

DO

FR-4915-01-P

SURFACE TRANSPORTATION BOARD

[Docket No. FD 36642]

Patriot Rail Company LLC, SteelRiver Transport Ventures LLC, Global Diversified Infrastructure Fund (North America) LP, First State Infrastructure Managers (International) Limited, and Mitsubishi UFJ Financial Group, Inc.—Control Exemption—Delta Southern Railroad, Inc.

Patriot Rail Company LLC (Patriot), SteelRiver Transport Ventures LLC; Global Diversified Infrastructure Fund (North America) LP; First State Infrastructure Managers (International) Limited; and Mitsubishi UFJ Financial Group, Inc. (MUFG) (collectively, Patriot Rail), have filed a verified notice of exemption pursuant to 49 C.F.R. § 1180.2(d)(2) to acquire control of Delta Southern Railroad, Inc. (DSRR), a Class III rail carrier.¹ Through this transaction, Patriot Rail would acquire from West Branch Intermediate Holdings, LLC (West Branch), a noncarrier, a controlling interest in DSRR. Patriot Rail currently controls 31 Class III rail carriers (the Patriot Short Lines).²

¹ The verified notice states that DSRR owns and operates two lines: the first rail line begins at Tallulah, La., and continues to Lake Providence, La.; the second line extends from Monroe, La., to Sterlington, La. Maps depicting the DSRR lines are contained in Exhibit B of the verified notice.

² Exhibit C of the verified notice of exemption lists the short line carriers indirectly controlled by Patriot Rail. Maps depicting the Patriot Short Lines are contained in Exhibit D of the verified notice.

The transaction may be consummated on or after January 6, 2023, the effective date of the exemption.³

According to the verified notice, through a Stock Purchase Agreement, Patriot would acquire a controlling interest in DSRR through Patriot's purchase of all DSRR's issued and outstanding stock. Patriot states that the proposed transaction involves a stock acquisition and would have no effect on DSRR's corporate entity status.

The verified notice indicates that: (1) none of the Patriot Short Lines connect with DSRR; (2) the transaction is not part of a series of anticipated transactions that would connect any of the Patriot Short Lines or DSRR; and (3) the transaction does not involve a Class I rail carrier. The proposed transaction is therefore exempt from the prior approval requirements of 49 U.S.C. § 11323 pursuant to 49 C.F.R. § 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. However, 49 U.S.C. § 11326(c) does not provide for labor protection for transactions under 49 U.S.C. §§ 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.

³ On September 28, 2022, Lake Providence Port Commission (LPPC) replied in opposition to the verified notice, requesting that the Board postpone the effective date and "ultimately reject Patriot Rail's petition insofar as it would permit [West Branch and DSRR] to disrupt" the feeder line application proceeding in Docket No. FD 36447, in which LPPC is attempting to acquire one of DSRR's lines. (LPPC Reply 1-2.) By decision served October 14, 2022, this proceeding was placed in abeyance until further order of the Board, and Patriot Rail, DSRR, and LPPC were directed to meet and confer on the issues raised in Docket No. FD 36647. Patriot Rail Co. LLC,—Control Exemption—Delta S. R.R., FD 36447 et al., slip op. at 2 (STB served October 14, 2022). By decision served December 20, 2022, the Board denied LPPC's request to reject the notice of exemption and lifted the abeyance in this proceeding.

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 December 30, 2022 (at least seven days before the exemption becomes effective).

All pleadings, referring to Docket No. FD 36642, must be filed with the Surface Transportation Board either via e-filing on the Board's website or in writing addressed to 395 E Street, S.W., Washington, DC 20423-0001. In addition, one copy of each pleading must be served on Patriot Rail's representative, John M. Scheib, Gentry Locke, 919 E. Main Street, Suite 1130, Richmond, VA 23219.

According to Patriot Rail, this action is categorically excluded from environmental review under 49 C.F.R. § 1105.6(c) and from historic reporting requirements under 49 C.F.R. § 1105.8(b).

Board decisions and notices are available at www.stb.gov.

Decided: December 20, 2022.

By the Board, Cynthia T. Brown, Acting Director, Office of Proceedings.