

SERVICE DATE – JUNE 19, 2012

SURFACE TRANSPORTATION BOARD

DECISION

Docket No. MCF 21045 TA

STAGECOACH GROUP PLC AND COACH USA, INC., ET AL.—ACQUISITION OF CONTROL OF ASSETS—AMERICAN COACH LINES OF ATLANTA, INC.; CUSA AT, LLC; CUSA AWC, LLC; CUSA ELKO, LLC; CUSA KBC, LLC; CUSA PCSTC, LLC; CUSA PRTS, LLC; CUSA RAZ, LLC; DILLON’S BUS SERVICE, INC.; AND LAKEFRONT LINES, INC.

Digest:¹ This decision grants the request for interim approval filed by Stagecoach Group plc and Coach USA, Inc., and various carrier and noncarrier subsidiaries thereof, to acquire management and operational control of the assets of ten separate interstate motor common carrier of passenger subsidiaries currently controlled by Coach America Holdings, Inc.

Decided: June 18, 2012

On May 25, 2012, Stagecoach Group plc (a noncarrier) and a number of its noncarrier intermediate subsidiaries—Stagecoach Transport Holdings Limited; The Integrated Transport Company Limited; Stagecoach Aviation Europe Limited; SCOTO Limited; SCUSI Limited; Coach USA Administration, Inc.; and Coach USA, Inc. (Coach USA)—along with various carrier and noncarrier subsidiaries of Coach USA²—ASTI, Inc. (ASTI); Blue Bird Coach Lines, Inc. (Blue Bird Coach); K-T Contract Services, Inc. (K-T); Utica-Rome Bus Company, Inc. (Utica-Rome Bus); TRT Transportation, Inc. (TRT); Coach USA Tours Las Vegas, Inc. (Coach USA Tours); Coach USA MBT, LLC (Coach USA MBT); El Espresso, Inc. (El Espresso); Kerrville Bus Company, Inc. (Kerrville Bus); Powder River Transportation Services, Inc. (Powder River Transportation); Valen Transportation, Inc. (Valen); Antelope Valley Bus, Inc. (Antelope Valley); Coach Leasing, Inc. (Coach Leasing); and CAM Leasing, LLC (CAM

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. Policy Statement on Plain Language Digests in Decisions, EP 696 (STB served Sept. 2, 2010).

² In addition to the nine carrier applicants, Coach USA controls 47 other motor passenger carriers that hold interstate operating authority. A list of these 47 carriers is included as Exhibit 2 to the Verified Application for Control of Motor Passenger Carriers and Request for Interim Approval.

Leasing)³—(collectively, Applicants) applied for interim approval under 49 U.S.C. § 14303(i) and the Board’s regulations at 49 C.F.R. § 1182.7(b) to permit Applicants to acquire management and operational control of the assets of ten separate interstate motor passenger carrier subsidiaries of Coach America Holdings, Inc. (a noncarrier)—American Coach Lines of Atlanta, Inc. (American Coach Lines); CUSA AT, LLC; CUSA AWC, LLC; CUSA ELKO, LLC; CUSA KBC, LLC; CUSA PCSTC, LLC; CUSA PRTS, LLC; CUSA RAZ, LLC; Dillon’s Bus Service, Inc. (Dillon’s); and Lakefront Lines, Inc. (Lakefront) (collectively, Coach America Subsidiaries). Applicants seek interim approval pending a decision on their concurrently filed application for permanent approval of the transaction.

Specifically, the transaction contemplates that: (1) Antelope Valley will acquire the assets of Lakefront; (2) ASTI will acquire the assets of CUSA PCSTC, LLC; (3) Blue Bird Coach will acquire the assets of Dillon’s; (4) El Espresso will acquire the assets of American Coach Lines; (5) Kerrville Bus will acquire the assets of CUSA KBC, LLC; (6) K-T will acquire the assets of CUSA AWC, LLC; (7) Powder River Transportation will acquire the assets of CUSA ELKO, LLC; (8) Utica-Rome Bus will acquire the assets of CUSA PRTS, LLC; and (9) Valen will acquire the assets of CUSA RAZ, LLC. The transaction also contemplates that the names of the acquiring carriers will be changed to reflect the trade names of the entities whose assets they will acquire. In addition, CUSA AT, LLC—which currently has no owned assets—will be acquired by Applicants and then likely terminated as a limited liability company and its operating authority surrendered. Further, certain of the motorcoach assets of the Coach America Subsidiaries will be acquired by Coach Leasing and CAM Leasing, which will in turn lease the motorcoach assets to the nine carrier applicants following approval of the transaction.

The Coach America Subsidiaries are currently involved in proceedings instituted under Chapter 11 of the Bankruptcy Code, having filed a voluntary petition for relief with the U.S. Bankruptcy Court for the District of Delaware on January 3, 2012. On January 13, 2012, the Coach America Subsidiaries also filed a motion to sell substantially all of their assets and effectively to liquidate. According to Applicants, the transaction described above is evidenced by an Asset Purchase Agreement entered by the parties on May 17, 2012, and was approved by the Bankruptcy Court at a hearing on May 22, 2012. Applicants seek the interim management and operational control so that the Coach America Subsidiaries may continue operations without service cessation, layoffs, or the loss or substantial devaluation of the companies’ assets. This will enable passenger service to continue while Applicants’ concurrently filed application for permanent approval is pending. Applicants state that absent interim approval, there is a risk that

³ ASTI, Blue Bird Coach, and Utica-Rome Bus are wholly-owned carrier subsidiaries of Coach USA. Coach USA Tours, TRT, Coach Leasing, and CAM Leasing are wholly-owned noncarrier subsidiaries of Coach USA. K-T is a carrier owned 50% by Coach USA and 50% by Coach USA Tours. Coach USA MBT is a wholly-owned noncarrier subsidiary of TRT. El Espresso, Kerrville Bus, Powder River Transportation, Valen, and Antelope Valley are wholly-owned carrier subsidiaries of Coach USA MBT.

the Coach America Subsidiaries could encounter financial problems that would jeopardize their ability to continue to operate.⁴

Under 49 U.S.C. § 14303(i)⁵ and 49 C.F.R. § 1182.7(b), the Board finds that Applicants have demonstrated that failure to grant interim approval of the proposed finance transaction may result in the destruction of, or injury to, the properties being acquired or may substantially interfere with their future usefulness in providing adequate and continuous service to the public.⁶ The Board reminds Applicants that this interim approval is temporary and that Applicants are responsible for ensuring that the Coach America Subsidiaries' assets are protected so that they can be returned to the Coach America Subsidiaries in the event that the Board ultimately denies Applicants' request for permanent authority.

This action will not significantly affect either the quality of the human environment or the conservation of energy resources.

⁴ Verified Application for Control of Motor Passenger Carriers and Request for Interim Approval at iii.

⁵ Section 14303(i) states in relevant part that “[p]ending determination of an application filed under this section, 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 of or injury to those properties or substantially interfere with their future usefulness in providing adequate and continuous service to the public.”

⁶ On June 5, 2012, Michael Yusim filed a letter in opposition to both the request for interim approval and the application for permanent authority. Applicants filed a reply to Mr. Yusim's letter on June 6, 2012, to which Mr. Yusim responded on June 8, 2012. Mr. Yusim's statement in opposition fails to address any of the factors we consider when evaluating requests for interim approval (i.e., whether failure to grant such approval could result in the destruction of or injury to the subject assets or substantially interfere with their future usefulness in providing services to the general public). Moreover, the basis for Mr. Yusim's opposition relates to two cases pending before the Secretary of Labor that Mr. Yusim says have been stayed by the Bankruptcy Court. Those cases involve an entity called Midnight Sun Tours, Inc. (Midnight Sun). While the Midnight Sun bankruptcy is associated with the Coach Am Group Holdings Corp. bankruptcy, Midnight Sun is not one of the entities whose assets Applicants seek our authority to acquire in this proceeding. Therefore, the interim approval will have no direct effect on the status of the claims Mr. Yusim asserts as the basis for his objection. As a result, Mr. Yusim's letter has no impact on our determination here that Applicants have met the standard for interim approval under 49 U.S.C. § 14303(i) and 49 C.F.R. § 1182.7(b).

It is ordered:

1. Applicants are authorized on an interim basis to acquire management control of the Coach America Subsidiaries under 49 U.S.C. § 14303(i) and 49 C.F.R. § 1182.7. The application for permanent authority will be addressed in a separate decision.

2. This decision is effective on its service date.

3. 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, 950 Pennsylvania Avenue, N.W., Washington, DC 20530; (3) the U.S. Department of Transportation, Office of the General Counsel, 1200 New Jersey Avenue, S.E., Washington, DC 20590; (4) the Federal Trade Commission, Bureau of Competition, Premerger Notification Office, 600 Pennsylvania Avenue, N.W., Washington, DC 20580; and (5) Michael Yusim, 7499 Eagle Point Drive, Delray Beach, FL 33446.

By the Board, Chairman Elliott, Vice Chairman Mulvey, and Commissioner Begeman.