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FR-4915-01-P

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[STB Finance Docket No. 35013]

Patriot Rail, LLC and Patriot Rail Corp.—Control Exemption—Rarus Railway Company

Patriot Rail, LLC (PRL) and its subsidiary Patriot Rail Corp. (Patriot) have filed a verified notice of exemption to permit PRL and Patriot to acquire control of the Rarus Railway Company (Rarus) by having Patriot Acquisition Corporation (PAC), a wholly owned subsidiary of Patriot, purchase 100% of the outstanding stock of Rarus. Rarus is a Class III rail carrier and operates a 25.7-mile line of railroad between Butte, MT, and Anaconda, MT.¹

PRL is a noncarrier limited liability company that owns 51% of the stock of Patriot. Patriot is a noncarrier holding company that owns 100% of the stock of the Tennessee Southern Railroad Company (TSRR), a Class III rail carrier operating a 118-mile line of railroad between specified points in Tennessee and Alabama. Patriot also owns 100% of the stock of PAC, the holding company that will acquire 100% of the outstanding stock of Rarus. Through Patriot's control of PAC, Patriot will acquire indirect control of Rarus. Through PRL's control of Patriot, PRL will also acquire indirect control of Rarus.

¹ A copy of an Amended and Restated Stock Purchase Agreement, as required by 49 CFR 1180.6(a)(7)(ii), was concurrently filed under seal along with a motion for protective order. The motion is being addressed in a separate decision.

The transaction is scheduled to be consummated after the effectiveness of the exemption, and no earlier than April 25, 2007.

Applicants state that: (i) the rail lines involved in this transaction do not connect with any rail lines now controlled, directly or indirectly, by PRL and Patriot; (ii) this transaction is not part of a series of anticipated transactions that would connect any of these rail lines with each other or any railroad in their corporate family; and (iii) this transaction does not involve a Class I carrier. Therefore, this transaction is exempt from the prior approval requirements of 49 U.S.C. 11323. See 49 CFR 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 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 verified 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 April 18, 2007 (at least 7 days before the exemption becomes effective).

An original and 10 copies of all pleadings, referring to STB Finance Docket No. 35013, must be filed with the Surface Transportation Board, 395 E Street, S.W.,

Washington, DC 20423-0001. In addition, a copy of each pleading must be served on Louis E. Gitomer, Esq., 600 Baltimore Ave., Suite 301, Towson, MD 21204.

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Decided: April 4, 2007.

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

Vernon A. Williams

Secretary