

DIPLOMAT GLOBAL LOGISTICS



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OFFICE OF THE
FEDERAL MARITIME COMMISSION

**BEFORE THE
FEDERAL MARITIME COMMISSION
WASHINGTON, D.C.**

**PETITION OF NATIONAL CUSTOMS BROKERS AND FORWARDERS
ASSOCIATION OF AMERICA FOR EXEMPTION
FROM MANDATORY RATE TARIFF PUBLICATION
DOCKET NO. P1-08**

VERIFIED SUPPORTING STATEMENT OF Richard J. Roche

I am Richard J. Roche, President of Diplomat Global Logistics, OTI-NVOCC 17376N doing business in a single office in East Syracuse, NY.

As a member of NCBFAA and both owner and operator of a compliant NVOCC, I am quite familiar with issues relating to the requirements for mandatory publication of ocean rate tariffs and I hereby support the NCBFAA petition to exempt NVOCC's from having to memorialize rates that have been negotiated with shippers in rate tariffs.

As a small company involved in the NVOCC trade we solicit business through written rate quotation. Sometimes this takes the form of a word document. More complicated quotes with numerous port pairs are generally submitted on a spreadsheet. Once rates have been approved by the customer, we enter the rates into our in-house tariff kept electronically on our file server, and backed-up for storage on and off location on a daily basis. Because of the nature of our business, with the wide variety of commodities we move, and various inland destinations we serve, virtually every rate is done on a customer by customer basis, tailored to their individual needs. The rates are segregated by customer as separate rate sheets.

The term 'Common Carrier' is a bit of a euphemism in our industry because there is very little in common between customers, including those shipping the same commodity. Even if their origin ports are the same, invariably their door destinations are different. The vast majority of the cargo we move is from origin port to destination door. Sell rates also vary based on the buy rates from one VOCC contract to another. We tend to stratify levels of service (ie. Economy vs. Premium) based on shorter or longer transit times or carrier costs all for the same customer. As rates change, we alert our customers in advance and update our in-house tariff. Changes may be as infrequent as once a year for base rates, but could be monthly for fuel surcharges, all requiring an update. Our pricing is done as base rate plus surcharges, thereby allowing us to charge our customers in relation to how VOCC's charge us. Their rate changes are our rate changes, timed together. We track ancillary charges on

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our Schedule of Surcharges, updated and submitted to our customers whenever anything changes. Excerpts from our tariff are available to our customers upon request, but in any event their specific rate sheet (part of our tariff) is sent to them at least annually, if not more often whenever their base rates change. Our accounting department uses the same rate sheets and Schedule of Surcharges to invoice our customers. We purge our in-house tariff on an annual basis at the time of contract renewal. It is our customers who hold us to the highest degree of diligence on our rate quotes and in-house tariff. The rates in our tariff is what they have been quoted, and by their audit is what they agree to be charged.

In addition to the above, we take additional steps to file a separate tariff through Sumner Tariff Service for the sole purpose of conforming with FMC requirements. We convert our rate sheets into an acceptable format for Sumner to file, and pay them for the service. In the seven (7) years we have filed our tariff in this manner, Sumner has reported zero hits for any outside rate inquiries. Should the tariff filing requirement with the FMC be amended, we would still maintain our in-house tariff as part of our process, but we would save valuable time and money in not having to file a redundant tariff through a 3rd party filing company. On average this savings would be on the order of 15 – 20 man hours per month plus filing costs of about \$ 2,500.00 annually. While not huge in the grand scheme of things, this would be a tidy savings for a small company like ours.

It would also be important to note that in the seven (7) years we have been doing business, we have never had an incident of a rate dispute with any of our customers. Our process was developed to run smoothly and eliminate rating errors while memorializing our rate structure by customer.

NSA's as a concept have their place, but not with the small customers we deal with. Our customer base does not want to lock into an NSA if they don't have to. Instead, they are content to have the ability to book cargo wherever they see fit as a way to ensure they are getting the best deal and that our cost to them is at market level. We might consider using NSA's to lock in larger customers where we might have to protect volume against a VOCC's MQC, or where additional staffing might be a requirement to doing business. Still, with the requirement to file essential terms, there is no real benefit to NSA's as regards tariff filing. We would prefer to continue to use our in-house tariff rate sheets.

I, Richard J. Roche 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 10 September 2008.

Richard J. Roche, President