

Congress of the United States

Washington, DC 20510

May 22, 2023

The Honorable Eric J. Soskin
Inspector General
U.S. Department of Transportation
1200 New Jersey Ave., SE
Washington, D.C. 20590

Inspector General Soskin,

We write to share concerns regarding an area of increasing unlawful supply-chain fraud and theft. Specifically, stolen truck loads and funding fraud schemes when truckers drop off their loads, but do not get paid, are disrupting freight hauling by truck and brokering. We thank you in advance for your attention to this matter.

Empowered by high-tech tools and relative nonenforcement of applicable criminal laws, fraudsters' schemes are increasing rapidly.¹ An estimated annual 3,500 such schemes have been reported in recent years. While Federal Motor Carrier Safety Administration (FMCSA) maintains a hotline for reporting supply-chain abuse (nccdb.fmcsa.dot.gov), in all likelihood the actual level of fraud is much greater than hotline reports alone indicate, due to underreporting.

It is our understanding that affected industry stakeholders are concerned about a “piecemeal approach to addressing a major issue of general transportation importance” that targets motor carriers and brokers of all sizes.² Additionally, industry stakeholders attest that the “systemic problems of supply chain fraud involving organized crime and broker related fraud” include such criminal violations as “theft of cargo, double brokerage and misappropriation of funds” by bad actors. Of note, the victims of this type and magnitude of supply-chain fraud are not merely truckers, motor carriers, and brokers. The harm from such crimes also falls upon shippers, financial services, manufacturers, wholesalers, retailers, and consumers. The harmful economic ripples cause the cost of doing business to increase, as well as the price retailers and consumers pay for replacement products and other uncompensated costs.

While the FMCSA operates a fraud hotline for the Department of Transportation, FMCSA's primary mission is safety. In 2019 it was determined that the FMCSA does not have the statutory authority to administratively assess civil penalties for violations that occur under 49

¹ Todd Dills, “FMCSA needs a 'cop on the block' fighting brokered-freight fraud,” Overdrive (<https://www.overdriveonline.com/regulations/article/15303681/meaningful-enforcement-needed-to-fight-freight-fraud>), November 29, 2022.

² Air & Expedited Motor Carriers Association [et al.] comments on “Notification of Interim Guidance: Definitions of Broker and Bona Fide Agents” (Federal Register FMCSA Document Number-2022-24923), January 17, 2023.

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U.S.C. Subtitle IV Part B. Additionally, the FMCSA must request a legal ruling for determination of civil penalties in a federal court.³ Since this ruling FMCSA has focused on preventive measures with programs such as *Protect Your Move*, that aims to provide free resources to protect people from moving fraud, expand staff to combat moving fraud, and improve consumer outreach.

The Department's Office of Inspector General (OIG) has, working in collaboration with the FMCSA and the Department of Justice (DOJ), developed several compelling cases against the aforementioned illegal acts.⁴ The OIG has also worked with FMCSA and DOJ to investigate and prosecute increasingly complex crimes surrounding household goods moving fraud. These cases have combined consumer complaint information received by FMCSA with the collaborative investigative authorities of the OIG and DOJ. To this end, OIG possesses the statutory authority, the capability, and institutional effectiveness to focus attention and resources systematically to combat these crimes. This matter falls squarely in the OIG's area of expertise.

Recognizing the continued growth of various forms of cargo theft and other supply chain crimes and building on the success of individual efforts there is an opportunity to establish a permanent task force within OIG to monitor freight, household goods moving, ransom, and double-brokering fraud or address other cases of supply chain fraud that falls within OIG's jurisdiction and to investigate and prosecute fraudulent activity consistent with existing civil and criminal penalties.⁵ We urge OIG to consider creating a special unit within the Inspector General's office, in consultation with FMCSA and the DOJ, to investigate, refer, and prosecute cases of transportation fraud in a systematic, concerted manner. Forming a special unit for this purpose at OIG appears to be consistent with OIG's authority.

Thank you for your prompt attention to this inquiry. As the OIG has proven, this type of transportation fraud can be effectively fought. It is time to curtail these criminal enterprises through consistent enforcement of the laws on the books. We look forward to your response and partnership to prioritize the commission of these rampant crimes.

Sincerely,



Mike Braun
United States Senator



Michael Bost
Member of Congress

³ In the Matter of Darlene Riojas, Manuel J. Riojas, Four Star Trucking, Inc., and 7 Star Transport, LLC; Docket No. FMCSA-2012-0174; regulations.gov; (May 8, 2019).

⁴ Department of Justice, "Tijuana Man Pleads Guilty to 'Double-Broker' Scheme Targeting San Diego Truckers" (October 2022).

⁵ Air & Expedited Motor Carriers Association [et al.] comments on "Notification of Interim Guidance: Definitions of Broker and Bona Fide Agents" (Federal Register FMCSA Document Number-2022-24923), January 17, 2023.

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CC: Robin Hutcheson, Administrator, Federal Motor Carrier Safety Administration
Michael Horowitz, Inspector General, United States Department of Justice