

# After battering, Stagecoach Group buries Twin America

*April 15, 2009, news item from Bus & Motorcoach News:*

“NEW YORK CITY — The leading bus sightseeing operations here, Gray Line New York and CitySights NY, have formed a joint venture to operate the services of both companies.

“The new venture is called Twin America LLC and it began operating on the last day of March (2009).

“Gray Line New York was owned by Stagecoach Group PLC, the Scottish-based parent company of Coach America and megabus.com, while CitySights NY was part of the New York Airport Service group of companies, one of city’s largest operators of ground passenger transportation, tour and sightseeing services for leisure and corporate markets.

“Both operations are perhaps best known for their hop-on, hop-off double-decker tour buses in New York City.”

*February 2017, Stagecoach*

*Group news announcement:*

“Stagecoach Group confirms it has sold its interest in the Twin America LLC joint venture for an undisclosed sum.

“Stagecoach North America, which held 50 percent of the voting rights and 60 percent of the economic rights of the joint venture, sold its interest to...CitySights.”

The low-key, five-sentence news release from Stagecoach Group seemingly buries the ill-fated joint venture that gave Stagecoach a huge black eye, cost it tens of millions of dollars in legal settlement costs and fees, and was a festering boil for five years.

In its fiscal 2016 annual report, Stagecoach said it had recognized an exceptional charge of 37.9 million pounds, roughly \$53.6 million at the time, related to the carrying value of its interest in Twin America.

In the 12 months ended April 30, 2016, Twin America lost roughly \$900,000 on revenue of \$69.8 million. That was a remark-

able comedown from Twin America’s salad years of fiscal 2013 and 2012, when it had revenue of \$88.7 million and \$80.6 million, respectively.

During those glory times, Twin America had an operating profit of \$19.3 million in fiscal 2013, \$16.2 million in fiscal 2012, and \$15.2 million in fiscal 2011. Its profit margin was 21.8 percent in fiscal 2013, 20.1 percent in fiscal 2012, and 22.5 percent in fiscal 2011.

Those were remarkable figures for the bus industry.

And the numbers and other factors caught the attention of the U.S. Justice Department and the New York State Attorney General.

In 2012, state and federal officials filed suit, accusing CitySights and Gray Line New York of creating Twin America to eliminate competition and to allow them to push up prices. In other words, they were accused of monopolizing the New York sightseeing market.

After they formed Twin America in 2009, Gray Line and CitySights raised prices by 10 percent, boosting tickets from \$49 to \$54, according to the government lawsuit.

The government suit resulted in protracted (and costly) legal negotiations.

Finally, in the spring of 2015, as part of a settlement agreement with federal and state officials, Twin America agreed to give up nearly 50 bus stops in Manhattan, creating slots for other tour bus companies to stop near popular tourist destinations, including Times Square and the Empire State Building.

Prior to the 2015 settlement, other tour bus companies reportedly were not able to obtain bus stop authorizations near major attractions from the city Transportation Department because CitySights and Gray Line New York had locked up the best locations.

Gray Line and CitySights also agreed to pay \$7.5 million in profits

they made from operating together, with the money split between the state and federal governments.

Said New York Attorney General Eric T. Schneiderman: “This settlement allows competition to thrive once again, and ensures that these companies did not profit from operating an unlawful and anticompetitive joint venture.”

Worse, from a financial standpoint, was the 2014 settlement of a class-action lawsuit filed on behalf of Twin America customers. The price tag for that settlement was \$19 million.

Gray Line New York has provided tours in New York City since 1926, and CitySights started in 2005.

After CitySights entered the market, the companies competed with each other, which led to better prices for customers, according to the Justice Department. But after they established Twin America, the suit claims, the companies raised base fares \$5.