

SERVICE DATE – JULY 16, 2020

SURFACE TRANSPORTATION BOARD

DECISION

Docket No. FD 36417

RONALD BRIDGES, DARRYL CAPLAN, AND HAINESPORT TRANSPORTATION
GROUP—CORPORATE FAMILY EXEMPTION

Decided: July 15, 2020

On June 18, 2020, Ronald Bridges, Darryl Caplan, and Hainesport Transportation Group (HTG), all noncarriers (collectively, Applicants), filed a verified notice of exemption under 49 C.F.R. § 1180.2(d)(3), which exempts from the prior approval requirements of 49 U.S.C. § 11323 “[t]ransactions within a corporate family that do not result in adverse changes in service levels, significant operational changes, or a change in the competitive balance with carriers outside the corporate family.” 49 C.F.R. § 1180.2(d)(3).

According to the verified notice, Bridges and Caplan equally own and control HTG, which in turn controls three railroads, including 5900 Holdings LLC (5900 Holdings). (Verified Notice 1.) Applicants propose to transfer ownership of 5900 Holdings from HTG to Bridges and Caplan, equally dividing ownership between them and giving them direct control of 5900 Holdings instead of indirect control. (*Id.*) The verified notice states that “[t]he only change as a result of the proposed transaction is that Bridges and Caplan will have direct control of 5900 [Holdings] instead of the current indirect control” (*Id.* at 2.)

Under 49 U.S.C. § 11323(a)(5), the “[a]cquisition of control of a rail carrier by a person that is not a rail carrier but that controls any number of rail carriers” requires Board authorization. The transaction proposed here, however, does not constitute an “acquisition of control” of a rail carrier within the meaning of § 11323. In the context of a corporate reorganization, “to determine whether a transaction will cause a change in control of one party over another, the inquiry must focus on whether the transaction will accomplish a significant increase in the power of one party over another.” Global Transp. Servs.—Control Exemption—Lyon Van Lines, Inc., MCF 19382, slip op. at 1 (ICC served Apr. 18, 1989) (citing Alleghany Corp. v. Breswick & Co., 353 U.S. 151, 169 (1957)). Transferring direct ownership of 5900 Holdings’ shares from HTG to Bridges and Caplan, as described in the verified notice, will not increase either individual’s power over 5900 Holdings: Bridges and Caplan currently control 5900 Holdings equally through their equal ownership of HTG, and they will continue to control 5900 Holdings equally after the transaction through their equally divided direct ownership of 5900 Holdings’ shares. Accordingly, there will be no cognizable change in control, and the transaction is not subject to 49 U.S.C. § 11323. Therefore, the notice of exemption will be dismissed. See Hainesport Transp. Grp., LLC—Corporate Family Transaction Exemption, FD 36184, slip op. at 2 (STB served May 24, 2018); RailAmerica, Inc.—Corporate Family

Transaction Exemption—Huron & E. Ry., FD 32068, slip op. at 1 (ICC served June 18, 1992);
Global Transp. Servs., MCF 19382, slip op. at 1.

It is ordered:

1. The notice of exemption is dismissed.
2. This decision is effective on its service date.

By the Board, Allison C. Davis, Director, Office of Proceedings.