



## Trucker Reality

By OOFI • Nov 13, 2023

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Welcome back.

### Another one bites the dust!



How do you tell which is the right way?

**CargoNet Third Quarter risk trend analysis:** Cargo thieves are stealing the identities of motor carriers and brokers to misdirect freight from its intended receiver so they can take the cargo.

**By the numbers:** Cargo theft exceeded \$31 million in the third quarter of 2023.

- Documented strategic cargo theft events increased 430% year-over-year.
- Cargo theft increases during the holiday seasons.
- Truck stops are listed as the second most targeted area for thefts.

### Brokers are going broker



Every year my tax accountant would tell me that brokers were appropriately named, because they will make you broker. He thought it was funny every year, and every year I gritted my teeth and smiled.

**OOIDA's Business Services Department** hears on a daily basis about brokers either not paying owner-operators at all or not offering a livable rate.

- **Why it matters:** Couple that with the number of fraudulent scammers stealing legitimate brokers identities, acquiring and posting loads, collecting the revenue, and never paying the carrier, equals a major economic problem.

**But Wait there is more:** Now it seems brokers are going broker.

- Elite Transit Solutions (a brokerage) laid off all of its employees in the past month leaving many carriers unpaid for loads they delivered.
- Elite Transit Solutions often worked through factoring companies which vetted shippers and carriers for Elite.

**A Broker for brokers:** The digital freight broker Convoy shut down as well. A year and half after being valued at \$3.8 billion I might add.

- Convoy promised to match loads 24/7 with 400,000 vetted trucks and 80,000 high quality carriers. They also handled payments through Convoy Quick Pay while you remain the broker of record.
- Digital brokering was going to help eliminate empty miles, double brokering, detention pay, lack of capacity, ad nauseam.
- Digital brokers began by undercutting rates to get shippers on their platform and used the above as incentive for carriers to be exclusive with them.

**OOPS! They forgot to make a profit.**

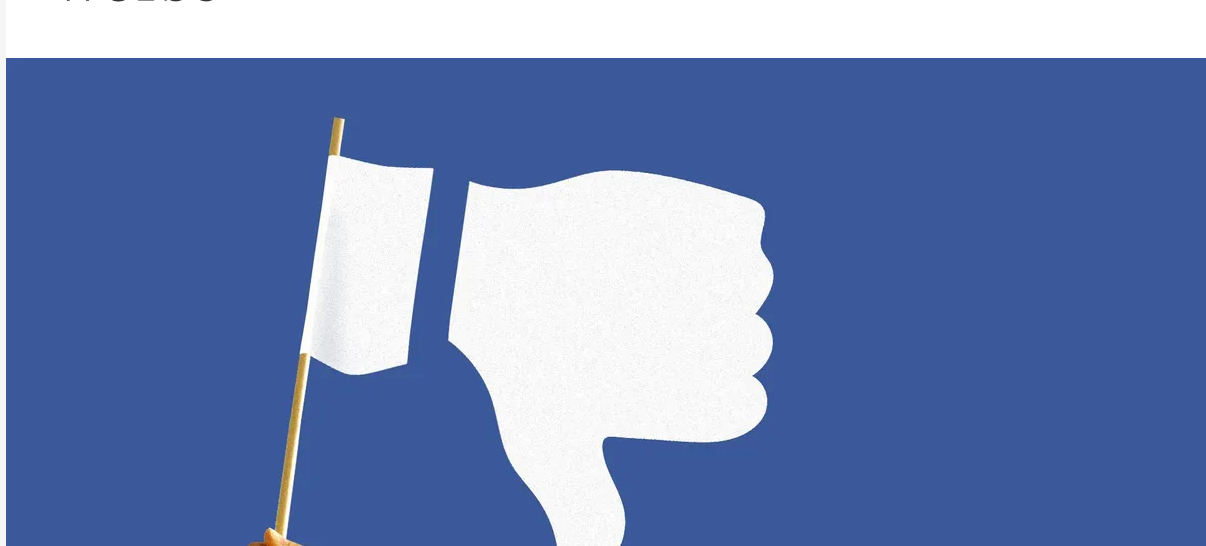
- Trucking looks so easy to an outsider and yet it can be so complex.

**Successful owner-operators:**

- run fewer empty miles,
- check brokers credentials,
- negotiate detention pay
- and know when and where to run.

**The bottom line:** Lower rates = lower pay to them.

### Just when you think it couldn't get any worse



Just when you think it couldn't get any worse, factoring companies are growing and taking a chunk of the revenue from carriers and brokers.

- Elite Transit mentioned above, worked closely with a factoring company in offering collections and other services.

**Why it matters:** The carrier that is doing business with a broker that uses a factoring company is also doing business with the factoring company.

- Each gets a portion of your revenue and if the broker owes money to the factor, the factor gets their money first, then the broker, and if there is anything left, maybe the carrier.
- Unfortunately for the carriers, they are the last in the chain and if there is a default, the factor is the secured entity, and neither the broker nor the carrier will be compensated from any settlement until all secured entities are paid.

**The bottom line:** This is becoming a much more complicated problem in todays' freight economy. The OOIDA Foundation will be creating an educational series on Factoring so check back with OOIDA and the Foundation.

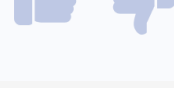
**The big picture:** There will always be those who want to find ways to take your revenue. And though some people might ask, "Where is OOIDA?" What are they doing about this?" Please know that OOIDA is fighting back. Below are just a few of the things that OOIDA is fighting for:

- Broker Transparency
- Mandatory detention pay
- Elimination of trucking from the Fair Labor Standards Act allowing for overtime pay
- More Parking
- Fighting EPA standards that are unreasonable
- Checks and balances on automated and Electric trucks
- Elimination of federal excise tax on trucks and equipment

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