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SERVICE DATE – NOVEMBER 17, 2023

SURFACE TRANSPORTATION BOARD

DECISION

Docket No. MCF 21112

TBL GROUP, INC. — ACQUISITION OF CONTROL —
EAST COAST TRANSPORTATION COMPANY OF NORTH FLORIDA LLC

AGENCY: Surface Transportation Board.

ACTION: Notice Tentatively Approving and Authorizing Finance Transaction.

SUMMARY: On October 19, 2023, TBL Group, Inc. (TBL Group or Applicant), a holding company, filed an application under 49 U.S.C. 14303 to acquire substantially all of the business operations and assets of East Coast Transportation Company of North Florida LLC (East Coast Transportation or Seller). The Board is tentatively approving and authorizing the transaction, and, if no opposing comments are timely filed, this notice will be the final Board action. Persons wishing to oppose the application must follow the rules at 49 CFR 1182.5 and 1182.8.

DATES: Comments may be filed by January 2, 2024. If any comments are filed, TBL Group may file a reply by January 16, 2024. If no opposing comments are filed by January 2, 2024, this notice shall be effective on January 3, 2024.

ADDRESSES: Comments may be filed with the Board either via e-filing at www.stb.gov/proceedings-actions/e-filing/other-filings/ or in writing addressed to: Surface Transportation Board, 395 E Street, S.W., Washington, DC 20423-0001. Comments must reference Docket No. MCF 21112. In addition, one copy of comments must be sent to TBL Group's representative: Barry Lewis, United States Transit Funding, Inc., P.O. Box 2563, Ormond Beach, FL 32175.

FOR FURTHER INFORMATION CONTACT: Amy Ziehm at (202) 245-0391. If you require an accommodation under the Americans with Disabilities Act, please call (202) 245-0245.

SUPPLEMENTARY INFORMATION: According to the application, TBL Group is a domestic for-profit incorporated entity headquartered in the state of Texas. TBL Group has been in operation since 2015 and has two wholly owned subsidiaries, GBJ, Inc. and Echo Tours & Charters LP, which primarily provide charter, tour, and local intercity and intracity transportation in the Houston-Dallas-San Antonio, Texas corridor, as well as the Jacksonville, North Florida

market. (Appl. 1-2 (pdf pages 3-4).) According to Applicant, its subsidiaries currently operate 189 commercial motor vehicles in the above-mentioned markets.¹ (Id. at 2 (pdf page 4).)

East Coast Transportation is an S Corporation with its principal place of business located in the state of Florida. (Id.) According to the application, East Coast Transportation is federally registered to provide passenger-carrier motor services and has been in operation for 14 years, providing charter service in Florida and other parts of the Southeast United States. (Id.) East Coast Transportation operates 23 motorcoaches and currently has no parent, subsidiary, or affiliate companies. (Id.) TBL Group clarified by letter filed October 30, 2023, that, through the proposed transaction, Seller intends to transfer 80% ownership and control of East Coast Transportation to TBL Group, under the name Echo East Coast Transportation, LLC (Echo East Coast Transportation), and Robert M. Sobol, Chief Executive Officer of East Coast Transportation, will hold 20% ownership of the company. (TBL Group Letter 1, Oct. 30, 2023.)

Under 49 U.S.C. 14303(b), the Board must approve and authorize a transaction that it finds consistent with the public interest, taking into consideration at least (1) the effect of the proposed transaction on the adequacy of transportation to the public, (2) the total fixed charges that result, and (3) the interest of affected carrier employees. TBL Group has submitted the information required by 49 CFR 1182.2, including information to demonstrate that the proposed transaction is consistent with the public interest under 49 U.S.C. 14303(b), see 49 CFR 1182.2(a)(7), and a jurisdictional statement under 49 U.S.C. 14303(g) that the aggregate gross operating revenues of TBL Group and East Coast Transportation exceeded \$2 million during the 12-month period immediately preceding the filing of the application, see 49 CFR 1182.2(a)(5).

TBL Group asserts that the transaction is consistent with the public interest. TBL Group states that the transaction is not expected to have a material, detrimental impact on the adequacy of transportation services available for the public, but rather it anticipates that public services will be improved as operating efficiencies will “enable the carriers to provide service across a broad geographic area.” (Appl. 5 (pdf page 7).) With respect to fixed charges, TBL Group asserts that the restructuring of day-to-day operations will allow the Applicant to lower operational costs and continue to provide affordable passenger-carrier transportation services. (Id. at 7 (pdf page 9).) Further, TBL Group anticipates that there will be no overall negative impact to employees as a result of the transaction. According to TBL Group, the transaction will enable the parties to consolidate some headquarters and administrative personnel. (Id.) TBL Group, asserts, however, that labor force additions in higher paying sales and field operations in multiple cities will offset any personnel contraction across Texas and Florida. (Id.) TBL Group notes that, “while the current goal of the transaction is to maximize utilization with fewer vehicles, over time the companies will be able to grow by taking advantage of economies of scale, better financial terms, and increased buying power, resulting in additions to driver and non-driver personnel.” (Id.) Lastly, TBL Group asserts that the transaction will not have a material, adverse effect on competition. According to TBL Group, the areas served by the carriers are subject to

¹ Additional information about the carriers, including U.S. Department of Transportation (USDOT) numbers, motor carrier numbers, and USDOT safety fitness ratings, can be found in the application. (See Appl. 1-3, 9 (pdf pages 3-5, 11).)

robust competition. (Id.) Specifically, TBL Group states that the Jacksonville, Florida market has over 20 interstate transportation providers offering charter and tour service. (Id.) TBL Group estimates that interstate and intrastate carriers in the Jacksonville, Florida market generate over \$75 million in annual revenues and operate approximately 800 vehicles, including sedans, mini buses, and motor coaches. (Id. at 7-8 (pdf pages 9-10).) After the transaction, TBL Group states that the combined revenues of Echo East Coast Transportation will be less than 10% of \$75 million and will account for less than five percent of the vehicles in the local market. (Id. at 8 (pdf page 10).) Thus, TBL Group asserts that the applicable carriers are largely separate and distinct, with a small amount of overlap in the larger markets, and do not plan on significantly altering their current operations, but merely wish to take advantage of efficiencies gained through working under one corporate structure. (Id. at 7-8 (pdf pages 8-9).)

The Board finds that the acquisition as proposed in the application is consistent with the public interest and should be tentatively approved and authorized. If any opposing comments are timely filed, these findings will be deemed vacated, and, unless a final decision can be made on the record as developed, a procedural schedule will be adopted to reconsider the application. See 49 CFR 1182.6. If no opposing comments are filed by expiration of the comment period, this notice will take effect automatically and will be the final Board action.

This action is categorically excluded from environmental review under 49 CFR 1105.6(c).

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

It is ordered:

1. The proposed transaction is approved and authorized, subject to the filing of opposing comments.
2. If opposing comments are timely filed, the findings made in this notice will be deemed vacated.
3. This notice will be effective January 3, 2024, unless opposing comments are filed by January 2, 2024. If any comments are filed, TBL Group may file a reply by January 16, 2024.
4. A copy of this notice will be served on: (1) the U.S. Department of Transportation, Federal Motor Carrier Safety Administration, 1200 New Jersey Avenue, S.E., Washington, DC 20590; (2) the U.S. Department of Justice, Antitrust Division, 10th Street & Pennsylvania Avenue, N.W., Washington, DC 20530; and (3) the U.S. Department of Transportation, Office of the General Counsel, 1200 New Jersey Avenue, S.E., Washington, DC 20590.

Decided: November 9, 2023.

By the Board, Board Members Fuchs, Hedlund, Oberman, Primus, and Schultz.