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SERVICE DATE – APRIL 28, 2010

DO

FR-4915-01-P

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[Docket No. FD 35365]

Michael Williams–Control Exemption–St. Maries River Railroad, Inc.

Michael Williams (applicant),<sup>1</sup> a noncarrier, has filed a verified notice of exemption to acquire control of St. Maries River Railroad, Inc. (STMA), a Class III railroad, through the purchase of all of STMA's stock from STMA's parent, Potlatch Land & Lumber, LLC, by Williams Group, Inc. (WG).<sup>2</sup> Applicant currently controls two Class III railroads through stock ownership: BG & CM Railroad (BG & CM), which operates in Idaho; and Ozark Valley Railroad (OVRR), which operates in Missouri.<sup>3</sup> Applicant will control STMA through WG.

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<sup>1</sup> Applicant has also concurrently filed a motion for protective order pursuant to 49 C.F.R. § 1104.14(b) to allow applicant to file the unredacted Stock Purchase Agreement under seal. That motion will be addressed in a separate decision.

<sup>2</sup> WG is a noncarrier holding company, which is wholly owned and controlled by applicant.

<sup>3</sup> Applicant indicates that it expects to file shortly a notice of exemption to acquire the stock of Dakota Southern Railway Company (DSRA), a Class III rail carrier, which operates in South Dakota. Approval for the proposed acquisition of control of DSRA is not authorized in this proceeding.

The parties intend to consummate the transaction by May 28, 2010. Applicant, however, may not consummate the transaction prior to the May 12, 2010 effective date of this exemption.

Applicant states that: (i) STMA does not connect with any rail lines of the BG & CM, OVRR, or any other railroad now controlled by applicant; (ii) the acquisition of control of STMA is not part of a series of anticipated transactions that would connect any of the railroads with each other or with any railroad in their corporate family; and (iii) this transaction does not involve a Class I rail carrier. Therefore, the transaction is exempt from the prior approval requirements of 49 U.S.C. § 11323. See 49 C.F.R. § 1180.2(d)(2).

Under 49 U.S.C. § 10502(g), the Board may not use its exemption authority to relieve a rail carrier of its statutory obligation to protect the interests of its employees. Section 11326(c), however, does not provide for labor protection for transactions under §§ 11324 and 11325 that involve only Class III rail carriers. Accordingly, the Board may not impose labor protective conditions here, because all the carriers involved are Class III rail carriers.

If the notice contains false or misleading information, the exemption is void ab initio. Petitions to revoke the exemption under 49 U.S.C. § 10502(d) may be filed at any time. The filing of a petition to revoke will not automatically stay the effectiveness of the exemption. Petitions for stay must be filed no later than May 5, 2010 (at least 7 days before the exemption becomes effective).

An original and 10 copies of all pleadings, referring to Docket No. FD 35365, must be filed with the Surface Transportation Board, 395 E Street, S.W., Washington, DC 20423-0001. In addition, one copy of each pleading must be served on Charles H. Montange, 426 NW 162nd Street, Seattle, WA 98177.

Board decisions and notices are available on our website at  
“[WWW.STB.DOT.GOV](http://WWW.STB.DOT.GOV).”

Decided: April 22, 2010.

By the Board, Rachel D. Campbell, Director, Office of Proceedings.