



FR-4915-01-P

SURFACE TRANSPORTATION BOARD

[Docket No. MCF 21080]

National Express Transit Corporation—Acquisition of Control—Aristocrat Limousine and Bus, Inc.

AGENCY: Surface Transportation Board.

ACTION: Notice Tentatively Approving and Authorizing Finance Transaction.

SUMMARY: On February 5, 2018, National Express Transit Corporation (National Express), an intrastate passenger motor carrier, and Brenda Baxter, Richard Wright, and Ralph Wright (collectively, Sellers) (National Express and Sellers collectively, Applicants), jointly filed an application for National Express to acquire from Sellers control of Aristocrat Limousine and Bus, Inc. (Aristocrat), an interstate and intrastate passenger motor carrier. The Board is tentatively approving and authorizing the transaction and, if no opposing comments are timely filed, this notice will be the final Board action. Persons wishing to oppose the application must follow the rules.

DATES: Comments must be filed by April 20, 2018. Applicants may file a reply by May 7, 2018. If no opposing comments are filed by April 20, 2018, this notice shall be effective on April 21, 2018.

ADDRESSES: Send an original and 10 copies of any comments referring to Docket No. MCF 21080 to: Surface Transportation Board, 395 E Street, S.W., Washington, DC 20423-0001. In addition, send one copy of comments to: Andrew K. Light, Scopelitis, Garvin, Light, Hanson & Feary, P.C., 10 W. Market Street, Suite 1400, Indianapolis, IN 46204.

FOR FURTHER INFORMATION CONTACT: Nathaniel Bawcombe at (202) 245-0376. Federal Information Relay Service (FIRS) for the hearing impaired: 1-800-877-8339.

SUPPLEMENTARY INFORMATION: National Express is a motor carrier incorporated under the laws of Delaware that provides intrastate passenger transportation service and utilizes approximately 774 passenger-carrying vehicles and 855 drivers. Additionally, National Express, which does not have interstate authority from the Federal Motor Carrier Safety Administration (FMCSA), owns and controls two passenger motor carriers that do hold FMCSA interstate carrier authority: Rainbow Management Service Inc. (Rainbow) (MC-490015), which provides interstate and intrastate charter and special party passenger services in New York, and Trans Express, Inc. (Trans Express) (MC-187819), which provides interstate and intrastate passenger transportation services in New York. National Express is indirectly controlled by a British corporation, National Express Group, PLC (Express Group). Express Group also indirectly controls the following interstate and intrastate motor carriers of passengers (collectively, National Express Affiliated Carriers):

- Beck Bus Transportation Corp., which holds interstate carrier authority (MC-143528), is primarily engaged in providing student school bus transportation services in Illinois;
- Durham School Services, L.P., which holds interstate carrier authority (MC-163066), is primarily engaged in providing student school bus transportation services in several states, and charter passenger services to the public;

- MV Student Transportation Inc., which holds interstate carrier authority (MC-148934), is primarily engaged in providing student school bus transportation services, and charter passenger services to the public;
- National Express Transit – Yuma (NETY), which holds interstate carrier authority (MC-960629), is primarily engaged in providing paratransit services in the area of Yuma, Ariz.;
- Petermann Ltd., which holds interstate carrier authority (MC-364668), is primarily engaged in providing non-regulated school bus transportation services in Ohio, and charter passenger services to the public;
- Petermann Northeast LLC, which holds interstate carrier authority (MC-723926), is primarily engaged in providing student school bus transportation services, primarily in Ohio and Pennsylvania, and also provides charter passenger services to the public;
- Petermann Southwest LLC, which holds interstate carrier authority (MC-644996), is primarily engaged in providing non-regulated school bus transportation services in Texas, and also provides charter passenger services to the public;
- Petermann STSA, LLC, which holds interstate carrier authority (MC-749360), is primarily engaged in providing non-regulated school bus transportation services, primarily in Kansas, and also provides charter passenger services to the public;
- The Provider Enterprises, Inc. d/b/a Provider Bus, which holds interstate carrier authority (MC-986909), is primarily engaged in providing non-regulated school bus transportation services in New Hampshire;

- Queen City Transportation, LLC, which holds interstate carrier authority (MC-163846), is primarily engaged in providing non-regulated school bus transportation in Ohio, and charter passenger services to the public;
- Trinity, Inc., which holds interstate carrier authority (MC-364003), provides non-regulated school bus transportation services in southeastern Michigan, and charter service to the public;
- Trinity Student Delivery LLC, which holds interstate carrier authority (MC-836335), primarily provides non-regulated school bus transportation services in areas of northern Ohio, and passenger charter services to the public; and
- White Plains Bus Company, Inc., d/b/a Suburban Charters, which holds interstate carrier authority (MC-160624), primarily provides non-regulated school bus transportation services in New York, and charter service to the public.

Aristocrat, a motor carrier of passengers, is a New Jersey corporation that holds interstate carrier authority (MC-173839). It provides intrastate and interstate passenger charter services in New Jersey, as well as interstate passenger charter services in New York and Pennsylvania. In providing its services, Aristocrat utilizes 33 passenger vehicles and 28 drivers. Sellers hold all the issued and outstanding equity stock of Aristocrat.

Applicants state that the proposed transaction would place Aristocrat under the control of National Express. The proposed transaction contemplates that National Express would assume 100% control of Aristocrat through stock ownership. According to Applicants, after the transaction, Aristocrat would continue to provide services under

the same name but would be operated within the National Express corporate family.

Applicants assert that Aristocrat is experienced in the passenger service markets already served by National Express and some of its affiliated carriers.

Under 49 U.S.C. 14303(b), the Board must approve and authorize a transaction that it finds consistent with the public interest, taking into consideration at least: (1) the effect of the proposed transaction on the adequacy of transportation to the public; (2) the total fixed charges that result; and (3) the interest of affected carrier employees. Applicants have submitted the information required by 49 CFR 1182.2, including information to demonstrate that the proposed transaction is consistent with the public interest under 49 U.S.C. 14303(b) and a statement, pursuant to 49 U.S.C. 14303(g), that Rainbow, Trans Express, the National Express Affiliated Carriers, and Aristocrat exceeded \$2 million in gross operating revenues for the preceding 12-month period.<sup>1</sup>

Applicants submit that the proposed transaction would not have a material, detrimental impact on the adequacy of transportation services to the public but rather would improve services to the public. According to Applicants, National Express does not intend to change the operations of Aristocrat but would operate it within the National Express corporate family, which, National Express states, would enhance the overall viability of the carriers within the corporate family. National Express anticipates that the

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<sup>1</sup> Parties must certify that its transaction involves carriers whose aggregate gross operating revenues exceed \$2 million, as required under 49 CFR 1182.2(a)(5).

proposed transaction would result in operating efficiencies and cost savings derived from economies of scale, which would help ensure adequate service to the public.

Applicants state that there are no significant fixed charges associated with the proposed transaction.

Applicants also assert that because National Express intends to continue Aristocrat's existing operations, the proposed transaction would not have a substantial impact on employees or labor conditions, although staffing redundancies could potentially result in limited downsizing of back-office and/or managerial-level personnel.

Applicants further assert that the proposed transaction would not adversely affect competition or the public interest. Applicants claim that Aristocrat is a relatively small carrier in the overall markets in which it competes—interstate motor coach passenger charter services in the New York City metropolitan area, northern New York, northern New Jersey, and northern Pennsylvania (the Service Area). Applicants assert that Aristocrat directly competes with many other passenger charter services in the Service Area, and that there is a competitive market within the Service Area due to a large number of charter service providers. Additionally, Applicants state that the charter operations offered by Aristocrat are geographically dispersed from most of the affiliated carriers of National Express and that there is little overlap in service areas among National Express, its affiliates, and Aristocrat.

On the basis of the application, the Board finds that the proposed acquisition of control is consistent with the public interest and should be tentatively approved and authorized. If any opposing comments are timely filed, these findings will be deemed vacated, and, unless a final decision can be made on the record as developed, a

procedural schedule will be adopted to reconsider the application. See 49 CFR 1182.6(c). If no opposing comments are filed by the expiration of the comment period, this notice will take effect automatically and will be the final Board action.

This action is categorically excluded from environmental review under 49 CFR 1105.6(c).

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

It is ordered:

1. The proposed transaction is approved and authorized, subject to the filing of opposing comments.

2. If opposing comments are timely filed, the findings made in this notice will be deemed vacated.

3. This notice will be effective April 21, 2018, unless opposing comments are filed by April 20, 2018.

4. A copy of this notice 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, 10th Street & Pennsylvania Avenue, N.W., Washington, DC 20530; and (3) the U.S. Department of Transportation, Office of the General Counsel, 1200 New Jersey Avenue, S.E., Washington, DC 20590.

Decided: February 28, 2018.

By the Board, Board Members Begeman and Miller.

Jeffrey Herzig,

Clearance Clerk.

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