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SECRETARY OF STATE

NEWS

ILLINOIS SECRETARY OF STATE

FOR IMMEDIATE RELEASE

- **April 17, 2002**
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White Wins Case Against State of Oklahoma Over Trucking Registration Scheme *Seeks \$15.5 Million in Restitution for Illinois*

SPRINGFIELD Illinois Secretary of State Jesse White's office won its case yesterday evening against the state of Oklahoma for allowing out-of-state trucking companies to improperly register there and subsequently report false mileage estimates that cheated Illinois and other states out of millions of dollars in registration fees.

White's office presented its case to the International Registration Plan's (IRP) Dispute Resolution Committee. Although the committee ruled in favor of Illinois, it did not award damages yet. White has asked for \$15.5 million in restitution. The state of Oklahoma claimed Illinois lost approximately \$2 million.

The Dispute Resolution Committee has ordered Illinois and Oklahoma to attempt to resolve the difference by having their expert witnesses agree upon a method for determining the extent of the damages. If Illinois and Oklahoma are unable to reach an agreement, the committee will review the matter at its next scheduled meeting in November.

"We are pleased with the judgement today by the IRP Dispute Resolution Committee," said White. "Oklahoma's lax procedures have allowed thousands of interstate trucks to register improperly under the addresses of third party service providers in Oklahoma and cheat Illinois and other states out of millions of dollars. We believe the IRP has sent a strong message to all of its members that it will not tolerate this type of fraud."

The State of Illinois, along with all other states in the continental U.S., the District of Columbia and ten Canadian provinces, belong to the IRP for the registration of semi-trucks and trailers as well as certain other types of vehicles.

Under the plan, a truck owner can register in one state and pay to that state the pro-rated registration fees for all of the states in which the truck operates. The fees paid for a given state depend on the number of miles the truck or trailer operates in that state and the annual registration fee in that state. The state in which the vehicle is registered then transmits the fees collected to the appropriate states.

White's office investigated a pattern of improper IRP registrations in the State of Oklahoma that began as early as 1996 and escalated dramatically in 2000. Private sector service agents in Oklahoma improperly registered truck drivers and trucking companies and filed false estimates of the miles vehicles traveled in various states. The scheme was designed to allow the truckers to pay lower registration fees and deprived Illinois and dozens of other states of millions of dollars in registration fees.

Although the IRP requires trucks to register in a jurisdiction where they have an established place of business, the State of Oklahoma has consistently refused to enforce that provision. The IRP's peer review process found Oklahoma in violation of this provision in 1997 and again in 2001. Oklahoma has allowed trucks to use the address of third party service providers as their established place of business resulting in thousands of registrants using the same address and phone number.

The service providers also furnished the truckers with false statements of estimated mileage on which their registration fee is based. White's office found that the service agents used the exact same statement of estimated mileage for thousands of registrants. The statements, which had no relationship to the miles the registrants actually intended to travel, were designed solely to reduce the fee paid by the registrant.

White's office presented the results of his investigation at the IRP Dispute Resolution Committee meeting in Colorado on April 16. The evidence showed that in the year 2000 over 100,000 trucks and trailers were fraudulently registered in Oklahoma, resulting in a loss to Illinois of \$8.2 million. It also showed that the total losses Illinois suffered in 1999, 2000 and 2001 amounted to \$15.5 million. In addition to the losses incurred by Illinois, White presented information showing that other states have incurred tens of millions of dollars in losses

through the scheme.