FEDERAL MARITIME COMMISSION

BEFORE THE FEDERAL MARITIME COMMISSION

MAC Industries Inc. DBA MAC Container Line
Complainant

Docket No. 25-29

v.
COSCO SHIPPING LINES CO., LTD. and
COSCO SHIPPING LINES (NORTH AMERICA) INC.
Respondents

FORMAL COMPLAINT

(Pursuant to 46 U.S.C. §§ 41301–41307 and 46 C.F.R. § 502)

I. Complainant:

MAC Industries Inc. DBA MAC Container Line ("MAC") a licensed NVOCC headquartered in California.

MAC is an S Corporation, located at the following: 971 Calle Negocio #100A, San Clemente CA 92673, P 949-273-4344, Brad Heier, Brad@maccontainer.com

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II. Respondent:

• **COSCO Shipping Lines Co., Ltd.**, ("COSCO")a vessel-operating common carrier subject to FMC jurisdiction.
• **COSCO Shipping Lines (North America) Inc.**, ("COSCO") COSCO's U.S. agent.

COSCO is a Corporation: COSCO SHIPPING Lines (North America) Inc.100 Lighting Way, Secaucus, NJ 07094
as Agents for
COSCO SHIPPING Lines Co., Ltd., No.378 Dong Da Ming Road, Shanghai 200080, China

James Houghtalin, jhoughta@cosco-usa.com

III. JURISDICTION

This action arises under the Shipping Act and OSRA 2022, including:

1. 46 U.S.C. § 41102(c)
2. 46 U.S.C. § 41104(a)(10)
3. 46 U.S.C. § 41104(a)(3)
4. 46 U.S.C. § 41104(a)(2)

The Commission has jurisdiction over all acts described herein.

LEGAL VIOLATIONS

1. 46 U.S.C. § 41102(c)

Unreasonable billing practices
• Billing detention when COSCO controlled equipment
• Misrepresenting DO status
• Refusing to provide required auction accounting

2. 46 U.S.C. § 41104(a)(10)

Unreasonable refusal to deal / retaliation
• Suspension of bookings
• Contract cancellation attempts
• Blocking rate access
• Cancellation of dozens of confirmed bookings
• Targeted commercial harm

3. 46 U.S.C. § 41104(a)(3)

Failure to honor service contract
• Attempting to cancel CHN26204 without cause

4. 46 U.S.C. § 41104(a)(2)

Unreasonable discrimination
• MAC singled out for retaliation
• Other customers unaffected

MAC Container Line appears through its President, Brad Heier, as set forth in the Notice of Appearance filed concurrently herewith.

IV. THE MATTER COMPLAINED OF (ALLEGED FACTS)

A. The Underlying Shipment – B/L 6393029830

10. Shipment B/L 6393029830 (Seattle → Nhava Sheva) arrived January 2025 and was placed under the custody of the **Directorate of Revenue Intelligence (DRI)** for suspected import irregularities.
11. While under government hold, the cargo entered the statutory process of confiscation and eventual **auction under Section 150 of the Indian Customs Act**.
    • See *Exhibit E*
12. Once confiscated and subsequently auctioned, COSCO no longer maintained legal basis to accrue detention as though MAC or the consignee retained container control.
13. COSCO's own internal document titled **"EMPTY OFF-LOADING"** reflects COSCO's unilateral removal of the containers from the merchant-return cycle.
    • *Exhibit D – COSCO Empty Off-Loading Instruction (Feb–Mar 2025)*.
14. Despite this, COSCO billed detention of USD **157,067.59** for Jan 29–July 25, 2025, even though the cargo was under government control and COSCO had internally taken custody of the empty equipment.
    • *Exhibit M – COSCO Detention Invoice #2087591235*.
15. The consignee later confirmed that the **original bill of lading was surrendered** and the **Delivery Order was issued**—contradicting COSCO's claim that no OBL was provided.
    • *Exhibit E-2 – Customer Confirmation of OBL Surrender*.
    • *Exhibit A,B and C – DO, DO Receipt, and Payment Records*.

B. COSCO Encouraged MAC to Expand Export Volume in 2026

16. From August–September 2025, COSCO North America actively pursued MAC to expand its export volumes as part of a new internal initiative.
17. On September 19, 2025, MAC met with COSCO Trade personnel:
    • Mark Sibincic (Midwest Sales)
    • Renata Roppo (Regional Sales Director – North Central)
    • Hanson Chau (District Sales Manager – Export)
18. COSCO expressly stated:
    • COSCO was conducting a **major export push**;
    • COSCO was reporting weekly to Shanghai on U.S. export growth;
    • MAC was identified as a **key export partner**;
    • COSCO would support MAC in **overshipping MQC**;
    • COSCO requested MAC increase its MQC from 400 → 1,000 TEU and possibly to 2,500 TEU.

• *Exhibit H-3 – September 19 Teams Call Notes (Export Push & MQC Increase)*.

19. Based on COSCO's representations, MAC executed service contract **CHN26204**, effective October 1, 2025 to September 30, 2026, with MQC increased to **1,000 TEU**.
    • *Exhibit H – CHN26204 Contract Pages Showing MQC & Validity*.
20. MAC materially relied on COSCO's representations and began shifting volumes accordingly.

C. Retaliation Following MAC's Detention Dispute

21. Immediately after MAC disputed the unlawful detention invoicing, COSCO initiated a series of escalating retaliatory actions:

a. COSCO attempted to **amend CHN26204** to reduce MQC and prematurely terminate the contract (Nov 7–12).
b. COSCO instructed MAC to **cancel all forward bookings**.
• *Exhibit F – COSCO Booking Cancellation Directives (Nov 12–13)*.
c. COSCO suspended rate access and refused to accept bookings.

d. Removal of SWB terms by Cosco. (Exhibit F.)
e. COSCO's actions caused MAC to lose significant margins on customers including Gohawk, Supreme, Gemini, and reefer lanes (Kansas City → Busan).
• *Exhibit J – DM-1 Damage Model (Lost Margin, Lost Volume, and Booking-Specific Losses)*.

22. COSCO failed to offer any commercially legitimate explanation for these abrupt reversals.
23. The timing—within days of the detention dispute—creates a clear inference of **retaliation prohibited by 46 U.S.C. § 41104(a)(3)**.

D. COSCO's December 11 Message Confirms — Rather Than Cures — the Violations (Exhibit L)

24. On December 11, 2025, COSCO notified MAC that the attempted amendment to Service Contract CHN26204 was "cancelled" and that the contract term was being "returned" to its original expiration date of September 30, 2026.
25. COSCO's reversal occurred **without any intervening change in MAC's conduct, performance, or contractual compliance**, and without COSCO identifying any lawful or commercial justification for its earlier suspension of cooperation, booking cancellations, or attempted contract termination.
26. The timing and substance of COSCO's December 11 communication therefore **confirm that the prior adverse actions could not be sustained on a lawful basis**, and reflect COSCO's implicit acknowledgment that those actions were improper once subjected to scrutiny.
27. Notwithstanding this partial reversal, COSCO failed to fully cure the violations. Specifically, COSCO:

• Did not restore Sea Waybill (SWB) privileges, instead citing unspecified "long-standing issues" without factual or contractual support;
• Did not reinstate Service Contract SAC25205, which expired on November 30, 2025 and was not offered for renewal;
• Did not withdraw, credit, or otherwise resolve the unlawful detention invoice that precipitated the dispute;
• Did not provide any assurance of non-retaliation, non-discrimination, or parity of treatment with similarly situated customers; and
• Did not restore MAC's reasonable confidence that future disputes would be handled in good faith and without coercive or punitive measures.

28. COSCO's continued suspension of SWB privileges, in particular, constitutes an ongoing discriminatory impediment that materially restricts MAC's ability to operate and compete, and independently violates 46 U.S.C. § 41104(a)(2).
29. Accordingly, COSCO's December 11 message does not cure the violations at issue. Instead, it reinforces the conclusion that COSCO initially engaged in retaliatory and unreasonable conduct following MAC's exercise of its statutory right to dispute carrier charges, and that COSCO's subsequent partial retreat failed to fully remedy the resulting harm.

E. Resulting Economic Harm

30. COSCO's actions forced MAC to divert business to alternative carriers at reduced margins and/or lost volume entirely.
31. MAC lost:
    • Weekly high-margin Port Klang volumes (LA & OAK origins).
    • Entire programs for Supreme & Gemini.
    • Reefer KC→Busan margins across multiple bookings.
    • 27 cancelled bookings in total.
    • Lost customer confidence and market share.
32. Total documented economic harm exceeds **$700,000 to $1.2 million**, with additional recoverable damages and potential civil penalties.
    • *Exhibit J – DM-1 Damage Model*.

V. CAUSATION

MAC Industries Inc. DBA MAC Container Line ("MAC") submits this Complaint pursuant to 46 U.S.C. §§ 41102(c), 41104(a)(3), and 41104(a)(10), alleging that COSCO engaged in:

1. **Unreasonable billing practices** (46 U.S.C. § 41102(c))
2. **Retaliatory refusal to deal** (46 U.S.C. § 41104(a)(10))
3. **Failure to honor service contracts / unreasonable discrimination** (46 U.S.C. § 41104(a)(2) & (3))

These violations occurred after MAC disputed COSCO detention invoice **#2087591235** (Exhibit M), relating to B/L **6393029830** (Exhibits A–E), after which COSCO:

• Suspended cooperation (Exhibit F)
• Cancelled active bookings
• Attempted to cancel the newly executed service contract **CHN26204**
• Blocked MAC from rate access
• Retaliated in direct response to MAC asserting rights under the Shipping Act

MAC suffered over **$645,178** in directly quantifiable economic loss, plus additional statutory damages.

See **Exhibit K** for a full Chronological Timeline of events.

WHY COSCO'S DETENTION INVOICE IS INVALID

1. DO Was Issued — OBL Was Surrendered

• DO copy: Exhibit A
• DO receipts: Exhibit B
• Shipper statement confirming OBL surrender: Exhibit E-2

COSCO's claim that no OBL was surrendered is disproven.

2. COSCO Removed Containers From Merchant's Control

• EMPTY OFF-LOADING letter (Exhibit D)
Once COSCO internally off-loads equipment, detention cannot accrue.

3. Cargo Entered Government Disposal

• Auction listing: Exhibit E
Under Section 150, proceeds must offset detention before a carrier asserts further claims.

4. COSCO Hid Mandatory §150 Proceeds Accounting

MAC repeatedly requested the *required* proceeds allocation sheet.
COSCO refused to produce it.

This constitutes an unreasonable billing practice under §41102(c).

COSCO RETALIATED AGAINST MAC AFTER MAC DISPUTED THE INVOICE

(See Exhibits F & G)

Immediately after MAC disputed the invoice:

1. COSCO instructed MAC to cancel all active bookings
   • Booking cancellation list: Exhibit G
2. COSCO attempted to amend and shorten contract CHN26204
   • CHN26204 executed 10/1/25 – 9/30/26
   • COSCO sought retroactive cancellation (Exhibit F)
3. COSCO suspended cooperation
4. COSCO refused new bookings
5. COSCO told MAC's customers space would be unavailable
6. COSCO lowered MQC unilaterally
7. COSCO instructed MAC staff not to tender cargo

This is a "per se" violation of §41104(a)(10) under OSRA 2022.

SERVICE CONTRACT VIOLATIONS

Contract CHN26204 (Exhibit H)

Executed **October 1, 2025–September 30, 2026**
COSCO attempted termination on **November 12, 2025**, 42 days after execution, solely because MAC disputed an invoice.

Contract CHN25204 (Exhibit H-2)

COSCO attempted MQC reduction tied directly to the dispute.

FMC has repeatedly held that retaliatory contract cancellations violate §41104(a)(3).

COSCO IS IN THE MIDDLE OF AN EXPORT EXPANSION CAMPAIGN, AND MQC INCREASE, AND Only After MAC Disputed Detention Invoice #2087591235 Did COSCO Abruptly Reverse Its Position for MAC only. COSCO cannot claim they have less of a need for exports as a defense. (Exhibit H-3)

VI. DIRECT ECONOMIC DAMAGES (DM-1)

1. Gohawk Losses (Exhibit I)

• Volume: 8–15×40HC/week
• Lost margin from COSCO to OOCL: $143–$168 per unit
Annualized loss: $86,328

2. Supreme & Gemini (Exhibit I)

• Combined 20×40HC/week
• Lost margins: $435–$510 per container
Annualized loss: $487,620

3. COSCO Cancelled Bookings (Exhibit G)

• 27 bookings × $2,250 lost margin
Immediate loss: $60,750

4. Reefer: Kansas City → Busan C (Exhibit I)

Lost margins:
-$500, -$150, -$1100, -$450, -$500
Plus $800×5 = $4,000 additional
Total: $6,700+

****TOTAL DOCUMENTED LOSS:**

$645,178+ (direct, immediate, verifiable)** **(Exhibit J)**
Expected FMC Claim Range: $900,000–$1.2M+

Under OSRA 2022, retaliation damages are compensatory and enforceable even if not liquidated.

VII. REQUESTED RELIEF

MAC respectfully requests that the Federal Maritime Commission:

1. **Award reparations** for all economic harm caused by COSCO's violations of the Shipping Act, including lost margins, lost volumes, cancelled bookings, increased rebooking costs, and operational disruption—preliminarily estimated at **$700,000 to $1.2 million**, subject to proof at hearing.
2. **Order COSCO to withdraw and void in full detention invoice #2087591235**, together with any related charges, credits, or offsets.
3. **Order COSCO to reinstate Service Contract SAC25205**, retroactive to **December 1, 2025**, and extend the contract through **November 30, 2026**, on commercially comparable terms.
4. **Order COSCO to immediately restore all commercial privileges and access**, including but not limited to:
    - SWB authority,
    - full rate access,
    - booking capability, and
    - parity of service with similarly situated customers.
5. **Order COSCO to implement enforceable non-retaliation and nondiscrimination safeguards** governing all future dealings with MAC, including written internal controls prohibiting adverse commercial action in response to billing disputes or assertion of Shipping Act rights.
6. **Order COSCO to implement prospective account-handling safeguards**, including reassignment of MAC's account to personnel not involved in the retaliatory actions described in this Complaint, and removal of discretionary or supervisory authority over MAC's account from individuals whose conduct contributed to the violations at issue, in order to prevent recurrence of unlawful retaliation or discrimination.
7. **Impose civil penalties** as the Commission deems appropriate under OSRA 2022 for COSCO's knowing and willful violations of the Shipping Act.
8. **Award reasonable attorney fees, expert fees, and costs** incurred by MAC in connection with this proceeding.
9. **Grant such other and further relief** as the Commission finds just, proper, and necessary to effectuate the purposes of the Shipping Act.

    Note: (Exhibit N), where MAC has already requested relief directly with Cosco in house Legal Counsel James Houghtalin. These requests have had no substantive response.

VIII. ORAL HEARING

Complainant is NOT seeking an oral hearing.

VIIII. EXHIBIT LIST

A. Delivery Order (DO)
B. DO Payment Receipt
C. Detention Payment Receipt
D. COSCO Empty Off-Loading Letter
E. Auction Documentation (India)
E-2. Customer confirmation of OBL surrender
F. COSCO emails directing suspension & cancellation
G. Booking Cancellation List
H. Contract CHN26204
H-2. Contract CHN25204
H-3. Timing and Discussion with Cosco on Export expansion push.
I. Gohawk margin analysis, Supreme/Gemini freight analysis and KC→Busan Reefer loss documentation
J. DM-1 Damage Model
K. Master Chronological Timeline
L. COSCO's December 11 Message
M. Cosco Detention Invoice **#2087591235**
N. Communication with Cosco Legal counsel, with request for relief.

Brad Heier
971 Calle Negocio #100ª
San Clemente CA 92673

P 949-273-4344
C 651-343-5280
Email: Brad@maccontainer.com