

(S E R V E D)  
( JANUARY 25, 2013 )  
(FEDERAL MARITIME COMMISSION)

**FEDERAL MARITIME COMMISSION**

---

**DOCKET NO. 13-01**

---

**UNITED LOGISTICS (LAX) INC. - POSSIBLE VIOLATIONS OF  
SECTIONS 10(a)(1) AND 10(b)(2)(A) OF THE SHIPPING ACT OF 1984**

---

**ORDER OF INVESTIGATION AND HEARING**

---

The Federal Maritime Commission (Commission) deems it appropriate and in the public interest that a proceeding be, and hereby is, instituted pursuant to section 11 of the Shipping Act of 1984 (Shipping Act), 46 U.S.C. 41302, against respondent United Logistics (LAX) Inc. (United Logistics), a licensed non-vessel-operating common carrier (NVOCC) for possible violations of sections 10(a)(1) and 10(b)(2)(A) of the Shipping Act, 46 U.S.C. §§ 41102(a) and 41104(2)(A).

Based on information provided to it, the Commission's Bureau of Enforcement makes the following allegations:

**STATEMENT OF FACTS  
CONSTITUTING BASIS OF VIOLATIONS**

1. United Logistics (LAX) Inc. (United Logistics) has operated as a licensed, tariffed and bonded non-vessel-operating common carrier (NVOCC) since at least July 26, 2005. Based on information available to the Commission, the address of record for United

Logistics is 2211 South Hacienda Boulevard, Suite 116, Hacienda Heights, California 91745.

2. United Logistics holds itself out as an NVOCC pursuant to a tariff currently published by Paramount Tariff Services, Inc.
3. United Logistics maintains an NVOCC bond, No. JGINVOCC2376, in the amount of \$75,000 with Ullico Casualty Company located in Natick, Massachusetts.
4. On information and belief, from 2009 through 2011, United Logistics operated through the following agents in the People's Republic of China (PRC): U.S. United Logistics (Ningbo) Inc., Shanghai Wing-Ocean International Logistics Co., Ltd., and Charter Logistics Shanghai Limited.
5. Between March 10 and May 12, 2009, United Logistics obtained transportation from Kawasaki Kisen Kaisha (K Line) at rates that were lower than would otherwise be applicable on at least twenty-four (24) shipments (identified in Attachment A hereto) from the PRC to the United States by accessing service contract no. 16033 between K Line and Zhejiang Peace Industry and Trading Co., Ltd. (Zhejiang Peace).
6. In each of the 24 instances identified in Attachment A, United Logistics knew or had reason to know that neither United Logistics nor its agents in the PRC were lawful signatories or affiliates to service contract no. 16033 between K Line and Zhejiang Peace.
7. In each of the 24 instances identified in Attachment A, United Logistics knew or had reason to know that the cargo being transported by K Line pursuant to service contract no. 16033 constituted the NVOCC cargoes of United Logistics and its shipper customers, rather than Zhejiang Peace, the lawful service contract signatory.

8. In each of the 24 instances identified in Attachment A, the shipments were rated by K Line in accordance with service contract no. 16033.
9. In each of the 24 instances identified in Attachment A, United Logistics or its agent in the PRC paid all or a portion of those freight rates assessed by K Line in accordance with service contract no. 16033.
10. During the time period between March 10, 2009 and May 12, 2009, United Logistics did not have service contracts in its own name with K Line.
11. In each of the 24 instances identified in Attachment A, United Logistics directly or indirectly obtained transportation for property at less than the rates or charges otherwise applicable from the ocean common carrier, through the device or means of accessing service contract no. 16033 between K Line and Zhejiang Peace Industry and Trading Co., Ltd.
12. In each of the 24 instances identified in Attachment A, United Logistics violated section 10(a)(1) of the Shipping Act, 46 U.S.C. § 41102(a), by knowingly and willfully, by an unfair or unjust device or means, obtaining transportation for property at less than the rates or charges applicable from the ocean common carrier furnishing the transportation.
13. On information and belief, the conduct of United Logistics in unlawfully accessing service contract no. 16033 between K Line and Zhejiang Peace includes, but is not limited to the 24 shipments specified in Attachment A.
14. On information and belief, the conduct of United Logistics in unlawfully accessing service contract no. 16033 between K Line and Zhejiang Peace includes, but is not limited to the

time period for the 24 shipments specified in Attachment A and may reflect additional or continuing violations through the date of this Order.

15. Between June 24, 2010 and April 14, 2011, United Logistics obtained transportation from K Line on at least twenty-nine (29) shipments (identified in Attachment B hereto) from the PRC to the United States by accessing service contract no. 41979 between K Line and ATE Logistics Co., Ltd. (ATE Logistics).
16. In each of the 29 instances identified in Attachment B, United Logistics knew or had reason to know that neither United Logistics nor its agents in the PRC were lawful signatories or affiliates to service contract no. 41979 between K Line and ATE Logistics.
17. In each of the 29 instances identified in Attachment B, United Logistics knew or had reason to know that the cargo being transported by K Line pursuant to service contract no. 41979 constituted the NVOCC cargoes of United Logistics and its shipper customers, rather than ATE Logistics, the lawful service contract signatory.
18. In each of the 29 instances identified in Attachment B, the shipments were rated by K Line in accordance with service contract no. 41979.
19. In each of the 29 instances identified in Attachment B, United Logistics or its agent in the PRC paid all or a portion of those freight rates assessed by K Line in accordance with service contract no. 41979.
20. During the time period between June 24, 2010 and April 14, 2011, United Logistics did not have service contracts in its own name with K Line.
21. In each of the 29 instances identified in Attachment B, United Logistics directly or indirectly obtained transportation for property at less than the rates or charges otherwise

applicable from the ocean common carrier, through the device or means of accessing service contract no. 41979 between K Line and ATE Logistics.

22. In each of the 29 instances identified in Attachment B, United Logistics violated section 10(a)(1) of the Shipping Act, 46 U.S.C. § 41102(a), by knowingly and willfully, by an unfair or unjust device or means, obtaining transportation for property at less than the rates or charges applicable from the ocean common carrier furnishing the transportation.
23. On information and belief, the conduct of United Logistics in unlawfully accessing service contract no. 41979 between K Line and ATE Logistics includes, but is not limited to the 29 shipments specified in Attachment B.
24. On information and belief, the conduct of United Logistics in unlawfully accessing service contract no. 41979 between K Line and ATE Logistics includes, but is not limited to the time period for the 29 shipments specified in Attachment B.
25. Between March 10, 2009 and April 14, 2011, United Logistics' NVOCC tariff was published by Paramount Tariff Services, Inc.
26. Between March 10, 2009 and April 14, 2011, United Logistics has not filed, as the common carrier, any NVOCC service arrangements (NSA) with the Commission.
27. Between March 10, 2009 and July 7, 2009, United Logistics published in its NVOCC tariff only one commodity description applicable to shipments inbound from the PRC to the United States: Cargo, NOS.
28. Between March 10, 2009 and July 7, 2009, the rate published by United Logistics applicable to Cargo, NOS shipments transported in the inbound PRC - United States trade was \$500 per weight or measure whichever yields the greater revenue.

29. In each of the 24 instances identified in Attachment C, United Logistics acted in its capacity as an NVOCC on shipments transported by water in the inbound PRC - United States trade.
30. In each of the 24 instances identified in Attachment C, United Logistics issued its own rated NVOCC bill of lading with respect to each shipment transported by water in the eastbound PRC - United States trade.
31. In each of the 24 instances identified in Attachment C, United Logistics did not charge or collect the Cargo, NOS rates published in its automated tariff.
32. In each of the 24 instances identified in Attachment C, United Logistics charged or collected a less or different compensation for such shipments than the freight rates then applicable in its NVOCC tariff.
33. In each of the 24 instances identified in Attachment C, United Logistics knew or had reason to know that the compensation charged by United Logistics for such shipments was less or different than the freight rates then applicable in its NVOCC tariff.
34. In each of the 24 instances identified in Attachment C, United Logistics violated section 10(b)(2)(A) of the Shipping Act, 46 U.S.C. § 41104(2)(a), by providing service that was not in accordance with its published NVOCC tariff.
35. In July 2009, United Logistics published rates for 13 specific commodities in its NVOCC tariff, with various effective dates from July 7, 2009 through July 10, 2009.
36. For the time period July 10, 2009 through April 14, 2011, United Logistics did not publish any additional or updated rates in its NVOCC tariff.

37. In each of the 27 instances identified in Attachment D, United Logistics acted in its capacity as an NVOCC on shipments transported by water in the inbound PRC - United States trade.
38. In each of the 27 instances identified in Attachment D, United Logistics issued its own NVOCC bill of lading with respect to each shipment transported by water in the eastbound PRC - United States trade.
39. In each of the 27 instances identified in Attachment D, United Logistics issued an arrival notice/invoice to the consignee reflecting the amount of freight charges for the NVOCC shipment.
40. In each of the 27 instances identified in Attachment D, there was no applicable rate in the tariff of United Logistics other than Cargo, NOS at \$500 per weight or measure, whichever yields the greater revenue.
41. In each of the 27 instances identified in Attachment D, United Logistics did not charge or collect the Cargo, NOS rates published in its automated tariff.
42. In each of the 27 instances identified in Attachment D, United Logistics charged or collected a less or different compensation for such shipments than the freight rates then applicable in its NVOCC tariff.
43. In each of the 27 instances identified in Attachment D, United Logistics knew or had reason to know that the compensation charged by United Logistics for such shipments was less or different than the freight rates then applicable in its NVOCC tariff.
44. In each of the 27 instances identified in Attachment D, United Logistics violated section 10(b)(2)(A) of the Shipping Act, 46 U.S.C. § 41104(2)(a), by providing service that was not in accordance with its published NVOCC tariff.

45. In each of the 4 instances identified in Attachment E, United Logistics acted in its capacity as an NVOCC on shipments transported by water in the inbound PRC - United States trade.
46. In each of the 4 instances identified in Attachment E, United Logistics transported shipments of various types of garments.
47. In each of the 4 instances identified in Attachment E, United Logistics issued its own NVOCC bill of lading with respect to each shipment transported by water in the eastbound PRC - United States trade.
48. In each of the 4 instances identified in Attachment E, United Logistics issued an arrival notice/invoice to the consignee reflecting the amount of freight charges for the NVOCC shipment.
49. In each of the 4 instances identified in Attachment E, the applicable rate in the NVOCC tariff of United Logistics was that of Garments, NOS, assessed in accordance with the container size utilized in shipping the cargo: \$1000 per 20-foot box; \$1150 per 40-foot box, and \$1250 per 40-foot high-cube.
50. In each of the 4 instances identified in Attachment E, United Logistics charged or collected greater or different compensation for such shipments than the freight rates then applicable for garments in its NVOCC tariff.
51. In each of the 4 instances identified in Attachment E, United Logistics knew or had reason to know that the compensation charged by United Logistics for such shipments was greater or different than the freight rates then applicable in its NVOCC tariff.

52. In each of the 4 instances identified in Attachment E, United Logistics violated section 10(b)(2)(A) of the Shipping Act, 46 U.S.C. § 41104(2)(a), by providing service that was not in accordance with its published NVOCC tariff.
53. On information and belief, the conduct of United Logistics in unlawfully providing service at freight rates different than those in its applicable NVOCC tariff includes, but is not limited to the 55 shipments specified in Attachments C, D, and E.
54. On information and belief, the conduct of United Logistics in unlawfully providing service at freight rates different than those in its applicable NVOCC tariff includes, but is not limited to the time period for the 55 shipments specified in Attachments C, D, and E.

**THE COMMISSION'S JURISDICTION  
AND REQUIREMENTS OF LAW**

55. Section 10(a)(1) of the Shipping Act, 46 U.S.C. § 41102(a), prohibits any person from knowingly and willfully, directly or indirectly, by means of false billings, false classification, false weighing, false report of weight, false measurement, or by any other unjust or unfair device or means, obtaining or attempting to obtain ocean transportation for property at less than the rates or charges that would otherwise be applicable.
56. Section 10(b)(2)(A) of the Shipping Act, 46 U.S.C. § 41104(2)(A) prohibits a common carrier from providing transportation in the liner trade that is not in accordance with the rates, charges, classifications, rules, and practices contained in a tariff published or a service contract entered into under Chapter 405 of Title 46, unless excepted or exempted under section 40103 or 40501(a)(2) of Title 46.

57. The activities of United Logistics, identified above, were provided as part of and in connection with transportation by water of cargo between the United States and a foreign country for compensation over which the Commission has jurisdiction.
58. Under 46 U.S.C. § 41302(a), the Commission is empowered to investigate any conduct or agreement that the Commission believes may be in violation of the Shipping Act.
59. The Commission may, after notice and opportunity for hearing, issue an order relating to any violation of the Shipping Act, including assessment of a civil penalty and suspension of tariff. 46 U.S.C. § 41304.

**VIOLATIONS OF THE SHIPPING ACT  
AND COMMISSION REGULATIONS**

60. With respect to the 53 shipments identified in Attachments A and B to this Order, it is alleged that United Logistics violated section 10(a)(1) of the Shipping Act by knowingly and willfully obtaining transportation at less than the rates or charges otherwise applicable by the unjust or unfair device or means of accessing service contracts to which it was neither a signatory nor an affiliate.
61. With respect to the 55 shipments identified in Attachments C, D, and E to this Order, it is alleged that United Logistics violated section 10(b)(2)(A) of the Shipping Act by providing service as an NVOCC other than at the rates, charges, and classifications set forth in its published NVOCC tariff or applicable NSA.

## ORDER

NOW THEREFORE, IT IS ORDERED That pursuant to sections 11 and 14 of the Shipping Act, 46 U.S.C. §§ 41302 and 41304, an investigation is instituted to determine:

- (1) whether United Logistics (LAX) Inc. violated section 10(a)(1) of the Shipping Act, 46 U.S.C. § 41102(a) by knowingly and willfully, directly or indirectly, obtaining transportation at less than the rates and charges otherwise applicable by the device or means of unlawfully accessing service contracts to which it was neither a signatory nor an affiliate;
- (2) whether United Logistics (LAX) Inc. violated section 10(b)(2)(A) of the Shipping Act, 46 U.S.C. § 41104(2)(A), by providing transportation in the liner trade that was not in accordance with the rates, charges, classifications, rules, and practices contained in its published tariff;
- (3) whether, in the event violations of section 10 of the Shipping Act are found, civil penalties should be assessed against United Logistics (LAX) Inc. and, if so, the amount of the penalties to be assessed;
- (4) whether, in the event violations of section 10(b)(2)(A) of the Shipping Act are found, the tariff of United Logistics (LAX) Inc. should be suspended pursuant to section 13 of the Shipping Act, 46 U.S.C. § 41108(a);
- (5) whether the Ocean Transportation Intermediary license of United Logistics (LAX) Inc. should be suspended or revoked pursuant to section 19 of the Shipping Act, 46 U.S.C. § 40903; and

- (6) whether, in the event violations are found, an appropriate cease and desist order should be issued as authorized by section 14 of the Shipping Act, 46 U.S.C. § 41304.

IT IS FURTHER ORDERED That United Logistics (LAX) Inc. is designated Respondent in this proceeding;

IT IS FURTHER ORDERED That the Commission's Bureau of Enforcement is made a party to this proceeding;

IT IS FURTHER ORDERED That within 25 days of being served with this Order, Respondent must file with the Commission and serve upon the Bureau of Enforcement an Answer to the allegations in this Order, in accordance with the requirements of the Commission's regulations set forth in 46 C.F.R. § 502.63(c). Respondent's answer must be verified and admit or deny all allegations in this Order. Allegations not denied shall be deemed admitted.

IT IS FURTHER ORDERED That this matter be assigned for hearing before an Administrative Law Judge of the Commission's Office of Administrative Law Judges at a date and place to be determined by the Administrative Law Judge in compliance with Rule 61 of the Commission's Rules of Practice and Procedure, 46 C.F.R. § 502.61. This hearing shall include oral testimony and cross-examination in the discretion of the presiding Administrative Law Judge only after consideration has been given by the parties and the presiding Administrative Law Judge to the use of alternative forms of dispute resolution, and upon a proper showing that there are genuine issues of material fact that cannot be resolved on the basis of sworn statements, affidavits, depositions, or other documents or that the nature of the matters in issue is such that an oral hearing and cross-examination are necessary for the development of an adequate record;

IT IS FURTHER ORDERED That failure of Respondent to timely file an answer to this Order may be deemed to constitute default and authorize the presiding officer, without further notice to Respondent, to find the facts to be as alleged and to enter a decision containing appropriate findings, conclusions, and an order.

IT IS FURTHER ORDERED That other persons having an interest in participating in this proceeding may file motions for leave to intervene in accordance with Rule 68 of the Commission's Rules of Practice and Procedure, 46 C.F.R. § 502.68;

IT IS FURTHER ORDERED That all further notices, orders, and/or decisions issued by or on behalf of the Commission in this proceeding, including notice of the time and place of hearing or prehearing conference, shall be served on the parties of record;

IT IS FURTHER ORDERED That all documents filed by any party of record in this proceeding shall be directed to the Secretary, Federal Maritime Commission, Washington, D.C. 20573, in accordance with Rule 2 of the Commission's Rules of Practice and Procedure, 46 C.F.R. § 502.2, and shall be served on the parties of record; and

IT IS FURTHER ORDERED That in accordance with Rule 61 of the Commission's Rules of Practice and Procedure, 46 C.F.R. § 502.61, the initial decision of the Administrative Law Judge shall be issued by January 24, 2014 and the final decision of the Commission shall be issued by May 28, 2014.

By the Commission.

Karen V. Gregory  
Secretary