

## Fighting Fraud in Transportation Act

- ✓ **Supported by:** ATA, OOIDA, and TIA
- ✓ **Know who is Active:** Requires DOT to establish processes and procedures to screen its list of registered motor carriers, brokers and freight forwarders annually, and requires the FMCSA Administrator to ensure that the list accurately reflects only those entities with currently active operating authority. Provides funding from existing appropriations.
- ✓ **Unique Authority Numbers:** Requires DOT to issue distinctive registration numbers for each authority issued to an entity (motor carrier, broker, freight forwarder). Requires that each number include an indicator of the type of activity or service for which the registration number is issued. Authority given governs transaction.
- ✓ **Clarifies Motor Carrier Authority:** Clarifies that motor carriers need separate broker or forwarder authority and bond to broker freight. Clarifies that a motor carrier may provide transportation of property with self-propelled motor vehicles owned or leased by the motor carrier or through interchanges as permitted under regulation issued by the Secretary, provided that the originating carrier must physically transport the cargo at some point, and retains liability for the cargo and payment of interchanged carriers.
- ✓ **Increases Broker and Forwarder Requirements:** Raises the broker surety requirement to \$100,000, with a review after five years. Imposes a \$100,000 surety requirement on freight forwarders. Establishes a three year relevant experience or certified training requirement to obtain a license. Requires all current brokers and forwarders to come into compliance with new regulations not later than four years after enactment. Requires that all broker and forwarder licenses be renewed every five years thereafter.
- ✓ **Performance Standards for Sureties:** Requires FMCSA to establish specific performance standards for bonds and other acceptable surety, including requirements that the broker or forwarder can file a bond issued by a surety registered and in good standing with the US Department of Treasury; or a trust or other security acceptable to the Administrator, provided that the surety amount consists of assets readily available to pay claims without resort to personal guarantees or collection of pledged accounts receivable. Makes the bond issuer, trust or other security holder ultimately responsible for failure to make required payments. Specifies procedures for notification of cancellation. Specifies procedures for addressing claims. Establishes a “loser pays” process if claims must be fought in court.
- ✓ **Penalties for Brokering without a License:** Establishes severe penalties for brokering without a license including civil penalties up to \$10,000 for each violation and unlimited liability for payments. Extends payment liability for brokering without a license, jointly and severally to any corporate entity or partnership involved, and to the individual officers, directors, and principals of such entities.
- ✓ **Private Remedies:** By placing these provisions in law, they can be enforced through the courts by the private sector, without resort to action by FMCSA.