

## **AGENT POLICY & PROCEDURE MANUAL**

- 1.0 **GENERAL.** During the term of the Independent Contractor Agreement for Sales Agent (the "Agreement") executed between the parties, AGENT agrees to comply with all provisions contained in CARRIER's Agent Policy & Procedure Manual (the "Manual"), including any subsequent addendums or revisions. AGENT agrees to permit CARRIER to audit AGENT's books, records, tax returns and other documents related to AGENT's activities under this Manual. All instructions, policies and procedures promulgated by CARRIER from time-to-time in the form of Procedure Manual Bulletins and/or amendments thereto or in regular or irregular news bulletins, written memoranda or verbal instructions, are deemed to be incorporated into this Manual as of their effective date just as though they were printed herein.
- 2.0 **AGENT'S FACILITIES.** AGENT is responsible for establishing and maintaining, at its own, expense adequate office and/or terminal facilities. AGENT's facilities must, at a minimum, meet reasonable standards as determined by CARRIER as to location, security, structure, interior arrangement and housekeeping. AGENT must also maintain at its own expense all electronic data, computers and technological systems as may be required by AGENT or by CARRIER for AGENT to perform the services contemplated by the parties. In the event CARRIER makes such equipment available for use by AGENT at its sole discretion, AGENT agrees to pay CARRIER for the use, cost and expense of such equipment and be responsible for such equipment entrusted to AGENT. All electronic data, computer and technology systems provided for use to AGENT by CARRIER are to be returned by AGENT to CARRIER, in the same condition as when received by AGENT, reasonable wear and tear excepted, upon termination of the Agreement executed between the parties. In the event AGENT fails to return any property to CARRIER, AGENT will be responsible to pay, in addition to any damages sustained by CARRIER as the result of such failure, all costs, including reasonable attorney fees, incurred by CARRIER in pursuing any legal action necessary to recover its property. In the event AGENT returns any property to CARRIER in a damaged condition beyond normal wear and tear, AGENT shall be responsible for the reasonable and necessary repair or replacement costs incurred by CARRIER. AGENT will allow CARRIER's representatives unhindered access to AGENT's premises during normal business hours.
- 3.0 **AGENT'S EMPLOYEES AND ASSOCIATES.** AGENT is responsible for employing a sufficient number of people to properly perform AGENT's obligations and duties set forth in its written Agreement with CARRIER. AGENT will assume full control and responsibility for all hours scheduled and worked, wages, salaries, workers' compensation and unemployment insurance, state and federal taxes, fringe benefits, and all other costs relating to the use of employees obtained by AGENT pursuant to this Manual. Proof of such control and responsibility will be submitted by AGENT to CARRIER as required by CARRIER and may include, but not be limited to proof of income tax being currently paid; proof of payment of payroll tax for AGENT's employees; and, a certificate of insurance covering such employees containing a 30-day notice of change and/or cancellation clause. As required by law, CARRIER will prepare information tax returns (Form 1099) on behalf of AGENT if AGENT is paid more than the Internal Revenue Service ("IRS") statutory amount in compensation during a calendar year.

- 4.0 **OPERATIONAL LIMITATIONS.** AGENT will not advance to drivers more than the maximum amount which CARRIER prescribes. AGENT agrees not to accept any shipment containing any prohibited cargo as set forth in the most recent edition of CARRIER's Prohibited Cargo List. AGENT must obtain approval from CARRIER before accepting C.O.D. or Order Notify shipments, shipments originating at or destined to points CARRIER is not authorized to serve direct, shipments of high or unusual value, which is defined as any shipment having a value in excess of \$250,000.00, shipments involving rigging, shipments involving hazardous materials or hazardous waste, and shipments of which the size and/or weight are such that they cannot be legally transported over the highways of the states through which they must pass without obtaining special permits. AGENT will be solely responsible for any fine or penalty related to an overweight or over-dimensional shipment if AGENT has failed to obtain prior approval from CARRIER before accepting an overweight or over-dimensional shipment. AGENT will not make a commitment to any owner or contractor regarding the lease of equipment or to any driver applicant regarding qualification without the express prior approval of CARRIER. In the event AGENT fails to fully comply with this policy and there is a loss or damage expense and/or claim filed against and paid by CARRIER, AGENT shall be liable as provided in Section 6.0 below.
- 5.0 **USE AND SAFEGUARDING OF CARRIER DOCUMENTS.** CARRIER will furnish AGENT with appropriate copies of all documents used in the operation of CARRIER'S business. All documents provided by CARRIER will be used exclusively in the conduct of CARRIER's business. These documents shall include, but not be limited to, freight bills, memo bills, placards, decals, lease agreements, or independent contractor agreements. AGENT will complete those forms in the manner instructed and approved by CARRIER. AGENT is responsible to hold, store, and safeguard any document of CARRIER received by him for the account of CARRIER and upon request to return such documents to CARRIER in good condition or allow CARRIER to remove such documents from AGENT's premises during normal working hours. All records or papers of any kind relating to CARRIER's business and any forms and other materials bearing the name or trademark of CARRIER or any division thereof is to remain the property of CARRIER and shall be surrendered to CARRIER upon demand.
- 6.0 **SPECIFIC OBLIGATIONS.** Without excluding other duties and obligations required by AGENT, AGENT will prepare, in such form and manner as approved by CARRIER and in a complete, accurate and legible manner, all waybills, bills of lading, freight bills, and other documents used by CARRIER to conduct its business, including tariff rating when requested by CARRIER. In order to allow CARRIER to calculate accurately the compensation due to the AGENT and any participating Business Capacity Owner ("BCO"), AGENT shall neither quote nor bill an all inclusive rate. All quotes and freight bills shall include a breakdown clearly identifying the line-haul rate, any known or expected accessorial charges, fuel surcharges or other charges described in Section 31.2 (or any other Section) of this Manual. In addition, AGENT is prohibited from manipulating the line-haul rate and accessorial service charges in order to result in increased compensation to AGENT or the BCO. For example, AGENT agrees that all fuel surcharges assessed to the customer will be reasonable and consistent with CARRIER's established policies. AGENT agrees: (1) to mail daily invoice copies of freight bills direct to customers if so directed by CARRIER; (2) to prepare statements where customer or CARRIER so require; (3) to utilize only carriers

approved by CARRIER to transport CARRIER's freight; (4) to not trip- lease any equipment; (5) to investigate and handle accidents as directed by CARRIER and to assist CARRIER in the preparation of all reports required by any Federal or State agency, CARRIER's insurance company, or CARRIER's Risk Management Department; (6) to perform all necessary functions regarding cargo claims in accordance with the CARRIER's Cargo Claims and Procedures and any revisions thereto; (7) to obtain and record the shipper's represented fair market value of the cargo being offered for shipment on the CARRIER's Customer Profile; (8) to not accept any shipment in excess of CARRIER's then existing cargo insurance limits without the prior express written consent of CARRIER; (9) to accept sole responsibility for the excess value of any shipment which AGENT, without CARRIER's prior written consent, accepts a shipment where the value exceeds CARRIER's limits; (10) to assist CARRIER, when required, in securing full compliance with all provisions of agreements in effect between CARRIER and owners of equipment; (11) to not accept shipments of household goods or other commodities on CARRIER's No-Haul List. AGENT acknowledges that violation of its obligation under this Section 6 may cause significant administrative damages and potential financial harm to CARRIER. Accordingly, in addition to any and all other money damages that may be incurred by CARRIER, AGENT agrees that violation of AGENT's obligations under this Section 6.0 may be subject to complete forfeiture of AGENT's commissions for the involved shipments and also be subject to a back charge of \$5,000 as liquidated damages, and not as a penalty, for the administrative harm suffered by CARRIER. Violation of this provision may lead to the cancellation of this Agreement by CARRIER without notice.

- 7.0 **TRAILER AND LOAD SECUREMENT.** The dropping of any loaded trailer (including loaded containers) in an unsecured or unauthorized area is strictly prohibited. AGENT is responsible for ensuring that all loaded trailers are parked and/or dropped at only approved and secured areas, and that proper security measures are taken to ensure the securement of the cargo, including the use of king pin locks and padlocks and seals on the trailer doors. AGENT may, at its discretion, allow loaded trailers to be parked and/or dropped at AGENT's facility even if such facility is not fenced or otherwise secured. However, AGENT agrees to ensure compliance with the requirements of Section 9.0 below for all High Risk shipments. AGENT will immediately notify CARRIER in the event of any burglary, theft, tampering or loss involving a parked or dropped trailer. AGENT is responsible for notifying BCOs, their truck operators and broker carriers of any special cargo securement policy or procedure required by shipper and that parking or dropping of loaded trailers in an unsecured facility is at their risk and expense and in violation of CARRIER's policy. For purposes of this Manual, a "secured facility" is a facility that has access control and proper lighting to prevent the theft of equipment and/or cargo from equipment if left unattended.

8.0 **CARGO-STANDARD RELEASED RATES AND LIABILITY LIMITATIONS**

- 8.1 All shipments accepted for transportation by AGENT shall be subject to CARRIER's rates and rule tariff unless CARRIER has a written transportation contract with the customer. CARRIER's tariff expressly limits CARRIER's liability for cargo loss and damage claims (i.e. the "Released Value") unless the SHIPPER declares in writing a value greater than the liability limitations and pays a higher rate for the excess coverage (i.e. the "Declared Value"). Any shipment(s) with a Declared Value in excess of \$250,000 is subject to the cargo High Value procedures in Section 9.0 below. The current released rate and liability limitation for all such shipments are as

follows:

(a) New Commodities. The Released Value shall be the lesser of (i) **\$2.50 PER POUND**, (ii) **\$100,000 PER TRUCKLOAD SHIPMENT**, or (iii) the actual value of the lost or damaged commodities.

(b) Used Commodities. For shipments of commodities in other than new condition, including but not limited to, used agriculture implements or parts, used automobiles or vehicle parts, used electrical equipment or parts, or used machinery or parts, the Released Value shall be the lesser of (i) **\$1.00 PER POUND**, (ii) **\$50,000 PER TRUCKLOAD SHIPMENT**, or (iii) the actual value of the lost or damage commodities. The customer's failure to declare a commodity as "used" shall not alter the application of the Released Value for used commodities.

(c) Example. A 30,000 pound truckload shipment of ordinary new articles of freight is destroyed in an accident. According to the customer, the value of the damaged freight is \$125,000. The shipper did not declare a value prior to loading on the bill of lading. Accordingly, the customer is only entitled to recover from CARRIER the amount of \$75,000, which represents 30,000 pounds multiplied by CARRIER's maximum liability of \$2.50 per pound.

- 8.2 In order to increase CARRIER's liability beyond the Released Value, the customer must (1) notify CARRIER or AGENT at the time the rate is being negotiated in writing of the Declared Value and (2) note the Declared Value in the space provided on the bill of lading as follows:

The agreed or Declared Value of the property is specifically  
stated by shipper to be not exceeding \$\_\_\_\_\_ per \_\_\_\_\_.

Upon making such declaration, CARRIER shall assess the customer an additional charge equal to the then current charge assessed by CARRIER per \$100 of Declared Value (said Declared Value not to exceed \$250,000), in addition to all other applicable charges. All shipments with a value in excess of \$250,000 must be handled pursuant to the procedures for high value shipments set forth in 9.0 below.

- 8.3 CARRIER's liability for cargo loss or damage shall be deemed to relate to the gross weight of each separate package in a shipment or the weight of each loose article not enclosed in a package, as well as to the shipment as a whole. In case of loss or damage, the amount recoverable by the customer will be the lesser of (1) either the per pound Released Value or the Declared Value, whichever is applicable, multiplied by the gross weight of the package or shipment, or (2) the actual loss or damage. In no event shall CARRIER be liable for cargo loss or damage in excess of \$250,000 PER SHIPMENT unless the procedures of 9.0 have been met.

- 8.4 AGENT agrees to notify all customers regarding the opportunity to declare a higher value and the standard released rates and liability limitations set forth in CARRIER's tariff. AGENT further agrees to ensure that the customer obtains excess valuation coverage under CARRIER's high value shipment insurance program for any shipment with a declared or actual value in excess of \$250,000. AGENT must inform

CARRIER prior to AGENT agreeing to accept any shipment with a declared or actual value of \$1,000,000 or more. AGENT is subject to the chargeback items set forth in 6.0 above or the Independent Contractor Agreement for Sales Agent for non-compliance with CARRIER's cargo insurance procedures.

- 8.5 When dealing with used machinery or used commodity loads, AGENT must ensure that AGENT or the BCO takes at least two photographs showing the ends and sides of the shipment, and must submit the cameras or photographs with the trip envelope to CARRIER noting the freight bill number on the camera or the photographs. AGENT must also inform the BCO to note "used" on the bill of lading if not already done and to note any exceptions and preexisting damage to the shipment on all copies of the bill of lading or related shipment documents.

9.0 **CARGO LOSS PREVENTION PROGRAM**

Commodities approved for transportation by AGENTS are defined as General Cargo, Hazardous Material Cargo or High Risk Cargo. High Risk Cargo is comprised of those commodities with a high value (in excess of \$250,000) or commodities prone to cargo theft, and/or presents the company with significant financial risk. General Cargo is comprised of all other commodities approved for transportation that have not been identified as High Risk Cargo or Hazardous Materials. Hazardous Material Cargo requirements are covered in Section 19.0. All agents are required to know the commodity and value of each shipment prior to acceptance for transportation. The most recent Prohibited Cargo, High Risk Cargo and Hazardous Material Haul/ No Haul list is available from CARRIER's website or from the Security & Cargo Loss Prevention Department.

- 9.1 **GENERAL COMMODITIES CARGO.** General Commodities Cargo is comprised of all other commodities approved for transportation that have not been identified as High Risk Cargo or Hazardous Material. The dropping of any loaded trailer (including loaded containers) in an unsecured or unauthorized area is strictly prohibited. AGENT is responsible for providing their best efforts in ensuring that all loaded trailers are parked and/or dropped at only approved and secured areas, and that proper security measures are taken to ensure the securement of the cargo, including the use of king pin locks, air cuff locks, padlocks and seals on the trailer doors. In the event AGENT fails to provide best efforts with Section 7.1 and there is a loss or damage expense and/or claim filed against and paid by CARRIER, AGENT shall be liable as provided in Section 6.0.

- 9.2 **WHEN ARRANGING FOR TRANSPORTATION OF HIGH RISK CARGO.** High Risk shipments include all shipments on carriers published list of High Risk Cargo Commodities with a value greater than \$100,000, as well as, all other shipments with a value greater than \$250,000. AGENT is not permitted to accept or transport any high value shipment unless the shipment meets one of the following four conditions:

- (a) **Contract In Place** There is a contract in place between CARRIER and the customer governing the service to be provided and setting forth the liability exposure for cargo loss and damage to CARRIER.
- (b) **Approved Risk Assessment** A risk assessment has been completed and

approved by CARRIER. If the business has been approved for the stated account and all conditions met, a certificate of insurance can be issued showing cargo liability up to the amount approved.

- (c) **Trip Transit Insurance In Place** Trip transit insurance has been acquired for an amount equal to the value of the cargo. AGENT shall complete and submit to the Insurance Office of America (IOA) via the web link provided on the Landstar web page, a Motor Truck Cargo Application for any High Value Shipment prior to transportation. AGENT shall notify the shipper/customer of the need to obtain cargo insurance for any High Value Shipment, as well as the cost involved in obtaining coverage through CARRIER's program
- (d) **Cargo Coverage Waiver** A Cargo Insurance Waiver Form has been signed by the customer and is on file with CARRIER. The shipper/customer may elect to obtain its own insurance coverage for the High Value Shipment, in which case AGENT will ensure that CARRIER is named as an additional insured on the insurance policy of the shipper/customer and shall require the shipper/customer to complete a Cargo Insurance Waiver Form with a Certificate of Insurance as outlined in the waiver in advance of pickup.

AGENT is responsible for notifying BCO's, their truck operators and broker carriers of any special cargo security policy or procedure required by shipper and that parking or dropping of loaded trailers in an unsecured facility is prohibited. For purposes of this Manual, a "secured facility" is a facility that has access control and proper lighting to prevent theft of equipment and/ or cargo from equipment if left unattended.

- 9.3 **IN TRANSIT REQUIREMENTS FOR HIGH RISK CARGO**. AGENT agrees to be knowledgeable of, and comply with, CARRIER's Security & Cargo Loss Prevention policies and procedures, and assist with enforcement and education of those policies with customers and capacity providers. At the time the operator/carrier agrees to accept a High Risk shipment, AGENT shall instruct the operator/carrier on all requirements of CARRIER and the shipper for handling such shipments, including but not limited to:

- (a) The requirement for uninterrupted travel of not less than 4 hours or 150 miles from pickup point, daily in transit and end of day check calls and delivery notification.
- (b) Delivery appointments, as approved by AGENT prior to pick up, that allow the load to be delivered without layover, other than normal in-transit required rest periods. (In the event a customer, carrier or operator is not willing to accommodate this requirement, AGENT must coordinate acceptance of the shipment with CARRIER's Security & Cargo Loss Prevention department).
- (c) Operator/carrier must provide contact information to an accessible in-cab cell phone. AGENT must provide the operator/carrier with contact information to access the agent or the agent's appointee including nights and weekends.

- (d) High Risk Cargo shipments may not be left unattended by the operator/carrier unless the shipment is in a secured facility with an approved lock kit applied. AGENT agrees to use CARRIER's High Risk Rate Verification form to notify the assigned operator/carrier of this requirement.
- (e) If for any reason the High Risk Shipment is delayed or must be left unattended during transit due to an emergency, the AGENT must contact the Security and Cargo Loss Prevention department at 1-800-872-9103 to coordinate cargo security arrangements.

9.4 **SINGLE SHIPMENT RELEASE (SSR) PROGRAM**

When utilizing contract carriers to haul high value shipments of electronics, clothing or pharmaceuticals, the following procedures must be complied with prior to brokering the shipment to the outside carrier.

- (a) **For Shipments Valued Between \$100,000 - \$250,000**  
For shipments of these commodities using contract carriers, when the shipment value exceeds the carrier's cargo insurance, the agent must:
  - (i) Obtain a "Single Shipment Release or SSR" from Landstar. To be considered the carrier must be in business a minimum of 2 years (using [www.safersys.org](http://www.safersys.org)).
  - (ii) Ensure the carrier understands and agrees to meet conditions set forth in the Landstar High Risk Cargo Load Confirmation form as provided by agent (signed copy to be submitted to Landstar by the booking agent).
  - (iii) Determine that carrier has no fewer than 5 trucks (using [www.safersys.org](http://www.safersys.org)).
  - (iv) A SSR decision will be made following a review of the above criteria coupled with a review of:
    - Carrier's service record on prior Landstar loads (noted service failures, size of carrier, history hauling Landstar freight).
    - Agencies historical compliance with existing cargo security and loss prevention procedures (check calls in system, accurate & timely order entry, account knowledge, cargo loss history).
  - (v) Landstar Carrier Group agents may make a SSR# request via telephone to **1-800-872-9103** or e-mail to [cargolossprevention@landstar.com](mailto:cargolossprevention@landstar.com) M-F from 8am to 6 pm EST.  
  
The request must include:
    - Carrier name, FID # and DOT#
    - Account name
    - Will the shipment move under Contract or Spot Pricing
    - Shipment commodity, value and loss exposure to Landstar

- (b) **Shipments Valued Between \$250,000 - \$500,000**  
Shipments of these commodities using contract carriers, regardless of carrier's insurance level, will continue to require submission and approval of a completed Risk Assessment prior to tendering the load.
  - (c) **SSR # will not be issued for loads with a value or exposure greater than \$500,000.**
  - (d) **Communications and Corrective Action**  
If an agent transports shipments using carriers that do not meet the above requirements or without obtaining a SSR:
    - (i) Upon the first offense the agent and region management will receive written notification and instructions on the correct process
    - (ii) Subsequent failures to follow the procedure will initiate a second and final written notice to the agent and region management advising that future violations will warrant forfeiture of commission and participation in subsequent claim expense.
    - (iii) However, if a cargo claim expense is incurred by the company due to an agent's failure to follow the process, regardless of prior written notifications, the agent will be required to contribute toward settlement to the degree the agency contributed to the loss, as determined upon review of claim and mitigating circumstances.
- 10.0 **LOADING AND DELIVERY NOTIFICATION.** The timely and accurate posting of a load and delivery information on CARRIER's computer database is vital to successful business operations. AGENT will provide timely, accurate and consistent information on all loading and delivery notifications as may be required by CARRIER. If AGENT fails to comply with CARRIER's requirement in this regard, CARRIER may deduct from AGENT's compensation AGENT's percentage of revenue for any shipment in which the information is not timely and accurately provided on CARRIER's computer database. Continued non-compliance with this provision may result in termination of the Agreement at the discretion of CARRIER after written notice to AGENT.
- 11.0 **SAFETY PROGRAM.** AGENT recognizes that safety plays a major role in all aspects of the transportation industry. Most importantly, the health and well-being of CARRIER's BCOs and the motoring public are influenced daily by the industry's approach to safety. In addition, however, shippers place the greatest value on accident free delivery of their freight and direct (or redirect) their shipping dollars to carriers whose safety record earns their business. In recognition of these basic principles during the term of this Agreement, AGENT will actively promote CARRIER's "Safety Before Service" program, and, as part of this program, implement and maintain the following CRITICAL SUCCESS FACTORS:
- 11.1 AGENT will designate one of its representatives to be a Safety Officer ("SO"), who shall be responsible for implementing AGENT's safety program. The SO designated by AGENT can either be AGENT or an employee or other representative designated by AGENT.

- 11.2 AGENT will support all safety and compliance programs implemented by CARRIER, including those developed locally or regionally.
- 11.3 AGENT or the SO will make every effort to participate in the "Safety Thursday Conference Call" which is held by CARRIER on the third Thursday of every month.
- 11.4 AGENT will serve as host for at least one safety meeting per year.
- 11.5 AGENT or the SO will establish a loss prevention program and action plan for AGENT's terminal location.
- 11.6 AGENT will be on constant alert for potential "Mutual Understanding for Safety Together" ("M.U.S.T.") customers and assist CARRIER's representatives in performing site surveys with customers.

AGENT understands that the above-referenced procedures are non-exclusive, minimum safety measures and that AGENT may implement any additional safety or loss prevention program it may desire in its sole discretion. AGENT's participation in CARRIER's SO program does not create an employment relationship, joint venture or agency relationship between AGENT and CARRIER, and is not intended to and shall not impose on CARRIER any responsibility or contractual obligation with respect to AGENT's safety programs. It is understood that AGENT is an independent contractor and thus solely responsible for the safety of its own employees and workplace.

- 12.0 **EXTENSION OF CREDIT**. AGENT must obtain credit approval from CARRIER before providing transportation services for any new customer. All decisions regarding the extension of credit to CARRIER's customers are vested solely in CARRIER. If prior credit approval is not first obtained from CARRIER and if AGENT performs compensable service for such a customer without collecting the charges due at the time the service is performed and such invoice remains unpaid after a period of forty-five (45) days, AGENT shall pay to CARRIER on demand, an amount equal to the full amount of such unpaid charges. If, however, the balance is subsequently recovered by CARRIER without the assistance of an attorney or outside collection agency, CARRIER will repay to AGENT the full amount collected, less 25% of the commission thereon, but if CARRIER shall employ the services of a collection agency or attorney to effect collection, then CARRIER will repay to AGENT the full amount of the freight charges less any expenses incurred in the collection thereof. In addition, AGENT's commission for all shipments handled for a non-approved customer will be held until payment of the freight charges is received by CARRIER. AGENT specifically agrees that the financial obligations of the AGENT described in this paragraph shall survive the termination of the Agreement.

13.0 **COLLECTION OF FREIGHT CHARGES.** Although AGENT shall prepare freight bills and other documents in compliance with Section 6 of this Manual, CARRIER will assume primary responsibility for the billing and collection of all freight charges. However, AGENT will make every reasonable effort to assist CARRIER to collect all monies due CARRIER from any shipper or consignee. AGENT will, on demand by CARRIER, refund to CARRIER an amount equal to all commissions paid by CARRIER to AGENT on account of such unpaid charges to the extent the freight charges exceed the credit limit imposed by CARRIER; provided, however, that if the charges are subsequently collected by CARRIER without the assistance of an attorney or outside collection agency, CARRIER will repay to AGENT 75% of the amount of such commissions. If, however, CARRIER employs the services of a collection agency or attorney to effect collection, then no repayment of commission will be made to AGENT. AGENT specifically agrees that the financial obligations of AGENT as set forth in this Section 13 shall survive the termination of the Agreement. AGENT will be responsible for the entire amount of any freight bill, including any collection expenses incurred by CARRIER, if the freight bill exceeds the credit limit approved by CARRIER.

14.0 **USE OF OPERATING COMPANY'S NAME OR SERVICE MARK.** AGENT is not authorized to use the word "Landstar", Landstar System, Inc. CARRIER's name, or any trade name, trademark, service mark, domain name owned by or used by CARRIER, Landstar System, Inc. or any affiliate thereof, or any derivation or version thereof, alone or in combination with other words or designs, in any corporate name or business identity of AGENT's of any kind, in or as part of a trade name, trademark, service mark, domain name or metatag, except as expressly set forth below:

14.1 AGENT may use "Landstar" in combination with the Landstar operating company name or names (i.e., Landstar Ranger, Landstar Inway, etc.) that AGENT represents, preceded by the phrase "independent agent," in a type face and font size as large or larger than AGENT's name in connection with AGENT's business name in advertising or performing services for CARRIER under this Agreement. AGENT's business name shall not include "Landstar," nor any name or service mark utilized or registered by CARRIER or any affiliate of CARRIER as a trademark, trade name, service mark or corporate name. The following example is an acceptable means of identifying AGENT's relationship with CARRIER:

**Example.** [INSERT AGENT'S NAME], Independent Agent of Landstar Inway, Inc.

14.2 All advertisements of CARRIER's services by AGENT shall clearly state the location at which AGENT so advertising maintains facilities. Where space makes showing the actual street address impractical, then the actual city or market area must be shown.

a. Form of Advertising

All AGENT business stationary, business cards, calling cards, advertising materials, telephone book listings, etc., used by AGENT are required to conform to this rule.

- 14.3 All media (radio, television, newspapers, internet, billboards, signage, telephone directory, brochures) advertising that makes reference to or uses any of CARRIER's names, marks or logos, must receive prior written approval from the public relations department of CARRIER's at 13410 Sutton Park Drive South, Jacksonville, Florida 32224. All advertising shall include attribution of ownership in the following manner: "The Landstar name and mark are registered service marks of Landstar System, Inc. All rights reserved." An approval control record will be created at the time of approval.
- 14.4 No agent, at any locality, shall have the exclusive use of "Landstar System, Inc.," "Landstar," or any related service marks, in the advertisement, promotion or performance of the services or business of Landstar System or any affiliate. All goodwill associated with the "Landstar" name and related service marks shall remain the sole and exclusive property of Landstar System, Inc. "Landstar System, Inc." and "Landstar" -- with or without the trademark design -- are registered service marks of Landstar System, Inc., and the license to use those and all related marks hereby granted to AGENT may be withdrawn by CARRIER at any time; shall cease immediately upon termination of AGENT's contract of agency with CARRIER; and shall not authorize AGENT to register or gain any rights to any of the "Landstar" names or marks under any federal or state statute or common law. Any use made by AGENT shall inure to the benefit of CARRIER. AGENT shall further not have the right to sublicense the right to use any of the "Landstar" names or marks to others, or to permit others to use the names and marks.
- 14.5 In the event that AGENT displays the registered service mark "Landstar System, Inc.," "Landstar," or "Landstar with circle and slogan," in or on any media whatsoever, it shall display with such service mark -- ® (the letter "R" within a circle), in accordance with Landstar System, Inc.'s or CARRIER's specification therefore, as a legal symbol of registration with the U.S. Trademark and Patent Office. This requirement will apply, among other things, to such media as yellow pages, newspaper or magazine advertising, websites, business forms and cards, advertising signs of any kind, shipping documents, etc.
- 14.6 In no event shall AGENT reflect or illustrate any business organization other than AGENT and CARRIER on the AGENT's business stationary, business cards, calling cards or advertising materials used to conduct or promote the business of CARRIER.
- 14.7 If AGENT chooses to place a sign or otherwise identify the exterior of their facility (ies), it shall do so with the name "Independent Agent of Landstar \_\_\_\_\_ (*operating company name*), subject to any applicable local ordinances, zoning provisions and restrictive covenants of any nature. Such identification shall be prominently displayed by inscription, decals or signs. It is AGENT's responsibility to comply with all applicable local ordinances, zoning provisions and restrictive covenants of any nature, and AGENT agrees to indemnify, defend and hold CARRIER, Landstar System, Inc., and all officers, directors and employees of the foregoing, harmless, should any claim be made against said parties by any third party as a result of AGENT's actual or alleged noncompliance with such authorities.
- 14.8 The physical business address of AGENT must be shown on all letterhead,

envelopes and business cards.

- 14.9 AGENT is required to use the name, trademarks, and service marks of CARRIER in the prescribed manners set forth by CARRIER. CARRIER's Corporate Communications Department will provide camera-ready samples as necessary. Exceptions shall be approved only by the Corporate Communications Department.
- 14.10 AGENT will comply with Landstar System, Inc.'s and CARRIER's Guidelines for Landstar Operating Company Agent and BCO Websites, which is incorporated herein by reference, when referring to CARRIER or its operations in AGENT's Web Site.
- 14.11 AGENT shall not use the names "Landstar", "Landstar Logistics", "Landstar Carrier Group", "Landstar Ranger", "Landstar Inway", "Landstar Gemini", "Landstar Express America", "Landstar Express", or any other name, trade name, trademark, service mark, slogan or domain name of CARRIER or its affiliates (alone or coupled with other words, or any derivation or version thereof) in AGENT's web site domain name (URL) except pursuant to a signed, executed Domain Name License Agreement signed by AGENT and CARRIER's General Counsel.
- 14.12 The terms of this Section 14 may only be modified in writing, and nothing in this Section 14 grants, or shall be construed as granting by implication, waiver, estoppels, or otherwise, any licenses or rights to the "Landstar" names and related marks except as expressly set forth herein.

Non-compliance with this provision may result in the termination of AGENT's agency agreement at the discretion of CARRIER. CARRIER reserves the right to take whatever steps may be necessary to ensure quality control in the use of its service marks or any confusingly similar service marks. AGENT agrees to refrain from using Landstar System, Inc.'s and CARRIER's service marks, or any confusingly similar service marks, upon termination of AGENT's agency agreement. For each unauthorized use of any "Landstar" related service mark, AGENT specifically agrees that either Landstar System, Inc. or CARRIER may collect the amount of \$500.00 as liquidated damages and not a penalty. AGENT specifically consents to the entry of an injunction barring his further unauthorized use of Landstar System, Inc.'s and CARRIER's service marks, and AGENT specifically consents to the payment of all reasonable attorneys fees, costs and expenses incurred by CARRIER and/or Landstar System, Inc. in enforcing the provisions of this policy.

- 15.0 **LIMITED AUTHORITY.** Neither AGENT nor any employee or associate of AGENT will represent itself as holding any executive or management or employment position with CARRIER or any division thereof. AGENT will not have nor will AGENT hold itself out as having authority to make representations or promises on the part of CARRIER except as specifically provided in this Manual. Other than single load confirmations completed exclusively on CARRIER's ISO form, and containing rate, location and dimension information only, AGENT may not hold itself out as having the power to pledge CARRIER's credit or to sign a transportation agreement or any addendum thereto on behalf of CARRIER. AGENT is expressly prohibited from signing any customer form addendum, load confirmation, or other customer document on behalf of CARRIER. AGENT is not authorized or empowered without CARRIER's specific prior written authorization: to lease any

equipment of any type whatsoever; to procure any goods or services; or to enter into any agreement in CARRIER's name. If CARRIER is called upon to pay any obligation of any kind whatsoever made by AGENT, AGENT agrees to reimburse CARRIER on demand for all such payments, including any and all additional costs or expenses, including attorneys' fees that may arise as a result thereof. This provision shall survive the termination of the Agreement.

- 16.0 **FINANCIAL RECORDS.** CARRIER may, from time to time in accordance with CARRIER's policy, issue and distribute to AGENT statements of financial accounts representing the financial transactions between CARRIER and AGENT, in the form and manner prescribed by CARRIER. Statement entries shall be presumed correct if not disputed by AGENT within ninety (90) days after distribution and, after such time, shall constitute the primary business record between CARRIER and AGENT with respect to the financial transactions reflected on such statements. No additional underlying documentation shall be required as a matter of proof before any judicial or administrative body.
- 17.0 **AGENT AS TRUSTEE.** AGENT will be a trustee of any monies due and owing to CARRIER or to any subsidiary or affiliate of CARRIER and shall remit all such monies within ten (10) days after receipt. If AGENT fails to timely remit such funds, AGENT authorizes CARRIER to deduct the amount due to CARRIER or its subsidiaries and affiliates from any monies due and owing AGENT and, in addition, CARRIER may elect to terminate the Agreement. Should AGENT fail to remit or pay any amount due to CARRIER or to any subsidiary or affiliate of CARRIER or should amounts due AGENT from CARRIER be insufficient to satisfy such debts, then AGENT authorizes CARRIER to deduct or offset such debt from any monies at any time due AGENT from CARRIER or any subsidiary or affiliate of CARRIER. To the extent that Agent's subsidiaries or affiliates are parties to an agreement with CARRIER or its affiliates, CARRIER shall be entitled to deduct or offset amounts owed by one agent party to the Agreement against amounts due to other agent parties to any such agreement. Payments made pursuant to this paragraph shall not be deemed or construed to be a waiver of or substitution for any other remedies of CARRIER or its subsidiaries or affiliates that they may have at law or in equity to collect any monies that may be due from any party to the Agreement.
- 18.0 **HANDLING OF BROKERED SHIPMENTS.** Prior to brokering freight to any outside carrier, the following steps must be taken by AGENT:
- 18.1 AGENT must verify that the outside carrier has approval to haul Landstar freight by accessing information from the pertinent brokerage inquiry screens found on the CARRIER's i-Series, LOSM, or Express Track. If the outside carrier is not found or is in an unapproved status, then the agent must call Carrier Development at 800-435-1791 or email [CarrierDev@Landstar.com](mailto:CarrierDev@Landstar.com) to determine whether or not the outside carrier can be used. AGENT will not broker any shipment valued in excess of \$1,000,000 without prior written consent from CARRIER's security and cargo loss prevention department.
- 18.2 The types of hazardous material listed in section 18.4 will not be brokered to outside carriers by AGENT under any circumstances. For all other types of hazardous materials, agent must also verify the approved HazMat status found on the CARRIER's i-Series, LOSM, or Express Track.

- 18.3 AGENT is not authorized to broker any shipment tendered to AGENT by Landstar Global Logistics, Inc. without specific written confirmation from the Load/Truck Services department. AGENT is not authorized to broker to an outside carrier any shipment to or from a nuclear facility.
- 18.4 **PROHIBITED SHIPMENTS - HAZARDOUS MATERIALS AND OTHER COMMODITIES.** CARRIER has attached to this Manual a list of those hazardous materials and other commodities that are not to be brokered to outside carriers under any circumstances. AGENT is not permitted to broker any of the shipments prohibited in the attached "Landstar Prohibited and Hazardous Cargo List".
- 18.5 Broker carriers are specifically prohibited from using a trailer owned or leased by CARRIER or any of its BCOs, agents or fleet operators. No exceptions to this policy will be made except in rare circumstances where written approval is first obtained by AGENT from CARRIER's Regional Trailer Utilization Coordinator. If such authorization is given, AGENT must comply with the trailer utilization procedures set forth in Section 35.0 below.
- 18.6 AGENT will not broker international shipments moving in-bond to broker carriers that do not have an applicable U.S. Customs Bond. AGENT must verify the broker carrier's bond before brokering any in-bond international shipment.
- 19.0 **HAZARDOUS MATERIALS.**
- 19.1 **Hazardous Materials.** CARRIER has attached to this Manual a list of those hazardous materials that will not be hauled by CARRIER or brokered to outside carriers. AGENT is not permitted to accept for transportation or brokerage any of the hazardous materials prohibited in the attached "Landstar Prohibited and Hazardous Cargo List." AGENT shall submit a sample of the shipper/customer's hazardous material shipping papers to CARRIER's HazMat Compliance Department for review, prior to transport, to ensure compliance with CARRIER's "Prohibited and Hazardous Cargo List" policy. This requirement applies to both freight tendered by CARRIER and brokered freight. When handling permitted hazardous material shipments, AGENT and any of its employees or other personnel are required to have the appropriate training documentation required by CARRIER on file with CARRIER's HazMat Compliance Department. AGENT is responsible for ensuring that all operators assigned to transport hazardous material shipments have the necessary hazardous material training and proper endorsements on their Commercial Driver's License. AGENT agrees to work with CARRIER's HazMat Compliance Department to ensure that all hazardous material regulations and company policies are complied with for each hazardous material shipment.
- 19.2 **Hazardous Waste.** The transportation of hazardous waste materials by any Landstar company is contrary to CARRIER's policy with the exception of low specific activity ("LSA") or surface contaminated object ("SCO") radioactive materials for the Department of Energy ("DOE") or DOE contractors doing business as the DOE and spent or expired munitions for the Department of Defense. The operating subsidiaries of CARRIER may apply for exceptions to this policy by submitting

requests to CARRIER's Chief Compliance Officer or the General Counsel. The President and Chief Executive Officer shall be the final arbiter of exceptions to this "Hazardous Waste Transportation Policy." All exceptions must receive written approval.

20.0 **MEXICAN INBOUND AND OUTBOUND SHIPMENTS.** When arranging for Mexican inbound and outbound shipments, AGENT will be subject to the following policies and procedures:

- 20.1 AGENT must coordinate all pricing for Mexican shipments with CARRIER's Mexican operations ("LMO") office. All Mexican shipments must meet or exceed CARRIER's Mexico rate standards. Detention charges will be \$45 per day after the first three (3) free business days calculated from the time the trailer is dropped until it is picked up by the Mexican carrier at the border.
- 20.2 AGENT must secure a Mexico Shipment and Release and Indemnification Agreement from the shipper/customer on all shipments moving into and out of Mexico on a form approved by the LMO. Additionally, AGENT is responsible to fax the completed Mexico/United States rate quote to the shipper/customer to confirm the conditions on which the rate is based. No Mexican shipment can be agreed to by AGENT until the shipper/customer has returned the signed Mexico Shipment and Release and Indemnification Agreement.
- 20.3 All rates for Mexican shipments will be quoted and paid in U.S. dollars. In addition, the rates are to be quoted on a shipper load/consignee unload basis. The price quotes for shipments moving into or out of Mexico are to include the Mexican carrier rate, trailer utilization cost, inspection cost, facility cost, commissions and any other costs associates with the border crossing of a load except for brokerage and drayage charges; provided, however, the rates do not include any cost of paperwork associated with Customs clearance or cartage clearance for border crossings. The shipper/customer will remain solely responsible for the payment of all duties owed for the import or export of goods into Mexico. Rate quotes provided by AGENT will be valid for no longer than thirty (30) days from the initial quote.
- 20.4 AGENT is responsible for instructing the BCO on the process for completing the bill of lading and all other documents necessary for the transportation of Mexican shipments. AGENT must instruct the BCO to receive a signed delivery receipt from a firm approved by the LMO at the time the trailer is dropped at the border.
- 20.5 AGENT agrees to comply with all policies and procedures set forth by LMO with respect to Mexican shipments, including procedures related to inbound trailers destined for Mexico.

21.0 **CONTRACTING WITH THIRD PARTIES FOR EQUIPMENT OR LABOR SERVICES.** AGENT may agree with customer to furnish additional equipment or labor, such as cranes or riggers, to move, load, unload, place, setup or install the freight to be transported on behalf of CARRIER. Before agreeing to such third party services incidental to transportation, AGENT agrees to comply with the following provisions:

- 21.1 AGENT must obtain a written agreement or purchase order signed by the customer and AGENT listing the services to be provided by AGENT for which additional charges will be assessed on CARRIER's freight bill. In addition to the rates, fees or charges to be assessed, the written agreement or purchase order must contain a hold harmless and indemnification clause in the following form:

In consideration of \_\_\_\_\_'s [AGENT'S NAME] agreement to furnish equipment and/or labor to move, load, unload, place, set up or install freight being transported for \_\_\_\_\_[Customer's Name] [Customer's Name] hereby agrees to hold harmless and indemnify \_\_\_\_\_ [AGENT'S NAME], Landstar System, Inc. and its affiliates, and the motor carrier hauling the freight against all loss or damage to property (including but not limited to the freight itself), realty or to persons, including death, and for any consequential damages, arising out of or resulting from the actions, inactions, conduct or decisions of any third-party provider of equipment, labor or services, or due to any defect or unreasonably dangerous condition of any equipment furnished.

Customer shall also **acknowledge in writing** that any provider of equipment, labor or services contracted by AGENT shall be and at all times remain an **independent contractor** for whose conduct neither AGENT nor CARRIER shall be legally responsible. The written agreement or purchase order shall specifically acknowledge that the third party provider is and shall remain at all times an independent contractor for whose conduct neither AGENT nor CARRIER will be legally responsible. In addition, the written agreement or purchase order must specify that it is the third party provider's sole responsibility to insure all equipment furnished or utilized against all loss or physical damage thereto.

- 21.2 Before contracting for equipment or services from a third party, AGENT must obtain a certificate of insurance from the third party provider confirming that the provider has the following insurance coverage's in place, effective and underwritten by an insurance company with an A.M. Best rating of B+ or better: Workers' Compensation, Commercial General Liability/Completed Operations Liability of at least \$1,000,000.00, automobile liability of at least \$1,000,000.00 and a Commercial Inland Marine Policy or Inland Marine Floater Policy of at least \$250,000.00 providing full actual cash value limits of coverage for all property of others coming within its care, custody and control and applicable to all items of freight to be moved, loaded, unloaded, placed, set up or installed for AGENT's customer. AGENT is required to place a copy of such insurance certificate with the written agreement or purchase order signed by the customer and to provide copies of all such documents to CARRIER.
- 21.3 The provisions of subsection 21.2 above shall apply to AGENT in the event AGENT itself provides equipment or labor to its customers, in which case AGENT will provide

- CARRIER with a certificate of insurance in the form and manner as set forth in subsection 21.2. In addition, AGENT agrees to hold harmless and indemnify CARRIER against all loss or damage to property (including but not limited to the freight itself), realty or to persons, including death, and for any consequential damages arising out of or resulting from the actions, inactions, conduct or decisions of AGENT or its employees or subcontractors related to the provision of equipment or labor to AGENT's customers.
- 22.0 **CABOTAGE**. The parties understand and agree that, in most cases, it is illegal under current immigration laws for a non-resident alien of the United States to handle shipments with an origin and destination solely within the United States. Instead, non-resident aliens, including Canadian operators, may only transport shipments of freight moving between points within Canada, on the one hand, and points in the United States, on the other. AGENT agrees not to dispatch non-resident aliens to transport shipments moving between points within the United States unless such non-resident aliens have a valid work visa issued by the Immigration and Naturalization Services. AGENT further agrees to indemnify and hold CARRIER harmless against any fine, penalty or expenses resulting from AGENT's violations of the immigration laws related to cabotage or this policy. AGENT further agrees that CARRIER will have no obligations to assist or pay for AGENT's defense should a criminal or civil action be brought against AGENT for violating the cabotage laws.
- 23.0 **ACCEPTANCE OF GOVERNMENT FREIGHT**. AGENT agrees not to accept any government freight, including but not limited to shipments from the U.S. Department of Defense or the Military Surface Deployment and Distribution Command (SDDC) that is tendered from a third party broker, freight forwarder, third party logistics company, or other trucking company without the prior written approval of CARRIER. This policy is necessary to ensure that all government freight accepted for transportation is handled pursuant to CARRIER's extensive qualification and orientation program. AGENT will not be entitled to any compensation for shipments accepted in violation of this policy. In addition, the violation of this policy may result in the termination of the Agreement at CARRIER's discretion.
- 24.0 **GOVERNMENT AND CUSTOMER SUBCONTRACTING**. The federal government and large private sector customers require the CARRIER to prepare a plan for subcontracting percentages of overall business with small businesses, small disadvantaged businesses, minority owned businesses, woman owned businesses, veteran owned businesses, disabled veteran owned businesses, and HUBZone businesses. The CARRIER is required to report the actual dollar amount of business contracted in each of these categories on a regular basis. AGENT agrees to provide the information required for the CARRIER to comply with these government and private sector customer requirements by completing and returning the attached Agent Subcontracting Profile. The CARRIER'S Small Business Subcontracting Plan and other documents describe the subcontracting program. By completing this form, agents self certify in the categories of small businesses, woman owned small businesses, veteran owned small businesses, and disabled veteran owned small businesses. Certification by the federal government is required for including AGENT in reporting for small disadvantaged businesses and HUBZone businesses. Certification by the National Minority Supplier Development Council is required for including AGENT in reporting for minority owned businesses. CARRIER will provide detailed information and assistance to AGENTS seeking certification, and AGENT is encouraged to seek all certifications for which AGENT is eligible.

- 25.0 **COMMUNICATION NETWORK.** CARRIER maintains a communication network with cellular technology as its basic mode of truck communication designed to allow AGENT to communicate with BCOs on a timely basis. AGENT will have the right to access CARRIER's communication network system when performing the services as set forth in the Agreement. AGENT shall be charged back a service fee of \$4.50 per week for the ability to access CARRIER's communication network.
- 26.0 **TRANSPORTATION OF OCEAN SHIPMENTS.** Upon written request by AGENT, AGENT, to the extent it has the necessary qualifications as set forth below, may be authorized to perform international ocean transportation services on behalf of Landstar Express America, Inc. ("LEA"), a Non-Vessel-Operating Common Carrier ("NVOCC") licensed by the Federal Maritime Commission ("FMC").
- 26.1 Because of legal requirements, LEA will not use agents to perform these services unless such agents are also licensed by the FMC to operate as an Ocean Freight Forwarder or NVOCC. AGENT may serve as an ocean freight sales agent on behalf of LEA without a license from the FMC. As a sales agent, AGENT may provide sales leads to LEA, as well as identify preferred pricing and the customer's shipping requirements, but shall not perform any operational functions for customer's shipments.
- 26.2 AGENT agrees to fully comply with all applicable FMC regulations for each shipment of international ocean freight accepted for transportation on behalf of LEA. To the extent AGENT has operational responsibilities (as opposed to being a mere sales agent), AGENT shall: (a) issue only LEA bills of lading and other documentation; (b) show LEA or itself, as agent for LEA, in the shipper box of all master bills of lading; (c) provide LEA with the rate quoted to the customer at least three (3) days in advance of the date of loading of the cargo; (d) forward all shipping information and documents to LEA no later than three (3) days from the on-board date; (e) familiarize itself with the tariffs, rules, regulations, receipts, bills of lading and other forms or reports reasonably requested by LEA. All transportation services involving international ocean freight solicited by AGENT under this Agreement shall be subject to the conditions of carriage of LEA as published in LEA's tariff, bills of lading or other transportation documents. AGENT shall transmit to LEA such specific instructions, requests or particulars in connection with each client as may be proper to enable LEA to render efficient services to the customer.
- 26.3 AGENT must ensure that customers tendering ocean shipment valued in excess of \$500 per container purchase special marine insurance coverage which may be arranged by CARRIER with underwriters, in which case the additional premium charges will be passed through to the customer.
- 27.0 **SPECIFIED ACCOUNTS.** Specified accounts are those customers and traffic lanes identified in Exhibit A of the Agreement. The following procedures shall apply with respect to all specified accounts:
- 27.1 In order to remain a specified account of AGENT, AGENT must generate for the specified account at least \$30,000 in line haul revenue or ten (10) loads for the

- previous ninety (90) day period. The specified account status will be determined every 90 days.
- 27.2 When two or more agents of CARRIER provide services for the same customer and traffic lane, CARRIER shall have the sole discretion in deciding which agent shall receive compensation for such services. Absent exceptional circumstances, compensation will be payable to the agent that booked the shipment and thus earned the compensation. However, CARRIER reserves the right, at its sole discretion, to pay compensation to the non-booking agent in the event that the customer and traffic lane in question constitute a specified account of the non-booking agent.
- 27.3 Any disputes between two agents of CARRIER regarding shared accounts will be arbitrated by CARRIER's field office or corporate office, as determined by CARRIER in its sole discretion. CARRIER's determination shall be final and non-appealable.
- 28.0 **MEDIA INTERVIEWS.** AGENT is not authorized to talk with the media regarding CARRIER or its operations. All media interview requests, or questions regarding media requests, should be referred to CARRIER's Corporate Communication Department. AGENT is free to discuss its business affairs with the media. However, CARRIER discourages media interviews, and such interviews will be undertaken by AGENT at its own risk.
- 29.0 **USE OF LANDSTARMAIL.COM.** AGENT may utilize Landstarmail.com for the purpose of establishing up to 10 e-mail addresses for AGENT's use in providing services on behalf of CARRIER. In the event AGENT elects to use Landstarmail.com, AGENT agrees to comply with the following acceptable use policies:
- 29.1 AGENT will not send unsolicited advertisements or solicitations, commercial or otherwise, through the Landstarmail.com systems. Violations of this policy may result in AGENT's account being removed from the system.
- 29.2 CARRIER may immediately disable AGENT's account in order to prevent any abuse or damage to the e-mail system.
- 29.3 CARRIER and its service provider have the legal right to block any and all electronic communications as may be deemed necessary by CARRIER. Whenever possible, AGENT shall be made aware of such action before it occurs.
- 29.4 AGENT shall use the system only for lawful purposes. The transmission, distribution or storage of any information, data or material in violation of federal or state regulations or law is strictly prohibited. This includes, but is not limited to, materials protected by copyright, trademark, trade secret or other law or regulation. CARRIER will cooperate with law enforcement and other legal authorities in investigating claims of illegal activity involving AGENT's use of the e-mail system.
- 29.5 CARRIER and its service provider will consider instances of unsolicited bulk e-mail to be a theft of service and may prosecute the originators of such e-mail in a court of law. In addition, CARRIER reserves the right to collect damages, including but not limited to, damage to software, hardware, and labor costs, if any harm is done to CARRIER's or its service provider's computer network or equipment.

- 29.6 AGENT's use of the Landstarmail.com system will be consistent with AGENT's obligations and restrictions set forth in this Manual and the Agreement. CARRIER reserves the right to take any action that may be deemed appropriate due to AGENT's violation of this restricted use policy, including without limitation, taking action to recover cost and expense of identifying offenders and removing them from the system, and assessing any cancellation charges to cover costs in the event of disconnection for the causes outlined above.
- 29.7 CARRIER will terminate AGENT's e-mail account if it is not used within any sixty (60) calendar day period. In addition, CARRIER shall immediately terminate all accounts associated with AGENT upon severance of the agency relationship by either party or upon termination of the Agreement.
- 29.8 In providing use of the Landstarmail.com system and other electronic communication services to AGENT, CARRIER does not provide, and expressly disclaims, any warranty that any electronic materials received by AGENT will be free from computer viruses, other defects or problems or that the electronic connections with CARRIER and AGENT will be free from harmful effects. It is AGENT's responsibility to take reasonable steps to protect electronic materials on its own networks or stored in its electronic media; to take reasonable steps to prevent harm arising from electronic connections with CARRIER; and, to perform any anti-virus, scanning, data backup, security, and other precautions reasonably necessary to safeguard against computer viruses, worms, and other intrusive or damaging code. Under no circumstances will CARRIER be responsible for any liability for any loss or damage caused by a computer virus, AGENT's receipt of electronic materials from CARRIER or any electronic connection between AGENT and CARRIER. AGENT shall be responsible for the accuracy of any information posted by Agent on any website hosted by CARRIER or any affiliate of CARRIER.

30.0 **HANDLING INBOUND INTERNATIONAL SHIPMENTS**. AGENT must follow the following procedures when accepting inbound international shipments for transportation:

- 30.1 AGENT must comply with all laws and regulations of the U.S. Bureau of Customs and Border Protection ("Customs") when handling any inbound international shipment. Before agreeing to accept an inbound international shipment, AGENT agrees that it must be knowledgeable of all applicable Customs' rules and regulations.
- 30.2 AGENT must have the technology necessary to comply with Customs' requirements that all inbound international shipment documentation be provided to Customs via electronic data interchange, prior to the shipment arriving at Customs for border clearance. Upon request by CARRIER, AGENT agrees to participate in the pre-arrival processing system ("PAPS"), the Customs' Automated Forms Entry System ("CAFES"), the Advanced Screening and Selectivity Program ("BRASS"), the Free and Secure Trade System ("FAST") or any other program administered by Customs that is necessary to secure the efficient, timely and legal entry of inbound international shipments into the United States. AGENT agrees and acknowledges that participation in any or all of these programs may require separate registration by

AGENT and additional commitments by AGENT to ensure compliance with all of Customs' requirements under these programs.

- 30.3 AGENT will ensure that all bonded freight entering the United States is stored or warehoused exclusively in facilities that have a Customs bond.
  - 30.4 AGENT will only broker inbound international shipments to broker carriers that have a bond registered with Customs. Prior to brokering any inbound international shipment, AGENT shall first verify that the broker carrier has the required Customs bond.
  - 30.5 AGENT will assume responsibility for any Customs' fines or penalties that may be assessed due to AGENT's non-compliance with this procedure or AGENT's failure to comply with all applicable rules and regulations pertaining to inbound international shipments.
- 31.0 **COMPENSATION TO AGENT.** AGENT's compensation for providing services on behalf of CARRIER shall be as set forth in the Agreement and this Manual. Except as otherwise provided in the Agreement, AGENT's compensation will be based on 98% of the adjusted gross revenue ("AGR") generated by AGENT subject to the following conditions:
- 31.1 No compensation shall be owed to AGENT with respect to freight hauled or brokered to motor carriers other than CARRIER or CARRIER's affiliated companies unless otherwise agreed to in the Agreement.
  - 31.2 AGR shall mean revenue to CARRIER for freight booked by AGENT shown on freight bills, amended bills or computerized summaries thereof, to the shippers, consignees or other carriers for commodities hauled by AGENT, reduced by (a) any and all expenses attributed to accessorial services paid to a third party, including an independent agent, or to AGENT by CARRIER (see Section 32.0 below); (b) the amount paid to any third party by CARRIER in relation to movement of the load, including without limitation: amounts paid to other contractors as a pro rata payment for their participation in the movement of a load; any amount paid by CARRIER to interline or augmenting carriers; and, any warehouse or storage charges; (c) any revenue received by CARRIER as an insurance surcharge, excess value charge on high value freight charge, a surcharge for additional security measures provided by CARRIER, or an accessorial service charge not otherwise payable to AGENT; (d) all incentives, discounts or commissions given to CARRIER's customers or other third parties; (e) amounts paid or accrued for certain specialized trailers and excessive trailer spotting situations; (f) any fee or commission paid to a broker, freight forwarder or any third party, including but not limited to an affiliated company of CARRIER; and (g) a payment processing fee comprised of the actual cost incurred by CARRIER, for those shipments in which CARRIER's customer or a third party payor make deduction from CARRIER's freight charges related to electronically-transmitted billing and payment ("EB&P") account use. Before calculating its percentage of revenue, AGENT should first deduct the amounts set forth above for each shipment to calculate the applicable AGR.

- 31.3 In the event that AGENT or any of AGENT's affiliates is a party to another agreement with CARRIER or any CARRIER affiliate, CARRIER, or its affiliate, may in their sole discretion, offset any amounts due to AGENT or any of AGENT's affiliates under any such agreement, against any monies due to CARRIER, or any CARRIER affiliate, from AGENT or any of AGENT's affiliates under such agreements. For purposes of this policy, the term "affiliate" means a business entity or person that directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with CARRIER or AGENT.
- 32.0 **COMPENSATION FOR ACCESSORIAL SERVICES**. As clarification of AGENT's compensation under the Agreement, AGENT's compensation for certain specified accessorial service charges will be as set forth below:
- 32.1 Government Accessorial Charges: Constant surveillance, dual driver protective services, dual driver national agency check, protective security service, guard service, escort service and satellite motor surveillance shall be payable to the BCO at 85% of adjusted gross revenue ("AGR"). AGENT will not be entitled to commissions on such charges.
- 32.2 Detention: Detention typically takes the form of an unplanned delay not negotiated prior to shipment with the customer and therefore is paid to the BCO at 100% of AGR; provided, however, that the BCO is not entitled to payment for detention time until such amounts are billed and collected from the customer. AGENT is not entitled to any compensation for detention charges.
- 32.3 Layover: A Layover is generally anticipated between the AGENT and the customer at the time the shipment is accepted and is therefore negotiated into the pricing and quoted to the BCO prior to transportation. The BCO is paid his normal percentage of AGR as set forth in the Haulage Contract between CARRIER and the BCO, and the AGENT is entitled to commission for any layover pay that is received from the customer.
- 32.4 Dual Driver: Except as otherwise stated in the Haulage Contract between CARRIER and the BCO, the BCO will receive his normal percentage of AGR, and AGENT will receive commissions for all dual driver pay received from the customer. However, in those situations where the Haulage Contract between BCO and CARRIER specify that the BCO will be paid 85% of AGR for dual driver pay, AGENT will not receive any commission on such amounts.
- 33.0 **WAREHOUSE AND STORAGE SERVICES**. The following procedures shall apply in the event that AGENT intends to provide warehouse and/or storage services. For purposes of this provision, storage services include the storing of the customer's goods at AGENT's facility, whether the Goods are contained in a trailer or are stored in the exterior or interior of AGENT's facilities, for a period of more than seventy-two (72) hours.
- 33.1 Prior to agreeing with any Customer to provide warehouse or storage services, AGENT must first complete and submit to CARRIER a General Survey of Property Information form to CARRIER's Risk Management Department. CARRIER reserves

the right to prohibit or restrict AGENT from performing warehouse and/or storage services depending upon the risk identified from the informational form provided by AGENT.

- 33.2 At all times while providing warehouse and/or storage services, AGENT must maintain warehousemen's legal liability and bailment insurance underwritten by an insurance company with an A.M. Best rating of at least B+ in a combined single limit of not less than \$1 Million per occurrence. The insurance must name CARRIER as an additional insured and include a provision for thirty (30) days prior notice of cancellation to be given to CARRIER, with a certificate evidencing the insurance required herein to be given to CARRIER prior to the commencement of warehouse or storage services by AGENT.
  - 33.3 AGENT shall not accept for warehousing or storage from any Customer commodities the value of which exceed the insurance limits set forth above.
  - 33.4 AGENT agrees not to limit its liability for the commodities while they are being stored or warehoused by AGENT below the limit of liability that would otherwise apply to a carrier of the commodities under a bill of lading or transportation contract with CARRIER.
  - 33.5 In addition to the indemnity provisions of the Agreement, AGENT shall hold harmless and indemnify CARRIER, its affiliates and their respective officers, directors and agents from and against any and all claims, demands, liability, judgments, awards, decrees and expenses, including an investigation, remediation and litigation costs and attorney costs, arising out of or incident to any act or omission of AGENT, AGENT's employees, contractors and agents, or anyone acting by, through or under AGENT, for which liability of any kind is asserted against CARRIER in connection with the performance of (1) warehouse and/or storage services; (2) acts not authorized by CARRIER; or (3) acts or omissions that are not covered by the insurance coverage's required in the Agreement. The parties agree that the indemnification provision herein shall survive the termination of the Agreement.
- 34.0 **DUAL AGENTS.** AGENT is prohibited from entering into an agency agreement within the Carrier Group (e.g. Ranger, Inway, Ligon and Gemini) and an affiliated multi-modal company of CARRIER. For those previously granted Dual Agencies, the following policies and procedures will apply (these policies and procedures do not apply to Dual Agents within the Carrier Group only):
- 34.1 AGENT is required to operate each Landstar operating company agency independently of one another. Subject to verification and audit by CARRIER, AGENT must provide separate phone and fax numbers, operational and customer support staff to service its agency agreement with each separate Landstar operating company.
  - 34.2 AGENT shall not represent more than one Landstar operating company during a sales call with customer. Also, AGENT is prohibited from providing a customer two separate bids or quotes for the same business or shipment. If AGENT determines that it is necessary to represent more than one Landstar operating company in order

- to handle the customer's business, then AGENT agrees to coordinate and obtain the approval of each Landstar operating company regional vice president and/or the vice president of sales.
- 34.3 Shipping documents that name a specific Landstar operating company cannot be altered or deviated from by AGENT or its employees. The carrier identified by the customer on the shipping documents is the carrier contracted by the shipper to move the shipment, and must be the carrier that issues the invoice to the customer.
- 34.4 When a customer has not made a selection as to the specific Landstar operating company to do business with, AGENT must select the carrier that has the equipment and service that best meets the customer's shipping needs.
- 34.5 Any violation of these procedures may result in the immediate termination of one of AGENT's agencies with CARRIER.
- 35.0 **TRAILER UTILIZATION.** The following procedures shall apply whenever AGENT is responsible for a trailer provided by or through CARRIER. AGENT agrees to communicate and work with CARRIER's Trailer Utilization Department when issues arise with respect to these procedures:
- 35.1 **Trailer Pool Allocation:** In the event AGENT or its customers require the use of trailers to be provided by CARRIER, CARRIER shall establish a trailer pool for AGENT subject to the following provisions:
- (a) All trailers to be spotted on behalf of AGENT must generate an average of \$1,250 of gross revenue per trailer each week.
  - (b) Each trailer in AGENT's trailer pool must average at least one shipment per week.
  - (c) AGENT must report and bill the accurate trailer number on all loads transmitted via CARRIER's L.E.A.D.S. System.
  - (d) AGENT must conduct a yard check of all specified trailer pools on at least a weekly basis. The yard check must state which trailers reside in the pool and the status of those trailers (e.g. empty, loaded, spotted, etc.). This information must be reported to CARRIER's Trailer Utilization Department via e-mail ([trailerutil@landstar.com](mailto:trailerutil@landstar.com)), or by fax (800-435-4692).
  - (e) AGENT shall not dispatch an operator to a customer requiring "drop and hook" if the customer does not have a specified trailer allocation. Non-compliance with this provision will result in AGENT being financially responsible for the cost associated with obtaining a trailer for the dispatched operator. The standard used by the Trailer Utilization Department to determine such costs is 80¢ per dispatched mile to the closest available trailer and daily detention for the operator at a rate of no less than \$150 per day to be assessed until a trailer is available for the operator's use.

- (f) Non-compliance with any of the trailer pool procedures may result in CARRIER denying AGENT's request for additional trailers or in CARRIER reallocating trailers in AGENT's existing pool.
- 35.2 Short-Term Trailer Leasing: AGENT may request a short-term lease of a trailer from CARRIER's Trailer Utilization Department, in which case the following procedures shall apply:
- (a) Upon request by AGENT for the short-term rental of a trailer, the Trailer Utilization Coordinator will attempt to locate an available trailer for AGENT's use from either CARRIER's existing inventory or through a third party vendor. If renting from a third party vendor, the Trailer Utilization Coordinator will issue a purchase order to the vendor.
  - (b) If AGENT will be charged the rental cost, all cost associated with the rental, including all rent and maintenance costs, as well as a \$25.00 per trailer per invoice administrative fee will be deducted from AGENT upon receipt of the rental or maintenance fee invoice.
  - (c) If the trailer will be leased for more than two weeks, then AGENT will be required to sign an Equipment Rental Deduction Authorization Form in order to have the trailer rental cost deducted from AGENT's compensation.
  - (d) Before renting a trailer for use with a particular customer, AGENT must ensure that the customer has an established line of credit with CARRIER. In addition, trailers will not be rented under AGENT's Federal Employer Identification Number for shipments that are accepted at AGENT's risk.
  - (e) Upon termination of the short-term lease, AGENT will work with the Trailer Utilization Coordinator to ensure that the rented trailer is returned to the leasing company pursuant to the terms of the short-term lease.
  - (f) AGENT shall be solely responsible for any damage to a rented trailer and any all such damage will be deducted from AGENT's compensation.
- 35.3 Stolen Trailers. AGENT is responsible for filing a stolen trailer report for any trailer that is stolen from AGENT's established trailer pool. The report must be filed with local law enforcement authorities for the jurisdiction in which the theft occurred. Whenever possible, AGENT shall ensure that a stolen trailer report is entered into the National Crime Incident Computer ("NCIC") and shall obtain the appropriate case number for such report from the local law enforcement agency. In addition, AGENT shall timely notify CARRIER of the circumstances behind the theft.
- 35.4 Use of Trailers by Broker Carriers. AGENT is prohibited from allowing a broker carrier to use any Trailer within CARRIER's pool. This prohibition will only be waived in rare circumstances and upon prior written approval received by AGENT from the Regional Trailer Utilization Coordinator. Where such authorization is allowed, AGENT must comply with the following:

- (a) Authorization will only be issued in rare circumstances, and only if the broker carrier is an approved broker carrier for CARRIER and has executed and returned a Trailer Interchange Brokerage Addendum.
  - (b) AGENT is responsible for ensuring that the broker carrier performs a pre-trip inspection upon picking up the trailer from AGENT's pool allocation. The inspection form is to be faxed to the Regional Trailer Utilization Coordination. AGENT must notify the coordinator if there are any changes to the shipment that will alter the original estimated time of arrival or specific load information.
  - (c) AGENT is responsible for notifying the Regional Trailer Utilization Coordinator upon delivery of the shipment by the broker carrier. In addition, if the broker carrier does not immediately return the trailer as outlined in the Load Confirmation Agreement with the broker carrier, AGENT must notify the Trailer Utilization Department immediately.
  - (d) AGENT is responsible for ensuring that the broker carrier performs a post-trip inspection upon delivery of the trailer. The inspection is to be faxed to both the AGENT and the Regional Trailer Utilization Coordinator.
- 36.0 **DISPATCH PROCEDURES**. AGENT agrees to comply with the Complete and Accurate Dispatched Checklist attached to this Manual when dispatching shipments under the Agreement.
- 37.0 **INTER-COMPANY BROKERAGE PROCEDURES**. When AGENT is required, due to capacity limitations, to broker a shipment to another Landstar affiliated company, the following procedures shall apply:
- 37.1 AGENT, as the booking agent receiving the shipment from CARRIER's customer, is required to contact the hauling agent of the other Landstar affiliated carrier to arrange for the transportation of the shipment. As the booking agent, AGENT will negotiate with the hauling agent for a rate and accessorial charge for the shipment. The handling agent will then determine whether to accept or decline the offer.
  - 37.2 All transportation charges, including but not limited to linehaul rates, accessorial fees and fuel charges, are to be negotiated with AGENT's customer prior to offering the load to the hauling agent or the BCO. If the BCO to be specified the load is not contracted with AGENT's operating company, then AGENT cannot discuss the BCO's compensation directly with the BCO. Instead, such conversations must be between the hauling agent and the BCO.
  - 37.3 If accepted by the hauling agent, AGENT will fax a completed Load Confirmation (Authorization) Form to the hauling agent and the shipment will be processed as with any other third-party carrier (see Section 18.0 above). Prior to the shipment being tendered to the BCO, AGENT must fully complete the Load Confirmation (Authorization) Form and include the shipper and

- consignee name, address and contact information to enable the hauling agent to properly enter the shipment and convey instructions to the BCO.
- 37.4 The hauling agent will add its bill of lading or waybill number to the form, sign and return a copy of the Load Confirmation (Authorization) Form to AGENT, as the booking agent.
- 37.5 Since the shipment will be handled under a brokerage arrangement, AGENT, as the hauling agent, will have no guarantee as to the percentage of "gross" revenue. In addition, the BCO will be compensated by and at the contractual agreement rate that exists between the BCO and the Landstar affiliated company to whom the BCO is leased.
- 37.6 A BCO can only be dispatched or accept a shipment from an agent for the Landstar affiliated carrier to whom the BCO is leased.
- 38.0 **DEALING WITH BCOs.** AGENT agrees to treat all BCOs contracted to CARRIER with professionalism and fairness. In so doing, AGENT agrees not to misrepresent or provide false information to any BCO, either orally, in writing or on CARRIER's load posting website, regarding any shipment offered by AGENT. AGENT further agrees to ensure that all of AGENT's dealings with BCOs are consistent with the Haulage Contract entered into between CARRIER and the BCO.
- 39.0 **POWER ONLY EXPENSES.** All third party billings and expenses incurred by CARRIER related to power only freight booked by AGENT are the sole responsibility of AGENT. For purposes of this provision, power only freight includes any freight moving under a trailer interchange agreement; freight having a prior or subsequent movement in a water, air or rail container or trailer which is also subject to a trailer interchange agreement; any freight moving in or on third party equipment; and any freight moved as a backhaul that utilizes trailing equipment that is or was under a trailer interchange agreement. Third party expenses would include, but not be limited to, per diem, storage, detention, repair and maintenance of equipment, and trailer/container rental charges. Such expenses that are not billable or chargeable to the customer or CARRIER's BCOs will be deducted from AGENT's compensation.
- 40.0 **LIMITATION ON CUSTOMER REBATE AND INCENTIVE PROGRAMS.** AGENT must obtain prior written approval from CARRIER before agreeing to pay a customer or any third party a rebate, incentive or commission for tendering freight to CARRIER for transportation. CARRIER reserves the right to decline such authorization if the proposed rebate, incentive or commission is with a customer with whom CARRIER has a direct contract or if such rebate, commission or incentive violates the rebate limitations contained in federal law under 49 U.S.C. § 13708.
- 41.0 **INCORPORATION OF FORMS.** The following documents and forms are incorporated by reference into this Manual.

41.1 Agent Subcontracting Profile

- 41.2 PC Requirements for LEADS and Dispatch Application
- 41.3 Request for Risk Assessment and Approval
- 41.4 Guidelines for Landstar Operating Company Agent and BCO Web Sites
- 41.5 Landstar Prohibited and Hazardous Cargo List
- 41.6 High Risk Commodity List
- 41.7 “Lock it or Lose It” Procedures
- 41.8 Risk Assessment Procedures
- 41.9 Complete and Accurate Dispatch Checklist