

QUALITY DISTRIBUTION LLC

Form S-4/A

May 02, 2008

Table of Contents

As filed with the Securities and Exchange Commission on May 2, 2008

Registration No. 333-150274

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

AMENDMENT NO. 1 TO
FORM S-4
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

QUALITY DISTRIBUTION, LLC

and the Guarantors identified in footnote (1) below

(Exact name of registrant as specified in charter)

Delaware
(State or other jurisdiction of

4213
(Primary Standard Industrial

04-3668323
(I.R.S. Employer

Edgar Filing: QUALITY DISTRIBUTION LLC - Form S-4/A

incorporation or organization)

Classification Code Number)
4041 Park Oaks Blvd., Suite 200

Identification Number)

Tampa, Florida 33610

(813) 630-5826

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

QD CAPITAL CORPORATION

and the Guarantors identified in footnote (1) below

(Exact name of registrant as specified in charter)

Delaware
(State or other jurisdiction of

4213
(Primary Standard Industrial

02-0692668
(I.R.S. Employer

incorporation or organization)

Classification Code Number)
4041 Park Oaks Blvd., Suite 200

Identification Number)

Tampa, Florida 33610

(813) 630-5826

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Jonathan C. Gold

Senior Vice President, General Counsel and Secretary

Quality Distribution, Inc.

4041 Park Oaks Blvd., Suite 200

Tampa, Florida 33610

(813) 630-5826

(Name, address, including zip code, and telephone number, including area code, of agent for service of process)

With copies to:

William E. Turner II

Edgar Filing: QUALITY DISTRIBUTION LLC - Form S-4/A

Barack Ferrazzano Kirschbaum & Nagelberg LLP

200 West Madison Street, Suite 3900

Chicago, Illinois 60606

(312) 984-3100

Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement becomes effective.

If any of the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. "

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer " Accelerated filer Non-accelerated filer " Smaller reporting company "

(Do not check if a smaller reporting company)

The registrants hereby amend this Registration Statement on such date or dates as may be necessary to delay its effective date until the registrants shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

- (1) The following parent of Quality Distribution, LLC and domestic direct or indirect wholly owned subsidiaries of Quality Distribution, LLC are Guarantors of the exchange Senior Floating Rate Notes due 2012, Series B, and are Co-Registrants, each of which is incorporated in the jurisdiction and has the I.R.S. Employer Identification Number indicated: Quality Distribution, Inc., a Florida corporation (59-3239073); American Transinsurance Group, Inc., a Delaware corporation (23-2613934); Boasso America Corporation, a Louisiana corporation (72-1176189); Chemical Leaman Corporation, a Pennsylvania corporation (23-2021808); EnviroPower, Inc., a Delaware corporation (23-2735584); Fleet Transport Company, Inc., a Delaware corporation (23-2848144); Mexico Investments, Inc., a Florida corporation (59-3433851); MTL of Nevada, a Nevada corporation (88-0350589); Power Purchasing, Inc., a Delaware corporation (23-2611487); QSI Services, Inc., a Delaware corporation (51-0349728); Quala Systems, Inc., a Delaware corporation (23-2343087); Quality Carriers, Inc., an Illinois corporation (36-2590063); and Transplastics, Inc., a Delaware corporation (23-2932792).

Table of Contents

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to acquire these securities in any state where the offer or sale is not permitted.

Subject to Completion, dated May 2, 2008

Quality Distribution, LLC
QD Capital Corporation

Offer to Exchange All Outstanding \$50,000,000 Principal Amount At Maturity of

Senior Floating Rate Notes due 2012, Series B

For

Senior Floating Rate Notes due 2012, Series B

Which Have Been Registered Under the Securities Act of 1933

The Exchange Offer:

We will exchange all old notes that are validly tendered and not validly withdrawn for an equal principal amount of exchange notes that have been registered.

You may withdraw tenders of old notes at any time prior to the expiration of the exchange offer.

The exchange offer expires at 5:00 p.m., New York City time, on [____], 2008, unless we extend the offer.

The Exchange Notes:

The terms of the exchange notes to be issued in the exchange offer are substantially identical to the old notes, except that the exchange notes will be freely tradable by persons who are not affiliated with us.

No public market currently exists for the old notes. We do not intend to list the exchange notes on any securities exchange and, therefore, no active public market is anticipated.

Edgar Filing: QUALITY DISTRIBUTION LLC - Form S-4/A

The exchange notes, like the old notes, will be guaranteed on a senior basis by our parent, Quality Distribution, Inc., and each of our existing and certain future U.S. restricted subsidiaries.

The exchange notes, like the old notes, will be unsecured and rank equally with all of our existing and future senior debt and rank senior to our existing and future subordinated debt, and will be effectively subordinated to all of our secured debt, to the extent of the value of the assets securing such debt, and to all liabilities of our non-guarantor subsidiaries.

Like the old notes, if we fail to make payments on the exchange notes, Quality Distribution, Inc. and our subsidiary guarantors must make them instead. The exchange notes and guarantees will also be junior to all of our secured debt and all liabilities of our non-guarantor subsidiaries.

Each broker-dealer that receives exchange notes pursuant to the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of the exchange notes.

If the broker-dealer acquired the old notes as a result of market-making or other trading activities, such broker-dealer may use this prospectus for the exchange offer, as supplemented or amended, in connection with its resales of the exchange notes.

You should carefully consider the risk factors beginning on page 1 of this prospectus before participating in the exchange offer.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is [____], 2008.

Table of Contents**TABLE OF CONTENTS**

	Page
<u>MARKET AND INDUSTRY DATA</u>	ii
<u>SUMMARY</u>	iii
<u>RISK FACTORS</u>	1
<u>CAUTIONARY STATEMENT REGARDING FORWARD LOOKING STATEMENTS</u>	7
<u>THE EXCHANGE OFFER</u>	8
<u>USE OF PROCEEDS</u>	15
<u>CAPITALIZATION</u>	15
<u>UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION</u>	16
<u>SELECTED HISTORICAL FINANCIAL INFORMATION</u>	19
<u>MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u>	21
<u>RECENT DEVELOPMENTS</u>	34
<u>BUSINESS</u>	35
<u>LEGAL PROCEEDINGS</u>	44
<u>PROPERTIES</u>	44
<u>MANAGEMENT</u>	46
<u>DESCRIPTION OF THE ABL FACILITY AND OTHER INDEBTEDNESS</u>	60
<u>DESCRIPTION OF THE SERIES B NOTES</u>	63
<u>BOOK-ENTRY, DELIVERY AND FORM</u>	91
<u>CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS</u>	93
<u>PLAN OF DISTRIBUTION</u>	95
<u>LEGAL MATTERS</u>	95
<u>EXPERTS</u>	95
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	95
<u>INDEX TO FINANCIAL STATEMENTS</u>	F-1

You should rely only on the information contained in this document. We have not authorized anyone to provide you with any other information. This document may only be used where it is legal to sell these securities.

The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of our notes. In this prospectus, unless the context otherwise requires or indicates, (i) the terms "our company," "QD LLC," "we," "us" and "our" refer to Quality Distribution, LLC, a Delaware limited liability company, and its consolidated subsidiaries and their predecessors, (ii) "QDI" refers to Quality Distribution, Inc., our parent company, (iii) "QD Capital" refers to QD Capital Corporation, our wholly owned subsidiary and a co-issuer of the Senior Floating Rate Notes due 2012, Series B, and (iv) the "Issuers" refers to QD LLC (without its consolidated subsidiaries and their predecessors) and QD Capital.

This prospectus incorporates important business and financial information about us that is not included in or delivered with this document. Copies of this information are available without charge to any person to whom this prospectus is delivered, upon written or oral request. Written requests should be sent to Quality Distribution, Inc., Attention: Investor Relations, 4041 Park Oaks Boulevard, Suite 200, Tampa, Florida 33610. Oral requests should be made by telephone (813) 630-5826. To obtain delivery, you must request the information no later than [____], which is five business days before the expiration of the Exchange Offer.

MARKET AND INDUSTRY DATA

Market and industry data and other statistical information used throughout this prospectus are based on independent industry publications, government publications and other published independent sources, including *Bulk Transporter's Tank Truck Carrier 2006 Annual Gross Revenue Report*. Some data are also based on our good faith estimates, which are derived from our review of management's knowledge of the industry and independent sources. Although we believe that this information is reliable, we cannot guarantee its accuracy and completeness, nor have we independently verified it. We also obtain certain other market share and industry data from internal company analyses and management estimates, and based on our knowledge of the industry. While we believe such internal company analyses and management estimates are reliable, no independent sources have verified such analyses and estimates. Although we are not aware of any misstatements regarding the market share and the industry data that we present in this prospectus, our estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed under "Risk Factors" and "Cautionary Statement Regarding Forward Looking Statements."

Table of Contents

SUMMARY

This summary highlights information contained elsewhere in this prospectus but might not contain all of the information that is important to you. Before participating in the exchange offer, you should read this entire prospectus carefully, including the Risk Factors section and the consolidated financial statements and the notes thereto included elsewhere in this prospectus. Excepted as otherwise noted, the financial data included in the prospectus comes from the consolidated financial statements of our parent, Quality Distribution, Inc. and its subsidiaries. Quality Distribution, Inc. is a guarantor of our 9% Senior Subordinated Notes due 2010, our Senior Floating Rate Notes due 2012 and our asset-based lending facility and has no material assets or operations other than its ownership of 100% of our membership interests. As a result, the consolidated financial position and results of operations of Quality Distribution, Inc. are substantially the same as ours.

Our Business

We operate the largest for-hire chemical bulk tank truck network in North America based on bulk service revenues as reported in *Bulk Transporter's Tank Truck Carrier 2006 Annual Gross Revenue Report*, the most recent such report available from *Bulk Transporter*, and we believe we have more than twice the revenues of our closest competitor in our primary chemical bulk transport market in the U.S. The bulk tank truck market in North America includes all products shipped by bulk tank truck carriers and consists primarily of liquid and dry bulk chemicals (including plastics) and bulk dry and liquid food-grade products. We primarily transport a broad range of chemical products and provide our customers with tank wash facilities, ISO depot services, leasing, transloading services, logistics and other value-added services. We are a core carrier for many of the Fortune 500 companies engaged in chemical processing, including Dow Chemical, Procter & Gamble, DuPont and PPG Industries, and we provide services to most of the top 100 chemical producers with U.S. operations.

Our bulk service network consists primarily of company operated terminals, independently owned third-party affiliate terminals and independent owner-operator drivers. Affiliates are independent companies we contract with to operate trucking terminals and tank washes exclusively on our behalf in defined markets. The affiliates provide the capital necessary to service their contracted business and are also responsible for most of the operating costs associated with servicing the contracted business. Owner-operators are generally individual drivers who own or lease their tractors and agree to drive exclusively for us and our affiliate partners. We believe the use of affiliates and independent owner-operators provides the following key competitive advantages to us in the marketplace:

Locally owned and operated affiliate terminals can provide superior, tailored customer service.

Affiliates and independent owner-operators are paid a fixed, contractual percentage of revenue for each load they transport creating a variable cost structure that provides protection against cyclical downturns.

Reliance on affiliate and independent owner-operators creates an asset-light business model that generally reduces our capital investment.

Our revenue is principally a function of the volume of shipments by the bulk chemical industry, the number of miles driven per load, our market share, and the allocation of shipments between tank truck transportation and other modes of transportation such as rail. The volume of shipments of chemical products is, in turn, affected by many other industries, including consumer and industrial products, automotive, paints and coatings, and paper, and tends to vary with changing economic conditions.

Our Industry

We estimate, based on industry sources, that the highly fragmented North American for-hire segment of the chemical bulk transport market generated revenues of approximately \$6.5 billion in 2006. We specifically operate in the for-hire chemical and food grade bulk transport market (estimated at \$4.0 billion in 2006) where we believe, based on published reports, we have achieved leading market share (estimated at 18%), based on revenues. Our competition in the for-hire segment is comprised of more than 200 smaller, primarily regional carriers. Based on revenues as reported in *Bulk Transporter's Tank Truck Carrier 2006 Annual Gross Revenue Report*, we operate the largest for-hire chemical bulk tank truck network comprising terminals, tractors and trailers in North America and therefore believe we are well-positioned to expand our business by increasing our market share.

Edgar Filing: QUALITY DISTRIBUTION LLC - Form S-4/A

The chemical bulk tank truck industry growth is generally dependent on (i) volume growth in the industrial chemical industry, (ii) the rate at which chemical companies outsource their transportation needs, (iii) the overall capacity of the rail system, and, in particular (iv) the extent to which chemical companies make use of the rail system for their bulk chemical transportation needs. As competitive pressures force chemical companies to reduce costs and focus on their core businesses, we believe that chemical companies will consolidate their shipping relationships and outsource a greater portion of their logistics needs to third-party tank truck carriers. We believe that large, national full-service carriers will benefit from any such consolidation of relationships and outsourcing of logistics needs and will be able to grow faster than the overall bulk tank truck industry. As a result of our leading market position, breadth of customer services, flexible business model and decentralized operating structure, we believe we are well positioned to benefit from current industry outsourcing trends.

As the chemical industry continues the recent trend towards the globalization of petro-chemical manufacturing capacity, greater quantities of chemicals are being imported into the United States. Consequently, the ISO tank container transportation and depot services business has seen double digit growth rates over the past five years and this growth is expected to continue for the foreseeable future. Our subsidiary, Boasso America Corporation (Boasso), is the market leader in the North American ISO tank container transportation and depot services business, which we estimate is a \$250 million market.

Our industry is characterized by high barriers to entry such as (i) the time and cost required to develop the operational infrastructure necessary to handle sensitive chemical cargo, (ii) the financial and managerial resources required to recruit and train drivers, (iii) substantial industry regulatory requirements, and (iv) the significant capital investments required to build a fleet of equipment and establish a network of terminals. In addition, the industry continues to experience consolidation due to economic and competitive pressures, increasing operating costs for driver recruitment and insurance, and increasing capital investments for equipment and technology. As the cost and complexity of operating a bulk tank truck business increase, we believe that large, well-established carriers like ourselves will gain market share.

Table of Contents

Our Formation and Ownership

We are a Delaware limited liability company formed on April 14, 2002. Our sole member is QDI. QDI is a holding company with no significant assets or operations other than the ownership of 100% of our membership interests. QD Capital, our wholly owned subsidiary, is a Delaware corporation, formed on May 1, 2003 and is a co-issuer of the Old Series B Notes and will be a co-issuer of the Exchange Series B Notes. QD Capital has nominal assets and no operations.

In addition, we are the primary obligor under our asset-based lending facility (the ABL Facility), our 9% Senior Subordinated Notes due 2010 (the 9% Notes), our Senior Floating Rate Notes due 2012, Series A (the Series A Notes), our Senior Floating Rate Notes due 2012, Series B (the Series B Notes) and the \$2.5 million 7% unsecured promissory note with a two-year maturity (the Boasso Note) issued in connection with our recent acquisition of Boasso. QDI is a guarantor under the ABL Facility, the 9% Notes, the Series A Notes and the Series B Notes.

QDI was formed in 1994 as a holding company known as MTL, Inc. and consummated its initial public offering on June 17, 1994. On June 9, 1998, MTL, Inc. was recapitalized through a merger with a corporation controlled by Apollo Investment Fund III, L.P. As a result of the recapitalization, MTL, Inc. became a private company. On August 28, 1998, we completed our acquisition of Chemical Leaman Corporation (CLC) and its subsidiaries. Through the 1998 acquisition, we combined two of the then-leading bulk transportation service providers, namely, Montgomery Tank Lines, Inc. and Chemical Leaman Tank Lines, Inc., under one operating company, Quality Carriers, Inc. (QCI). In 1999, QDI changed its name from MTL, Inc. to Quality Distribution, Inc. On May 30, 2002, QDI transferred all of its assets (other than certain contract rights which by their terms could not be assigned without the consent of the other parties thereto) to us, consisting principally of the capital stock of QDI's operating subsidiaries. On November 13, 2003, QDI consummated the initial public offering of its common stock. On December 18, 2007, we acquired all of the outstanding capital stock of Boasso for an aggregate purchase price of (i) \$58.8 million in cash less the outstanding long-term indebtedness of Boasso, subject to a working capital adjustment, and (ii) the Boasso Note, excluding fees and direct costs. In April 2008, approximately \$1.3 million was refunded to us pursuant to a working capital adjustment, as provided for in the stock purchase agreement.

QDI is owned principally by Apollo Investment Fund III, L.P., Apollo Overseas Partners III, L.P. and Apollo (U.K.) Partners III, L.P., each of which is an affiliate of Apollo Management, L.P. We refer to Apollo Management, L.P. and its affiliates collectively as Apollo throughout this prospectus. As of March 1, 2008, Apollo owned or controlled approximately 54.7% of QDI's outstanding common stock, and approximately 46.6% of QDI's common stock on a fully diluted basis.

Market Opportunity

We expect the complexities and operational challenges faced by chemical manufacturers to continue to grow as the chemical industry evolves. These complexities and challenges are driven by a variety of industry trends including customer demand for constantly lower prices, global import/export of bulk liquid products and the need to get product into the pipeline. In order to meet these challenges, we believe chemical producers will sell more through distribution as they look for ways to further reduce their costs by streamlining the supply chain. We believe supply chain efficiencies will be one of the necessary fundamentals for chemical manufacturers' competitiveness.

In addition, the proliferation of global import/export of bulk liquid chemicals has driven the movement of basic manufacturing out of the United States and has resulted in an increase in chemical plant infrastructure to service these off-shore industries. Driven by this globalization, the ISO tank container market is a rapidly growing sector of the overall liquid bulk chemical transportation sector.

The resulting demand for distributors that can offer a broad range of services within the supply chain is expected to drive future industry growth in the bulk transportation sectors.

Our Strengths

Our Competitive Strengths

Following are our strengths that we believe will allow us to successfully exploit the market opportunities described above.

Largest Tank Truck Network in a Fragmented Industry

We provide our customers with access to the largest tractor and tank trailer network in the North American bulk tank truck industry. In addition, our nationwide network of 121 trucking terminals, 38 tank wash facilities and 10 ISO depot services terminals covers all major North American chemical markets and enables us to serve customers with international, national and regional shipping requirements. Our size allows us, our affiliates and our owner-operators to benefit from economies of scale in the purchasing of supplies and services, including fuel, tires and

Edgar Filing: QUALITY DISTRIBUTION LLC - Form S-4/A

insurance coverage. Our greater network density allows us to create efficiencies by increasing utilization through reduced empty miles with more opportunities to generate backhaul loads. Our size also enables us to invest in new technologies that increase our operating efficiency, improve customer service and lower our costs.

Capital Efficient Business Model

Our extensive use of affiliates and owner-operators results in a highly variable cost structure and significantly reduces our capital investment, thereby allowing us to increase our asset utilization. This model also contributes to the stability of our cash flow and margins and increases our return on capital. Affiliates are responsible for the necessary capital investments, the operating expenses related to their terminals, and most of the operating expenses related to the business they service. Typically, affiliates purchase or lease tractors for their business directly from the manufacturers and lease trailers from us. However, some affiliates purchase their own trailers or lease trailers from independent third parties. Owner-operators are independent contractors who supply one or more tractors and drivers for our own or our affiliates' exclusive use. As with affiliates, owner-operators are responsible for most of the operating expenses related to the business they transport (excluding costs related to the acquisition and maintenance of trailers). With our extensive use of owner-operators and affiliates, we can reduce the high capital costs of purchasing and maintaining tractors.

Core Carrier to Most Top 100 Chemical Companies

We provide services to most of the top 100 chemical producers with U.S. operations. Our ability to maintain these business relationships reflects our service performance and commitment to safety and reliability. We have established long-term customer relationships with these

Table of Contents

clients, which help us attract and retain experienced affiliate terminal operators and drivers. We expect to continue to benefit from the overall growth of the largest chemical companies while targeting new revenue opportunities from smaller chemical companies and will continue to explore opportunities to expand the scope of services we offer.

Broad Menu of Complementary Services

Our ability to provide value-added services that complement our core service differentiates us from smaller competitors and enables us to gain market share, particularly with large customers that seek to use a limited number of core carriers. By increasing the number of services offered to our customers, we enhance our position as a leading national full-service provider in the industry. These services include storage and warehousing, vendor managed inventory, load tendering and managing private fleets.

Enhanced Productivity, Efficiency and Customer Service through Installed Technology

We are proactive in our utilization of technology aimed at improving our customer service and operating efficiency. In contrast to many of our smaller competitors, we have equipped our drivers with various mobile communications systems which enable us to monitor our tractors and communicate with our drivers in the field and enable customers to track the location and monitor the progress of their cargo through the Internet. We have also begun installing satellite tracking devices on our trailers to enable us to increase trailer utilization. Our website allows our customers to view bills and generate customized service reports. We have implemented a centralized order entry, dispatch and billing program system, which enhances our control over our equipment and drivers. This technology is increasingly important when transporting sensitive cargo in today's heightened security environment.

Our Strategy

Our Growth Strategy

We expect to grow as our customers continue to outsource more of their transportation management and logistics needs to full-service carriers. Beginning in 2005 under the direction of a new senior management team, we implemented several major strategic initiatives designed to enhance our operating flexibility, upgrade and standardize our business processes, improve customer service and increase profitability. During 2006 and 2007, these initiatives as described below have gained momentum and have positioned us to leverage our strengths in order to capitalize on the market opportunities that lie ahead.

Opportunistic Affiliate Conversions

We intend to continue to focus on a less capital intensive business model based on affiliates and owner-operators. However, we continually evaluate our mix of affiliate and company terminals to optimize customer service, revenue growth, profitability and return on investment. In situations where we can more efficiently operate facilities than the relevant affiliate, we may endeavor to purchase this affiliate's business to enhance our profitability and position us for better growth in key markets. However, we are still able to maintain our asset-light structure through the use of owner-operators at company owned terminals.

Continued Focus on Safety and Training

We have made safety the main focus of our organization. We have developed comprehensive programs to further focus our safety procedures and benchmark us against the best in the industry. Tangible results of this focus have already manifested themselves in decreasing at-fault accident frequencies. We also instituted a training program for terminal, field and headquarters personnel to augment our existing driver training and have begun providing extensive technical and interpersonal training to all dispatchers, terminal managers, and supervisors.

We are committed to conducting our operations in a manner that protects our employees, surrounding communities, customers, and the environment. As a member of the American Chemistry Council (ACC) and partner of Responsible Care® it is our goal to improve the quality of our service and the level of safety. Participation in Responsible Care® is mandatory for all ACC member companies. We maintain a Responsible Care® Management System, which determines applicability and addresses the requirements of laws, regulations, company and other requirements regarding the environment and the health, safety and security of our operations. We have obtained independent certification that our management system is in place and functions according to professional standards and we continue to evaluate and continuously improve our Responsible Care® Management System performance.

Focus on Driver Recruitment and Retention

Edgar Filing: QUALITY DISTRIBUTION LLC - Form S-4/A

Our recruitment and retention effort is focused on providing drivers a welcoming opportunity with competitive compensation, an emphasis on professional development and an understanding that most drivers' first priority is getting home safely to their families. Over the past four years we reduced driver turnover from 61% to approximately 49%, which we believe is well below the truckload industry average. We are committed to being a driver-focused company that provides both technical support and personal respect to these professionals. We offer competitive compensation, encourage input from our drivers when making business decisions, and utilize full-time customer service professionals who conduct both in-bound and out-bound calls to ensure driver satisfaction. Our driver organization contains field-based recruiters who augment the friendly, small business environment provided by our business model.

Expand Scope of Service Capabilities

We plan to continue to expand the scope of our service capabilities in order to serve the growing needs of our customer base. As our customers continue to focus on their core businesses, we believe that they will increasingly rely on primary service transportation companies to provide value-added services such as intermodal, tank cleaning and logistics services. Two initiatives to expand our service capabilities include the following:

Strengthen our Tank Wash Business

Over the past year, we have substantially improved our company owned tank wash facilities, installed new senior managers, trained staff and upgraded our safety program. We are focused on expanding this business by motivating our drivers, our affiliates' drivers and third-party carriers to utilize our tank wash facilities and lessen usage of third party tank wash businesses. In 2007, we acquired Brite Clean, a tank wash

Table of Contents

operation that is expected to contribute approximately \$12.0 million in revenue in 2008, for approximately \$2.5 million. This acquisition further strengthened our leading market position in the tank wash business.

Expand ISO Tank Container Business

Our subsidiary, Quality Container Services, Inc. (QCS) currently participates in the ISO tank container business by providing transportation services and, with the Boasso acquisition, we are now the market leader in the ISO tank container transportation and depot services business in North America. We believe that growing our ISO tank container depot business offers us the opportunity to expand our service offerings to many of our existing customers and to capitalize on this fast-growing segment which is being driven by the recent trend towards the globalization of petro-chemical manufacturing capacity.

Optimize Network

We are in the process of implementing several initiatives expected to increase profitability by minimizing the number of empty miles driven by our drivers. We do this by encouraging our affiliates and owner-operators to pursue additional revenue opportunities in their respective markets thereby increasing asset utilization. For example, we intend to move our pricing towards a revenue per mile compensation structure with our owner-operators instead of the existing percentage of revenue structure. We believe this change will help align owner-operators' interests with ours and encourage them to increase load counts and improve backhaul rates resulting in increased revenue and operating income. Additionally, where necessary and when economically appropriate, we have expanded our company-owned transportation capacity by investing in new trailers through various methods, including purchases and leases.

Targeted Acquisitions

Our industry is highly fragmented, providing us with the opportunity to grow our distribution network and further develop our tank wash business through acquisitions. Smaller chemical bulk transport operators are seeking to strengthen their competitive position by becoming part of a larger service network. We believe that we are favorably positioned to benefit from this trend. In early 2006, we acquired two transportation companies for \$4.1 million. In 2007, we acquired Brite Clean for \$2.5 million, a small tank truck carrier for \$0.5 million and Boasso for \$58.8 million and the Boasso Note. We expect these acquired businesses to generate approximately \$90.0 million in revenue in 2008. We intend to continue pursuing attractive acquisition opportunities that augment our position in key markets at attractive multiples.

Recent Developments

On April 14, 2008, we announced a plan to reduce our workforce. Most of the reductions occurred at our Tampa, Florida headquarters, where approximately 17% of the positions were eliminated. The reductions were substantially implemented by April 15, 2008. We eliminated approximately sixty positions, with a projected payroll related cost in 2008 in excess of \$5.0 million. In conjunction with this action, we expect to take a total pre-tax charge in the second quarter of approximately \$1.5 million, all for one-time termination benefits, the majority of which relates to future cash expenditures.

The employment of Virgil Leslie with us as Executive Vice President, Sales ceased on April 14, 2008.

We estimate that first quarter of 2008 revenues were approximately \$208 million, including fuel surcharge of approximately \$32 million, a 17% increase over the first quarter of last year. Revenues for the 2008 quarter were positively impacted by our acquisition of Boasso, which closed in December 2007, and negatively impacted by continuing softness in the housing markets as well as 10% fewer work days in March 2008 compared to March 2007.

Risk Factors

An investment in the notes involves a high degree of risk. Potential investors should carefully consider the risk factors set forth under Risk Factors beginning on page 1 and the other information contained in this prospectus prior to participating in the exchange offer.

Corporate Information

Our principal executive offices are located at 4041 Park Oaks Blvd., Suite 200, Tampa, Florida, 33610, and our telephone number is (813) 630-5826.

Summary of the Terms of the Exchange Offer

We and the guarantors of the old Senior Floating Rate Notes due 2012, Series B (the Old Series B Notes) have entered into a registration rights agreement with the initial purchaser of the Old Series B Notes in which we agreed to file a registration statement relating to an offer to exchange the Old Series B Notes for exchange Senior Floating Rate Notes due 2012, Series B (the Exchange Series B Notes) within 120 days of the issuance of the Old Series B Notes. The registration statement, of which this prospectus forms a part, was filed pursuant to this obligation. We also agreed to use our commercially reasonable efforts to cause the registration statement to be declared effective within 180 days following the issuance of the Old Series B Notes and to use our best efforts to consummate the exchange offer within 40 days following the effective date of the registration statement. In the exchange offer, you are entitled to exchange your Old Series B Notes for Exchange Series B Notes which are identical in all material respects to the Old Series B Notes except that:

the Exchange Series B Notes have been registered under the Securities Act and will be freely tradable by persons who are not affiliated with us;

the Exchange Series B Notes are not entitled to registration rights which are applicable to the Old Series B Notes under the registration rights agreement; and

our obligation to pay additional interest on the Old Series B Notes because (a) the registration statement of which this prospectus forms a part was not declared effective by June 15, 2008 or (b) the exchange offer was not consummated by July 25, 2008, in each case, at incremental rates ranging from 0.25% per annum to 1.0% per annum depending on how long we fail to comply with these deadlines, does not apply to the Exchange Series B Notes.

For purposes of this and other sections in this prospectus, we refer to the Old Series B Notes and the Exchange Series B Notes together as the Series B Notes.

The Exchange Offer	We are offering to exchange up to \$50,000,000 aggregate principal amount at maturity of our Senior Floating Rate Notes due 2012, Series B, which have been registered under the Securities Act for up to \$50,000,000 aggregate principal amount at maturity of our Senior Floating Rate Notes due 2012, Series B, which were issued on December 18, 2007. Old Series B Notes may be exchanged only in integral multiples of \$1,000.
Resales	We believe that the Exchange Series B Notes issued in the exchange offer may be offered for resale, resold and otherwise transferred by you without compliance with the registration and prospectus delivery requirements of the Securities Act provided that:

the Exchange Series B Notes are being acquired in the ordinary course of your business;

Table of Contents

you are not participating, do not intend to participate, and have no arrangement or understanding with any person to participate, in the distribution of the Exchange Series B Notes issued to you in the exchange offer; and

you are not an affiliate of ours.

If any of these conditions are not satisfied and you transfer any Exchange Series B Notes issued to you in the exchange offer without delivering a prospectus meeting the requirements of the Securities Act or without an exemption from registration of your Exchange Series B Notes from these requirements, you may incur liability under the Securities Act. We will not assume, nor will we indemnify you against, any such liability.

Each broker-dealer that is issued Exchange Series B Notes in the exchange offer for its own account in exchange for Old Series B Notes that were acquired by that broker-dealer as a result of market-marking or other trading activities, must acknowledge that it will deliver a prospectus meeting the requirements of the Securities Act in connection with any resale of the Exchange Series B Notes. A broker-dealer may use this prospectus for an offer to resell, resale or other retransfer of the Exchange Series B Notes issued to it in the exchange offer.

Expiration Date; Withdrawal of Tenders	The exchange offer will expire at 5:00 p.m., New York City time, [____], 2008, or such later date and time to which we extend it. A tender of Old Series B Notes pursuant to the exchange offer may be withdrawn at any time prior to the expiration date. Any Old Series B Notes not accepted for exchange for any reason will be returned without expense to the tendering holder promptly after the expiration or termination of the exchange offer.
Conditions to the Exchange Offer	The exchange offer is subject to customary conditions, some of which we may waive. See The Exchange Offer Certain Conditions to the Exchange Offer.
Procedures for Tendering Old Notes	If you wish to accept the exchange offer, you must complete, sign and date the accompanying letter of transmittal, or a copy of the letter of transmittal, according to the instructions contained in this prospectus and the letter of transmittal. You must also mail or otherwise deliver the letter of transmittal, or the copy, together with the Old Series B Notes and any other required documents, to the exchange agent at the address set forth on the cover of the letter of transmittal. If you hold Old Series B Notes through The Depository Trust Company (DTC) and wish to participate in the exchange offer, you must comply with the Automated Tender Offer Program procedures of DTC, by which you will agree to be bound by the letter of transmittal.

By signing or agreeing to be bound by the letter of transmittal, you will represent to us that, among other things:

any Exchange Series B Notes that you receive will be acquired in the ordinary course of your business;

you have no arrangement or understanding with any person or entity to participate in the distribution of the Exchange Series B Notes;

if you are a broker-dealer that will receive Exchange Series B Notes for your own account in exchange for Old Series B Notes that were acquired as a result of market-making activities, that you will deliver a prospectus, as required by law, in connection with any resale of the Exchange Series B Notes; and

you are not our affiliate as defined in Rule 405 under the Securities Act.

Guaranteed Delivery Procedures	If you wish to tender your Old Series B Notes and your Old Series B Notes are not immediately available or you cannot deliver your Old Series B Notes, the letter of transmittal or any other documents required by the letter of transmittal or comply with the applicable procedures under DTC's Automated Tender Offer Program prior to the expiration date, you must tender your Old Series B Notes according to the guaranteed delivery procedures set forth in this prospectus under "The Exchange Offer" "Guaranteed Delivery Procedures."
Effect on Holders of Old Notes	As a result of the making of, and upon acceptance for exchange of all validly tendered Old Series B Notes pursuant to the terms of, the exchange offer, we will have fulfilled a covenant contained in the registration rights agreement and, accordingly, we will not be obligated to pay additional interest as described in the registration rights agreement. If you are a holder of Old Series B Notes and do not tender your Old Series B Notes in the exchange offer, you will continue to hold the Old Series B Notes and you will be entitled to all the rights and limitations applicable to the Old Series B Notes in the indenture governing the Series B Notes, except for any rights under the registration rights agreement that by their terms terminate upon the consummation of the exchange offer.
Consequences of Failure to Exchange	All untendered Old Series B Notes will continue to be subject to the restrictions on transfer provided for in the Old Series B Notes and in the indenture. In general, the Old Series B Notes may not be offered or sold unless registered under the Securities Act, except pursuant to an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws. Other than in connection with the exchange offer, or as otherwise required under certain limited circumstances pursuant to the terms of the registration rights agreement, we do not currently anticipate that we will register the Old Series B Notes under the Securities Act.
Accounting Treatment	We will record the Exchange Series B Notes in our accounting records at the same carrying value as the Old Series B Notes, as reflected in our accounting records on the date of exchange. Accordingly, we will not recognize any gain or loss for accounting purposes in connection with the exchange offer. We will capitalize the expenses of the exchange offer as deferred financing costs and expense these costs over the life of the Exchange Series B Notes.

Table of Contents

Certain U.S. Federal Income Tax Considerations	The exchange of Old Series B Notes for Exchange Series B Notes in the exchange offer should not be a taxable event for U.S. federal income tax purposes. See Certain U.S. Federal Income Tax Considerations.
Use of Proceeds	We will not receive any cash proceeds from the issuance of the Exchange Series B Notes. In consideration for issuing the Exchange Series B Notes as contemplated in this prospectus, we will receive in exchange Old Series B Notes in like principal amount, which will be canceled and as such will not result in any increase in our indebtedness. The net proceeds from the Old Series B Notes offering were used to repay a portion of the term loan under our previous credit facility in connection with the financing of the Boasso acquisition and our entry into the ABL Facility.
Exchange Agent	The Bank of New York Trust Company, N.A. is the exchange agent for the exchange offer. The address and telephone number of the exchange agent are set forth in the section entitled The Exchange Offer Exchange Agent.

Table of Contents

Summary of the Terms of the Exchange Series B Notes

Issuers	Quality Distribution, LLC and QD Capital Corporation.
Exchange Series B Notes Offered	\$50.0 million aggregate principal amount at maturity of Senior Floating Rate Notes due 2012, Series B. As of April 1, 2008, we are not authorized to issue any additional Senior Floating Rate Notes due 2012, Series B.
Maturity Date	January 15, 2012.
Interest	The Exchange Series B Notes will bear interest at a rate equal to LIBOR plus 4.50%, payable quarterly in arrears, on January 15, April 15, July 15 and October 15 of each year.

Holder who exchange their Old Series B Notes for Exchange Series B Notes will receive the same interest payment on July 15, 2008, which will be the first interest payment date following consummation of the exchange offer with respect to the Old Series B Notes and the Exchange Series B Notes, that they would have received if they had not accepted the exchange offer. Holders of Old Series B Notes whose Old Series B Notes are accepted for exchange in the exchange offer will be deemed to have waived the right to receive any payment in respect of interest on the Old Series B Notes accrued from April 15, 2008 (the most recent date to which interest on the Old Series B Notes was paid prior to the consummation of the exchange offer).

Guarantees	Our obligations under the Series B Notes are fully and unconditionally guaranteed, jointly and severally, on an unsecured and unsubordinated basis by our parent company, QDI, and each of our existing and certain future U.S. restricted subsidiaries. The Series B Notes are not and will not be, however, guaranteed by our foreign subsidiaries or our unrestricted subsidiaries. Investors should not rely on the QDI guarantee in evaluating an investment in the Series B Notes as QDI currently has no material assets other than the ownership of 100% of our membership interests, and the covenants contained in the indenture governing the Series B Notes will not apply to QDI.
------------	--

Ranking	The Exchange Series B Notes will be our unsecured and unsubordinated obligations and will rank:
---------	---

equally in right of payment with all of our existing and future unsecured and unsubordinated debt, including the Series A Notes and the Old Series B Notes;

effectively junior to all of our existing and future secured debt, including borrowings under the ABL Facility, to the extent of the value of the assets securing such debt;

senior in right of payment to all of our existing and future subordinated debt, including the 9% Notes and the Boasso Note; and

structurally subordinated to all liabilities, including trade payables, of our subsidiaries that are not guarantors, which are principally our subsidiaries in Mexico and Canada, which provided less than 1.0% of our operating revenues in 2007.

Edgar Filing: QUALITY DISTRIBUTION LLC - Form S-4/A

Similarly, the guarantees of the Exchange Series B Notes will be unsecured and unsubordinated obligations and will rank:

equally in right of payment to all of the applicable guarantor s existing and future unsecured and unsubordinated debt, including its guarantee of the Series A Notes and the Old Series B Notes;

effectively junior to all of the applicable guarantor s existing and future secured debt, including obligations of the applicable guarantor under the ABL Facility, to the extent of the value of the assets securing such debt; and

senior in right of payment to any of the applicable guarantor s existing and future subordinated debt, including its guarantee of the 9% Notes.

As of December 31, 2007:

we and our guarantors had \$89.4 million of secured indebtedness, consisting of borrowings outstanding under the ABL Facility, and capital lease obligations, and approximately \$52.1 million in availability under the ABL Facility;

we had \$135.0 million principal amount of unsecured and unsubordinated debt, consisting of the Series A Notes and the Series B Notes;

we had \$125.0 million principal amount of senior subordinated debt, consisting of the 9% Notes; and

we had \$4.3 million in principal amount outstanding under the Boasso Note and other notes.

As of the date of this prospectus, our only non-guarantor subsidiaries are our foreign subsidiaries, which as of December 31, 2007, had approximately \$3.8 million of liabilities, including trade payables but excluding intercompany balances.

Optional Redemption

We may redeem the Series B Notes, in whole or in part, at 101% of the principal amount outstanding on or before January 14, 2009 and at 100% of the principal amount outstanding thereafter, plus, in each case, accrued and unpaid interest, if any, to the date of redemption.

Table of Contents

Mandatory Offer to Repurchase If we sell all or substantially all of our assets or undergo other types of changes in control, each holder will have the right to require us to repurchase all or any part of such holder's Series B Notes at 101% of the aggregate principal amount of the Series B Notes.

Certain Covenants The indenture governing the Series B Notes, among other things, limits our ability and the ability of our restricted subsidiaries to:

incur or guarantee additional indebtedness;

pay dividends or distributions on, or redeem or repurchase, capital stock;

make investments;

consummate certain asset sales;

engage in transactions with affiliates;

grant or assume liens; and

consolidate, merge or transfer all or substantially all of our assets.

These limitations are subject to a number of important qualifications and exceptions.

Limited Market The Exchange Series B Notes generally will be freely transferable. However, we do not currently intend to list the Exchange Series B Notes on any exchange, and there can be no assurance as to the development or liquidity of any market for the Exchange Series B Notes.

Table of Contents**Summary Financial Information**

The following table sets forth summary historical financial information, and other historical financial data of QDI. QDI is or will be a guarantor of the Old Series B Notes, the Exchange Series B Notes, the Series A Notes and the ABL Facility and has no material assets or operations other than its ownership of 100% of our membership interests. As a result, the consolidated financial position and results of operations of QDI are substantially the same as ours. The summary historical consolidated financial information set forth below is qualified in its entirety by reference to, and should be read in conjunction with, our consolidated financial statements and notes thereto included elsewhere in this prospectus and the section entitled Management's Discussion and Analysis of Financial Condition and Results of Operations.

The consolidated statements of operations data set forth below for the fiscal years ended December 31, 2007, 2006 and 2005 and the historical balance sheet data as of December 31, 2007 and 2006 are derived from QDI's audited financial statements included elsewhere in this prospectus. The historical statements of operations data for the fiscal year ended December 31, 2004 and the historical balance sheet data as of December 31, 2005 and 2004 are derived from QDI's audited financial statements that are not included in this prospectus.

In 2007, QDI changed its accounting policy for tires. The change was retroactively applied to prior period financial statements. Refer to Note 3 to the consolidated financial statements for the impact of the change for years 2005 through 2007. The impact to operating income and net loss was an increase of \$0.2 million for 2004.

	2007	2006 (As adjusted)	2005 (As adjusted)	2004 (As adjusted)
Statements of Operations Data				
Operating revenues	\$ 751,558	\$ 730,159	\$ 678,076	\$ 622,015
Operating expenses:				
Purchased transportation	471,531	493,686	471,238	420,565
Depreciation and amortization	17,544	16,353	7,278	23,266
Other operating expenses	238,630	171,842	149,741	162,936
Operating income	23,853	48,278	39,819	15,248
Interest expense, net	(30,524)	(29,388)	(26,712)	(22,343)
Transaction fees				
Interest expense, preferred stock conversion				
Gain on debt extinguishment				