

SERVICE DATE – JUNE 24, 2025

SURFACE TRANSPORTATION BOARD

DECISION

Docket No. FD 36848

MICHAEL W. WILLIAMS—CONTROL EXEMPTION—
MCCLLOUD RAILWAY COMPANY; OZARK VALLEY RAILROAD, INC.; AND
WASHINGTON & IDAHO RAILWAY, INC.

Decided: June 24, 2025

On March 27, 2025, Michael W. Williams (Williams), a noncarrier individual, filed a petition for exemption under 49 U.S.C. § 10502 from the provisions of 49 U.S.C. §§ 11323-24 for after-the-fact authority to control three Class III rail carriers: Ozark Valley Railroad, Inc. (OVR); McCloud Railway Company (MCR); and Washington & Idaho Railway, Inc. (WIR). As discussed below, the Board will institute a proceeding and seek more information about issues stemming from the petition.

Events Leading to Williams' Petition.

In 2020, S&S Shortline Leasing, LLC (S&S), filed a verified notice of exemption under 49 C.F.R. § 1150.41 in Docket No. FD 36461 to acquire approximately 127 miles of rail line in Nevada.¹ Williams filed on the same day a verified notice of exemption under 49 C.F.R. § 1180.2(d)(2) in Docket No. FD 36460 to continue in control of S&S upon S&S becoming a rail carrier. Early in 2021, he also filed a verified notice of exemption pursuant to 49 C.F.R. § 1180.2(d)(2) in Docket No. FD 36474 for after-the-fact authority to acquire control of another entity, MCR.

The Board postponed the effectiveness of those exemptions, sought clarification about various issues, Williams—Control Exemption—S&S Shortline Leasing, LLC, FD 36460 et al., slip op. at 3-4 (STB served Dec. 10, 2020); Williams—Control Exemption—S&S Shortline Leasing, LLC, FD 36460 et al., slip op. at 4 (STB served Jan. 26, 2021), and ultimately rejected the verified notices, September 2021 Decision, FD 36460 et al., slip op. at 2-4. The Board explained that the matters were sufficiently complicated and non-routine to make them inappropriate for consideration under the streamlined class exemption procedures of 49 C.F.R. §§ 1150.41 and 1180.2(d). September 2021 Decision, FD 36460 et al., slip op. at 4. The Board found that more scrutiny and a more complete record were necessary, especially given Williams' unauthorized control of MCR and another carrier that had come to light during the proceedings,

¹ A fuller history of Williams' interaction with the Board can be found in Williams—Control Exemption—S&S Shortline Leasing, LLC (September 2021 Decision), FD 36460 et al. (STB served Sept. 29, 2021).

OVR. Id. at 2, 4. The Board directed Williams to file petitions for exemption or full applications to control OVR and MCR after the fact. Id. at 4. The Board also provided guidance to S&S and Williams should S&S wish to acquire the line in Nevada. Id. at 4-5. Finally, the Board “strongly advise[d] counsel to be meticulous and thorough in any future proceedings before the Board.” Id. at 5.

Williams’ Petition.

In response, Williams filed his March 27 petition seeking after-the-fact authority to control OVR, MCR, and an entity not discussed in the September 2021 Decision, WIR.² He also describes the other carriers he has already been authorized to control (BG & CM Railroad, Inc.; St. Maries River Railroad, Inc.; Boot Hill & Western Railway Holding Company, Inc.; and Dakota Southern Railway Company) and explains why he believes authority to control S&S is no longer necessary. (Pet. 4-17.) Williams also refers to three other entities (MB Rail IB, LLC (MB Rail IB); Midwest & Bluegrass Rail, LLC (M&B Rail); and Fremont Northern LLC (Fremont Northern)) but claims no Board authority is necessary to control them. (Id. at 17-19.)

Issues Requiring Clarification and Additional Information.

Williams’ petition raises issues concerning MB Rail IB, M&B Rail, and Fremont Northern that require clarification before the Board can determine how to proceed. Therefore, a proceeding will be instituted under 49 U.S.C. § 10502(b) and Williams will be directed to file a response as described below to ensure a complete picture of Williams’ current railroad holdings.

1. MB Rail IB and M&B Rail.

Williams explains that MB Rail IB, a noncarrier holding company, currently controls Youngstown & Southeastern Rail, LLC (Y&S), a Class III rail carrier.³ (Pet. 17-18); Midwest & Bluegrass Rail—Control Exemption—Vermillion Valley Ry., FD 36413 (Sub-No. 1) (STB served Sept. 10, 2021). According to Williams, he and his daughter, Avory Beggs,⁴ both hold

² Richard Huff, another noncarrier individual, submitted a reply on April 30, 2025, raising questions about Williams’ petition. Williams responded on May 9, 2025, and June 4, 2025. Those filings will be addressed in a future decision.

³ MB Rail IB sold its interests in three other carriers in 2023 and now controls only Y&S. See Macquarie Infrastructure Partners V GP, LLC—Control Exemption—Camp Chase Rail, FD 36685 (STB served Apr. 7, 2023).

⁴ Beggs signed as manager of MB Rail IB when it sold carriers in 2023. See Verified Notice, Ex. 2 (PDF page 84), Macquarie Infrastructure Partners V GP, LLC—Control Exemption—Camp Chase Rail, FD 36685; see also Verified Notice 9, MB Rail IB, LLC—Acquis. & Continuance in Control Exemption—Chesapeake & Ind. R.R., FD 36413 (Beggs signing verification page as Principal of MB Rail IB).

non-controlling interests in MB Rail IB, but Williams does not state the percentage of membership stake each currently holds.⁵ (Pet. 17 & 18 n.46.)

Williams states that M&B Rail, a noncarrier, “managed the day-to-day affairs of the for [sic] [MB Rail IB] railroads through a management agreement and accordingly also held STB control authority for the four railroads.” (*Id.* at 18.) M&B Rail still “holds management control over” Y&S. (See *id.*); see also Midwest & Bluegrass Rail—Control Exemption—Vermillion Valley Ry., FD 36413 (Sub-No. 1) (STB served Sept. 10, 2021). M&B Rail also has authority to control TransKentucky Transportation Railroad, Inc. (TransKentucky), another Class III rail carrier. See Midwest & Bluegrass Rail—Control Exemption—TransKentucky Transp. R.R., FD 36530 (STB served Sept. 10, 2021).

Williams acknowledges that his daughter currently has a non-controlling interest in M&B Rail and claims that he has no ownership interest in that entity.⁶ (Pet. 18.) He does, however, appear to share a business address with M&B Rail.⁷ Compare (Pet. 3) with Verified Notice 3, Midwest & Bluegrass Rail—Control Exemption—Vermillion Valley Ry., FD 36413 (Sub-No. 1) (each address listed as 10100 North Ambassador Drive, Suite 105, Kansas City, MO 64153).

Additional information is needed to assess whether Williams currently controls MB Rail IB or M&B Rail and whether, as a result, he needs authority to control Y&S or TransKentucky. Williams will be directed to include in his supplemental filing the percentage of membership stake he and Beggs each hold in MB Rail IB and to explain why he and M&B Rail seem to share the same address. Williams must provide, to the extent he is able, an updated and complete description of who owns MB Rail IB and M&B Rail. This should include a percentage breakdown of ownership and an organization chart depicting the holdings of Williams, MB Rail IB, and M&B Rail. Williams should also explain why he and his daughter, Beggs, do not individually or jointly require authority to control Y&S and TransKentucky.

⁵ In another docket, M&B Rail, Beggs, and other applicants, described MB Rail IB’s ownership structure in 2021 as Beggs holding a non-controlling 9% membership stake, Brian Miller holding a non-controlling 16.2% membership stake, and Dustin Shaver holding a non-controlling 9% membership stake. See Notice & Request 4 n.3, Aug. 26, 2021, Midwest & Bluegrass Rail—Control Exemption—TransKentucky Transp. R.R., FD 36475. The balance of MB Rail IB’s membership interests were distributed “amongst three other individuals and one limited liability company.” (*Id.*)

⁶ M&B Rail described its owners in 2021 as part of an earlier attempt to acquire TransKentucky. See Notice & Request 6-7, Aug. 26, 2021, Midwest & Bluegrass Rail—Control Exemption—TransKentucky Transp. R.R., FD 36475.

At the time, Williams did not seem to have an interest in M&B Rail. See *id.* Beggs held a non-controlling 34% interest, and Brian Miller and Dustin Shaver each held a 33% interest. *Id.*

⁷ Beggs was listed and signed as Manager of M&B Rail in 2021, also with the same address on Ambassador Drive. See Verified Notice, Ex. A at 9 & Verification Page (PDF page 35), Midwest & Bluegrass Rail—Control Exemption—Vermillion Valley Ry., FD 36413 (Sub-No. 1).

2. Fremont Northern.

Williams notes that he owned Fremont Northern (formerly Fremont Northern Railroad, Inc.), which he states owned “an abandoned rail line right-of-way” in Nebraska. (Pet. 18-19); see Chi. & N. W. Transp. Co.—Aban. Exemption—in Dodge, Cuming, Stanton, & Madison Cntys., Neb., AB 1 (Sub-No. 180X) (ICC served May 10, 1985). He asserts that the right-of-way has been sold to Nebraska Trails Foundation, Inc., for use as a recreational trail. (Pet. 19.) He adds that Fremont Northern never operated as a rail carrier and never sought or received any form of regulatory authority from the Board. (Id.) He asserts that no such regulatory authority was needed, given “the pre-existing non-jurisdictional (abandoned) status of the corridor.” (Id.)

Despite Williams’ claim, this line might have been reactivated before Fremont Northern acquired it. In 2010, the Director of the Office of Proceedings denied a request for waiver from an entity interested in filing a feeder line application for what seems to be the same line. See C.T. Chappellear—Feeder R.R. Dev. Appl.—Line of Neb. R.R. Museum Between Fremont & W. Point, Neb., FD 35405 (STB served Sept. 17, 2010). The owner of that line, the Nebraska Railroad Museum (NRM), asserted that the line was abandoned and that it did not reenter the system despite earlier transactions before the agency. See NRM Reply 5-9, C.T. Chappellear—Feeder R.R. Dev. Appl.—Line of Neb. R.R. Museum Between Fremont & W. Point, Neb., FD 35405; Fremont, W. Point & Pac. Ry.—Exemption—Operation—Certain Abandoned R.R. Lines Owned by the E. Neb. Chapter of the Nat’l Ry. Hist. Soc’y in Dodge & Cuming Cntys., Neb., FD 31147 (ICC served Nov. 25, 1987); Fremont Nw. R.R.—Lease & Operation Exemption—Rail Line of the E. Neb. Chapter of the Nat’l Ry. Hist. Soc’y, FD 34383 (STB served Aug. 8, 2003). The Director noted NRM’s arguments but found they were premature and would be given full consideration if and when the feeder line application was filed. See C.T. Chappellear—Feeder R.R. Dev. Appl., FD 35405, slip op. at 3. An application, however, was never filed, and the status of the line remains unresolved.

Williams should clarify whether the line in C.T. Chappellear is the same line discussed in his petition. If it is, he should expand upon his statement that Fremont Northern did not require Board authority to acquire the line and address why the line did not reenter the national rail system based on the 1987 and 2003 transactions cited above in Dockets FD 31147 and FD 34383, respectively.

It is ordered:

1. Under 49 U.S.C. § 10502(b), a proceeding is instituted in this docket.
2. Williams shall file a response addressing the above issues by July 14, 2025.
3. This decision is effective on its service date.

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