



DEPARTMENT OF TRANSPORTATION

[4910-EX-P]

Federal Motor Carrier Safety Administration

49 CFR Parts 371, 375, 386, and 387

State Enforcement of Household Goods Consumer Protection

AGENCY: Federal Motor Carrier Safety Administration (FMCSA), DOT.

ACTION: Notice of enforcement.

SUMMARY: FMCSA provides an updated list of statutory provisions and FMCSA regulations that State household goods regulatory authorities and State attorneys general may enforce, reflecting amendments to FMCSA's regulations regarding brokers of household goods. The Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) gives State household goods regulatory authorities and State attorneys general the right to enforce certain consumer protection provisions that apply to individual shippers and are related to interstate movement of the goods.

DATES: On November 17, 2006, FMCSA published a list of the statutory and regulatory provisions that State attorneys general and household goods regulators are allowed to enforce pursuant to section 4206(b) of SAFETEA-LU (71 FR 67009). That enforcement authority was retroactive to August 10, 2005, the date of enactment of SAFETEA-LU. The Agency amended its household goods regulations on November 29, 2010 (75 FR 72987). States are now authorized to enforce those regulations, retroactive to January 28, 2011, the effective date of the 2010 rule. However, the requirement for a \$25,000 surety bond or trust fund (49 CFR 387.307(a)(2)) had a delayed compliance date of January 1, 2012, and States may enforce that provision only on or after that date.

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SUPPLEMENTARY INFORMATION: Section 4206(b) of SAFETEA-LU (Pub. L. 109-59, 119 Stat. 1144, 1754, codified at 49 U.S.C. 14710 and 14711), provides that State household goods regulatory authorities and State attorneys general may enforce certain consumer protection provisions of Title 49 of the United States Code (U.S.C.) and related regulations applicable to the delivery and transportation of household goods in interstate or foreign commerce. Section 14710 authorizes State agencies that regulate the movement of intrastate household goods to “enforce the consumer protection provisions of this title [Title 49] that apply to individual shippers, as determined by the Secretary [of the U.S. Department of Transportation], and are related to the delivery and transportation of household goods in interstate commerce.” Section 14711 authorizes State attorneys general to bring civil actions in the U.S. district courts to enforce the consumer protection provisions that apply to individual shippers and are related to the delivery and transportation of household goods in interstate or foreign commerce.

On November 17, 2006, FMCSA issued a notice that specified which statutory provisions and FMCSA regulations State household goods regulatory authorities and State attorneys general are authorized to enforce pursuant to 49 U.S.C. 14710 - 14711 (71 FR 67009). In that notice, FMCSA also stated that it was developing a notice of proposed rulemaking that would require brokers of household goods to provide individual shippers with specific information required under section 4212 of SAFETEA-LU. The Agency stated that it would add that rule, once it became final, to the list of regulations that State household goods regulatory authorities and State attorneys general may enforce.

On November 29, 2010, FMCSA issued that final rule (75 FR 72987). It amended FMCSA's regulations and imposed various requirements on both household goods carriers and brokers as follows.

- Special Rules for Household Goods Brokers, 49 CFR part 371, subpart B. Household goods brokers offering services to individual shippers and operating in interstate or foreign commerce are subject to the requirements of subpart B of part 371. This subpart requires that brokers use only motor carriers that are properly licensed and authorized to operate (49 CFR 371.105); provide certain disclosures in advertisements and Internet Web homepages, and to individual shippers (49 CFR 371.107 through 371.111, 371.117); provide individual shippers with a written estimate (49 CFR 371.115); and maintain agreements with motor carriers before providing written estimates on behalf of these carriers (49 CFR 371.117). Subpart B also establishes penalties for violations (49 CFR 371.121).
- Transportation of Household Goods in Interstate Commerce; Consumer Protection Regulations, 49 CFR part 375. Household goods carriers must provide certain consumer protection information to prospective individual shippers unless the consumer expressly waives physical receipt (49 CFR 375.213). A household goods carrier permitting a broker to provide estimates on its behalf must enter into an agreement with the broker adopting the broker's estimate as its own (49 CFR 375.409).
- Penalty Schedule; Violations and Monetary Penalties, 49 CFR part 386, Appendix B. Household goods brokers are subject to statutory penalties for providing estimates without an agreement with a household goods motor carrier and for operating without being registered with FMCSA (49 CFR part 386, Appendix B(g)(22)-(23)).

- Minimum Levels of Financial Responsibility for Motor Carriers, 49 CFR part 387. The current minimum level of financial responsibility required of household goods brokers is \$25,000, as of January 1, 2012 (49 CFR 387.307(a)(2)).

The provisions of FMCSA's November 29, 2010, final rule are now being included in the list of regulations that State household goods regulatory authorities and State attorneys general may enforce, effective as of January 28, 2011, except for 49 CFR 387.307(a)(2), effective as of January 1, 2012. To assist interested parties, the list of statutory and regulatory provisions that State household goods regulatory authorities and State attorneys general may enforce pursuant to sections 14710 and 14711 of SAFETEA-LU is provided in its entirety below. The brief description accompanying each item listed below is for informational purposes only and is not intended to be a definitive interpretation of legal requirements.

Statutes

1. Tariff requirement for certain transportation, 49 U.S.C. 13702.

Household goods carriers must have tariffs covering transportation and related services and must charge in accordance with their tariffs. The carrier must give notice of availability of the tariff to individual shippers and must make the tariff available for inspection to shippers upon reasonable request.

2. Household goods rates—estimates; Guarantees of service, 49 U.S.C. 13704.

Rates for transportation of household goods moving on a written binding estimate must be available to shippers on a non-preferential basis and must not result in charges that are predatory.

3. Payment of rates; Exceptions, 49 U.S.C. 13707(b).

Household goods carriers must give up possession of a shipment upon payment of 100 percent of a binding estimate or 110 percent of a non-binding estimate, but may collect all charges related to post-contract services and impracticable operations at delivery (with some limitations as to the latter).

4. Requirement for registration, 49 U.S.C. 13901; General civil penalties, 49 U.S.C. 14901(d)(3).

FMCSA registration is required to provide transportation or brokerage services subject to FMCSA jurisdiction. Transportation or brokering of household goods without FMCSA registration is punishable by a minimum civil penalty of \$25,000 per violation.

5. Household goods carrier operations; Estimates, 49 U.S.C. 14104(b).

Household goods carriers must comply with certain estimating requirements and provide individual shippers with prescribed informational publications.

6. Liability of carriers under receipts and bills of lading; Limiting liability of household goods carriers to declared value; 49 U.S.C. 14706(f).

Household goods carriers are liable for the replacement value of goods unless the individual shipper waives full value protection in writing.

7. Dispute settlement program for household goods carriers, 49 U.S.C. 14708.

Household goods carriers must provide binding arbitration upon a shipper's request for disputes up to \$10,000 involving loss and damage and payment of charges in addition to those collected at delivery.

8. General civil penalties; Estimate of broker without carrier agreement, 49 U.S.C. 14901(d)(2).

Household goods brokers making estimates before entering into an agreement with a carrier are liable for a minimum civil penalty of \$10,000 per violation.

9. General civil penalties; Violation relating to transportation of household goods, 49 U.S.C. 14901(e).

Any person falsifying documents relating to household goods shipment weight or charging for accessorial services that are not performed or are not reasonably necessary for the safe and adequate movement of the shipment is subject to a minimum civil penalty of \$2,000 for the first violation and \$5,000 for each subsequent violation.

10. Civil penalty procedures, 49 U.S.C. 14915.

Holding an household goods shipment hostage is punishable by a minimum civil penalty of \$10,000 per violation.

Regulations

1. Designation of process agent; required States, 49 CFR 366.4.

All carriers and brokers must designate agents for service of court process in States of operation.

2. Principles and practices for the investigation and voluntary disposition of loss and damage claims, 49 CFR 370.3 through 370.9.

These sections contain regulations governing voluntary disposition of loss and damage claims. The regulations protect individual shippers, as well as business shippers, by ensuring that motor carriers investigate claims and process them in accordance with prescribed procedures.

3. Records to be kept by brokers; right of review, 49 CFR 371.3(c).

Brokers must provide access to transaction records by each party to a brokered transaction.

4. Records to be kept by brokers; misrepresentation, 49 CFR 371.7.

Brokers must not misrepresent their name or broker status.

5. Bills of lading for freight forwarders, 49 CFR 373.201.

All household goods freight forwarders must issue a shipper a thorough bill of lading covering transportation from origin to destination.

6. Transportation of Household Goods in Interstate Commerce; Consumer Protection Regulations, 49 CFR part 375.

This part contains consumer protection regulations governing transportation of household goods for individual shippers in interstate commerce. The regulations set forth the rights and obligations of household goods carriers and shippers with respect to services provided; liability; estimates; pick up, delivery and transportation of shipments; payment; and penalties for noncompliance.

7. Procedures governing the processing, investigation, and disposition of overcharge, duplicate payment, or over-collection claims, 49 CFR 378.3 through 378.9.

These sections set forth the rights and obligations of household goods carriers and shippers with respect to the filing and processing of claims for overcharge, duplicate payment, and over collection for the transportation of property, including household goods.

8. Surety bond, certificate of insurance, or other securities; Cargo insurance, 49 CFR 387.301(b).

Household goods carriers must obtain cargo insurance in prescribed amounts and file evidence of such insurance with FMCSA.

9. Property broker surety bond or trust fund, 49 CFR 387.307.

All brokers, including household goods brokers, must obtain and file a surety bond or trust fund to pay shippers or motor carriers if the broker fails to carry out its contracts for the arrangement of transportation.

10. General requirements, 49 CFR 387.403.

Household goods freight forwarders must obtain and file the same level of cargo insurance required of household goods motor carriers.

11. Special rules for household goods brokers, 49 CFR part 371, subpart B.

Household goods brokers offering services to individual shippers and operating in interstate or foreign commerce are subject to the requirements of subpart B of part 371. This subpart requires that brokers: use only motor carriers that are properly licensed and authorized to operate (49 CFR 371.105); provide certain disclosures in advertisements and Internet Web homepages, and to individual shippers (49 CFR 371.107 through 371.111, 371.117); provide individual shippers with a written estimate (49 CFR 371.115); and maintain agreements with motor carriers before providing written estimates on behalf of these carriers (49 CFR 371.117). Subpart B also establishes penalties for violations (49 CFR 371.121).

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