

SURFACE TRANSPORTATION BOARD

DECISION

Docket No. FD 36184

HAINESPORT TRANSPORTATION GROUP, LLC—CORPORATE FAMILY
TRANSACTION EXEMPTION

Decided: May 24, 2018

Hainesport Transportation Group, LLC (HTG), a noncarrier, and its owners, Darryl Caplan and Ronald Bridges,¹ filed a verified notice of exemption on April 25, 2018, under 49 C.F.R. § 1180.2(d)(3), which exempts from the prior approval requirements of 49 U.S.C. § 11323 “[t]ransactions within a corporate family that do not result in adverse changes in service levels, significant operational changes, or a change in the competitive balance with carriers outside the corporate family.” 49 C.F.R. § 1180.2(d)(3). Applicants also filed a motion to dismiss their verified notice of exemption on April 25, 2018, on the basis that the transaction does not require Board approval.

Caplan and Bridges own two railroads in Burlington County, N.J.: Hainesport Industrial Railroad, LLC, and Hainesport Secondary Railroad, LLC. Caplan and Bridges intend to “trade their ownership interests in the two railroads for an identical ownership interest in HTG in the same proportions” as their current ownership of the two railroads. (Mot. to Dismiss 2.) Applicants assert that there will be “no change in management, service levels, operations, or competitive balance.” (*Id.* at 4.)

When a proposed transaction will not result in a cognizable change in control, the agency has determined that “the mere insertion of a noncarrier holding company in the chain of control is a transaction outside the scope of section 11343(a) [now § 11323(a)] and not subject to its prior approval.” RailAmerica, Inc.—Corp. Family Transaction Exemption—Huron & E. Ry., FD 32068, slip op. at 1 (ICC served June 18, 1992).²

¹ HTG, Caplan, and Bridges are referred to collectively as “Applicants.”

² In RailAmerica, which concerned a similar transaction to that presented here, three stockholders of two rail carriers sought to insert a noncarrier holding company between the stockholders and the carriers. The Interstate Commerce Commission, the Board’s predecessor agency, dismissed the notice of exemption, finding that the transaction was not subject to its prior approval. *Id.* at 1 (citing Woods Indus., Inc.—Control—United Transports, Inc., 85 M.C.C. 672, 675 (1960)).

Caplan and Bridges are merely inserting HTG, a noncarrier holding company, in the chain of control between them and the railroads they own. As in RailAmerica, this transaction is outside the scope of § 11323(a) and not subject to the Board's prior approval. Therefore, the notice of exemption will be dismissed.

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

It is ordered:

1. The notice of exemption is dismissed.
2. This decision is effective on its service date.

By the Board, Scott M. Zimmerman, Acting Director, Office of Proceedings.