

AIPBA

June 27, 2011

Via Facsimile (202) 226-0821 & US Mail

The Honorable John L. Mica
Chairman, Transportation & Infrastructure Committee
2187 Rayburn House Office
Building Washington, DC 20515

Dear Congressman Mica:

You may recall that we met briefly in 2007 when you addressed the *Orlando Truckers Conference*, which I produced and managed to stimulate the economy for small businesses in the trucking industry in Florida through my private consulting firm. I am writing to you today on behalf of the membership of the *Association of Independent Property Brokers & Agents* ("AIPBA"), an industry trade group representing small and mid-sized property brokers in response to legislation called the **"Fighting Fraud in Transportation Act of 2011"** (HR-2357) introduced on Friday, June 24th, 2011.

Last June, similar proposed legislation was introduced into the Senate (S. 3483) called the *"The Motor Carrier Protection Act of 2010."* This bill would have, among other things, raised the financial security of property brokers who are licensed by the Federal Motor Carrier Safety Administration ("FMCSA") tenfold from \$10,000 to \$100,000. This bill died in committee after we contacted the members of the Committee on Commerce, Science & Transportation and pointed out the adverse impacts on small business.

The AIPBA similarly opposes HR-2357 in that it too seeks to implement a \$100,000 property broker 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 cash collateral requirements that would be imposed by surety companies. 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.

In talking to existing surety companies and financial institutions, we expect most bond issuers would actually cease offering surety instruments to property brokers. 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 and their trade group Transportation Intermediaries Association, which already sells a \$100K bond. 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.

The Honorable John L. Mica
United States House of Representatives
June 27, 2011
Page 2 of 2.

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 as well. We therefore would respectfully request that the House defer to the FMCSA's expertise in the area of regulation of property brokers' financial security.

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 House 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. Please see attached petition from our members.

As a current property broker training instructor offering training under contract with Houston Community College, I also wish to point out the proposed legislation does not define what constitutes "certified training" in terms of the length of training and course curriculum or who is certified ... to offer such training.

This proposed legislation is also generally overly burdensome and unfair in that it calls for a renewal of broker and forwarders licenses but not motor carriers' operating authority. The AIPBA believes renewals are not necessary because motor carriers, brokers and forwarders are already required to renew their registration with the states annually through the Unified Carrier Registration program.

Should you, your staff, or the Committee have any questions, I would be happy to meet with you and/or testify at any Congressional 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 Transportation & Infrastructure Committee
The Honorable Anne S. Ferro, FMCSA Administrator