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Surface Transportation Board

[Docket No. FD 36250]

R. J. Corman Railroad Group, LLC and R. J. Corman Railroad Company, LLC—Acquisition of Control Exemption—Nashville and Western Railroad Corp. and Nashville & Eastern Railroad Corp.

R. J. Corman Railroad Group, LLC (RJCG), a noncarrier holding company, and its wholly owned subsidiary, R. J. Corman Railroad Company, LLC (RJCR), have jointly filed a verified notice of exemption pursuant to 49 C.F.R. § 1180.2(d)(2) to acquire control of two Class III railroads, Nashville and Western Railroad Corp. (NWRR) and Nashville & Eastern Railroad Corp. (NERR). NWRR and NERR are currently controlled by William J. Drunsic.¹

RJCG and RJCR currently control 12 Class III railroads.² RJCG and RJCR state that NWRR operates a 28-mile line owned by the Cheatham County Rail Authority extending between Tennessee Central milepost 205.76 at Nashville, Tenn., and Tennessee Central milepost 185 at Ashland City, Tenn. RJCG and RJCR state that NERR operates rail lines owned by the Nashville and Eastern Railroad Authority totaling approximately 130.2 miles, extending between (1) milepost 0.35 at Nashville and milepost 110.5 at Monterey, Tenn., (2) milepost 189.5 at Vine

¹ See William J. Drunsic—Continuance in Control Exemption—Nashville & W. R.R., FD 33910 (STB served Aug. 4, 2000).

² Two of the 12, R. J. Corman Railroad Property, LLC, and R. J. Corman Railroad Company/Ashland, LLC, are non-operating carriers. The other 10 operating railroads include R.J. Corman Railroad Company/Western Ohio Line, Inc., R.J. Corman Railroad Company/Pennsylvania Lines, Inc., R.J. Corman Railroad Company/Allentown Lines, Inc., R.J. Corman Railroad Company/Bardstown Line, Inc., R.J. Corman Railroad Company/Cleveland Line, Inc., R.J. Corman Railroad Company/Carolina Lines, LLC, R.J. Corman Railroad Company/Central Kentucky Lines, LLC, R.J. Corman Railroad Company/Texas Lines, LLC, R.J. Corman Railroad Company/Tennessee Terminal, LLC, and R.J. Corman Railroad Company/Memphis Line, Inc., (collectively, RJC Railroads).

Hill, Tenn., and 194.1 at Southern Junction, Tenn., (3) milepost NX 0.00 at Carthage Junction, Tenn., and milepost NX 7.56 at Carthage, Tenn., and (4) milepost 0.1 at Donelson, Tenn., and milepost 8.0 at Old Hickory, Tenn.

RJCG and RJCR have signed a Plan of Merger and Sale and Purchase of Equity Interests (Agreement)³ with NWRR and NERR by which RJCG and RJCR will acquire control of NWRR and NERR through the purchase of 100% of their issued and outstanding stock.⁴

The earliest the transaction could be consummated is December 9, 2018, the effective date of the exemption (30 days after the verified notice was filed). RJCG and RJCR state that the transaction is scheduled to be finalized during the first quarter of 2019.

RJCG and RJCR certify that: (i) NWRR and NERR do not connect with each other or any of the RJC Railroads; (ii) the proposed transaction is not part of a series of anticipated transactions that would connect some or all of these railroads; and (iii) the transaction does not involve a Class I carrier. Therefore, the transaction is exempt from the requirements of 49 U.S.C. § 11323. See 49 C.F.R. § 1180.2(d)(2).

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 the labor protection for transactions under §§ 11324 and 11325 that

³ An unredacted copy of the Agreement was filed concurrently under seal, along with a motion for protective order, which will be addressed in a separate decision.

⁴ RJCG and RJCR indicate that they will purchase the stock of NERR through the creation of a holding company, RJCN, Inc., and its wholly owned entity, RJCMS, Inc., which will be merged into NERR simultaneously, with NERR as the surviving entity. RJCG and RJCR will purchase the stock of NWRR by merging NWRR with newly created entity RJCWMS, Inc., which will be the surviving entity with the name reverting to NWRR.

involve only Class III rail carriers. Therefore, because this transaction involves only Class III rail carriers, the Board may not impose labor protective conditions for this transaction.

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. Petitions to stay must be filed no later than November 30, 2018 (at least seven days before the exemption becomes effective).

An original and ten copies of all pleadings, referring to Docket No. FD 36250, must be filed with the Surface Transportation Board, 395 E Street, S.W., Washington, DC 20423-0001. In addition, a copy of each pleading must be served on David R. Irvin, Esq., Moynahan, Irvin & Mooney P.S.C., 110 N. Main Street, Nicholasville, KY 40356.

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Decided: November 19, 2018.

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