

**BEFORE THE  
SURFACE TRANSPORTATION BOARD**

235479

ENTERED

Office of Proceedings

February 14, 2014

Part of

Public Record

\_\_\_\_\_  
**Finance Docket No. 35806**  
\_\_\_\_\_

**FORTRESS INVESTMENT GROUP LLC  
—CONTINUANCE IN CONTROL EXEMPTION—  
FLORIDA EAST COAST RAILWAY, L.L.C. AND  
CENTRAL MAINE & QUEBEC RAILWAY US INC.**

\_\_\_\_\_  
**VERIFIED NOTICE OF EXEMPTION  
PURSUANT TO 49 C.F.R. § 1180.2(d)(2)**

**Terence M. Hynes  
Matthew J. Warren  
Hanna M. Chouest  
Sidley Austin LLP  
1501 K Street, N.W.  
Washington, D.C. 20005  
(202) 736-8000**

*Attorneys for Fortress Investment Group LLC, Florida East Coast Railway, L.L.C. and  
Central Maine & Quebec Railway US Inc.*

**Dated February 14, 2014**

**Filing Contains Color Images**

**FILED  
February 14, 2014  
Surface Transportation Board**

**FEE RECEIVED  
February 14, 2014  
Surface Transportation Board**

**BEFORE THE  
SURFACE TRANSPORTATION BOARD**

---

**Finance Docket No. 35806**

---

**FORTRESS INVESTMENT GROUP LLC  
—CONTINUANCE IN CONTROL EXEMPTION—  
FLORIDA EAST COAST RAILWAY, L.L.C. AND  
CENTRAL MAINE & QUEBEC RAILWAY US INC.**

---

**VERIFIED NOTICE OF EXEMPTION  
PURSUANT TO 49 C.F.R. § 1180.2(d)(2)**

Fortress Investment Group LLC (“Fortress”) files this Verified Notice of Exemption pursuant to 49 C.F.R. § 1180.2(d)(2), for the benefit of an investment fund managed by an affiliate of Fortress, Fortress Worldwide Transportation and Infrastructure General Partnership, to continue in control of Central Maine & Quebec Railway US Inc. (“CMQR”), a non-carrier, upon CMQR becoming a Class III railroad. In support of this Verified Notice of Exemption, Fortress submits the following information as required by 49 C.F.R. § 1180.4(g).

**SPECIFIC INFORMATION REQUIRED BY THE REGULATIONS**

49 C.F.R. § 1180.4(g) specifies certain information that must be included in every Verified Notice of Exemption filed pursuant to 49 C.F.R. § 1180.2(d)(2). The required information is provided below, preceded by the subsection of the Board’s regulations to which it is responsive.

**1180.6(a)(1)(i)**      *A description of the proposed transaction, including . . . a brief summary of the proposed transaction, the name of applicants, their business address, telephone number, and the name of the counsel to whom questions regarding the transaction can be addressed.*

CMQR, a non-carrier, has concurrently filed in STB Finance Docket No. 35805, *Central Maine & Quebec Railroad US Inc. – Exemption for Acquisition and Control of Rail Lines –*

*Montreal, Maine & Atlantic Railway, Ltd.*, a Verified Notice of Exemption under 49 C.F.R. § 1150.31 to acquire and operate certain railroad lines currently owned by the bankrupt Montreal, Maine & Atlantic Railway, Ltd. (“MMA”). Upon consummation of the transaction that is the subject of CMQR’s Verified Notice of Exemption in Finance Docket No. 35805, CMQR will become a Class III rail carrier subject to the Board’s jurisdiction. CMQR is a subsidiary of Rail Acquisition Holdings LLC, a Delaware limited liability company (“RAH”), which is, in turn, owned by Fortress Worldwide Transportation and Infrastructure General Partnership, an investment fund managed by an affiliate of Fortress. Another rail carrier subject to the Board’s jurisdiction, Florida East Coast Railway, L.L.C. (“FECR”), is currently owned by FECR Rail Holding LLC, which is, in turn, owned by investment funds managed by an affiliate of Fortress. FECR, a Class II carrier, operates approximately 350 miles of rail lines in the State of Florida extending between Jacksonville and the Miami metropolitan area.

The MMA rail lines to be acquired by CMQR are located entirely in the States of Maine and Vermont, while FECR’s rail system is located entirely within the State of Florida. Accordingly, the rail lines operated by FECR do not connect with any rail lines that CMQR proposes to acquire and operate, nor do any of the rail lines of FECR (or CMQR) connect with the rail lines of any other U.S. railroad owned by Fortress or any investment fund managed by any affiliate of Fortress.<sup>1</sup> Excluding FECR (and, prospectively, CMQR), which Fortress may be deemed to own and control because of the fact that one or more investment funds managed by an affiliate of Fortress own FECR and may prospectively own CMQR, Fortress does not own or control any rail carrier, nor is the transaction that is the subject of CMQR’s Verified Notice of

---

<sup>1</sup> The U.S. rail lines to be acquired and operated by CMQR will, of course, connect with the Canadian rail lines acquired by CMQR Canada. However, CMQR Canada will not be a carrier subject to the STB’s jurisdiction.

Exemption in Finance Docket No. 35805 part of a series of anticipated transactions that would connect CMQR's rail lines with the lines of any other rail carrier owned by Fortress or any investment fund managed by any affiliate of Fortress. Finally, neither CMQR nor FECR is a Class I rail carrier. Accordingly, this transaction falls within the class of transactions described at 49 C.F.R. § 1180.2(d)(2), and is exempt from prior approval by the Surface Transportation Board.

The name and business address of Applicants are as follows:

Fortress Investment Group LLC  
1345 Avenue of the Americas, 46th Floor  
New York, New York 10105  
(212) 479-5300

Florida East Coast Railway, L.L.C.  
7411 Fullerton Street, Suite 300  
Jacksonville, Florida 32256  
(800) 342-1131

Central Maine & Quebec Railway US Inc.  
c/o FIG LLC  
1345 Avenue of the Americas, 46th Floor  
New York, New York 10105  
(212) 479-5300

Applicants' representative:

Terence M. Hynes  
Sidley Austin LLP  
1501 K Street, N.W.  
Washington, D.C. 20005  
(202) 736-8198

**1180.6(a)(1)(ii)      *The proposed time schedule for consummation of the proposed transaction.***

The parties intend to consummate the proposed transaction as soon as practicable after the effective date of this Verified Notice of Exemption and the concurrent Verified Notice of Exemption filed by CMQR in Finance Docket No. 35805.

**1180.6(a)(1)(iii)**      *The purpose sought to be accomplished by the proposed transaction, e.g., operating economies, eliminating excess facilities, improving service, or improving the financial viability of the applicants.*

The purpose of the transaction that is the subject of this Verified Notice of Exemption and the Verified Notice of Exemption filed by CMQR in Finance Docket No. 35805 is to restore and preserve rail service on and over the rail lines of the bankrupt MMA located in the States of Maine and Vermont. While MMA has continued to provide certain rail services during its bankruptcy, east-west through service between points in Quebec and points in Maine was interrupted following the Lac Mégantic disaster on July 6, 2013, and has not been restored. CMQR (and its Canadian affiliate, CMQR Canada) plan to operate the entire pre-bankruptcy rail network of MMA and MMA Canada. Significantly, the proposal submitted by CMQR's parent, RAH, was the only offer to acquire and operate the entire MMA/MMA Canada rail system. Both the Trustee and the Bankruptcy Court determined that a sale of MMA's rail assets to CMQR was in the public interest.<sup>2</sup> Being indirectly owned by Fortress Worldwide Transportation and Infrastructure General Partnership will enable CMQR to take advantage of the extensive experience affiliates of Fortress have in managing investment funds which own successful railroads, and will enhance the financial viability of CMQR.

**1180.6(a)(5)**      *A list of the State(s) in which any part of the property of each applicant carrier is situated.*

FECR's rail lines are located entirely within the State of Florida.

The rail lines to be acquired by CMQR are located in the States of Maine and Vermont.

---

<sup>2</sup> See Bankruptcy Court Sale Order entered January 23, 2014 at 2, 7. A copy of the Bankruptcy Court's Sale Order is attached to the Petition for Waiver of the Notice Requirements of 49 C.F.R. § 1150.42(e), filed concurrently by CMQR in Finance Docket No. 35805 (the "CMQR Waiver Petition").

**1180.6(a)(6)**      *Map (exhibit 1). Submit a general or key map indicating clearly, in separate colors or otherwise, the line(s) of applicant carriers in their true relations to each other, short line connections, other rail lines in the territory, and the principal geographic points in the region traversed.*

Maps depicting the rail lines of FECR and the lines that CMQR proposes to acquire and operate are attached as Exhibit A hereto.

**1180.6(a)(7)(ii)**      *Agreement (exhibit 2). Submit a copy of any contract or other written instrument entered into, or proposed to be entered into, pertaining to the proposed transaction.*

The parties will not enter into any agreement, or sign any written instrument, in connection with the control transaction that is the subject of this Verified Notice of Exemption.

***Level of Labor Protection to be Imposed***

Because an affiliate of Fortress manages investment funds which own one Class II carrier (FECR), any employees affected by this transaction may be deemed to be entitled to labor protection in accordance with the provisions of 49 U.S.C. § 11326(b). CMQR has decided to take all steps required as if any employees affected by this transaction are entitled to labor protection in accordance with the provisions of 49 U.S.C. § 11326(b).

***Environmental and Historic Impacts***

CMQR plans to operate substantially all of the U.S. rail lines of the bankrupt MMA. Further Board approval would be required if, in the future, CMQR proposed to abandon or discontinue rail service over any portion of the lines that it will acquire. Moreover, the parties have no plans to dispose of or alter properties subject to the Board's jurisdiction that are 50 years old or older. Accordingly, this Verified Notice of Exemption does not require an historic report under 49 C.F.R. § 1105.8(b)(1).

The corporate control transaction that is the subject of this Verified Notice of Exemption will not result in significant changes in carrier operations. There will not be a diversion of:

(1) more than 1,000 rail carloads a year to motor carriage; or (2) an average of 50 carloads per mile per year for any part of these lines to motor carriage. To the contrary, CMQR will seek to recapture traffic formerly transported by MMA, which may have been diverted to motor carriage as a result of the interruption of MMA service following the Lac Mégantic disaster. While CMQR hopes to recapture at least some of that former MMA traffic, this control transaction will not result in: (1) an increase in rail traffic of at least 100 percent or an increase of at least eight trains a day on any segment of the lines; (2) an increase of rail yard activities of at least 100 percent; or (3) an average increase in truck traffic of more than 10 percent of the average daily traffic or 50 vehicles a day. This transaction will not affect a Class I or nonattainment area under the Clean Air Act. In any event, the thresholds of 49 C.F.R. § 1105.7(e)(5)(ii) will not be exceeded. Finally, this transaction does not contemplate the transportation of any ozone depleting materials. Therefore, no environmental documentation is required under 49 C.F.R. § 1105.6(c)(2).

This action will not affect either the quality of the human environment or energy conservation.

Respectfully submitted,



Terence M. Hynes  
 Matthew J. Warren  
 Hanna M. Chouest  
 Sidley Austin LLP  
 1501 K Street, N.W.  
 Washington, D.C. 20005  
 (202) 736-8000

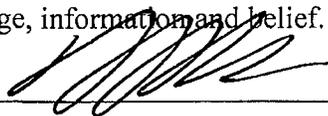
*Attorneys for Fortress Investment Group LLC, Florida East Coast Railway, L.L.C. and  
 Central Maine & Quebec Railway US Inc.*

Dated: February 14, 2014

VERIFICATION

I, David N. Brooks, being duly sworn, state that I am the Secretary, VP and General Counsel of Fortress Investment

Group LLC and that I am an officer duly authorized to execute, verify and file this Verified Notice of Exemption. I have knowledge of the matters contained herein, and the statements made herein are true and correct to the best of my knowledge, information and belief.



Subscribed and sworn to before me this 14<sup>th</sup> day of February 2014.

Rosario Rutzy Lualhati  
Notary Public

My Commission expires: May 16, 2015

ROSARIO RUTZY LUALHATI  
NOTARY PUBLIC-STATE OF NEW YORK  
No. 01LU6241290  
Qualified In New York County  
My Commission Expires May 16, 2015

**BEFORE THE  
SURFACE TRANSPORTATION BOARD**

---

**Finance Docket No. 35086**

---

**FORTRESS INVESTMENT GROUP LLC  
—CONTINUANCE IN CONTROL EXEMPTION—  
FLORIDA EAST COAST RAILWAY, L.L.C. AND  
CENTRAL MAINE & QUEBEC RAILWAY US INC.**

---

**VERIFIED NOTICE OF EXEMPTION  
PURSUANT TO 49 C.F.R. § 1180.2(d)(2)**

**EXHIBIT A  
SYSTEM MAPS**

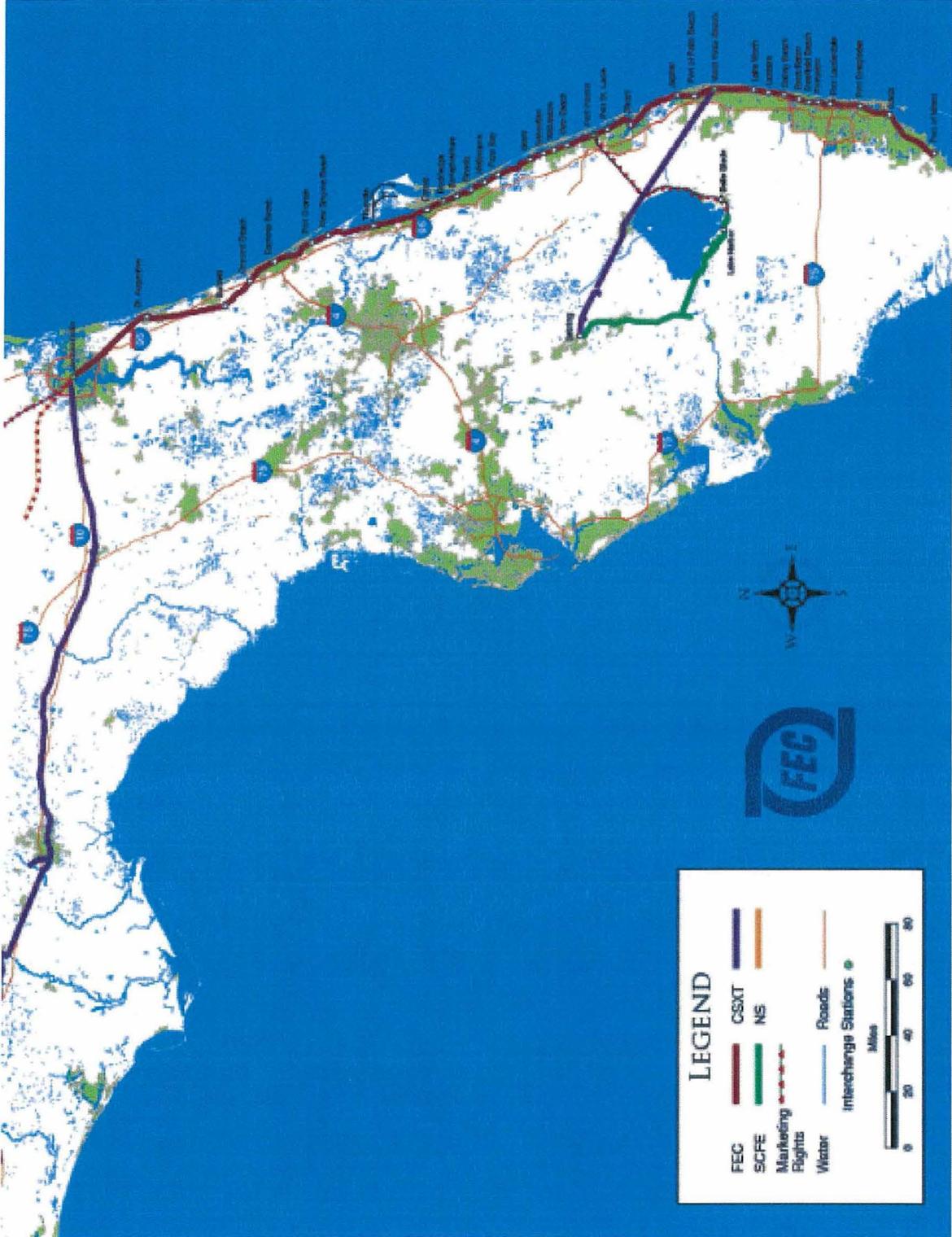
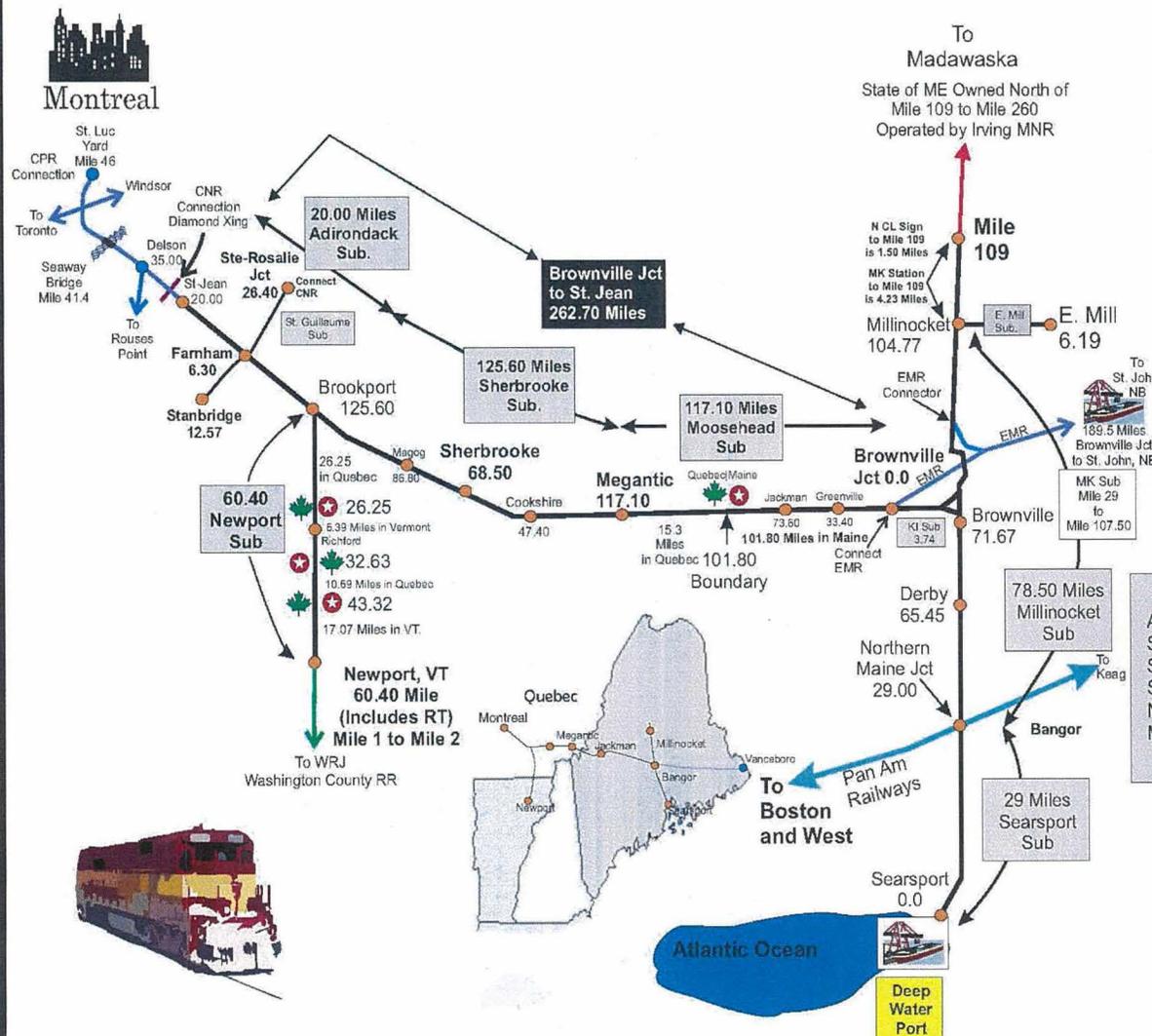


Exhibit A

# Central Maine & Quebec Railway Mileage Information

Map Not to Scale



<b>Maine</b>	<b>220.73</b>
<b>Quebec</b>	<b>236.81</b>
<b>Vermont</b>	<b>23.47</b>
<b>Total</b>	<b>481.01</b>

**Distances in Miles**

Brownville Jct to St. Jean	189.50
Millinocket to St. Jean	299.54
Millinocket to Montreal	325.54
Millinocket to Brownville Jct	36.84
Searsport to St. Jean	338.11
Searsport to Montreal	364.11
NMJ to St. Jean	309.11
Brownville Jct to St. Jean	262.70
Sherbrooke to St. Jean	77.10
Famham to St. Jean	20.00
Newport to St. Jean	80.40

**Sub Mileages**

Adirondack	20.00	KI	3.74
Stanbridge	12.57	Searsport	29.00
Ste-Rosalie	26.40	Millinocket	78.50
Sherbrooke	125.60	E. Millinocket	6.19
Newport	60.40	Madawaska	1.50
Moosehead	117.10		

Exhibit A



**CERTIFICATE OF SERVICE**

I hereby certify that I have caused the foregoing Verified Notice of Exemption to be served by first class mail, postage pre-paid, this 14th day of February 2014, on

Secretary of US Department of Transportation  
Docket Clerk, Office of Chief Counsel  
Federal Railroad Administration  
400 7th Street, S.W., Room 5101  
Washington, D.C. 20590

Attorney General of the United States  
U.S. Department of Justice  
950 Pennsylvania Avenue, N.W.  
Washington, D.C. 20530-0001

Federal Trade Commission  
600 Pennsylvania Avenue, N.W., CRC-240  
Washington, D.C. 20580

Governor Peter Shumlin  
State of Vermont  
109 State Street, Pavilion  
Montpelier, VT 05609

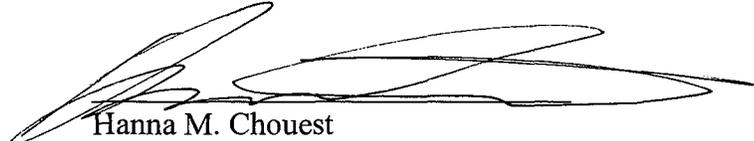
Commissioner Christopher Recchia  
Vermont Public Service Commission  
112 State Street Third Floor  
Montpelier, VT 05620-2601

Secretary Brian Searles  
Vermont Department of Transportation  
One National Life Drive  
Montpelier, VT 05633-5001

Governor Paul LePage  
State of Maine  
1 State House Station  
Augusta, ME 04333-0001

Commissioner David Bernhardt  
Maine Department of Transportation  
Child Street, 16 State House Station  
Augusta, ME 04333-0016

Chairman Thomas Welch  
Maine Public Service Commission  
18 State House Station  
Augusta, ME 04333-0018



Hanna M. Chouest