

BEFORE THE SURFACE TRANSPORTATION BOARD

AVALON MOTOR COACHES, LLC

-- ACQUISITION OF CONTROL --

ROSE CHAUFFEURED TRANSPORTATION, INC.

Docket No. MCF 21128

December 11, 2024

EXPEDITED ACTION REQUESTED

VERIFIED APPLICATION UNDER 49 U.S.C. § 14303(a) FOR APPROVAL OF THE ACQUISITION OF CONTROL OF ROSE CHAUFFEURED TRANSPORTATION, INC.

Avalon Motor Coaches, LLC ("Avalon Motor Coach") and its affiliates Virgin-Fish, Inc. and Jeffrey Brush (collectively with Avalon Motor Coach, "Avalon") respectfully submits this verified application under 49 U.S.C. § 14303 and the Surface Transportation Board's (the "Board") regulations at 49 C.F.R. Part § 1182 (this "Application") for approval of the contemplated transaction more fully described herein (the "Transaction"). The Transaction entails Avalon Motor Coach's purchase and assumption of certain of the charter services and assets of Rose Chauffeured Transportation, Inc. ("Rose", and collectively with Avalon, the "Applicants").

1. Parties of the Contemplated Transaction (49 C.F.R. § 1182.2(a)(1)).

The names, addresses, and authorized signatories of the parties and their relevant affiliates are as follows:

<u>Avalon Entities</u>	<u>Rose Entity</u>
<i>Avalon Motor Coaches, LLC</i>	<i>Rose Chauffeured Transportation, Inc.</i>
1000 Corporate Point Culver City, California 90230	3331-A Asbury Ave Charlotte, North Carolina 28206 Attention: Jennifer and Andy Thompson

<i>Virgin-Fish, Inc.</i> 1000 Corporate Point Culver City, California 90230	<i>Jennifer Marie Thompson</i> 3215 Oak Brook Dr. Marvin, NC 28173
<i>Jeffrey Brush</i> 1000 Corporate Point Culver City, California 90230	<i>Andrew P. Thompson</i> 3215 Oak Brook Dr. Marvin, NC 28173
Signatory for Avalon: Jeffrey Brush	Signatories for Rose: Jennifer Marie Thompson and Andrew P. Thompson

2. Pertinent Operating Authorities (49 C.F.R. § 1182.2(a)(2)).

The following parties hold interstate authority to carry passengers, including the following authorizations with the U.S. Department of Transportation and the Federal Motor Carrier Safety Administration:

<u>Avalon</u>	<u>Rose</u>
<i>Avalon Motor Coaches, LLC</i> USDOT: 3271206 FMCSA: MC-1032746	<i>Rose Chauffeured Transportation, Inc.</i> USDOT: 697980 FMCSA: MC-323248
<i>Avalon Transportation, LLC (Avalon affiliate)</i> USDOT #911905 FMCSA: MC-396011	

The following affiliated entity does not hold any operating authorities:

- Virgin-Fish, Inc.

3. Description of Proposed Transaction (49 C.F.R. § 1182.2(a)(3)).

Upon consummation of the Transaction, Avalon Motor Coach will purchase most of the assets of Rose via an Asset Purchase and Sale Agreement and will assume substantially all of

Rose's outstanding contracts related to its charter services. Rose's operations will continue under Avalon's ownership in substantially the same manner, although Avalon ultimately intends to expand services and increase the number of vehicles and employees.

Rose is a family-run business focusing primarily on charter shuttle services. While the company's financial condition has remained consistent over the last several years, the age and poor health of one of the current owners has led the owners to consider the company's management succession and future viability. The current owners have determined that a sale of the business is required, and such sale must be effected while the owners are healthy enough to commit their time and energy to ensure a smooth transition for the workers they employ and the community they serve. Under new ownership, the company's labor force and inventory would be better assured given these circumstances.

Avalon currently operates charter shuttle services in multiple states, including Texas, California, and Arizona, and it plans to assume Rose's business operations as well as expand services and integrate them into its existing structure. It will rely on its existing positive relationships with financial partners to finance the Transaction through cash, debt assumption, and term notes. Avalon will use this financing and its existing capital to bolster Rose's existing services by modernizing its fleet, expanding the business service offerings within Charlotte and North Carolina, and potentially hiring additional employees.

4. Motor Passenger Carrier Affiliates and Corporate Structure (49 C.F.R. § 1182.2(a)(4)).

Avalon

Avalon Motor Coach is a single-member Texas limited liability company whose sole member is Virgin-Fish, Inc., a California S-corporation. Virgin-Fish, Inc. is owned by a single shareholder, Jeffrey Brush, as Trustee of the Brush-Strouse Living Trust. Virgin-Fish, Inc. is also

the sole member of Avalon Transportation, LLC, a California limited liability company (“Avalon Transportation”) and sister company of Avalon Motor Coach. Avalon Transportation focuses on chauffeured services in its various cities and also on the California Motor Coach division, while Avalon focuses primarily on the Texas Motor Coach division.

Avalon Motor Coach and Avalon Transportation currently operate offices in 5 locations for chauffeured services and 5 locations for motor coach services. Their chauffeured service offices are in Los Angeles, New York, San Francisco, New Jersey, and Philadelphia. Their motor coach offices are currently in Sacramento, San Jose, Orange County, Phoenix, Dallas, San Antonio, Houston, Beaumont, and Atlanta.

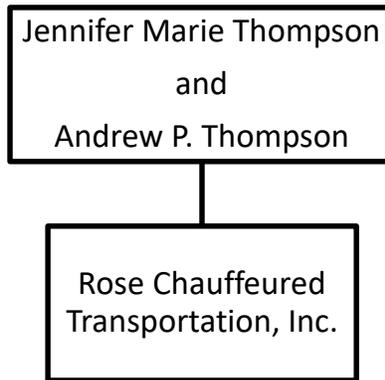
In addition to its major offices, Avalon Transportation provides service to its clients in over 550 domestic locations through its affiliate program. It maintains a current fleet of around 400 vehicles, including 210 motor coaches and 190 chauffeured vehicles, and is able to provide a vast array of services through its national affiliates.

A chart depicting Avalon’s current corporate structure is attached as Exhibit A.

Rose

Rose is a North Carolina corporation, and its shareholders are Jennifer Marie Thompson and Andrew P. Thompson. Rose currently operates in Charlotte, North Carolina, where it provides luxury motor coach, mini coach, chauffeured services, and general passenger transportation services in Charlotte, North Carolina and surrounding areas. It provides additional services through partnerships with Visit Charlotte and Charter Up.

A chart depicting Rose’s current corporate structure is below:



5. Jurisdictional Statement (49 C.F.R. § 1182.2(a)(5)).

The Applicants have earned aggregate gross operating revenues in excess of \$2 million during any consecutive 12-month period applicable under 49 U.S.C. § 14303(g), meeting the jurisdictional requirements set forth in such provision and 49 C.F.R. § 1182.2(a)(5).

6. No Significant Environmental Impact (49 C.F.R. § 1182.2(a)(6)).

This Application contemplates the assumption of control of the assets of a carrier that already provides regular route, charter and other bus services. Thus, there will be no significant operational changes or adverse environmental impacts as a result of the Transaction. Avalon intends to provide the same services in the same community following the consummation of the Transaction. Connecting Rose’s current resources and routes to Avalon’s will also create greater operational efficiency, which will have a positive environmental impact by decreasing vehicle time on the road.²

² The Board has also found that environmental review is excluded in similar transactions relating to change of control. See, e.g. *Van Pool Transportation, LLC – Acquisition of Control – DS Bus Lines, Inc.*, 87 Fed. Reg. 160 (Aug. 19, 2022). 49 C.F.R. 1105.6(c) excludes transactions under 49 U.S.C. § 14303 from environmental review, provided they do not involve operational changes above certain thresholds, which are not applicable in this Transaction.

7. Consistency with the Public Interest (49 C.F.R. § 1182.2(a)(7)).

The Applicants assert that the Transaction is consistent with the public interest, including as relates to (a) the effect of the proposed transaction on the adequacy of transportation to the public; (b) the total fixed charges (*e.g.*, interest) that result from the proposed transaction; (c) the interest of carrier employees affected by the proposed transaction; and (d) the effect of the proposed transaction on competition. Through the proposed acquisition of the assets and services of Rose, the operations provided with those assets will be maintained, and continued adequate and efficient service will be provided to the public. Avalon is committed to maintaining and improving service to the public and maintaining employment of the Rose workforce.

(a) Effect on Adequacy of Transportation to the Public

Avalon intends to improve transportation options for the public. Avalon has significant experience in providing transportation services, in multiple markets, including Texas, California, and New York. It will use this experience to increase efficiency, by integrating Rose's current services into Avalon's existing software platform and connecting its existing services to Rose's services.

Through the Transaction, Avalon will assume charter pricing agreements with charter customers such as universities and schools, athletic teams and other sport-related customers, school field trips, the military, churches, and corporate customers. This wide variety of clientele will continue to have their transportation needs met, and they will likely be able to increase or improve their options for transportation due to Avalon's increased efficiency. Avalon ultimately intends to purchase new vehicles, increasing the safety, comfort, and reliability of these groups' current transportation. As a result of the Transaction, Avalon will have a vested interest in ensuring services are provided that meet these passengers' transportation needs.

(b) Fixed Charges

Avalon Motor Coach will acquire Rose through a combination of cash, term notes, and the assumption of existing debt of Rose. It plans to refinance the assumed debt either with its own financial vendors or with the existing lenders to improve the terms of these loans. This may result in additional interest charges for Avalon, but not to a level that is likely to impact the public.

(c) Interest of Carrier Employees

Avalon is committed to maintaining the current workforce of Rose, and plans to continue employing the over 50 individuals currently on the payroll on the same or better terms and conditions of employment and with increased potential opportunities as Avalon grows its business. Avalon will also seek to increase this workforce as part of a planned expansion of Rose's existing services in the area. Avalon's goal as a result of the Transaction is to grow the existing business, so it has every incentive to keep the current employees and to attract new ones. Without the transaction, existing service levels could decrease, which would negatively affect the size of the workforce needed and impact the interests of carrier employees. While the majority of employees whose jobs will be preserved as a result of this transaction are the men and women who work as bus drivers for Rose, Avalon will also be extending employment offers to maintenance, operations, safety, management, and human resource employees.

(d) Competition and the Public Interest

The law requires the Board to assess competition in the market and to assess the Transaction's potential impact on competition. In making such decisions, the Board and its predecessor, the Interstate Commerce Commission, have consistently approved "common control" arrangements, where two parties' operations are effectively merged into one entity. In such common control cases, charter bus services can improve in quality, via increased economies of

scale, without any lessening to the market's competitive landscape. And in viewing the relevant market for passenger carriers, the Board and its predecessor have found that the carrier market includes both intra-modal competition and inter-modal competition, such as bus services and their alternatives. *See GLI Acquisition Co - Purchase - Trailways Lines, Inc.*, 4 I.C.C. 2d 591, 598-602 (1988). Some recent decisions approving common control carriers of this nature include *Avalon Motor Coaches, LLC—acquisition of Control—Wynne Transportation, LLC*, STB Docket No. MCF 21105 (served Feb. 22, 2023); *Avalon Motor Coaches, LLC, and Avalon Transportation, LLC--Acquisition of Control—Kerrville Bus Company, Inc., All West Coachlines, Inc., American Coach Lines of Atlanta, Inc., Coach Leasing, Inc., CAM Leasing, LLC, Coach USA, Inc., and Coach USA Administration, Inc.*, STB Docket No. MC-F-21120 (served October 18, 2024); *Winthrop Sargent, John Cogliano, and Paul Fuerst—Acquisition of Control—Plymouth and Brockton Street Railway Company, Brush Hill Transportation Company, and McGinn Bus Company, Inc.*, STB Docket No. MCF 21089 (served January 3, 2020); and *AAAH Regional Acquisition LLC—Acquisition of Control—First Class Tours, Inc. and Sierra Stage Coaches, Inc.*, STB Docket No. MCF 21087 (served November 1, 2019).

There is no competitive impact here because Avalon and Rose operate in separate geographic markets. Competition for motor carrier and charter services occurs at the customer choice level—i.e., where the trip *originates*, not the destination. Avalon's nearest business segment is based in Atlanta, Georgia, almost 250 miles from Rose in Charlotte, N.C. Due to Charlotte's distance from Atlanta, customers in North Carolina (where Rose operates) do not use Avalon's Atlanta motor carrier services for their trips because those trips originate in Charlotte. Because Avalon currently does not own or operate any motor carrier services or routes that

originate in the market serviced by Rose, the Transaction will not result in any competitive impacts in that market.

Likewise, customers in Atlanta do not use Rose motor carrier services to originate trips; again this is due to the Atlanta customers' lack of proximity to Rose in Charlotte, North Carolina. Rose does not own or operate any motor carrier services or routes that originate in the Atlanta market. Thus, the acquisition of Rose assets will not impact the Atlanta market (where Avalon operates).

Simply put, the additional costs associated with deadheading to and from each location would force pricing upward to non-competitive levels, which makes them non-viable alternatives for each other. Thus, Avalon's acquisition of the Rose assets will not have an adverse impact on competition in either of those markets.³

The Applicants submit that the Transaction is consistent with the public interest. At base, the Transaction is simply a change in the ownership of Rose's assets, and the status quo of competitors will not change. Additionally, in light of the age and poor health of one of the current owners, approval will avoid any "potential destruction or injury to [the Rose assets]" that would "substantially interfere with their future usefulness in providing adequate and continuous service to the public." *See* 49 C.F.R. § 1182.7(b). Indeed, it was the age and poor health of one of Rose's owners (Mr. Thompson) that led the owners to conclude that a sale of the business is required. The Rose operations are a small, closely held family business, and Mr. Thompson's knowledge and experience is key to Rose's ability to function on a day-to-day basis. In order to ensure the

³ Furthermore, because there is no overlap with Avalon in Atlanta, Rose's share of the Charlotte (or even the North Carolina) market(s) is irrelevant. E.g., even if Rose were the sole motor carrier company in Charlotte (it isn't), the Transaction would simply represent a change in ownership, with no change in the competitive landscape in Charlotte (or anywhere else).

company's future viability, the owners have determined that the sale must be effected while Mr. Thompson is healthy enough for the owners to commit their time and energy to preserving the business, and likewise while they are still able to ensure a smooth transition to a buyer, i.e., Avalon. After such transition, the company's labor force and inventory is set to thrive for an extended period of time that cannot be guaranteed—and in fact is imperiled—under current leadership.

Likewise, because Rose's continued operations are imperiled absent the Transaction, going forward the Transaction will have an overall positive impact on competition in the Charlotte, N.C. area because service that might have been lost if Rose were to exit will be retained. Additionally, Avalon's acquisition will allow for the retention of over 50 employee jobs at Rose's operations in Charlotte. Without the transaction, existing service levels could decrease, which would negatively affect the size of the workforce needed and impact the interests of carrier employees.

A decrease in service due to the impact of Mr. Thompson's health challenges would lead to cancelled orders or potential lost deposits. Local church groups, sports teams, the military, corporations, and most importantly school districts and their students are some of the diverse clientele that would be impacted with the pending closure. Without approval to acquire, this community could face interruptions to the local economy and availability of transportation. The Rose operations are also currently generating approximately \$8.8 million of annual services for year end 2023, and a reduction in these amounts and the workforce could have a negative impact on the local economy. Absent the Transaction, certain clients will likely be unable to get their services provided. In sum, because the Transaction will not impact the competitive carrier market in the metropolitan area (Charlotte, NC) where Rose currently operates (or in North Carolina generally), neither competition nor the public interest will be adversely affected, and in fact, the public interest will be enhanced.

Board approval of this Application will allow the acquisition of control of the Rose assets to be accomplished without the approval of state regulatory authorities, thus relieving the Transaction's parties from potentially burdensome regulatory requirements. *See* 49 U.S.C. § 14303(f).⁴

8. USDOT Safety Fitness Ratings (49 C.F.R. § 1182.2(a)(8)).

Each of the Applicants which is a motor carrier currently holds a U.S. Department of Transportation safety rating of "Satisfactory."

9. Sufficient Insurance Coverage (49 C.F.R. § 1182.2(a)(9)).

Avalon certifies that it has the requisite insurance coverage under § 49 U.S.C. 13906(a) and (d) for the service it intends to provide.

10. Certification of Domicile (49 C.F.R. § 1182.2(a)(10)).

The Applicants certify that the Transaction does not involve the acquisition of operating rights by entities or individuals who are domiciled in Mexico or owned or controlled by persons of that country.

11. Statement on Individuals Holding Operating Authority (49 C.F.R. § 1182.2(a)(11)).

The Applicants certify that the Transaction does not involve the transfer of operating authority to an individual who will hold the authority in his or her name.

⁴ 49 U.S.C. § 14303(f) provides:

A carrier or corporation participating in or resulting from a transaction approved by the Board under this section, or exempted by the Board from the application of this section pursuant to section 13541, may carry out the transaction, own and operate property, and exercise control or franchises acquired through the transaction without the approval of a State authority. A carrier, corporation, or person participating in the approved or exempted transaction is exempt from the antitrust laws and from all other law, including State and municipal law, as necessary to let that person carry out the transaction, hold, maintain, and operate property, and exercise control or franchises acquired through the transaction.

12. Certificate of Service (49 C.F.R. § 1182.3)

The Applicants certify that copies of this Application have been filed with the relevant state regulatory bodies in each state in which intrastate operations are affected by the Transaction, including:

North Carolina Utilities Commission
4325 Mail Service Center
Raleigh, NC 27699-4300

The Applicants additionally certify that they have delivered copies of this Application to the following agencies:

Federal Trade Commission

Federal Trade Commission
600 Pennsylvania Avenue, NW
Washington, DC 20580

Email: premerger@ftc.gov

Department of Justice, Pre-Merger Notification Unit

U.S. Department of Justice, Antitrust Division
950 Pennsylvania Avenue, NW
Washington, DC 20530

Email: premerger@usdoj.gov

Because there are no transfers of operating authority, the Applicants have not delivered copies of this Application to the FMCSA.

13. Conclusion

The Applicants request that the Board approve this application pursuant to 49 U.S.C § 14303. Avalon is a proven motor carrier of passengers and has previously received Board approval to purchase certain assets of Wynne Transportation, LLC and certain assets of Coach USA, Inc. *See Avalon Motor Coaches, LLC-Acquisition of Control-Wynne Transportation, LLC*, STB Docket

No. MC-F-21105 (approval effective April 11, 2023); *Avalon Motor Coaches, LLC, and Avalon Transportation, LLC--Acquisition of Control—Kerrville Bus Company, Inc., All West Coachlines, Inc., American Coach Lines of Atlanta, Inc., Coach Leasing, Inc., CAM Leasing, LLC, Coach USA, Inc., and Coach USA Administration, Inc.*, STB Docket No. MC-F-21120 (served October 18, 2024).

/s/ Barry M. Weisz
Barry M. Weisz
Thompson Coburn LLP
10100 Santa Monica Boulevard Suite 500
Los Angeles, CA 90067
P: 310 282 9448
Attorney for Avalon

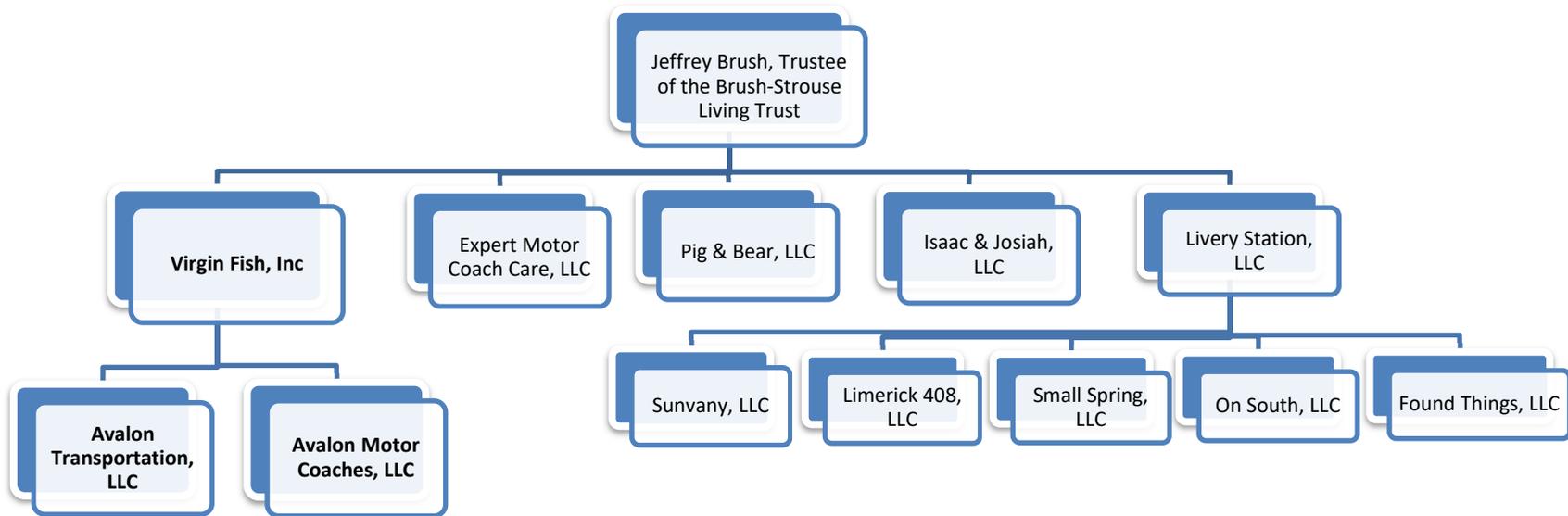
Dated: December 11, 2024

Exhibit A

Organizational Chart of Avalon

(attached)

Organizational Chart of Avalon



Jeffrey Brush is the sole shareholder of Virgin-Fish, Inc, a California S-Corporation formed in 1992, and that ownership is held in the Brush-Strouse Living Trust. Virgin-Fish is the holding entity that operates the two transportation entities Avalon Transportation, LLC and Avalon Motor Coaches, LLC.

Avalon Transportation, LLC (formed in April of 2004) is a single member LLC with the single member being Virgin Fish, Inc. This entity operates services in five different cities for chauffeured services (Los Angeles, San Francisco, New York, New Jersey, and Philadelphia) and three different cities for Motor Coach (San Jose, Orange County, and Phoenix).

Avalon Motor Coaches, LLC (formed in March of 2019) is a single member LLC with the single member being Virgin Fish, Inc. This entity was created for the Texas Motor Coach operations, which currently operate in Dallas, Houston, San Antonio, and Beaumont.

Expert Motor Coach Care, LLC (formed in January of 2019, dissolved 2023) was created to do maintenance work on Motor Coaches in Phoenix, AZ. Our existing liability insurance for Avalon Transportation does not allow us to do maintenance work for outside companies and so we began Expert Motor Coach to do the work for the Arizona Bus operations *and* do work for other outside companies requiring maintenance work on their vehicles.

Pig & Bear, LLC (formed in February, of 2021) is a real estate holding company that owns 409 21st Place in Santa Monica, CA 90402. This rental property is not associated with the chauffeured service or bus companies.

Isaac & Josiah, LLC (formed in October, of 2023) is a real estate holding company that owns 14 Reimer Road in Westport, CT 06880. This rental property is not associated with the chauffeured service or bus companies.

Livery Station, LLC (formed in November of 1999) is a holding entity that originally owned 25-45 Borden Avenue in Long Island City, NY 11101, the former garage of our New York chauffeured Services Company. Livery is now the parent LLC to the five-building holding LLC's.

Sunvany, LLC (formed in July, of 2021) is a real estate holding company that owns 6611-6615 Valjean Ave Van Nuys, CA91406, the garage/offices of our Los Angeles Chauffeured Services Company.

Limerick 408, LLC (formed in August, of 2021) is a real estate holding company that owns 651 Aldo Ave, Santa Clara, the garage of our San Francisco Chauffeured Services Company.

Small Spring, LLC (formed in April, of 2023) is a real estate holding company that owns 4021 S. 16th Street Phoenix, AZ 85040, the garage/offices of our Phoenix Motor Coach business.

On South, LLC (formed in October, of 2023) is a real estate holding company that owns 11510 Cullen Blvd. Houston, TX 77048, the garage/offices of our Houston Motor Coach business.

Found Things, LLC (formed in September, of 2024) is a real estate holding company that owns 1430 E Houston St, San Antonio, TX 78202, the garage/offices of our San Antonio Motor Coach business.

VERIFICATION

I, Jeffrey Brush, individually and as Manager or President of Avalon Motor Coaches, LLC and Virgin-Fish, Inc. verify under penalty of perjury, under the laws of the United States of America, that all information supplied in connection with this application is true and correct. Further, I certify that I am qualified and authorized to file this application or pleading. I know that willful misstatements or omissions of material facts constitute Federal criminal violations punishable under §18 U.S.C. 1001 by imprisonment up to five years and fines up to \$10,000 for each offense. Additionally, these misstatements are punishable as perjury under §18 U.S.C. 1621, which provides for fines up to \$2,000 or imprisonment up to five years for each offense.

By: /s/ Jeffrey Brush

Name: Jeffrey Brush

Title: Manager/President of Avalon Motor
Coaches, LLC and Virgin-Fish, Inc.

/s/ Jeffrey Brush

Jeffrey Brush

VERIFICATION

I, Jennifer Marie Thompson, individually and as Shareholder of Rose Chauffeured Transportation, Inc. verify under penalty of perjury, under the laws of the United States of America, that all information supplied in connection with this application is true and correct. Further, I certify that I am qualified and authorized to file this application or pleading. I know that willful misstatements or omissions of material facts constitute Federal criminal violations punishable under §18 U.S.C. 1001 by imprisonment up to five years and fines up to \$10,000 for each offense. Additionally, these misstatements are punishable as perjury under §18 U.S.C. 1621, which provides for fines up to \$2,000 or imprisonment up to five years for each offense.

By: /s/ Jennifer Marie Thompson
Name: Jennifer Marie Thompson
Title: Shareholder of Rose Chauffeured
Transportation, Inc.

/s/ Jennifer Marie Thompson
Jennifer Marie Thompson

VERIFICATION

I, Andrew P. Thompson, individually and as Shareholder of Rose Chauffeured Transportation, Inc. verify under penalty of perjury, under the laws of the United States of America, that all information supplied in connection with this application is true and correct. Further, I certify that I am qualified and authorized to file this application or pleading. I know that willful misstatements or omissions of material facts constitute Federal criminal violations punishable under §18 U.S.C. 1001 by imprisonment up to five years and fines up to \$10,000 for each offense. Additionally, these misstatements are punishable as perjury under §18 U.S.C. 1621, which provides for fines up to \$2,000 or imprisonment up to five years for each offense.

By: /s/ Andrew P. Thompson
Name: Andrew P. Thompson
Title: Shareholder of Rose Chauffeured
Transportation, Inc.

/s/ Andrew P. Thompson
Andrew P. Thompson