

**Transportation Intermediaries Association
ETHICS COMMITTEE**

TIA Ethics Case No. 09-1

**DECISION
July 1, 2009**

CARRIER brought an ethics complaint against BROKER, a TIA member. Based on the information before it, the TIA Ethics Committee has determined to issue a decision in this proceeding.

Role of the Committee

The TIA Code of Ethics is designed to promote the highest standard of ethics within the brokerage and third party logistics industry. Since 1978, TIA has made adherence to the TIA Code of Ethics a mandatory requirement for membership.

The role of the TIA Ethics Committee is to review complaints against TIA members to determine if the member lived up to its promise to abide by the spirit of the TIA Code of Ethics. The TIA Ethics Committee is neither a court of law nor an arbitration system. It is a peer review committee.

Discussion of the Complaint

CARRIER alleges that BROKER has not paid for invoices in the amount of \$7500. In response, BROKER states that one of the loads involved a claim, another involved a re-power cost, and others were paid. BROKER also states that the case involves a case of un-authorized re-brokerage.

BROKER states that the claim involved a load that, while in transit, required BROKER to re-power the load at a cost of \$600. BROKER deducted the \$600 from what it paid CARRIER. According to BROKER, less than a week later, CARRIER received a BROKER load via un-authorized re-brokerage from CARRIER-2. Before CARRIER would deliver the load, they demanded and received \$6000 from BROKER covering three invoices. There are still two invoices in dispute. Subsequent to filing the ethics complaint against BROKER, CARRIER ceased operations.

The Committee finds that BROKER was well within its rights to offset the \$600 cost of re-powering the load. Such offset ability is covered in the contract between BROKER and CARRIER.

The Committee finds that, if there was a claim on the load, BROKER should have followed proper procedures and filed that claim to allow the carrier and its insurance company to investigate.

The Committee is very troubled by the seemingly convenient un-authorized re-brokerage to CARRIER. It seems overly coincidental that a BROKER load would be re-brokered to a small carrier with which BROKER was having a dispute. Due to the lack of detail and enforcement information available from the Department of Transportation, the Committee was unable to establish a direct link between CARRIER-2 and CARRIER. The Committee remains convinced, however, that this was at best a suspicious coincidence. Un-authorized re-brokerage is wrong and is damaging to all involved.

The Committee finds that BROKER was well within its rights to hold payment in an un-authorized re-brokered load situation until it knew who the performing carrier would be.

The Committee has addressed several issues in this decision, yet there are still many ambiguities that the Committee cannot answer. It appears from the Committee's review that BROKER may yet owe money, but it is not clear to whom. The Committee does not have enough information before it to make that determination, and so will not decide the issue of money owed unless additional information is brought to the Committee's attention.

Decision

The Committee finds that BROKER did not violate the TIA Code of Ethics, and the complaint against BROKER is dismissed. The Committee takes no position at this time with regard to money that may be owed by BROKER pending additional information being brought to the Committee's attention.

Issued this 1st day of July 2009 by the TIA Ethics Committee.