A large crowd of port drivers, many wearing orange safety vests and hats, are gathered on a street. They are holding numerous yellow and red flags and banners. In the foreground, a man in a white shirt and orange vest is seen from behind, holding a large banner. To the right, a woman is taking a photo with a camera. The background shows industrial buildings and utility poles under a clear sky.

# Risks & Consequences of Illegal Business Practices & Winning Justice for Port Drivers

Fredrick Potter, Port Director, International Brotherhood of Teamsters

Presentation to Tidelands and Harbor Committee

Long Beach City Council

May 24, 2018



# Long Beach City Mayor Robert Garcia



**Robert Garcia** @RobertGarciaLB · 22 Dec 2017

Replying to @PortDriverUnion @MayorOfLA

Thx @PortDriverUnion for this. Please know that we are working on this important issue. We've been meeting with numerous parties and workers and looking towards a solution in 2018. We know there is serious misclassification happening and it's unfair and unjust.



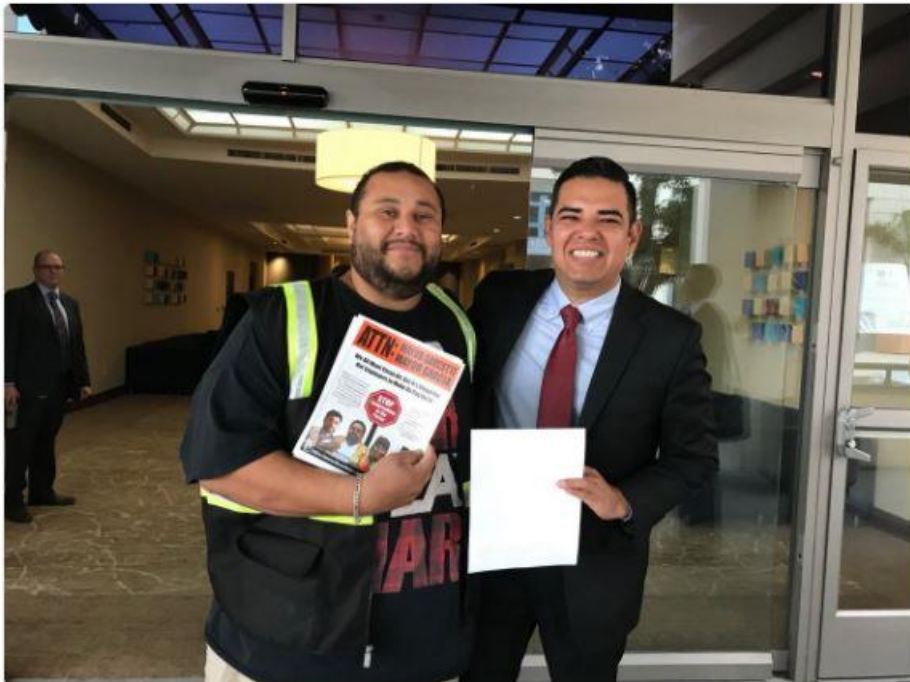
**Robert Garcia** @RobertGarciaLB · 31 Dec 2017

We must also resolve the challenges and misclassification of truck drivers that is happening at the port. Many truck drivers are not even paid a living wage. We have some great trucking companies providing good jobs, and others who are taking advantage of workers. This must end.



**Justice4PortDrivers!** @PortDriverUnion · 2 Nov 2017

Rene Flores was fired after exposing #wagetheft on @USATODAY. We need good jobs and #cleanair at @portoflongbeach now @RobertGarciaLB!



# The New York Times

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NEW YORK, WEDNESDAY, JULY 2, 1980

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## **Carter Signs Bill for Deregulation of Truck Lines**

WASHINGTON— President Carter signed into law today legislation cutting back Government regulation of the \$41 million interstate trucking company. He said the measure could save consumers as much as \$8 billion a year.

“This is historic legislation,” the President said. “There is no other nation on earth that depends as much on motor transportation for its economic life’s blood.”





# RIGGED

**USA TODAY NETWORK**  
Investigative Report

Forced into debt. Worked past exhaustion. Left with nothing.

## Retail giants enable trucker exploitation

Powerhouses such as Target, Costco benefit while drivers plunge into debt

### Shell games

How trucking companies that cheat drivers dodge penalties

### Asleep at the wheel

Companies risk lives by putting sleep-deprived port truckers on the road



What would you do if your paycheck looked like this after one week of work?

**GROSS PAY**  
**\$ 450.92**  
**DEDUCTIONS**  
**\$-464.98**  
**NET PAY**  
**\$-14.06**

**Total Trip Gross: \$450.92**

Ins Cargo	\$-25.00
DTR FEES	\$-3.85
Fuel Deduction	\$-33.27
Fuel Deduction	\$-71.41
Fuel Deduction	\$-76.45
Ins Auto & Occ Acc	\$-95.00
Truck Lease	\$-50.00
Parking	\$-10.00
Ins PD	\$-50.00
Permit & Lic Fees	\$-50.00

**Net Amount: \$-14.06**

**#WAGETHEFT**



# Persistent strikes and work stoppages threatens Port of Long Beach's reputation and customer relationships:

LOS ANGELES BUSINESS JOURNAL  
THE COMMUNITY OF BUSINESS

## Truck Drivers, Warehouse Workers Plan Strike at Ports

By Shwanika Narayan

Thursday, June 15, 2017

BUSINESS

## Port truck drivers planning 15th strike in protest of 'greedy corporations'

By CITY NEWS SERVICE | citynewsservice@scng.com |

PUBLISHED: June 15, 2017 at 8:37 pm | UPDATED: September 25, 2017 at 8:34 pm

## California port truckers end strike after 5 days

Jill Dunn | [@OverdriveUpdate](#) / June 26, 2017

Business

## LA/Long Beach Ports Truck Drivers' Strike Expands

The strike expanded to four subsidiaries of market leader California Cartage and Chinese-government owned Intermodal Bridge Transport.

By California News Wire Services, News Partner | Jun 20, 2017 12:49 pm ET



Total Terminals International, POLB  
June 6, 2017



← Back to Original Article

## Independent Truckers, Union Form a Convoy

*Transportation: A high-stakes, long-shot campaign to organize would, if successful, write a new page in labor history. But many roadblocks remain.*

May 11, 1996 | STUART SILVERSTEIN and JEFF LEEDS | TIMES STAFF WRITERS

Gray-haired and gravel-voiced, Emilio Coronado is a veteran of the simmering tensions that have sparked one strike after another by independent truckers at the sprawling Los Angeles-Long Beach port complex.

Coronado was there with his fellow drivers in 1988 when a 2 1/2-week walkout against the trucking companies turned violent and collapsed. And he was part of the loosely organized group of mainly Latino immigrant truckers that struck for 10 days in 1993 before caving in and returning to work.

Now Coronado, 57, is taking a chance on another high-stakes but long-shot labor campaign. He is one of thousands of drivers who have snarled port operations for two weeks by refusing to haul cargo for nonunion employers and have instead cast their lot with an entrepreneur struggling to get a unionized

For his part, Coronado said his last year was miserable financially. He said he grossed \$22,000 but, after business expenses, earned only about \$5,000.

"There's no hope for the future if we continue like that," he said.

Meanwhile, he's four months late on the rent for the home he and his wife and their five children share in South-Central Los Angeles. "Our kids are suffering," he said. "Used shoes. Used clothes."

# Port's short-haul truckers struggle to make living

Originally published September 15, 2011 at 8:15 pm | Updated September 16, 2011 at 10:36 am

HOME

POLITICS

ACT LOCAL



By Mike Lindblom

Seattle Times staff reporter

Truck drivers who serve Seattle's busy shipping port say they're losing patience with chronically low pay and poor working conditions.

International container shipments are moved by about 1,400 short-haul trucks, most driven by immigrants who take them from waterfront docks to rail yards a mile away, to Tacoma or to warehouses around Kent.

Short haulers are a crucial link in the world supply chain, but often overlooked, even as their weather-beaten trucks queue on the waterfront and clog ramp ways to the West Seattle bridges.

For years, they've asked for better working conditions and higher paychecks — even hinting at going on strike.

Abdulkader Ali talks a driver into joining the strike, at the gate to the SSA terminal in the Seattle harbor. (Copyright David Bacon)

WEB ONLY / FEATURES » FEBRUARY 21, 2012

## Seattle Port Strike Challenges 'Independent Contractor' Lie

Truck drivers in the Puget Sound shut down ports for two weeks—and begin to shift the balance of power.

BY DAVID BACON



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**Hotels.com™**

**Up to \$100 Rebate**

## Strike Ends At Port Of Miami

February 23, 2000 | BY DOREEN HEMLOCK Business Writer and Business Writer  
Joseph Mann contributed to this report.

The picket lines came down and cargo rolled briskly on Tuesday at the Port of Miami for the first full day in two weeks, as independent truckers ended a strike amid scattered pay accords and mounting lawsuits.

Some South Florida truck-brokers, shipping lines and even firms in the construction industry agreed to concessions to truckers, but terms varied widely. Miami-based Salom Transportation, for example,

The Port of Miami, meanwhile, reported that its losses from the strike topped \$1 million through Friday -- counting only diverted cargo and lost revenues from wharfage and crane fees. Shipping lines shifted freight to such out-of-state ports as Charleston and Savannah, and also in-state to Port Everglades in Broward County, the Port of Palm Beach, Canaveral and Jacksonville.

Truckers' Strike Backlogs South Florida Businesses

February 17, 2000

Truckers Extend Port Strike

July 3, 2004

Strike's Cost In Millions

February 24, 2000

Trucker protests also continued nationwide, as rigs from the Northeast streamed into Washington, D.C., on Tuesday demanding redress from Congress.

Executives welcomed the end to the strike at South Florida's busiest port. Yet they cautioned it likely would take another week to fully reduce the cargo backlog in Miami, and that higher fees for trucks likely would be passed on to shippers and eventually, consumers.





# “Senators pressure retailers to root out “shameful” labor abuse of truckers” – July 31, 2017

United States Senate  
WASHINGTON, DC 20510

July 31, 2017

Wal-Mart Stores, Inc.  
Doug McMillon, CEO  
702 SW 8<sup>th</sup> Street  
Bentonville, AR 72716

Dear Mr. McMillon:

We were gravely concerned to read the *USA Today* June 16, 2017 investigation, “Forced into debt. Worked past exhaustion. Left with nothing,” which detailed employer abuses in the port trucking industry. We were disappointed to learn companies have reportedly helped perpetuate these abuses by turning a blind eye to violations and worker mistreatment occurring at port trucking companies they write to urge you to ensure Walmart products are transported only by companies with the state and federal labor laws that protect the economic security and health of workers.

The *USA Today* investigation calls the work arrangements for many port truckers “modern-day indentured serv[itude]” and reports that companies force driver lease-to-own program for their trucks, but do not allow the drivers to keep the trucks or their capital investments, if they are terminated or quit. Drivers have also been

Amazon

Costco

Goodyear

Hasbro

Home Depot

Hewlett Packard

J. Crew

J.C. Penney

LG Electronics

Neiman Marcus

Ralph Lauren

Steve Madden

Target Corp.

TJX (TJ Maxx)

UPS

Wal-Mart

3. Will Walmart publically demand higher standards among port trucking companies, which could have an immediate impact on limiting the ability of companies to abuse drivers in the manner described in the *USA Today* investigation?

We appreciate your attention to this critical issue.

Sincerely,

Sherrod Brown  
United States Senator

Elizabeth Warren  
United States Senator

Dianne Feinstein  
United States Senator

Kamala D. Harris  
United States Senator



# Retail giants enable trucker exploitation

Powerhouses such as Target, Costco benefit while drivers plunge into debt

**By Brett Murphy**

June 29, 2017

**“...It was a series of high-profile revelations that led to more oversight in overseas manufacturing operations, according to Shawn MacDonald, CEO of the international research firm [Verité](#), which produces labor and logistics studies commissioned by the federal government.**

**But workers involved in shipping deserve the same protection from the big companies that rely on their labor, MacDonald said.**

**“They’ve just never thought about this,” he said, “let alone done any due diligence.” ...”**



May 3, 2018

Mr. Frank Brown  
Audit Committee Chair  
Home Depot, Inc.  
2455 Paces Ferry Road  
Atlanta, GA 30339-4024

# Wall Street Investors Express Concern to Retailers regarding business practices

Dear Mr. Brown:

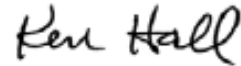
A compelling *USA Today* investigative report, “*Rigged: Forced into debt. Worked past exhaustion. Left with nothing,*” in June 2017, linked Home Depot and other U.S. retailers to port trucking companies operating in the ports of Los Angeles and Long Beach that have systematically exploited workers. The article was the first in a series documenting widespread worker abuse across the port trucking industry and exploring the role and response of retailers that rely on it. Mounting, national media attention to these unethical and potentially illegal business practices among port trucking companies has not only introduced reputational risk for Home Depot and other named retailers but has raised concerns from investors about the company’s supplier standards—how compliance is monitored and enforced. Several prominent U.S. Senators have already begun to scrutinize the role of the retailers and urged companies to take immediate action.

As long-term investors in Home Depot, we believe the board must act quickly to head off the potential risks to the company’s reputation and operational continuity by launching a comprehensive review of its contractors in order to establish whether any are out of compliance with Home Depot’s Code of Conduct.

Specifically, we urge the Audit Committee of the board undertake the following actions:

- Ensure that all suppliers, including transportation and logistics providers have been reminded of the supplier standards;
- Oversee an audit of all port trucking companies in Home Depot’s supply chain to determine if any have violated Home Depot’s vendor standards or if any use the lease-to-own model or other leasing arrangements deemed problematic;
- Terminate non-compliant vendors who fail to remedy the violations in a timely manner; and,
- Review the effectiveness of management’s practices and processes used to identify and address compliance risks in the company’s supply chains.

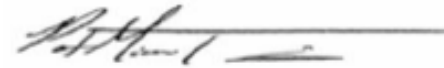
Sincerely,



**Ken Hall**, *General Secretary-Treasurer  
International Brotherhood of Teamsters*



**Mike Lombardo**  
*Calvert Research and Management*



**Pat Miguel Tomaino**  
*Director of Socially Responsible Investing  
Zevin Asset Management, LLC*



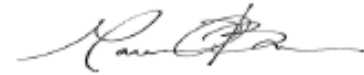
**Dieter Waizenegger**  
*Director  
CtW Investment Group*



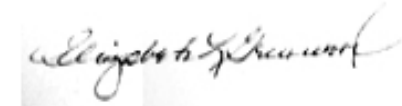
**Michael Frerichs**  
*Illinois State Treasurer*



**Chuck Mack**  
*Co-Chair Western Conference of  
Teamsters Pension Trust – Union Caucus*



**Maureen O'Brien**  
*Vice President and Corporate Governance  
Director  
Segal Marco Advisors*



**Elizabeth Greenwood**  
*Trustee Los Angeles City Employees'  
Retirement System (LACERS)*

# Beginnings of change in industry:

## THE WALL STREET JOURNAL

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<http://www.wsj.com/articles/truckers-at-los-angeles-port-vote-to-unionize-1436472190>

BUSINESS | LOGISTICS REPORT

# Truckers at Los Angeles Port Vote to Unionize

Short-haul truckers employed by Eco Flow in the Los Angeles and Long Beach port complexes voted unanimously to unionize, but the Teamsters still face an uphill battle to organize the wider labor pool.

By **ERICA E. PHILLIPS**

July 9, 2015 4:03 p.m. ET



# Beginnings of change in industry:

## Shippers Transport Express



- Teamsters Local 848 represents about 500 port drivers at these companies, and growing.
- But long term they cannot compete against companies that persist in violating labor laws and exploiting drivers.

# Beginnings of change in industry:



Pacific 9 Transportation, Inc

## COMPANY DRIVER USING COMPANY TRUCK

### BASE HOURLY

PEAK SHIFT (DAY)	\$17.00 PER HOUR (Mon - Fri 6:30 am – 4 pm )
OFF PEAK SHIFT (NIGHT)	\$19.00 PER HOUR (Mon – Thu 5pm – 2 am, Sat 6:30 am – 4 pm )

### ADDITIONAL LOAD/EMPTY INCENTIVE

PREPULL	\$8.00 PER LOAD/EMPTY
MLB (ICTF)	\$8.00 PER LOAD/EMPTY
MLB (BNSF)	\$12.50 PER LOAD/EMPTY
DELIVERIES (1-15 MILES)	\$10.00 PER LOAD/EMPTY (EACH WAY)
DELIVERIES (16-30 MILES)	\$12.50 PER LOAD/EMPTY (EACH WAY)
DELIVERIES (31-UP MILES)	\$15.00 PER LOAD/EMPTY (EACH WAY)
HAZMAT	\$25.00 PER LOAD

### BENEFITS ( benefits apply after 60 days )

MEDICAL COVERAGE	COMPANY PAYS FOR 100% OF THE EMPLOYEES HEALTH PREMIUM ( <u>KAISER</u> or <u>United Healthcare</u> )
DENTAL COVERAGE	COMPANY PAYS FOR 100% OF THE EMPLOYEES HEALTH PREMIUM
VISION COVERAGE	COMPANY PAYS FOR 100% OF THE EMPLOYEES HEALTH PREMIUM
LIFE INSURANCE	COMPANY PAYS FOR 100% OF THE EMPLOYEES HEALTH PREMIUM

GUARANTEE OF 40 HOURS OF PAY PER WEEK.

PAID HOLIDAYS (6 DAYS A YEAR)



Pacific 9 Transportation, Inc

## COMPANY DRIVER USING OWN TRUCK

SAME HOURLY PAY  
SAME INCENTIVE PAY  
SAME BENEFITS

### **FOR TRUCK:**

COMPANY PAYS \$0.60 CENTS PER MILE ON ODOMETER  
(MILEAGE PAID AS EXPENSE REIMBURSEMENT/ NOT WAGE)

COMPANY PAYS FOR FUEL / COMPANY FUEL ACCOUNT

COMPANY PAYS FOR INSURANCE (LIABILITY, CARGO, TRAILER INTERCHANGE, AND PHYSICAL DAMAGE).

COMPANY PROVIDES FREE SECURED PARKING.

MILEAGE REIMBURSEMENT PAID EVERY WEEK.



# Market Fragmentation Harms Industry Bargaining Power

	2008	2012	Present
Total # Companies	1,200	600 (active)	1,121 (active)
Market Concentration: # companies perform 50% gate move	N/A	37	75
Est. Total # Drivers	16,000	10,000	16,000
Active Registered Trucks	16,000	9,100	13,102
Aver. Company Size	13	16	11
TEUs	6,487,816	6,045,662	7,544,507
TEUs/Active Truck	405	664	576



# If Long Beach Takes Action, it will have national impacts

Many key trucking companies operate at many ports across the country:

- XPO Logistics
- NFI Industries/California Cartage Companies
- Intermodal Bridge Transport
- Knight Transportation
- DAMCO Distribution (dba HUDD)
- Performance Team Freight Systems
- Mayor Logistics
- Port Logistics Group
- Toll Global Forwarding



# Goals of Policy Solutions should:

- Level playing field for legally compliant companies
- Protect City's and POLB's proprietary interest, reputation and ability to successfully compete in the market for port services
- Penalize and Ban lawbreaking drayage companies from entering Port of Long Beach facilities
- Support municipal, state and federal legislative and enforcement efforts regarding misclassification and related issues.
- Implement responsible contractor policies for City procurement