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SEC

SERVICE DATE – JANUARY 10, 2006

SURFACE TRANSPORTATION BOARD

DECISION

STB Finance Docket No. 34813

NEW YORK NEW JERSEY RAIL LLC AND NEW YORK CROSS HARBOR RAILROAD
TERMINAL CORP.–CORPORATE FAMILY TRANSACTION EXEMPTION

Decided: January 9, 2006

On December 22, 2005, New York New Jersey Rail LLC (NYNJ) and New York Cross Harbor Railroad Terminal Corp. (NYCH) (collectively, petitioners) filed a verified notice of exemption under 49 CFR 1180.2(d)(3) for a corporate family transaction. Under the proposed transaction, NYCH, a Class III rail carrier,¹ would transfer to NYNJ, a newly established limited liability company, all or substantially all of its railroad assets and intangible assets required for railroad operation. NYNJ would assume all of NYCH's rights and obligations to provide service as a common carrier.

By letter filed on December 28, 2005, Consolidated Rail Corporation (Conrail) requested that the Board stay the effectiveness of the notice of exemption. Conrail expressed its concerns about the effect of the proposed transaction on NYCH's contractual obligations to Conrail under a lease agreement between Conrail and NYCH. By letter filed on December 30, 2005, NYNJ indicated that it recognizes that it needs to comply with the contractual obligations in the lease agreement, and requested that the Board deny Conrail's request for a stay as moot. On January 3, 2006, Conrail filed a response, stating that a stay of 30 days would afford Conrail an opportunity to evaluate the proposed transaction to determine whether to consent to the assignment of the lease, and to ensure that Conrail's rights are not comprised by the granting of the relief sought by petitioners.

By letter filed on January 5, 2006, petitioners filed a motion to hold the notice of exemption in abeyance under further notice. Petitioners state that they have scheduled a meeting with Conrail to discuss Conrail's issues of concern and that they will notify the Board when they are ready to proceed with the proposed transaction. Given petitioners' request, a stay is not necessary.

The request to hold the proceeding in abeyance is reasonable and will be granted.

¹ NYCH owns and operates railroad tracks and facilities at Greenville, Jersey City, NJ, and Brooklyn, NY, and operates between these points by means of a car float across New York Harbor.

It is ordered:

1. This proceeding is held in abeyance until further notice.
2. This decision is effective on its service date.

By the Board, Vernon A. Williams, Secretary.

Vernon A. Williams
Secretary