



# EVERETT TRANSTRENDS

THE TRANSLAW GROUP, INC.

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## THE BURNS BOYS ARE GROWING UP!

UPDATE

I know that everyone is interested in how my grandchildren, the children of my son Tod who works



in our office, are progressing. The little guy on the left is Tod II (Woggie) and this is his moving up picture from Bay Path College Pre-school. He is 3 ½ years old. The little guy on the right is Gage and he just turned one.



Woggie likes to ride his KettCarr and dig holes in my flowerbeds. Gage is just beginning to walk and has to be watched constantly when he is in the office.

## SHORT-SELL SPECIALIST COMPARES MACQUARIE TO ENRON

A well-known Wall Street investor who warned of the collapse of Enron Corp. before it happened says toll-road investor Macquarie is showing some of the same trouble signs.

Jim Chanos, president of Kynikos Associates, says he believes Macquarie Bank of Australia is paying too much for assets – including toll roads in the U.S. and around the world – and that has led to inflated stock prices and too much off-balance-sheet financing.

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Macquarie Bank's infrastructure offshoot, Macquarie Infrastructure Group, makes up half of the consortium that leased the Indiana Toll Road for \$3.85 billion in 2006. Along with Cintra of Spain, Macquarie also has 45-percent interest in the \$1.83-billion lease of the Chicago Skyway.

Chanos mentioned Macquarie to investors as a possible "short-sell" at a medical research conference last week, *Bloomberg* reported. Chanos' company, Kynikos, specializes in short selling, which is buying stocks believed to be inflated, allowing them to fall, and selling them back to the previous investor at the original price.

Macquarie officials have blasted back, saying their business model is sound. Macquarie CEO Allan Moss told *ABC News* in Australia that the company's model is "shock proof."

### **TRUCK WITH \$5.1 MILLION IN DRUGS STOLEN IN ARKANSAS**

Authorities in Forest City, AR, are looking into the reported theft of a tractor-trailer loaded with millions of dollars in pharmaceuticals.

Driver Victoria Sandoval, 68, of West Covina, CA told police she parked her Freightliner near a truck stop in Saint Francis County, AR, on Friday, May 25, so she could eat dinner, *The AP* reported. The truck was missing when she returned, along with Sandoval's \$500 in cash and a .45 caliber pistol.

The worst part of this theft is the load of drugs was destined for Paris Hilton's "Welcome Home from Jail" party scheduled for mid June. They will have to make alternate arrangements Paris.

### **MAN IN WHEELCHAIR TAKES WILD RIDE**

A man in a wheelchair went for a quite a ride this week – attached to the front end of a semi. The four-mile ride was Wednesday, June 6, in Paw Paw, MI, just west of Kalamazoo. Police say a 21-year-old man in a wheelchair was trying to cross a street. At the same time, a trucker in a Freightliner pulled out and headed down Red Arrow Highway.

Unbeknownst to the trucker – who, according to media reports, drove for Ralph Moyle Inc. of Mattawan, MI – the wheelchair somehow became attached to his truck's grille and was pushed along at speeds up to 50 mph on the two-lane highway.

After four miles – and numerous 911 calls from other motorists – police pulled the truck over. Miraculously, the man in the wheelchair was uninjured. Michigan State Trooper Mike Sinke was among the first officers to arrive on the



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scene. He told “Land Line Now” on XM Satellite Radio how surprised he was by how calm the man was.

“I approached him and I asked him, ‘Are you OK?’ and he said, ‘I’m fine, I just went for a ride,’ ” Sinke said. “He seemed to be unfazed and not a scratch on him, which is unbelievable.” But Sinke said the trucker – who is also doing fine – seemed to take it a little worse. “The trucker was in a state of shock – shaking and couldn’t believe what had just transpired,” he said.

Police aren’t releasing any names. A spokeswoman for the Paw Paw Police Department said no charges have been filed against the trucker, but that the case will be routinely forwarded to the prosecutor’s office for review.

### **MASSACHUSETTS LAWMAKER WANTS TO POST TOLLS ALONG STATE’S BORDERS**

If a Massachusetts state lawmaker gets her way, tolls would be introduced in the incoming traffic lanes at the state’s borders. Sen. Karen Spilka, D-Ashland, is touting the need to require visitors to the state to dig into their pockets to help pay for roads and bridges in need of repair.

“We all pay tolls when entering New Hampshire,” Spilka said. “Drivers entering Massachusetts should contribute to the maintenance of our roads as well.”



Spilka offered a bill that would allow toll collection at the New Hampshire border on Interstate 93 in Methuen and on Interstate 95 in Salisbury. Tolls also would be taken on Route 3.

Toll rates were not specified.

The bill – S2090 – also would allow tolls to be placed on such roadways as I-95, Route 91 and I-295 along the borders of Rhode Island, Vermont and Connecticut. Spilka said all options should be on the table to increase revenue. The effort has been met with resistance.

Transportation Secretary Bernard Cohen is asking lawmakers to exercise patience when dealing with tolls or taxes. Instead, he wants to wait until Gov. Deval Patrick releases a report about possible solutions to funding infrastructure improvements due by years end.

Sen. Steve Baddour, D-Methuen, co-chairman of the Joint Transportation Committee, said it's unlikely the bill will advance out of the committee.

A confidential source to TRANSTRENDS reports that the added amenities for truckers will include rest stops similar to the prototype pictured above.

### **BLOOMBERG RECOMMENDS CONGESTION-PRICING DISCOUNT FOR SOME TRUCKS**

New York City Mayor Michael Bloomberg says "fuel-efficient" heavy trucks should get a discount if the city starts charging fees to vehicles that enter Manhattan during the day.

The mayor defines "fuel-efficient" heavy trucks as those with 2007 model-year engines, and that he is proposing that they pay only \$7 instead of the \$21 other trucks would pay.

He recommends that cars be charged \$8 to enter central or lower Manhattan. Bloomberg is proposing the fees as a way to cut down on congestion and pollution. We think their toll proposals are just crazy.

### **UNIFIED CARRIER REGISTRATION**

**TRANSLAW ALERT**



We have now seen some movement with the institution of the Unified Carrier Registration program. It would appear that they may begin collecting fees as early as October. And, further, it appears that each individual state will be collecting fees until a federal registration program is up and running in 2008.

The proposed fee schedule is as follows.

<b>NUMBER OF TRUCKS, STRAIGHT TRUCKS, TRACTORS, TRAILERS</b>	<b>ANNUAL FEE PER COMPANY (IN DOLLARS)</b>
0 – 2	39.00
3 – 5	116.00
6 – 20	231.00
21 – 100	806.00
101 – 1000	3,840.00
1001 OR MORE	37,500.00

When calculating the number of vehicles and your fleet please keep in mind that it includes both power units and trailers. For example, if you had two tractors, three straight trucks, and eight trailers you would have a total of 18 vehicles under the Unified Carrier Registration program.

Under the former Single State Registration program, you were only assessed fees on the actual number of power units. This departure in calculating the number of vehicles in a fleet will have a significant effect on the annual registration fee...

You can expect a mailing from the Federal Government within the next several months. At this time, however, no further action need be taken.

Should you have any questions please feel free to call this office.

### **SWIFT FOUNDER COMPLETES \$2.6 BLN. BUYOUT OF TRUCKLOAD CARRIER, NOW A PRIVATE FIRM**

Jerry Moyes has completed his \$2.6 billion buyout of Swift Transportation Co., the Phoenix truckload carrier that he co-founded 40 years ago. The buyout was completed May 10, nearly seven months after Moyes proposed taking the company private. Moyes acquired the company for \$31.55 a share - \$2.55 higher than his initial offer of \$29 a share in November.

Moyes said he was "extremely" pleased that the buyout was completed. "I am confident that as a private company, Swift will be better-positioned to operate in today's highly competitive trucking industry," he said.

Moyes relinquished control of Swift in 2005 after settling charges of insider trading with the Securities and Exchange Commission.

Swift's board rejected Moyes' initial offer in December. Although the board described Moyes' offer as being "inadequate," it agreed to begin negotiations with him. Moyes and other parties established Saint Corp. to oversee the buyout. As part of the deal, Saint assumed \$332 million in debt.

Swift earned \$10 million, or 13 cents a share, during the first quarter, down from \$37.9 million, or 50 cents, a year earlier. The company cited a soft freight environment for the lower profit. With Swift now a private company; J.B. Hunt Transport Services becomes the largest publicly traded truckload carrier.

A more logical use of that 2.6 billion would to simply live off the returns of double tax-exempt bonds at 5% per year. For the first year, Mr. Moyes could make \$130 million or \$10,833,333 per month, or \$356,164 per day!

### **ARMY TO SPEND \$19.4 BILLION ON ARMORED TRUCKS**

The U.S. Army will need to spend about \$19.4 billion through 2009 to purchase more than 17,000 blast resistant trucks and other vehicles to protect troops in Iraq, according to a memo approved by the acting Army secretary.

The Army's strategy may mean billions of dollars of orders for some of the leading makers of the armored trucks, including Force Protection Inc., BAE Systems Plc, General Dynamics Corp., Oshkosh Truck Corp. and Protected Vehicles Inc.

Acting Army Secretary Pete Geren said the funding would give the Army the capability to increase production of Mine Resistant Ambush Protected vehicles, or MRAP, to 9,996 by October 2008 from 150 expected this October. The total number available by July 2009 may be 17,700, Geren said, adding the service has not settled on a final number.

"This forecast is based on the assumptions that there are multiple qualified MRAP vendors, initial Army production quantities are from a different vendor than those used by the Marine Corps, and that the Army will use the additional production capacity that is available once the Marine Corps requirement has been met" around January, Geren said.

The Army is looking for tougher vehicles to protect soldiers from the leading cause of U.S. deaths in Iraq: homemade bombs. The explosive devices accounted for 58% of the 2,764 US combat deaths in Iraq as of May 5, according to Pentagon data.

### **FLEETS ARE OFFERING EXPANDED STORAGE OPTIONS**

With demand for freight-hauling services at a relatively slack point, some trucking companies are branching out with the logistics world and offering warehousing services – concerning themselves not with constant rolling motion, but the complete and prolonged absence of it

At Celadon Group, the Indianapolis-based truckload carrier's model is different in that it manages facilities, particularly for heavy manufacturers. Celadon's warehousing consists of five facilities with a combined total of more than 650,000 square feet. The company employs 156 people who handle 1,300 inbound and outbound weekly shipments from more than 400 suppliers.

"We were brought in to make engine manufacturers more efficient. Using our facilities frees up space on their floors. In some cases, they're storing just a couple of hours worth of parts on their floors, not three days worth," said John Russell, executive vice president of logistics and son of Celadon Chairman and CEO Stephen Russell. In 2006, the work brought in between \$10 million and \$15 million

The Celadon warehouses often are located very near one of the customer's facilities, and the close-but-separate strategy supports a specific benefit. The facility acts as a sort of bonded warehouse. Warehousing clients of Celadon such as Cummins Inc. must have 30 to 45 days'

worth of parts reasonably on hand, Russell said, but only needs three days' worth immediately available to operate.

Because of the pre-buy rush to purchase 2006 diesel engines rather than 2007 models, sometimes the warehouses were open 20 hours a day during the last fourth quarter. Since then, the work has moved to 1½ shifts a day from three. "This is a very high-paced business and you have to satisfy your customers. If not, there are sometimes penalties of \$5,000 per minute for failure to deliver," Russell said.

### **SHIPPERS PLAN TO DIVERT FREIGHT AHEAD OF LABOR TALKS, SURVEY SAYS**

A survey by investment firm Bear, Stearns & Co. found some shippers are planning to divert freight to nonunion firms about a year before the expiration next year of Teamsters union contracts with UPS Inc. and less-than-truckload carriers, but carriers said they haven't seen any signs of such diversion.

The survey of 1,000 shippers conducted during the first quarter said 14% of LTL shippers would begin to divert an average of 20% of their freight away from union carriers, starting in the current quarter, well ahead of the expiration date for the National Master Freight Agreement on March 31.

A smaller percentage of parcel shippers, 10%, said they plan to divert about 3% of their UPS package volume, equivalent to less than 1% of total UPS revenue, starting in the third quarter. The UPS-Teamsters contract expires July 31, 2008.

More than one-third of the shippers surveyed by Bear Stearns said they would divert some LTL freight if specific problems arose, such as a work slowdown or a potential strike. Half of the respondents, however, said they expected no change in shipping patterns.

Bear Stearns's Ed Wolfe said that shippers are more concerned about service disruptions after experiencing separate strikes against LTL carriers and UPS in the 1990s.

Also expiring next year are contracts between the Teamsters and car haulers and between ocean freight carriers and West Coast port workers. Officials have expressed an interest in early negotiations with the International Longshore and Warehouse Union. However, it is unclear if it will happen.

In the Bear Stearns survey, 13% of respondents said they planned to divert some ocean freight from West Coast ports. Another 24% planned to divert freight only if problems arise.

### **FMCSA MOVES TO PROTECT FLEETS FROM ID THEFT**

Brent Jones first got word March 27 that his trucking company name was being used as part of a freight load board feud scheme.

"I got a phone call from a credit agency," said Jones, owner of Baja Enterprises Inc. "They said they were doing some research and something seemed fishy because our company had an address in San Francisco."

Fishy indeed, because Baja's headquarters are in Cedar Falls, Iowa. It didn't take long to discover that someone had gone into a Federal Motor Carrier Safety Administration Web site and changed the address of his company. The address change apparently allowed a California-based freight-load broker to receive payment for fraudulent contracts using Baja's name and federal motor carrier number.

Jones said his small trucking company was lucky that it has not suffered any apparent financial damage. Still, he has little doubt that his company's name was used to cheat at least a few trucking firms out of their money. Federal Authorities are now investigating the case, looking into a company using the name Cargoland Brokerage, Jones said.

Baja is a textbook victim in what trucking load board security experts such as Doug Moscrip said is an increasing problem among carriers and brokers who use Internet load boards to ensure that their trucks don't return home empty. As a result, Web site operators are tightening their security. The Internet Truckstop sends out security alerts when companies report suspected violators.

FMCSA has taken note, announcing in April that it is taking "immediate steps" to correct a vulnerability identified on its licensing and insurance Web site.

In one of those steps, FMCSA no longer permits changes on its Web site to company names, addresses, operating authority transfers and operating authority voluntary revocations. Companies now will be required to fax or mail in such changes to documents that will be verified, said Duane DeBruyne, an FMCSA spokesman.

But there are other ways scammers attempt to beat honest truckers out of their money, and one high-profile California case shines light on how load board fraud, schemes can commonly work.

Kulwant Singh Gill, accused of illegally operating two dozen California based companies would log on to Internet load-posting boards that advertised loads available for transport. He then would locate a specific load, contact a broker and claim to be an available motor carrier, according to a 36-page written affidavit of Efferem Poynter, a special agent with the Department of Transportation's Inspector General.

Once a price was determined, Gill then agreed to transport the load. However, instead of transporting the load as in the agreement, he placed an advertisement for the load on a

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different Internet board but used the name of one of the fictitious broker companies he had created.

After a trucking company completed the delivery of the load, the original broker would submit payment to Gill, who, according to the government affidavit, would disconnect his telephones and change the names and addresses of his brokerages and carrier companies to avoid passing along the payment to the carrier.

Its not just credit cards that are being altered with, but companies. It is important to be aware of your company's status on the FMCSA's website, as well as research the companies you may deal with especially if it is on internet load boards.

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