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SERVICE DATE - OCTOBER 29, 1999

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FR-4915-00-P

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[STB Finance Docket No. 33809]

RailTex, Inc., North Carolina & Virginia Railroad Company, Inc., Chesapeake and Albemarle Railroad Company, Inc., Dallas, Garland & Northeastern Railroad, Inc., Mid-Michigan Railroad, Inc., and Indiana Southern Railroad, Inc.--Corporate Family
Transaction Exemption

RailTex, Inc. (RailTex),¹ North Carolina & Virginia Railroad Company, Inc. (NCVA), Chesapeake and Albemarle Railroad Company, Inc. (CA), Dallas, Garland & Northeastern Railroad, Inc., a Texas corporation (DGNO), Mid-Michigan Railroad, Inc. (MMRR), and Indiana Southern Railroad, Inc. (ISRR), have jointly filed a verified notice of exemption. As part of the proposed corporate restructuring: (1) the assets of DGNO and MMRR, including the assets of the Texas Northeastern Division, a division of MMRR, will be merged into Dallas, Garland & Northeastern Railroad, Inc., a Delaware Division (DGNO Delaware), with DGNO Delaware as the surviving entity; (2) the assets of NCVA and CA will be merged into North Carolina & Virginia Railroad Company, Inc., a Delaware corporation (NCVA Delaware), with NCVA Delaware as the surviving entity; and (3) ISRR will be reincorporated in the State of Delaware. After the transaction is consummated, RailTex will control 16 Class III railroads in the United States.

¹ RailTex is a noncarrier, which at the time of filing, directly controlled 18 Class III railroads operating in 20 states, as well as 3 rail carriers that operate in Canada.

The transaction was scheduled to be consummated on or shortly after October 15, 1999.

The purpose of the transaction is to simplify RailTex's corporate structure and eliminate costs associated with separate accounting, tax, bookkeeping and reporting functions. The proposed transaction will also allow for the reincorporation of additional RailTex subsidiaries in the State of Delaware thereby simplifying RailTex's corporate governance.

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. 33809, 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: October 25, 1999.

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

Vernon A. Williams

Secretary