

The background of the newsletter cover is a blue-tinted photograph. On the left, a row of semi-trucks is parked. On the right, a white school bus is visible, featuring a 'STOP' sign and the number '6' on its side.

Lucosky Brookman Trucking & Transportation Newsletter

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IN THIS EDITION

- **Case Summaries**
- **Article of the Month**
- **About Us**
- **Meet the Team**
- **Connect with Us**

A white Lucosky Brookman garbage truck is shown from a side profile, partially obscured by a large blue semi-transparent rectangular overlay. The truck has a large rear-mounted compactor body and a hydraulic arm. The word "sanitation" is visible on the side of the cab. The blue overlay covers most of the truck's body, and the text "CASE SUMMARIES" is centered in white on this overlay.

CASE SUMMARIES

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Connecticut / Superior Court

Court allows negligent hiring, training, entrustment, and maintenance claims to proceed in commercial dump truck collision.

Quintero v. Sheets, 2026 Conn. Super. LEXIS 1771 (Conn. Super. Ct. Sept. 18, 2026)

The Connecticut Superior Court denied most of defendants' motion to strike claims arising from a collision in which an employee driving a commercial dump truck allegedly attempted a U-turn and backed into plaintiff's vehicle. The Court allowed claims for statutory recklessness, negligent hiring and retention, training and supervision, negligent entrustment, and negligent inspection and maintenance to proceed. Although the complaint did not identify specific incidents in the driver's history or precise deficiencies in his qualifications, training, or commercial license, the Court found the allegations sufficiently pleaded at this stage. It also allowed claims concerning allegedly inadequate warning mechanisms and maintenance practices, while dismissing a separate claim involving negligent implementation of a construction plan for failure to establish a duty.

Pennsylvania / Western District

Court enforces carrier's contractual indemnification obligations following \$623,000 cargo damage claim.

Beemac Logistics LLC v. A2A Logistics LLC, 2026 U.S. Dist. LEXIS 207339 (W.D. Pa. Sept. 14, 2026)

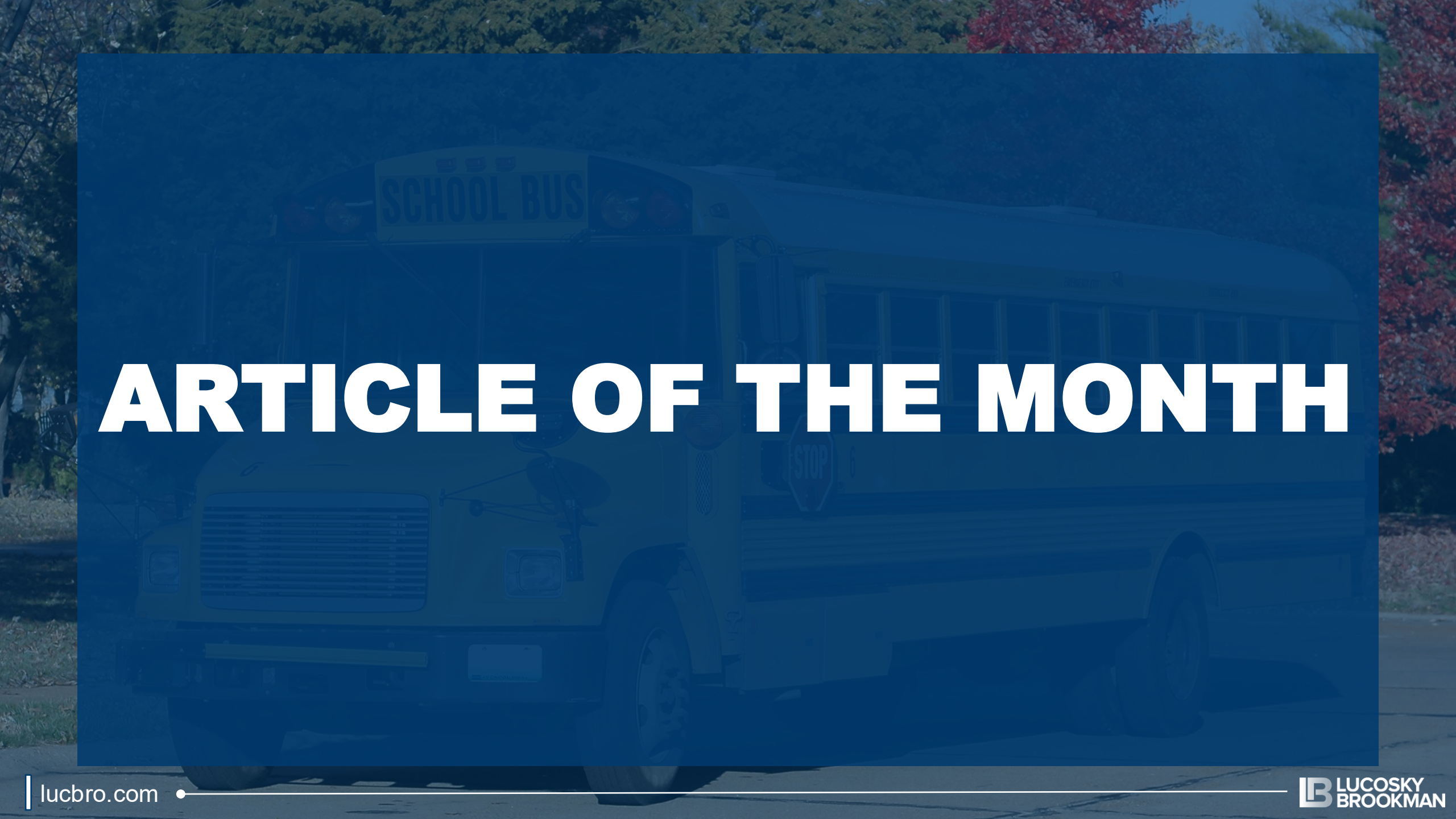
The Court granted summary judgment for Beemac Logistics in a dispute arising after A2A damaged commercial equipment while transporting it from South Carolina to Montana. A2A's driver struck a bridge underpass while the equipment was in the carrier's exclusive custody, prompting the customer to submit a \$623,360 damage claim. The Court held that the parties' transportation agreement required A2A to defend and indemnify Beemac for claims arising from the damaged cargo, rejecting A2A's efforts to limit its obligations based on other provisions of the agreement. The Court also entered judgment against A2A on its counterclaim for unpaid freight charges and held A2A responsible for Beemac's attorneys' fees incurred in enforcing the agreement.

Massachusetts / District of Massachusetts

Court recommends dismissal of cargo-loss claims against freight broker following theft of more than \$615,000 in shipments.

Costas Provisions Corp. v. Coyote Logistics, LLC, 2026 U.S. Dist. LEXIS 208310 (D. Mass. Aug. 18, 2026)

A magistrate judge recommended dismissal of claims arising from the loss of two truckloads of steak being transported from Texas to Massachusetts. Costas alleged the shipments, worth more than \$615,000 combined, were lost or stolen after it retained Coyote to arrange transportation through multiple logistics and motor carrier entities. The Court concluded the complaint characterized Coyote as a broker rather than a motor carrier or freight forwarder, making the Carmack Amendment inapplicable to Coyote. It further recommended dismissing negligence and good-faith claims against Coyote as preempted by the FAAAA because they arose directly from its brokerage services. Claims against two other defendants were recommended for dismissal based on personal jurisdiction and service deficiencies.



ARTICLE OF THE MONTH

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The Price of a Loaner: *O'Hare v. Eddo* and the Graves Amendment

By: Brian M. Webb, Partner

When a motor vehicle is involved in an accident, determining who may be held liable can be just as important as determining who was driving. New York's Vehicle and Traffic Law generally makes that question relatively straightforward: under Vehicle and Traffic Law § 388, an owner may be held vicariously liable for the negligence of a permissive driver, even where the owner had no involvement whatsoever in the accident. But what happens when the owner is not the driver's employer, the vehicle was provided only temporarily, and the owner believes the vehicle qualifies as a rental under federal law? That question recently came before the Fourth Department in *O'Hare v. Eddo*, where the Court considered whether an automobile dealership could invoke the Graves Amendment to avoid vicarious liability for an accident involving a courtesy vehicle. The Court's answer provides important guidance for dealerships and other vehicle owners that provide loaner or courtesy vehicles to customers.

I. New York Vehicle & Traffic Law 388

Just as is in the case, the majority of the States, New York imposes vicarious liability for an accident not just on the driver of the vehicle involved in an accident, but also on the owner of that vehicle if certain conditions are met. New York Vehicle and Traffic Law §388 states that “every owner of a vehicle used or operated in this state shall be liable for [damages] resulting from negligence in the use or operations of such vehicle...by any person using or operating the same with the permission, express or implied, of such owner.” Put another way, owners of vehicles are liable for any accidents caused by any individual using said vehicle with their permission.

This provision results in the situation where an owner of a vehicle is routinely included as a defendant in a civil action even if the owner played absolutely no role in the happening of the subject accident at all. The practical result of this provision is to ensure that the insurance covering the vehicle, usually bought and maintained by the owner, is also available in personal injury actions.

In the context of commercial automobile torts, NY VTL § 388 results in companies routinely being charged with vicarious liability when their vehicles are involved in accidents. While that makes perfect sense in the context of an employee driving a company car, there are some situations, such as the one discussed below, that are a bit more nuanced and result in situations where a non-employer vehicle owner is sued in scenarios that they may not expect.

II. *Graves Amendment*

One of the consequences of the various States' laws imposing vicarious liability on vehicle owners was that rental car companies, or their associated entities that hold title to the companies' rental cars, were being sued at a rate that was unsustainable for them. To counter that unintended consequence, and as a result of various lobbying organizations, Congress decided to act on a Federal level.

In 2005, the Transportation Equity Act was signed into law by then-President George W. Bush. As a part of that Federal Law, a portion of the U.S. Code was amended to absolve from vicarious liability the owner(s) of vehicles that are rented or leased. This amendment, 49 U.S.C. §30106, known as the "Graves Amendment" after U.S. Representative Sam Graves, preempts New York Vehicle and Traffic Law §388 and precludes vicarious liability claims against rental car companies and leasing entities that are based on theories of vicarious liability. It should be noted, however, that liability can be imposed against such entities if the theory of liability for a motor vehicle accident is something other than their status as the registered owner. One such example is an allegation that an accident was caused by negligent maintenance or repair(s) performed by the lessor.

Although the Graves Amendment provides a significant exception to the broad owner-liability rule imposed by New York law, its protection is not unlimited. The federal statute applies to vehicles that an owner "rents or leases" to another person, leaving courts to determine what constitutes a rental or lease for purposes of the statute. That distinction becomes particularly significant in the automobile dealership context. Dealerships routinely provide customers with "loaner" or "courtesy" vehicles while their own vehicles are being serviced, but those arrangements do not necessarily involve a traditional rental agreement or the payment of a separate rental fee. Until recently, courts in other jurisdictions had taken different approaches to whether such arrangements constitute rentals under the Graves Amendment. *O'Hare* presented the Fourth Department with the opportunity to address that question under New York law.

III. *O'Hare v. Eddo*

On July 24, 2026, the Fourth Department of the New York Appellate Division issued a decision in the case of *O'Hare v. Eddo*, 2026 NY Slip Op 04592 (4th Dep't 2026). In *O'Hare*, an individual named Michael Eddo had issues with his vehicle, so he brought it to the dealership, Towne Ford, Inc. While the vehicle was being worked on, Towne gave Mr. Eddo a "courtesy car," to use in the meantime. According to the papers filed with the trial court related to the motion, Mr. Eddo (i) did not agree to pay, nor did he pay, any charges or fees associated with the use of this loaner car, (ii) did not agree to reimburse Towne for any gas, wear-and-tear, or anything, and (iii) did not leave any sort of credit card or payment arrangement on file with Towne. In short, it was a true "courtesy car" given by the dealership to a customer while they serviced his actual vehicle.

As is the case according to Murphy's Law, Mr. Eddo got into an accident while driving that loaner car. The injured party brought suit against Mr. Eddo as the driver and also Towne Ford as the registered owner pursuant to New York VTL §388. In its Answer, Towne Ford asserted the affirmative defense that liability against them as the vehicle owner was prohibited by operation of the Graves Amendment because the vehicle was, for all intents and purposes, a rental vehicle. Following discovery, Towne moved for summary judgment based upon the Graves Amendment, but that request for relief was denied by the trial court and Towne appealed. The Fourth Department affirmed.

In its analysis, the Appellate Court found that it was without question that Towne was the owner of the accident vehicle and that, apart from its statutory liability under VTL 388, there would be no other basis for Towne to be liable, as there was no evidence of anything amiss with the vehicle itself or its operation. Instead, the entire analysis hinged on whether or not Towne "rented" the vehicle to Mr. Eddo. If this arrangement was considered a rental, Towne would be shielded from vicarious liability pursuant to application of the Graves Amendment; if not, then they would still have potential liability pursuant to VTL 388.

In the course of this linguistic exercise as to what "rent" means, Towne cited two cases in other jurisdictions that both absolved a dealership of liability in similar loaner car-type situations. In the first, *Garcia v. Steele*, 211 N.E.3d 602 (Mass 2023), the Supreme Court of Massachusetts dealt with essentially an identical factual situation. In *Garcia*, an individual brought his car to a dealership for work, was provided with a loaner vehicle, and eventually the car was involved in an accident. As Massachusetts has a statute similar to NY VTL 388, the injured party brought suit against the dealership, as owner of the vehicle, under a theory of vicarious liability. In *Garcia*, the Massachusetts Court ultimately determined that the loaner arrangement was a rental because, even though the driver did not have to pay for use of the loaner, the dealership provided use of the vehicle as a form of consideration in exchange for the business opportunity to work on its customer's car. As such, the Court absolved the dealership of vicarious liability pursuant to the Graves Amendment because of its status as having rented the car.

The second case cited by Towne in support of its argument that the loaner transaction was a rental is *Thayer v. Randy Marion Chevrolet Buick Cadillac, LLC*, 30 F.4th 1290 (11th Cir. 2022). In *Thayer*, a dealership in North Carolina did the same transaction – they provided a loaner car to a customer while they worked on that customer's owned vehicle. Murphy's Law again showed its face and the customer was involved in an accident in the loaner, and the injured party brought suit against the driver and the dealership as the registered owner of the loaner. For the same reason as the Massachusetts Court in *Garcia*, the Court in *Thayer* determined that this arrangement was a rental even though no money was exchanged. The *Thayer* Court determined that the opportunity to fix the original car was sufficient consideration for the arrangement to be considered a "rental" and thus the dealer was shielded from vicarious liability by way of the Graves Amendment.

Turning back to *O'Hare* in New York, the Fourth Department considered those cases but also focused on the dictionary definition of "rental," which is that a transaction is a rental if it involves a party letting another party use something in return for payment. The *O'Hare* Court, however, took issue with the broad definition used by the courts in *Garcia* and *Thayer*. Specifically, the *O'Hare* Court focused on a Court's role in interpreting the language of federal preemption statutes such as the Graves Amendment, and stated that, in those situations, the Court is obliged to define a preemption clause in the narrowest terms possible.

Using that interpretive guideline, the *O'Hare* decided that, for the purposes of the Graves Amendment's blanket immunity for vicarious liability, a "rental" must necessarily require the exchange of money for the use of a vehicle. As there was no payment exchanged by Mr. Eddo for use of the Towne loaner vehicle, the *O'Hare* Court held that the same was not a "rental" and thus Towne is not entitled to the protections of the Graves Amendment but rather can be found vicariously liable for the actions of Mr. Eddo.

IV. Conclusion

The practical significance of *O'Hare* is substantial for automobile dealerships and other businesses that provide temporary vehicles to their customers. Following *O'Hare*, a dealership cannot necessarily avoid the vicarious liability imposed by VTL § 388 simply by characterizing a courtesy or loaner vehicle as part of a rental program. Where the customer receives the vehicle without paying for its use, the Graves Amendment may not apply, even if the dealership receives some other benefit from the transaction, such as the opportunity to service the customer's vehicle. The decision also creates a meaningful distinction between a traditional rental transaction and the increasingly common practice of providing courtesy vehicles. A dealership that charges a customer for the use of a vehicle is in a materially different position under *O'Hare* than a dealership that provides the vehicle free of charge while servicing the customer's car. As a result, dealerships should carefully consider how their loaner-vehicle programs are structured, documented, and described, particularly given the potential for the dealership to remain exposed to vicarious liability under VTL § 388.

For practitioners defending dealerships and other vehicle owners, *O'Hare* also provides an important reminder that the Graves Amendment analysis must begin with the actual nature of the transaction rather than the label assigned to the vehicle. A vehicle called a "rental" is not necessarily a rental for purposes of federal preemption, and a vehicle called a "courtesy car" is not necessarily outside the Graves Amendment. After *O'Hare*, the presence or absence of payment for the use of the vehicle appears to be a critical factor in determining whether the federal protection applies.



ABOUT US

Lucosky Brookman's Transportation Practice Group, a specialized division within our Insurance Defense and Coverage Practice Area, represents clients and their carriers in complex tort and coverage litigation across the transportation industry. Our team of experienced attorneys handles cases in state and federal courts throughout New York, New Jersey, Kansas, Pennsylvania, and Texas.

Our practice combines deep industry knowledge with litigation expertise to provide exceptional legal representation to transportation companies facing increasingly complex regulatory requirements and litigation challenges. We understand that transportation businesses operate in a unique legal landscape where federal regulations, state laws, and local ordinances create a multifaceted compliance environment, and we tailor our approach accordingly.

We provide comprehensive legal representation to a diverse range of transportation clients, including interstate trucking fleets, railroads, school bus companies, waste hauling companies, taxicab operators, shuttle and bus services, rental vehicle fleets, and ambulance providers. Our attorneys have extensive experience addressing personal injury claims, cargo disputes, environmental issues, hazardous materials incidents, indemnification matters, and insurance coverage challenges. We also maintain strategic partnerships with preeminent local, regional, and national agencies, allowing us to stay ahead of regulatory developments, collaborate on proactive risk mitigation strategies, and deliver a truly integrated defense in complex transportation matters.

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