

AIPBA

ASSOCIATION OF INDEPENDENT PROPERTY BROKERS & AGENTS

March 15, 2011

Via Facsimile & US Mail

The Honorable Frank R. Lautenberg
Chairman, Senate Subcommittee on Surface Transportation
324 Hart Office Building
Washington, DC 20510

Dear Senator Lautenberg:

Last June, Bill 3483 called the "*The Motor Carrier Protection Act of 2010*" was introduced into the Senate. This bill would, among other things, raise the financial security of property brokers who are licensed by the Federal Motor Carrier Safety Administration ("FMCSA") tenfold from \$10,000 to \$100,000. I am writing on behalf of the membership of the new Association of Independent Property Brokers & Agents ("AIPBA"), an Industry trade group representing small and mid-sized brokers that was formed as a direct result of said proposed legislation.

The AIPBA opposes a \$100,000 bond. If the bond were to be drastically increased as proposed, then small and mid-sized property brokers would not be able to afford the premium and/or the new cash collateral requirements. As a result, thousands of small business owners including our members would be forced out-of-business. Tens of thousands of employees and agents would lose their jobs. We expect most bond issuers would actually cease offering surety instruments to property brokers because they would be 'on the hook' for \$90,000.

Indeed, rather than protect small owner-operators, a large property broker bond would actually eliminate competition and would only serve the interests of the large brokerage companies. Without small brokers-- including our members--serving the industry, independent truckers would be at the mercy of a small, powerful group of large property brokers to secure their loads on the backhaul. Due to anti-competitive effects, shippers --and ultimately consumers--would pay more as a result of the oligopoly that a \$100,000 bond would create.

The AIPBA believes that a \$25,000 bond would fairly balance the interests of both carriers and brokers. This would adjust the current bond that was set in the late 1970's to inflation. The states of Virginia and Florida already have intrastate property and/or household goods broker bonds set at \$25,000. Given the fact that the FMCSA has published a new rule that raises the household goods broker bond from \$10,000 to \$25,000 effective January 1, 2012, it appears FMCSA is moving toward a \$25,000 bond for property brokers. We therefore would respectfully request that the Senate defer to the FMCSA's expertise in the area of regulation of property brokers' financial security.

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As a former New York State Department of Transportation Investigator who fought fraud in the trucking and moving industry, a former licensed property and household goods broker, and a transportation consultant with nearly 20 years of experience in motor carrier regulation, I offer my professional opinion that a \$100,000 bond is not the answer. I respectfully submit my enclosed article on this issue... an article that has been published in a number of industry periodicals such as Transport Topics ... for your information and review.

I also invite you and your staff to review our "*The Case Against a \$100K Bond*" webinar, which is downloadable from our website:

www.IndependentPropertyBrokers.org.

In any event, we ask for the Senate to help keep the bond reasonable and affordable for small business owners like our members and help protect independent truckers against an oligopoly by the big brokerages.

Lastly, should you, your staff, the Committee on Commerce, Science & transportation, or the Subcommittee on Surface Transportation have any questions, I would be happy to meet with you and/or testify at any Senate hearings on behalf of the industry's small and mid-sized property brokers and agents.

I can be reached directly at (800) 215-6704.

Sincerely,

JAMES P. LAMB
President

cc: Members of the Committee on Commerce, Science & Transportation
Members of the Subcommittee on Surface Transportation
The Honorable Anne S. Ferro, FMCSA Administrator