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SERVICE DATE – February 28, 2014

DO

FR-4915-01-P

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[Docket No. FD 35806]

Fortress Investment Group LLC—Continuance in Control Exemption—Florida East Coast Railway, L.L.C. and Central Maine & Quebec Railway US Inc.

Fortress Investment Group LLC (Fortress Investment) has filed a 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 Investment, Fortress Worldwide Transportation and Infrastructure General Partnership (Fortress Worldwide), to continue in control of Central Maine & Quebec Railway US Inc. (CMQR), a noncarrier, upon CMQR's becoming a Class III railroad.

This transaction is related to a concurrently filed verified notice of exemption in Central Maine & Quebec Railway US Inc.—Acquisition and Operation Exemption—Montreal, Maine & Atlantic Railway, Ltd., Docket No. FD 35805, wherein CMQR seeks Board approval under 49 C.F.R. § 1150.31 to acquire and operate approximately 244.2 miles of rail line in Maine and Vermont currently owned and operated by the bankrupt Montreal, Maine & Atlantic Railway, Ltd. (MMA).¹ As discussed in that notice, CMQR

¹ MMA and MMA's Canadian affiliate, Montreal Maine & Atlantic Canada Co. (MMA Canada) filed bankruptcy petitions with the United States Bankruptcy Court for the District of Maine and the Superior Court for the Province of Quebec, District of Montreal, respectively, on August 7, 2013, following a rail accident in Lac Mégantic, Que., on July 6, 2013.

is a subsidiary of Rail Acquisition Holdings LLC (RAH), which is, in turn, owned and controlled by Fortress Worldwide.²

The purpose of this verified notice of exemption and the concurrently filed one in Docket No. FD 35805 is to restore and preserve rail service on and over the rail lines of the bankrupt MMA located in Maine and Vermont. Although MMA has continued to provide certain rail services while in bankruptcy, east-west through service between points in Quebec and points in Maine has not been available to shippers since the July 2013 Lac Mégantic rail accident in Quebec. CMQR and CMQR Canada will provide rail service over the entire pre-bankruptcy rail network of MMA and MMA Canada.

The parties intend to consummate the proposed transaction as soon as practicable after the effective date of this notice of exemption and the concurrent notice of exemption filed in Docket No. FD 35805.³

Fortress Investment notes that 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

² Pursuant to the Asset Purchase Agreement (Agreement) between the trustee, MMA, and MMA Canada, RAH will assign its rights to CMQR and to a Canadian subsidiary of RAH, Central Maine & Quebec Railway Canada, Inc. (CMQR Canada), to enable CMQR to acquire the U.S. rail assets of MMA and CMQR Canada to acquire the Canadian rail assets of MMA Canada. CMQR Canada will file an application with the Canada Transportation Agency to seek authority concerning the Canadian lines.

³ Pursuant to the 49 C.F.R. § 1150.32(e), CMQR must provide notice to labor regarding the line acquisition and certify to the Board that it has done so 60 days before the exemption becomes effective; the parties cannot close this transaction until April 15, 2014. CMQR has petitioned the Board to waive this period so that the parties can consummate their sale transaction on or before March 31, 2014, in accordance with the Agreement and the bankruptcy court's expectations. The Board will rule on this waiver request in a separate decision.

of Fortress Investment. FECR, a Class II carrier, operates approximately 350 miles of rail lines in Florida extending between Jacksonville and the Miami metropolitan area.

Fortress Investment represents that: (1) the railroads would not connect with each other or any railroads in its corporate family; (2) the continuance in control is not 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 Investment or any investment fund managed by any affiliate of Fortress Investment; and (3) the transaction does not involve a Class I rail carrier. Therefore, the transaction is exempt from the prior approval requirements of 49 U.S.C. § 11323. See 49 C.F.R. § 1180.2(d)(2).

Under 49 U.S.C. § 10502(g), the Board may not use its exemption authority to relieve a rail carrier of its statutory obligation to protect the interests of its employees. As a condition to the use of this exemption, any employees adversely affected by this transaction will be protected by the conditions set forth in Wisconsin Central Ltd.—Acquisition Exemption—Lines of Union Pacific Railroad, 2 S.T.B. 218 (1997).

If the notice contains false or misleading information, the exemption is void ab initio. Petitions to revoke the exemption under 49 U.S.C. § 10502(d) may be filed at any time. The filing of a petition to revoke will not automatically stay the effectiveness of the exemption. Petitions for stay must be filed no later than March 7, 2014.

An original and 10 copies of all pleadings, referring to Docket No. FD 35806 must be filed with the Surface Transportation Board, 395 E Street, S.W., Washington, DC 20423-0001. In addition, one copy of each pleading must be served on Terence M. Hynes, Sidley Austin LLP, 1501 K Street, N.W., Washington, DC 20005, and on Robert

J. Keach, Esq. (as Trustee for MMA), c/o Bernstein, Shur, Sawyer & Nelson, P.A., 100
Middle Street, Portland, ME 04104-5029.

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WWW.STB.DOT.GOV

Decided: February 25, 2014.

By the Board, Rachel D. Campbell, Director, Office of Proceedings.