

MAJOR COMPLIANCE CHANGES AHEAD

By the time you read this, the FMCSA should have announced more definite guidance for implementation of the new United Registration System or the URS. In the works for more than 10 years, the URS will radically change the way carriers, brokers and forwarders must communicate with the agency.

A preview of the new program was announced in April of 2013 with a hard effective date of October 23, 2015, but little detail has yet been provided. The implementation of the URS will introduce massive changes including the following:



“THE IMPLEMENTATION OF THE URS WILL INTRODUCE MASSIVE CHANGES...”

1 MC Numbers for regulated carriers and brokers as well as FF Numbers for forwarders will all be eliminated with single U.S. DOT numbers including “ghost” numbers for new registrants assigned for all registrants.

2 Over 200,000 exempt and private carriers which previously have been assigned DOT Numbers but have not filed evidence of insurance and agents will be required to make filings. These enrollments will have to be made by insurers and agents for service of process electronically. The date for compliance for agents is not until April 2016 but so far there is no extended compliance date past October 23 for submission of insurance information.

3 All existing applications and forms for communicating with the FMCSA will be retired after October 23 unless changed. A new, single all-purpose MCSA-1 will be the only online protocol for communicating with the agency, including but not limited to:

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- (1) New registration — to register for the first time.
- (2) New entrant reapplication — to reapply after new entrant registration has been revoked.
- (3) Reinstatement — to restore inactive or revoked registration to good standing.
- (4) Biennial update — to file the update required every 24 months. An entity may also update its record with FMCSA at any time within this 24-month period.
- (5) Name /address change/form of business — to file a change to a company's name, address, or form of business.
- (6) Notification of transfers of operating authority registration (both transferee and transferor)
- (7) Other — to file other miscellaneous changes

All communication with the FMCSA after October 23 will have to be conducted electronically using the registrant's PIN. Carriers, brokers and forwarders who are “computer challenged” and who lack their PIN may encounter serious problems.

For example, the new electronic format will house the online replacement for the MCS-150 – the biennial update motor carriers must now file to provide their carrier profile for agency use. Under the URS, the new information required is much more detailed and the penalties for failure to properly and timely make compliance is much more draconian.

The electronic filing must be made by each registrant before the expiration of the month corresponding to the last two digits of its DOT Number. Failure to do so will result in deactivation of the registrant's authority. The agency has yet to tell what, if any, warning or process will be offered prior to cancellation.

If the new carrier audit system is any indication, when the carrier does not make the proper filing or request within the time allowed, notice of noncompliance may be computer generated and followed up with termination of registration which is difficult to reverse.

In this context, the URS must be seen as a long term effort on the agency's part to get a better handle on regulated parties and purge from its rolls carriers who are no longer in service. In the past year, the agency has reduced the number of outstanding U.S. DOT Numbers by thousands of carriers. The new URS system will require each registrant to be proactive in remaining in compliance.

Finally, much of the burden of compliance for new applicants will be pushed to the initial electronic filing and the process timing for approval may be attenuated because the agency proposes to conduct a more thorough review of new applicants to ensure against the problem of chameleon or reincarnated entities.

If all these changes appear daunting and come as news to the reader, then you have been properly forewarned that big changes lie ahead. At this writing, whether the agency will offer a “soft landing” providing substantive information in the next 75 days is unknown. A hard copy template of the MCSA-1 all-purpose document issued two years ago was in the Notice of Proposed Rulemaking. Yet no updated or electronic prototype is currently available. In the run-up to the compliance date, the agency has outsourced the management of its compliance interface to a new third party contractor. I cannot imagine that 200,000 new insurance filings can be made for existing, exempt and private carriers by the October 23rd date or that some phase-in process will not be forthcoming.

Each registrant and the industry as a whole will have additional registration duties by the advent of the URS. Carriers contemplating transactions which require agency action (applications for new authority, change of name or address, etc.) should file them in advance of the new filing requirements.

In this regard, I will try to monitor the agency's roll-out of this important system and put regular updates in a special URS compliance blog for your information at: www.transportationlaw.net/URSCompliance.

Questions can be directed to info@transportationlaw.net.



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