

BEFORE THE
SURFACE TRANSPORTATION BOARD
WASHINGTON, D.C.

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February 21, 2017
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STB DOCKET NO. MCF-21074

MONARCH VENTURES INC.

-- ACQUISITION OF CONTROL OF ASSETS AND BUSINESS OPERATIONS --

QUICK COACH LINES LTD. AND VANCOUVER TOURS AND TRANSIT LTD.
D/B/A CHARTER BUS LINES OF BRITISH COLUMBIA

RESPONSE TO COMMENTS FILED BY KASANDRA ALDEN & RICHARD
SPENCER

Applicant Monarch Ventures Inc. ("Monarch") makes this response to the comments filed on January 31, 2017 and February 1, 2017, respectively, by Kasandra Alden and Richard Spencer.

As a preliminary matter, this is the first time in my experience of representing motor carriers before the Board that I have received comments from employees of a company involved in a transaction requiring Board approval. Having read the comments, neither articulates an adverse action taken against the commenter. Both express concern about "uncertainties" and "anxieties" without providing any evidence that they have experienced adverse consequences.

Ms. Alden's concern appears to be a subjective concern about her job security. She says her job will change "drastically" without explaining what that means, not that she is being let go or demoted. Indeed, she allows as how Sheldon Eggen, the Chief Executive Officer of the merged enterprise, told her that "he was unsure as to how else he could utilize my talents and strengths as a long term TRAXX employee." If anything, that

indicates that during his meeting with her, Mr. Eggen was looking for ways to find work for her that is in keeping with her abilities.

Mr. Spencer's concern appears to be the uncertainty about his future role in the merged company. He has suffered no loss of pay, hours or change in working conditions. As referred to below, it appears that he has either misapprehended or misunderstood what happened when Traxx's Richmond facility was closed. His complaint that Traxx employees will be adversely affected compared to QCL and VTT employees is not supported by any specifics.

Attached as Appendix 1 to this response is a letter from Mr. Eggen, in which he reports on his discussions with Ms. Alden and Mr. Spencer. It is clear, as any reasonable person would expect when three existing companies are merged, that assignments or duties of employees will change. Mr. Eggen believes Ms. Alden is doing work for which she is over-qualified and wants to have her perform work more suited to her talents. In point of fact, there has been no change in Ms. Alden's pay or hours. Indeed, a fair reading of Mr. Eggen's letter is that he wants Traxx to put Ms. Alden in a position that takes better advantage of her training and experience – something that would benefit her and the company.

Mr. Eggen points out that every employee affected by the closure of the Richmond facility is now working at VTT's Delta facility except for one who chose to go to work for a competitor. Perhaps, Mr. Spencer was not completely aware of what actually occurred there. Obviously, when a transaction such as this merger occurs, there will be redundancies or duplications in job duties between the acquired company and the acquiring company. Nonetheless, despite his concerns that Traxx employees will be adversely affected compared to employees of QCL and VTT that has not been the case. Indeed, in

his case, he is being paid the same as he was before the merger as are all of the other Traxx employees while all have the same or in some cases reduced responsibilities.

Both Ms. Alden and Mr. Spencer appear to believe that, in the absence of the merger for which Board approval is being sought, the operations of Traxx would have continued without change. That was not the case.

Attached as Appendix 2 to this response is a letter from Diane Campbell, Monarch's Executive Vice President Finance & Administration, who has been with the company since 2008. As she points out, although Traxx experienced some growth after it was first purchased by Monarch in 2004, its earnings and financial performance flattened out beginning in 2007. Traxx has incurred losses in the majority of its last nine operating years. Clearly, that trend could not continue indefinitely. Indeed Traxx's stagnation led Monarch to explore opportunities including investing further capital to expand the fleet, to sell the company or to seek an acquisition.

The merger that is the subject of this proceeding has provided a badly needed solution according to Ms. Campbell. Her letter makes that point as follows:

As a result of the merger, Traxx has access to proven management, both from a personnel aspect but also from a business perspective enabling Traxx to improve its performance financially. The merger will allow all parties to attract and retain more viable customers as well as developing new markets. In addition, the merger allows the companies increased buying power.

Attached as Appendix 3 to this response is a letter from Corinne Underwood, Traxx's Director of Business Development since 2015. She sees many benefits from the merger, identifying increased exposure in the marketplace, brand reputation, improved service capability, better systems management and cost savings from centralized maintenance.

Attached as Appendix 4 to this response is a letter from Dwaine Dietrich who

recently retired from Traxx. Mr. Dietrich has been involved at a senior management level with Traxx, after serving as President of Monarch Broadcasting. The fact that in his nine years with Traxx he worked with three COO's indicates that Traxx was having difficulty in maintaining a senior operations management team. Mr. Dietrich appears to have served as an internal management consultant to the company, providing support to several parts of the company's operations. He is clearly of the opinion that the merger will benefit Traxx in many ways and allow it to grow, allowing him to retire again with the merged companies in very good hands.

The statement in the application was that "no carrier employees will be adversely affected". That is not the same as saying "carrier employees will not be affected". The point of the merger is to strengthen all three companies. Indeed, the closing of Traxx's Richmond facility with the transfer of all of the employees working there, who were prepared to move, to VTT's Delta facility affected those employees. The consolidation of duplicate facilities is exactly the kind of economic gain that would be expected in the circumstances. However, Monarch carried out the change without adversely affecting employees of the Traxx facility. Those Traxx employees who were willing to move are still working, albeit it now in a VTT facility.

Neither Ms. Alden nor Mr. Spencer has suffered any adverse impact from the merger. Their letters seem to assume that their jobs at Traxx were not going to change and that they would have those jobs indefinitely. Simply put, that is not a reasonable expectation. As Ms. Campbell points out, Traxx's continued existence was not a given when Monarch started the process that resulted in the transaction that is the subject of this proceeding. Furthermore, Ms. Underwood and Mr. Dietrich point out that the benefits to Traxx from the merger will make Ms. Alden's and Mr. Spencer's employment more

secure, providing of course they are willing and able to adapt to the changing circumstances. It is up to them to take advantage of opportunities afforded by the merger, not object to it simply because it will involve some changes.

We respectfully submit that the comments of Ms. Alden and Mr. Spencer do not afford a basis for refusing to approve this transaction and ask the Board to confirm its December 20, 2016 Decision.

Respectfully submitted,

For Monarch Ventures Inc.



Stephen Flott, Esq.
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CHARTER BUS LINES

of British Columbia

February 17, 2017

BY EMAIL

Stephen P. Flott, Esq.
Flott & Co. pc
2200 Wilson Boulevard, Suite 320
Arlington, VA 22201

Re: STB Docket No. MCF-21074 – Monarch Ventures Inc.

Dear Stephen,

This letter will address comments made in the referenced proceeding by Kasandra Alden and Richard Spencer.

I met with Kasandra Alden on January 27th, 2017 to discuss her future with Traxx. This was our third meeting. As at the prior two meetings with her, I repeated that our commitment to her was no reduction in pay and no reduction in hours. I also told her that I may try to streamline operations that might result in clerical work being processed at the location where the paper work was generated so that she could perform work more closely associated with her pay grade. The details of these adjustments would be worked out as we progressed. However, the first task at hand was training on the new computer system for all Medicine Hat employees. We selected Medicine Hat as the first location for training because it is where most of the administration work is performed.

I did not suggest that compliance auditing was considered an entry level position. I did say that many of her functions were of a clerical nature and some involved pure data entry which functions I pointed out were well below her pay grade and abilities.

Several of the staff at Medicine Hat have hinted that we intend to close the office due to poor performance. I have told them several times since the merger was announced that we have a contract at the existing facility with one and a half years still to go. Thus, the office will remain open at least that long. Predicting what will happen beyond that is impossible to do at this time. I told her that, along with the many things on my plate, I am reviewing the operational performance of the Medicine Hat location to get a realistic understanding of this facility.

I should point out that we did have close the Richmond facility, but offered each and every employee there a comparable full time position at our Delta location at the same rate of pay and benefits with essentially the same working conditions as at the Richmond facility. All but one of the employees accepted our offer and are employed there. The one employee who refused our offer – a shop supervisor – is now working for a competitor in the same complex where our Richmond facility was located.

I have met with Richard Spencer at least three times, and believe we have communicated well in the transition period with him on matters that affect him. His complaint about the Richmond facility closure is unfounded. The people affected by it were fully informed as the decision was taken as can be seen by the fact that all of the employees involved are either working at our Delta location or for a competitor. I saw no reason to broadcast the matter throughout the company.

Other Affiliated
Companies:



Capital
TOURS

As one would expect in any merger such as this, the status quo changes. For example, updates in computer automation of the service shops, full integration of parts management, and automated inventory procedures have changed some jobs, but we have not reduced the hours or pay of any employee.

As a long established bus operator, we have an employee responsible for safety and compliance. He happens to be the General Manager with decades of experience. He has been through many safety audits with excellent results. The duplication of facilities in the Vancouver area left us no choice but to consolidate the two facilities. We did not seek input from Medicine Hat on the matter as we have plenty of expertise in Vancouver. We have reduced Richards work load without any change his pay, working hours, benefits, or working conditions. In point of fact, during the familiarization process when we visited Medicine Hat, the common theme of all employees was that they were overworked and underpaid. Our response has been to offer better conditions, namely, reduced workloads for some without loss of pay.

Quite frankly, I have found Richard to be very confrontation and disruptive throughout this process, which has consumed valuable time. The goal is to make these companies work well as a unit and to improve profitability which will only benefit the employees and provide job security. Our offer of continued employment to all employees is obviously subject to their satisfactory performance and commitment.

Please let me know if you need any more information or feedback.

Sincerely,

A handwritten signature in black ink, appearing to read 'Sheldon Eggen', with a long, sweeping horizontal line extending to the right.

Sheldon Eggen

President & CEO

February 16, 2017

Flott & Co PC
Attn: Stephan Flott
P.O. Box 17655
Arlington, VA 22216

Mr. Flott:

RE: Merger of Traxx Transportation Ltd., Quick Coach Lines Ltd., and Vancouver Tours & Transit Ltd.

My name is Diane Campbell and I have been employed at The Monarch Corporation (TMC) since November 2008. At that time, I was the Controller for Traxx Transportation Ltd (Traxx), a subsidiary of TMC. Currently I am Executive Vice President of Finance and Administration for TMC.

Over the last nine years I have had an active role in the accounting and financing of Traxx and have seen many changes occur including numerous COO's. Traxx was purchased by TMC in 2004 and although originally growth occurred in Traxx, the last nine years have not seen sustained growth in the company. Sales have averaged \$13,300,000 and losses have occurred in the majority of those years.

The decision to seek out a solution for the stagnation of Traxx was made several years ago; the options available included investing further capital to increase the fleet, seek a buyer or to obtain growth through acquisitions. The merger of Quick Coach Lines Ltd., Vancouver Tours & Transit Ltd. and Traxx Transportation Ltd. provided this solution.

As a result of the merger, Traxx has access to proven management, both from a personnel aspect but also from a business perspective enabling Traxx to improve its performance financially. The merger will allow all parties to attract and retain more viable customers as well as developing new markets. In addition, the merger allows the companies increased buying power.

An amalgamation of the TRAXX and Vancouver Tours & Transit Ltd. (VTT) depots took place in December 2016 to take advantage of cost savings and proximity of the two locations. All TRAXX employees were transferred to the VTT depot at their existing rates of pay.

As part of the Executive team involved in the terms of the merger, I am aware that it was important to all parties that all employees be retained although it was understood that modifications to job descriptions, titles and duties may be required. A review has started of all the employees of both companies to assess their talents and expertise so that the combined company can take advantage of each employee's strengths and specific knowledge. In some instances, where we have determined that there is an overlap of responsibilities, duties were streamlined to make the most effective use of an employee's specific knowledge and skills in a particular area while freeing up some of the responsibilities of another employee whose focus may then be directed to other areas of need within the company.

For example: TRAXX has an employee whose duties include overseeing safety and compliance matters in Medicine Hat, Airdrie and in Vancouver, while VTT also has a General Manager (GM) who is responsible for safety and compliance and who oversees all safety and compliance matters for VTT. In this scenario, it made good sense for the GM to continue to oversee safety and compliance matters at the Vancouver facility of the now merged entities, and in the meantime the Medicine Hat employee will continue to fulfill duties involving local safety and compliance matters of a now expanded fleet. Both employees will in any event continue to be employed at no less than the same pay grade that was in place prior to the merger.

I believe that the merger was a positive transaction for all parties involved.

Thank you for your time.

Sincerely;

A handwritten signature in black ink, appearing to read "D. Campbell, CA". The signature is stylized with a large, sweeping initial "D" and a trailing "CA" at the end.

Diane Campbell, CPA, CA
Executive Vice President Finance & Administration
The Monarch Corporation

Corinne Underwood

19557 Fraser Way, Pitt Meadows, BC
403-458-0902 cunderwood@traxxcoachlines.com

2017-02-16

Mr. Stephen Flott
Flott & Co PC
P.O. Box 17655
Arlington, VA
22216

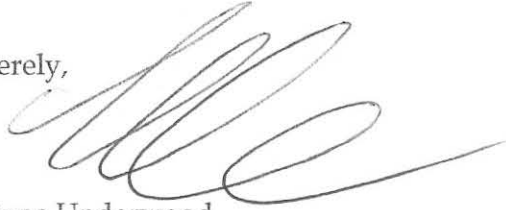
Dear Mr. Stephen Flott,

I am writing this letter in regards to the merger of the following companies, Quick Coach Lines Ltd. (QCL), Vancouver Tours and Transit Ltd. d/b/a, Charter Bus Lines of British Columbia (VTT), and TRAXX Transportation Ltd. (TRAXX). I have been an employee of TRAXX since October 2015 and I have held the position of Director of Business Development. From a sales perspective, this merger has brought about the following benefits:

- Increased exposure in the marketplace
- Brand reputations (all three companies have solid reputations in the industry)
- Ability to better service existing clients and new clients due to the increase in the fleet size, vintage options, fleet diversification (passenger loads/types of vehicles)
- Systems management – opportunities to effectively cost and price services and meet financial goals while meeting the needs of the clients – the reservation system being used now by all companies allows for smarter selling, better utilization of fleet and dispatching of coaches and drivers

- Centralization of motorcoaches and maintenance at one facility as opposed to two in Vancouver (Delta) provides effective cost saving measures and efficient servicing of the coaches.

Sincerely,

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke at the end.

Corinne Underwood

February 16, 2016

Flott and Co. PC

Attn; Stephen P Flott

Box 17655

ARLINGTON Va.

22216

Re; Unites States Surface Transportation board

To Whom it may concern;

My name is Dwaine Dietrich and I have been employed with TRAXX Coachlines for 9 years after semi retiring. In those 9 years, I have done marketing and promotions for the company, been an assistant to 3 COOs and have had the responsibility of negotiating many contracts.

In my previous career, I had been President of Monarch broadcasting so have many years of senior management experience. On numerous occasions, I was called upon to provide advice and recommendations for the company, not only for marketing and sales but HR, logistics and licencing.

When it was announced that TRAXX and Charter Bus lines had entered into an amalgamation agreement, I was very excited for both companies.

This opportunity provides strength to both parties as well as professional charter bus management experience. The senior management skill set that Charter Bus lines bring to this amalgamation will set these companies apart from all other Charter Companies.

I believe the employment opportunities within this new entity will be abundant and the potential for personal growth for employees will be available.

I have recently retired, once again, as I see the potential for this new organization to grow with new management. The new organization is now well positioned to compete at any level with any number of competitors and provide first class service to its clients as well as sound business and technical management for the company.

Respectfully Submitted;

A handwritten signature in black ink, appearing to read 'DWP', followed by a long, horizontal, slightly wavy line that extends to the right.

Dwaine Dietrich

Certificate of Service

I hereby certify that I have served a copy of the foregoing Application on the following entities by serving a copy thereof as follows:

By causing same to be emailed to:

Ms. Kasandra Alden
144 11th Street SW
Medicine Hat, Alberta T1A 4S3
CANADA
At: heykasandra@hotmail.com

Mr. Richard Spencer
1904 20th Ave SE
Medicine Hat, Alberta T1A 3X7
CANADA
At: ricspe@shaw.ca

Dated at Arlington, VA, this 21st day of February 2017.



Stephen Flott