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14 September 2015
By Federal Express, expedited delivery

239209

Hon. Cynthia T. Brown
Chief, Section of Administration
Surface Transportation Board
395 E Street, S.W.
Washington, D.C. 20024

ENTERED
Office of Proceedings
September 15, 2015
Part of
Public Record

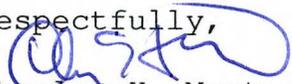
Re: Michael Williams - Control Exemption,
F.D. 35957

Dear Ms. Brown:

Enclosed for filing please find the original and ten copies of a Verified Notice of Exemption of Michael Williams for Continued Control/Control pursuant to 49 C.F.R. 1180.2(d), in connection with the stock acquisition by SDR Holding Company (a non-carrier controlled by Mr. Williams) of Dakota Southern Railway Company, a Class III carrier. Also enclosed please find a check in the amount of \$1400. By my signature below, I certify service by USPS, first class, and courtesy email, on the above date on the cc. parties below.

Thank you for your assistance in this matter.

Respectfully,


Charles H. Montange
Counsel for Michael Williams
and SDR Railway Company

Encls: Control Exemption (10 plus original)
Filing fee (check in the amount of \$1700)

cc. Dakota Southern Railway Company
SDR Holding Company
Michael Williams (all w/encl. not.exemp.)

FEE RECEIVED
September 15, 2015
SURFACE
TRANSPORTATION BOARD

FILED
September 15, 2015
SURFACE
TRANSPORTATION BOARD

BEFORE THE SURFACE TRANSPORTATION BOARD
FINANCE DOCKET 35957



MICHAEL WILLIAMS

- CONTROL EXEMPTION -

SDR HOLDING COMPANY

VERIFIED NOTICE OF EXEMPTION
OF
MICHAEL WILLIAMS
FOR CONTINUED CONTROL/CONTROL
PURSUANT TO 49 C.F.R. 1180.2(d)(2)

Michael Williams ("Williams"), a non-carrier, hereby files this notice of exemption under 49 C.F.R. 1180.2(d)(2) to continue in control of SDR Holding Company notwithstanding its acquisition of all the stock in, and thus acquisition of control over, Dakota Southern Railway Company, a Class III rail carrier.

SDR Holding Company is owned by Michael Williams and his wife Tammy Williams, and is controlled by Michael Williams as President. SDR Holding Company has acquired all the stock in Dakota Southern Railway Company, but inadvertently failed to seek and to obtain agency authorization for continued control of SDR Holding Company upon acquisition of the stock of Dakota Southern. Mr. Williams herein seeks to become compliant with all applicable regulatory requirements arising from acquisition of all the Dakota Southern Railway Company stock.

Dakota Southern Railway Company owns no rail lines but instead leases two lines owned by the State of South Dakota,¹ and holds certain overhead trackage rights on BNSF Railway's lines from Mitchell, South Dakota, to Sioux City, Iowa.²

SDR Holding owns or controls no other railroads or railroad lines. However, Michael Williams (although a non-carrier) does own and control other railroads through stock ownership. The other railroads or railroad lines owned and controlled by Mr. Williams do not connect with any lines over which Dakota Southern operates. This proposed control transaction is not part of a series of anticipated transactions that would result in such a connection. This proposed transaction does not involve a Class I carrier. Williams' acquisition of control of Dakota Southern through purchase of its stock by SDR Holding Company, and continued control of SDR Holding Company, is accordingly exempt under 49 C.F.R. 1180.2(d)(2).

In accordance with the requirements of 49 C.F.R. 1180.4(g), Williams submits the following information:

¹ (1) Platte Line, Napa Junction (MP 0.00) to Ravinia (MP 57); and (2) Mitchell (MP 374.6) to Kadoka (MP 52.6).

² The overhead trackage rights are described in Dakota Southern Railway Co. - Trackage Rights Exemption - State of South Dakota and MRC Regional Railroad Authority, F.D. 34630 (Sub.no. 1), served Dec. 29, 2004, and in Mitchell-Rapid City Regional Railroad Authority and Dakota Southern Railway Company - Trackage Rights Exemption - BNSF Railway Co., F.D. 34788, served Dec. 19, 2005.

Description of Proposed transaction: 49 C.F.R.
1180.6(a)(1)(I)

SDR Holding seeks authority to acquire all of the stock in Dakota Southern Railway Company. Dakota Southern owns no rail lines but leases two lines owned by the State of South Dakota (described in footnote 1) and holds certain overhead trackage rights (described in footnote 2).

SDR Holding is a non-carrier holding company. Subject to STB authorization, SDR Holding has acquired all the stock in Dakota Southern Railway Company. SDR Holding is owned by Michael and Tammy Williams, and controlled by Mr. Williams as president. Mr. Williams is advised that, because he owns and controls several other railroads, STB authorization for continued control is required.

The other railroads owned and controlled by Williams through stock ownership, all of which are Class III and none of which connect with lines on which Dakota Southern Railway Company operates, are summarized below:

- (1) BG & CM Railroad. See BG & CM Railroad - Acquisition and Operation Exemption - Great Northwest Railroad, Inc., F.D. 34713, served July 6, 2005 (76.2 miles of rail line in Nez Perce, Clearwater and Lewis Counties, ID); BG & CM Railroad - Exemption from 49 U.S.C. Subtitle IV,

F.D. 34299, served Oct. 17, 2003, clarified Camas Prairie Railnet, Inc. - Abandonment - in Lewis, Nez Perce, and Idaho Counties, ID, AB 564, served May 3, 2004 (contract, not common, carrier operations on an additional 65.8 miles).

- (2) Ozark Valley Railroad. See Ozark Valley Railroad - Acquisition and Operation Exemption - The Kansas City Southern Railway Co., F.D. 34989, served June 8, 2007 (purchase of 21.99 miles, lease of 3 miles, for total operation of 24.99 miles, plus approximately 8 miles of overhead and incidental trackage rights located in Audrain and Callaway Counties, MO).
- (3) St. Maries River Railroad. See Michael Williams - Control Exemption - St. Maries River RR, F.D. 35365, served April 28, 2010. Approx. 71 miles from Plummer to St. Maries in Idaho.
- (4) McCloud Railway. 19.6 miles of line from point of connection with Union Pacific Railroad Company at MP 16.3 at or near Mt. Shasta, CA, and MP 3.3 east of McCloud, CA.

No significant changes in rail service currently provided by Dakota Southern Railway are anticipated as a result of the proposed transaction.

The full name and address of the applicant is:

Michael Williams

P.O. Box 612

Richmond, MO 64085

Any questions concerning this Notice should be sent to Mr. Williams' representative at the following address:

Charles Montange

Law Offices of Charles Montange

426 NW 162d St.

Seattle, WA 98177

(206) 546-1936

Proposed Schedule for Consummation: 49 C.F.R.
1180.6(a)(1)(ii)

Mr. Williams through SDR Holding acquired the stock in Dakota Southern pursuant to a stock purchase agreement dated September 30, 2009. Mr. Williams now understands that this Board's authorization for continuation of control of SDR Holding and/or control of Dakota Southern should have been obtained, and hereby seeks to come into compliance with this Board's requirements as soon as possible.

Purpose Sought to Be Accomplished: 49 C.F.R.
1180.6(a)(1)(iii)

The exemption sought herein will allow Mr. Williams to continue in control of SDR Holding which now owns and controls Dakota Southern Railway Company, which in turn is lessee of two

South Dakota rail lines and which provides essential common carrier freight rail service on those lines. Authorization of control will facilitate continued service to shippers.

States in Which Property of Applicant Is Located: 49 C.F.R. 1180.6(a) (5)

Mr. Williams is a non-carrier and does not directly own rail property (only stock in companies that do). The leased lines that are at the heart of this proceeding are located in South Dakota. Mr. Williams controls other railroads through stock ownership in the States of Idaho, California, and Missouri.

Map-Exhibit 1: 49 C.F.R. 1180.6(a) (6)

The official South Dakota Rail Map (So. Dak. Department of Transportation, June 2015) showing the state-owned rail lines leased by Dakota Southern Railway Company, whose stock is owned by SDR Holding Company, is attached hereto as Exhibit A. This map can also be found at the following web address:

<http://sddot.com/transportation/railroads/docs/railmap.pdf>

Agreement- Exhibit 2: 49 C.F.R. 1180.6(a) (7) (ii)

The Stock Purchase Agreement dated September 30, 2009, by and between Dakota Southern Railway and SDR Holding Company is attached hereto as Exhibit B.

Labor Protective Conditions: 49 C.F.R. 1180.4(g) (1) (I)

Pursuant to 49 U.S.C. 11326(c), no employee protective conditions may be imposed on this transaction. SDR Holding will be, and all existing Williams' controlled railroads are, Class III rail carriers.

Environmental and Historic Preservation Materials: 49
C.F.R. 1180.4(g)(3)

Under 49 C.F.R. 1105.6(c)(2)(i), the proposed control transaction is exempt from environmental reporting requirements. Mr. Williams' continuation in control of SDR Holding will not result in significant changes in carrier operations by Dakota Southern, i.e., changes that exceed the thresholds established in 49 C.F.R. 1105.7(e)(4) or (5). Under 49 C.F.R. 1105.8(b)(3), Mr. Williams' proposed control of Dakota Southern through SDR Holding is also exempt from historic preservation reporting requirements. The continuation in control will not substantially change the level of maintenance of any railroad property.

Respectfully submitted,



Charles H. Montange
Law Offices of Charles H. Montange
426 NW 162d St.
Seattle, WA 98177
(206) 546-1936
Attorney for SDR Holding Company
and Michael Williams

Attachments: Exhibit A (map)
Exhibit B (stock purchase agreement)

For filing no later than September 15, 2015

Verification

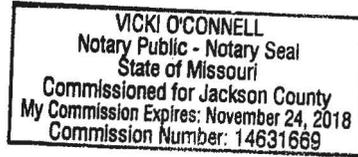
Michael Williams, being duly sworn, deposes and states that he is president and co-owner of SDR Holding Company, that he has read the foregoing Notice of Exemption, and knows the facts asserted therein, and the same are true as stated.

Mike Williams

Michael Williams

Subscribed and sworn to
before me this 11th day of
September 2015.

Vicki O'Connell
Notary Public

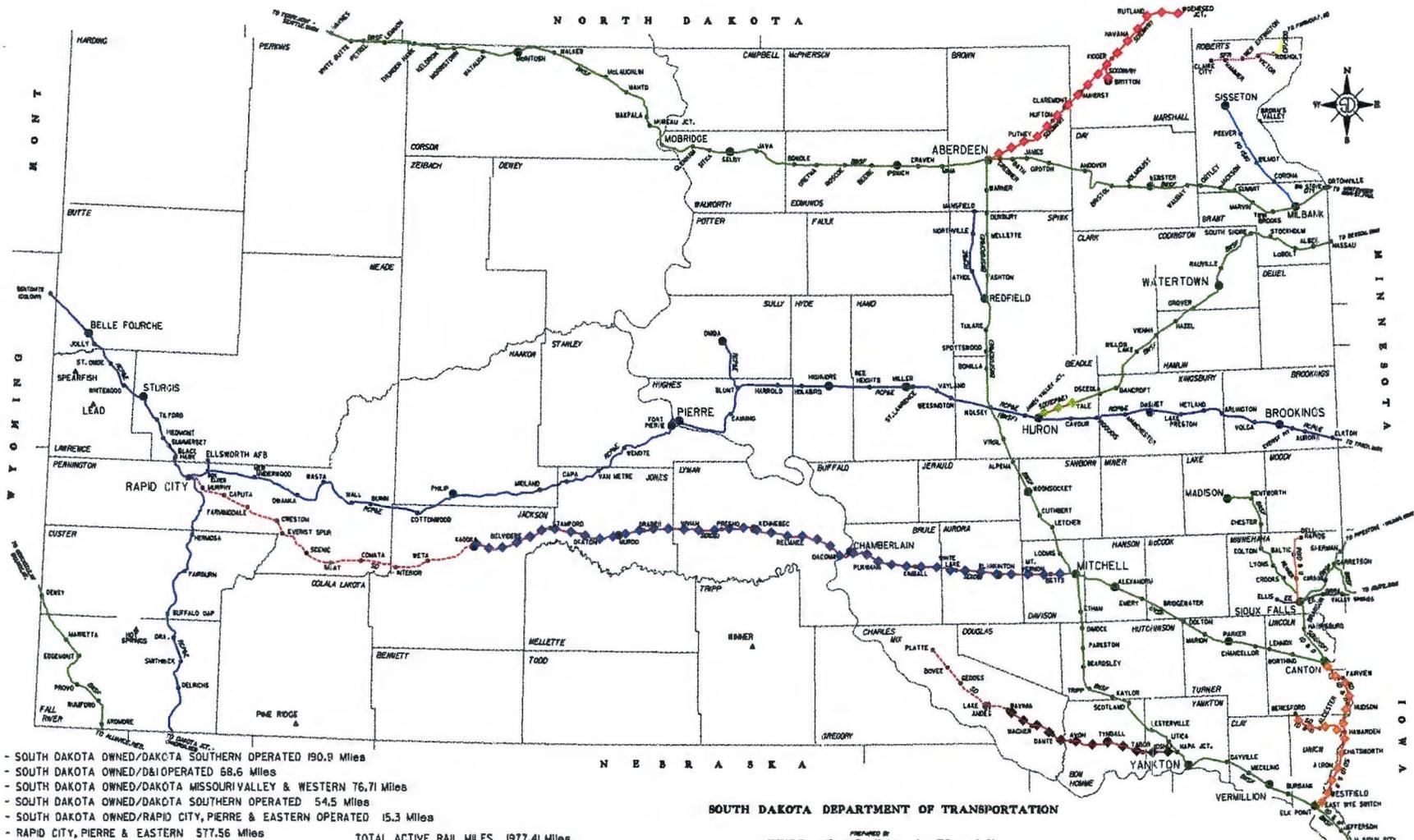


My commission expires: 11.24.18

Exhibit A

Map

OFFICIAL SOUTH DAKOTA RAIL MAP



SOUTH DAKOTA DEPARTMENT OF TRANSPORTATION

OFFICE OF AIR, RAIL & TRANSIT
PIERRE, SOUTH DAKOTA 57501

JUNE 2015

SIOUX CITY, IA.

- ◆ - SOUTH DAKOTA OWNED/DAKOTA SOUTHERN OPERATED 190.9 Miles
 - ◆ - SOUTH DAKOTA OWNED/D&I OPERATED 68.6 Miles
 - ◆ - SOUTH DAKOTA OWNED/DAKOTA MISSOURI VALLEY & WESTERN 76.71 Miles
 - ◆ - SOUTH DAKOTA OWNED/DAKOTA SOUTHERN OPERATED 54.5 Miles
 - ◆ - SOUTH DAKOTA OWNED/RAPID CITY, PIERRE & EASTERN OPERATED 15.3 Miles
 - ◆ - RAPID CITY, PIERRE & EASTERN 577.56 Miles
 - ◆ - BURLINGTON NORTHERN/SAN'A FE 900.44 Miles
 - ◆ - CP/SOO LINE 6 Miles
 - ◆ - D&I RAILROAD 16.8 Miles
 - ◆ - SISSETON/MILBANK RAILROAD 37.1 Miles
 - ◆ - ELLIS & EASTERN 14.5 Miles
 - ◆ - SUNFLOUR RAILROAD 19.0 MILES - 9 Miles Inactive
- TOTAL ACTIVE RAIL MILES 1977.41 Miles
TOTAL SOUTH DAKOTA OWNED ACTIVE RAIL MILES 406.01 Miles
- ◆ - KADOKA to RAPID CITY
SD OWNED RAIL BANKED 97.6 Miles
 - ◆ - NAPA LINE
SD OWNED - RAIL BANKED 26.6 Miles

Exhibit B
Stock Purchase Agreement

STOCK PURCHASE AGREEMENT

THIS AGREEMENT is made and entered into this 30th day of September, 2009, by and between Dakota Southern Railway, ("Seller") and SDR Holding Company ("Purchaser");

WHEREAS, the Seller is the record owner and holder of the issued and outstanding shares of the capital stock of Dakota Southern Railway Company, ("Corporation"), a South Dakota corporation, which Corporation has issued capital stock all of which is held by George Alexander Huff, IV; and

WHEREAS, the Purchaser desires to purchase said stock and the Seller desires to sell said stock, upon the terms and subject to the conditions hereinafter set forth;

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained in this Agreement, and in order to consummate the purchase and the sale of the Corporation's Stock aforementioned, it is hereby agreed as follows:

- 1. PURCHASE AND SALE:** Subject to the terms and conditions hereinafter set forth, at the closing of the transaction contemplated hereby, the Seller shall sell, convey, transfer, and deliver to the Purchaser certificates representing such stock, and the Purchaser shall purchase from the Seller the Corporation's Stock in consideration of the purchase price set forth in this Agreement. The certificates representing the Corporation's Stock shall be duly endorsed for transfer or accompanied by appropriate stock transfer powers duly executed in blank, in either case with signatures guaranteed in the customary fashion, and shall have all the necessary documentary transfer tax stamps affixed thereto at the expense of the Seller. The closing of the transactions contemplated by this Agreement ("Closing"), shall be when all monies required at the time of execution are received by George Alexander Huff, IV via wire transfer to the bank of his choice. Once the payment is received the certificates representing the Corporation's Stock must be transferred immediately to SDR Holding Company at PO Box 612, Richmond, MO 64085.
- 2. AMOUNT AND PAYMENT OF PURCHASE PRICE.** The total consideration for the stock is \$250,000 to be paid in cash at the time of closing.
- 3. Contemporaneous Agreement and Escrow.** This agreement is made contemporaneously with and is conditioned upon the full performance and completion of a separate agreement to sell and purchase all of the hard assets of Dakota Southern Railway Co. In order to secure seller's performance under both

that and this agreement, the sum of \$50,000 of the purchase price shall be placed in escrow with the Lyman County Title Co. Inc. pursuant to a separate escrow agreement. The escrow money will be released at such time each item outlined on Exhibit A is completed in its entirety.

4. REPRESENTATIONS AND WARRANTIES OF SELLER. Seller hereby warrants and represents:

(a) **Organization and Standing.** Corporation is or at the time of closing shall be a corporation duly organized, validly existing and in good standing under the laws of the State of South Dakota and has the corporate power and authority to carry on its business as it is now being conducted.

(b) **Restrictions on Stock.**

i. The Seller is not a party to any agreement, written or oral, creating rights in respect to the Corporation's Stock in any third person or relating to the voting of the Corporation's Stock.

ii. Seller is the lawful owner of the Stock, free and clear of all security interests, equities and other charges.

iii. There are no existing warrants, options, stock purchase agreements, redemption agreements, restrictions of any nature, calls or rights to subscribe of any character relating to the stock, nor are there any securities convertible into such stock.

(c) **Liens or Encumbrances.** Said stock and the underlying assets of the corporation shall be free and clear of all liens, encumbrances or claims of any kind or nature whatsoever and fully transferable to the purchaser as required by the terms of this agreement.

5. REPRESENTATIONS AND WARRANTIES OF SELLER AND PURCHASER.

Seller and Purchaser hereby represent and warrant that there has been no act or omission by Seller, Purchaser or the Corporation which would give rise to any valid claim against any of the parties hereto for a brokerage commission, finder's fee, or other like payment in connection with the transactions contemplated hereby.

6. GENERAL PROVISIONS

(a) **Entire Agreement.** This Agreement constitutes the entire Agreement and supersedes all prior agreements and understandings, oral and written, between the parties hereto with respect to the subject matter hereof.

(b) **Sections and Other Headings.** The section and other headings contained in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

(c) **Governing Law.** This agreement, and all transactions contemplated hereby, shall be governed by, construed and enforced in accordance with the laws of the State of South Dakota. The parties herein waive trial by jury and agree to submit to the personal jurisdiction and venue of a court of subject matter jurisdiction located in Brule County, State of South Dakota. In the event that litigation results from or arises out of this Agreement or the performance thereof, the parties agree to reimburse the prevailing party's reasonable attorney's fees, court costs, and all other expenses, whether or not taxable by the court as costs, in addition to any other relief to which the prevailing party may be entitled.

(d) **Contemporaneous Agreement.** This agreement is made contemporaneously with and is subject to full and complete performance of a separate agreement to sell and purchase the "hard assets" of the Corporation for a total purchase price of \$500,000.

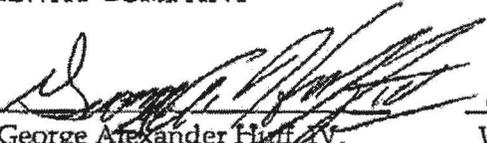
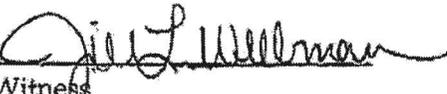
(e) **Accounts Receivable And Payable.** George Alexander Huff, IV, individually retains the rights to all Accounts Receivable of the Corporation and its business operations attributable to business operations occurring prior to the closing date, and he shall remain individually liable and obligated for all accounts payable attributable to business operations occurring prior to the closing date unless otherwise agreed. SDR Holding Company will be forwarded monies for any payment collected by Dakota Southern Railway and/or George Alexander Huff, IV for revenues attributable to business operation occurring after the closing date on or before October 1, 2009.

7. **COUNTERPARTS.** This Agreement may be executed in separate counterparts, all of which executed counterparts shall constitute one complete document.

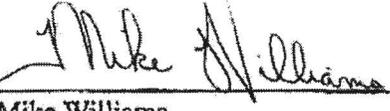
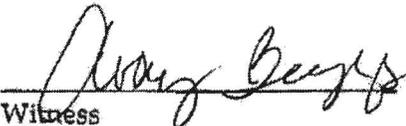
8. **FACSIMILE EXECUTION.** The parties hereto agree that execution of a facsimile of this Agreement shall have the same force and effect as an executed original and shall be binding upon the parties hereto.

IN WITNESS WHEREOF, this Agreement has been executed by each of the individual parties hereto on the date first above written.

DAKOTA SOUTHERN
RAILWAY COMPANY

by 
George Alexander Huff, IV. 
Witness

SDR HOLDING COMPANY

by 
Mike Williams 
Witness

Z:\Client_Files\EN\Huff, Alex\DKota Southern Asset Sale\dk090904 Huff Dakota Southern STOCK PURCHASE AGREEMENT
V2.doc (9/4/2009)

Exhibit A

Annual Corporate Reports

SD Use Tax Returns

Fed Income Tax returns

Annual Minutes

Stock Certificates