

Tow companies take AAA to court over 'threats'

East Bay Times

05.06.2016

In the latest battle between Walnut Creek-based AAA and the independent towing companies that it partners with to provide emergency roadside assistance, a Superior Court judge said Friday that the company used coercive and misleading language in a settlement offer that many of its towing partners perceived as a threat.

Judge Barry Goode told AAA of Northern California, Nevada and Utah that it would have to rewrite the language of a contract addendum that it has issued to its network of towing company partners in an effort to settle a class-action suit by the companies against AAA.

The class-action suit in question was filed in December 2013 by the Cozzitorto family, which operated one of the largest emergency road service providers for AAA members in Sacramento until the business shuttered in 2014. The suit alleges that AAA places controls over the towing companies that are more akin to an employer-employee relationship than one between a business and its independent contractors. It also alleges that the company has breached the contracts it signs with the towing companies and underpays the companies.

Emergency service providers testified Friday that they have been repeatedly threatened with retaliation for joining that class-action suit.

According to the judge, three elements of AAA's settlement offer letter were "concerning." One of those elements is AAA's inclusion of the terms of a fuel-rebate program in which the organization stated it has the right to take back funds it has given tow companies for rising fuel rates, if those rates drop.

Attorney Matt Edling, representing the plaintiffs, questioned why AAA would include the terms of that program if it had no intention of enforcing them, as the company indicated during the hearing, suggesting that the inclusion was simply designed to look like a threat to tow

Practice Areas

Commercial Litigation

Consumer Protection Class
Actions

TOW COMPANIES TAKE AAA TO COURT OVER 'THREATS'

companies that did not back out of the class action. Because AAA stated at the hearing that it had no intention of actually taking those funds back, the judge called the tone of that claim "coercive." The judge also took issue with AAA's assertions in its letters that it would take valuable towing equipment back from businesses if the class-action outcome ruled in favor of the plaintiffs, and he called a line in the letter "misleading" that assured the contractors that they would not be punished or rewarded based on acceptance of the settlement.

Three tow company owners testified that they perceived their meetings with AAA representatives, and the settlement packages they were offered, as "a threat," based on the nonnegotiable terms of the deal, the wording of the letter and their precarious financial positions.

Upward of 75 people packed the courtroom Friday, mostly tow company owners and employees who turned out to offer support to the plaintiffs.

Alberto Guzman, who owns North Main Tow in Martinez, said AAA canceled his contract in March without any reason, costing him a huge percentage of his business. That was after years of being subject to the company's control over equipment, hours and even pay, Guzman said.

He is still making payments on tow trucks, which cost a minimum of \$125,000, he said, and had to let go of all 25 employees he previously had. Guzman and other tow truck operators said AAA's low base rates -- which the company determined itself -- were so low that many owners are subsidizing their own business costs... (To read the entire article, please click [HERE](#))