

**UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS
MARSHALL DIVISION**

STEVENS TRUCKING CO., *et al.*,

Plaintiffs,

v.

C.H. ROBINSON COMPANY, INC., *et al.*,

Defendants.

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CIVIL ACTION NO.
2:26-cv-00869-JRG

**DEFENDANTS' MOTION TO DISMISS COUNTS I–V OF THE COMPLAINT AND
BRIEF IN SUPPORT**

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Defendants C.H. Robinson Company, Inc., [names of the three other C.H. Robinson entities], and Total Quality Logistics, LLC (collectively, “Defendants”) move to dismiss Counts I–V of Plaintiffs’ Complaint (Dkt. []) under Federal Rules of Civil Procedure 12(b)(6) and 9(b), and in support respectfully show as follows:

INTRODUCTION

Plaintiffs seek to hold five corporate defendants liable for federal racketeering based largely on alleged misconduct by nonparty trucking companies and the resulting effects on freight prices. The Complaint describes serious allegations concerning those carriers’ treatment of drivers. But the question presented by this motion is whether Plaintiffs have pleaded facts establishing the named Defendants’ liability and a sufficiently direct connection between the alleged statutory violations and Plaintiffs’ lost business.

Plaintiffs’ principal theory is that unlawful labor and safety practices reduced carriers’ operating costs, allowing Defendants to purchase cheaper transportation, submit lower bids, and divert freight from Plaintiffs. Compl. ¶¶ 137–89, 206–29. That theory resembles the competitive-injury theory rejected in *Anza v. Ideal Steel Supply Corp.*, 547 U.S. 451, 458–61 (2006). A competitor’s alleged criminal conduct does not establish RICO proximate cause merely because it produces a cost advantage that may affect prices and purchasing decisions.

The individual counts have additional defects. Count I does not adequately identify an injury caused by the use or investment of racketeering income. Count II does not adequately connect Plaintiffs’ losses to the acquisition or maintenance of an interest in an enterprise. Count III relies on collective allegations that do not sufficiently explain each Defendant’s participation in the alleged racketeering enterprise. Count IV substitutes allegations of commercial relationships and shared economic interests for facts supporting an agreement to facilitate racketeering.

Count V requires a separate analysis. Plaintiffs cannot establish false advertising merely by alleging that Defendants purchased transportation from carriers accused of unlawful conduct. They must identify actionable advertising or promotion, explain its falsity, and plausibly connect the deception to their commercial injuries. The Complaint does not adequately do so.

Defendants therefore request dismissal of Counts I–V under Rules 12(b)(6) and 9(b), as applicable.

STATEMENT OF ISSUES

The motion presents the following issues:

1. Whether Plaintiffs have adequately alleged that their competitive losses were proximately caused by a RICO violation;
2. Whether the asserted wire-fraud and forced-labor predicates are sufficiently pleaded against the responsible Defendants;
3. Whether Counts I and II identify injuries caused by the conduct prohibited by §§ 1962(a) and 1962(b);
4. Whether Counts III and IV adequately allege enterprise participation and a racketeering agreement; and
5. Whether Count V identifies actionable commercial advertising or promotion that plausibly caused Plaintiffs' losses.

RELEVANT ALLEGATIONS

Plaintiffs are six motor carriers. Defendants are four separately named C.H. Robinson entities and Total Quality Logistics, LLC. The Complaint groups the C.H. Robinson entities together and frequently attributes conduct to “Defendants” collectively. Compl. ¶¶ 39–50.

Plaintiffs allege that Defendants obtain freight contracts by promising compliant transportation and then arrange carriage through companies that violate safety requirements, manipulate electronic logs, and exploit drivers. *Id.* ¶¶ 85–145, 190–205. Six confidential witnesses describe their experiences working for various nonparty carriers. *Id.* ¶¶ 101–33, 269–74.

The allegations directed specifically at Defendants concern carrier awards, brokered-load documents, knowledge of Super Ego’s corporate structure, transportation rates, social-media activity, and contractual commitments concerning safety and insurance. *Id.* ¶¶ 93–94, 142, 161–77, 182–205.

Plaintiffs claim lost freight contracts, depressed rates, reduced revenues, and exclusion from portions of the freight market. *Id.* ¶¶ 326–45. For several claimed losses, the Complaint does not identify the successful bidder or attributes the loss to Defendants on information and belief. *Id.* ¶¶ 217, 334, 337–38, 341–45. Paragraph 345 states that records identifying successful bidders and their rates remain in the possession of Defendants and shippers.

For purposes of this motion, Defendants accept well-pleaded factual allegations as true. They do not concede the Complaint’s legal conclusions or its characterization of Defendants’ commercial relationships as criminal conduct.

LEGAL STANDARD

Defendants move to dismiss Counts I–V under Federal Rule of Civil Procedure 12(b)(6) for failure to state a claim upon which relief can be granted and, as to the RICO predicates and other allegations sounding in fraud, under Rule 9(b) for failure to plead fraud with particularity. A dismissal for failure to plead fraud with particularity under Rule 9(b) is treated as a dismissal for failure to state a claim under Rule 12(b)(6). *Lovelace v. Software Spectrum Inc.*, 78 F.3d 1015, 1017 (5th Cir. 1996).

To survive a Rule 12(b)(6) motion, a complaint must contain enough factual matter to state a plausible claim for relief. The Court accepts well-pleaded facts and draws reasonable inferences in Plaintiffs' favor, but it need not accept legal conclusions or an unsupported recitation of statutory elements. *Ashcroft v. Iqbal*, 556 U.S. 662, 678–79 (2009). Allegations showing only that conduct is consistent with liability do not suffice. *Bell Atlantic Corp. v. Twombly*, 550 U.S. 544, 555–57, 570 (2007).

Rule 9(b) also governs RICO predicates sounding in fraud. Plaintiffs must plead the circumstances of the alleged fraud with particularity, including the material representations, their speaker, their timing, and why they were fraudulent. *Tel-Phonic Services, Inc. v. TBS International, Inc.*, 975 F.2d 1134, 1138–39 (5th Cir. 1992); *Williams v. WMX Technologies, Inc.*, 112 F.3d 175, 177–79 (5th Cir. 1997). Permission to allege intent generally does not excuse the absence of facts supporting a plausible inference of fraudulent intent. *Iqbal*, 556 U.S. at 686–87.

ARGUMENT

I. The RICO counts do not adequately connect the alleged statutory violations to Plaintiffs' competitive losses.

Section 1964(c) permits recovery for injury to business or property occurring “by reason of” a violation of § 1962. That requirement includes proximate causation. It is not enough to allege that racketeering was somewhere in the chain of events preceding a commercial loss. 18 U.S.C. § 1964(c); *Anza*, 547 U.S. at 457–61.

In *Anza*, the plaintiff alleged that a competitor's tax fraud allowed it to reduce prices and capture sales. The Supreme Court rejected the § 1962(c) claim because the competitive injury was too remote from the alleged fraud. The Court emphasized the separation between the criminal conduct and the pricing decisions, the other possible causes of lost sales, and the difficulty of determining which losses resulted from the asserted racketeering. 547 U.S. at 458–60.

Plaintiffs' market-wide theory presents the same problem. According to the Complaint, nonparty carriers obtain labor or reduce expenses unlawfully, sell transportation to Defendants at reduced prices, and thereby allow Defendants to offer more competitive freight services. Shippers then award business to Defendants, leaving Plaintiffs with fewer contracts or lower rates. Compl. ¶¶ 153–89, 275, 326–30. Each stage involves conduct and decisions distinct from the underlying labor or safety violations.

The Complaint must do more than allege that unlawful practices made the freight market less favorable to Plaintiffs. It must explain why the losses for which each Plaintiff seeks recovery are sufficiently direct consequences of the asserted RICO violation. A causal theory dependent on successive decisions by separate actors does not satisfy that requirement merely because the ultimate loss was foreseeable. *See Hemi Group, LLC v. City of New York*, 559 U.S. 1, 9–12 (2010) (plurality opinion).

The revenue allegations do not supply the missing connection. Christenson's revenue decline and Freymiller's identified lost sales describe the extent of their asserted harm, not its cause. Compl. ¶¶ 340–41. Similarly, allegations that a bid exceeded a shipper's benchmark by approximately twenty percent do not identify who received the freight, which carrier performed it, or how an alleged predicate offense affected the award. *Id.* ¶¶ 333–38.

Defendants do not ask the Court to resolve competing economic explanations on the pleadings. The defect is that the Complaint largely assumes the causal relationship it must allege. Lower carrier costs, lower broker bids, and declining competitor revenues are not interchangeable facts.

The allegations concerning Johnson Controls, Armacell, and Bridgestone require closer consideration because Plaintiffs allege that those customers relied on compliance representations

when diverting freight. *Id.* ¶¶ 208–12, 221–27. Defendants do not contend that Plaintiffs must have received or relied on the alleged misrepresentations themselves. *Bridge v. Phoenix Bond & Indemnity Co.*, 553 U.S. 639, 649–50, 657–58 (2008), rejects that requirement. There, fraudulent submissions manipulated a defined bidding process and directly deprived competing bidders of allocations they otherwise would have received.

The question here is whether Plaintiffs have alleged a comparable connection. Naming a customer and alleging lost business does not, without supporting facts, establish that a particular Defendant obtained that business through fraud. The customer-specific allegations must plausibly connect the challenged representation to an award and to an identifiable loss suffered by a Plaintiff. As described in the Complaint, those connections rest substantially on collective allegations and assertions that Defendants’ misconduct must explain the unfavorable result. Compl. ¶¶ 208–29, 334, 337–45.

Paragraph 345’s statement that award records are held by others does not independently defeat the claims. Nor does Defendants’ argument require Plaintiffs to possess all evidence before discovery. But that statement does not supply the missing allegations about how the supposed scheme caused their losses. The customer-specific allegations should be assessed on their own facts; they do not establish that all claimed rate compression, lost market share, and industry-wide exclusion resulted directly from racketeering.

II. The Complaint does not adequately plead the asserted predicate offenses against the responsible Defendants.

A. The wire-fraud allegations do not sufficiently identify the fraudulent conduct and the entities responsible for it.

The Complaint repeatedly alleges that Defendants committed wire fraud by electronically signing contracts or submitting bids while intending to use noncompliant carriers. Compl. ¶¶ 193–

99, 244–49. Electronic execution may establish a means of communication. It does not establish that the communication furthered an intentional scheme to obtain money or property through material deception. *See* 18 U.S.C. § 1343.

The distinction is not between contracts and fraud as mutually exclusive categories. A materially false representation used to obtain a contract can support federal fraud liability even when the customer receives services of equivalent economic value. *Kousisis v. United States*, 605 U.S. 114, 123–24 (2025). Defendants therefore do not argue that successful delivery of freight would necessarily defeat the alleged predicates. The issue is whether Plaintiffs have adequately pleaded the material deception and fraudulent intent, rather than inferring both from alleged failures in subsequent performance.

The supplier-code allegations illustrate the problem. The Complaint quotes requirements attributed to a confidential shipper and alleges that both brokers signed the relevant code. Compl. ¶¶ 192–99. It does not adequately identify the particular C.H. Robinson entity responsible for the asserted representation, the circumstances in which it was made, or facts showing that the representation was knowingly false when made.

The Johnson Controls allegations likewise identify insurance and regulatory requirements in a standard contract without adequately identifying which named entity made the challenged certification, when it did so, and why the certification was false at that time. *Id.* ¶ 250. Quoting a contractual obligation establishes what the contracting party promised. It does not establish that the promise was fraudulent.

The March 2023 agreement involving a national bakery is more specific. Even so, the allegations do not adequately explain how the cited carrier misconduct supports an inference that TQL intended to deceive the customer when it undertook the contractual obligation. *Id.* ¶¶ 202–

05. Plaintiffs need not plead a confession or attach internal communications. They must, however, allege circumstances supporting the asserted intent rather than treating later noncompliance as sufficient by itself.

The general references to emails, electronic bids, online advertisements, and SEC filings have a similar defect. *Id.* ¶¶ 244–66. The volume of electronic communications does not answer what material deception occurred, who was responsible for it, or how it furthered the alleged scheme. Rule 9(b) requires particularity about the fraud, not simply a description of the channels through which Defendants conduct business. *Williams*, 112 F.3d at 177–79.

The inquiry is not whether Plaintiffs have catalogued every transmission. It is whether the Complaint identifies a fraudulent scheme and its operative representations with sufficient particularity. *Tel-Phonic* likewise distinguishes allegations of fraud from contractual grievances accompanied by references to telephone calls and correspondence. 975 F.2d at 1139. The allegations here repeatedly make the same unsupported move from contractual obligation, to alleged nonperformance, to criminal fraud.

B. The forced-labor allegations do not adequately establish the brokers’ criminal participation.

Section 1589(a) prohibits knowingly obtaining or providing labor through specified coercive means. Those means include force, threats of serious harm, abuse of legal process, and schemes intended to make a person believe that refusing to work would result in serious harm or restraint. Serious harm can be financial or psychological; physical confinement is not required. 18 U.S.C. § 1589(a), (c).

Section 1589(b) separately addresses a person who knowingly benefits from participation in a venture that obtains labor through prohibited means, knowing or recklessly disregarding that fact. Its requirements cannot be replaced with the broader “knew or should have known” language

governing certain civil beneficiary claims under § 1595(a). The RICO theory depends on adequately alleging a criminal predicate, not merely conduct that might support a different civil cause of action. 18 U.S.C. §§ 1589(b), 1595(a), 1961(1).

The confidential witnesses describe their experiences working for nonparty carriers. Compl. ¶¶ 101–33, 269–74. Their accounts must be considered as part of the Complaint as a whole. But even assuming those accounts adequately allege coercive labor practices by particular carriers, the Complaint must still connect the named Defendants to the conduct prohibited by § 1589.

The broker-specific allegations concern transportation purchases, carrier awards, load documents, rates, corporate affiliations, and public-facing activity. *Id.* ¶¶ 93–94, 142, 161–77, 182–205. Those facts may establish commercial relationships and familiarity with certain carriers. They do not, without further supporting allegations, establish that each broker participated in a venture while knowing or recklessly disregarding that labor was being obtained through prohibited coercion.

Knowledge of a carrier’s corporate structure is not itself knowledge of forced labor. Nor does the allegation that transportation was inexpensive explain what a particular Defendant knew about the means used to obtain a driver’s labor. The Complaint must identify circumstances making the asserted criminal knowledge or reckless disregard plausible. Its descriptions of carrier misconduct cannot substitute for that connection.

This is not an argument that a broker must directly employ a driver to incur liability. Section 1589(b) does not impose that limitation. It is an argument that the Complaint must plead the broker’s own statutory participation and state of mind, rather than attribute the carrier’s conduct to everyone who purchased its services.

C. The collective allegations obscure material differences among Defendants.

The Complaint names four C.H. Robinson entities but generally treats them as a single actor. Compl. ¶¶ 39–50. That treatment leaves unanswered which entity entered the relevant agreement, made a challenged representation, purchased the transportation, or possessed the knowledge on which Plaintiffs rely.

Plaintiffs need not repeat identical allegations where the pleaded facts genuinely apply to several Defendants. But a collective label cannot supply a missing factual basis for holding a particular entity liable. This is especially important where the asserted predicate is fraud and the identity of the responsible speaker is part of the required particularity. *Williams*, 112 F.3d at 177.

The same problem affects the allegations directed jointly at C.H. Robinson and TQL. Facts concerning one broker’s contract or carrier relationship do not, without an alleged connection, establish the other broker’s participation in the same misconduct.

III. Count I fails to allege an injury caused by the use or investment of racketeering income.

Section 1962(a) concerns the use or investment of income derived from a pattern of racketeering activity. A private plaintiff must allege injury from that use or investment; injury arising solely from the predicate acts is insufficient. *Abraham v. Singh*, 480 F.3d 351, 357 (5th Cir. 2007).

Plaintiffs’ described injuries are lost freight contracts, reduced rates, declining revenues, and market exclusion. Compl. ¶¶ 326–45. Their causal theory attributes those injuries to inexpensive transportation and allegedly deceptive bids. It does not adequately identify how a subsequent use or investment of racketeering income caused the losses.

An allegation that Defendants used revenues to continue or expand their businesses does not answer that question. Count I must explain what use or investment is challenged and how that

conduct caused Plaintiffs' injury. Otherwise, the investment allegation merely restates that Defendants continued the business activity Plaintiffs consider unlawful.

Abraham is instructive. Although the Fifth Circuit permitted the plaintiffs' claims under §§ 1962(c) and (d) to proceed, it rejected their § 1962(a) theory because a conclusory allegation of use and investment did not connect the asserted injury to the conduct that subsection prohibits. 480 F.3d at 357–58. Count I has the same deficiency.

IV. Count II fails to allege an injury caused by the acquisition or maintenance of an interest in an enterprise.

Section 1962(b) prohibits acquiring or maintaining an interest in or control of an enterprise through a pattern of racketeering activity. The plaintiff must connect its injury to that acquisition or maintenance, not merely to misconduct associated with the enterprise. *Crowe v. Henry*, 43 F.3d 198, 205 (5th Cir. 1995); *Abraham*, 480 F.3d at 357.

The Complaint's allegations about carrier relationships, repeat transactions, and knowledge of corporate affiliations do not adequately explain what interest a particular Defendant acquired or maintained through racketeering, or how that acquisition or maintenance injured a Plaintiff. An allegation that Defendants obtained more freight business addresses competitive success. It does not, by itself, establish acquisition or maintenance of an interest in an identified enterprise through a pattern of racketeering.

Count II therefore lacks the required connection between the conduct prohibited by § 1962(b) and Plaintiffs' claimed losses. Repeating the same lost-contract and rate-compression allegations under a different subsection does not supply it.

V. Count III does not adequately allege each Defendant's participation in the enterprise's affairs through racketeering.

An association-in-fact enterprise requires a common purpose, relationships among its associates, and sufficient longevity to pursue that purpose. It need not have a formal hierarchy, fixed roles, or an existence devoted to legitimate activity separate from the alleged crimes. *Boyle v. United States*, 556 U.S. 938, 944–48 (2009). Defendants' argument does not depend on imposing those rejected requirements.

The difficulty is that the Complaint relies heavily on commercial connections without adequately explaining how those connections establish the alleged enterprise or each Defendant's role in conducting its affairs. Purchasing freight services, issuing load documents, and recognizing carriers through awards describe business interactions. The Complaint must allege facts supporting the further inference that the participants were functioning together as the enterprise Plaintiffs identify.

Section 1962(c) also requires participation in the operation or management of the enterprise's affairs. A defendant need not exercise exclusive control or occupy its highest rank, but must take some part in directing those affairs. *Reves v. Ernst & Young*, 507 U.S. 170, 179, 184–85 (1993).

The allegations summarized above do not adequately distinguish Defendants' management of their own brokerage businesses from their alleged direction of the enterprise. Carrier selection, price negotiation, and customer contracting may become part of a racketeering scheme when supported by additional facts. Here, however, the Complaint largely relies on those activities themselves to establish enterprise participation.

Defendants do not suggest that only the person supervising every aspect of a scheme can be liable. In *Allstate Insurance Co. v. Plambeck*, 802 F.3d 665, 674–75 (5th Cir. 2015),

participation was supported by evidence that defendants supervised their respective parts of the fraudulent operation. The relevant distinction is between an alleged role in directing the enterprise's affairs and the mere existence of a business relationship with another alleged participant.

The collective references to "Defendants" do not adequately make that distinction. Count III should be dismissed for that reason, as well as the predicate-act and causation deficiencies addressed above.

VI. Count IV does not adequately allege an agreement to facilitate racketeering.

A RICO conspirator need not personally commit two predicate acts. But the defendant must agree to further an endeavor that, if completed, would satisfy the substantive RICO offense. *Salinas v. United States*, 522 U.S. 52, 63–66 (1997). The Fifth Circuit accordingly requires an agreement concerning the overall objective of the RICO offense, not merely conduct that benefits another participant. *Chaney v. Dreyfus Service Corp.*, 595 F.3d 219, 239–40 (5th Cir. 2010).

The Complaint's allegations of repeat transactions, favorable rates, carrier recognition, and knowledge of corporate relationships do not adequately establish that agreement. Compl. ¶¶ 93–94, 142, 161–77, 182–205. They describe reasons the parties may have continued doing business together. They do not sufficiently explain why a particular Defendant can be inferred to have agreed to obtain coerced labor, make fraudulent representations, or otherwise facilitate the alleged racketeering objective.

An agreement may be inferred from circumstances. Plaintiffs need not plead a written compact or an express admission. But the pleaded circumstances must support an agreement to facilitate the unlawful endeavor, not simply a shared desire for lower costs and greater revenues. *Salinas*, 522 U.S. at 65; *Chaney*, 595 F.3d at 239–40.

Count IV also does not cure the absence of a sufficiently direct injury. Labeling the alleged relationships a conspiracy does not supply the missing connection between the statutory violation and Plaintiffs' competitive losses. *See* 18 U.S.C. § 1964(c).

VII. Count V does not adequately identify actionable advertising and injury caused by the alleged deception.

The Lanham Act claim must be assessed independently of the RICO claims. A false-advertising claim requires, among other things, a false or misleading factual statement in commercial advertising or promotion, materiality to purchasing decisions, and actual or likely commercial injury resulting from the challenged statement. *Logan v. Burgers Ozark Country Cured Hams Inc.*, 263 F.3d 447, 462 (5th Cir. 2001).

Commercial promotion is not confined to mass-market advertising. Targeted presentations to prospective business customers can qualify, and sufficient dissemination depends on the relevant market. *Seven-Up Co. v. Coca-Cola Co.*, 86 F.3d 1379, 1384–86 (5th Cir. 1996). Defendants therefore do not contend that statements made during freight-contract negotiations are categorically outside the statute.

The Complaint must nevertheless identify the challenged promotional statement and facts showing its use as advertising or promotion. A contractual requirement, standing alone, does not explain how a representation was disseminated or used to influence prospective purchasers. Likewise, references to websites, advertisements, SEC filings, and supplier codes do not establish that all such materials served the same promotional purpose. Compl. ¶¶ 190–205, 244–66.

The allegations must also explain why the particular statement was false or misleading. The Complaint cannot treat every assurance concerning safety, compliance, or insurance as false merely because it alleges misconduct by some carriers with which Defendants did business. The content and scope of the statement matter. A representation about carrier-selection procedures, for

example, raises a different question from a representation about compliance on an identified shipment. Count V must connect the asserted falsity to the statement actually challenged.

Causation presents a separate defect. *Lexmark International, Inc. v. Static Control Components, Inc.*, 572 U.S. 118, 133–34 (2014), requires commercial injury proximately caused by the alleged deception. Unlike a categorical objection to third-party reliance, that requirement accommodates the ordinary false-advertising claim: a deceived customer withholds business from the plaintiff. The customer’s intervening purchasing decision is not itself fatal.

But the deception must still plausibly account for the injury. Plaintiffs’ theory that unlawful carrier practices lowered transportation costs does not, without more, establish that false advertising diverted their sales. A customer may choose a lower bid without relying on a challenged compliance statement. Count V must allege facts supporting the latter connection, not merely the former sequence.

The named-customer allegations come closest to addressing that requirement. Compl. ¶¶ 208–12, 221–27. Yet they remain deficient to the extent they do not identify the responsible Defendant’s promotional statement, explain its falsity, and connect the resulting customer decision to the particular Plaintiff’s lost business. The more general allegations of declining revenues and depressed freight rates are further removed. *Id.* ¶¶ 326–45.

Plaintiffs need not prove damages at the pleading stage. They must allege a plausible commercial injury caused by the challenged deception. *Lexmark*, 572 U.S. at 140. Count V does not satisfy that requirement by incorporating the same market-wide losses asserted under RICO.

CONCLUSION

Defendants respectfully request that the Court dismiss Counts I–V. The Complaint does not adequately connect Plaintiffs’ competitive losses to the asserted RICO violations, plead the

