

**BEFORE THE
FEDERAL MARITIME COMMISSION**

DOCKET NO. 13-05

**AMENDMENTS TO REGULATIONS GOVERNING OCEAN TRANSPORTATION
INTERMEDIARY LICENSING AND FINANCIAL RESPONSIBILITY
REQUIREMENTS, AND GENERAL DUTIES**

**COMMENTS OF
KLAUS JEPSEN, GROUP C.E.O. SHIPCO TRANSPORT INC.**

The following comments are submitted by Shipco Transport, Inc., a Federal Maritime Commission licensed Ocean Transportation Intermediary (“OTI”), FMC license number 008352N. Shipco Transport, Inc. maintains 10 branch offices throughout the United States, in addition to a headquarters operation. Shipco was established in 1988 and has developed into one of the world's leading neutral NVOCC's, with more than 70 offices worldwide, in excess of 1,800 employees and covering all major trade lanes.

Shipco is a member of the NCBFAA and we are familiar with the issues raised by the ANPRM. We are concerned about these issues and, as well as being in support of the NCBFAA and their consideration of the ANPRM, we would comment independently as follows:

1. Proposal to require all forwarders and NVOCCs to renew licenses every two years by filing an application and paying a fee.

Shipco does not believe that it is necessary since all OTIs are already required to keep the Commission informed of any changes in their corporate structure, officers and directors, and locations of their headquarters and branch offices. In addition, if the Commission is concerned that some OTIs are not complying with this obligation, a simpler proposal would be to require all OTIs to file an annual certification, without requiring a formal application. In order to comply with the proposed changes, it would require a significant expenditure of time to complete the

application by our staff which is already fully engaged in providing services to our customer base, so it is an added burden to our business model.

There is no reason to have to pay any filing or user fee for this, as we are not seeking any benefit or new license from the Commission.

Requiring recent certificates of good standing to be filed as part of this application renewal process is costly and burdensome, and is unnecessary since the Commission can quickly obtain proof of a company's good standing when and if that issue becomes relevant. In view of the information Commission staff often seeks during the process of reviewing a license application, there is reason for concern that the renewal process will take up a great deal of time looking for information that has little or no relevance to the company's performance. Furthermore, we are concerned that a delay in obtaining said data may delay license renewals, leaving OTI's in limbo until the license renewal is confirmed – directly impacting the OTI in particular and overall commerce in general.

2. The proposal that the three years of experience for a potential Qualifying Individual must be based on work done while employed by a licensed OTI, shipper or VOCC.:

Shipco concurs, as it makes sense that unauthorized activities not be the basis for obtaining a license.

3. The proposal to increase the bond amount from \$50,000 to \$75,000 for ocean forwarders, from \$75,000 to \$100,000 for NVOCCs, and \$150,000 to \$200,000 for foreign registered NVOCCs.

Shipco concurs. We believe that it would further assist in edifying the public's perception of OTI's and our industry in general.

- 4. The introduction of a priority system for paying claims that are made against bonds; as proposed, it would be a requirement that the sureties pay, first, any shippers with claims, then any carriers and OTIs; and third, any government claims.**

Shipco disagrees with this proposal. There is no reason why shippers should have a priority over OTI's since NVO's are also shippers in their relationship to the carriers. Similarly, if an OTI is a claimant, any monies that may be due from another OTI under the bond is money for which the claimant cannot be insured, unlike the situation with shippers, so it is unfair for the Commission to pick winners and losers.

- 5. The requirement for carriers and sureties to file with the FMC a list of any claims made by them that relate in any way to the transportation activities of a forwarder or NVOCC, when that listing will be made public on the Commission's website.**

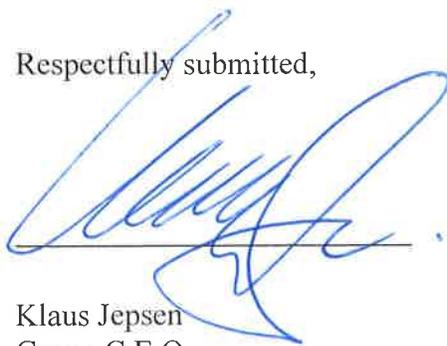
Shipco disagrees with this proposal. The publication by the FMC of claims made against OTIs, especially since those claims may have little or no merit, could be very damaging to the company. Even with a disclaimer that the Commission is not making any judgment about the veracity of the allegations, this listing would likely have a damaging effect on the company's reputation and would threaten its business and viability. When our company has valid claims against it, either it or its insurance companies pay those claims, so that there has never been an occasion when a claimant has been forced to move against our FMC bond; accordingly, this required publication has little or no relevance to the commercial realities of how business is done.

- 6. The proposed regulations relating to agents and their advertising and the proposed regulations requiring that any shipping documentation or advertising by the agents bear the name and license number of the principal OTI.**

Shipco disagrees with this proposal. It is not clear which agents would be covered by the regulation; for example, an agent could be considered to be an accounting firm, drayage companies, warehouses, railroads, truckers, packing companies, and not just breakbulk and loading agents. Also, it is not clear whether written agency agreements should really be required. Again, given the nature of the vast array of agency arrangements that necessarily arise in this industry, it may be impossible for any OTI to have a written arrangement with certain companies. Many breakbulk agents, sales agents and other types of companies providing agency services represent a number of OTIs. It would therefore be very difficult, if not impossible, for them to always list the name of the relevant principal they are representing on all of their advertising. It is not clear why any regulation of this nature is required, since the principal would always be responsible for the actions of the agent anyway; accordingly, why impose new regulations that relate to how the principal and agent interact?

In closing, on a general note, if the Commission's intent is for more strict control specifically of the household goods/barrel trade industry, which we fully understand has caused problems for our industry in general and for consumers, we would advocate tighter regulations. However, the changes as proposed would only serve to encumber the current environment for licensed and registered OTI's and would not necessarily hinder those that the Commission is seeking to rein in.

Respectfully submitted,



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