

# Irregular cross-border employment practices of U.S.-domiciled trucking companies

**March 2019**

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Empower, LLC was commissioned by The International Brotherhood of Teamsters (“Teamsters”) to conduct research into irregular employment practices in the U.S. and Mexican freight and transportation sector.

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## Executive Summary

The last decade has seen the rapid growth of a job market for Mexican tractor-trailer operators with B-1 Temporary Business Visitor visas who work exclusively on long-haul operations in the United States. This job market is primarily based in Nuevo Laredo, and is the result of irregular cross-border employment arrangements carefully set up by U.S.-domiciled carriers to lower labor costs and shield themselves from liability concerns.

B-1 drivers hauling loads to the United States are paid more than most domestic tractor-trailer operators in Mexico. The Mexican Social Security Institute (IMSS) estimated in 2017 that tractor-trailer operators in Mexico earn an average salary of MXN 14,719.50, or approximately USD 758.73, per month.<sup>1</sup> However, B-1 drivers' wages do not meet U.S. industry standards and represent significant savings to U.S. carriers that set up outsourced B-1 driver fleets.

There are three principal categories of U.S.-based carriers employing B-1 drivers: i) medium and large-sized U.S. carriers that set up Mexican entities for purposes of employing B-1 drivers; ii) small and medium-sized carriers headquartered in Laredo that almost exclusively employ Mexican drivers through affiliated Mexican entities set up for hiring purposes; and iii) Mexican carriers with U.S. subsidiaries. This report focuses on the first two categories.

Key findings include:

- 10 to 15 companies make up the majority of driver recommendations and referrals, but many small companies and independent employers also hire large numbers of B-1 drivers.
- Despite a severe lack of external transparency, the B-1 job market in Nuevo Laredo is on the verge of *de facto* institutionalization. U.S. Customs and Border Protection (CBP) holds workshops with major B-1 employers about expedited border crossing programs and U.S. cabotage law, and at least one B-1 employer in Nuevo Laredo has spoken with the state government about the need for a technical school program to train B-1 operators.
- Cabotage violations are occasionally required by many, if not most, B-1 employers, putting drivers at considerable legal risk.
- U.S. carriers not headquartered on the border rely on managers who know how to set up B-1 fleets, and there is considerable movement between companies by these managers. For example, Chris Giermanski, Vice President of International Operations at TSI, previously restructured Celadon's B-1 fleet.
- Royal Express owner Gume Garza, on probation until 2016 for crimes related to identity theft, controls a group of companies in Laredo and Nuevo Laredo that rely on the use of at least 214 B-1 drivers.

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<sup>1</sup> CANACAR, "Boletín Fiscal y Seguridad Social No. 57," December 2016, [https://canacar.com.mx/app/uploads/2016/02/Boletin-Fiscal-y-Seguridad-So-cial-No-57\\_Diciembre\\_2016.pdf](https://canacar.com.mx/app/uploads/2016/02/Boletin-Fiscal-y-Seguridad-So-cial-No-57_Diciembre_2016.pdf). For further details, see: Empower, LLC, "Mexico Trucking Report: From salaries of tractor-trailer operators to industry lobbyists of NAFTA renegotiation," 23 September 2017.

# 1. Introduction

This report profiles some of the most important U.S. carriers currently engaging in irregular cross-border employment practices and provides detailed information on their affiliated employer companies in Mexico. These companies were selected based on high numbers of referrals and mentions in online job forums; relatively large numbers of B-1 employees; and sufficient documentation of cross-border labor outsourcing to serve as case studies for this report. That documentation, including contracts for B-1 driver services, labor agreements, depositions and affidavits, and corporate ownership filings, is provided alongside this report and referenced by file name in footnotes.

Empower, LLC has not obtained reliable data about the total size of the labor market for B-1 operators, but there are several open and closed Facebook groups that serve as job forums for B-1 drivers, with thousands of members each. The most active of these has over 11,000 members and is almost exclusively frequented by employers and drivers based in Nuevo Laredo and Laredo.

The first large B-1 fleets began to appear in Nuevo Laredo in the mid 2000s, and the number of B-1 fleets and outsourcing set-ups has grown since. In a March 2019 phone interview with Empower, one fleet manager at a major B-1 employer characterized the current state of the B-1 job market in Nuevo Laredo as one of rapid growth.

**Table 1. Selected B-1 employer summaries of profiled companies**

Company	Headquarters	Mexican hiring affiliate	Total fleet size	Number of B-1 drivers	Wage per mile (USD)
Transportation Services, Inc. Pan American Express, Inc.	Romulus, MI Laredo, TX	TSI Logística Fronteriza, S. de R.L. de C.V. Eduardo Tapia Rendón (ETA Transfer)	568 149	260 (TSI Logística Fronteriza only) <sup>2</sup>	\$0.27 solo \$0.18 team <sup>3</sup>
Celadon Group, Inc.	Indianapolis, IN	"Jaguar USA" (Servicios de Transportación Jaguar, S.A. de C.V. or related entity)	2,392 600	240 <sup>4</sup>	\$0.26 solo \$0.17 team <sup>5</sup>
PAM Transport, Inc.	Tontitown, AR	Transportes Especializados Mura, S.A. de C.V.	1,729	141 <sup>6</sup>	\$0.27 solo \$0.16 team <sup>7</sup>
PGT Trucking Inc.	Aliquippa, PA	Vito Contractors & Transportation, S.A. de C.V.	952	30 <sup>8</sup>	\$0.36 solo \$0.18 team <sup>9</sup>
Swift Transportation Company	Phoenix, AZ	Trans-Mex Inc., S.A. de C.V.	15,898 3,848	200-210 <sup>10</sup>	\$0.30 solo <sup>11</sup>
Select Dedicated Solutions LLC	Laredo, TX	Traslados de Carga Internacionales, S.A. de C.V.	300	600, all team <sup>12</sup>	\$0.175 team <sup>13</sup>
Royal Express, Inc. Freightsol LLC	Laredo, TX	Mexican Portion, S.A. de C.V. Freightsolmex, S.A. de C.V.	399 122	214 (Mexican Portion only) <sup>14</sup>	\$0.26 single \$0.15 team <sup>15</sup>

<sup>2</sup> 2016 number provided by Edgar Eliud Treviño Mora in September 2017 deposition for White v. Transportation Services, Inc. ("TSI\_diverse case documents.pdf," p. 309).

## 1.1 Methodology

This study is based on corporate research using a wide range of documents from government sources in the U.S. and Mexico, as well as human-source research with drivers and managers from a range of carriers.

Background information on the job market for tractor-trailer operators with B-1 visas was primarily obtained by engaging in open and closed Facebook groups that serve as job forums for B-1 drivers and employers. Company-specific information was obtained in online chats with numerous employees of the companies profiled in this report, as well as by phone calls to U.S. carriers and their Mexican affiliates.

In the report that follows, these forums and conversations are described without names or URLs in order to protect the identity of informants. However, claims linking U.S. carriers to particular Mexican companies are backed up by visual evidence from online forums wherever possible, often in addition to contracts for services, labor agreements, corporate filings and other, more formal documentation provided alongside this report and referenced by file name in the relevant footnotes. The principal sources for such documentation, collected both in person and online, include:

- Mexico's Ministry of Labor and Social Welfare (Secretaría del Trabajo y Previsión Social, or STPS) and related state agencies
- Mexico City's Public Registry of Property and Commerce (Registro Público de la Propiedad y Comercio, or RPPC) and various other state corporate registries
- The Texas Secretary of State corporate registry
- U.S. civil and criminal cases accessed through the Public Access to Court Electronic Records (PACER) system
- The Federal Motor Carrier Safety Administration's (FMCSA) Safety and Fitness Electronic Records (SAFER) system
- Company websites, investor presentations and financial reporting to the U.S. Securities and Exchange Commission (SEC)

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3 Rates provided by TSI B-1 driver.

4 2012 number cited by former Director of Jaguar USA Chris Giermanski in LinkedIn profile, <https://www.linkedin.com/in/christopher-giermanski-63043312/>.

5 Rates provided by Jaguar USA B-1 driver.

6 Number provided by PAM Transport recruiter in Laredo.

7 Rates provided by PAM Transport B-1 drivers.

8 Rough estimate by PGT Trucking recruiter in Aliquippa, Pennsylvania.

9 B-1 Services Agreement ("PGT Vito services agreement.pdf").

10 Number provided by Trans-Mex fleet manager in Nuevo Laredo.

11 Rate provided by Trans-Mex B-1 driver.

12 Dispatch at Select Dedicated Solutions in Laredo.

13 TCI-Select job posting for B-1 operators.

14 2017 Mexican Portion contract ("Mexican Portion\_labor agreement.pdf").

15 2017 Mexican Portion contract ("Mexican Portion\_labor agreement.pdf").

## 2. B-1 fleet development and driver outsourcing

The last decade has seen the rapid growth of a job market for Mexican tractor-trailer operators with B-1 visas who work exclusively on long-haul operations in the United States. This job market is primarily based in Nuevo Laredo and is the result of irregular cross-border employment strategies executed by U.S.-domiciled carriers in order to lower labor costs and shield themselves from liability concerns.

The details of these employment arrangements vary from company to company, a reflection of their irregularity. However, the most common practice entails the incorporation of a Mexican company by the ownership or management of a U.S. carrier, or by a strategic partner in Mexico on their behalf. Sometimes this entity is a subsidiary of the U.S. carrier, but more often it is not, making such affiliates difficult to identify and often exempt from financial reporting by the U.S. carrier. Employees of these Mexican entities then lease their services to the U.S. carrier and drive that company's trucks from the Mexican side of the border to points across the continental United States.

While it is unclear how many B-1 drivers there are in Mexico and the Nuevo Laredo area, the best indicator may be online recruiting activity. This recruiting takes place primarily on Facebook, in open and closed groups for B-1 operators that serve as forums to direct drivers to in-person recruiting events or to put them directly in touch with recruiters by phone and WhatsApp. There are several groups for B-1 drivers with thousands of members each on Facebook, the most active of which has over 11,000 members and is almost exclusively frequented by employers and drivers in Nuevo Laredo and Laredo. As the most important border crossing for truckers, this metropolitan area is the base of operations for most B-1 employers, though the same arrangements do exist in other border cities.

Empower identified two principal categories of U.S.-based carriers employing B-1 drivers for this report:

**1. Medium and large-sized U.S. carriers not headquartered on the border that set up Mexican entities for purposes of employing B-1 drivers to lease their services to the U.S. carrier for long haul operations.** These B-1 fleets are generally treated as an international division of the U.S. carrier, despite being a separate, often non-subsidiary legal entity. Such arrangements are distinguishable from the more standard practice, often undertaken in parallel fashion at the same companies, by which a U.S. carrier sets up offices in Mexico from which it collaborates with independent partner carriers for domestic freight in Mexico.

Companies profiled in the report that fall under this category include:

- Transportation Services, Inc. (TSI)
- Celadon Group, Inc.
- PAM Transport, Inc.
- PGT Trucking Inc.
- Swift Transportation Co.

**2. Small and medium-sized carriers headquartered in Laredo that almost exclusively employ Mexican drivers through affiliated Mexican entities set up for hiring purposes.** Many of these carriers' business models are largely based on the cost and liability advantages afforded by irregular B-1 visa employment set-ups.

Companies profiled in the report that fall under this category include:

- Select Dedicated Solutions LLC
- Royal Express, Inc.

Mexican carriers with U.S. subsidiaries constitute a third category of B-1 employer for which Empower does not profile any companies in this report. One such company is Palos Garza, a large Mexican carrier with several Mexican and U.S. subsidiaries that hires B-1 operators from the same pool of drivers in Nuevo Laredo. In the case of Mexican carriers, this does not necessarily constitute an "irregular" cross-border employment practice. That said, their use of B-1 drivers for long haul operations in the United States may have an impact on the U.S. job market for tractor trailer operators, depending on wages and other terms of employment.

## 2.1. History and trajectory of the practice

While there may have been some irregular cross-border employment of B-1 drivers in the 1990s,<sup>16</sup> the first companies began setting up large B-1 fleets in the mid 2000s, and the trend has taken off only within the last decade. A Trans-Mex fleet manager told Empower that their B-1 fleet, which currently numbers between 200 and 210 drivers hauling U.S. loads for Trans-Mex or its parent company Swift Transportation, dates to 2007.<sup>17</sup> At that time, he recalls, they were one of only two or three companies with significant B-1 fleets in Nuevo Laredo. Though Swift is based in Arizona, the Trans-Mex B-1 fleet is based out of Nuevo Laredo.

In what may be a representative example for large carriers that send loads throughout the continental U.S., 150 to 160 Trans-Mex B-1 drivers operate out of Nuevo Laredo, and another 50 or so B-1 drivers are split between Tijuana, Mexicali, Nogales, and Ciudad Juárez.<sup>18</sup> Even while Nuevo Laredo is by far the most important border crossing for tractor trailers, the B-1 job market is still disproportionately centered around that city, presumably due to the development of a local job market for B-1 drivers, reflected in the local orientation of online hiring forums.

The same Trans-Mex fleet manager characterized the current state of the B-1 job market as one of rapid growth, and while he named several of the other companies profiled in this report as major employers, he also emphasized the importance of numerous smaller employers. This confirms Empower's observations in online recruiting forums, where some 10 to 15 companies make up the majority of driver recommendations and referrals but many small companies and independent employers also post job openings for B-1 drivers. Examples of online employment ads for B-1 drivers, often posted directly by recruiters for U.S. carriers, are included throughout the report.

Much as outsourced B-1 fleets have undergone corporate institutionalization at some large U.S. carriers—to say nothing of the U.S. carriers that have built their whole company around B-1 drivers—the B-1 job market in Nuevo Laredo is on the verge of *de facto* institutionalization in other spheres. U.S. Customs and Border Protection (CBP) holds workshops with major B-1 employers about expedited border crossing programs and U.S. cabotage law,<sup>19</sup> and at least one B-1 employer in Nuevo Laredo has spoken with Tamaulipas Governor Francisco Javier Cabeza de Vaca and Nuevo Laredo Mayor Enrique Rivas Cuéllar about the need for a technical school program to train B-1 operators.<sup>20</sup>

<sup>16</sup> For commentary on the origins of Celadon's Jaguar USA division, see deposition of Kenneth Core in *White v. Transportation Services, Inc. et al* ("TSI\_diverse case documents.pdf," p. 399).

<sup>17</sup> Swift had a B-1 driver services agreement with a different Mexican company before this, as early as 2003. See archived website of Vito Contractors & Transportation, <https://web.archive.org/web/20180823081857/http://vito-trans.com/about.php>.

<sup>18</sup> Phone call with Trans-Mex fleet manager, March 2019.

<sup>19</sup> See, for example: Customs and Border Protection, "Customs and Border Protection in South Texas Informs on Cabotage Compliance," 2 March 2015, <https://www.cbp.gov/newsroom/local-media-release/customs-and-border-protection-south-texas-informs-cabotage-compliance>.

<sup>20</sup> "Surgen Choferes B-1 de México que dan cobertura al norte E.U.," Nuevo Laredo Express, 29 August 2018, <http://nuevolaredoexpress.com/surgen-choferes-b-1-de-mexico-que-dan-cobertura->



**Figure 1. CBP Pre-Enrolled Access Commercial Traffic (PACT) workshop with B-1 employer Select Dedicated Solutions (TSI-Select)**



**U.S. Customs and Border Protection**

**Ahorre tiempo con PACT**  
 El programa piloto Pre-enrolled Access Commercial Traffic (PACT, Vía de Acceso para el Tráfico Comercial Preinscrito) permite que los vehículos comerciales registrados y de bajo riesgo transiten a través de un carril exclusivo en el control fronterizo Laredo North, en la autopista interestatal 35.

**Requisitos del Programa**  
 Las empresas preseleccionadas de transporte por carretera deben estar certificadas y/o validadas por C-TPAT. Los trailers también deben cumplir con las normas ISO 17712 para la obtención de sellos de alta seguridad. Los ocupantes de los vehículos comerciales también deben poseer una tarjeta vigente FAST o NEXUS.

**Beneficios**

- Los participantes en el PACT obtienen una inspección secundaria rápida
- De lunes a viernes, de 8 a.m. a 12 a.m., en horario ampliado de operaciones, excepto en situaciones de emergencia
- Tasa más baja de remisión para inspección secundaria

**¿Cómo me inscribo?**

- Para la certificación y/o validación, los conductores y las empresas de transporte deben enviar una solicitud a través del sitio web de C-TPAT en: <https://www.cbp.gov/border-security/ports-entry/cargo-security/c-tpat-customtrade-partnership-against-terrorism>.
- Las solicitudes para las tarjetas FAST y NEXUS se pueden llenar por medio del Global Online Enrollment System (Sistema Global de Inscripción Online) (<https://goes-app.cbp.dhs.gov>).

La información sobre los requisitos para la obtención del sello ISO 17712 se la puede encontrar en: <https://www.cbp.gov/document/bulletins/c-tpat-bulletin-compliance-isos-17712-standards-high-security-seals>.

**Para obtener más información sobre cómo participar en el programa PACT, póngase en contacto con la Estación Laredo North al (956) 764-3848 o (956) 764-3849.**

**TCI-SELECT con CBP**

El día 11 de enero del presente, representantes de nuestra empresa acudieron a una reunión convocada por Logistics & Manufacturing Association con relación a al programa PACT del CBP lo cual TCI-SELECT fue invitado desde la fase piloto.

Al participar con PACT, uno de los principales beneficiario son nuestros **OPERADORES B1's** al reducir los tiempos de fila tanto al cruzar la frontera como cruzar el Check Point .

Gracias a nuestros operadores SELECT que han hecho posible el crecimiento de nuestra empresa!!! Y por lo cual, estamos siendo considerados Aptos para importantes Programas como el PACT

Source: Select Dedicated Solutions Facebook page

## 2.2. Cabotage and B-1 operators

When inquiring about job postings, B-1 drivers almost invariably ask about two things: the per-mile rate of pay and whether all assignments will include border crossings—in other words, whether the company will sometimes require them to leave from Laredo, or another border city in the United States, as opposed to the Mexican side of the border. Drivers are concerned about this practice because they are all too familiar with cabotage law and its consequences, which for them can mean losing their U.S. visa. Some employers have better reputations than others, but many, if not most, appear to at least occasionally require that drivers violate cabotage law by leaving from the U.S. side of the border. It is worth emphasizing again that this is something B-1 drivers try to avoid at all costs; the constant vigilance required to avoid it in online job forums would seem to indicate that it is a very common, if unannounced, job requirement.

Job posters who directly or implicitly advertise B-1 jobs without border crossings are routinely ridiculed in online forums. Such jobs, when advertised as temporary or one-time

al-norte-e-u/.

assignments, often pay considerably more (upwards of \$0.40 per mile) because they involve legal risks and do not generally include benefits. The larger employers, most of which offer benefits including federal government health care and social security benefits through the Mexican Social Security Institute (*Instituto Mexicano del Seguro Social*, or IMSS), do not require cabotage assignments nearly as often. That said, large employers are by no means above sending their B-1 drivers on such assignments; Empower has seen informal testimony from a Swift/Trans-Mex B-1 driver arrested for cabotage in January 2018 in Nogales, Arizona.

Due to a lack of hard evidence, we will refrain from characterizing the reputation in this regard of the various B-1 operations profiled below. However, the fact that certain large employers have better reputations than others is evidence in itself that cabotage is often an occasional job requirement even for B-1 drivers at the larger, more "legitimate" operations. CBP is aware of the problem, but different CBP sectors have exercised varying degrees of discretion in the enforcement of cabotage law.<sup>21</sup>

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<sup>21</sup> CBP has nine sectors along the U.S.-Mexico border. Since 2018, there has been an uptick in enforcement in the Tucson sector. See, for example: Paulina Pineda, "Local trucking firms butting heads with Border Patrol," Nogales International, 22 September 2017, [https://www.nogalesinternational.com/news/local-trucking-firms-butting-heads-with-border-patrol/article\\_25849d2e-9f2a-11e7-a055-33751a9a6c21.html](https://www.nogalesinternational.com/news/local-trucking-firms-butting-heads-with-border-patrol/article_25849d2e-9f2a-11e7-a055-33751a9a6c21.html); and Paul Ingram, "Feds arrest 2, seize semi-trucks as part of months-long Nogales investigation," Tucson Sentinel, 22 October 2018, [http://www.tucsonsentinel.com/local/report/102218\\_border\\_trucking/feds-arrest-2-seize-semi-trucks-as-part-months-long-nogales-investigation/](http://www.tucsonsentinel.com/local/report/102218_border_trucking/feds-arrest-2-seize-semi-trucks-as-part-months-long-nogales-investigation/).

### 3. Company profiles

The following section contains corporate profiles of certain U.S. companies that employ the services of B-1 drivers, and their strategic employment partnerships with Mexican employer entities.

#### 3.1. Transportation Services, Inc. (TSI)

TSI is based in Romulus, Michigan, with Mexico offices in Nuevo Laredo, Querétaro, Monterrey and Mexico City. Among other services, the company provides door-to-door service to and from Mexico.<sup>22</sup> As explained in affidavits and depositions from *White v. Transportation Services, Inc. et al.* (filed 2016, Kentucky Western District Court),<sup>23</sup> TSI administrators have set up at least one non-subsidiary affiliated company in Mexico for purposes of hiring Mexican nationals to drive primarily in the United States with B-1 visas.

- Total fleet size: 568 tractors
- Number of B-1 drivers: 240 (2012)
- Wage rate per mile: \$0.27 solo; \$0.18 team

#### TSI Logística Fronteriza and associated companies in Mexico

TSI Logística Fronteriza was incorporated in 2012 in Mexico City and is based in Nuevo Laredo. The company hires B-1 drivers who are then leased to TSI, such that TSI "will not have in any way, relationship or responsibilities of civil, commercial, labor, fiscal or of any other nature, of the Fronteriza staff." The 2012 agreement between the two companies specifies that "Fronteriza will provide TSI with the necessary operators to complete the routes in Mexico and the United States of America."<sup>24</sup>

In a 2017 deposition, TSI Safety Director Randy Lee Whitaker indicated that all TSI Logística Fronteriza drivers, to his knowledge, are leased to TSI.<sup>25</sup> Furthermore, nearly all TSI Logística Fronteriza operators drive for TSI in the United States with B-1 visas. In a 2017 deposition, TSI International Fleet Manager Edgar Eliud Treviño Mora estimated that in 2016 TSI Logística Fronteriza employed 260 B-1 drivers, 12 or 15 transfer drivers, and two domestic drivers in Mexico, and confirmed that, to his knowledge, TSI Logística Fronteriza works exclusively with TSI.<sup>26</sup>

The majority shareholder of TSI Logística Fronteriza is its General Administrator Jenny Monroy Guerrero, who is also Administrator for TSI in Mexico City.<sup>27</sup>

**Table 2. Shareholders of TSI Logística Fronteriza, S. de R.L. de C.V.**

Shareholder	Number of shares
Jenny Monroy	2,997
Daniel Rojas Fernández	1
Sylvia Mónica Ovalle Bustamante	1
Norma Viridiana Palomo Castillo	1

Source: Incorporation documents from corporate registry of Nuevo Laredo, Tamaulipas ("TSI Logística Fronteriza\_incorporation.pdf")

<sup>22</sup> TSI website, <https://www.tsitrucks.com/services/>.

<sup>23</sup> Civil Action No. 4:16CV-00138-JHM.

<sup>24</sup> Contract Agreement for Render of Administrative and Corporate Services ("TSI\_LF contract.pdf").

<sup>25</sup> Deposition of Randy Lee Whitaker ("TSI\_diverse case documents.pdf," p. 291).

<sup>26</sup> Deposition of Edgar Eliud Treviño Mora ("TSI\_diverse case documents.pdf," p. 309).

<sup>27</sup> TSI website, <https://www.tsitrucks.com/contact-us/>.

A related Mexican company, Servicios Profesionales de Manejo, S.A. de C.V., incorporated in 2008, hires administrative and dispatch personnel for TSI Logística Fronteriza. Servicios Profesionales de Manejo is registered in Monterrey, and while its ownership is not revealed in the state of Nuevo León's online corporate registry records, TSI Logística Fronteriza majority shareholder Jenny Monroy has power of attorney at the company, as does Monterrey lawyer Eugenio Saldivar Gallegos.<sup>28</sup> According to testimony by TSI International Fleet Manager Edgar Eliud Treviño Mora, himself an employee of Servicios Profesionales de Manejo, the company is physically headquartered at TSI's Mexico City offices.<sup>29</sup>

A third Mexican company, TSI Logística de México, S.A. de C.V., was incorporated in 2009 by TSI owners Kenneth Pellegrino and Nicole Pellegrino.

**Table 2. Shareholders of TSI Logística de México, S.A. de C.V.**

Shareholder	Number of shares
Kenneth Pellegrino	25,000
Nicole Pellegrino	25,000

Source: Incorporation documents from corporate registry of Monterrey, Nuevo León ("TSI Logística de Mexico\_incorporation.pdf")

At the time of its incorporation, the company's commissary was Monterrey lawyer Eugenio Saldivar Gallegos and TSI Administrator Jenny Monroy had power of attorney. Empower has not confirmed the role of TSI Logística de México in relation to the other companies.

### **B-1 hiring by Pan American Express, Inc.**

TSI indirectly operates another irregular cross-border hiring arrangement for B-1 drivers through U.S. company Pan American Express, Inc. (Panamex), using Mexican businessman Eduardo Tapia Rendón for hiring purposes (Tapia Rendón does business as ETA Transfer<sup>30</sup>). One driver for Pan American Express claimed in online forums in 2018 that he makes \$.20 per mile, significantly lower than the TSI Logística Fronteriza solo rate of \$0.27 per mile.

Pan American Express was incorporated in Texas by TSI Vice President and General Counsel Arturo Volpe in 1986.<sup>31</sup> As of 2004, TSI owner Kenneth Pellegrino was listed as President of Pan American Express.<sup>32</sup> As of 2017, Pellegrino was Vice President at the company, and former TSI employee Ric Guardado was President<sup>33</sup> (Guardado's LinkedIn profile lists him as CEO and owner of the company<sup>34</sup>). Panamex is located adjacent to the TSI terminal on Riverside Drive in Laredo, Texas, and various online photographs show Panamex trailers at TSI terminals and hooked up to TSI tractors.

28 Company documents from corporate registry of Monterrey, Nuevo León ("Servicios Profesionales de Manejo 2008.pdf"). Eugenio Saldivar Gallegos is partner and owner at the law firm Saldivar y Cía, S.C., <http://www.saldivarycia.com.mx/profesionistas.htm>.

29 Deposition of Edgar Eliud Treviño Mora ("TSI\_diverse case documents.pdf," p. 309).

30 U.S. DOT Company Snapshot for ETA Transfer, [https://safer.fmcsa.dot.gov/query.asp?searchtype=ANY&query\\_type=queryCarrierSnapshot&query\\_param=USDOT&original\\_query\\_param=NAME&query\\_string=901574&original\\_query\\_string=ETA%20TRANSFER](https://safer.fmcsa.dot.gov/query.asp?searchtype=ANY&query_type=queryCarrierSnapshot&query_param=USDOT&original_query_param=NAME&query_string=901574&original_query_string=ETA%20TRANSFER).

31 Texas Secretary of State ("Panamex\_Incorporation.pdf").

32 2005 Texas Franchise Tax Public Information Report for Pan American Express, Inc. ("Panamex\_Texas PIR 2005.pdf").

33 2017 Texas Franchise Tax Public Information Report for Pan American Express, Inc. ("Panamex\_Texas PIR 2017.pdf").

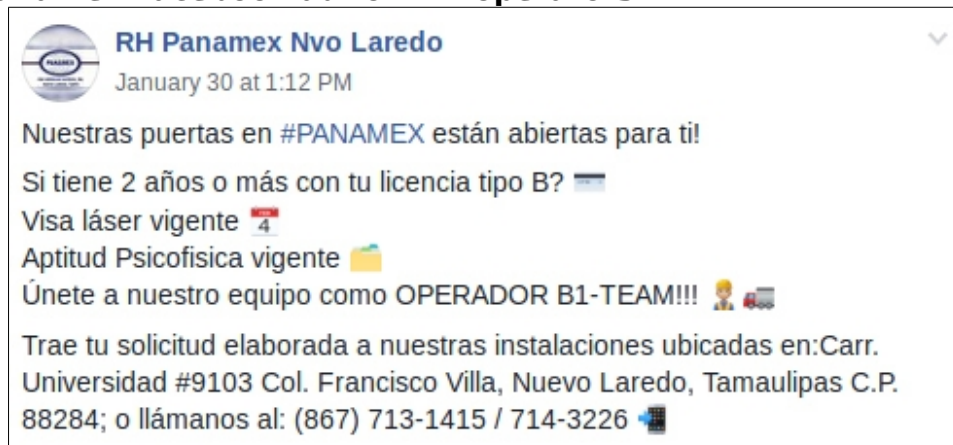
34 Ric Guardado LinkedIn profile, <https://www.linkedin.com/in/ricguardado/>.

Empower confirmed with two separate Panamex B-1 drivers that their payroll in Mexico for the company was paid through "Eduardo Tapia" or "ETA." ETA Transfer is registered as a Mexican carrier with the U.S. Department of Transportation, doing business as Eduardo Tapia Rendón.<sup>35</sup> The Nuevo Laredo address provided is not easily identifiable with any other Mexican company. A Texas company named ETA Transport, LLC was formed by Eduardo Tapia in 2009, but folded in 2016.<sup>36</sup>

B-1 drivers hired by ETA Transfer or Eduardo Tapia Rendón also mentioned "ZMF" or Zero Motor Freight as a partner company to Panamex. Indeed, as of 2017 this Texas company was run by President Ric Guardado, Vice President Kenneth Pellegrino and registered agent Arturo Volpe, and registered at the TSI terminal in Laredo.<sup>37</sup>

A Facebook page named "RH Panamex Nvo Laredo" (RH for *recursos humanos*, or human resources) advertised openings for B-1 operators in January 2019.

**Figure 2. Panamex Facebook ad for B-1 operators**



The same Facebook page has also published ads that name ETA Transfer as an employer. While Panamex advertises for both B-1 operators and transfer drivers, drivers indicate that Eduardo Tapia Rendón, doing business as ETA Transfer, hires Mexican nationals for both positions, given that Panamex is a U.S.-domiciled carrier and therefore unable to directly hire B-1 drivers.

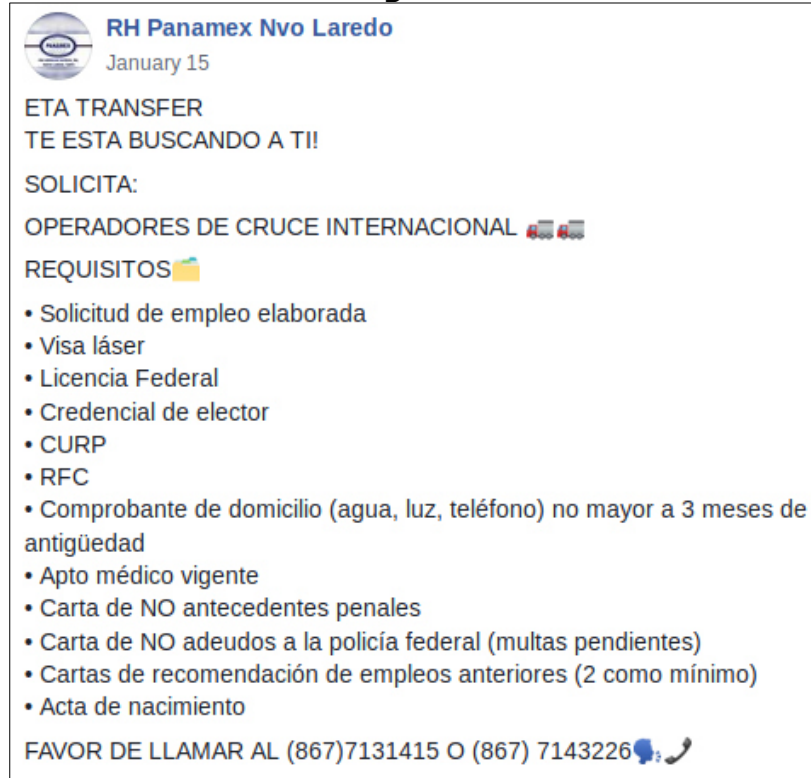
<sup>35</sup> U.S. DOT company profile for ETA Transfer, [https://safer.fmcsa.dot.gov/query.asp?searchtype=ANY&query\\_type=queryCarrierSnapshot&query\\_param=USDOT&query\\_string=901574](https://safer.fmcsa.dot.gov/query.asp?searchtype=ANY&query_type=queryCarrierSnapshot&query_param=USDOT&query_string=901574).

<sup>36</sup> Texas Secretary of State ("ETA Transport Formation.pdf" and "ETA Transport Tax Forfeiture.pdf").

<sup>37</sup> 2017 Texas Franchise Tax Public Information Report for Zero Motor Freight, Inc. ("Panamex\_Texas PIR 2017.pdf").



**Figure 3. Panamex Facebook ad naming ETA Transfer**



It should be noted that TSI owner Kenneth Pellegrino is a member or administrator of various other companies in Texas, all of which have an address at TSI or Pan American Express terminals.

**Table 3. Texas companies in which Kenneth Pellegrino is an administrator**

Company	Kenneth Pellegrino title
TSI Equipment, Inc.	President and Director
Zero Motor Freight, Inc.	Vice President
Southwest Trailers, Inc.	Vice President
E.D.W. Trucking, Inc.	Vice President
Pan American Express, Inc.	Vice President
N.E.W. Associates, Inc.	President
Pellegrino Management, LLC	Member

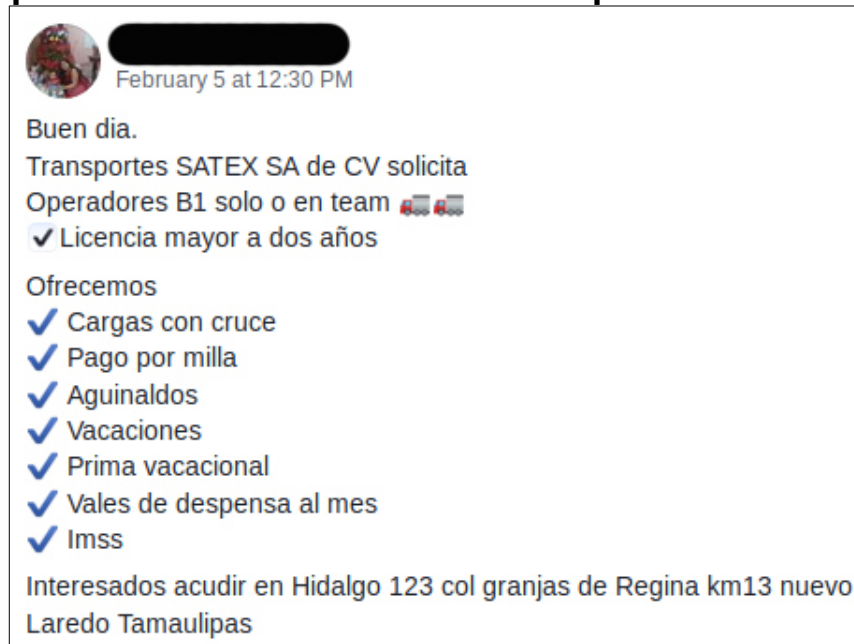
Source: Texas Secretary of State

### **Transportes Satex, S.A. de C.V.**

Since 2017, TSI International Fleet Manager Edgar Eliud Treviño Mora has been a legal representative for Transportes Satex, S.A. de C.V., a company that posts Nuevo Laredo job openings for B-1 operators on Facebook. A new associate, Alejandro Cañedo Judd, joined the company as sole administrator in 2015, listing the TSI terminal in Nuevo Laredo as his address.<sup>38</sup>

<sup>38</sup> Documents from corporate registry of Nuevo Laredo, Tamaulipas ("SATEX\_ 2015 New Associate.pdf").

**Figure 3. Transportes Satex Facebook ad for B-1 operators**



Empower has not confirmed what business relationship, if any, exists between TSI and Transportes Satex.

## 3.2. Celadon Group, Inc.

Celadon Group Inc. ("Celadon") is based in Indianapolis, with a terminal in Laredo. Its largest subsidiary in Mexico, Servicios de Transportación Jaguar, S.A. de C.V., operates over 600 trucks.<sup>39</sup> Celadon operates a B-1 fleet of some 240 Mexican nationals from the same Nuevo Laredo location, composed of drivers who the company sets up as independent contractors with a company known as Jaguar USA in order to lease their services to Celadon in the United States.

- Total fleet size: 2,392 (Celadon); 600 (Servicios de Transportación Jaguar)
- Number of B-1 drivers: 240
- Wage rate per mile: \$0.26 solo; \$0.17 team

Celadon's B-1 driver arrangement was explained by former Celadon executive Kenneth Core in a deposition for *White v. Transportation Services, Inc. et al.*<sup>40</sup> Core, who himself appears in Mexico City corporate records as a former board member of Celadon subsidiary entities in Mexico, explained that Celadon ownership set up a Mexican company known as Jaguar USA specifically for hiring B-1 drivers, which, unlike Servicios de Transportación Jaguar, was not a subsidiary of Celadon, though it had overlap in ownership.

In a phone call to Servicios de Transportación Jaguar, an office employee did not provide much information but claimed that Jaguar USA drivers work for Servicios de Transportación Jaguar, naming Human Resource Manager Javier Belmares as the person to talk to about the B-1 fleet. Empower was not able to reach Belmares. Jaguar B-1 drivers consulted by Empower were vague about the exact company name on their paychecks.

### 2.2.1. Jaguar USA

Servicios de Transportación Jaguar posts ads for B-1 drivers as part of the "Jaguar USA Division," but as is the case with U.S. carriers that post ads for B-1 drivers, this does not necessarily mean that Servicios de Transportación Jaguar is the direct employer.

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<sup>39</sup> Servicios de Transportación Jaguar website, <https://jaguar.com.mx/es/el-transportista-lider-del-tlc-usmca/>.

<sup>40</sup> Civil Action No. 4:16CV-00138-JHM.



**Figure 9. Jaguar USA ad for B-1 drivers**

Source: Servicios de Transportación Jaguar Facebook page

Servicios de Transportación Jaguar, S.A. de C.V. is 75%-owned by Celadon Group, Inc., through another Mexican subsidiary named Celadon Mexicana, S.A. de C.V.<sup>41</sup> While Empower did not locate any company named "Jaguar USA" in Mexican corporate registries, incorporation and other documents were obtained for the aforementioned two companies and a firm named Servicios Corporativos Jaguar, S.C., which Celadon Group lists as a subsidiary.<sup>42</sup> As of December 2018, the board of Servicios Corporativos Jaguar, S.C. was composed of current Celadon Interim CEO Jon Russell and CFO Thomas Albrecht, as well as Rafael Alejandro Tellaeché Díaz, a Mexico City lawyer who coordinates the corporate structure of Celadon's subsidiaries and affiliated companies in Mexico. It should be noted that Kenneth Core, a former Celadon executive, recalled in his deposition for *White v. Transportation Services, Inc.* that one of the principals of Jaguar USA was a Mexico City lawyer named Rafael.<sup>43</sup>

One of the other individuals with power of attorney at Servicios Corporativos Jaguar, S.C. is Javier Belmares Hernández, Human Resources Manager at Servicios de Transportación Jaguar, who is in charge of "blindaje laboral" ("labor shielding" from labor-related lawsuits) at the company,<sup>44</sup> and whose name was provided to Empower in a phone inquiry about the Jaguar USA B-1 fleet.

Whichever Mexican entity is used to lease the services of B-1 drivers to Celadon, all evidence points to it being an entity set up by Mexico City lawyer Rafael Alejandro Tellaeché Díaz on behalf of Celadon Group.

<sup>41</sup> Celadon Group 2016 Annual Report, [http://www.annualreports.com/HostedData/AnnualReports/PDF/NYSE\\_CGI\\_2016.pdf](http://www.annualreports.com/HostedData/AnnualReports/PDF/NYSE_CGI_2016.pdf); Celadon disclosure statement from Civil Action No. 5:11-cv-99, 26 August 2011 ("Celadon Jaguar ownership statement.pdf").

<sup>42</sup> See documents "Celadon Mexicana SA de CV.pdf"; "Servicios de Transportacion Jaguar.pdf"; and "Servicios Corporativos Jaguar SC.pdf".

<sup>43</sup> Deposition of Kenneth Core ("TSI\_diverse case documents.pdf," p. 309).

<sup>44</sup> Javier Belmares LinkedIn profile, <https://www.linkedin.com/in/javier-belmares-66b50037/?originalSubdomain=mx>.

**Table 7. Board members of Servicios Corporativos Jaguar, S.C.**

<b>Board member</b>	<b>Position</b>
Jonathan Scott Russell	President
Thomas Steven Albrecht	Treasurer
Rafael Alejandro Tellaeché Díaz	Secretary

Source: Documents from Mexico City Public Registry of Property and Commerce ("Servicios Corporativos Jaguar SC.pdf")

Though he does not mention it in his two depositions for *White v. Transportation Services, Inc. et al*, Chris Giermanski, Vice President of International Operations at TSI, previously worked at Celadon as Director of Jaguar USA, where he "redesigned and implemented the current guidelines and work process for Celadon's International-based fleet Jaguar USA, consisting of 240 Mexican nationals operating within the United States under provisions in NAFTA allowing for the use of foreign drivers in the movement of international freight," as his LinkedIn profile explains.<sup>45</sup>

Incidentally, TSI International Fleet Manager Edgar Eliud Treviño Mora also worked for Jaguar as a B-1 driver in the United States, and before that as a B-1 driver for Swift subsidiary Trans-Mex, as he explained in his deposition for *White v. Transportation Services, Inc. et al*. The labor market for B-1 drivers in Nuevo Laredo is clearly supported by demand from companies that rely on similar labor contracting models set up by individuals such as Giermanski and Treviño Mora who know the sector and have experience in setting up these irregular, cross-border employment models.

<sup>45</sup> Chris Giermanski LinkedIn profile, <https://www.linkedin.com/in/christopher-giermanski-63043312/>.

### 3.3. PAM Transport, Inc.

PAM Transport is based in Tontitown, Arkansas, with a terminal in Laredo, a truck yard in Nuevo Laredo, and a Mexico office in Monterrey. The company advertises for B-1 driver positions on Facebook and elsewhere, which it hires through Transportes Especializados Mura, S.A. de C.V., a Mexican entity set up for purposes of driver outsourcing. One ad mentions that the company has a goal of growing its B-1 division to 300 trucks.

- Total fleet size: 1,729 tractors
- Number of B-1 drivers: 141
- Wage rate per mile: \$0.27 solo; \$0.16 team

**Figure 7. PAM Transport ad for B-1 drivers posted on Facebook**



**Laredo Job Fair**  
 America's Best Value Inn  
 Julio 20, 2018 10:00am-3:00pm

5240 San Bernardo Ave  
 Laredo, TX  
 956.721.4001  
 ORTEB@pamt.com  
 MONCV2@pamt.com (B1)

**WWW.PAMJOBS.COM**  
 APPLY NOW

**UNETE A NUESTRO EQUIPO**  
 Pam Transport, esta organizando una feria de trabajo para operadores profesionales y para todo interesado en serlo. Nuestro personal de reclutamiento, altamente capacitado, estará ahí, para responder sus preguntas y ayudarlo a comenzar el camino hacia una carrera exitosa. Habrá estacionamiento para camiones, se ofrecerán aperitivos y refrescos

**Propietarios de camion**  
 Laredo tiene un mercado muy fuerte para los que son dueños de su propio camion!!

- Millas y pago consistente
- Rutas disponibles garantizadas para correr hasta 3K
- Bonos de referencia
- Pago de Layover

**B1 Drivers**

- Rutas dedicadas
- Prestaciones de Ley
- Bono de seguridad y por referencia
- Pago de lay over
- Unidades 2016 Freightliners
- Todas nuestras cargas tienen cruce
- Road service en Nuevo Laredo y taller 7/24 Laredo Tx.
- Acceso a bascula antes de cruce a USA
- PrePass y TAG Transponder, Mx y USA

**BENEFICIOS DE SER PARTE DE PAM TRANSPORT**

**Millas, Sueldo, Familia**  
 Nuestra familia es lo mas importante, por eso mismo, cuando te unes a la familia PAM, valoramos el sacrificio que hacen de dejarlos y por eso mismo te brinda la oportunidad de correr mas millas para que puedas generar mas ingresos para ellos, asi mismo obtener bonos y premios.

**Seguridad y Estabilidad**  
 Nuestro programa B1 esta creciendo cada mes y tenemos una meta de cumplir con una flotilla de 300 camiones. Contamos con rutas dedicadas y OTR, nuestra participacion en Mexico nos facilita tener viajes de impo y expo para que tengan los viajes necesarios para operar legalmente sin arriesgar su visa.

In a February 2019 presentation to investors, PAM Transport described its B-1 Driver Program as part of its "approach to the driver shortage," through which PAM recruits "drivers from Mexico allowing additional sourcing of driver capacity."

**Figure 8. PAM Transport investor presentation, February 2019**

**Our Approach to the Driver Shortage**

- Dedicated business
- Regional relays
- High-density traffic lanes
- Heavy emphasis on bringing new drivers into the industry
- B1 Driver Program allows PAM to recruit drivers from Mexico allowing additional sourcing of driver capacity
- "Driver life-cycle" allows a driver to enter the industry, gain experience in largely dedicated lanes, and evolve to be an business owner through our very favorable Lease to Own program
- New equipment fleet provides safety, comfort, and reliability to driving professionals

Source: PAM Transport investor presentation, February 12, 2019, [https://www.pamtools.com/investor/PTSI\\_Investor%20Presentation\\_2019%2002%2012\\_medium.pdf](https://www.pamtools.com/investor/PTSI_Investor%20Presentation_2019%2002%2012_medium.pdf).

The resumé of Jared Dulmet, a former PAM Transport executive who was Vice President of Automotive and Dedicated from July 2017 to May 2018, states that during this time there he "started a division for B-1 drivers, a program allowing Mexican National drivers to service freight to and from the U.S."<sup>46</sup> Oscar Ramos, Assistant Vice President of Border Operations at PAM Transport, oversees the B-1 driver fleet from Laredo.<sup>47</sup>

### **Transportes Especializados Mura, S.A. de C.V.**

In a phone call to its Mexican offices, PAM Transport representatives confirmed the existence of a distinct hiring entity for B-1 drivers but would not provide further information. Two B-1 drivers for PAM Transport told Empower separately that their direct employer in Mexico is a company named Transportes Especializados Mura, S.A. de C.V. The company was incorporated in 2012 and sold in June 2018 to new ownership. It had previously belonged to Rafael Miguel Muzquiz Garza and Bernardo Muzquiz Aguirre of the state of Coahuila, former owners of a trucking company named Transportes Azteca de Occidente.<sup>48</sup> Muzquiz Garza was previously a delegate and spokesperson for the *Cámara Nacional del Autotransporte de Carga* (CANACAR), the national trucking industry group, in the coal region of Coahuila.<sup>49</sup>

**Table 5. Current shareholders of Transportes Especializados Mura, S.A. de C.V.**

Shareholder	Number of shares
Caminos Aridos, S.A. de C.V.	49
Julio César Torres González	1

Source: Incorporation documents from corporate registry of Monclova, Coahuila ("Transportes Mura\_2018 share sale.pdf")

<sup>46</sup> Jared Dalmut resume ("PAM\_Dalmut resume.jpg").

<sup>47</sup> Oscar Ramos LinkedIn profile, <https://www.linkedin.com/in/oscar-ramos-9294a415/>.

<sup>48</sup> State of Coahuila corporate records ("Transportes Azteca\_share sale.pdf").

<sup>49</sup> Enrique Ramírez, "Transportistas doblan las manos ante el Gobierno: Rafael Múzquiz Garza," Zocalo, 2010, [http://www.zocalo.com.mx/new\\_site/articulo/transportistas-doblan-las-manos-ante-el-gobierno-rafael-muzquiz-garza](http://www.zocalo.com.mx/new_site/articulo/transportistas-doblan-las-manos-ante-el-gobierno-rafael-muzquiz-garza).



Minority shareholder Julio César Torres González is a lawyer based in Monterrey, and majority shareholder Caminos Aridos, S.A. de C.V. is controlled by Víctor Manuel López Ramos.

**Table 6. Current shareholders of Caminos Aridos, S.A. de C.V.**

Shareholder	Value of shares (MXN)
Víctor Manuel López Ramos	999,960
Víctor Manuel López Valerio	25,000
Carmen Cecilia López Valerio	25,000

Source: Incorporation documents from corporate registry of Nuevo Laredo, Tamaulipas ("Caminos Aridos\_share sale.pdf")

López Ramos owns a number of companies in Monterrey and other northern states, including a labor outsourcing company named Seconsa Division Outsourcing, S.A. de C.V., which does not have any particular relation to the trucking industry.<sup>50</sup> Transportes Especializados Mura is also a labor outsourcing company, reorganized under a multi-layered ownership structure in 2018 for the apparent purpose of providing B-1 drivers to PAM Transport for long haul operations in the United States.

<sup>50</sup> Documents from corporate registry of Nuevo León ("Seconsa Outsourcing 2019 \_Share sale.pdf").

### 3.4. PGT Trucking, Inc.

PGT is based in Aliquippa, Pennsylvania, with a terminal in Laredo. The company has a "B-1 Services Agreement" with Mexican company Vito Contractors & Transportation, S.A. de C.V. for the services of Mexican drivers with B-1 visas in the United States.<sup>51</sup> The labor contracting agreement specifies non-exclusivity, but all available evidence points to an exclusive or near-exclusive relationship in practice. The Vito Contractors logo mimics the PGT logo, and both are displayed on PGT trucks.

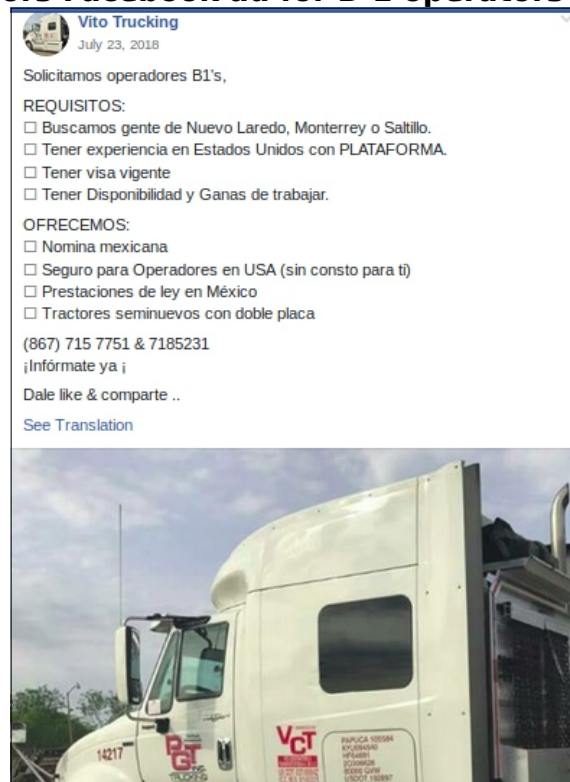
- Total fleet size: 952 tractors
- Number of B-1 drivers: 30
- Wage rate per mile: \$0.36 solo; \$0.18 team

The March 2015 B-1 Services Agreement cites a February 2015 "Truck Lease Agreement" whereby Vito Contractors employees "are allowed to operate [PGT] owned trucks between a point in Nuevo Laredo, TM area in Mexico and another point in the continental United States." The agreement establishes that PGT Trucking "is exempt and fully absolved from any legal obligations with any and all drivers assigned by" Vito Contractors, and the drivers waive PGT "of all legal, labor, civil, criminal rights within and/or outside of the United States of America."

### Vito Contractors & Transportation, S.A. de C.V.

Vito Contractors publishes Facebook employment ads for B-1 operators using images of PGT trucks.

**Figure 5. Vito Contractors Facebook ad for B-1 operators**



<sup>51</sup> B-1 Services Agreement ("PGT Vito services agreement.pdf").

The majority shareholder of Vito Contractors, Leonardo Armando Villa Martínez, is or has been a shareholder of a number of labor contracting companies in Mexico.

**Table 4. Shareholders of Vito Contractors & Transportation, S.A. de C.V.**

Shareholder	Number of shares
Leonardo Armando Villa Martínez	60
Leopoldo Del Toro Villarreal	30
Juan Guadalupe Montes Esquivel	10

Source: Incorporation documents from corporate registry of Nuevo Laredo, Tamaulipas ("Vito constitution.pdf")

Vito Contractors was founded in 2012, but the company's out-of-date website, deactivated in late 2018, notes that it began operating in 2003, "when we started to provide our service as IRTS, S.A. de C.V. to Swift Transportation, Inc. with an initial 3 years exclusivity agreement to provide more than 200 international truck drivers under NAFTA regulations."<sup>52</sup> "IRTS" is almost surely an abbreviation for one of Leonardo Armando Villa Martínez's other registered companies, International Recruiting and Training and Services, S.A. de C.V. However, the company is a distinct legal entity from Vito Contractors, meaning that when the company's archived website states that "we continue providing the same services to different transportation companies in the US,"<sup>53</sup> it may in fact be referring to distinct Mexican companies owned by Leonardo Armando Villa Martínez that provide similar client services. The out-of-date client list includes:<sup>54</sup>

- Swift Transportation, Inc.
- PGT Trucking, Inc.
- Codysur Trucks, LLC
- Southwestern Motor Transport, Inc.
- HB Trucking, LLC
- Unico Express, LLC
- Yarto Trucking, Inc.

It should be emphasized that the other carriers listed are significantly smaller than PGT Trucking, and the exclusive agreement with Swift Transportation has not been active for over a decade (Swift now has a fully-owned Mexican subsidiary, Trans-Mex Inc. S.A. de C.V, which has its own B-1 fleet; see below). The truck pictured on the deactivated Vito Contractors website, like those pictured in its Facebook ads for B-1 operators, features both the PGT logo and the Vito Contractors logo, which mimics the PGT logo. Vito Contractors appears to provide exclusive or near-exclusive labor contracting services for PGT Trucking.

PGT Trucking refers to "our B-1 drivers" on its Facebook page, despite the fact that the company cannot employ such drivers, implying a close and institutionalized relationship with a Mexican carrier, as reflected in the company's B-1 Services Agreement with Vito Contractors.

<sup>52</sup> Internet Archive Wayback Machine, <https://web.archive.org/web/20180823081857/http://vito-trans.com/about.php>.

<sup>53</sup> Internet Archive Wayback Machine, <https://web.archive.org/web/20180823081857/http://vito-trans.com/about.php>.

<sup>54</sup> Internet Archive Wayback Machine, <https://web.archive.org/web/20180823044953/http://vito-trans.com/services.php>.

**Figure 6. PGT Trucking Facebook post**



Further information about the relationship between PGT and Vito Contractors may be revealed in the discovery stage of *Mendoza v. Vito Contractors & Transportation, S.A. de C.V. et al* (filed 2018, Texas Western District Court), which concerns an accident that occurred while Samuel Medina, a Mexican national, was driving a PGT truck for Vito Contractors.<sup>55</sup> As of February 15, 2019, the discovery deadline for the parties had been extended to August 30, 2019.

<sup>55</sup> Civil Action No. 1:18-CV-00432-LY.



### 3.5. Swift Transportation Company

Swift, a subsidiary of Knight-Swift Transportation Holdings Inc., based in Phoenix, is a major employer of B-1 drivers through its fully-owned Mexican affiliate, Trans-Mex Inc., S.A. de C.V. Trans-Mex has employed B-1 drivers since at least 2007,<sup>56</sup> long before the company received FMCSA authorization in 2017 to operate beyond the commercial zone.<sup>57</sup> B-1 operators make up a smaller part of the Swift/Trans-Mex workforce than at other companies, but the company was among the first to set up a B-1 fleet. B-1 drivers are all Trans-Mex employees, but some haul loads for Trans-Mex in the United States, while others haul loads for Swift. Approximately 150 to 160 Swift/Trans-Mex B-1 drivers operate out of Nuevo Laredo, while another 50 are split between Tijuana, Mexicali, Nogales, and Ciudad Juárez.<sup>58</sup>

- Total fleet size: 15,898 tractors (Swift); 3,848 tractors (Trans-Mex)
- Number of B-1 drivers: 200-210
- Wage rate per mile: \$0.30 solo

Swift had an exclusive B-1 driver agreement with the Mexican company International Recruiting and Training and Services, S.A. de C.V. as early as 2003, before Trans-Mex was purchased by Swift in 2004. That company was run by Leonardo Armando Villa Martínez, currently majority owner of PGT Trucking's B-1 labor contractor in Mexico (see above).<sup>59</sup>

#### **Trans-Mex Inc., S.A. de C.V.**

Swift, through its fully-owned subsidiary Trans-Mex, advertises for B-1 driver positions on Facebook. The Trans-Mex B-1 fleet is based primarily in Nuevo Laredo, according to an online recruiter for the company. Swift coordinates directly with some B-1 drivers, despite the fact that they work for Trans-Mex.<sup>60</sup>

<sup>56</sup> Phone call with Trans-Mex fleet manager, March 2019.

<sup>57</sup> See also: Swift Transportation Investor Day Presentation 2013 ("Swift\_2013\_Investor\_Day\_Presentation.pdf").

<sup>58</sup> Phone call with Trans-Mex fleet manager, March 2019.

<sup>59</sup> Internet Archive Wayback Machine, <https://web.archive.org/web/20180823081857/http://vito-trans.com/about.php>.

<sup>60</sup> Resume of César Homero Saldaña Alanis ("Cesar Homero Saldana\_Swift B-1.pdf").

Figure 10. Swift/Trans-Mex ad for B-1 drivers

FORMA PARTE DE ESTE GRAN EQUIPO



TRANS-MEX

INC. S.A DE C.V.

Nuevo Laredo, Tam.



SWIFT

OPERADORES

REQUISITO INDISPENSABLE VISA LASER  
Y TARJETA FAST (NO MULTAS)

**REQUISITOS:**

- Licencia Federal tipo B
- Conocimientos en carreteras de Estados Unidos
- Experiencia en Nodrizas y/o Madrinas
- Comprobar con cartas últimos 7 años. Mínimo últimos 3 años manejando tractocamión con caja de 53´
- Documentación: Pago de último resello de Licencia, Examen Médico de la SCT, Cartas de recomendación de los últimos cinco años, Certificado de Antecedentes No penales recientes, Comprobante de domicilio reciente, credencial de elector, Comprobante del IMSS,
- Comprobante del último grado de estudios y Acta de Nacimiento.
- Alta ante Hacienda (R.F.C.) Régimen de sueldos y salarios.
- Correo Electrónico personal

**OFRECEMOS:**

- ☞ Pago por milla
- ☞ Prestaciones superiores a las de Ley.
- ☞ Excelente ambiente de trabajo

B1

**INTERESADOS: COMUNICARSE Y PRESENTARSE EN LA  
DIRECCION DE LIBRAMIENTO MEXICO II, KM 16.5, EJIDO EL  
PROGRESO, NUEVO LAREDO, TAMAULIPAS, TEL. (867) 890 4600,  
AT´N. LIC. JAIME QUIROZ Y GABRIELA MAYA EXTS. 890 4764  
Y 890 4767, LADA SIN COSTO 01800 715 0175**

Trans-Mex also operates extensively within Mexico, and approximately 850 drivers in Mexico have union representation through the *Sindicato Industrial Nacional de Trabajadores de Transportes y Anexos*, an affiliate of the *Federación Nacional de Sindicatos Independientes*.

Further information about the specific employment set-up for Swift/Trans-Mex B-1 drivers may be revealed in the discovery stage of *Dismukes v. Quintero Rodriguez et al* (filed 2018, Texas Western District Court).<sup>61</sup> The case concerns a Mexican national who was involved in an accident in the U.S. while driving for Swift/Trans-Mex. As of January 8, 2019, the discovery deadline for the parties was set for June 12, 2019.

<sup>61</sup> Civil Action No. 3:2018cv00344.

### 3.6. Select Dedicated Solutions, LLC

Based in Laredo, Texas, Select Dedicated Solutions has a "one of a kind specialized fleet dedicated to crossing the Mexican border," providing door-to-door service from Mexico to Texas, the Southeast, the Midwest, and the Northeast.<sup>62</sup> The company exclusively employs B-1 drivers through affiliate TCI-Select, a Mexico-based company.<sup>63</sup> Both the U.S.-based Select Dedicated Solutions, LLC and the Mexico-based Traslados de Carga Internacionales, S.A. de C.V. (TCI-Select) are majority-owned by Rubén Garibay Godines, born in Nuevo Laredo.<sup>64</sup>

- Total fleet size: 300 tractors
- Number of B-1 drivers: 600 (all team)
- Wage rate per mile: \$.0175 team

### Traslados de Carga Internacionales, S.A. de C.V. (TCI-Select)

TCI Select, based in Nuevo Laredo, is registered with the U.S. Department of Transportation, but has only two registered trucks; the company's primary function is to hire B-1 drivers for Select Dedicated Solutions. Select Dedicated Solutions was founded in 2008,<sup>65</sup> though the current LLC is the result of an acquisition in 2013,<sup>66</sup> and Traslados de Carga Internacionales was incorporated in Mexico in 2009.

**Table 7. Current shareholders of Traslados de Carga Internacionales, S.A. de C.V.**

Shareholder	Number of shares
Rubén Garibay Godines	99
Edgar Raguel Campos Zapata	1

Source: Incorporation documents from corporate registry of Nuevo Laredo, Tamaulipas ("Traslados de Carga Internacionales.pdf")

Unlike many other carriers with B-1 fleets, TCI-Select only hires team drivers. With approximately 600 drivers and 300 trucks,<sup>67</sup> and aiming for a fleet of over 600 trucks by 2022,<sup>68</sup> the company may be the largest employer of B-1 drivers in the Nuevo Laredo area. Its business model is almost solely based on B-1 drivers, though the company advertises online that it helps drivers get their H-2B visas if they are interested.

<sup>62</sup> Select Dedicated Solutions website, <http://selectds.net/services/regional/>.

<sup>63</sup> Select Dedicated Solutions website, <http://selectds.net/services/international/>.

<sup>64</sup> Select Dedicated Solutions website, <http://selectds.net/about-us/>; and incorporation documents from corporate registry of Nuevo Laredo, Tamaulipas ("Traslados de Carga Internacionales.pdf").

<sup>65</sup> Select Dedicated Solutions website, <http://selectds.net/about-us/>.

<sup>66</sup> Texas Secretary of State ("Select\_2013 amendment.pdf").

<sup>67</sup> Dispatch at Select Dedicated Solutions in Laredo.

<sup>68</sup> Select Dedicated Solutions website, <http://selectds.net/about-us/>.

Figure 11. Select Dedicated Solutions ad for B-1 drivers



# SOLICITAMOS OPERADORES

PARA 5TA RUEDA CON VISA B1



**¡¡¡¡ EXCELENTE  
INGRESO \$\$\$!!!**

*“Bienvenidos Operadores de Autobús”*

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**PARA ENTREGAS EN ESTADOS UNIDOS.**

**TCI SELECT**

In what appears to be a typo but may inadvertently reveal a business relationship, the Select Dedicated Solutions website refers to its dedicated division as "Celadon Dedicated."<sup>69</sup>

<sup>69</sup> Select Dedicated Solutions website, <http://selectds.net/services/dedicated/>.

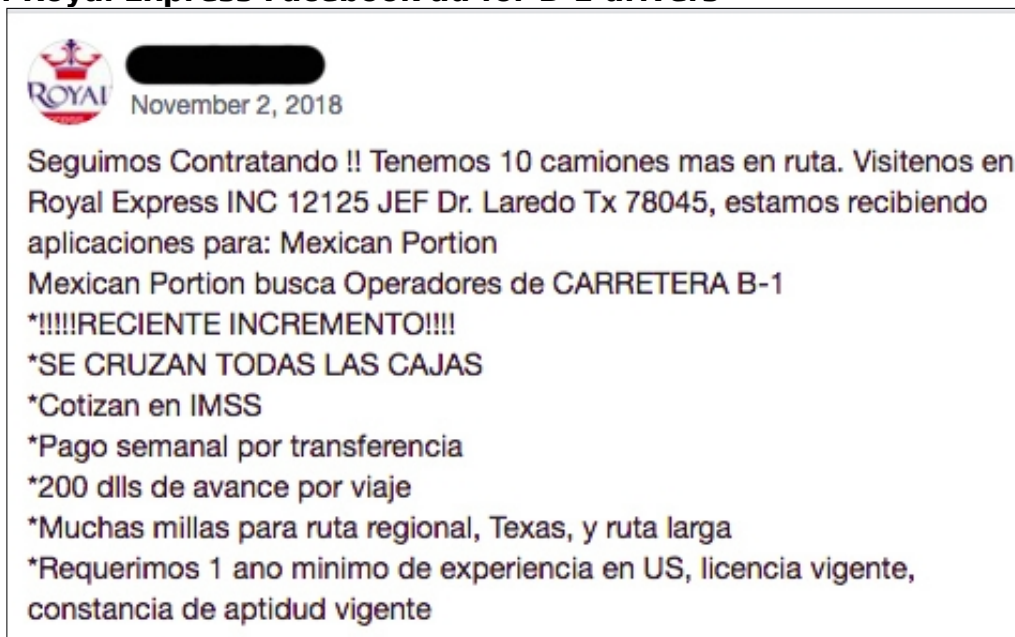


### 3.7. Royal Express, Inc.

Royal Express, based in Laredo, Texas, provides international cargo services using B-1 drivers hired by Mexican affiliate company Mexican Portion, S.A. de C.V. Mexican Portion is registered with the U.S. Department of Transportation, listing only two trucks. However, in a 2017 labor agreement, Mexican Portion lists 214 international B-1 drivers.<sup>70</sup> Like Select Dedicated Solutions and a number of other Laredo-based trucking companies, the business model of Royal Express is largely based on the hiring of B-1 drivers through affiliated Mexican companies.

- Total fleet size: 399 tractors
- Number of B-1 drivers: 214
- Wage rate per mile: \$0.26 solo; \$0.15 team

**Figure 12. Royal Express Facebook ad for B-1 drivers**



Gume Roberto Garza Pérez founded Royal Express, Inc. in 1999, using the pseudonym Gumerindo P. Garza.<sup>71</sup> A citizen of Mexico, he had falsified his identity using various pseudonyms for years, as revealed in a 2012 criminal case brought against him by the U.S. government.<sup>72</sup> In 1984, Garza obtained a Texas driver's license using the identity of U.S. citizen Gerardo Vásquez; in 1989 he was arrested and jailed under this false identity for possession of more than 50 pounds of marijuana; in 1994 he applied for a U.S. visa while concealing that he had used the identity Gerardo Vásquez, to cover up his ineligibility for naturalization;<sup>73</sup> and in March 2014 he was placed on probation for five years,<sup>74</sup> for which his probation officer requested early termination in 2016.<sup>75</sup>

<sup>70</sup> Mexican Portion contract ("Mexican Portion\_labor agreement.pdf").

<sup>71</sup> Personal Data Sheet from United States of America v. Gume Roberto Garza ("Gume Garza data sheet.pdf") and Royal Express, Inc. articles of incorporation, ("Royal Express\_Articles of Incorporation 1999.pdf").

<sup>72</sup> United States of America v. Gume Roberto Garza, Criminal Case No. 5:12-cr-01063-FB-1.

<sup>73</sup> Indictment ("Gume Garza counts.pdf").

<sup>74</sup> Judgment ("Gume Garza probation.pdf").

<sup>75</sup> Request for early termination (Gume Garza lawsuit\_company ties.pdf").

Gume Garza also controls the Texas companies GRT-Transportation, LLC and several related companies on both sides of the border,<sup>76</sup> as well as Freightsol LLC, which has a Mexican counterpart, Freightsolmex, S.A. de C.V.<sup>77</sup>

### **Mexican Portion, S.A. de C.V. and related companies**

Empower obtained a copy of the 2017 Mexican Portion labor agreement, which is signed by management, nine "Mexican highway operators" and some 214 "B1 international highway operators." The agreement outlines pay, benefits and other terms of employment including many clauses specific to B-1 operators in the United States.<sup>78</sup>

The majority shareholder of Mexican Portion, Marco Antonio Garza Pérez, is also a member of a U.S. company named US Portion LLC, headquartered at the same address as Royal Express, Inc.<sup>79</sup> Mexican Portion, Freightsol, and GRT are all located on adjacent lots in Nuevo Laredo and controlled by Gume Garza or his business associates.

**Table 8. Current shareholders of Mexican Portion, S.A. de C.V.**

<b>Shareholder</b>	<b>Number of shares</b>
Marco Antonio Garza Pérez	50
Ana Gloria González Pérez	50

Source: Incorporation documents from corporate registry of Nuevo Laredo, Tamaulipas ("Mexican Portion constitution.pdf")

**Table 9. Current shareholders of Freightsolmex, S.A. de C.V.**

<b>Shareholder</b>	<b>Number of shares</b>
Robert Gume Garza	50
Diana Aracely Vásquez Puebla	50

Source: Incorporation documents from corporate registry of Nuevo Laredo, Tamaulipas ("Freightsolmex\_Constitution.pdf")

**Table 10. Current shareholders of GRT-Transfer, S.A. de C.V.**

<b>Shareholder</b>	<b>Number of shares</b>
Carlos Alfonso Guzmán Cuellar	48
Alfredo Ramos Moreno	48
Yovana Barberena Benavides	4

Source: Incorporation documents from corporate registry of Nuevo Laredo, Tamaulipas ("GRT Transfer\_new shareholders.pdf")

Gume Garza also owns Palace Group, Ltd., and associated Texas companies.<sup>80</sup> In probation officer Patricia Albidrez's request for early termination of Garza's probation, she

<sup>76</sup> Corporate documents for GRT Move, LLC ("GRT Move LLC.pdf"); GRT-Transfer, S.A. de C.V. ("GRT Transfer.pdf"); and GRT Internacional, S.A. de C.V. ("GRT Internacional.pdf"). The Mexican affiliates are majority-owned by Gume Garza's associate Carlos Alfonso Guzmán Cuellar.

<sup>77</sup> Corporate documents for Freightsol, LLC ("Freightsol LLC\_Texas PIR 2018.pdf") and Freightsolmex, S.A. de C.V. ("Freightsolmex\_Constitution.pdf").

<sup>78</sup> Mexican Portion contract ("Mexican Portion\_labor agreement.pdf").

<sup>79</sup> US Portion LLC Texas Franchise Tax Public Information Report ("US Portion\_Texas PIR 2018.pdf").

<sup>80</sup> Palace Group Ltd. Texas Franchise Tax Public Information Report ("Palace Group Ltd\_Texas PIR 2018.pdf").

writes that he is "a successful owner of three tractor trailer companies Royal Express, Palace Group, LTD, and GRT Transportation."<sup>81</sup>

## 4. Conclusions

There is a growing job market centered around the Nuevo Laredo area for B-1 tractor trailer operators. This job market is the result of U.S.-domiciled trucking companies setting up outsourced fleets of Mexican drivers that lease their services to the same U.S. carriers at wage rates that do not meet U.S. industry standards. These cross-border employment arrangements are highly irregular and often involve the formation of non-subsidiary affiliated entities in order to avoid public scrutiny.

Some carriers set up large, outsourced B-1 fleets to lower labor costs and avoid liability for their international drivers, while other carriers have built entire companies around the competitive advantages provided by cross-border B-1 employment models. The consequences of the B-1 employment model include regular cabotage violations and the lowering of labor standards for long-haul truckers in the United States.

This report provides an initial investigation of key B-1 employers with the aim of shedding light on the practice. The companies themselves do not currently provide any significant transparency to the public on their cross-border employment practices and outsourcing partnerships, even when these constitute an important part of the companies' business models. The research in this report is based on legal, corporate and human-source research from disparate sources, which is currently the only means to gain an understanding of this growing job market's impact and defining characteristics.

While the companies profiled in this report are a representative sample, they are by no means the only ones engaging in irregular cross-border employment practices. An increasing number of trucking companies are setting up similar outsourcing arrangements in the U.S.-Mexico border region out of public view, with the express aim of lowering labor costs and outsourcing liability to foreign employers.

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<sup>81</sup> Request for early termination (Gume Garza lawsuit\_company ties.pdf).