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SERVICE DATE – JULY 13, 2007

DO

FR-4915-01-P

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[STB Finance Docket No. 35056]

John C. Nolan, Penn Eastern Rail Lines, Inc., and East Penn Railways, Inc.–Corporate Family Transaction Exemption

John C. Nolan, a noncarrier individual (Mr. Nolan), Penn Eastern Rail Lines, Inc. (PRL), and East Penn Railways, Inc. (EPRY), jointly have filed a verified notice of exemption under 49 CFR 1180.2(d)(3) for a transaction within a corporate family. Mr. Nolan currently controls PRL and EPRY, which are Class III rail carriers operating in Pennsylvania and Delaware.<sup>1</sup> As part of the proposed transaction, Mr. Nolan will merge PRL and EPRY into East Penn Railroad, LLC (EPLLC), which he also controls, with EPLLC being the surviving corporation.

The transaction is scheduled to be consummated on or shortly after July 27, 2007, the effective date of the exemption.

The purpose of the transaction is to simplify the corporate structure of Mr. Nolan's railroads and eliminate costs associated with separate accounting, tax, bookkeeping, and reporting functions.

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<sup>1</sup> See John C. Nolan–Control Exemption–Penn Eastern Rail Lines, Inc., STB Finance Docket No 34322 (STB served July 22, 2002).

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. Accordingly, the Board may not impose labor protective conditions here, because all of the carriers involved are Class III 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 July 20, 2007 (at least 7 days before the exemption becomes effective).

An original and 10 copies of all pleadings, referring to STB Finance Docket No. 35056, must be filed with the Surface Transportation Board, 395 E Street, S.W., Washington, DC 20423-0001. In addition, one copy of each pleading must be served on Karl Morell, Of Counsel, Ball Janik LLP, 1455 F Street, N.W., Suite 225, Washington, DC 20005.

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“[WWW.STB.DOT.GOV](http://WWW.STB.DOT.GOV).”

Decided: July 3, 2007.

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

Vernon A. Williams  
Secretary