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SERVICE DATE – AUGUST 30, 2024

SURFACE TRANSPORTATION BOARD

DECISION

Docket No. MCF 21120 TA

AVALON MOTOR COACHES, LLC, AND AVALON TRANSPORTATION, LLC
—ACQUISITION OF CONTROL—
KERRVILLE BUS COMPANY INC., ALL WEST COACHLINES, INC., AMERICAN
COACH LINES OF ATLANTA, INC., COACH LEASING, INC., CAM LEASING, LLC,
COACH USA, INC., AND COACH USA ADMINISTRATION, INC.

Docket No. MCF 21120

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—ACQUISITION OF CONTROL—
KERRVILLE BUS COMPANY INC., ALL WEST COACHLINES, INC., AMERICAN
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COACH USA, INC., AND COACH USA ADMINISTRATION, INC.

Digest:¹ This decision permits Avalon Transportation, LLC, and Avalon Motor Coaches, LLC (collectively, Avalon), to manage and operate certain assets of several Coach USA, Inc., subsidiaries (Coach USA Subsidiaries) on an interim basis pending determination of a related application for Avalon to purchase such assets of the Coach USA Subsidiaries.

Decided: August 30, 2024

On August 12, 2024, Avalon Transportation, LLC (Avalon Transportation), and Avalon Motor Coaches, LLC (Avalon Motor Coaches) (collectively, Avalon), requested, in Docket No. MCF 21120 TA, interim approval under 49 U.S.C. § 14303(i) and the Board's regulations at 49 C.F.R. § 1182.7(b) to permit Avalon to manage and operate certain assets of interstate passenger motor carriers that are subsidiaries of Coach USA, Inc. (Coach USA), pending a decision on Avalon's concurrently filed application in Docket No. MCF 21120 for authority to acquire certain assets of six Coach USA subsidiaries: Kerrville Bus Company, Inc.; All West Coachlines, Inc.; American Coach Lines of Atlanta, Inc.; Coach Leasing, Inc.; CAM Leasing, LLC; and Coach USA Administration, Inc. (collectively, Coach USA Subsidiaries).

¹ The digest constitutes no part of the decision of the Board but has been prepared for the convenience of the reader. It may not be cited to or relied upon as precedent. See Pol'y Statement on Plain Language Digs. in Decisions, EP 696 (STB served Sept. 2, 2010).

BACKGROUND

Avalon Transportation (MC-396011) and Avalon Motor Coaches (MC-1032746) operate chauffeured service offices in California, New York, New Jersey, and Philadelphia, and motor coach offices in California, Arizona, and Texas. (Appl. 8, MCF 21120.) Avalon Motor Coaches focuses on the Texas Motor Coach division, while Avalon Transportation focuses on chauffeured services and the California Motor Coach division. (*Id.* at 8-9 (noting that Avalon Transportation also provides service in domestic and international locations through an affiliate program).) Both Avalon Motor Coaches and Avalon Transportation are limited liability companies whose sole member is Virgin-Fish, Inc. (Virgin-Fish), which is owned by sole shareholder Jeffrey Brush. (*Id.* at 8.) The passenger motor carriers controlled by Coach USA provide services in various locations. Kerrville Bus Company, Inc. (MC-27530), which is located in San Antonio, Tex., provides motorcoach charters and shuttles, group tour packages, casino trips, and convention coordinating and planning. (*Id.* at 11.) All West Coachlines, Inc. (MC-218583) provides charter bus services in California, charter tours including to Nevada, and thruway bus services. (*Id.*) American Coach Lines of Atlanta, Inc. (MC-244195) provides charter bus service in Atlanta, Ga., and the Southeast.² (*Id.*)

In the acquisition application in Docket No. MCF 21120, Avalon seeks to purchase the assets and good will of the Coach USA Subsidiaries, apart from those relating to Coach USA's Megabus operations. (Appl. 4, MCF 21120 (specifying that Avalon Transportation seeks to acquire certain All West Coachlines assets, and Avalon Motor Coaches seeks to acquire certain assets from Kerrville Bus Company, Inc., and American Coach Lines of Atlanta, Inc.).) The acquisition application states that the proposed transaction is subject to sales procedures approved by the United States Bankruptcy Court for the District of Delaware, where Coach USA filed a petition for relief under Chapter 11 of the Bankruptcy Code and moved to sell substantially all its assets. (*Id.* at 5-6.) As relevant here, the court scheduled an August 13, 2024 sales hearing to approve the sale of certain assets to Avalon. (*Id.* at 6.) According to the acquisition application, if the court approves the sale, Avalon will "oversee the provision of transportation services to the Coach USA Subsidiaries' charter, contract, and other customers in the respective business segments being acquired." (*Id.*) The application states that Avalon intends to improve transportation options and increase efficiency by integrating the Coach USA Subsidiaries' services with Avalon's service and software. (*Id.* at 13.) Further, Avalon intends to increase safety, comfort, and reliability by purchasing new vehicles, and will retain substantially all of the eligible employees of the Coach USA Subsidiaries at the acquired locations. (*Id.* at 13-14.)

In its request for interim approval in Docket No. MCF 21120 TA, Avalon states that if its request is not granted by August 13, the date of the sales hearing, the insolvent Coach USA Subsidiaries may not be able to operate and continuous service to the public would be threatened. (Req. for Interim Approval 2-3, MCF 21120 TA.) Avalon argues that 237 employees of the Coach USA Subsidiaries may lose their jobs and that passengers could suffer from lost bus services, unfulfilled contracts, canceled orders, lost deposits, and additional financial losses. (*Id.*

² According to the acquisition application, the remaining Coach USA Subsidiaries do not hold operating authority. (Appl. 3-4, MCF 21120.)

at 3-4.) According to Avalon, Board approval would allow Avalon to “immediately step in to save as many employee jobs as possible,” preserve the value of assets being purchased by “hiring additional staff, purchasing new vehicles, and taking on current Seller Entity contracts,” and provide services to clients who have prepaid for trips. (Id.) Avalon also states that it would “look to build the acquired business” and “assume and expand the market” that the Coach USA Subsidiaries will vacate. (Id. at 4-5.) Accordingly, Avalon asks the Board to grant interim approval as soon as possible. (Id. at 5.)

DISCUSSION AND CONCLUSIONS

Under 49 U.S.C. § 14303(i), while an application for acquisition authority is pending, “the Board may approve, for a period of not more than 180 days, the operation of the properties sought to be acquired by the person proposing in the application to acquire those properties, when it appears that failure to do so may result in destruction or injury to those properties or substantially interfere with their future usefulness in providing adequate and continuous service to the public.”

The Board finds that a grant of interim approval for Avalon to manage and operate certain assets of the Coach USA Subsidiaries meets the criteria of § 14303(i). The Coach USA Subsidiaries are insolvent and, based on Avalon’s representations, absent interim approval those entities may not be able to operate. (Req. for Interim Approval 3, MCF 21120 TA.) Such a shutdown could lead to lost services and unfulfilled contracts, along with financial losses for passengers. (Id. at 4.) Additionally, 237 employees of the Coach USA Subsidiaries may lose their jobs. (Id. at 3.) Therefore, pursuant to 49 C.F.R. § 1182.7(b), the Board will grant the requested interim approval. The Board reminds Avalon that this interim approval is temporary, and that Avalon is responsible for protecting the assets at issue so that they can be returned to the Coach USA Subsidiaries if the Board ultimately were to deny Avalon’s request for acquisition authority.

However, as noted above, both Avalon Motor Coaches and Avalon Transportation are limited liability companies whose sole member is Virgin-Fish, which is owned by sole shareholder Jeffrey Brush. (Appl. 8, MCF 21120.) Virgin-Fish and Jeffrey Brush are not applicants in Docket No. MCF 21120, despite their ability to exercise control over Avalon. 49 U.S.C. § 13102(5); see Morgan Stanley Grp.—Control Exemption—NCC L.P., MCF 20250 (ICC served Feb. 17, 1993) (focusing “on the ability to control as reflected in the power or authority to manage, direct, superintend, restrict, regulate, govern, administer, or oversee”). Therefore, Virgin-Fish and Jeffrey Brush will be directed to submit a filing joining the application and providing all information required of an applicant under the Board’s rules. Such filing may incorporate the existing application by reference, to the extent appropriate.

This action is categorically excluded from environmental review under 49 C.F.R. § 1105.6(c).

It is ordered:

1. Avalon is authorized on an interim basis to manage and operate certain assets of the Coach USA Subsidiaries under 49 U.S.C. § 14303(i) and 49 C.F.R. § 1182.7. The application for acquisition authority will be addressed in a separate decision in Docket No. MCF 21120.

2. Virgin-Fish and Jeffrey Brush are directed to submit a filing in Docket No. MCF 21120 joining the application and providing all information required of an applicant under the Board's rules, incorporating the existing application by reference to the extent appropriate.

3. This decision is effective on its service date.

4. A copy of this decision 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.

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