

DOT Compliance Help, Inc.™

# DCH Dispatch

## The Truth About Chameleon Carriers

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### Why they do it, how they do it, and why it's a bad idea.

Recently, there has been a lot of buzz surrounding the phrase "Chameleon Carrier". First, what is it? A Chameleon Carrier is a carrier who's operating authority has been affected by the DOT, when they receive bad safety scores, a Conditional rating, fail their DOT Audit, or receive large amounts of fines. They change the name of the company, get a new DOT Number, and essentially, the same company is still operating with the same management, trucks, drivers, and bad habits. The whole point of the safety fitness determination is so the agency can put people in categories according to their safety behavior, and if the agency puts you in one basket you are not supposed to climb out and get in another basket. Imagine if your company's stock was a D-grade investment and you advertised yourself as an A-rated company. That's fraud, right? The difference is, this rating is given by the federal government so it's a federal crime. If you get caught, it's curtains. But a lot of people do it, thinking they won't get caught. Kind of a corporate version of drinking and driving. Sometimes I encounter rebranded companies in my work, and sometimes they are historically really bad actors who are gradually trying to go legit. We get the call all the time, wanting to know if we can help them with the new company so they don't have any interaction with the DOT. What's even worse is that there are consultants, lawyers, brokers, insurance agents, etc, that recommend for the company to do this.

Obviously, the company is operating illegally. Especially if they were previously shut down by the FMCSA, they would be operating under an Out-of-Service Order. There are also carriers who create "Shelf Companies" to keep on the back burner, just waiting to be shut down so when they start the next day under the next DOT Authority, it appears they've been operating/ in business for longer than it actually has been. Sometimes, there is an empty office with not even a single filing cabinet, just waiting for the DOT letters to arrive, another tactic to dodge the DOT.

A Conditional Safety Rating can hurt the company almost as bad as an Out-Of-Service Order. A Conditional Rating is the FMCSA's way of telling the company they need to work on their safety program and correct issues that could cause accidents. A company with a Conditional Safety Rating could face scrutiny from business partners and have trouble keeping contracts to haul freight. They could also be burdened with higher insurance rates. What I'm getting at here is that the cost of doing business is higher and the profit margins are shrinking. The only thing left to do is either face the issues and beg the DOT to come back and grant a Satisfactory Safety Rating (which is harder than pulling teeth), or get a new DOT Number and start fresh.

Here's what I always say to people about this topic: "If you ever think this might be a good idea, think again. If you know someone who is thinking of doing this, and if they are your friends, give them some good advice; don't do it. It's a federal crime. Yes, it is hard to run a business when the DOT has labeled you substandard, and yes it is really hard to get that replaced with a SATISFACTORY score, but if you take the easy way and fraudulently re-invent your business, you are taking mediocre success or lack of success and converting it into a federal crime."

One of the ways to avoid all of this is to get a [Mock Audit](#) or take training on what's entailed in a DOT Audit. First, you must understand what the [Critical & Acute Violations](#) are. Then, you must be sure that your company is not committing any of those violations. Second, you must have some interaction or training with your drivers regarding [Roadside Inspections](#), because that's where your SMS scores are generated, through driver violations on the Roadside. Third, you must do what you can to avoid accidents and injuries. Once you do those three things, you should be confident that you can pass a DOT Audit. Not only should you be confident that you can pass the audit, you are increasing your profit margin.

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## COMPLIANCE ASSISTANCE VISIT CHECKLIST v 201202

The following is a list of documents that we normally review. Please use this to begin getting organized prior to our visit.

1. Insurance documentation
  - a. Declaration page or ACORD form
  - b. MCS-90 if you have one
2. Some manner of calculating fleet mileage
  - a. One example is a quarterly IFTA statement
  - b. Mileage from maintenance records (Ex: Odometer readings from last DOT inspections and current in order for us to calculate an estimated annual total fleet mileage)
3. All records pertaining to any DOT recordable accidents for the most recent 12-month period.
4. List of drivers sorted by hire date (current and former employees dating back 12 months)
5. Driver Qualification files (current and former employees dating back 12 months)
6. Drivers' logs or other Records of Duty Status (RODS) documenting hours of service for all drivers of Commercial Motor Vehicles (CMV) for previous six (6) months. You should also be ready with supporting documentation for the last 6 months (or since you began owner/operator operations) to be checked against your drivers' logs. Supporting documents are generated in the normal course of business and can include such things as trip packets, dispatch records, bills of lading, invoices, fuel receipts, etc.
7. List of all CMVs greater than 10,000 GVWR/GCWR (combined)
8. Maintenance folder for each CMV
  - a. All roadside inspections for most-recent 12-month period
  - b. All DVIR's for most-recent 3 months
  - c. All annual DOT inspections
  - d. Mechanic's credentials (for annual inspections and brake inspections)
9. Accident Register
10. Daily Vehicle Inspection Reports (DVIR) for previous 3 months
11. All roadside inspections with Out of Service (OOS) violations and proof of resolution
12. Documents pertaining to DOT-mandated Drug & Alcohol testing to include:
  - a. Pre-employment tests
  - b. Post-accident tests
  - c. Random tests
  - d. Bi-annual statistical analysis
  - e. Annual summary for most-recently completed calendar year
  - f. Inquiries from previous employers
  - g. Company policy
  - h. Educational material
  - i. Supervisor training documents

#### Additional Items for HazMat Carriers Only

13. Federal Hazmat Registration Certificate
14. Security Plan
15. Hazmat Training Records
16. Hazmat Communication Plan
17. Shipping Papers & Hazmat Spill Plan (if applicable)



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