

39019

SERVICE DATE – MAY 16, 2008

DO

FR-4915-01-P

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[STB Finance Docket No. 35138]

Patriot Rail, LLC, Patriot Rail Holdings LLC, and Patriot Rail Corp.—Control

Exemption—The Louisiana and North West Railroad Company LLC

Patriot Rail, LLC (PRL) and its subsidiaries, Patriot Rail Holdings LLC (PRH) and Patriot Rail Corp. (Patriot) (collectively, applicants), jointly have filed a verified notice of exemption to permit PRL, PRH, and Patriot to acquire control of The Louisiana and North West Railroad Company LLC (L&NW) through Patriot's acquisition of 100% of the membership interests and/or substantially all of the assets of L&NW, pursuant to a Letter of Intent dated April 8, 2008.¹ Applicants state that a Purchase and Sale Agreement, as required by 49 CFR 1180.6(a)(7)(ii), will be entered prior to closing.

PRL is a noncarrier limited liability company that owns 51% of the equity interests in PRH, which, in turn, owns 100% of the stock of Patriot. Patriot is a noncarrier holding company that controls the following Class III railroads: (1) the Tennessee Southern Railroad Company, operating in Tennessee and Alabama; (2) Rarus Railway Company, operating in Montana; (3) Utah Central Railway Company, operating in Utah; and (4) Sacramento Valley Railroad, Inc., operating in California. LN&W, a

¹ A redacted version of the Letter of Intent was included with the notice. The full version the Letter of Intent was concurrently filed under seal along with a motion for protective order. The motion for protective order is being addressed in a separate decision.

Class III rail carrier, owns and operates an approximately 62.6-mile line of railroad between McNeil, AR, and Gibsland, LA, and leases a 6.5-mile line of railroad between McNeil and Magnolia, AR, from the Union Pacific Railroad Company. Pursuant to the transaction, Patriot will acquire direct control of L&NW. PRL and PRH, through their control of Patriot, will acquire indirect control of L&NW.

The transaction is scheduled to be consummated on or after the date that this notice becomes effective (which will occur on May 30, 2008).

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, PRH, or Patriot; (ii) the acquisition of control of L&NW by PRL, PRH, and Patriot is not part of a series of anticipated transactions that would connect any of these railroads 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 May 23, 2008 (at least 7 days before the exemption becomes effective).

An original and 10 copies of all pleadings, referring to STB Finance Docket No. 35138, 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., Law Offices of Louis E. Gitomer, 600 Baltimore Avenue, Suite 301, Towson, MD 21204.

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“WWW.STB.DOT.GOV.”

Decided: May 8, 2008.

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

Anne K. Quinlan
Acting Secretary