



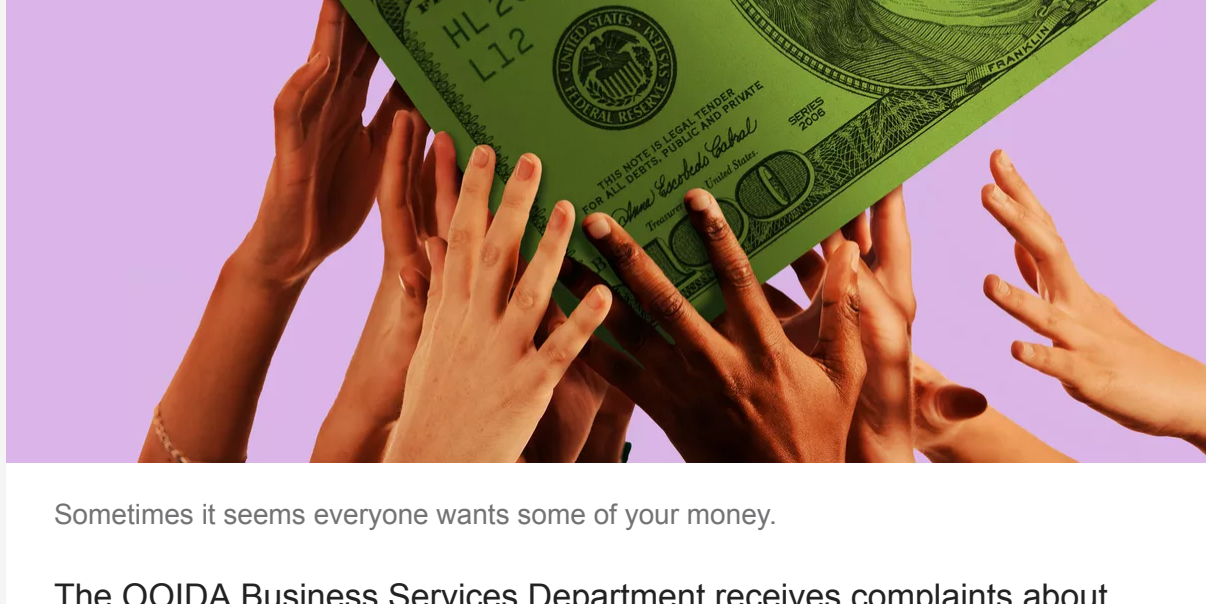
# Trucker Reality

By OOFI • Oct 04, 2022  
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The OOIDA Business Services Department receives complaints about brokers on a regular basis. Today, we're going to talk about:

- broker transparency,
- double brokering, and
- truck to success

## OOIDA to FMCSA: Enforce broker transparency



Sometimes it seems everyone wants some of your money.

The OOIDA Business Services Department receives complaints about brokers on a regular basis.

- **In response**, OOIDA petitioned FMCSA to look into broker transparency issues.
- The petition would require brokers to abide by the regulations, which state that they must make all documents pertaining to a delivered load available upon request by the carrier.

**The big picture:** many brokers require carriers to wave their rights to that documentation, thus keeping the carrier in the dark on payments and other important details.

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## Double brokering is illegal



One on top of another---- is it one bus or two?

**There are many myths about brokers** and what constitutes illegal brokering activity. One of the most confusing is “double brokering.” Keep in mind that a broker is an intermediary, not a carrier nor a shipper.

**For example:** Let's assume that a broker agrees to find a carrier to haul a load for a shipper, but instead contracts with another broker who then gets a carrier to haul the load.

- Both brokers take a percentage of the revenue.
- The carrier is unaware that their were two brokers each taking a cut.

**Is this “Double Brokering” and illegal?**

**The answer is no.** Sorry, but there is no restriction on how many brokers can “step on the load”.

- This is called co-brokering and it's not illegal.
- Unfortunately there are no regulations whereby the brokers must inform the carrier that there are more than one broker taking a commission on the same load.
- **Yes, but** there should be and it would be easy to do with digital brokerage.

**The bottom line:** The carrier should be aware of all the entities involved in the transaction and the percentage of commission that each entity receives before accepting the load.

**Another example:** Some carriers, who also obtain brokerage authority, will accept a load from a shipper under their carrier name and DOT number, but then will send that load to their brokerage division to broker it out to an owner-operator under their own authority.

**Is this “Double brokering” and illegal?**

**The answer is yes.** The original carrier represented that they would haul the load, but then brokered it to another carrier. The original carrier fraudulently represented to the shipper that they would haul the load under their authority.

**MAP-21 was supposed to stop double-brokering** but what it did was stop the practice of “convenience interlining” where carriers would accept a load and then assign it to another carrier for all or part of the trip.

- This common practice curtailed broker use because larger carriers would often work with each other instead.
- Yes, but eliminating this practice created a greater impetus for both more brokers and for large carriers to become brokers themselves under a separate DOT and business structure.

**The bottom line:** Brokers have gone beyond the definition and intent of brokering and therein lies the operational problems.

**If you are looking** at becoming an owner-operator, then you need to know the ins and outs, the myths and facts, of important topics like this one. The OOIDA Foundation is offering a 3-day, October 25-27, comprehensive look at moving from an company driver to an owner-operator.

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## The title Broker could be a clue for you!



**When I first took** over the operation of a small fleet of trucks, I quickly learned that I needed the advice and services of a tax accountant who was familiar with trucking. One of the first lessons he taught me was when he stated, “They call them brokers for a reason, because they will help make you broker. ” While his language skills were not the greatest, the message was on point.

**The bottom line:** There're some regulatory restrictions and guidelines on brokers, but reality has shown there is almost no enforcement of those regulations.

- The onus is on you to understand and know when to trust and who to trust.

**Reality:** No one is coming to rescue you if you solely, or mostly, rely on brokers to make your revenue.

**The best owner-operators** learn that there are other sources for loads and revenue rather than brokers. They've built their business model by winning the confidence of predominately small shippers within a select area. They have

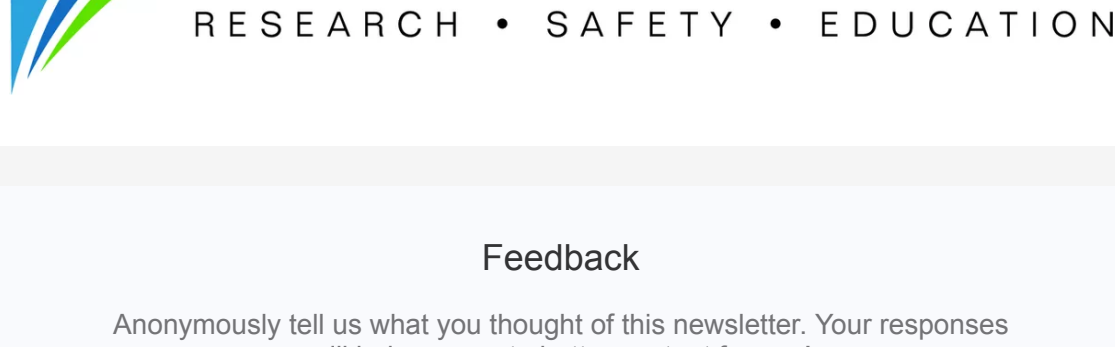
- little detention time,
- few deadhead miles, and
- have their own type of dedicated freight lanes.

**Reality Check:** if you want to be a true independent contractor you need to start developing contacts and researching where these shippers are.

- Next, you need to establish relationships with them before you become an owner-operator.
- There are potentially thousands of shippers within a 3 to 4 state area that you can contact and offer your services to.

**What's next:** The OOIDA Foundation is offering a 3-day, October 25-27, seminar. The event, which we offer in person and online, will help you see where and how to find those shippers.

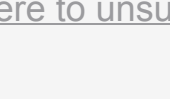
[Register here for the seminar.](#)



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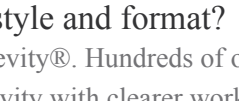
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