

38864

SERVICE DATE – MARCH 19, 2008

DO

FR-4915-01-P

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[STB Finance Docket No. 35123]

Fortress Investment Group LLC, et al.—Exemption for Transaction within a Corporate Family

Fortress Investment Group LLC, on behalf of certain private equity firms managed by it and its affiliates (Fortress); FECR Rail LLC (FECR Rail), a Delaware limited liability company and affiliate of Fortress; FECR Rail Corp (FECR Railcorp), a Delaware corporation and wholly owned subsidiary of FECR Rail; Florida East Coast Railway, LLC (FECR), a Florida limited liability company and wholly owned subsidiary of FECR Railcorp; RR Acquisition Holding LLC (RR Acquisition), a Delaware limited liability company and affiliate of Fortress; RailAmerica, Inc. (RailAmerica), a Delaware corporation and wholly owned subsidiary of RR Acquisition; Palm Beach Holding, Inc. (PB Holding), a Delaware corporation and wholly owned subsidiary of RailAmerica; and RailAmerica Transportation Corp. (RTC), a Delaware corporation and wholly owned subsidiary of PB Holding, have jointly filed a verified notice of exemption under 49 CFR 1180.2(d)(3) for a transaction within a corporate family. Fortress controls RailAmerica, and it indirectly controls that entity's rail carrier subsidiaries (collectively, RailAmerica

Railroads).¹ Fortress also indirectly controls FECR.² The instant transaction involves the merger of FECR Railcorp with and into PB Holding and the subsequent contribution of all of the limited liability company interests of FECR from PB Holding to RTC.³ As a result of the transaction, FECR will become a wholly owned rail subsidiary of RTC, and a sister company to the RailAmerica Railroads.

The transaction is scheduled to be consummated as soon as possible after April 2, 2008, the effective date of the exemption.

The purpose of the transaction is to align the transportation-related activities of all of the rail carriers controlled by Fortress within RailAmerica, and to facilitate more efficient management of those carriers. The parties anticipate that the transaction will present opportunities to enhance the efficiency of both FECR and the RailAmerica Railroads through the sharing of locomotive and car fleets, consolidation of certain administrative functions, sharing of management expertise, and common purchasing of insurance, rolling stock, equipment and vehicles, track materials and other materials and supplies.

This is a transaction within a corporate family of the type specifically exempted from prior review and approval under 49 CFR 1180.2(d)(3). According to the parties, the

¹ See Fortress Investment Group LLC, et al.—Control Exemption—Rail America, Inc., et al., STB Finance Docket No. 34972 (STB served Dec. 22, 2006) (Rail America Control).

² See Fortress Investment Group LLC, et al.—Control—Florida East Coast Railway, LLC, STB Finance Docket No. 35031 (STB served Sept. 28, 2007).

³ Immediately following the merger of FECR Railcorp with and into PB Holding, FECR Rail will merge with and into RR Acquisition, the Delaware limited liability company through which Fortress currently controls RailAmerica and the RailAmerica Railroads. RR Acquisition obtained authority to control the RailAmerica Railroads in Rail America Control.

transaction will not result in adverse changes in service levels, significant operational changes, or changes in the competitive balance with carriers outside the corporate family.

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 New York Dock Ry.—Control—Brooklyn Eastern Dist., 360 I.C.C. 60 (1979).

If the verified 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. Stay petitions must be filed no later than March 26, 2008 (at least 7 days before the exemption becomes effective).

An original and 10 copies of all pleadings, referring to STB Finance Docket No. 35123, must be filed with the Surface Transportation Board, 395 E Street, S.W., Washington, DC 20423-0001. In addition, a copy of each pleading must be served on Terence M. Hynes, Sidley Austin LLP, 1501 K Street, N.W., Washington, DC 20005.

Board decisions and notices are available on our website at “WWW.STB.DOT.GOV.”

Decided: March 11, 2008.

By the Board, David M. Konschnik, Director, Office of Proceedings.

Anne K. Quinlan

Acting Secretary