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SERVICE DATE – AUGUST 22, 2006

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FR-4915-01-P

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[STB Finance Docket No. 34872]

Dakota, Minnesota & Eastern Railroad Corporation and Cedar American Rail Holdings, Inc.—Intra-Corporate Family Transaction Exemption—Wyoming Dakota Railroad Properties, Inc.

Dakota, Minnesota & Eastern Railroad Corporation (DM&E) and its subsidiary, Cedar American Rail Holdings, Inc. (CARH), have jointly filed a verified notice of exemption under 49 CFR 1180.2(d)(3) for a transaction within a corporate family. In a concurrently filed verified notice of exemption in STB Finance Docket No. 34871, Wyoming Dakota Railroad Properties, Inc. (WDR), a newly created subsidiary of CAHR, seeks authority to acquire DM&E's Board issued authority to construct and operate<sup>1</sup> some 280 miles of rail line. The instant notice of exemption will allow DM&E and CARH to continue in control of WDR once the new entity acquires DM&E's construction authority and becomes a rail carrier.<sup>2</sup>

The parties had intended to consummate the transaction on June 20, 2006, the date the authority sought in STB Finance Docket No. 34871 was to become effective.

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<sup>1</sup> See Dakota, MN & Eastern R.—Construction—Powder River Basin, 3 S.T.B. 847 (1998), 6 S.T.B. 8 (2002), and Dakota, Minnesota & Eastern Railroad Corporation Construction into the Powder River Basin, STB Finance Docket No. 33407 (STB served Feb. 15, 2006).

<sup>2</sup> CAHR currently controls a rail carrier, Iowa, Chicago & Eastern Railroad Corporation.

However, in a decision served on June 19, 2006, the effective date of the two exemptions was stayed so that the Board could consider issues raised by various parties filing petitions to revoke/reject the exemption sought in STB Finance Docket No. 34871. The Board, among other things, lifted the stay and denied the petitions to reject/revoke the other exemption in a decision served on August 14, 2006, and effective on August 24, 2006. As a result of that decision, the exemption will become effective on August 24, 2006. The transaction sought in this exemption will be consummated when the transaction sought in STB Finance Docket No. 34871 is consummated.

The purpose of the substitution and continuance in control transactions is to create options to facilitate financing of the construction project and to insulate DM&E's shareholders from the risk associated with that project.

This is a transaction within a corporate family of the type exempted from prior review and approval under 49 CFR 1180.2(d)(3). The parties state that the transaction will not result in adverse changes in service levels, significant operational changes, or any change in the competitive balance with carriers outside the corporate family.

As a condition to use of this exemption, any employees adversely affected by the transaction will be protected by the conditions set forth in New York Dock Ry.—Control—Brooklyn Eastern Dist., 360 I.C.C. 60 (1979).

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 transaction.

An original and 10 copies of all pleadings, referring to STB Finance Docket No. 34872, must be filed with the Surface Transportation Board, 1925 K Street, NW,

Washington, DC 20423-0001. In addition, one copy of each pleading must be served on William C. Sippel, Fletcher & Sippel LLC, 29 North Wacker Drive, Suite 920, Chicago, IL 60606-2832.

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

Decided: August 15, 2006.

By the Board, David M. Konschnik, Director, Office of Proceedings.

Vernon A. Williams

Secretary