

OOIDA LOSES MAJOR LEASING RULES CASE
OOIDA v. Landstar System, et al., 11th US Circuit Court of Appeals
October 4, 2010 (2010 WL 383557)

OOIDA brought a class-action lawsuit against Landstar alleging that Landstar leases violated the Truth in Leasing Regulations (49 CFR 376.12(d) and (h)) for failing to disclose reduction in fees for Powertrack and Qualcom Communications prior to calculating compensation, and failing to disclose and document mark-ups and profits on various chargeback items. It also alleged that Landstar practices understated shipping revenues and failed to provide the amount of the reductions, or the methods by which they were implemented, or how the chargeback items were computed. They further claimed restitution of Landstar's profits, as well as other relief.

OOIDA appealed from decisions of the District Court which were in favor of Landstar. According to the 11th Circuit Court of Appeals, this was a case of first impression. The Court indicated that the Truth in Leasing Regulations were silent regarding a motor carrier's ability to profit on chargebacks. The Court of Appeals ruled that Landstar could, as a matter of law, profit from chargeback items. The chargeback items included insurance payments and third-party costs described above. The Court ruled that there was nothing in Section 376.12(h) that required it to disclose the amount it actually paid for third-party services which would reveal its profit. All that is required is that a flat fee be disclosed and that the fee be followed up in settlement statements which explained the final amount charged back. The Court of Appeals also upheld the District Court ruling that Landstar did not have to make restitution for profits it had made on its chargeback items, and that OOIDA had to prove actual damages and show how the damages were sustained arising from the alleged violations of the lease regulations!

While there were many other issues in the case, the foregoing were the most significant.

Submitted by: Ronald H. Usem, Transportation Attorney
Huffman, Usem, Saboe, Crawford & Greenberg, PA
5101 Olson Memorial Drive
1000 Water Park Place
Minneapolis, MN 55422
(763) 545-2720
F: (763) 545-2350
ron@usems.com