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Legal Sidebar

Does Federal Law Preempt Negligent Selection Claims Against Freight Brokers?

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In the trucking industry, freight brokers serve as intermediaries that match clients who have cargo to ship with trucking companies that provide trucks and drivers to complete the shipment. When a truck crash involves a trucking company selected by a freight broker, injured parties sometimes sue the broker under state tort law on the legal theory that the broker acted negligently in selecting a company that the broker knew, or should have known, had inadequate safety practices. A provision in 49 U.S.C. § 14501(c) preempts certain state laws related to a freight broker's services, however, and federal appellate courts have disagreed over whether the provision preempts negligent selection claims. The Supreme Court is scheduled to consider the issue this term in *Montgomery v. Caribe Transport II, LLC*. This Legal Sidebar provides background on the relevant legal framework and circuit split, discusses the *Montgomery* case, and addresses considerations for Congress.

Background

Under federal law, trucking companies providing interstate transportation of property generally must register as a motor carrier with the Federal Motor Carrier Safety Administration (FMCSA) and comply with FMCSA safety regulations. Motor carriers that violate FMCSA safety regulations may face civil or criminal penalties. The FMCSA also may revoke a motor carrier's operating authority if the agency determines the motor carrier has unsatisfactory safety practices or has engaged in a pattern or practice of violating FMCSA rules or concealing non-compliance. Brokers who sell or arrange interstate transportation of property by motor carriers also must register with the FMCSA. Whereas the FMCSA has promulgated extensive safety regulations for motor carriers transporting cargo interstate, the FMCSA's regulation of freight brokers that sell and arrange such transportation generally focuses on the financial aspects of the broker's services.

A personal injury or wrongful death lawsuit arising from a truck crash may result in a damages award totaling millions of dollars. While federal regulations require registered motor carriers to maintain at least $750,000 in accident liability insurance (with higher amounts required for motor carriers that ship hazardous materials), many motor carriers are small businesses and may not be able to pay large damage awards that exceed their insurance coverage. In addition to suing motor carriers and truck drivers, parties injured in truck crashes sometimes seek to recover damages from freight brokers under state tort law.

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Although the particular cause of action against the broker may vary depending on the factual circumstances and differences in state law, negligently selecting a contractor is recognized as a tort in most states. Legal claims alleging that a broker acted negligently in selecting an unsafe motor carrier are often labeled as negligent selection or negligent hiring claims, and courts sometimes use the terms "negligent selection" and "negligent hiring" interchangeably.

Federal Preemption Principles

The Supremacy Clause of the U.S. Constitution (Article VI, clause 2) provides the basis for the doctrine of federal preemption, under which "state laws that interfere with, or are contrary to, federal law" are invalidated. Federal law can preempt state law in multiple ways. Federal law may impliedly preempt state law, but Congress also may enact legislation with language expressly preempting state law, as it did in § 14501(c). The Supreme Court has emphasized that Congress's intent is the "ultimate touchstone" of a statute's preemptive effect. In evaluating Congress's preemptive intent, courts look primarily to the statutory text.

49 U.S.C. § 14501(c)

Enacted as part of a series of legislative efforts to deregulate the trucking industry, § 14501(c)(1) specifies in part that:

> [A] State . . . may not enact or enforce a law, regulation, or other provision having the force and effect of law related to a price, route, or service of any motor carrier . . . or any motor private carrier, broker, or freight forwarder with respect to the transportation of property.

This provision preempts state laws related to a broker's services with respect to transporting property, but the subsection also includes express exclusions from preemption for certain state laws. Among other exceptions, § 14501(c)(2)(A) states in relevant part that the preemption provision in § 14501(c)(1) "shall not restrict the safety regulatory authority of a State with respect to motor vehicles." The Supreme Court has explained that Congress's "clear purpose" in enacting the safety exception was "to ensure that [§ 14501(c)(1)'s] preemption of States' economic authority over motor carriers of property . . . 'not restrict' the preexisting and traditional state police power over safety."

Circuit Split

All four federal circuit courts of appeals that have considered the issue as of this writing have agreed that state-law claims against freight brokers for negligently selecting a motor carrier are "related to" a broker's services "with respect to the transportation of property" and thus fall within the scope of § 14501(c)(1)'s preemption clause. The courts have split over whether § 14501(c)(2)(A)'s safety exception shields such claims from preemption, however. The U.S. Courts of Appeals for the Seventh and Eleventh Circuits (Seventh Circuit and Eleventh Circuit, respectively) have held that claims against freight brokers for negligently selecting a motor carrier do not fall within the meaning of the phrase "with respect to motor vehicles" in § 14501(c)(2)(A) and therefore do not qualify for the exception. In contrast, the U.S. Courts of Appeals for the Sixth and Ninth Circuits (Sixth Circuit and Ninth Circuit, respectively) have held that such state-law claims are encompassed by the "with respect to motor vehicles" phrase and exempted from preemption under § 14501(c)(2)(A).

Seventh Circuit

In *Ye v. GlobalTranz Enterprises, Inc.*, the Seventh Circuit held that § 14501(c) preempted a state-law negligent-hiring claim against a freight broker that had selected a motor carrier whose driver was involved in a fatal truck crash. The spouse of a motorcyclist killed in the crash had sued the freight broker

and the motor carrier, alleging that the broker acted negligently by selecting "an unsafe company with a history of hours of service and unsafe driving violations" as a motor carrier. In addressing preemption under § 14501(c), the *Ye* court concluded that the negligence claim "related to" the "service of . . . [a] broker . . . with respect to the transportation of property" for purposes of § 14501(c)(1). In the Seventh Circuit's view, the negligence claim against the broker "[struck] at the core of . . . broker services by challenging the adequacy of care the company took" in selecting the motor carrier to provide transportation. The court explained that permitting such negligent hiring claims would change how brokers conduct their services, including by "incurring new costs to evaluate motor carriers" and "hir[ing] different motor carriers than they would have otherwise hired without the state negligence standards."

After determining that the claim fell within § 14501(c)(1)'s preemption clause, the *Ye* court further held that § 14501(c)(2)(A)'s safety exception did not save the claim from preemption, because the claim was not within a state's safety regulatory authority "with respect to motor vehicles." According to the court, a state safety law is not "with respect to motor vehicles" for purposes of the safety exception unless it has a "direct link" to motor vehicle safety, and the link between the freight broker's services and truck safety was too attenuated. The court reasoned in part that Congress's decision to expressly reference brokers in § 14501(c)(1), while omitting any reference to brokers in the safety exception under § 14501(c)(2)(A), suggested that Congress did not intend for the exception to apply to brokers. The court also found it relevant that a separate provision preempting state laws related to brokers' *intrastate* services did not include a safety exception. The court found further support for its narrower reading of the safety exception in the broader statutory context of how Congress regulates motor vehicle safety, such as that federal regulation of motor vehicle safety focuses on "vehicle ownership, operation, and maintenance," while federal regulation of freight brokers focuses on "the financial aspects of broker services, not safety."

Eleventh Circuit

In *Aspen American Insurance Company v. Landstar Ranger, Inc.*, the Eleventh Circuit addressed § 14501(c) in the context of a negligent selection claim brought under state law against a freight broker that allegedly dispatched a client's shipment to a thief posing as a motor carrier. While not involving a truck crash, the Eleventh Circuit concluded that the negligent selection claim was "genuinely responsive to safety concerns" and thus within the "safety regulatory authority of a state" for purposes of § 14501(c)(2)(A)'s safety exception. Like the Seventh Circuit, however, the court determined that the state safety standard was not "with respect to motor vehicles" and therefore not saved from preemption under the safety exception.

Focusing on the statute's text and surrounding context, the Eleventh Circuit interpreted the limiting phrase "with respect to motor vehicles" as confining the safety exception to laws with a "direct connection" to motor vehicles. The court reasoned in part that any legal claim that relates to a freight broker's services for purposes of § 14501(c)(1) would necessarily have at least some indirect connection to motor vehicles, and that the limiting phrase would therefore have "no meaningful operative effect" if interpreted to cover laws with only an indirect connection to motor vehicles. After examining the statutory definitions of "broker," "motor carrier," and "motor vehicle," the Court ultimately concluded that claims against brokers are "one step removed" from motor vehicles and therefore not covered by the safety exception.

Sixth Circuit

In *Cox v. Total Quality Logistics, Inc.*, the Sixth Circuit disagreed with the Seventh and Eleventh Circuits' reading of the safety exception and held that a negligent hiring claim against a freight broker fell within § 14501(c)(2)(A)'s safety exception. Following a truck accident that killed her spouse, the plaintiff in *Cox* settled a negligence lawsuit against the motor carrier and truck driver, and then brought a separate lawsuit under state law against the freight broker for negligently hiring the motor carrier. The plaintiff alleged that

the broker acted negligently by disregarding publicly available safety information about the motor carrier on the FMCSA's Safety Measurement System, including the carrier's history of safety violations.

After examining the safety exception's "plain wording," broader statutory context, and relevant judicial precedent, the Seventh Circuit concluded that the negligent hiring claim fell within the safety exception and was not preempted. The court explained that there was "no way to disentangle" motor vehicles from a claim alleging that a broker failed "to exercise reasonable care in selecting a safe motor carrier to operate a motor vehicle on the highway," and that the common-law negligence claim was therefore "with respect to motor vehicles" for purposes of the safety exception. While the Sixth Circuit doubted that the safety exception requires a "direct" connection between a state claim and motor vehicles, as the Seventh and Eleventh Circuits had held, the court declined to decide that issue. The court did, however, determine that the plaintiff's negligent hiring claim in this case had a direct connection, in the event one were required. The court reasoned in part that § 14501(c)'s larger statutory context recognizes that motor vehicles are "core to the services provided by brokers," and brokers are "ultimately responsible for placing . . . motor vehicles on the road, even if those motor vehicles are driven and owned by a different entity."

Ninth Circuit

In *Miller v. C.H. Robinson Worldwide, Inc.*, the majority of a Ninth Circuit panel held that a negligent selection claim against a broker is encompassed by the phrase "with respect to motor vehicles" for purposes of § 14501(c)(2)(A), when the claim arises out of a motor vehicle accident. The plaintiff in *Miller* was injured when a truck transporting a shipment arranged by a freight broker crashed into his vehicle, and he alleged that the broker acted negligently in selecting the motor carrier. In determining that § 14501(c)(2)(A) excepted the negligent selection claim from preemption, the court relied on Ninth Circuit precedent holding that the statute exempts state safety laws that have even an indirect "connection with" motor vehicles.

In the dissenting judge's view, the "attenuated connection" between a broker's selection of a motor carrier and a motor vehicle crash is "too remote" to satisfy the safety exception. The dissenting judge also expressed concern that motor carriers are already subject to safety regulation at the federal and state levels, and that allowing the plaintiff's claim to avoid preemption would "inevitably conscript brokers into a parallel regulatory regime that required them to evaluate and screen motor carriers . . . according to the varied common law mandates of myriad states."

Montgomery v. Caribe Transport II, LLC

The petitioner in *Montgomery v. Caribe Transport II, LLC* suffered injuries when a tractor-trailer hit his own tractor-trailer while he was stopped on the shoulder of a highway. In addition to suing the driver of the other truck and the motor carrier that employed the driver, the petitioner brought a state-law negligent hiring claim against the freight broker that had arranged the other truck's shipment. According to the petitioner, the broker knew or should have known that the motor carrier had a history of safety problems, including hours-of-service violations, a high percentage of out-of-service vehicles and drivers, and a "conditional" safety rating from the FMCSA.

A federal district court in Illinois dismissed the petitioner's negligent hiring claim under Seventh Circuit precedent established in the *Ye* case (discussed above). On appeal to the Seventh Circuit, the petitioner conceded that *Ye* foreclosed his negligent hiring claim, but he argued that the court should overturn its *Ye* decision. The Seventh Circuit declined to overturn *Ye* and summarily explained that it found "no compelling reason" to revisit the case.

The Supreme Court granted certiorari in *Montgomery*, and the Court is scheduled to hear oral argument in the case on March 4, 2026. The petitioner's legal briefs focus primarily on arguing that the safety

exception shields state common-law negligent selection claims from preemption, and the petitioner asserts that the safety exception resolves the case without the need for the Court to address whether the claims fall within the scope of § 14501(c)(1)'s preemption clause in the first place. The petitioner also argues that, in the event the Court disagrees and interprets the safety exception to exclude negligent selection claims against brokers, then the Court should similarly adopt a narrow interpretation of § 14501(c)(1), such that negligent selection claims would not fall within the preemption provision. The respondent, in turn, argues that negligent selection claims against freight brokers are encompassed under § 14501(c)(1)'s preemption clause and are not saved from preemption under § 14501(c)(2)(A)'s safety exception.

The parties in *Montgomery* also emphasize that federal preemption of state common-law negligent selection claims against freight brokers may implicate significant safety and economic concerns in the trucking industry. According to the petitioner, preempting negligent selection claims will make roads less safe, because such claims "force negligent brokers to internalize the costs of putting unsafe drivers and carriers on the road" and thereby ensure that Congress's economic deregulation of the industry does not result in a "race to the bottom that achieves lower prices only at the cost of greater safety risks to third parties." Additionally, while the FMCSA may revoke an unsafe motor carrier's operating authority, the petitioner argues that freight brokers "often have more information about the safety risks posed by particular carriers and drivers than the federal government."

In contrast, the respondent argues that allowing the enforcement of state-law negligent selection claims against freight brokers would undercut Congress's economic deregulation of the trucking industry by subjecting brokers to a "patchwork" of state standards governing their business decisions about which motor carriers to hire. In the respondent's view, this would result in "fewer motor carriers competing for business," increased costs passed on to consumers, and a freight transportation industry that is "less accessible, less resilient, and more vulnerable to disruption."

Considerations for Congress

An eventual ruling from the Supreme Court in *Montgomery* may clarify whether § 14501(c) preempts state-law negligent selection claims against freight brokers. Congress has authority to regulate interstate transportation under the Commerce Clause of the U.S. Constitution, and Congress may choose to monitor developments in *Montgomery* and consider whether the eventual ruling in the case aligns with Congress's judgment about the types of state-law claims it believes should or should not be preempted as against freight brokers. If the Supreme Court interprets § 14501(c) as preempting state laws more broadly or more narrowly than Congress prefers, Congress could choose to enact legislation amending the statute's preemptive scope, such as by explicitly preempting or permitting state-law negligent selection claims against freight brokers. Congress also may choose to step in to enact legislation clarifying § 14501(c)'s preemptive scope even absent a ruling from the Court.

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