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SERVICE DATE – JANUARY 10, 2025

SURFACE TRANSPORTATION BOARD

DECISION

Docket No. MCF 21128

AVALON MOTOR COACHES, LLC—ACQUISITION OF CONTROL—
ROSE CHAUFFEURED TRANSPORTATION, INC.

AGENCY: Surface Transportation Board.

ACTION: Notice Tentatively Approving and Authorizing Finance Transaction.

SUMMARY: On December 11, 2024, Avalon Motor Coaches, LLC (Avalon Motor Coach), an interstate passenger motor carrier, together with its noncarrier affiliates Virgin-Fish, Inc. (Virgin-Fish), and Jeffrey Brush (Avalon Motor Coach, Virgin-Fish, and Jeffrey Brush will be collectively referred to as “Avalon”) filed an application for Avalon to purchase most of the assets of another interstate passenger motor carrier, Rose Chauffeured Transportation, Inc. (Rose), and assume substantially all of its outstanding contracts related to its charter services. The Board is tentatively approving and authorizing this transaction. If no opposing comments are timely filed, this notice will be the final Board action.

DATES: Comments must be filed by February 24, 2025. If any comments are filed, Applicants may file a reply by March 11, 2025. If no opposing comments are filed by February 24, 2025, this notice shall be effective on February 25, 2025.

ADDRESSES: Comments, referring to Docket No. MCF 21128, may be filed with the Board either via e-filing on the Board’s website or in writing addressed to: Surface Transportation Board, 395 E Street, S.W., Washington, DC 20423-0001. In addition, send one copy of comments to Avalon’s representative: Barry M. Weisz, Thompson Coburn LLP, 10100 Santa Monica Boulevard, Suite 500, Los Angeles, CA 90067.

FOR FURTHER INFORMATION CONTACT: Jonathon Binet at (202) 245-0368. If you require an accommodation under the Americans with Disabilities Act, please call (202) 245-0245.

SUPPLEMENTARY INFORMATION: According to the application, Avalon Motor Coach is a Texas limited liability company. (Appl. 3.) The sole member of Avalon Motor Coach is Virgin-Fish, a California company owned by a sole shareholder, Jeffrey Brush.¹ (*Id.* at 3.) Virgin-Fish is also the sole member of Avalon Transportation, LLC (Avalon Transportation), a California company and Avalon’s sister company. (*Id.* at 3-4.) Avalon Transportation and Avalon Motor

¹ More information about Avalon’s corporate structure and ownership can be found in the application. (Appl. 3-4, Ex. A.)

Coach both hold interstate authority to carry passengers.² (Id. at 2.) According to the application, Avalon Motor Coach and Avalon Transportation currently operate offices for chauffeured services in Los Angeles, New York, San Francisco, New Jersey, and Philadelphia, and offices for motor coach services in Sacramento, San Jose, Orange County, Phoenix, Dallas, San Antonio, Houston, Beaumont, and Atlanta. (Id. at 4.) The application states that Avalon Motor Coach primarily focuses on the Texas Motor Coach division and operates charter shuttle services in multiple states, including Texas, California, and Arizona, while Avalon Transportation focuses on chauffeured services and the California Motor Coach division. (Id. at 3-4.) In addition to its major offices, Avalon Transportation also provides service to clients in over 550 domestic locations through its affiliate program. (Id. at 4.)

The application explains that, in this transaction, Avalon will purchase most of Rose's assets and assume substantially all of the outstanding contracts related to Rose's charter services. (Id. at 2-3.)³ According to the application, Rose is a North Carolina corporation headquartered in Charlotte, N.C.⁴ (Id. at 4.) Rose holds interstate authority to carry passengers.⁵ (Id.) The application states that Rose provides luxury motor coach, mini coach, chauffeured services, and general passenger transportation services in Charlotte and surrounding areas, and also provides service through partnerships with Visit Charlotte and Charter Up. (Id.)

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 resulting from the proposed transaction, and (3) the interest of affected carrier employees. Applicants have submitted the information required by 49 CFR 1182.2, including information demonstrating 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 the involved carriers exceeded \$2 million during the 12-month period immediately preceding the filing of the application, see 49 CFR 1182.2(a)(5).

Avalon asserts that granting the application would be consistent with the public interest. (Id. at 6.) The application states that Avalon will maintain and improve the service that Rose currently provides to the public. (Id.) Avalon states that Rose's current owners face health

² Further information, including U.S. Department of Transportation (USDOT) numbers, motor carrier numbers, and USDOT safety fitness ratings, can be found in the application. (Id. at 2, 11.)

³ Concurrent with its application, Avalon also filed, in Docket No. MCF 21128 TA, a request under 49 U.S.C. 14303(i) and the Board's regulations at 49 CFR 1182.7(b) to manage and operate the assets to be acquired on an interim basis pending approval of the acquisition. The Board granted that request in a decision served on January 6, 2025.

⁴ More information about Rose's corporate structure and ownership can be found in the application. (Appl. 4-5.)

⁵ Further information about Rose, including its USDOT number, motor carrier number, and USDOT safety fitness rating, can be found in the application. (Id. at 2, 11.)

challenges and other concerns that may soon prevent them from continuing to operate the business at current service levels, resulting in interruptions to the availability of transportation services. (Id. at 10.) According to Avalon, prompt approval of the transaction will allow Rose's owners to preserve the business and accomplish a smooth transition of ownership while they are still healthy enough to do so, and thus facilitate the continued availability of transportation services to the public. (Id. at 8-9.) Avalon states that it will assume charter pricing agreements with Rose's charter customers and continue to meet their transportation needs. (Id. at 6.) Avalon intends to use its experience providing transportation services in multiple markets to increase efficiency, by integrating Rose's services into Avalon's software platform and connecting its existing services to Rose's services. (Id.) These efforts, according to Avalon, will likely increase or improve the transportation options available to charter customers. (Id.) Avalon also states that it intends to improve the safety, comfort, and reliability of charter customers' transportation options by purchasing new vehicles. (Id.)

Avalon argues that the proposed transaction will not adversely affect competition in the markets where Avalon and Rose operate because Avalon and Rose do not operate in the same geographic markets. (Id. at 8-9.) The application states that Avalon's nearest business segment is based in Atlanta, Ga., which is located approximately 250 miles from Rose in Charlotte, N.C. It asserts that customers in North Carolina (where Rose operates) do not use Avalon's Atlanta motor carrier services for trips originating in Charlotte, nor do customers in the Atlanta market (where Avalon operates) use Rose's motor carrier services for trips originating in Atlanta. (Id.) According to Avalon, the charter and motor carrier services that Avalon and Rose provide are not viable alternatives for each other due to the high added costs involved in using a service that originates so far away from the customer, and hence there will be no competitive impacts in the markets in which Avalon and Rose operate. (Id.)

Avalon concedes that this transaction may result in additional fixed costs in the form of additional interest charges but asserts that any such increase is not likely to impact the public. (Id. at 7.) Avalon states that additional fixed costs may result because its acquisition of Rose will be financed through a combination of cash and term notes, and Avalon will assume Rose's existing debt. (Id.) However, Avalon intends to refinance the assumed debt to improve the terms of the loans. (Id.) Avalon further represents that the proposed transaction will not adversely impact the interests of Rose's employees. (Id.) The application states that service levels could decrease absent the proposed transaction, and providing reduced service would require a smaller workforce. (Id.) However, Avalon has committed to maintain Rose's current workforce of over 50 employees on the same or better terms of employment. (Id.) According to the application, Avalon also intends to increase the size of this workforce as part of its plan to expand Rose's services and expects to offer increased potential opportunities to existing employees as the business grows. (Id.) Avalon further states that, although most of the employees it will retain are bus drivers, Avalon will also extend employment offers to maintenance, operations, safety, management, and human resource employees. (Id.)

Based on Avalon's representations, 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 the expiration of the comment period, this notice will take effect automatically and will be the final Board action in this proceeding.

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 February 25, 2025, unless opposing comments are filed by February 24, 2025. If any comments are filed, Applicants may file a reply by March 11, 2025.
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: January 6, 2025.

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