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SERVICE DATE – APRIL 9, 2009

DO

FR-4915-01-P

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[STB Finance Docket No. 35235]

Gabriel D. Hall—Corporate Family Transaction Exemption—U S Rail Holdings, LLC
and U S Rail Corporation

Gabriel D. Hall (Hall), an individual, has filed a verified notice of exemption under 49 CFR 1180.2(d)(3) to exempt from the provisions of 49 U.S.C. 11323 a transaction within the family of business entities in which he owns controlling interests. Hall owns a majority of the issued and outstanding shares of stock of U S Rail Corporation (U S Rail), a Class III carrier with operating authority in Ohio and Indiana. To facilitate financing, Hall has formed a new limited liability company, U S Rail Holdings, LLC (Holdings), in which he owns a majority of the issued and outstanding equity interests, to hold the Indiana leasehold interests. Holdings has entered into a new ten year lease with the owners of the Indiana rail lines. Once the new lease becomes effective, the existing lease between the owners and U S Rail will be terminated, and Holdings will immediately designate U S Rail as the operator of the rail lines, effectively transferring the operating authority back to U S Rail. Holdings will be the non-operating lessee (with residual common carrier obligations) and U S Rail will continue to be the operator of the rail lines. Hall will remain in control of both entities.

This transaction is related to the concurrently filed notice of exemption in STB Finance Docket No. 35234, U S Rail Holdings, LLC—Lease and Operation Exemption—

Winamac Southern Railway Company and Kokomo Grain Co., Inc. In that proceeding, Holdings seeks an exemption under 49 CFR 1150.31 to lease from Winamac Southern Railway Company and Kokomo Grain Co., Inc. and to operate approximately 58.89 miles of rail lines in Indiana.

The purpose of the transaction is to establish a structure conducive for future financing, while keeping all interests within the corporate family of entities controlled by Hall.

This is a transaction within a corporate family of the type specifically exempted from prior review and approval under 49 CFR 1180.2(d)(3). Hall states 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.

The transaction is scheduled to be consummated on or after April 23, 2009, the effective date of the exemption (30 days after the exemption was filed).

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 sections 11324 and 11325 that involve only Class III rail carriers. Accordingly, the Board may not impose labor protective conditions here, because all of 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 transaction.

Petitions for stay must be filed no later than April 16, 2009 (at least 7 days before the exemption becomes effective).

An original and 10 copies of all pleadings, referring to STB Finance Docket No. 35235, must be filed with the Surface Transportation Board, 395 E Street, N.W., Washington, DC 20423-0001. In addition, one copy of each pleading must be served on Eric M. Hocky, One Commerce Square, 2005 Market Street, Suite 1910, Philadelphia, PA 19103.

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

Decided: April 3, 2009.

By the Board, Joseph H. Dettmar, Acting Director, Office of Proceedings.

Anne K. Quinlan

Acting Secretary