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SERVICE DATE – OCTOBER 29, 2013

SURFACE TRANSPORTATION BOARD

DECISION

Docket No. MCF 21055

CELERITY PARTNERS IV, LLC, CELERITY AHI HOLDINGS SPV, LLC, AND  
ALL ABOARD AMERICA! HOLDINGS, INC.

—CONTROL—

SURERIDE CHARTER, INC. D/B/A SUNDIEGO CHARTER COMPANY

AGENCY: Surface Transportation Board.

ACTION: Notice Tentatively Authorizing Finance Transaction.

SUMMARY: All Aboard America! Holdings, Inc. (AHI), Celerity AHI Holdings SPV, LLC (Celerity Holdings), and Celerity Partners IV, LLC (Celerity Partners) (collectively, Applicants) have filed an application under 49 U.S.C. § 14303 for their acquisition of control of Sureride Charter, Inc. d/b/a Sundiego Charter Company (Sundiego). 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 at 49 C.F.R. §§ 1182.5 and 1182.8.<sup>1</sup>

DATES: Comments must be filed by December 13, 2013. Applicants may file a reply by December 30, 2013. If no comments are filed by December 13, 2013, this notice shall be effective on December 14, 2013.

ADDRESSES: Send an original and 10 copies of any comments referring to Docket No. MCF 21055 to: Surface Transportation Board, 395 E Street, S.W., Washington, DC 20423-0001. In addition, send copies of comments to Applicant's representative: Mark J. Andrews, Strasburger & Price, LLP, Suite 640, 1700 K Street, N.W., Washington, DC 20006.

FOR FURTHER INFORMATION CONTACT: Jonathon Binet, (202) 245-0368. Federal Information Relay Service (FIRS) for the hearing impaired: 1-800-877-8339.

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<sup>1</sup> Due to the Government shutdown, this notice was not able to be published in the Federal Register within 30 days after the application was received. All dates and deadlines in this notice will be calculated based on the date of publication, October 29, 2013.

SUPPLEMENTARY INFORMATION: AHI is a noncarrier corporation established under the laws of Delaware. A plurality of AHI's stock is held by a group of investors participating in Celerity Holdings, a noncarrier limited liability company organized under the laws of Delaware. Celerity Partners, the managing member of Celerity Holdings, is also a noncarrier limited liability company organized under the laws of Delaware. Applicants currently control two carriers, Hotard Coaches, Inc. (Coaches) and Industrial Bus Lines, Inc. d/b/a All Aboard America! (Industrial).<sup>2</sup> Coaches and Industrial hold authority from the Federal Motor Carrier Safety Administration (FMCSA) as motor carriers of passengers (license nos. MC-143881 and MC-133171, respectively). Coaches operates in Louisiana and southern Mississippi, while Industrial operates in Arizona, New Mexico, and Texas.

Sundiego is a California corporation and is controlled through stock ownership by Richard and Beverly Ann Illes (Mr. and Mrs. Illes), noncarrier individuals residing in California. Sundiego holds authority from the FMCSA as a motor carrier of passengers (MC-324772) and holds an intrastate registration from the California Public Utilities Commission (CPUC) as a Class B charter-party carrier of passengers. Applicants state that Sundiego operates 58 full-sized motor coaches and 9 smaller vehicles (including minibuses, vans, and a limousine). According to Applicants, Sundiego conducts charter, sightseeing, and various types of shuttle operations for a variety of customers out of its headquarters in National City, Cal., a suburb of San Diego. Applicants state that these operations are conducted to, from, and within California and adjoining states, as well as to Mexico. Applicants indicate that 65 percent of Sundiego's revenues are derived from contracted transit and dedicated shuttle operations, with the remainder from charter operations. Of those charter operations, airport transfers account for 10 percent and cruise ship transfers account for 4 percent of Sundiego's revenues.<sup>3</sup>

Under the proposed transaction, Applicants seek permission for AHI (and for Celerity Holdings and Celerity Partners indirectly) to acquire 100 percent control of Sundiego through a stock purchase agreement (SPA) between AHI and Mr. and Mrs. Illes. According to Applicants, top management at Sundiego would remain involved in the business after the acquisition, and Mr. and Mrs. Illes would become minority shareholders in AHI. Applicants state that closing of the proposed transaction is scheduled on or about December 10, 2013, if Board approval is obtained by then.

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<sup>2</sup> See Celerity Partners IV, LLC, Celerity AHI Holdings SPV, LLC, and All Aboard America! Holdings, Inc.—Control—Calco Travel, Inc., Hotard Coaches, Inc., and Industrial Bus Lines, Inc. d/b/a All Aboard America!, MCF 21044 (STB served May 11, 2012).

<sup>3</sup> Applicants note that Sundiego also holds authority to operate a network of interstate regular route motor passenger common carrier operations involving the points of Los Angeles, El Paso, Las Vegas, and Denver. Applicants state that, because Sundiego does not currently operate any of these routes, they intend to file to have that authority revoked.

Under 49 U.S.C. § 14303(b), the Board must approve and authorize a transaction that it finds consistent with the public interest, taking into consideration at least: (1) the effect of the proposed 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 Applicants' motor passenger carriers and Sundiego's aggregate gross operating revenues for the preceding 12 months exceeded \$2 million, see 49 U.S.C. § 14303(g).

With respect to the effect of the transaction on the adequacy of transportation to the public, Applicants state that the proposed acquisition would have no significant impact because Applicants do not intend to change substantially the physical operations historically conducted by Sundiego. Rather, Applicants anticipate enhancing operations by implementing vehicle sharing arrangements, by providing coordinated driver training and safety management services, and by centralizing various management support functions. With respect to fixed charges, Applicants state that their control of Sundiego would generate economies of scale that would reduce a variety of unit costs and that, with its increased market position, Applicants would be able to access financing on more favorable terms. In addition to better interest rates, Applicants expect that the combined carriers would be able to enhance modestly their volume purchasing power, thus reducing insurance premiums and achieve deeper volume discounts for equipment and fuel. Applicants state that the transaction would have a positive impact on employee interests, as the economies and efficiencies resulting from the proposed acquisition would directly benefit Sundiego's employees by maintaining job security and retaining or expanding the volume of available work.

Applicants further state that the acquisition would have no adverse impact on competition, because the geographic markets in which Sundiego and Coaches/Industrial compete are adjacent, but do not significantly overlap. Industrial's primary service areas in Arizona, New Mexico, and Texas are west of Sundiego's California-based market. Applicants note that round trips generated by each carrier might extend into overlapping states, but the beginning and end points seldom, if ever, overlap between Sundiego and Coaches/Industrial. Applicants also state that Sundiego faces other competition in both charter and shuttle services in San Diego and Los Angeles. Further, Applicants note that services provided under contract and on a "spot basis" also face competition from local and nationwide operators. Applicants state that competition includes five locally-based carriers, three carriers in the Los Angeles area, and four large nationwide providers of service.

On the basis of the application, the Board finds that the proposed acquisition is consistent with the public interest and should be tentatively approved and authorized. If any opposing comments are timely filed, these findings will be deemed vacated, 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.

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 December 14, 2013, unless opposing comments are filed by December 13, 2013.
4. A copy of this notice will be served on: (1) the 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: October 23, 2013.

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