle at police orders.
- All City Tow staff told the owner/driver that her had to be towed to Thorobred, even though she did not believe it was repairable. She told them no. They called husband, who was not involved in the loss, and told him the car had to be moved to Thorobred - so he agreed.
- The vehicle was a total loss. The charges for the second tow and storage at the repair shop were \$810.50 and all by the initial tow as unnecessary.
- Claims staff met with staff at ⁴Thorobred - ⁵Chuck Meyers and ⁶Francisco Loera. They confirmed that All City Tow dumps total loss cars at their lots - and said it was because the shop has a purchase order to pay in-coming tow bills when cars are dropped. They said ACT sometimes tells them the name of an insurer for the vehicle, but sometimes the vehicles are not insured and the shop is "stuck" with a damaged car that should never have been brought to them.

Activity & Date: CASUALTY
Type of Loss: PAU
Location of Loss:
City:

2012-08-08 NICB Number: 7P003215504
PH4D
ST: AZ

12-19-12

Amount Reserved: Amt Paid To Date: Est Claim Value:
Company: STATE FARM (R) AFFILIATE Phone:
Claim Number: 0310L1781

COPY

Involved Party: Insured

1

Name: GORKE, GLENN
Address: 1331 W HAWKEN WAY City: CHANDLER State: AZ

DOB: [REDACTED]
SSN: [REDACTED] (SQL ERROR IN VALIDATION OF SSN 805 001)
Phone: 4806444431

Driver Lic: State: AZ
Reported Injury:
VIN: 3G1JH12F34S161521 VYR: 20 VST:
VMA: CHEV VMO: VTP:
Lic Plate: ALY8611 Lic State: AZ Lic Year: Lic Type:

Involved Party: Insured

Name: GORKE, GLENN, R
Address: 1331 W HAWKEN WAY City: CHANDLER State: AZ

Phone: 4808554224

Reported Injury:

Involved Party: Insured

3

Name: GORKE, SOPHIA
Address: 1331 W HAWKEN WAY City: CHANDLER State: AZ

DOB: [REDACTED]
SSN: [REDACTED] (SQL ERROR IN VALIDATION OF SSN 805 001)
Phone: 4802296339

Driver Lic: State: AZ
Reported Injury:

Involved Party: Insured

Name: GORKE, SOPHIA, D
Address: 1331 W HAWKEN WAY City: CHANDLER State: AZ

Reported Injury:

Involved Party: Insured

Name: GORKE, SOPHIE, D
Address: 1331 W HAWKEN WAY City: CHANDLER State: AZ

Phone: 4808554224

Reported Injury:

Involved Party: Towing Company

1

Name: ALL CITY TOWING
Address: 2450 S 35TH AVE City: PHOENIX State: AZ

Tax ID: 201094157
Phone: 6022724440

Reported Injury:

COPY

Involved Party: Claimant Driver

Name: SANCHEZ, SICILEY
Address: 850 W SUN COAST DR City: GILBERT State:AZ

DOB: [REDACTED]
SSN: [REDACTED] (SQL ERROR IN VALIDATION OF SSM 805 001)

Phone: 4807669912
Reported Injury: HEAD INJURY, GETTING AN X-RAY FOR INJURY
VIN: 1N4AL11D55C117460 VYR: 20 VST:
VMA: NISS VMO: VTP:
Lic Plate: LFA627 Lic State: NM Lic Year: Lic Type:

Involved Party: Claimant Driver

Name: SANCHEZ, SICILEY
Address: 601 W DEVON CT City: GILBERT State:AZ

SSN: [REDACTED] (SQL ERROR IN VALIDATION OF SSM 805 001)
Reported Injury:

Involved Party: Non-Professional

Name: AUTO BODY WORLD-ELLIOT, INC.
Address: 1740 W ELLIOT RD City: GILBERT State:AZ

Tax ID: 860941008
Phone: 4805399292
Reported Injury:

Involved Party: First Mortgagee

Name: SANDIA AREA FEDERAL CREDIT UNION
Address: PO BOX 18044 City: ALBUQUERQUE State:NM

Phone: 5052926343
Reported Injury:

Involved Party: Non-Professional

Name: HERTZ LOCAL EDITION
Address: PO BOX 121139 City: DALLAS State:TX

Tax ID: 131938568
Phone: 2013072000
Reported Injury:

*CA A
10-25-12
101 AR*

NICB is forwarding this information to you from:

STATE FARM (R) AFFILIATE
CIOS - 00
ONE STATE FARM PLAZA
BLOOMINGTON IL

Naic Code: 25178

NICB Referral#: R1229700461
Policy/Claim#: 03074F674
Date of loss: 2011-12-28

COPY

Referral code(s): 1. Inflated Tow Bill/Storage
2. 3.
4. 5.
6. 7.

Is this for Information Submission or Referral (I or R)? R
Has Law Enforcement requested Claim Information? N
Agency:
contact:

phone:

CONTACT ON THIS REFERRAL
Name: PALMIERI, DAWN
addr: PO BOX 52283
City: PHOENIX

Phone: 4802937760

St: AZ Zip: 85072

Email address:
dawn.palmieri.hg61@statefarm.com
Fax Number: 4802937929
Has the SIU Investigation been completed? Y
What County did the alleged fraud occur? MARICOPA

Investigation Information:
Claim Information
Additional investigation information:
Reason for referral text:
NAIC #25178

The insured vehicle was involved in a loss and was not driveable.

The vehicle was towed at police order by All City Tow to their lot.

Ron Wood at All City Tow called the owner and tried to force her to take her vehicle to a Honda dealer. She refused and told him he was being a bully.

The vehicle was taken to a different repair shop, selected by the owner, but was an obvious total loss. The tow charges to the shop was \$400.

Activity & Date: CASUALTY 2011-12-28 NICB Number: OR003085741
Type of Loss: **PAUC**
Location of Loss: **PHOENIX**
City: PHOENIX ST: AZ
Amount Reserved: Amt Paid To Date: Est Claim Value:
Company: STATE FARM (R) AFFILIATE Phone:
Claim Number: 03074F674

Involved Party: Insured Driver

12-1962

3
 Name: HERMANN, HEATHER
 Address: 2923 E CHOLLA ST City: PHOENIX State: AZ
 DOB: ██████████
 SSN: ██████████ (SQL ERROR IN VALIDATION OF SSN 805 001)
 Phone: 4804302303
 Driver Lic: State: AZ
 Reported Injury:
 VIN: JHLRE38397C018064 VYR: 20 VST:
 VMA: HOND VMO: VTP:
 Lic Plate: WEENS Lic State: AZ Lic Year: Lic Type:

COPY

Involved Party: Insured Driver
 Name: SPENCER, HEATHER, D
 Address: 3227 E DELCOA DR City: PHOENIX State: AZ
 Reported Injury:

Involved Party: Non-Professional
 Name: MIDWAY COLLISION CENTER
 Address: 2201 W BELL RD City: PHOENIX State: AZ
 Tax ID: 860202697
 Phone: 6028666662
 Driver Lic: State: AZ
 Reported Injury:

Involved Party: First Mortgagee
 Name: HONDA FINANCIAL SERVICES
 Address: PO BOX 165007 City: IRVING State: TX
 Phone: 8004451358
 Driver Lic: State: AZ
 Reported Injury:

Involved Party: Towing Company
 Name: ALL CITY TOWING
 Address: 922 E GILBERT DR City: TEMPE State: AZ
 Tax ID: 201094157
 Phone: 4808940141
 Reported Injury:

Involved Party: Claimant Driver
 Name: BYNUM, AMY, S
 Address: 6760 W YEARLING RD City: PEORIA State: AZ
 DOB: ██████████
 SSN: ██████████ (SQL ERROR IN VALIDATION OF SSN 805 001)
 Phone: 6233768033
 Driver Lic: State: AZ
 Reported Injury: WHIPLASH
 VIN: 2G1FB1EVI1A9227616 VYR: 20 VST:
 VMA: CHEV VMO: VTP:

Lic Plate: CMPRMIZ Lic State: AZ Lic Year: Lic Type:

Involved Party: Claimant Driver

Name: BYNUM, AMY
Address: 6760 W YEARLING RD City: PEORIA State: AZ

Reported Injury:

Involved Party: Non-Professional

Name: AUTO BODY WORLD T-BIRD INC
Address: 8708 W THUNDERBIRD RD STE City: PEORIA State: AZ

Tax ID: 860941008
Phone: 6234861100

Driver Lic: State: AZ
Reported Injury:

COPY

Involved Party: Non-Professional

Name: COPART
Address: 615 S 51ST AVE City: PHOENIX State: AZ

Tax ID: 942867490
Phone: 6024847075

Driver Lic: State: AZ
Reported Injury:

Involved Party: First Mortgagee

Name: US BANK CONSUMER LOAN SERVICING
Address: 1850 OSBORN AVE City: OSHKOSH State: WI

Phone: 8002722657

Driver Lic: State: AZ
Reported Injury:

Involved Party: Non-Professional

Name: BENGSON, MIKE
Address: 8889 E BELL RD STE 101 City: SCOTTSDALE State: AZ

Phone: 4809518100

Driver Lic: State: AZ
Reported Injury:

Involved Party: Claimant Driver

Name: MOULIN, KOREANA
Address: 1616 W SIERRA SUNSET TRL City: PHOENIX State: AZ

Phone: 6023732471

Reported Injury:
VIN: 2G1WB55K879235783 VYR: 20 VST:
VMA: CHEV VMO: VTP:
Lic Plate: ALA6903 Lic State: AZ Lic Year: Lic Type:

Involved Party: Non-Professional

10-25-'12 07:17 FROM-DOI MOD

6023644998

T-537 P019/026 F-177

Name: HERTZ LOCAL EDITION
Address: PO BOX 121139

City: DALLAS

State:TX

Tax ID: 131938568
Phone: 2013072000

Reported Injury:

Involved Party: Non-Professional

Name: PHOENIX BODY WORKS
Address: 22012 N 19TH AVE

City: PHOENIX

State:AZ

Tax ID: 860751132
Phone: 6235821434

Reported Injury:

Involved Party: Insured Passenger

Name: HERMANN, PETER
Address: 3227 E DELCOA DR

City: PHOENIX

State:AZ

DOB: [REDACTED]

SSN: [REDACTED]

(SQL ERROR IN VALIDATION OF SSN 805 001)

Phone: 4804302303

Driver Lic:

State: AZ

Reported Injury:

Involved Party: Insured Passenger

Name: HERMANN, PETER, C
Address: 3227 E DELCOA DR

City: PHOENIX

State:AZ

Reported Injury:

COPY

NICB is forwarding this information to you from:

STATE FARM (R) AFFILIATE
CIOS - 00
ONE STATE FARM PLAZA
BLOOMINGTON IL

Naic Code: 25178

NICB Referral#: R1229800491
Policy/Claim#: 034119985
Date of loss: 2011-05-11

COPY

Referral code(s): 1. Inflated Tow Bill/Storage
2. 3.
4. 5.
6. 7.

Is this for Information Submission or Referral (I or R)? R
Has Law Enforcement requested Claim Information? N
Agency:
contact:

phone:

CONTACT ON THIS REFERRAL
Name: PALMIERI, DAWN
addr: PO BOX 52283
City: PHOENIX

Phone: 4802937760

St: AZ Zip: 85072

Email address:
dawn.palmieri.hg61@statefarm.com
Fax Number: 4802937929

Has the SIU Investigation been completed? Y
What County did the alleged fraud occur? MARICOPA

Investigation Information:
Claim Information
Additional investigation information:
Reason for referral text:
NAIC #25178

All City Tow may have been paid twice for the service of towing the vehicle from the scene at police orders (\$84.50 which is higher than the contract amount of \$10), plus storage (\$50, unclear number of days), plus admin (\$10.50) plus the second tow to the shop (\$265).

Activity & Date: CASUALTY 2011-05-11 NICB Number: 7P003196925
Type of Loss:
Location of Loss:
City: CHANDLER ST: AZ
Amount Reserved: Amt Paid To Date: Est Claim Value:
Company: STATE FARM (R) AFFILIATE Phone:
Claim Number: 034119985

Involved Party: Insured Driver

Name: VYNE, MARK
Address: 425 E HORSESHOE AVE City: GILBERT State: AZ

DOB:
SSN: (SQL ERROR IN VALIDATION OF SSN 805 001)
Phone: 4805589828

10-25-'12 07:17 FROM-DOI MOD

6023644998

T-537 P021/026 F-177

Driver Lic: D02996750
Reported Injury:

State: AZ

Involved Party: Claimant

Name: FISCHER, MICHAEL
Address: 4443 S ALLESANDRO CT

City: GILBERT

State: AZ

Phone: 6024052060
Reported Injury: PROPERTY DAMAGE

Involved Party: Towing Company

Name: ALL CITY TOWING
Address: PO BOX 25620

City: TEMPE

State: AZ

Tax ID: 201094157
Phone: 6022724440
Reported Injury:

Involved Party: Claimant Driver

Name: FISCHER, CHRISTINA
Address: 4443 S ALLESANDRO CT

City: GILBERT

State: AZ

DOB: ██████████
SSN: ██████████
Phone: 4806995993
Reported Injury: WENT TO HOSPITAL BACK

(SQL ERROR IN VALIDATION OF SSN 805 001)

Involved Party: Medical Clinic/Hospital

Name: EAST VALLEY REGIONAL HEALTH SYSTEMS
Address: 475 S DOBSON

City: CHANDLER

State: AZ

Tax ID: 721561132
Phone: 6029171660
Reported Injury:

Involved Party: Medical Clinic/Hospital

Name: PREMIER EM MEDICAL SPECIALIST
Address: PO BOX 96328

City: OKLAHOMA CITY

State: OK

Tax ID: 460508979
Phone: 8002250953
Reported Injury:

Involved Party: Non-Professional

Name: INTEGRITY DOCUMENT SOLUTIONS
Address: PO BOX 53327

City: SAN JOSE

State: CA

Tax ID: 820549982
Phone: 4082299099
Reported Injury:

Involved Party: Medical Clinic/Hospital

Name: CHANDLER REGIONAL HOSPITAL

COPY

10-25-'12 07:17 FROM-DOI MOD

6023644998

T-537 P022/026 F-177

Address: 475 S DOBSON RD

City: CHANDLER

State:AZ

Tax ID: 721561132

Phone: 4807283000

Reported Injury:

COPY

NICB is forwarding this information to you from:

STATE FARM (R) AFFILIATE
CIOS - 00
ONE STATE FARM PLAZA
BLOOMINGTON IL

Naic Code: 25178

NICB Referral#: R1229600277
Policy/Claim#: 034116916
Date of loss: 2011-04-22

COPY

Referral code(s): 1. Inflated Tow Bill/Storage
2. 3.
4. 5.
6. 7.

Is this for Information Submission or Referral (I or R)? R
Has Law Enforcement requested Claim Information? N
Agency:
contact:

phone:

CONTACT ON THIS REFERRAL

Name: ALDER, WENDI
addr: PO BOX 52283
City: PHOENIX

Phone: 4802937792

St: AZ Zip: 85072

Email address:

wendi.alder.g5ck@statefarm.com

Fax Number: 4802937929

Has the SIU Investigation been completed? Y

What County did the alleged fraud occur? MARICOPA

Investigation Information:

Claim Information

Additional investigation information:

Reason for referral text:

NAIC #25178

NICB Referral

1) Inflated tow bill/storage

-An affidavit was obtained from our insured affirming her vehicle was towed from the scene of the accident as directed by police. However, she was not asked where the car should be taken and had no body shop name to provide if she was asked. The insured was provided two body shop names shortly after the loss by her agent. The shop she chose was Advanced Auto Body. She later learned her vehicle had already been towed to Advanced Auto Body by All City Towing prior to her conversation with her agent when she learned of Advanced for the 1st time.

-In June 2012 the insured received an invoice from All City Towing for \$325.50 alleging the amount was still outstanding and All City requested payment. Based on review of records this allegation is disputed as it appears the amount they are requesting was paid previously.

Activity & Date: CASUALTY
Type of Loss: PACT
Location of Loss:
City: CHANDLER

2011-04-22 NICB Number: 10003194438

~~PHD~~ BIA2

ST: AZ

12-1949

Amount Reserved: Amt Paid To Date: Est Claim Value:
Company: STATE FARM (R) AFFILIATE Phone:
Claim Number: 034116916

Involved Party: Insured

2 B Name: DOWNING JR, ROBERT, C
Address: 5765 W JUPITER WAY City: CHANDLER State: AZ

Phone: 4808389234

Reported Injury:

COPY

Involved Party: Insured Driver

Name: DOWNING, MARLA
Address: 5765 W JUPITER WAY City: CHANDLER State: AZ

DOB: ~~██████████~~

Phone: 4808389234

Reported Injury:

Involved Party: Lawyer For Insured

B Name: THE CAVANAGH LAW FIRM
Address: 1850 N CENTRAL AVE, STE 2 City: PHOENIX State: AZ

Tax ID: 860960547

Phone: 6023224000

Reported Injury:

Involved Party: Insured

4 B Name: DOWNING, ROBERT, C
Address: 5765 W JUPITER WAY City: CHANDLER State: AZ

DOB: ~~██████████~~

SSN: ~~██████████~~ (SQL ERROR IN VALIDATION OF SSN 805 001)

Phone: 4808389234

Driver Lic: ----- State: NY

Reported Injury:

Involved Party: Non-Professional

B Name: COPART AUTO AUCTIONS
Address: 615 S 51ST AVENUE City: PHOENIX State: AZ

Tax ID: 942867490

Phone: 6024847075

Driver Lic: ----- State: NY

Reported Injury:

Involved Party: Insured

3 B Name: DOWNING, MARLA
Address: 5765 W JUPITER WAY City: CHANDLER State: AZ

DOB: ~~██████████~~

SSN: ~~██████████~~ (SQL ERROR IN VALIDATION OF SSN 805 001)

Phone: 4808389234

Driver Lic: ----- State: NY

Reported Injury:

Involved Party: Towing Company

Name: ALL CITY TOW
Address: PO BOX 25620 City: TEMPE State:AZ
Tax ID: 201094157
Phone: 4808337278

COPY

Reported Injury:

Involved Party: Claimant Driver

Name: GARCIA-SEBASTIAN, CLEMENTE
Address: 109 W HARRISON ST City: CHANDLER State:AZ
DOB: [REDACTED]
SSN: [REDACTED] (SQL ERROR IN VALIDATION OF SSN 805 001)
Phone: 4807329735

Driver Lic: State: AZ
Reported Injury: NECK, BACK PAIN, HEADACHES. SHOULDER PAIN

Involved Party: Non-Professional

Name: BODY PRO'S COLLISION
Address: 1508 W SCOTT AVE City: GILBERT State:AZ
Tax ID: 800035915
Phone: 4807921111
Driver Lic: State: AZ

Reported Injury:

Involved Party: Lawyer For Claimant

Name: SLACK-MENDEZ, CHARLES
Address: 2710 S RURAL RD City: TEMPE State:AZ
Phone: 4808291166
Driver Lic: State: AZ

Reported Injury:

Involved Party: Non-Professional

Name: TORRES, ALEJANDRA, S
Address: 4918 N 74TH ST City: SCOTTSDALE State:AZ
SSN: [REDACTED] (SQL ERROR IN VALIDATION OF SSN 805 001)
Phone: 6026203117
Driver Lic: State: AZ

Reported Injury:

Involved Party: Medical Clinic/Hospital

Name: CLINICA REAL
Address: 1432 N 7TH ST City: PHOENIX State:AZ
Tax ID: 860658984
Phone: 6022229595
Driver Lic: State: AZ

Reported Injury:

10-25-'12 07:18 FROM-DOI MOD

6023644998

T-537 P026/026 F-177

Involved Party: Non-Professional

Name: ABACUS RESEARCH & INVESTIGATION
Address: P.O. BOX 15568 City: PHOENIX State:AZ

Tax ID: 860746965
Phone: 6029529500

Driver Lic: State: AZ
Reported Injury:

Involved Party: Witness

Name: KISTLER, KEVIN
Address: 3640 W. KENT DR. City: CHANDLER State:AZ

Phone: 6028827216

Reported Injury:

COPY

FW: updated - All City
Paul W. Hill
to:
Michael.Mandt@chandleraz.gov
10/25/2012 07:36 AM
Show Details

History: This message has been replied to.

Mike,

Sorry I did not get the faxes to you yesterday things were crazy yesterday. I will send them in a few minutes. Besides faxes here are two emails from State Farm that I was asked to forward to you.

NOTE: in 2008 we had one "information only" referral on Valley Express Towing. In 2012 we had three referrals on Apache Sands. All of the referrals on these two companies were in Mesa.

Paul Hill, CFE
Special Agent
Arizona Department of Insurance
2910 N. 44th Street #210
Phoenix, Arizona 85018
Direct (602) 364-2141

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From: Chuck Gregory
Sent: Thursday, October 25, 2012 6:35 AM
To: Paul W. Hill
Subject: FW: updated - All City

Can you forward this to Chandler. They related in a earlier phone conversation this involved Chandler accidents only.

Chuck Gregory, Investigations Supervisor
Arizona Department of Insurance
Investigations Division
2910 North 44th St Suite #210
Phoenix, Arizona 85018
Phone: 602-364-2142

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From: Dawn Palmieri [<mailto:dawn.palmieri.hg6i@statefarm.com>]
Sent: Wednesday, October 24, 2012 6:05 PM
To: Chuck Gregory

Cc: Dawn Palmieri
Subject: updated - All City

Chuck –

I added the date of loss to this table and clarified the statement about “assuming the owner signed an authorization form”. My intent was to show that the statute says the owner must sign a written authorization form to release the car. We are not finding that any owners signed anything for the tow company to move their car – especially to a shop - and in many cases we have sent a release to have the car taken to a salvage yard instead since it is a total loss.

CoPart does not charge anything to us to pick up the car at All City Tow. If All City follows the statute and allows CoPart to pick it up, they only get the contracted \$10. If All City quickly moves the car to a repair shop (which is the norm), they get to charge around \$300 for that second tow. Since the cars are not repairable, it is misleading to guide the owners to have the cars taken to a repair shop - just so they get the \$300 when it's dropped off. The statements they make to the owners are misleading and intentional, the owners are relying upon the statements made by All City, and the carriers are paying money they don't owe (damages).

Let me know if you need anything else. We will keep working on it.

DATE OF LOSS	CLAIM #	OWNER LAST NAME	WAS TOW BILLED PER CONTRACT?	WAS CAR MOVED AT OWNER'S/AGENT'S REQUEST?
8/23/2012	0310W6472	EKLUND	Administrative charges billed, not allowed per contract	- Vehicle released to CoPart. Owner asked that car go to T&S, but T&S rejected as an obvious total loss and told them to take it back to ACT. Instead, ACT dropped the vehicle at Earnhardt without owners' knowledge or permission. <i>Owner affidavit.</i>
8/10/2012	0310M5508	KIM	Initial tow \$32.50 – higher than contract	- Vehicle released to CoPart, but towed to a shop. (The owner should have signed a written release, but none was found in the file.)
8/10/2012	0310M5508	RUIZ	Administrative charges billed, not allowed per contract	- Vehicle released to CoPart, but ACT towed a total loss to a shop (San Tan Collision Center). <i>Owner affidavit.</i>
8/8/2012	0310L1781	GORKE	Administrative charges billed,	- Vehicle released to Copart, but ACT solicited husband after speaking with wife and

		not allowed per contract	towed a total loss vehicle to a shop (Thorobred Chevy). <i>Owner affidavit.</i>
8/8/2012	0310L1781	SANCHEZ	- Vehicle released to CoPart, but total loss vehicle towed to a shop (Auto Body World). (The owner should have signed a written release, but none was found in the file.)
11/30/2011	034143743	ROESNER	Administrative charges billed, not allowed per contract Initial tow \$32.50 – higher than contract (The owner should have signed a written release, but none was found in the file.)
10/11/2011	034140171	LEIGHTON	Administrative charges billed, not allowed per contract - Vehicle released to CoPart but taken to a shop (Berge Ford). (The owner should have signed a written release, but none was found in the file.)
9/21/2011	034138043	WARREN	Administrative charges billed, not allowed per contract (The owner should have signed a written release, but none was found in the file.)
8/4/2011	034131598	OBRIEN	Initial tow \$25 – higher than contract (The owner should have signed a written release, but none was found in the file.)
6/18/2011	034125207	MEDRANO	(The owner should have signed a written release, but none was found in the file.)
5/16/2011	034120769	LI	ACT sent collection letter to owner that they were not paid for the tow to Advanced Auto Body, yet their invoice shows they were paid by Advanced Auto Body when the car was dropped off. ACT may have been paid twice for the tow (\$450). (The owner should have signed a written release, but none was found in the file.)
5/11/2011	034119985	FISCHER	Administrative charges billed, not allowed per contract Initial tow \$84.50 – higher than contract (The owner should have signed a written release, but none was found in the file.)
4/22/2011	034116916	DOWNING	Administrative charges billed, not allowed per contract - ACT took car to repair shop before owner decided on action.

		contract	<i>Owner affidavit.</i> ADOI complaint.
4/9/2011	034115076	STITT	Administrative charges billed, not allowed per contract
4/9/2011	034115076	FOSTER	Administrative charges billed, not allowed per contract
3/30/2011	034113584	SANDHOLM	- Vehicle released to CoPart but it was towed to a shop. The owner had his girlfriend (not next of kin) call ACT to provide shop name. (The owner should have signed a written release, but none was found in the file. The owner asked his girlfriend to call All City provided. She is not the next-of-kin.) (The owner should have signed a written release, but none was found in the file.)
3/29/2011	034113124	QUEALE	
12/7/2010	034092302	TYLINSKI	Administrative charges billed, not allowed per contract - ACT told owner to tow total loss vehicle to a shop (Ernhardt) (ie solicitation). <i>Owner affidavit.</i>
11/12/2010	034087317	TAYLOR	Administrative charges billed, not allowed per contract
10/12/2010	034079274	BERGERON	Administrative charges billed, not allowed per contract (The owner should have signed a written release, but none was found in the file.)
6/19/2010	034037829	BRINKLEY	Administrative charges billed, not allowed per contract
6/19/2010	034037829	PARRA- PENA	Administrative charges billed, not allowed per contract - ACT towed a total loss vehicle to a shop (BodyPros). (The owner should have signed a written release, but none was found in the file.)
4/17/2010	034026854	DENG	Administrative charges billed, not allowed per contract

Dawn Palmieri CPCU, CLU

SIU - MCIU Tempe

A State Farm Insurance Companies

☎ Office (480) 293-7760

☎ Fax (480) 293-7929

✉ Email Dawn.Palmieri.hg6i@statefarm.com

✉ Address PO Box 22045
Tempe, AZ 85285-9684

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FW: All City Tow
Paul W. Hill
to:
Michael.Mandt@chandleraz.gov
10/25/2012 07:36 AM
Show Details

History: This message has been replied to.
2nd email

Paul Hill, CFE
Special Agent
Arizona Department of Insurance
2910 N. 44th Street #210
Phoenix, Arizona 85018
Direct (602) 364-2141

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From: Chuck Gregory
Sent: Thursday, October 25, 2012 6:43 AM
To: Paul W. Hill
Subject: FW: All City Tow

Send this one to

Chuck Gregory, Investigations Supervisor
Arizona Department of Insurance
Investigations Division
2910 North 44th St Suite #210
Phoenix, Arizona 85018
Phone: 602-364-2142

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From: Dawn Palmieri [<mailto:dawn.palmieri.hq6i@statefarm.com>]
Sent: Wednesday, October 24, 2012 4:03 PM
To: Chuck Gregory
Cc: Dawn Palmieri; Anne Marie Gammon
Subject: All City Tow

Chuck –

These are the claims ordered by Chandler PD with questions that would warrant an ADOI/NICB referral. These are the ones we know about to date. Please send a request if you would like the files.

CLAIM#	OWNER LAST NAME	WAS TOW BILLED PER CONTRACT?	WAS CAR MOVED AT OWNER'S/AGENT'S REQUEST?
0310L1781	GORKE	Administrative charges billed, not allowed per contract	- Vehicle released to Copart, but ACT solicited husband after speaking with wife and towed a total loss vehicle to a shop (Thorobred Chevy). Owner affidavit.
0310L1781	SANCHEZ		- Vehicle released to CoPart, but total loss vehicle towed to a shop (Auto Body World). (Assumed the owner signed a written release but no proof provided.)
0310M5508	KIM		- Vehicle released to CoPart, but towed to a shop. (Assumed the owner signed a written release but no proof provided.)
		Initial tow \$32.50 - higher than contract	
0310M5508	RUIZ	Administrative charges billed, not allowed per contract	- Vehicle released to CoPart, but ACT towed a total loss to a shop (San Tan Collision Center). Owner affidavit.
0310W6472	EKLUND	Administrative charges billed, not allowed per contract	- Vehicle released to CoPart. Owner asked that car go to T&S, but T&S rejected as an obvious total loss and told them to take it back to ACT. Instead, ACT dropped the vehicle at Earnhardt without owners' knowledge or permission. Owner affidavit.
034026854	DENG	Administrative charges billed, not allowed per contract	
034037829	BRINKLEY	Administrative charges billed, not allowed per contract	
034037829	PARRA-PENA	Administrative charges billed, not allowed per contract	- ACT towed a total loss vehicle to a shop (BodyPros). (Assumed the owner signed a written release but no proof provided.)
034079274	BERGERON	Administrative charges billed, not allowed per contract	(Assumed the owner signed a written release but no proof provided.)
		Administrative	

034087317	TAYLOR	charges billed, not allowed per contract	
034092302	TYLINSKI	Administrative charges billed, not allowed per contract	- ACT told owner to tow total loss vehicle to a shop (Ernhardt) (ie solicitation). Owner affidavit.
034113124	QUEALE		(Assumed the owner signed a written release but no proof provided.)
034113584	SANDHOLM		- Vehicle released to CoPart but it was towed to a shop. The owner had his girlfriend (not next of kin) call ACT to provide shop name. (Assumed the owner or girlfriend signed a written release but no proof provided.)
034115076	STITT	Administrative charges billed, not allowed per contract	
034115076	FOSTER	Administrative charges billed, not allowed per contract	
034116916	DOWNING	Administrative charges billed, not allowed per contract	- ACT took car to repair shop before owner decided on action. Owner affidavit. ADOI complaint.
034119985	FISCHER	Initial tow \$84.50 – higher than contract	ACT sent collection letter to owner that they were not paid for the tow to Advanced Auto Body, yet their invoice shows they were paid by Advanced Auto Body when the car was dropped off. ACT may have been paid twice for the tow (\$450).
034120769	LI	Administrative charges billed, not allowed per contract	(Assumed the owner signed a written release but no proof provided.)
034125207	MEDRANO	Initial tow \$25 – higher than contract	(Assumed the owner signed a written release but no proof provided.)
034131598	OBRIEN	Administrative charges billed, not allowed per contract	(Assumed the owner signed a written release but no proof provided.)
034138043	WARREN		- Vehicle released to CoPart but taken to a shop (Berge Ford). (Assumed the owner signed a written release but no proof provided.)
		Initial tow \$32.50	

-- higher than
contract

034140171 LEIGHTON

Administrative
charges billed, not
allowed per
contract

(Assumed the owner signed a written release but
no proof provided.)

034143743 ROESNER

Administrative
charges billed, not
allowed per
contract

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contents. Thank you.

FW: All City Tow
Paul W. Hill
to:
Michael.Mandt@chandleraz.gov
10/25/2012 12:23 PM
Show Details

History: This message has been forwarded.

More info

Paul Hill, CFE
Special Agent
Arizona Department of Insurance
2910 N. 44th Street #210
Phoenix, Arizona 85018
Direct (602) 364-2141

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From: Chuck Gregory
Sent: Thursday, October 25, 2012 12:21 PM
To: Paul W. Hill
Subject: FW: All City Tow

Can you forward this to Chandler

Chuck Gregory, Investigations Supervisor
Arizona Department of Insurance
Investigations Division
2910 North 44th St Suite #210
Phoenix, Arizona 85018
Phone: 602-364-2142

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From: Dawn Palmieri [<mailto:dawn.palmieri.hq6i@statefarm.com>]
Sent: Thursday, October 25, 2012 10:14 AM
To: Chuck Gregory
Cc: Dawn Palmieri
Subject: RE: All City Tow

You bet.

Here is the summary memo which also has the contract and statute, as reference.

From: Chuck Gregory [<mailto:CGregory@azinsurance.gov>]
Sent: Thursday, October 25, 2012 9:48 AM
To: Dawn Palmieri
Subject: RE: All City Tow

Go ahead and send the owner affidavits you have and I will send you a letter later this afternoon. I am tied up right now and will be out of the office.

Chuck Gregory, Investigations Supervisor
Arizona Department of Insurance
Investigations Division
2910 North 44th St Suite #210
Phoenix, Arizona 85018
Phone: 602-364-2142

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From: Dawn Palmieri [<mailto:dawn.palmieri.hq6i@statefarm.com>]
Sent: Thursday, October 25, 2012 9:10 AM
To: Chuck Gregory
Cc: Dawn Palmieri
Subject: RE: All City Tow

Chuck –

I was hoping you might ask for the “owner affidavit” files since those affidavits from the vehicle owner’s tell the story. The most egregious one was Eklund where the car was towed to a shop (owner’s choice) and rejected as an obvious total and then taken to Earnhardt and dropped off. That was recent, too. I was at the shop on 08/23/12 and talking with the shop manager about how All City dumps cars there.

Maybe you might consider asking for just this one? I could PDF and send the affidavit to you – ASAP.
0310W6472

Thanks!

Dawn Palmieri CPCU, CLU
SIU - MCIU Tempe

A State Farm Insurance Companies

☎ Office (480) 293-7760

☎ Fax (480) 293-7929

Email Dawn.Palmieri.hg6i@statefarm.com

Address PO Box 22045
Tempe, AZ 85285-9684

FOR INTERNAL STATE FARM USE ONLY

Contains information which may not be disclosed without express written authorization

From: Chuck Gregory [<mailto:CGregory@azinsurance.gov>]

Sent: Thursday, October 25, 2012 7:05 AM

To: Dawn Palmieri

Subject: RE: All City Tow

I have most of the referrals and we will forward them to Chandler. Does not appear we will need the files. The narratives in the referral appear to be all we need for now.

Chuck Gregory, Investigations Supervisor
Arizona Department of Insurance
Investigations Division
2910 North 44th St Suite #210
Phoenix, Arizona 85018
Phone: 602-364-2142

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From: Dawn Palmieri [<mailto:dawn.palmieri.hg6i@statefarm.com>]

Sent: Wednesday, October 24, 2012 4:03 PM

To: Chuck Gregory

Cc: Dawn Palmieri; Anne Marie Gammon

Subject: All City Tow

Chuck -

These are the claims ordered by Chandler PD with questions that would warrant an ADOI/NICB referral. These are the ones we know about to date. Please send a request if you would like the files.

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034026854 DENG	Administrative charges billed, not allowed per contract	
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034140171	LEIGHTON	Initial tow \$32.50 – higher than contract Administrative charges billed, not allowed per contract	(Assumed the owner signed a written release but no proof provided.)
034143743	ROESNER	Administrative charges billed, not allowed per contract	

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BACKGROUND

The City of Chandler has had a contract with All City Tow (ACT) to respond to police-ordered tows within the city (Attachment 1). In addition to the contract with the City, and mentioned within the contract, are the Arizona Revised Statutes (ARS) that regulate tows (Attachment 2).

Customers have complained that their vehicles have been removed from ACT's storage lot after an accident and taken to shops they did not select, and/or staff at ACT has called the customers to direct them to body shop for repairs. In about a third of the cases, the owner was directed to take their vehicle to a repair shop even though it was not repairable. In some instances, release forms were faxed to All City Tow by the owner's agent to have the vehicle taken to a salvage yard, but it was taken to a shop instead. Most owners deny signing any documentation, so it unlikely All City Towing has complied with the statute to release the vehicle.

CONTRACT AND REGULATIONS

The contract references the statute in the following issues

PERTINENT CONTRACT REQUIREMENTS

2.4 Release of Vehicles

Prior to releasing any vehicle, CONTRACTOR shall require the person or company requesting possession to present a copy of a picture identification verifying ownership of the vehicle as indicated on the police report. An agent of the owner must also present a written statement authorizing the release, with a notarized signature of the vehicle owner and picture ID of the agent. If the owner is incapacitated, the written authorization from the owner's adult next of kin may be substituted for the notarized signature of the vehicle owner. The contractor will accept release documentation by Fax, mail or hand delivery. If requested by CITY, CONTRACTOR shall verify the presence of an ignition interlock or other device. Release of vehicles to insurance companies shall be in accordance with ARS 28-4847 Insurance Companies; release; fees and definition.

ARS 28-4847. Insurance companies; release; fees; vehicle repair facilities; applicability; violation; classification; definition

- A. The towing company shall release a towed vehicle to a person designated in writing by an insurance company during normal business hours on the day the request for release is provided to the towing company, the detailed statement of charges is provided by the towing company at no cost and payment for all reasonable towing, storage and related fees is received by the towing company. The request for release shall be in writing and:
1. Shall indicate the name of the insurer as well as the name, address, telephone number and fax number of a representative of the insurer.
 2. Shall include the name, address and telephone number of the owner, the owner's written consent for release of the vehicle and the name of the insured, if different from the owner.
 3. Shall include the insurer's claim number and the name of the person to whom the insurer authorizes release of the vehicle.
 4. Shall be signed by the owner except as provided in paragraph 6 of this subsection.

5. May be faxed, mailed or hand delivered to the towing company.

6. If the written consent of the owner is not obtained pursuant to paragraph 2 of this subsection, the request for release shall include a statement that the insurer has authorization from the vehicle owner to remove the vehicle from the towing company's storage premises.

7. Shall include a statement that the owner has been informed that pursuant to this section the towing company is presumptively not responsible for any loss of personal property or damage to the vehicle that is not disclosed to the towing company before the insurer or the insurer's authorized agent removes the vehicle from the towing company's storage premises. The notice shall also include a statement that the owner or person designated in writing by the owner and witnessed by a third party may inspect the vehicle at the towing company's storage premises, may remove any personal property from the vehicle and may report any damage to the vehicle to the towing company at the time of inspection. The towing company shall not require payment for the removal of personal property that is inside the vehicle if the removal is during business hours. For the purposes of this paragraph, personal property does not include any vehicle parts, vehicle equipment or vehicle accessories.

5. Allowed charges

For all services provided under the Agreement, CONTRACTOR may charge vehicle owners only those fees set forth herein at the rates and in the amounts listed in the Price Sheet attached hereto as Exhibit A and incorporated by reference.

EXHIBIT A		
PRICE SHEET		
Description	Unit	Unit Price
Flat rate per tow	Each	\$10.00
Storage	Day	\$7.50
After hours opening	Each	\$40.00
Mileage	Mile	\$5.00
Filing fee	Each	Actual cost

5.9 Retows.

CONTRACTOR shall provide vehicle owners or their agents a choice to use CONTRACTOR or another source for re-towing. CONTRACTOR may not charge any re-tow or other fee to allow the vehicle owner or agent to use another source for re-towing.

5.11 Business Card and Rate Sheet.

CONTRACTOR shall provide a business card and Contract Rate Sheet to the owner or agent of each vehicle towed. If unable to do so because the owner or agent has been transported to a hospital or otherwise left the scene, CONTRACTOR will provide the business card and rate sheet to the officer investigating the accident. The Contract Rate Sheet will be provide to CONTRACTOR by CITY. CONTRACTOR shall notify CITY if additional rate sheets are needed.

5.12 Additional Fees.

Under no circumstances shall CONTRACTOR charge any fees not authorized herein and listed in the Price Sheet, Exhibit A, for services by reason of this contract. This Contract covers all services, charges and fees from the time CONTRACTOR receives a request from the City of Chandler to respond until

possession of the vehicle is released from CONTRACTOR and passes to the vehicle's owner or owner's agent.

8.3 Solicitation of Business Prohibited.

In connection with any vehicle towed pursuant to this agreement, CONTRACTOR may not solicit business for, or contract the vehicle owner or owner's agent on behalf of, any body shop, towing company, wrecking yard, health care provider, lawyer, or other person or business of any description. His prohibition does not prohibit the contractor's employees from answering questions from a vehicle owner or owner's agent. In addition, CONTRACTOR shall not accept any referral fees or commission from any body shop, towing company, wrecking yard, health care provider, lawyer, or other person or business in connection with this contract. In addition, CONTRACTOR is prohibited from receiving a commission, referral fee or other compensation from any body shop, insurance company, legal firm, attorney or others in exchange for referring business from this contract to said parties.

CUSTOMER SUMMARY

The following customer information has been obtained to date. No customers recall getting any rate sheets, nor signing any paper work with or for the tow company.

DATE OF LOSS	CLAIM #	OWNER LAST NAME	WAS TOW BILLED PER CONTRACT?	WAS CAR MOVED AT OWNER'S/AGENT'S REQUEST?
8/23/2012	0310W6472	EKLUND	Administrative charges billed, not allowed per contract	- Vehicle released to CoPart. Owner asked that car go to T&S, but T&S rejected as an obvious total loss and told them to take it back to ACT. Instead, ACT dropped the vehicle at Earnhardt without owners' knowledge or permission. Owner affidavit.
8/10/2012	0310M5508	KIM		- Vehicle released to CoPart, but towed to a shop. (The owner should have signed a written release, but none was found in the file.)
8/10/2012	0310M5508	RUIZ	Initial tow \$32.50 – higher than contract Administrative charges billed, not allowed per contract	- Vehicle released to CoPart, but ACT towed a total loss to a shop (San Tan Collision Center). Owner affidavit.
8/8/2012	0310L1781	GORKE	Administrative charges billed, not allowed per contract	- Vehicle released to Copart, but ACT solicited husband after speaking with wife and towed a total loss vehicle to a shop (Thorobred Chevy).

DATE OF LOSS	CLAIM #	OWNER LAST NAME	WAS TOW-BILLED PER CONTRACT?	WAS CAR MOVED AT OWNER'S/AGENT'S REQUEST?
				<i>Owner affidavit.</i>
8/8/2012	0310L1781	SANCHEZ		- Vehicle released to CoPart, but total loss vehicle towed to a shop (Auto Body World). (The owner should have signed a written release, but none was found in the file.)
11/30/2011	034143743	ROESNER	Administrative charges billed, not allowed per contract	
10/11/2011	034140171	LEIGHTON	Initial tow \$32.50 – higher than contract Administrative charges billed, not allowed per contract	(The owner should have signed a written release, but none was found in the file.)
9/21/2011	034138043	WARREN		- Vehicle released to CoPart but taken to a shop (Berge Ford). (The owner should have signed a written release, but none was found in the file.)
8/4/2011	034131598	OBRIEN	Administrative charges billed, not allowed per contract	(The owner should have signed a written release, but none was found in the file.)
6/18/2011	034125207	MEDRANO	Initial tow \$25 – higher than contract	(The owner should have signed a written release, but none was found in the file.)
5/16/2011	034120769	LI		(The owner should have signed a written release, but none was found in the file.)
5/11/2011	034119985	FISCHER	Initial tow \$84.50 – higher than contract Administrative charges billed, not allowed per contract	ACT sent collection letter to owner that they were not paid for the tow to Advanced Auto Body, yet their invoice shows they were paid by Advanced Auto Body when the car was dropped off. ACT may have been paid twice for the tow (\$450). (The owner should have signed a written release, but none was found in the file.)
4/22/2011	034116916	DOWNING	Administrative charges billed, not allowed per contract	- ACT took car to repair shop before owner decided on action. <i>Owner affidavit.</i> ADOI complaint.

DATE OF LOSS	CLAIM #	OWNER LAST NAME	WAS TOW BILLED PER CONTRACT?	WAS CAR MOVED AT OWNER'S/AGENT'S REQUEST?
4/9/2011	034115076	STITT	Administrative charges billed, not allowed per contract	
4/9/2011	034115076	FOSTER	Administrative charges billed, not allowed per contract	
3/30/2011	034113584	SANDHOLM		- Vehicle released to CoPart but it was towed to a shop. The owner had his girlfriend (not next of kin) call ACT to provide shop name. (The owner should have signed a written release, but none was found in the file. The owner asked his girlfriend to call All City provided.)
3/29/2011	034113124	QUEALE		(The owner should have signed a written release, but none was found in the file.)
12/7/2010	034092302	TYLINSKI	Administrative charges billed, not allowed per contract	- ACT told owner to tow total loss vehicle to a shop (Ernhardt) (ie solicitation). Owner affidavit.
11/12/2010	034087317	TAYLOR	Administrative charges billed, not allowed per contract	
10/12/2010	034079274	BERGERON	Administrative charges billed, not allowed per contract	(The owner should have signed a written release, but none was found in the file.)
6/19/2010	034037829	BRINKLEY	Administrative charges billed, not allowed per contract	
6/19/2010	034037829	PARRA-PENA	Administrative charges billed, not allowed per contract	- ACT towed a total loss vehicle to a shop (BodyPros). (The owner should have signed a written release, but none was found in the file.)
4/17/2010	034026854	DENG	Administrative charges billed, not allowed per contract	