

DO

FR-4915-01-P

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[STB Finance Docket No. 34809]

Gregory B. Cundiff, Connie Cundiff, CGX, Inc., and Ironhorse Resources, Inc.–Control Exemption–Caney Fork and Western RR, Inc.

Gregory B. Cundiff and Connie Cundiff (together, Cundiffs), CGX, Inc. (CGX), and Ironhorse Resources, Inc. (Ironhorse), noncarriers (together, Applicants), have filed a verified notice of exemption to acquire control of Caney Fork and Western RR, Inc. (CFWR), a Class III railroad.¹ CFWR operates in Tennessee.

The transaction was expected to be consummated on or after December 23, 2005.

The Cundiffs directly control CGX, which in turn directly controls Ironhorse. CGX directly controls three Class III rail carriers: Mississippi Tennessee Holdings, LLC; Lone Star Railroad, Inc.; and Rio Valley Railroad, Inc. Ironhorse directly controls four Class III rail carriers: Mississippi Tennessee Railroad, LLC; Railroad Switching Service of Missouri; Rio Valley Switching Company; and Southern Switching Company.

Applicants state that: (1) the rail lines operated by CFWR, and by rail carriers controlled by CGX and Ironhorse do not connect with each other or any railroad in their corporate family; (2) the transaction is not part of a series of anticipated transactions that

¹ The Cundiffs will acquire CFWR pursuant to their acquiring a controlling interest in CFWR's stock.

would connect the railroads with each other or any railroad in their corporate family; and (3) the transaction does not involve a Class I carrier. Therefore, the transaction is exempt from the prior approval requirements of 49 U.S.C. 11323. See 49 CFR 1180.2(d)(2).

The purpose of this transaction is to make the efficiencies and economies of the Applicants' corporate structure available to CFWR.

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. Section 11326(c), however, does not provide for labor protection for transactions under sections 11324 and 11325 that involve only Class III rail carriers. Accordingly, the Board may not impose labor protective conditions here, because all of the carriers involved are Class III carriers.

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 transaction.

An original and 10 copies of all pleadings, referring to STB Finance Docket No. 34809, must be filed with the Surface Transportation Board, 1925 K Street, N.W., Washington, DC 20423-0001. In addition, a copy of each pleading must be served on Thomas F. McFarland, Thomas F. McFarland, P.C., 208 South LaSalle Street, Suite 1890, Chicago, IL 60604-1112.

Board decisions and notices are available on our website at
“WWW.STB.DOT.GOV.”

Decided: January 5, 2006.

By the Board, David M. Konschnik, Director, Office of Proceedings.

Vernon A. Williams

Secretary