

## Resurrection: BusBank rises from industry dog house

A few years back, bus brokers were about as popular with motorcoach operators as a flat tire in a snow storm.

It seemed like everyone was complaining about them.

Operators complained of having to wait months for their money or not getting paid at all.

Customers complained about

coaches they ordered showing up late or not showing up at all.

And industry trade groups complained the brokers were tarnishing the public image of the entire charter bus industry.

In the middle of it all was The BusBank, a high-profile Chicago broker that was a frequent target of the critics, many of whom threat-

ened to never do business with the company again.

Now, after surviving the onslaught of complaints and a series of other tragic and costly misfortunes — including a horrific bus fire that killed nearly two-dozen people, a multimillion dollar lawsuit, a bankruptcy filing and its founder departing — the company appears to have

regained its footing and just might be back in the good graces of many in the industry.

Much of the credit for the turnaround, according to those in the industry who have followed the company, goes to Lancer Insurance Co. and the vision of its president, David Delaney.

Delaney took an interest in the

fledging company during a conference in 2002, when he ran into Bill Maulsby, who had started BusBank just a year earlier. He liked what he heard about the business and invited Maulsby to his New York office to discuss the possibility of Lancer becoming financially involved with the operation.

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## Rogue operators could be facing criminal charges

WASHINGTON — The federal government's top bus and truck safety administrator says criminal prosecution of egregious and flagrant safety violators remains an option enforcement officials may pursue.

And, suggested FMCSA Administrator Anne S. Ferro, such a prosecution may currently be under consideration in connection with a fatal crash on March 5, involving a motorcoach company that was operating without federal authority, without insurance, and in violation of previous FMCSA orders to halt operations.

"We will continue to pursue prosecution on these cases with every means available where illegal operations continue," Ferro told *Bus & Motorcoach News* in a



FMCSA Administrator Anne Ferro talks to a D.C. Metro Police motor carrier inspector during safety blitz adjacent to National Mall.

phone interview.

The FMCSA worked closely with the U.S. Department of Justice earlier this year before levying fines of nearly \$73,000 against

Cayetano Martinez, owner of Tierra Santa Inc., of Van Nuys, Calif., for multiple safety violations. (See July 15 *Bus & Motorcoach News*.)

The fines came nearly four

months after one of Tierra Santa's coaches crashed near Phoenix, killing 6 passengers and injuring 16.

The FMCSA cited Martinez

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## Fed safety blitz targets coaches

Hundreds of motorcoach operators across the U.S. had their coaches subjected to comprehensive safety checks in the days before and during the Labor Day holiday weekend as part of the Federal Motor Carrier Safety Administration annual national Passenger Carrier Strike Force.

FMCSA officials, working with inspectors from scores of state and local police agencies, conducted safety checks on motorcoaches, school and tour buses and shuttles at popular travel destinations from coast to coast.

Inspections were conducted at such popular destinations as Six Flags Great Adventure and Wild Safari in New Jersey; Atlantic City; Hersheypark in Pennsylvania; Cedar Point in Sandusky, Ohio; Kings Island in Mason, Ohio; and the Great American Ball Park in Cincinnati, Ohio.

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## Capital Trailways' Frank Montgomery dies in crash

MONTGOMERY, Ala. — One of the motorcoach industry's rising young stars, Frank Montgomery, president of Capital Trailways here, was killed early this month when the SUV he was driving crashed. He was 40 and alone in the vehicle.

Family, friends, employees, industry colleagues and business associates were stunned by the news, which swept the industry. Many characterized his untimely death as a pro-

found personal loss and an unsettling tragedy.

While Mr. Montgomery managed one of North America's largest motorcoach operations, it was his friendly nature, positive outlook, thoughtful leadership style, winning personality and grand smile that endeared him to many in the industry.

While he was a good-old boy from Alabama, and enjoyed having fun, he also was an accomplished businessman, an industry

leader, a giver and a family man.

Mr. Montgomery became widely known through a variety of industry activities, including being a director of the American Bus Association, a director and immediate past president of the Alabama Motorcoach Association, and a director of Trailways Transportation System. He also was this year's chairman of ABA Marketplace and a member of the executive committee of Trailways. His

companies were members of TRAX, the operator insurance consortium.

"This is a very sad day in our industry," said Victor Parra, president and CEO of the United

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Frank Montgomery

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# D.C. appeals court upholds 'trip permit fee' for D.C.

WASHINGTON — The controversial "trip permit fee" that the District of Columbia charges charter buses that visit the nation's capital has been upheld by the D.C. District Court of Appeals.

The court ruled that the regulation put in place in 2007 by the D.C. Council does not violate federal vehicle registration rules or federal interstate commerce laws.

The decision supports a lower court ruling issued two years ago in Superior Court, which was appealed on constitutional grounds

by the United Motorcoach Association and other industry trade organizations.

The ruling allows the D.C. Department of Motor Vehicles to continue requiring operators based outside of the district to either buy \$50, six-day permits for each coach they send into the district, or purchase apportioned registration tags in their home states so D.C. can receive some money from the cost of the tags and taxes.

"Frankly, it's a sad day when students and senior citizens must

pay more tax just to visit their nation's capital," said UMA Vice President Ken Presley. "Maybe it is time that Congress weighs in on this issue."

He said UMA said is reviewing the decision and will decide soon if it will continue to challenge the regulation in another court appeal.

"UMA feels both courts made errors in their assessments and our legal team will outline further strategies for the UMA board to consider," he said.

Presley said the latest court de-

cision was particularly disappointing because two courts now have found that D.C. is not compelled to grant free reciprocity to commercial vehicles that are licensed in other states.

In addition to arguing that the fee is unconstitutional, UMA contended that the alternative to purchase apportioned registration tags conflicted with the International Registration Plan (IRP), a reciprocity agreement in the United States and Canada that provides for payment of license fees on the

basis of total distance operated in all jurisdictions, including D.C.

UMA maintained that under the IRP, charter buses are not apportionable vehicles and D.C. may not require out-of-state carriers to apportion their vehicle registrations.

Had the court ruled that the trip fee was illegal, then the only alternative left for out-of-state operators would have been to purchase the apportioned registration tags, which UMA claims violates D.C. law that honors the IRP.

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# Oral arguments this month in charter rule dispute

WASHINGTON — Attorneys involved in the federal charter bus rule dispute over enforcement of the regulation in Seattle will appear in court here later this month for a crucial hearing.

Scheduled before the U.S.

Court of Appeals on Sept. 23 are oral arguments that will test a lower court ruling that declared as unconstitutional federal legislation that allows King County Metro to operate parking lot shuttles for the Seattle Mariners baseball team in vio-

lation of the charter rule.

The appeal was filed by the Federal Transit Administration, which is contesting the ruling won by the United Motorcoach and the American Bus associations in lawsuits they filed against the FTA over what has become known as the Murray Amendment.

The amendment is a provision that U.S. Sen. Patty Murray, D-Wash., added to a transportation funding bill that prohibits the FTA from using any funds to enforce the charter rule against King County

Metro, one of the public transit agencies serving Seattle.

U.S. District Ellen Segal Huvelle in June ruled that the amendment was unconstitutional because it denied private operators the right to petition the federal government for "redress of grievances."

In addition, she said even though the provision bans the spending of money to enforce the charter rule against King County Metro, it did not excuse the transit agency from following the charter rule.

The rule, which was negotiated in 2007 by representatives of both the private and public sectors of the industry, prohibits transit agencies receiving federal tax dollars from operating charters when a private carrier is available and ready to perform the work.

The appeals court later issued a stay of the decision, allowing King County Metro to continue to operate the game-day shuttles until a decision is issued in the appeals process. King County Metro halted the

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## Correction

An article in the Aug. 15 issue focusing on a company that is introducing a patented paint protection system to the motorcoach industry contained an outdated web address

for the company. Information about the company, PROtect Craft by Charles, and its paint protection product, called PPS, can be found at [www.captainprotect.com](http://www.captainprotect.com), or by calling (803) 242-8113.

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# THE DOCKET

## USDOT adopts new rule for drug testing

WASHINGTON — The U.S. Department of Transportation has issued a revised rule on drug testing for transportation workers — mainly drivers — that requires tests for more drugs.

The revamped rule, which takes effect Oct. 1, could classify as many as 8,000 additional transportation workers annually as illegal drug users, the USDOT said.

While it noted that the vast majority of over-the-road commercial vehicle drivers and other transportation workers do not engage in illegal drug use, the USDOT said the new rule “should

strengthen the deterrent effect” of its drug program because drivers will know they may be more likely to be detected even if smaller amounts of some drugs are found.

The revisions include adding initial and confirmation testing for ecstasy; lowering the initial and confirmation cutoff concentrations for amphetamines and cocaine, and new rules affecting heroin testing, including adding a new marker to identify heroin use.

The USDOT amended urine specimen-testing procedures to create consistency with many, but not all, of the new U.S. Depart-

ment of Health and Human Services requirements.

The new rule requires testing for 6-acetylmorphine, or 6-AM, an intermediate metabolite between heroin and morphine, present for a short time after using heroin.

Some of the rule changes also affect medical review officers’ training and procedures.

The USDOT received several comments asking that hair be tested instead of urine.

The Omnibus Transportation Employee Testing Act of 1991 authorizes the USDOT only to use

testing methods approved by the DHHS. So far, DHHS has not approved any specimen testing except urine.

### Form switch delayed

WASHINGTON — The U.S. Department of Transportation has extended the deadline to Jan. 1 to begin using updated alcohol testing forms.

The USDOT had mandated an Aug. 1 start date. However, after learning there were still lots of unused forms, the feds extended the start date to avoid wasting the current forms.

## (Finally) police may get radar in Pennsylvania

HARRISBURG, Pa. — A bill in the Pennsylvania House would allow local police to use radar to nab speeders.

Pennsylvania is the only state that prohibits municipal police from enforcing speed limits with radar. Since 1961, only state troopers have been allowed to use radar.

Rep. Josh Shapiro from Montgomery is sponsoring a bill that would change the state’s distinction. The bill — HB2513 — would permit local, full-time police officers who work for “full-service accredited police departments” to use radar.

Currently, local police are limited to electronic tools such as VASCAR, which determines a vehicle’s speed by measuring the time it takes to move between two points.

If signed into law, local governments would have the option of adopting an ordinance to approve local radar use.

Efforts to expand radar use in the state historically have struggled as opponents say the enforcement tool could be used to set up speed traps and generate revenue from tickets.

To guard against cities setting up speed traps, the bill would allow local departments to keep only 25 percent of the revenue from speeding tickets. The state would get half of the revenue while the remaining 25 percent would go to nonprofit agencies with accreditation programs for local police officers.

## Maryland to study transport funding

ANNAPOLIS, Md. — Maryland Gov. Martin O’Malley has named 20 people to a blue-ribbon commission assigned to come up with recommendations for reshaping how Maryland funds its transportation system.

The commission was created by the legislature in April in the face of declining revenue in the state transportation trust fund.

The panel is to deliver a preliminary report by Jan. 1.

## Texting rule continues on fast track

WASHINGTON — A federal rulemaking to ban text messaging by drivers of commercial vehicles has cleared another hurdle and could be completed within a matter of weeks.

The Federal Motor Carrier Safety Administration proposed texting-while-driving rule was delivered to the White House Office of Management and Budget late last month. That step puts the rule a notch closer to an already expedited publication date.

Officials had set a target publi-

cation date of Sept. 17 for the rule.

Through an anti-texting rule, the FMCSA proposes to:

- Prohibit using electronic texting devices by certain drivers while operating commercial motor vehicles in interstate commerce

- Provide sanctions for certain drivers convicted of texting while driving, including civil penalties and/or disqualification from driving commercial vehicles for a specified period

- Provide sanctions for CDL drivers convicted of violating a

state or local law or ordinance prohibiting texting while operating a commercial motor vehicle, specifically, a disqualification for a specified period from operating any commercial vehicle.

Earlier this year, the U.S. Department of Transportation issued guidance declaring that texting while driving was already banned under existing regulations. The proposed FMCSA rule will put an exclamation point on the issue.

U.S. Transportation Secretary Ray LaHood has been particularly

outspoken about texting and other forms of driver distractions. On Sept. 21, LaHood is scheduled to convene a second “summit” on distracted driving.

Meanwhile, other major FMCSA initiatives, including electronic onboard recorders and CSA 2010, also continue in the pipeline. Many in the trucking industry fear the proposed electronic onboard recorder rule will be significantly broader than Bush Administration proposals, forcing many more truck and bus operators to use them.

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## Economic measures present mixed bag to coach operators

Despite widespread economic pessimism, there are a few rays of economic sunshine to hearten motorcoach operators.

Consumer personal spending rose 0.4 percent in July, the biggest gain since March, the Commerce Department reported.

The increase was higher than economists' forecasts of a 0.3 percent rise. Spending had been flat in June.

An increase in consumer spending can foretell a rise in travel.

Consumer confidence improved in August, according to the latest Thomson Reuters/University of Michigan monthly consumer sentiment index.

The final index for the month rose to a 68.9 reading from 67.8 in July, which had been the lowest since November.

An improvement in confidence may portend increased consumer spending, which accounts for 70 percent of the economy.

At the same time, broader economic measures continue to show very slow economic growth. The U.S. gross domestic product rose at a revised 1.6 percent annual rate in the second quarter, down from an originally estimated 2.4 percent, the Commerce Department said.

Meanwhile, diesel fuel and gasoline prices continue to weaken as economic growth cools.

The national average price of retail diesel and gasoline declined last month, a trend that continued early this month.

Falling crude oil prices, rising petroleum inventories and bad news about housing suggest there

is no pressure to cause a sustained increase in the cost of U.S. refined fuel products.

The national average price of diesel remains around \$2.95 a gallon, the U.S. Department of Energy said. A year ago, the diesel average stood at \$2.668.

The price of crude started sliding after Aug. 3, when it closed at

\$82.55. Since then it has fallen to around \$72 a barrel.

The price of gasoline has fallen to around \$2.70 a gallon. The average price of gas was \$2.628 a year ago.

Earlier this year, the only factor unaccounted for that was keeping oil prices high was extreme speculation by large institutional

investors. There was much more supply than demand, but speculation drove up the price of oil.

Currently, hedge funds and other large investors have moved their money from oil speculation into other investments, reducing price volatility for crude oil and refined products.

The nation's inventory of ultra-

low-sulfur diesel fuel remains at a historically high level, roughly 109 million barrels, the greatest supply since the fuel standard switched to ULSD in the fall of 2006.

One news service said the last time total distillate stocks were this high was January 1983, shortly after the nation exited a severe recession.

## Mileage rules sent for review

WASHINGTON — The National Highway Traffic Safety Administration and the U.S. Environmental Protection Agency have sent their proposed fuel economy and emissions standards for over-the-road trucks and buses to the White House for review by the Office of Management and Budget.

Details of the proposal haven't been released and doubtless won't be until the rules have cleared internal bureaucratic hurdles.

In May, President Obama ordered the two agencies to cooperate on new rules that may establish fuel economy standards and cut carbon emissions for commercial buses and trucks. (See June 1 *Bus & Motorcoach News*.)

The Office of Management and Budget typically takes about 90 days to review rules, so details on the proposal could be made public before the end of the year.

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## Navistar urges 2010 engine recall

WARRENVILLE, Ill. — Navistar Inc. wants U.S. and California environmental regulators to recall 2010-USEPA compliant diesel engines — using selective catalytic reduction emissions technology — that Navistar says claims can be defeated by drivers.

Navistar said all 2010 SCR engines are “programmed to run without diesel emissions fluid, with the wrong fluid, with slush or frozen DEF, or with the system disconnected.”

The recall request was made in a 41-page letter to the U.S. Environmental Protection Agency in response to the agency’s plan to conduct a “thorough review” of its SCR guidance.

The EPA review plan was published in the Federal Register as part of a court settlement last month in which Navistar agreed to drop a lawsuit it had filed against the USEPA, seeking to block its 2010 emissions rules.

Navistar said SCR engines “must be fixed so they ‘never operate’ when those conditions exist.”

“If EPA and (the California Air Resources Board) do not require the recall of these vehicles and in-

stead explicitly or implicitly deem them to be lawfully certified, EPA and CARB will illegally relax the 0.20g (nitrogen oxide) standard preferentially for SCR-equipped engines,” Navistar wrote. “To relax the standard, EPA and CARB must conduct a rulemaking.”

Navistar, the only engine manufacturer using exhaust gas recirculation rather than SCR to meet 2010 emissions standards, said the agencies must refuse to certify additional engines until a full review is conducted.

While Navistar has been pursuing legal action against the 2010 emissions rules, the company also has been engaged in a boisterous verbal battle with other engine makers that are using SCR, claiming the technology is inferior.

Much of the verbal fight has been waged in the trucking industry where the engine stakes are enormous.

Last month, Daimler Trucks North America said in a widely distributed letter to the trucking industry that Navistar “intentionally confused customers with fear-mongering, deception and distraction.

“How can Navistar claim it’s

concerned about the environment while its proposed 2010 product spews two and a half times the 2010 NOx standard into the air we breathe every day?” asked Daimler in its letter.

So far, USEPA has declined comment on Navistar’s request and the debate over its SCR engine-certification process.

CARB, however, continues to insist that “SCR technology is a viable technology.” Still, both CARB and the USEPA have agreed to begin a “thorough review” of their policies regarding the operation of selective catalytic reduction-equipped heavy-duty diesel engines when diesel engine fluid tanks run dry.

In fact, CARB plans to develop its own SCR requirements, beginning with 2011 models.

“For 2011, we’re looking at shortening the mileage or hours in which a vehicle could operate without urea, by using water, or by tampering with the system,” said a CARB spokeswoman. “We are looking to push manufacturers to a shorter time than what was originally allowed by the 2009 EPA guidance.”

## Cummins coach engine validated for emissions

COLUMBUS, Ind. — Cummins Inc. has received certification from the U.S. Environmental Protection Agency and the California Air Resources Board for its new ISX11.9 diesel engine, which becomes available in motorcoaches this year.

The ISX11.9 is an expansion of Cummins’ heavy-duty engine line and has gone into full production.

Certification of the ISX11.9 means all Cummins on-highway engines meet the tougher 2010 USEPA emissions standards.

Specifically, Cummins said the ISX11.9 meets the emissions regulations for oxides of nitrogen and particulate matter of 0.2 grams and 0.01 grams per brake-horsepower-hour, respectively.

Cummins also said the ISX11.9 has greater reliability and durability that results from 10 years of advancements incorporated into the larger ISX15, a popular engine for over-the-road trucks.

The Cummins ISX11.9 utilizes common components with the ISX15, including an upgraded cooled exhaust gas recirculation

system, a single turbocharger, and a proprietary fuel system. Like other 2010 Cummins engines, the ISX11.9 utilizes selective catalytic reduction (SCR) technology to reduce emissions.

Cummins said the ISX11.9 has accumulated more than 1.44 million miles and nearly 19,000 hours of testing, both in-house and with customers.

### Cummins in DEF deal

NASHVILLE, Tenn. — Cummins Filtration and Valvoline announced an agreement to distribute diesel exhaust fluid.

Fleetguard Valvoline Air Shield DEF is being offered through Cummins and Valvoline distribution channels in the U.S. and Canada.

Diesel exhaust fluid is required for the selective catalytic reduction systems used to meet U.S. Environmental Protection Agency diesel engine emissions’ regulations introduced this year. Diesel engine builders, with the exception of Navistar, are using selective catalytic reduction to comply with the regulations.

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# N.Y. MTA lavishes overtime even as fare increases loom

NEW YORK CITY — Overtime costs are out of control at New York MTA — increasing 26 percent during the past four years — even as the agency prepares to levy fare hikes in 2011 and again in 2013, an audit shows.

From 2005 to 2009, overtime increased from \$468 million to \$590 million. And last year, 147 employees received overtime payments that exceeded their annual salaries.

The workers have been able to fatten their checks because of generous — and antiquated — union work rules.

“The MTA has not effectively managed and controlled its overtime costs,” said New York State

Comptroller Thomas DiNapoli, who authored the audit.

“Rather, there has been a culture of acceptance among MTA managers regarding overtime, and no efforts were made to make significant changes.”

His investigators said they found “serious flaws” in the way staffers at the agency’s headquarters accept overtime charges.

The audit also found:

- More than 3,200 MTA employees receive overtime pay equal to half their annual salaries.

- A major amount of overtime was spent on replacing sick workers, without determining whether a replacement was needed.

- “Unjustified or undocumented” work for 77 percent of overtime requests.

ed” work for 77 percent of overtime requests.

In the final finding, the comptroller concluded there was sometimes no justification for work to be done on overtime and that some of the overtime hours weren’t documented as actually worked.

For example, a supervisor at a bus maintenance shop booked 2½ hours of overtime on two separate days before his staff arrived — but no one could verify he was there, DiNapoli said.

Overall, DiNapoli said his auditors found \$56 million in potential overtime savings for the MTA.

MTA officials say they have begun attacking the problem.

In fiscal 2010, the agency said

it saved \$22 million in a crackdown on overtime — mostly by looking at union productivity and how sick workers are replaced.

Those savings are expected to increase to \$60 million in 2011 and the out years.

“The comptroller’s audit confirms what we reported earlier this year and reinforces the need for the aggressive actions we’re taking to reduce unnecessary overtime,” the MTA said in a statement.

“We will do our part, but active participation from our labor unions is the only way to make the type of impact we all want.”

The audit cites the case of Long Island Railroad track foreman Vincent Mazzola. Mazzola

makes a \$82,249 base salary but, in 2009, earned \$148,459 in overtime — allowing him to bring in \$230,708 total for the year.

A train car repairman received \$142,857 in overtime pay, equal to 220 percent of his \$64,865 annual salary.

Private motorcoach operator Bill Schoolman, CEO of Hampton Luxury Liners and Classic Coach in Bohemia, N.Y., sued the MTA and New York state last December over a new payroll tax that is being used to shore up of MTA financially.

Since then, Nassau County (N.Y.), the towns of Southampton, Southold, Brookhaven and Smithtown, and the William Floyd School District have filled similar lawsuits.

## Report: State highways improving Study: Rural highways ignored

WASHINGTON — The nation’s state highways are in the best shape they have been in nearly 20 years, says a new report.

The annual study by the Reason Foundation, a Los Angeles-based, libertarian think tank, credits states with making progress in improving their highways and decreased wear and tear as commuters and commercial truckers drove less during the recession.

“Lo and behold, we’ve actually been making slow but steady progress on most performance measures,” said report author David Hartgen, professor emeritus of transportation studies at the University of North Carolina-Charlotte.

The study says states did a better job of maintaining and repairing roads and bridges in 2008, the most recent year for which complete data are available.

“Human nature focuses on the pothole rather than the couple of miles of smooth pavement in front of and after the pothole,” Hartgen says.

During the past 25 years, the U.S. has added just 4 percent new capacity, but more than 100 percent more traffic.

The nation’s aging highway infrastructure was put in the spotlight after the Aug. 1,

2007, collapse of the Interstate 35W bridge over the Mississippi River in Minneapolis. The collapse killed 13 people and injured 145.

The report comes as activists and road builders are urging Congress to act on a delayed multiyear highway and public transit funding bill. The current multiyear federal law authorizing funding of highways and transit expired last September. Congress has approved a series of short-term extensions.

New billboards alongside highways in South Dakota and South Carolina say: “Sick of Aging Roads? Tell Congress to Act!”

Two transportation and business coalitions that erected the billboards plan similar campaigns in Illinois, Iowa, Maryland, Michigan and Tennessee.

The new Reason Foundation report is “a snapshot of a small slice of our transportation network,” says Alison Black, senior economist with the American Road and Transportation Builders Association, noting that the 779,735 miles of state roads account for only 19 percent of the nation’s network of more than 4 million miles.

She says the U.S. faces an annual shortfall of \$28.5 billion in what’s needed to maintain about 1 million miles of federal roads.

WASHINGTON — The American Association of State Highway and Transportation Officials says it’s unfair to continue ignoring the needs of America’s rural highway system.

Rising congestion at popular tourist destinations, emerging cities that are not connected to the Interstate system, and inadequate roads to serve growing agricultural and energy output all require immediate attention and investment to ensure that America’s rural areas stay connected, said the association.

Yet, according to the association, too often policy discussions overlook the need to improve connectivity and mobility outside metropolitan areas.

In a new report released last month, Connecting Rural and Urban America, association researchers found that more investment is needed in America’s rural transportation system to improve access for the travel, recreation and tourism industries, plus a host of other reasons.

“Improving connectivity and mobility for the 60 million Americans who live in rural areas is just as important as improving mobility for those who live in metropolitan

areas,” said John Horsley, executive director of the American Association of State Highway and Transportation Officials.

“Rural states are essential to the nation’s success, not only to meet the needs of their own citizens but also to maintain their part of the national network on which the U.S. economy depends.”

The AASHTO report offers a three-point plan to assure the connectivity of rural and urban America.

1. Continue to fund rural portions of the Interstate system and other federal-aid highways that connect America.

2. Double federal investment in rural transit systems to meet rising demand.

3. Expand the existing capacity of the Interstate system, upgrade rural routes to Interstate standards, and connect newly urbanized areas to the Interstate system.

Key findings from the report include:

- Many of the nation’s most popular tourist destinations — including ski slopes, seashores, and national parks — experience significant traffic delays. Many of these destinations are not close to Interstate or national highway system routes.

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## Bus & Motorcoach NEWS

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# Bedbugs: A looming issue for the travel industry

The spreading scare talk about bedbug infestations in hotels and other public places is fast becoming an issue for virtually all segments of the travel industry, including motorcoach tour-and-charter operators.

News articles and television reports about bedbug infestations in different cities across North America have become commonplace.

The Ontario Motor Coach Association reports that its members have begun questioning it about what they need to do when customers ask about the issue.

The association is offering a few tips and recommendations.

First, it notes that the Travel Industry Council of Ontario, the provincial government's tourism regulatory body, has advised that there is an onus on travel providers to tell clients at booking that bedbugs might be an issue because it might affect their decision to travel.

It likens the warning to travel providers having to caution customers that a particular destination is a hotspot for mosquitoes that can transmit malaria.

It also is somewhat like other past travel issues in that one wants to find the proper balance in adequately informing but not needlessly alarming the traveler, the association said.

The association also says it may be a good idea for operators to contact the hotels where their passengers will be staying to determine what steps the hotels are taking to assure there are no bedbugs, or to minimize the chance of their presence.

"If and when questioned by the client, the operator has an answer," the association notes.

Practical suggestions offered by the association include recommending to customers when staying at a hotel to keep clothes in your suitcase rather than putting them into a hotel dresser, putting your suitcase on a suitcase rack rather than on the bed or floor, and carefully checking bed linens.

Bedbugs, a common household pest for centuries, all but vanished in the 1940s and 50s with the widespread use of DDT. But DDT was banned in 1972 as too toxic to wildlife, especially birds. Since then, the bugs have developed resistance to chemicals that replaced DDT.

Also, exterminators have fewer weapons in their arsenal than they did just a few years ago because of a 1996 law that requires older pesticides to be re-evaluated based on more stringent health standards.

The re-evaluations led to the restrictions on propoxur and other

pesticides.

Experts say it is going to take a comprehensive public health campaign, including public service announcements and travel tips, to reduce the bedbug problem.

People can get bedbugs by visiting infested homes or hotels, where the vermin hide in mattress-

es, pillows and curtains. The bugs are stealth hitchhikers that climb onto bags, clothing and luggage.

After the bugs were discovered this summer in a Times Square movie theater and some upscale clothing stores, New York City began a \$500,000 public awareness campaign.

Last month, the pest control company Terminix listed New York, Philadelphia and Detroit as the three most-infested cities, based on call volume to its 350 service centers. Ohio had three cities in the top 10.

A U.S. polling firm reported early this month that one in five

Americans (20 percent) says that recent news about bedbug infestations have caused them to change their plans to go to certain public places.

For tips for how customers can avoid hitchhiking bedbugs, go to [www.toronto.ca/health/bedbugs/avoidingbedbughitchhikers.htm](http://www.toronto.ca/health/bedbugs/avoidingbedbughitchhikers.htm).



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# Motorcoach Council targets expanded PR campaign

DENVER — Just over a year ago, the Motorcoach Council launched a grassroots consumer marketing campaign aimed at promoting motorcoach travel nationwide.

Late last month, *Bus & Motorcoach News* posed a series of questions to Motorcoach Council President Brian Annett of Annett Bus Lines in Sebring, Fla.

Here's what he had to say, including an announcement about a possible bold new initiative:

**Q. The Motorcoach Council's Get Motorcoachified campaign is a year old. What's the logical next step or phase for the council's promotional program?**

A. There's no question that our industry understands what the council and the Get Motorcoachified campaign are all about. Now the big push is to get our end users, the traveling public, to understand how beneficial motorcoach or bus travel can be.

There are changes upon us. For example, we can be proactive and tell the consumer about our services, or we can stick our head in the sand and be satisfied with the status quo. At the Motorcoach Council, we choose the proactive path that will lead our industry down the road of new opportunities.

**Q. How do you expect to execute such an effort?**

A. It won't be easy. In today's world of instant gratification, projects that take time to mature — such as this marketing initiative — can be a hard sell. There's no question that the time is upon us to stop talking about the Motorcoach Council to our own industry, and start talking to the end user about motorcoach travel.

We've successfully launched our Phase One marketing strategy, the Get Motorcoachified bus wraps, or rolling billboards, designed to speak directly to potential passengers traveling in cars.

We also have interviewed numerous ad agencies that just didn't fit, or were completely outside our budget. At this time, we are looking to expand our PR efforts, and leverage any 'earned media' and third-party reporting to help carry our message to the consumer.

**Q. Do you have a PR agency in mind that could help you do that?**

A. I am excited to say we have found a potential partner with an "a la carte menu" of PR opportunities that could move our industry to the next level in terms of public perception.

This agency understands what



Brian Annett of Annett Bus Lines in Sebring, Fla., and chairman of the Motorcoach Council, discusses council initiatives.

we're trying to do and the roadblocks we face while trying to achieve our goals. This agency has proven its willingness to work with the council by continually coming back with fresh ideas and new ways to get started with limited funds.

The agency continues to see potential in our efforts and many similarities to one of its successful grassroots campaigns — the campaign it orchestrated for the RV industry.

Today, our small, hard-working industry has the opportunity to partner with Barton Gilanelli & Associates (B&G), the firm that made "GoRVing" a national campaign.

**Q. What is the agency's track record and related experience? In other words, have they done this before and were they successful?**

A. Barton Gilanelli & Associates is known for results. Aside from the RV industry, B&G has successfully improved the image of such organizations as the Aircraft Owners & Pilots Association, Recreational Boating & Fishing Foundation and Cal Spas.

However, we feel we can draw the most parallels between the RV industry's program and ours. For the past 21 years, B&G has worked with the Recreation Vehicle Industry Association to transform its image from a déclassé mode of travel to a much more sophisticated status symbol.

Using an aggressive, proactive and consistent approach, B&G conveyed to the media and the public positive core messages

about RV travel, emphasizing the convenience, comfort and value of RVs. In an age of overworked, stressed-out Baby Boomers, these messages caught on to help drive RV market growth.

Before the current economic slump, RV sales reached levels not seen in the past quarter century. And not only did the market expand, it also attracted an ever-growing proportion of younger, more affluent consumers.

We hope that with Barton Gilanelli's assistance, we can increase positive awareness of our industry; enhance and improve the image of the motorcoach, and promote the luxury, comfort, convenience, modern amenities and green aspects of motorcoach travel.

**Q. What kind of results might such a campaign produce for the industry? How would you measure results?**

A. Using a national top-of-mind awareness program, B&G could help the council develop solid contacts at the highest levels of print and broadcast media, including TV producers, magazine editors and travel writers.

The relationships B&G has with the media have proven to be invaluable, enabling them to position their clients in a more positive light. In the case of the RV industry, recreation vehicles were repositioned as a terrific travel/leisure/lifestyle option for the whole family.

Motorcoaches must receive a similar facelift to not only get on

the radar of the traveling public, but to someday trump the other modes of transportation — trains, planes and personal automobiles.

With B&G's assistance, the council aims to generate an extraordinary volume of positive media coverage for our industry. The recreational vehicle association's broadcast highlights have included countless RV segments on every network morning show and evening news broadcast.

For eight years running, the cable channel HGTV has aired an annual one-hour RV special. The Recreational Vehicle Industry Association has enjoyed significant print coverage in such large-circulation publications such as *Time*, *Newsweek*, *U.S. News & World Report* and *Parade*, as well as in every major newspaper in the country, with stories crafted to appeal to various editors and audiences, including travel, lifestyle, business and sports. I can only hope that our industry could make such claims some day.

With industrywide support and nationwide operator involvement, we could become the next success story and generate some positive attention for our industry on the six o'clock news.

**Q. What would be the cost of such a campaign, and would it be as cost effective as, say, an advertising program?**

A. With Barton Gilanelli's new proposal, we can target specific media categories to aggressively pursue and generate coverage,

paying for results only after they occur in the mainstream media.

With "publicity a la carte," we hope to raise awareness for motorcoach travel that will translate into increased business for tour and charter operators.

We feel this is a tremendous no-risk opportunity to generate print, broadcast and online media stories about motorcoach travel, and it won't cost the council a dime unless we get coverage. But when we do generate results, payment must be made within 30 days.

I think we'd realistically need to have \$50,000 in funds readily available initially, and be willing to allocate a steady stream of capital toward this program over the years if we want to see results similar to the recreational vehicle industry's program.

**Q. How will the council pay for such a program?**

A. As a 501 (c)(6) not-for-profit organization, the council requires financial support to enable us to launch any new phase of our nationwide public awareness campaign. A PR effort such as this would have to be operator-driven, with added financial support from our industry's state, regional and national associations, in addition to the associate partners and strategic alliances we're building each day.

We've always intended to go mainstream with our mission, and hope that the industry will pull together to finance such an endeavor, knowing their financial contributions and participation in council-related programs will in the end grow their own business as we educate the traveling public and create the next generation of riders.

**Q. How can the industry get involved to support such an effort?**

A. There are a number of ways to get involved in the campaign today: financial contributions made to the campaign; participation in the coach vendor parts program; purchasing and displaying campaign bus wraps; strategic partnerships; our inaugural Silent Auction which will debut at UMA Motorcoach Expo in Tampa this winter, and other council-related programs and activities that transpire throughout the year.

For additional information on any of our programs, contact Heather Horton, the council's able executive director, at (720) 449-9000, or via email at [Heather@MotorcoachCouncil.org](mailto:Heather@MotorcoachCouncil.org).

Be sure to sign up for our bi-weekly campaign newsletter and visit our consumer site [www.GetMotorcoachified.com](http://www.GetMotorcoachified.com).

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## Safety blitz

CONTINUED FROM PAGE 1

“By taking the Passenger Carrier Strike Force to some of the nation’s busiest travel destinations, the Federal Motor Carrier Safety Administration will be able to reach a greater number of carriers and remove unsafe vehicles and drivers from the road,” said FMCSA Administrator Anne S. Ferro.

“This safety initiative is a crucial part of our efforts to prevent crashes and save lives.”

Another of the inspection sites was the National Mall in Washington, D.C., where Ferro showed up with other agency officials to observe the safety checks and to tout the initiative for local news organizations.

“We had some good media,” Ferro told *Bus & Motorcoach News*. “It was a great illustration for the media...of both the complexity of what these inspectors do, the risks they take, and the challenges bus operators face in insuring the integrity and safety of their equipment and their drivers.”

The safety sweep was conducted from Aug. 23 to Sept. 4.

On the day Ferro observed the inspections on the National Mall, coaches were randomly selected as they dropped off passengers in front of the U.S. Capitol. Drivers were directed to a side street where inspectors from the FMCSA and three capital police agencies had set up an inspection area.

The out-of-the-way site not only allowed for an assembly line-like inspection process but parking

space for coaches that were put out of service and required repairs or buses that needed to be towed because of safety violations.

Earlier this summer, the FMCSA conducted its annual strike force targeting drug and alcohol violations by bus and truck drivers. That sweep, which took place June 21 through July 2, resulted in 109 drivers being removed from the road.

A FMCSA spokeswoman confirmed to *Bus & Motorcoach News* that of the 109 drivers FMCSA officials took off the road, 12 were drivers with passenger endorsements. Eight were driving a bus at the time of the enforcement action.

“If you are a commercial driver or carrier operating in violation of federal drug and alcohol laws, we will remove you from our roadways,” said U.S. Transportation Secretary Ray LaHood.

“Parents deserve to know their children are being driven by bus drivers who are drug and alcohol free, and every motorist deserves to feel confident that the drivers of large trucks and buses are safe and sober,” said LaHood.

During the two-week blitz, FMCSA strike force investigators examined the drug and alcohol safety records of commercial drivers employed by bus and truck companies, including school bus drivers, interstate passenger carriers, hazardous material transporters and general freight long-haul trucking companies.

The 109 drivers identified in the sweep face the prospect of a



Safety checks are conducted near U.S. Capitol early this month.

monetary fine and being barred from operating a commercial motor vehicle for failing to adhere to federal drug and alcohol regulations.

Additionally, 175 commercial carriers face pending enforcement actions for violations, such as

using a driver who has tested positive for illegal drugs and for not instituting a drug and alcohol testing program. Both drivers and carriers can contest the alleged violations and the amount of the civil penalties.

## Criminal charges

CONTINUED FROM PAGE 1

for 19 counts of operating without federal authority, 21 counts of operating with minimum insurance and 24 counts of violating previous FMCSA orders to cease operations, plus an assortment of other violations.

“(Criminal prosecutions) are not out of the question,” said Ferro. “That’s the Department of Justice; that’s not within our authority. But, that is a partnership we continue to pursue. “I would just have to say we’re not done yet.”

The FMCSA’s handling of the Tierra Santa case has been criticized by some in the motorcoach industry who contend Martinez is a poster boy for criminal prosecution,

while others say the FMCSA has not been aggressive enough in pursuing rogue operators that are giving the entire industry a black eye.

Ferro said her agency continues to focus heavily on the passenger carrier sector with its inspection programs, as well as increasing the number of inspections. The expanded effort she said was not just aimed at boosting numbers but “in the focus on higher-risk carriers.”

She insisted that individuals who ride motorcoaches need to be better informed consumers, availing themselves of safety information about coach companies.

The FMCSA strongly encourages travelers considering passenger carrier transportation to visit the agency’s website and review carriers’ safety records at [www.ai.fmcsa](http://www.ai.fmcsa).

[dot.gov/Passenger/home.asp](http://dot.gov/Passenger/home.asp).

FMCSA also encourages the public to report unsafe carriers and incidents to its safety hotline at (888) DOT-SAFT, or online at <http://nccdb.fmcsa.dot.gov>.

Ferro also gave high marks to the Consumer Guide the United Motorcoach Association maintains on its website ([www.uma.org](http://www.uma.org)).

“I was impressed when Vic Parra (UMA president and CEO) shared with me the consumer database (BusRates.com) that UMA offers people to look at. I welcome every resource we can offer to the public to insure that they... can look into the safety of charter operations or transit operations they’re going to ride on, and that there are places for them to go to look,” she said.

## D.C. decision

CONTINUED FROM PAGE 3

UMA has for some time been urging operators who travel to D.C. to purchase the trip permits because police in the district are ticketing buses regularly and the

fine is high — \$500. Operators who misuse the permits by placing them on other coaches in their fleet can be fined up to \$1,000.

The warnings now have spread to Canada where Motor Coach Canada headlined its recent newsletter with ‘Welcome to D.C....

and here’s your \$500 fine for no trip permit.’

Permits can be obtained by going to [public.dmv.washingtondc.gov](http://public.dmv.washingtondc.gov) and clicking on “online services” on the right side of the screen, then click on “more online services” and then “trip permit.”

Ferro also said her agency is working aggressively to:

- Encourage more states to establish consistent bus inspection programs.

- Improve the consistency and quality of bus inspections at the state and local level.

- Improve the quality of data flowing from inspections, reducing errors and mistakes that reflect badly on operators.

“The agency has been engaged in a very aggressive data improvement process through actual grants to all of the state agencies that are conducting inspections around the country,” said Ferro.

“They are all being graded on the quality of the data they are submitting in those inspection reports, be it timeliness or thoroughness.

“There certainly are steps that are being taken (to improve the data and processes) and continued improvement is expected,” she added.



Anne Ferro

## Charter rule

CONTINUED FROM PAGE 3

shuttles when the initial ruling came down, but resumed them immediately after the stay was issued.

Although the amendment was specifically aimed at allowing King County Metro to run shuttles for the Mariners, UMA, the ABA and others in the motorcoach industry saw the move as a major threat to the two-year-old charter rule. Some federal lawmakers reportedly have been talking about trying to extend the amendment to their own cities and states.

A key argument in the legal dispute is the right of someone to challenge King County Metro for operating illegal shuttles.

UMA, in its appeals brief filed ahead of the oral arguments, emphasized that the amendment violates the due process clause of the Constitution because it denies a motorcoach operator access to the administrative process that FTA established for the contesting of an illegal charter operation by a transit agency.

“It is difficult to imagine any statute that could more obviously render the right to petition for redress of grievances a nullity — and empty constitutional promise,” the brief stressed.

The FTA, which opposed the amendment when it was first introduced, but now has to defend it, argued in its appeals brief that the amendment in no way restricts anyone from petitioning the FTA over the transit agency’s operating a charter.

“But the petition clause does not impose an obligation on the government to listen or respond to individuals’ communications complaints, even where the petitioner seeks redress for a claimed violation of a constitutional right,” the FTA filing said.

## Calendar

### SEPTEMBER 2010

**12-15 Virginia Motorcoach Association Annual Convention**, Doubletree Charlottesville, Va. Info: [www.vamotorcoach.org](http://www.vamotorcoach.org).

**27-30 Florida Motorcoach Association Appointment Show**, Innisbrook Resort and Golf Club, Innisbrook, Fla. Info: [www.floridamotorcoach.org](http://www.floridamotorcoach.org).

**29-30 BusCon Expo 2010**, Chicago. Info: Go to [www.busconexpo.com](http://www.busconexpo.com).

### OCTOBER 2010

**5 Bus & Motorcoach Academy Fall Semester Begins**, Registration info: [www.uma.org/academy](http://www.uma.org/academy).

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## BusBank back

CONTINUED FROM PAGE 1

A short time later, the two cut a deal in which Lancer purchased 5 percent of BusBank and loaned it money to help it grow.

### But there was a hitch.

"We found the company's business plan interesting and thought it could grow into a real business but, more importantly, we made our investment with the understanding that The BusBank and Lancer would enter into a strategic agreement that would have The BusBank give right of first refusal on charter orders to Lancer policyholders," recalls Randy O'Neill, a Lancer senior vice president and company spokesman.

He stressed that Delaney has always seen Lancer as not only an insurance company but also as a business partner determined to help its clients grow their operations.

"From the day we issued our first insurance policy to a charter bus company nearly 26 years ago, we have tried to send the message that we wanted our relationship with our customers to be different," he said.

"We thought our investment in The BusBank represented yet another opportunity to send that message. That through the strategic agreement we signed with The BusBank, our customers would see Lancer as a source of revenue, not just a premiere insurance company."

Between 2003 and 2005, BusBank's charter broker business soared, with its annual business more than tripling, going from \$6 million to \$20 million. Those big numbers prompted

Lancer to invest additional money in the company so it could continue to expand.

### Dark days

But then the trouble started.

The number of brokers in the industry was increasing dramatically and many of them were playing fast and loose.

They became avaricious bottom feeders. Searching for the cheapest operators and often canceling jobs just days ahead of a move when they found another operator who would do the charter for less. Often, operators were left high and dry and their coaches parked.

They also would book charters and hire operators who they promised would be paid after the jobs were completed. However, some of them began paying later and later and some never paid at all.

The BusBank got caught up in the payment issues as well, raising the ire of operators. "Get paid first" became a battle cry for the operators who made sure the problems they had with the brokers was discussed at every industry meeting they attended, and sometimes in the pages of *Bus & Motorcoach News*.

Already badly wounded by the complaints, The BusBank took an even bigger hit late in 2005 when a bus it booked to evacuate elderly nursing home patients from the path of Hurricane Rita along the Gulf Coast caught fire near Dallas. Twenty-three passengers died in the blaze that was traced to a faulty wheel bearing.

A multimillion dollar lawsuit followed and the high cost of defending itself sent the company into near financial ruin. The BusBank admitted to its investors that it was unable to

pay its bills, including about \$2 million it owed bus operators.

### To the rescue

"At Lancer, we had a tough decision to make and we ultimately decided to continue to financially support The BusBank," noted O'Neill. "We had become closely identified with The BusBank through our efforts to get our policyholders more involved with its business, and we didn't want to see our policyholders or, for that matter, the bus industry in general, get hurt financially."

To keep the company afloat, Lancer and two other shareholders agreed to loan the company up to \$3 million with the understanding that the broker's business operations would have to change dramatically and if the loan couldn't be repaid or refinanced after the Texas lawsuit was settled, then the three creditors would receive the right to do whatever was necessary to protect their investments.

However, when the lawsuit finally settled in 2008, there was more bad news.

The financial world had begun to crumble and by the time a memorandum seeking new investments made it to the financial marketplace, the economy was in a tailspin. Motorcoach bookings fell off, too, and business at The BusBank dropped from \$29 million in 2008 to \$18 million the following year.

Unable to cope with the downturn, The BusBank filed for bankruptcy reorganization in August 2009. At about the same time, Maulsby left the company, leaving Lancer, which by then had become the majority shareholder, with the task of rebuilding the compa-

ny. Eight months later, the company emerged from control of the bankruptcy court healthier and stronger.

Lancer brought in a new management team and put Senior Vice President Donald Di-Brita in charge of monitoring day-to-day operations. It also reorganized the national sales team, changed the way it works with bus operators and began developing a new business plan, which included a program to re-introduce Lancer customers to the new The BusBank team and build new relationships beyond Lancer policyholders.

"Our goal, is once again, representative of our initial excitement with The BusBank's original charter, namely, provide added value in revenue to our customers and provide opportunities to them that they otherwise may not find on their own," said O'Neill.

### Looking up

Five months out of bankruptcy, The BusBank is once again catching the attention of the industry. This time, in a good way.

"It appears that The BusBank has found the moral and ethical footing originally envisioned by the folks at Lancer," observed Ken Presley, vice president of United Motorcoach Association. "With their marketplace presence, and regaining the confidence of motorcoach operators, it is easy to envision that The BusBank will find its successful niche in the industry."

Added Godfrey LeBron of Paradise Travel in Hicksville, N.Y.: "Consumers are looking for the best possible value at the best possible price, and if The BusBank can target its business that way, then I think they can succeed."

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# How buying insurance can find you a new best friend

By Dave Millhouser

We were in a FlixBus VL100, cresting a pass above the tree line in Colorado when an emergency developed.

You only need to know two things to understand what happened next: FlixBus coaches did NOT have lavatories, and one teenage girl had not paid attention at lunch when the group was told there would be no civilized facilities for several hours.

When the driver asked if it was critical, she nodded vigorously, and he pulled over.

Since there was no shelter in any direction, the least humiliating solution to the problem involved a very large blanket and a lot of laughter.

Best guess is she learned a valuable lesson about paying attention and planning ahead.

Years ago, when the federal minimum requirement for liability insurance went to \$5 million we all thought it was a ton of money. Years have now gone by, things have changed, and \$5 million is be-

ginning to look like chicken feed. We need to pay attention to what that change might do to us.

Inflation has been part of the problem. The size of courtroom judgments is another. There are lots of others — but you get it.

When the damages awarded after an accident exceed the operators' insurance coverage, guess who pays the excess? When people sustain serious injuries, it can cost a ton to treat and sustain them, sometimes for a lifetime. A single serious injury could cost a couple of million, and there may be more than 55 people on a bus. The math is painfully simple.

In ye olden days when I was selling buses, we occasionally lent demonstrator coaches to customers. To protect ourselves we'd ask the customer to provide \$15 million in coverage. Most of the major carriers never blinked, and implied they had a ton more than that. Their owners had a lot at risk, and protected themselves.

They often wouldn't divulge their total coverage, in an effort to help evil lawyers avoid temptation.

Many operators look at insurance as an expense, something they pay for but hope never to use. As a result, they buy the minimum required by law, and hope for the best. Unless they're sitting on a pile of money, that may be akin to playing Russian roulette. Winning only maintains the status quo, losing is bloody.

One of the charms of our industry is that so many companies are family-owned businesses. The flip side of that equation is that when an operator fails it can take a whole family's hopes and dreams with it.

Some carriers hope the "corporate veil" will protect personal and family assets in a catastrophe. In today's litigious atmosphere, that gossamer veil belongs in Victoria's Secret, not as part of a real-world business plan.

It might be worthwhile to consider buying more insurance from a couple of different perspectives.

First, it's a bit like life insurance. It means your family, or whoever you're building the business for, will be protected. You

don't want to work hard for years and have it wiped out by a single bit of bad luck. In fact it's better than life insurance because you can HOPE that there will never be a payout.

When you're 93, and never had a claim, you can curse the idiot who wrote this column.

Second, if you pick the right insurer, insurance can become an investment. When a company has insured you for a ton of money, they're on your side, rooting for you, offering all sorts of training and advice. They will help you run a safer operation, and comply with the increasingly complex regulatory environment.

If you suddenly spot one of your coaches on Fox News, upside down, burning, and surrounded by alligators...you KNOW your insurer is going to be doing all it can to help you because they're on the hook, too.

It's a funny thing, the more they're on the hook, the harder they fight.

Years ago, the owner of a great Tennessee bus company paid cash

and picked up a new coach at the factory. He'd gotten liability insurance but decided he'd wait till he put it in service before adding comprehensive coverage. Risky but he made it home safely.

That night his building caught fire and many of the town's residents STILL remember the portly old gentleman sprinting down the main street towards the garage with his night-shirt flapping. He ran into the burning building, started the coach and drove it out, saving his investment at great risk to his safety -- and dignity.

Pretty sure that from then on he had adequate coverage from the moment he even thought about buying a bus.

Dave Millhouser is a bus industry marketing consultant and freelance writer. Contact him at his new email address: Davemillhouser@gmail.com.



Dave Millhouser

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## Frank Montgomery: A trio of tributes

Frank Montgomery. Larger than life! What a guy!

Frank was already one of our industry's most accomplished leaders. Most of us work into our 60s and 70s trying to accomplish what Frank did by age 40.

While working his way to the top of our industry, Frank came in contact with a lot of people. I'm sure every one of them liked him. He was so full of life and had a big smile on his face every time you saw him.

I could go on and on about his accomplishments in the motorcoach world, but I would like to talk about the man himself.

Frank gave of himself to his family, to his business, to his friends and to anyone who asked for his help.

He was just the kind of person you wanted on your side if you had a problem.

I was extremely fortunate to have a personal friendship with Frank. We spent many hours together having fun. It did not mat-

ter what we were doing. If you were with Frank Montgomery, you were having a good time.

I have many great memories of Frank and will miss having him as my friend.

— Charles Payne, Southern Charter Co., Trussville, Ala.

\* \* \*

Frank Montgomery was one of those guys who actually seemed to enjoy the bus business. He couldn't even frown without smiling at the same time.

To be sure, Frank had the same challenges as every operator but, oddly when those things came up in discussion he would kind of chuckle and say something like, "Yeah, how about that," as if problems and challenges were just something to ignore, go around, or solve now and move on.

Dwelling on the negative just didn't seem to be part of what made Frank.

Years ago, I wondered if Frank was perhaps inaccurately dismissing "real problems" through naive-

té. But I slowly learned Frank just had a unique way of prioritizing and focusing on the larger picture.

My association with Frank was informal. We served on the Alabama Motorcoach Association board of directors for nearly a decade, and would meet at various state and national industry functions. Occasionally we took a little time to "commensurate."

He was generous with his time to both friends and the industry. Those that knew him will remember him fondly — and that smile.

— Ken Presley, United Motorcoach Association, Alexandria, Va.

\* \* \*

Frank will truly be missed by us and all his friends in the industry.

We have suffered a great loss with Frank's death. His experience, integrity and leadership were an example to all of us.

We will always remember our friend, Frank Montgomery.

— Alan, Alyce, Jim and Barbara Thrasher, Thrasher Brothers Trailways, Birmingham, Ala.

ident and Phillips became chairman and consultant. About a year and a half later, Mr. Montgomery completed the purchase of the ownership interests of the companies' disparate group of 18 stockholders, including second- and third-generation descendants of his great-grandfather, becoming sole owner of the businesses.

Phillips, who as chairman has continued coming to the office daily, has now assumed a more active role in the management of the company with the death of Mr. Montgomery, and he is being supported by a dedicated cadre of experienced managers.

According to Alabama State Troopers, Mr. Montgomery was driving northbound on U.S. 231 when his SUV struck a guardrail and rolled several times. Mr. Montgomery was not wearing a seatbelt and was ejected from his vehicle and killed.

The crash occurred at about 12:20 a.m., and preliminary investigative reports indicated alcohol and speeding were factors in the crash.

### Survivors

Mr. Montgomery is survived by his wife, Debra; four children, Katelyn, Frank, William, and Kellie; the children's mother Suzanne Montgomery; his father Frank Montgomery Jr.; his mother Carolyn K. Montgomery; a brother Avery, and a sister, Susan Telford.

Memorial contributions may be made to the Boy Scouts of America, or to the First Baptist Church Caring Center, 305 S. Perry St., Montgomery, AL 36104.

ident of Capital Trailways and its sister companies, Colonial Trailways of Mobile, Ala., and Southern Trailways of Jackson Gap, Ala., about six years ago after rising through the company.

He also was president and owner of three affiliated companies, Capital Trailways of Huntsville (Ala.), Capital Trailways of (Jackson) Mississippi, and Capital Trailways of Columbus (Ga.), which opened this summer.

The Capital/Colonial Trailways group operates more than 90 motorcoaches, making it the 21st largest coach company in North America, according to *Metro Magazine's* latest ranking.

The companies trace their roots to 1930 and the purchase — by Mr. Montgomery's great-grandfather, Avery Austin Crow — of a pair of bus routes in Alabama and Mississippi that had been operated by Dixie Stages Lines. Late in 1930, Mr. Crow incorporated Capital Motor Lines to operate the routes.

Mr. Crow grew the company but he also died relatively young, at age 51. Mr. Crow's heirs retained ownership of the company and hired a succession of capable managers, culminating with Wayne Phillips, who became president in 1994.

Phillips managed the company through a difficult period but succeeded in strengthening its core businesses, Capital and Colonial Trailways.

It was Phillips who hired Mr. Montgomery, following his graduation from Auburn University.

In January 2005, Mr. Montgomery was named company pres-

## Frank Montgomery

CONTINUED FROM PAGE 1

Motorcoach Association. "I can't believe such a wonderful, dynamic leader in our business is gone. What a tragedy," Parra lamented.

"For those who knew, worked and interacted with Frank, how difficult it is to express the shock, sadness and the sense of ever-lasting loss one feels when someone with Frank's youth, personality, experience, leadership, vision and wonderful zest for life has ended so abruptly and unexpectedly," said Gale Ellsworth, president and CEO of Trailways.

"This is a significant loss for the bus industry," added David R. Brown of Holiday Companies in Randleman, N.C. "Frank was an excellent person and leader. His loss is going to leave a void.

"Personally, I am deeply saddened and in disbelief. Frank was such a vibrant and friendly fellow. It is just unbelievable to have lost him," said Brown.

"We are in a state of shock about the loss of our colleague and friend," noted Jason Hradek of National Transportation Insurance Solutions in Westlake, Ohio. "Our condolences go out to his family, the staff at Capital and Colonial Trailways, and the many industry friends Frank had."

Added Peter Pantuso, president and CEO of the ABA: "Frank was universally beloved by all who knew him."

### His career: All buses

Mr. Montgomery became pres-

## Frank Montgomery: At the end

By Alan Thrasher

I just returned from the funeral of Frank Montgomery in Montgomery.

It is hard for me to describe what it was like; surreal doesn't do it justice.

All of us have spent time at state association meetings, marketplaces and expos, socializing with exceptional people. Most of us get to know the spirit of the person from the free time together in the evening. Many knew Frank Montgomery from these special times. You couldn't spend time with Frank without getting to know him.

There were at least 30 coach industry professionals lining the walls of the chapel full of 200 family members, friends, drivers and employees. Many from the Trailways family, from California to Rhode Island, rushed to Alabama to pay respects to a true visionary of the brand. They sat surrounded by associates from our manufacturers and industry.

All wanted to be there for the funeral of a 40-year-old vibrant spirit with four children, two hometowns, five operations centers, not to mention the great-grandson of the 1930 company founder of Capital Trailways.

The loss to the coach industry is indescribable. Frank served the ABA, UMA, AMA and Trailways. He visited every state meeting in the southeast, just as he had served in every company position as he grew up. He served the greater good of the motorcoach industry nationwide, and had friends from everywhere there to prove that. Our loss will be felt for years, as

Frank was the young visionary we all want to be.

Frank proved to be larger than life as an emcee and host of industry events. His good nature radiated from the stage as he unabashedly served his Southern hospitality at industry events.

But, suddenly, his life ended in a tragic accident. He was ripped from ours lives so suddenly that the shock knocked the air out of many of us.

It was one of the saddest moments of our lives. Our professional lives are enhanced to know such as Frank Montgomery. Still very young, he had held and was expected to hold many more prestigious positions of influence in our industry. It was surreal to look around and see the industry that is normally so jovial be so full of unplanned grief. We sniffed our way through the service while a beautiful violin played an ode to his life. The words spoken were blurred by the overwhelming realization that he was gone.

As we filed out, there were two Trailways coaches parked out front, one bringing staff from Mobile, the other bringing fellow Alabama operators down from Birmingham. The Trailways coaches reminded us of where Frank had dedicated his professional life.

Afterward, I dropped by my church to pray that the Lord would take this guy to his eternal happiness. May God rest easy the wild, fun soul of the man we all knew as Frank Montgomery III, owner of Capital, Colonial, and Southern Trailways. We will always miss and remember him forever. Please keep his family and staff in your prayers.

## Operator Larry Hilts dies, owned Oneonta Bus Lines

ONEONTA, N.Y. — Larry M. Hilts, who for the past 17 years owned and operated a tour-and-charter bus company based here, died late last month. He was 66.

Mr. Hilts was president and owner of Oneonta Bus Lines, a 60-plus-year-old company he purchased in 1993. He also operated a tour company.

In addition to tours and charters, his bus company provides regular weekend commuter service from the Oneonta area into metropolitan New York City. It operates about a dozen coaches.

Mr. Hilts, who was born in Oneonta, was an avid New York Yankees fan and sports enthusiast. He was described as a man who

immensely enjoyed traveling, but loved his family, good jokes and a good time.

He was an Elk and member of the American Bus, United Motorcoach and National Tour associations, and the Bus Association of New York.

He is survived by his companion, Camilla Morris; sons, Jeremy Hilts, Robert J. Morris and Charles T. Morris; a brother James; a sister Kathy Hilts, and his mother Elizabeth Hilts.

A memorial in Mr. Hilts name has been established with Bassett Hospital Specialty Services, Attn: Dialysis Unit, 1 Associate Dr., Oneonta, NY 13820.

# Seatbelt rule is top topic at NAMO annual meeting

BOSTON — Pending seatbelt regulations were a hot topic of discussion at the 9th annual meeting of the National Association of Motorcoach Operators here last month.

During the legislative update session, Ken Presley, vice president of industry relations at the United Motorcoach Association, pointed out that while there would be noticeable short-term pain in implementing the proposed rules, it was his opinion that it would ultimately be good for the industry.

In recent years, he noted, there have been enough high-profile motorcoach crashes to erode the perception that the safest way to travel is in a motorcoach.

Support for these politically significant regulations will enable the industry to again tout its unparalleled safety record, Presley said.

Clyde Hart Jr., senior vice president for government affairs for the American Bus Association, generally agreed, but he pointed out that there were some potential “traps” in the proposed rules and in items still not addressed, such as potential retrofitting of seatbelts in

existing coaches. (See Sept. 1 and Aug. 15 issues of *Bus & Motorcoach News*.)

The topic arose again during the manufacturers’ update panel session, when it was pointed out that retrofitting seatbelts in the absence of government guidelines or standards would put both the operator and the retrofitter at serious risk in the event of an accident.

The National Association of Motorcoach Operators, often referred to simply as NAMO (namo), was founded 10 years ago by a group of ethnically diverse small and mid-sized carriers, to provide industry information, networking opportunities, and a platform to voice its unique viewpoint to politicians and regulators.

NAMO now number 60 operators spread throughout the U.S.

In addition to regulatory and manufacturers’ updates, educational sessions at the meeting also dealt with insurance and finance, with a number of coach builders and vendors participating.

During the event, Daryl G. Johnson of J&J Tours and Charters in



Crosby, Texas, was elected chairman, and Edward Mason of A.S. Midway Trailways in Baltimore, was named vice chairman. Johnson succeeds Gene Wright of B&W Charters, Kalamazoo, Mich.

Newly elected board members were Frank Farrow of Peter Pan Bus Lines in Secaucus, N.J., and Sara Hamlin of the Greater Birmingham (Ala.) Convention and Visitors Bureau.



Members of the National Association of Motorcoach Operators check out a new Volvo 9700 coach (at top) and attend education sessions (above).

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# Berg investment funds are target of FBI investigation

SEATTLE — The FBI has launched an investigation of the mortgage funds managed by motorcoach operator/fund manager Darren Berg.

At the same time, the court-appointed trustee for the mortgage investment funds established and managed by Berg has told a large group of fund investors that the way Berg ran the funds meets the definition of a Ponzi scheme.

Investors were promised a higher rate of return than on other investments. But subsequent investment money was used to pay off interest and redemptions for earlier investors, Mark Calvert told those attending the investor meeting. Additional money had to be raised to keep the funds going, he added.

"It didn't start out as a Ponzi scheme," Calvert later told the *Puget Sound Business Journal*.

"But it ended up that way."

In July, a federal bankruptcy judge appointed Calvert as trustee in the Chapter 11 bankruptcy of the Meridian Mortgage Investors Funds operated by Berg. (See Sept. 1 and Aug. 15 issues of *Bus & Motorcoach News*.)

Berg, in an interview with the *Puget Sound Business Journal*, said he knew Calvert was going to tell investors that what he was doing appeared to be a Ponzi scheme.

"I never set out to run a Ponzi scheme," Berg told the newspaper, adding that he doesn't know if he did or not. He blamed the collapse of the funds' mortgage investments for their financial problems.

Berg said two earlier Meridian funds fulfilled their investment goals and everyone who invested in them was paid back.

"We obviously were running a

very legitimate business," he said.

Meanwhile, the FBI is investigating the funds. An FBI agent attended the meeting of 375 fund investors, which was conducted on the campus of the University of Washington late last month.

Calvert said the agent did not discuss details of the investigation with investors.

The criminal probe by the FBI intensified late last month when about 30 federal agents arrived at Meridian Group's downtown Seattle headquarters and carted away more than 650 boxes of documents, according to the *Seattle Times*.

A grand jury has been convened to hear evidence, and Berg has surrendered his passport to authorities, Calvert told the *Times*.

Berg told the business journal he was cooperating fully with the FBI.

"You can't lose \$100 million in Seattle, Wash., and not have the FBI wonder what has happened to the money," Berg was quoted as saying.

Since 2001, Calvert said, the Meridian funds made unauthorized loans of \$32 million to MTR Western, the motorcoach company Berg operated in Seattle, Portland, San Francisco, Vancouver, B.C., and other western cities. Calvert said about \$21 million of the debt is still owed, according to MTR Western's books.

Using money from the funds, as well as that borrowed from bus industry lenders, Berg made MTR Western the fastest-growing motorcoach company in North America during the last decade. Calvert said MTR Western needed capital to finance its rapid growth.

Calvert said it is his intention, as well as that of Diana Carey, the Seattle attorney appointed as trustee in Berg's personal Chapter 11 bankruptcy case and who is overseeing MTR Western, to let the management of MTR Western continue to run the bus company and any excess cash flow to be returned to the fund investors.

Calvert said he's still trying to determine the value of the assets the Meridian funds hold and how much

investors can expect to receive as a result of the bankruptcy process.

At the meeting with investors, Calvert said they might see 15 percent to 20 percent of their money returned once the bankruptcy runs its course. That could mean total losses of around \$170 million for the 600 individuals or families who Calvert said invested about \$210 million in the Meridian funds.

In a financial statement Berg filed with the bankruptcy court late last month, he listed personal assets of \$13.4 million and debts of \$8.8 million.

Most of the assets were real estate, including a home valued at \$7.5 million; Seattle and San Francisco condominiums valued at \$1.6 million and \$1 million, respectively, and a 70-foot yacht valued at \$800,000.

Most of the debts were for loans related to the assets.

Early this month, PNC Bank of Pittsburgh said Berg had defaulted on \$6.4 million in loans on two corporate jets, according to a court filing in his personal bankruptcy case.

In suits filed by fund investors, Berg has been accused of using mortgage fund investments to, among other things, finance a lavish lifestyle.



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