

Interstate Capital Corporation Uniform Policy on Bills of Lading

Black's Law Dictionary defines Bill of Lading as follows:

“Document evidencing receipt of goods for shipment issued by person engaged in business of transporting or forwarding goods. An instrument in writing, signed by a carrier or his agent, describing the freight so as to identify it, stating the name of the consignor, the terms of the contract for carriage, and agreeing or directing that the freight be delivered to the order or assigns of a specified person at a specified place. *It is receipt for goods, contract for their carriage, and is documentary evidence of title to goods.*”

Primarily due to the last sentence above, shippers generally require an *original* bill of lading, signed by the consignee as evidence that the title to its goods legally passed from shipper to motor carrier to consignee. Without an *original*, payment by shipper (its agent or freight broker) may be delayed or worse, withheld.

Original Bill of Lading Required

For this very reason business-minded motor carriers require *original* bills of lading. Likewise, Interstate Capital Corporation (ICC) requires “*clean*” *original* bills of lading prior to funding. A *clean* bill of lading is defined as a bill of lading containing nothing in the margin qualifying the words of the bill of lading itself. Such qualifying language would include any remarks suggesting any freight damages, missed appointments, late delivery or shortages.

It is incumbent on the motor carrier, therefore, to insist that its drivers obtain an *original* bill of lading, signed by the consignee. If the consignee insists on retaining the *original* bill of lading, drivers should carry a set of blank pre-printed bills of lading (provided by the motor carrier) to ensure that the driver will have a duplicate original signature in the event the consignee retains the original bill of lading initially provided by the shipper. Most business-minded motor carriers require their drivers to turn in an original bill of lading as a condition of payment to the driver. Drivers who fail to turn in original bills of lading share the risk of not being paid due to such failure. It is the motor carrier's responsibility to train its drivers accordingly. ICC also requires a duplicate set for its records.

Carrier's Name Must Appear on Bill

In order to preserve the rights to collection conferred to the motor carrier by the bill of lading, it is mandatory that the motor carrier's name plainly and legibly appears on the bill of lading wherever “Carrier” is referenced. It is not uncommon that the freight broker's name be pre-printed by the shipper, which is initially unaware that its freight is being brokered. It is therefore incumbent upon the motor carrier or its driver(s) to strike out the name of any party *inaccurately* referenced as the carrier. Alternately, the motor carrier may add a rubber stamp, boldly stating in red ink, the motor carrier's name, followed by the word, “Carrier”. ICC will not accept bills of lading for factoring which do not have the name of the motor carrier (i.e. ICC's client's name) on the bill of lading. An exception to this rule is freight obtained from a freight forwarder, whose name may appear as carrier on the bill of lading.

Needless to say, confusion created by the practice of “double brokering” exposes the motor carrier to avoidable risks, making this practice not advisable. ICC prohibits the factoring of double-brokered loads or loads against which the motor carrier has obtained a cash advance from the broker.

Accepted: _____ (Signature)

For: _____ (Client)