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SERVICE DATE – MARCH 28, 2013

SURFACE TRANSPORTATION BOARD

DECISION

Docket No. MCF 21052

SOUTHFIELD COINVEST HOLDINGS, LLC; SOUTHFIELD HALLCON INVESTMENT
CORP. AND HALLCON CREW TRANSPORT INC., ET AL.
—ACQUISITION OF CONTROL—
RENZENBERGER, INC.

AGENCY: Surface Transportation Board.

ACTION: Notice Tentatively Approving and Authorizing Transaction.

SUMMARY: Southfield Coinvest Holdings, LLC (Southfield), Southfield Hallcon Investment Corp. (SHIC), Hallcon Holding Corp. (HHC), Hallcon Corp. (HC), Hallcon Crew Transport Inc. (Hallcon Canada), and Hallcon Crew Transport Inc. (Hallcon U.S.) (collectively, Applicants) have filed an application under 49 U.S.C. § 14303 for their acquisition of control of Renzenberger, Inc. (Renzenberger). The Board is tentatively approving and authorizing the transaction, and, if no opposing comments are timely filed, this notice will be the final Board action. Persons wishing to oppose the application must follow the rules under 49 C.F.R. §§ 1182.5 and 1182.8.

DATES: Comments must be filed by May 13, 2013. Applicants may file a reply by May 28, 2013. If no comments are filed by May 13, 2013, this notice shall be effective on May 14, 2013.

ADDRESSES: Send an original and 10 copies of any comments referring to Docket No. MCF 21052 to: Surface Transportation Board, 395 E Street, S.W., Washington, DC 20423-0001. In addition, send one copy of comments to Applicants' representative: David H. Coburn, Steptoe & Johnson LLP, 1330 Connecticut Ave., N.W., Washington, D.C. 20036.

FOR FURTHER INFORMATION CONTACT: Amy C. Ziehm, (202) 245-0391. Federal Information Relay Service (FIRS) for the hearing impaired: 1-800-877-8339.

SUPPLEMENTARY INFORMATION: Southfield is a noncarrier private investment firm incorporated under Delaware law and headquartered in Greenwich, Conn. Southfield owns several entities that are not carriers in the United States, as well as Hallcon U.S., a federally authorized motor carrier that it owns indirectly. Southfield is the majority shareholder of SHIC, which is incorporated under Canadian law and headquartered at the same location as Southfield. SHIC is the majority shareholder of HHC stock, which is a noncarrier holding company incorporated under Canadian law. HHC directly owns 100% of HC. HC is incorporated under

Canadian law and headquartered in Toronto, Ont., Can. HC is a noncarrier that provides facility and transit cleaning services to the Canadian railway and transit industries. HC directly owns 100% of Hallcon Canada, which is incorporated under Canadian law and headquartered in Toronto, Ont., Can. Hallcon Canada is a motor carrier of passengers providing crew transport services to the Canadian railway and transit industries. Hallcon Canada operates only in Canada.

Hallcon U.S. is wholly and directly owned by Hallcon Canada. Hallcon U.S. is incorporated under the laws of Delaware and headquartered in Toronto, Ont., Can. Hallcon U.S. is a federally registered motor carrier of passengers in the United States, providing crew transport services to freight railroads across the United States pursuant to contracts with the railroads. Hallcon U.S. provides this transportation on both an interstate and intrastate basis, operating over 50 vehicles and employing over 150 drivers in the United States.¹ Hallcon U.S. holds interstate authority issued by the Federal Motor Carrier Safety Administration (FMCSA) in Docket No. MC-474586, and operates under U.S. Department of Transportation (USDOT) Number 1188236.

Renzenberger is a Kansas corporation and is a subsidiary of Peterson Manufacturing Company (Peterson), which is headquartered in Missouri. Peterson is a noncarrier corporation engaged in the manufacture of vehicle safety lighting, mirrors, reflectors, antennas, and related products. Renzenberger is a federally authorized motor carrier of passengers that provides rail crew transportation services in over 20 states within the United States.² These transportation services are provided primarily under contracts with railroads. Renzenberger operates over 1,200 vehicles and employs over 2,500 drivers. Renzenberger holds interstate operating authority issued by the FMCSA in Docket No. MC-170517, and operates under USDOT Number 210768.

Under the proposed transaction, Hallcon U.S. would create a subsidiary corporation, Hallcon Acquisition Subsidiary, for purposes of purchasing the stock of Renzenberger. After Hallcon Acquisition Subsidiary purchases the stock of Renzenberger, it would be merged into Renzenberger. Renzenberger would be the surviving corporation and it would be directly and wholly owned by Hallcon U.S. and indirectly controlled by Hallcon U.S.'s ultimate controlling shareholder, Southfield. Following the transaction, Renzenberger would continue to operate as an independent company, conducting the same operations it currently conducts pursuant to the operating authority it currently possesses. The proposed transaction would result in a change of Renzenberger's ownership, but would not change the nature or scope of Renzenberger's operations or transfer any of its operating authorities.

¹ Hallcon U.S. holds intrastate authority issued by the following states: Pennsylvania, Iowa, Missouri, Indiana, Arkansas, Louisiana, Alabama, and Kentucky.

² Renzenberger holds intrastate authority issued by the following states: Arkansas, California, Colorado, Delaware, Indiana, Iowa, Kansas, Louisiana, Maryland, Michigan, Missouri, Nebraska, Nevada, New Mexico, Oklahoma, Texas, and Wyoming.

Under 49 U.S.C. § 14303(b), the Board must approve and authorize a motor carrier of passengers transaction it finds consistent with the public interest, taking into consideration at least: (1) the effect of the transaction on the adequacy of transportation to the public; (2) the total fixed charges that result; and (3) the interest of affected carrier employees. Applicants have submitted information, as required by 49 C.F.R. § 1182.2, including the information to demonstrate that the proposed transaction is consistent with the public interest under 49 U.S.C. § 14303(b), and a statement that the 12-month aggregate gross operating revenues of the carriers involved in the transaction have exceeded \$2 million.

Applicants state that the proposed transaction will have no significant impact on the adequacy of transportation services available to the public, because Applicants do not intend to change substantially the physical operations historically conducted by Renzenberger or Hallcon U.S. Rather, Applicants maintain that the transaction would improve efficiency and lower the costs of Renzenberger's operations. Specifically, to accommodate expected growth in customer demand, Applicants state that they anticipate leveraging each company's senior and field level managers, thereby reducing the need to invest more in personnel in the near term. Applicants state that Hallcon U.S. would enter into vehicle sharing arrangements with Renzenberger to ensure maximum utilization and operational efficiency of equipment. According to the Applicants, the reduced costs associated with these efficiencies would put Renzenberger in a better position to invest in the equipment necessary to maintain the services it provides.

Applicants further note that the acquisition would have no adverse impact on competition, because Hallcon U.S. and Renzenberger have historically focused their services on different customers. Applicants state that both entities will continue to face competition or potential competition from other rail crew and passenger carriers such as Professional Transportation, Inc. and Railcrew Xpress. With respect to fixed charges, Applicants state that while Hallcon U.S.'s overall debt and interest payments may increase as a result of its acquisition of Renzenberger's stock, the transaction would not have an adverse impact on the ability of Renzenberger and Hallcon U.S. to meet their debt and interest obligations, while continuing to offer service to the public. Applicants also state that the proposed transaction would not have a significant adverse impact on carrier employees, as Hallcon U.S. and Renzenberger plan to continue to employ nearly all of their current employees after the proposed transaction is completed.

On the basis of the application, the Board finds that the proposed acquisition of control is consistent with the public interest and should be tentatively approved and authorized. The Board notes that the motor passenger sector is characterized by pervasive competition and low barriers to entry. If any opposing comments are timely filed, this finding will be vacated automatically, and, unless a final decision can be made on the record as developed, a procedural schedule will be adopted to reconsider the application. See 49 C.F.R. § 1182.6(c). If no opposing comments are filed by the expiration of the comment period, this notice will take effect automatically and will be the final Board action.

The application and Board decisions and notices are available on our website at “WWW.STB.DOT.GOV.”

This decision will not significantly affect either the quality of the human environment or the conservation of energy resources.

It is ordered:

1. The proposed transaction is approved and authorized, subject to the filing of opposing comments.
2. If opposing comments are timely filed, the findings made in this notice will be deemed vacated.
3. This notice will be effective May 14, 2013, unless opposing comments are timely filed by May 13, 2013.
4. A copy of this decision will be served on: (1) U.S. Department of Transportation, Federal Motor Carrier Safety Administration, 1200 New Jersey Avenue, S.E., Washington, DC 20590; (2) the U.S. Department of Justice, Antitrust Division, 10th Street & Pennsylvania Avenue, N.W., Washington, DC 20530; and (3) the U.S. Department of Transportation, Office of the General Counsel, 1200 New Jersey Avenue, S.E., Washington, DC 20590.

Decided: March 22, 2013.

By the Board, Chairman Elliott, Vice Chairman Begeman, and Commissioner Mulvey.