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BEFORE THE  
FEDERAL MARITIME COMMISSION

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Dkt. No. 07-06  
RIN 3072-AC33

AMENDMENT TO REGULATION GOVERNING  
THE FILING OF PROOF OF FINANCIAL RESPONSIBILITY

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**Comments**

submitted by

**THE NATIONAL INDUSTRIAL TRANSPORTATION LEAGUE**

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Dated: August 27, 2007

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FEDERAL MARITIME COMMISSION

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These Comments are submitted by The National Industrial Transportation League ("League") in response to the Federal Maritime Commission's ("FMC" or "Commission") Notice of Proposed Rulemaking ("NPRM") issued July 20, 2007. In its NPRM, the FMC proposed to amend its regulations governing ocean transportation intermediaries ("OTI") to reduce the amount of time an applicant for an OTI license would have to file the required proof of financial responsibility. The proposal would reduce the time required for filing the proof of financial responsibility from two (2) years after the application approval to 120 days after the application approval. The League strongly supports the NPRM and urges the Commission to adopt the new regulation as proposed.

**IDENTITY AND INTEREST OF THE LEAGUE**

Established in 1907, the League is the nation's oldest and largest association representing shippers and receivers of goods that are transported in U.S. domestic and foreign commerce using all modes of carriage. In recent years, the League has broadened

its membership to include carriers and transportation intermediaries and its 600-plus members range from some of the largest companies in the nation to much smaller enterprises. The League's members ship a wide variety of commodities, via all modes of carriage, across interstate, intrastate, and international boundaries. In addition to shipping directly with ocean common carriers, League members frequently utilize the services of licensed OTI's. Accordingly, the League has an interest in this proceeding.

### **COMMENTS OF THE LEAGUE**

Under current FMC regulations, an OTI must file its proof of financial responsibility within two (2) years after it receives approval of its OTI license application. However, in the NPRM, the FMC indicates that in 2006 87 percent of all OTI applicants obtained surety bonds within 120 days of receiving approval of the OTI license application. The Commission also is concerned that some applicants may view the two (2) year period as an opportunity to commence OTI services without first obtaining the required financial assurances. Furthermore, the Commission noted that any applicant that is unable or unwilling to obtain its financial assurance within two years may be of questionable financial integrity.

The League agrees with the Commission's positions outlined in the NPRM. As users of OTI services, League members have an interest in ensuring all licensed OTIs have the appropriate financial assurances. The proposed 120-day period should provide OTIs with ample time to obtain the required financial responsibility, since that period commences after an OTI application is approved. Presumably, most OTI applicants undertake to fulfill the surety requirements during the approval process, rather than waiting for final approval. This appears to be supported by the FMC's statistics. Thus,

the FMC's proposed change should have little or no affect on the great majority of OTIs that are truly interested in obtaining an OTI license and providing OTI services. Moreover, the proposed change would help to reduce the risk that an OTI may hold itself out to provide OTI services before it completely fulfills all of the OTI licensing requirements. Thus, the League believes that the proposed reduction in time for OTI's to file proof that they have procured the required financial assurances will provide increased protection to the shipping public.

For the foregoing reasons, the League believes that the FMC should adopt the new rule as proposed in its July 20, 2007 NPRM.

Respectfully submitted,



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