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'THE* CAMELOT COMPANY

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FEDERAL MARITIME COMM

October 7, 2003

P9-03

Honorable Bryant L. Van Brakle
Secretary
Federal Maritime Commission
800 North Capitol St., N.W.
Washington, DC 20573

Re:Petition of National Customs Brokers and Forwarders Association of America, Incorporated, for a Limited Exemption From Certain Tariff Requirements of the Shipping Act of 1984.
Petition Number P5-03

Re: Response to CH Robinson and BAX Global Petitions
Petition Numbers P9-03 and P8-03

Dear Secretary Van Brakle:

My name is Scott Case and I am the Vice President of The Camelot Company, a firm transacting business as a Customs broker, air freight forwarder and FMC licensed and bonded NVOCC trading under the name Purple Star Line. We are a single office firm located in Schiller Park, Illinois and have been in business for twenty-six years. Our FMC license number is 3137NF. I write with regards to the petition in which the National Customs Brokers and Forwarders Association of America, Incorporated (NCBFAA) requests an exemption from tariff filing for NVOCC's. I also am writing in response to the petitions tiled by CH Robinson and BAX Global.

As a mid-sized company of fifteen employees with two steamship line contracts and import and export business on a global basis, we find one of the most simultaneously demanding and unused elements of our business is maintaining our rates tariff. We do so because we are required by law, but we have found that it goes unused by the outside world, given today's commercial operating environment.

Our tariff is maintained by Sumner Tariff Services, located in Washington, DC. We have searched through our payable records and over the past three years, we have paid in tariff creation and maintenance fees over $3000.00. This includes $500.00 for setup and a web maintenance fee ongoing of $100.00 every six months. Each update to our tariff (filing of a new rate, amending an existing rate) carries with it a cost of $15 per transaction. The soft costs of employee time and supervision easily equal or exceed that. By our estimates, three to five hours per month are devoted to tariff maintenance. **During this three year period, according to our**

There Is More To A Customhouse Broker Than Just A Customs Entry...

tariff provider, we have not had one single 'hit' on our tariff. Were someone to want access to our tariff, they would need to register with our service provider and pay a fee of $50 per month.

This speaks volumes to the current climate in which business is transacted. As my position also includes an involvement with our sales efforts, I will give you a real-world example of what happens with rates for a client.

We obtain a client, establish a rate and publish that rate in our tariff. Some clients are comfortable with the relationship with their NVOCC and will close their ears and doors to overtures from other companies. Some importers and exporters, however, play NVOCC's and VOCC's against each other, constantly seeking a reduction of rates. We have had clients in the past where we find ourselves revising rates almost weekly in response to the activities of shippers and consignees. This often happens at the very last minute before shipment, necessitating a scramble to insure that these rates are filed a timely fashion. It is in these instances when the soft costs related to employee time of tariff maintenance skyrocket.

The evolution of the marketplace from common carriage to contract carriage means that shippers are making phone calls and sending e-mail rather than consulting published, public outlets. Let's face it, who amongst us hasn't gone into an appliance store or car dealership and negotiated a price lower than what was on the price tag? Does this necessitate the seller creating a whole new tag to place on the item for sale to that consumer prior to the consummation of the deal?

Rates today are fluid and are purchased like commodities. Shippers pay what the market will bear. The constant fluidity of the rates by the asset providers (VOCC's) necessitates that NVOCC's have the same fluidity. We are fortunate to have a one office firm and can keep everything reasonably under control under our roof. I can only image what it must be like for a firm that has multiple offices and multiple sales people, constantly on the street soliciting business and quoting and requoting multiple times for the same cargo. It necessitates an extra layer of supervision and management between sales and operations that goes beyond insuring the salesperson is meeting their employer's expectations.

The constant and often last-minute changing of rates creates a climate whereby our exposure to action from the Bureau of Enforcement is also increased, not through willful negligence or a lack of due diligence, but rather through an inadvertent and accidental action of doing business the way it is done in the marketplace rather than in a regulated vacuum.

Response to Petitions P9-03 and P8-03

With regards to the petitions filed by CH Robinson (P9-03) and BAX Global (P8-03), I would like to take a moment to offer our response to theirs as well. Both petitions lack a substantive base of argumentation and seem to have omitted a very key element of the responsibility of an OTI as it relates to shipping.

All companies, large and small, share the same obligation under 46 CFR 5 15.21 "Financial Responsibility Requirements" and 46 CFR 5 15.22 "Proof of Financial Responsibility". As the Commission is aware, the bond requirements of $75,000 for a U.S. based freight forwarding entity and $150,000 for an unlicensed foreign-based entity are established to protect shippers in the event of a claim. In addition to the surety bond which is filed as stated above, insurance must be filed which provides "coverage for damages, reparations or penalties arising from any transportation-related activities under the Act of the insured ocean transportation intermediary." **(46** CFR 515.22 [b])

If I am required to carry a surety bond AND insurance to protect shippers, what difference does the size of my company matter? And in the event that I had a previous interaction with the FMC which resulted in some sort of tine or penalty, I would still need to maintain a surety bond and insurance, likely at a higher premium because of my prior violation. If there is to be legal action pursued against my firm for violations of the Act, they will be done through the FMC and then a court of law. Cargo insurance also exists to support shipper's ability to recover damages for goods in transit under allowable circumstances, and my exposure under those clauses exists as well.

We find their petitions without merit and cannot support their assertions with respect to the issue that some magic, arbitrary financial threshold should determine an NVOCC's ability to enter into confidential service contracts.

Conclusion

Hopefully what I have detailed above about our own firm and view of the marketplace adds sufficient weight to the merits of the NCBFAA's petition. Should you have any further questions, please do not hesitate to contact me.

Sincerely,

Scott Alan Case, COF
Vice President
Certified Ocean Forwarder
s.case@camelotcompany.com

I, Scott Case, declare under penalty of perjury that the foregoing is true and correct. Further I certify that I am qualified and authorized to file this verified statement.

Executed on 7 October, 2003