



UNITED STATES GENERAL ACCOUNTING OFFICE  
WASHINGTON, D.C. 20548

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COMMUNITY AND ECONOMIC  
DEVELOPMENT DIVISION

FEBRUARY 21, 1979

B-194042

*title on form #115*

→ The Honorable Thomas J. Downey  
House of Representatives

Dear Mr. Downey:

*DEC 9 '78*

On November 15, 1978, and December 14, 1978, you forwarded to us letters you had received from Mr. Frank DeJoy of the New Breed Moving Corporation and requested we look into his complaints that New Breed has been treated unfairly by the General Services Administration (GSA) and the Federal Aviation Administration (FAA). We reviewed files at GSA, FAA, and our own Office, and we interviewed GSA and FAA personnel. We found no evidence to substantiate the allegations. We did find that New Breed was given shipments for which it did not have commodity or territorial authority. These shipments should not have been tendered by FAA nor accepted by New Breed.

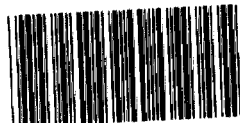
NEW BREED AND GSA

GSA is responsible for (1) determining the correctness of charges paid for all freight and passenger transportation services furnished the United States Government and (2) recovering overcharges from the carriers. This responsibility was transferred from our Office to GSA by the General Accounting Office Act of 1974 (49 U.S.C. 66(a)).

Mr. DeJoy states he was overwhelmed with notices of overcharge and that all his bills for the previous 3 years were audited. According to GSA officials, New Breed's Government Bills of Lading originally were reviewed immediately but had to be set aside because the auditors could not find any record of a proper Interstate Commerce Commission (ICC) tariff on file by New Breed. The tariff describes the rate structure and delineates the territorial and commodity operating authority of the carrier.

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Because it could not locate a proper tariff, GSA used a tariff for similar services being performed by other carriers to audit all of New Breed's bills which had been set aside and identified a number of overcharges. When GSA notified New Breed of the overcharges, it asked New Breed for its tariffs. New Breed contended that it was acting as an agent for another carrier. GSA officials advised New Breed that, if this was the case, the Government Bills of Lading should have been issued to the other carrier and not to New Breed.

Mr. DeJoy also contends that an FAA employee (Ms. Donnie Lewis) has aided and encouraged GSA harassment of his firm and that GSA has wrongly interpreted the overcharges. According to GSA officials, GSA reviews all Government transportation bills. They said the New Breed overcharges came to light through the normal review process, not by any contacts with FAA personnel and not through any extraordinary or unusual efforts by GSA personnel.

On a number of the New Breed shipments questioned by GSA, FAA had specified "exclusive use" of the vehicle which allows the carrier to charge for the truck's maximum allowable weight or volume instead of the actual cargo weight or volume. New Breed had used a flatbed trailer (in contrast to a closed trailer or van) for these shipments and computed the cubic capacity of the shipment based on a height of 13 feet, 6 inches (the maximum allowable height to clear overpasses and tunnel ceilings). However, GSA informed Mr. DeJoy that, in using a flatbed trailer, the allowable height for computing charges on the basis of volume should have been the height of the commodity shipped, not bridge or tunnel clearance heights.

Additionally, New Breed submitted lump sum bills for third party services--crane and fork lift services. The rate applied by GSA includes the normal cost of loading and unloading and GSA officials explained to New Breed that bills for extraordinary charges must be itemized and supported by receipts. New Breed later produced some receipts and these charges were allowed even though, according to GSA, some receipts were illegible or questionable.

Mr. DeJoy's November 6, 1978, letter gives the impression that the onset of his overcharge problems coincides with FAA's employment of Ms. Lewis. This is not the case. In May 1974, when we still had this audit responsibility, we notified New Breed of overcharges totaling \$11,869.20 on

60 shipments. According to GSA officials, because New Breed did not refund or protest any of the overcharges, they reported a debt to the Department of Justice on May 27, 1976. While the debt was under consideration by Justice, New Breed filed letters of protest with GSA. After meeting with GSA officials, Mr. DeJoy admitted the correctness of most of the overcharges and reimbursed the Government for \$8,402.13.

Currently, GSA has identified additional unsettled overcharges of more than \$2,300. Several of these shipments concern the movement of freight to locations for which New Breed did not have a proper tariff. Because of earlier, similar problems, FAA should not have tendered such shipments. Further, lacking proper operating authority, New Breed should not have accepted the shipments.

You may wish to point out to Mr. DeJoy that if he is not satisfied with GSA actions he may request the Comptroller General of the United States to review those actions (49 U.S.C. 66(b)).

#### NEW BREED AND FAA

Mr. DeJoy contends that an FAA employee, Ms. Donnie Lewis, had encouraged "massive audits" by GSA. He asserted that correspondence between Ms. Lewis and Mr. William Lacy, Chief of the Rate Routing Branch in GSA's Region 3, would support this claim. However, that correspondence does not, in our opinion, support Mr. DeJoy's contention. Instead, it appears to show Ms. Lewis making a conscientious effort to reduce FAA's transportation costs.

On March 9, 1976, Ms. Lewis requested assistance from Mr. Lacy on the rates charged on the shipment of generators for FAA by six carriers, one of which was New Breed. Ms. Lewis was attempting to determine whether these shipments could have been made at lower rates. Such assistance is directly provided for in the Federal Property Management Regulations, which state that GSA will provide, upon request, rate and routing information and related traffic data (F.P.M.R. Subpart 101-40.301).

Ms. Lewis had questioned why New Breed's charges were higher than other carriers. For example, New Breed charged twice as much as another carrier (\$3,549.42 compared to \$1,764.00) for a trip which was several hundred miles shorter. Our review of the files shows two other questionable matters:

--New Breed has operated west of the Mississippi River under its own name even though, according to GSA records, it lacked the operational authority to do so.

--New Breed hauled heavy equipment for FAA even though records at GSA indicate that New Breed held only operational authority to transport household goods.

We believe Ms. Lewis had every right to question these shipments and would have been remiss had she not done so.

Mr. Lacy, as Chief of the Rate Routing Branch in GSA's Region 3, was not responsible for GSA audits of transportation bills. This is a function of GSA headquarters. In responding to Ms. Lewis' inquiry, Mr. Lacy raised several questions regarding FAA practices and suggested that only certain carriers be used for these types of shipments in the future. His response did not indicate in any way that he had in turn requested a GSA audit. Also, according to GSA audit officials, the overcharges identified were the result of GSA's normal audit functions and not a result of any specific request.

Mr. DeJoy also contends that, since Ms. Lewis' employment with FAA, New Breed has been practically eliminated as a Government carrier. Ms. Lewis exerts no control over non-FAA Government shipments. If New Breed has suffered an overall decline in Government shipments, it should examine each agency on a case-by-case basis to determine the rationale.

FAA officials gave three reasons for a decline in New Breed's FAA shipments:

--More carriers are seeking FAA business.

--The volume of FAA's shipments has declined.

--New Breed's charges are consistently higher than other carriers providing the same services.

Regarding the last reason, Federal Property Management Regulations state that shipments should be routed via the carrier or carriers which can provide the required service at the lowest overall cost to the Government. In implementing this standard routing principle, the regulations

state that the major factors to be considered are (in the order of their importance): service requirements, cost considerations, and equitable distribution of traffic among carriers (F.P.M.R. 101-40.302).

In 1978, FAA had a large trucking requirement involving seven carriers and 25 shipments of equipment from a contractor's plant in Dallas, Texas. New Breed was one of the carriers and handled two of the shipments, although according to GSA records, it did not have a proper tariff covering either shipment. Additionally, New Breed was given three smaller shipments during the year.

FAA does not have any formal system to assure that shipments are equitably distributed among carriers over an extended period of time. However, as in the case of the 1978 shipments out of Dallas, an honest effort seems to have been made to divide the shipments among a number of carriers, including New Breed.

New Breed's shipments for FAA could decrease even more in the future. As a result of our inquiry, FAA officials told us that FAA will no longer issue Government Bills of Lading in New Breed's name for any shipments west of the Mississippi River, as New Breed does not have tariffs to operate in that area. They said New Breed could operate west of the Mississippi River only if it were an agent for another carrier, in which case the Government Bills of Lading would have to be issued in the other carrier's name.

As arranged with your office, we are sending a copy of this letter to the Secretary of Transportation and the Chairman, Interstate Commerce Commission for appropriate action. We are also sending a copy of this letter to the Administrator, Federal Aviation Administration, and the Administrator, General Services Administration.

As requested, we are returning the correspondence you forwarded with your request.

Sincerely yours,



Henry Eschwege  
Director

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