

# Dealing with Freight Brokers: Your Right to Know

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They're called "freight brokers," "property brokers," "truck brokers," and "load brokers." Regardless, they're all the same. They're the middlemen of the trucking world: third-party intermediaries who, for compensation, arrange the transportation of shippers' property by authorized motor carriers.

If you've been a motor carrier (or an independent owner-operator with your own authority) for a while, you've probably taken a load or three from freight brokers. You obviously know what the broker agreed to pay you. But, I'll bet you'd just love to know what rate the shipper agreed to pay the broker and what percentage of the shipper rate the broker kept. Was it 15%? Maybe 25%? How about 45%! Well, guess what... under Federal Regulations, you have a right to know! All you need to do is ask.

49 C.F.R. Section 371.3 states: "A broker must keep a record of each of its transactions, and keep the records for three years. Each party to a brokered transaction has the right to review the record of the transaction applicable to them. For example, motor carriers accepting transportation shipments from brokers have the right to review any of the required documents retained by brokers..."

Each transaction record must show:

- (1) The name and address of the consignor;
- (2) The name, address, and registration number of the originating motor carrier;
- (3) The bill of lading or freight bill number;
- (4) The amount of compensation received by the broker for the brokerage service performed and the name of the payer;
- (5) A description of any non-brokerage service performed in connection with each shipment or other non-brokerage activity, the amount of compensation received for the service, and the name of the payer; and
- (6) The amount of any freight charges collected by the broker and the date of payment to the motor carrier (emphasis added)."

So, if you're a carrier, then you have the right -- for up to three years after the transaction -- to ask your broker to produce a copy of his invoice to the shipper! Now, if you do ask, don't be surprised if the broker gets offended and decides to stop giving you loads. However, if it was a spot market deal, or you've already decided to get your loads elsewhere, then you might choose to exercise this right. Keep in mind ... if you discover your broker kept 50%, it will not change the outcome of your rate contract. But, it might help you in terms of future negotiations.

If your broker refuses your request, you can report the broker to the F.M.C.S.A. under 49 C.F.R. Section 386.12. Or, you can retain us and we'll be happy to explain the facts of regulatory life to your broker.

Want to learn how to cut out the middle man, make more money, find freight on your own, and set freight rates without dealing with freight brokers? Attend our "Introduction to Freight Brokering" workshop offered in a city near you. Call us at 1 (888) 414-1874.