



SURFACE TRANSPORTATION BOARD

[Docket No. MCF 21145]

Thomas L. Hey and James A. Hey—Acquisition of Control— Minnesota Motor Bus, Inc.

AGENCY: Surface Transportation Board.

ACTION: Notice tentatively approving and authorizing finance transaction.

SUMMARY: In 2010, Thomas L. Hey and James A. Hey (collectively, Applicants), both noncarriers, acquired control of Minnesota Motor Bus, Inc. (Minnesota Motor Bus), an interstate motor carrier of passengers, without Board authority (the Transaction). At the time, Applicants were, and still are, the individual co-owners of Southwest Coaches, Inc. d/b/a Southwest Tour and Travel (Southwest Coaches), another interstate motor carrier of passengers. On March 6, 2026, Applicants filed an application for after-the-fact Board authority for the Transaction, to rectify what they describe as an accidental oversight.

The Board is tentatively approving and authorizing the Transaction after the fact, and, if no opposing comments are timely filed, this notice will be the final Board action.

DATES: Comments may be filed by May 18, 2026. If any comments are filed, Applicants may file a reply by June 2, 2026. If no opposing comments are filed by May 18, 2026, this notice shall be effective on May 19, 2026.

ADDRESSES: Comments may be filed with the Board either via e-filing or in writing addressed to: Surface Transportation Board, 395 E Street, S.W., Washington, DC 20423-0001. In addition, send one copy of comments to Applicants' representative: Edward Fishman, Hogan Lovells US LLP, Columbia Square, 555 Thirteenth Street, N.W., Washington, DC 20004-1109.

FOR FURTHER INFORMATION CONTACT: Jonathon Binet at (202) 915-4348. If you require an accommodation under the Americans with Disabilities Act, please call (202) 245-0245.

SUPPLEMENTARY INFORMATION: According to the application, Thomas L. Hey (Thomas) is an individual resident of Minnesota and U.S. citizen. (Appl. 2.) Thomas owns, and owned at the time of the 2010 Transaction, 50% of Southwest Coaches and serves as its President and Treasurer. (Id. at 2, 5.) James A. Hey (James) is an individual resident of Minnesota and U.S. citizen, and the brother of Thomas. (Id. at 2.) James owns, and owned at the time of the 2010 Transaction, 50% of Southwest Coaches and serves as its Vice President. (Id. at 3, 5.) Thomas and James are not motor carriers and neither hold individual operating authority. (Id. at 2-3.) Applicants' principal business address is 1500 Travis Road, Marshall, MN 56258. (Id. at 2.)

James Schoener (Seller) is an individual who at the time of the 2010 Transaction was residing at 1550 Falcon Drive, Fairmont, MN 56031. (Id. at 3.) Prior to the Transaction, Seller owned 100% of Minnesota Motor Bus. (Id.) As a result of the Transaction, Applicants acquired from Seller 100% of the issued and outstanding stock of Minnesota Motor Bus through a stock purchase agreement. (Id. at 5.) Applicants each own 50% of Minnesota Motor Bus and jointly control the carrier. (Id.) Minnesota Motor Bus has continued to operate under the same name and has provided substantially the same services under the ownership of Applicants as it provided prior to the Transaction. (Id.)

Applicants describe Southwest Coaches as a Minnesota corporation incorporated on August 26, 1965, with its principal place of business in Marshall, Minn. (Id. at 5-6.) Southwest Coaches has historically operated as an individual-owned or family-owned passenger transportation business and ownership changed hands several times prior to being purchased in 1988 by Marvin Hey and Janet Hey (Applicants' parents). (Id.) In

February 2000, Thomas and James acquired Southwest Coaches from their parents. (Id. at 6.) Southwest Coaches operates as an interstate motor carrier of passengers subject to the jurisdiction of the Federal Motor Carrier Safety Administration (FMCSA) pursuant to authority issued in Docket No. MC-140554; U.S. DOT No. 153686. (Appl. at 6; Exhibit 1.)

The application states that Southwest Coaches provides school transportation services under contract to the Marshall School District, which it has serviced since 1965. (Id. at 6.) The Marshall School District consists of 7 public schools along with 3 non-public schools, has approximately 3,000 students, and the service area encompasses “162.9 miles.”¹ (Id.) The contract service that Southwest Coaches provides for the Marshall public schools involves approximately 25 full-sized school buses that are used for transporting students to and from school and conducting extracurricular trips. (Id.) Southwest Coaches also utilizes approximately 6 smaller buses and 7 vans to transport preschool and special-needs students. (Id.) Southwest Coaches also served the Jackson County Central School District between 1991 and 2018, but it no longer maintains this contract. (Id.)

According to the Applicants, Southwest Coaches also provides charter services for a range of educational institutions, including elementary schools, high schools, and universities. (Id.) In addition, Applicants state that Southwest Coaches provides motorcoach services for private events, such as weddings and bachelor/bachelorette parties, and for coach travel tours. Southwest Coaches serves customers primarily in Minnesota, North Dakota, and South Dakota, but from time to time it also operates trips in other states. (Id.) In the past 12 months, Southwest Coaches has conducted

¹ The Applicants use the term “miles” throughout the application, which is a measure of length, not area. Likely the Applicants intended to use the term “square miles.”

approximately 250 interstate trips and approximately 40% of its revenue is derived from these interstate trips. (Id. at 6-7.) Applicants further state that its customer base is made up of approximately 30% from the Marshall School District service, 30% from universities, 35% from tour companies, and 5% from youth groups. (Id. at 7.) Southwest Coaches has a fleet of 8 motorcoaches and 34 school buses. (Id.) It operates primarily from its Marshall, Minn., terminal. (Id.) The company has approximately 55 employees, including 45 drivers and 10 other employees. (Id.)

Applicants describe Minnesota Motor Bus as a Minnesota corporation, headquartered in Minnesota, and a federally registered interstate motor carrier of passengers. (Id. at 1.) Minnesota Motor Bus holds interstate carrier operating authority under FMCSA Docket No. MC-764429, USDOT Number 209770). (Appl. at 3-4; Exhibit 1.) Prior to the Transaction, Minnesota Motor Bus was controlled exclusively by Seller, and following the Transaction in 2010, it has been controlled jointly by Applicants as co-owners. (Id. at 3.) Minnesota Motor Bus is primarily a school transportation provider, providing general and special education transportation to and from school on regular routes under contract to the Fairmont, Minn., school district. (Id.) The Fairmont Area School District consists of 3 public schools along with 4 non-public schools. (Id.) The district has approximately 2,100 students and encompasses a service area of “175.1 miles.”² (Id.) The contract service that Minnesota Motor Bus provides for the Fairmont Area Public Schools involves running approximately 17 full sized school buses that are used for transporting regular education students to and from school and for extracurricular trips. (Id. at 3-4.) Minnesota Motor Bus also utilizes approximately 5 smaller buses and 4 vans that transport preschool and special needs students. (Id. at 4.) Minnesota Motor Bus has serviced the Fairmont Area School District continually since

² See infra, note 1.

1979. (Id.) Minnesota Motor Bus also provides school charter trips for extracurricular activities and other special events within Minnesota. (Id.) On limited occasions, these charter services have involved transportation across state lines into neighboring states. (Id.) Minnesota Motor Bus also provides charter bus service for university and youth groups, transporting them to sporting events and similar activities within the state of Minnesota and across state lines, primarily into Iowa and South Dakota. (Id.) Minnesota Motor Bus does not conduct regularly scheduled motorcoach service in interstate commerce. (Id.) Minnesota Motor Bus conducts approximately 40 interstate trips per year, which is minimal in comparison to its overall intrastate school transportation operations. (Id.)

According to the application, approximately 10% of Minnesota Motor Bus's revenue is from interstate operations. Minnesota Motor Bus's customer base is comprised of approximately 40% from the Fairmont Area School District service, approximately 40% from providing charter bus service to universities in the Fairmont service area, and approximately 20% from providing charter bus service to youth groups in the Fairmont service area. (Id.) Minnesota Motor Bus operates a fleet that includes 2 motorcoaches and 22 school buses. (Id.) It operates its fleet primarily from its Fairmont terminal, with additional terminals in Northrup, Minn., and Ceylon, Minn. (Id. at 4-5.) Minnesota Motor Bus employs approximately 30 drivers and has approximately 31 total employees. (Id. at 5.)

The territories primarily serviced by Minnesota Motor Bus and Southwest Coaches do not overlap, as they are located 120 miles apart. (Id. at 7.) Minnesota Motor Bus provides service in the Fairmont area and Southwest Coaches provides service in the Marshall area. (Id.) Minnesota Motor Bus's main competitor for charter or tour transportation is Reading Bus Lines, whereas Southwest Coaches' main competitor for charter or tour transportation is Thielen Bus Lines. (Id.) There are approximately four

other direct competitors in each of the service areas, and the competitive landscape has not materially changed since the Transaction in 2010. (Id.) Both Minnesota Motor Bus and Southwest Coaches generally face competition from national, regional and local bus providers operating within their respective service areas or within Minnesota or neighboring states. (Id.) In addition, both companies face considerable competition for transportation services from other modes of transportation including airlines, intercity passenger rail or commuter rail services, and private motor vehicles. (Id.) Applicants explain that, other than Southwest Coaches and Minnesota Motor Bus, there are no other affiliated carriers with Board-regulated interstate passenger operations within Applicants' control. (Id. at 8.) Applicants state that they now understand that a control application should have been filed with the Board prior to their 2010 acquisition of control of Minnesota Motor Bus and thus are seeking after the fact authority for the Transaction, (id. at 7-8). See 49 U.S.C. 14303(a)(5).

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 from the proposed transaction, 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 transaction is consistent with the public interest under 49 U.S.C. 14303(b), see 49 CFR 1182.2(a)(7), and a jurisdictional statement under 49 U.S.C. 14303(g) that the aggregate gross operating revenues of the involved carriers exceeded \$2 million during the 12-month period immediately preceding the filing of the application, see 49 CFR 1182.2(a)(5). (See Appl. 10-13.)

Applicants state that the Transaction has not resulted in any significant changes to the nature or scope of the general operations conducted by Minnesota Motor Bus or

Southwest Coaches. (Id. at 9.) Applicants assert that the Transaction has not produced adverse competitive effects in any relevant geographic market and has not impaired the adequacy of transportation to the public. (Id. at 9, 12.) According to the Applicants, the school transportation services that Minnesota Motor Bus and Southwest Coaches each provide are under contract to different school districts in different service areas that are 120 miles apart, and there is no overlap in the school district service areas or routes served by Minnesota Motor Bus and Southwest Coaches. (Id. at 9.) In addition, Minnesota Motor Coach and Southwest Coaches provide charter service to other customers in distinct service areas, with Minnesota Motor Bus operating in the Fairmont area and Southwest Coaches operating in the Marshall area. (Id.) Applicants also state that Southwest Coaches' service to tour companies is in a market in which Minnesota Motor Bus does not compete. (Id. at 9-10.) Furthermore, both carriers face substantial competition for charter and special-trip service from other bus providers, including national, local and regional, and from numerous other modes of transportation. (Id. at 10.)

Applicants state that the Transaction did not result in fixed charges that adversely affected the ability of Minnesota Motor Bus or Southwest Coaches to continue to provide safe and quality transportation service, and states that Minnesota Motor Bus was acquired by the Applicants individually, by and through their own personal financing. (Id.) Applicants assert that the Transaction has not had any material adverse effect on employee or labor conditions. (Id.) Applicants state that they are not aware of any layoffs, adverse changes to wages, benefits, or working conditions as a result of the Transaction, and Applicants note that the Transaction also allowed Applicants to expand and hire additional drivers and employees. (Id.)

The Board finds that the Transaction as described in the application is consistent with the public interest and should be tentatively approved and authorized after the fact.

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. 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 in this proceeding.

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

Board decisions and notices are available at www.stb.gov.

It is ordered:

1. The Transaction is approved and authorized after-the-fact, 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 May 19, 2026, unless opposing comments are filed by May 18, 2026. If any comments are filed, Applicants may file a reply by June 2, 2026.
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 General Counsel, 1200 New Jersey Avenue, S.E., Washington, DC 20590.
5. This notice will be published in the Federal Register.

Decided: March 28, 2026.

By the Board, Board Members Fuchs, Hedlund, and Schultz.

Stefan Rice,

Clearance Clerk.

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