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SERVICE DATE - MAY 8, 2000

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FR-4915-00-P

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[STB Finance Docket No. 33868]

OmniTRAX, Inc., Central Kansas Railway, L.L.C., and Kansas Southwestern Railway, L.L.C.--Corporate Family Transaction Exemption

OmniTRAX, Inc. (OmniTRAX),¹ Central Kansas Railway L.L.C. (CKR), and Kansas Southwestern Railway, L.L.C. (KSW), have jointly filed a verified notice of exemption. CKR operates over approximately 900 miles of rail line in the States of Kansas and Colorado. KSW operates over approximately 106 miles of rail line in the State of Kansas and connects at several locations with CKR. KSW will be merged into CKR, with CKR as the surviving corporation. After the transaction is consummated, OmniTRAX will control 9 Class III railroads in the United States.

The transaction was scheduled to be consummated on or shortly after April 26, 2000.

The purpose of the transaction is to simplify OmniTRAX's corporate structure and eliminate costs associated with separate accounting, tax, bookkeeping and reporting

¹ OmniTRAX is a noncarrier holding company, which at the time of filing, directly controlled 10 Class III railroads, including CKR and KSW, operating in 7 states. See OmniTRAX, Inc.--Control Exemption--Northern Ohio & Western Railway, LLC, STB Finance Docket No. 33598 (STB served June 5, 1998). OmniTRAX also states that it controls 3 rail carriers that operate in Canada.

functions. The proposed transaction will also enhance the operating economies of, and improve service on, the surviving corporation.

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). The parties state that the transaction will not result in adverse changes in service levels, significant operational changes, or a change in the competitive balance with carriers outside the corporate family.

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. Because this transaction involves Class III rail carriers only, the Board, under the statute, may not impose labor protective conditions for this transaction.

If the notice contains false or misleading information, the exemption is void ab initio. Petitions to reopen the proceeding 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. 33868, must be filed with the Surface Transportation Board, Office of the Secretary, Case Control Unit, 1925 K Street, N.W., Washington, DC 20423-0001. In addition, a copy of each pleading must be served on Karl Morell, P.C., Ball Janik LLP, Suite 225, 1455 F Street, N.W., Washington, DC 20005.

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Decided: April 28, 2000.

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

Vernon A. Williams

Secretary