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November 17, 2009

VIA ELECTRONIC FILING

Ms. Cynthia T. Brown  
Chief, Section of Administration  
Office of Proceedings  
Surface Transportation Board  
395 E Street, SW  
Washington, D. C. 20423

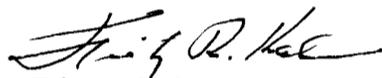
Dear Ms. Brown:

Attached for filing in STB Finance Docket No. 35307, Kern W. Schumacher—  
Continuance in Control Exemption—Lassen Valley Railway LLC, is the verified Notice  
of Exemption of Kern W. Schumacher.

The \$1,700.00 filing fee is to be charged to my credit card, information about  
previously was facsimile transmitted to the Board.

If you have any question concerning this filing, please get back to me.

Sincerely yours,

  
Fritz R. Kahn

SURFACE TRANSPORTATION BOARD  
WASHINGTON, DC

---

STB Finance Docket No. 35307

KERN W. SCHUMACHER  
-- CONTINUANCE IN CONTROL EXEMPTION --  
LASSEN VALLEY RAILWAY LLC

---

NOTICE OF EXEMPTION

Fritz R. Kahn  
Fritz R. Kahn, P.C.  
1920 N Street, NW (8th fl.)  
Washington, DC 20036  
Tel.: (202) 263-4152

Attorney for

KERN W. SCHUMACHER

Dated: November 17, 2009

SURFACE TRANSPORTATION BOARD  
WASHINGTON, DC

---

STB Finance Docket No. 35307

KERN W. SCHUMACHER  
-- CONTINUANCE IN CONTROL EXEMPTION --  
LASSEN VALLEY RAILWAY LLC

---

NOTICE OF EXEMPTION

Kern W. Schumacher, whose mailing address is 2200 E. Camelback Rd. (Ste. 101), Phoenix, AZ 85016 (Tel.: (602) 956-2200), pursuant to 49 C.F.R. §§1180.2(d)(2) and 1180.4(g), files this Notice of Exemption to be relieved from the prior approval requirements of 49 U.S.C. §§11323-11325, to permit him to continue in control of Lassen Valley Railway LLC, the mailing address of which is 2200 E. Camelback Rd. (Ste. 101), Phoenix, AZ 85016 (Tel.: (602) 956-2200) (“LVR”), upon its becoming a Class III rail carrier, and in support thereof Mr. Schumacher states, as follows:

Contemporaneously with the filing of this Notice of Exemption, LVR will be filing its Notice of Exemption in STB Finance Docket No. 35306, Lassen Valley Railway LLC--Acquisition and Operation Exemption—Union Pacific Railroad Company.

§1180.2(d)(2)

Mr. Schumacher's proposed continuance in control is of a newly organized Class III rail carrier the lines of which do not connect with the lines of any other railroad controlled by Mr. Schumacher. The proposed continuance of control is not part of a series of anticipated transactions that would connect the railroads with each other or with

any other railroad controlled by Mr. Schumacher. The transaction does not involve a Class I railroad.

§1180.6(a)(1)(i)

Mr. Schumacher is a noncarrier in direct or indirect control of six rail carriers subject to the jurisdiction of the Board. They are the Tulare Valley Railroad Company ("TVR"), which owns a 5.9-mile line of railroad in California, Kern Valley Railroad Company ("KVR"), which owns a 2-mile line of railroad in Colorado, V&S Railway, Inc. ("V&S"), which owns a 27-mile line of railroad in Kansas and a 122-mile line of railroad in Colorado, Gloster Southern Railroad Company LLC ("GLSR"), which owns a 34.8-mile line of railroad in Mississippi and Louisiana, Grenada Railway LLC ("GRYR"), which owns 186.82-miles railroad lines in Mississippi and the Natchez Railway LLC ("NTZR"), which owns a 65.6-mile of railroad in Mississippi.

LVR is a newly-formed non-carrier controlled by Mr. Schumacher. LVR and Union Pacific Railroad Company ("UP") are about to conclude a Line Sale Contract pursuant to which LVR will acquire UP's Flanigan Industrial Lead, extending between Milepost 338.33 near Flanigan, NV, and Milepost 360.10 near Wendel, CA, and UP's Susanville Industrial Lead, extending between Milepost 358.68 and Milepost 359.25 near Wendel, CA.

The lines of the KVR, TVR, V&S, GLSR, GRVR, NTZR and LVR do not connect with each other. Mr. Schumacher's continuance in control of LVR is not part of a series of anticipated transactions that would connect the railroads with each other or with any other railroad controlled by Mr. Schumacher. The proposed transaction does not involve a Class I rail carrier.

Counsel to whom questions concerning the proposed transaction may be addressed is Fritz R. Kahn, Esq., Fritz R. Kahn, P.C., 1920 N Street, NW (8th fl.), Washington, DC 20036 (Tel.: (202) 263-4152).

§1180.6(a)(1)(ii)

The proposed transaction would be consummated on or after thirty days from the date of filing with the Board of this Notice of Exemption.

§1180.6(a)(1)(iii)

Mr. Schumacher has many years of experience managing short line railroads. He anticipates that with the substantial resources at his disposal he will be able maintain and, where necessary, rehabilitate the lines of the LVR, to endeavor to restore service on the railroad's lines, to encourage shippers to locate their facilities along the railroad's lines and to create a financially viable railroad in the LVR.

§1180.6(a)(5)

The approximately 22.34 route miles of railroad lines of the LVR are situated in Nevada and California. The 5.9-mile railroad line of the TVR is in California. The 2-mile railroad line of the KVR is situated in Colorado. The 149-miles of railroad lines of V&S are situated in Kansas and Colorado. The 34.8-mile railroad line of the GLSR is situated in Mississippi and Louisiana. The 186.82-miles of railroad lines of the GRYR are situated in Mississippi. The 65.6-mile railroad line of the NTZR is situated in Mississippi.

§1180.6(a)(6)

Schematic maps of the TVR, KVR, V&S, GLSR, GRYR, NTZR and LVR are attached as Exhibit A.

§1180.6(a)(7)(ii)

Mr. Schumacher already controls LVR, which currently is a non-carriers. No additional agreement is contemplated or necessary for Mr. Schumacher to continue in control of LVR once it becomes a rail carrier

Labor Protection.

KVR, TVR, V&S, GLSR, GRYR and NTZR are Class III railroads. As such, under 49 U.S.C. §11326(c) labor protection need not be accorded their employees.

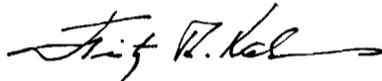
Environmental and Historic Documentation.

The proposed transaction will result in no significant changes in carrier operations, i.e., changes which exceed the thresholds established in 49 C.F.R. §1105.7(e)(4) or (5). The proposed transaction qualifies under 49 C.F.R. §1105.6(c)(2)(i) and 49 C.F.R. §1105.8(b)(1), and neither an Environmental Report nor a Historic Report need be filed.

Respectfully submitted,

KERN W. SCHUMACHER

By his attorney,

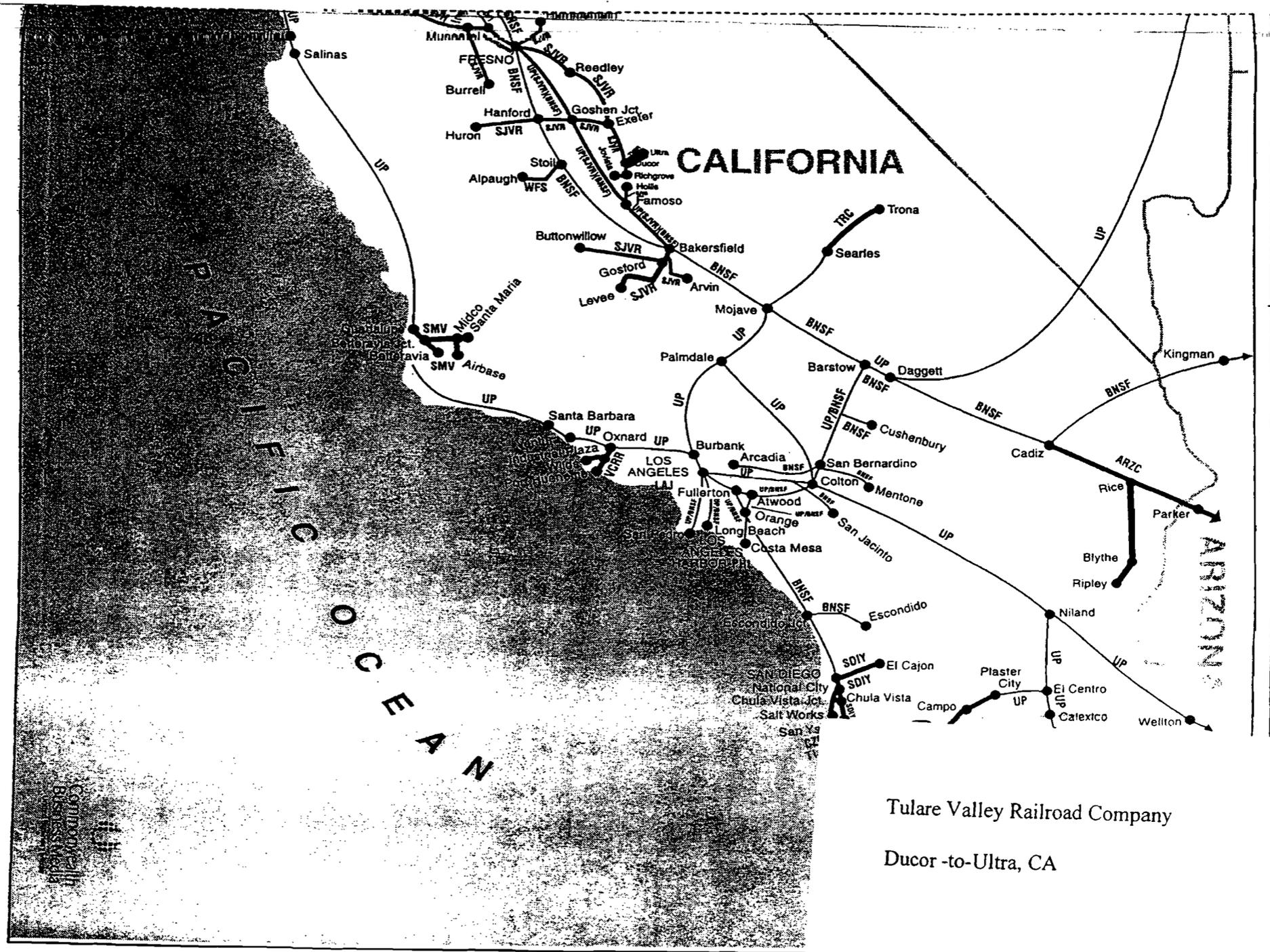


Fritz R. Kahn  
Fritz R. Kahn, P.C.  
1920 N Street, NW (8th fl.)  
Washington, DC 20036  
Tel.: (202) 263-4152

Dated: November 17, 2009

**EXHIBIT A**

■



**CALIFORNIA**

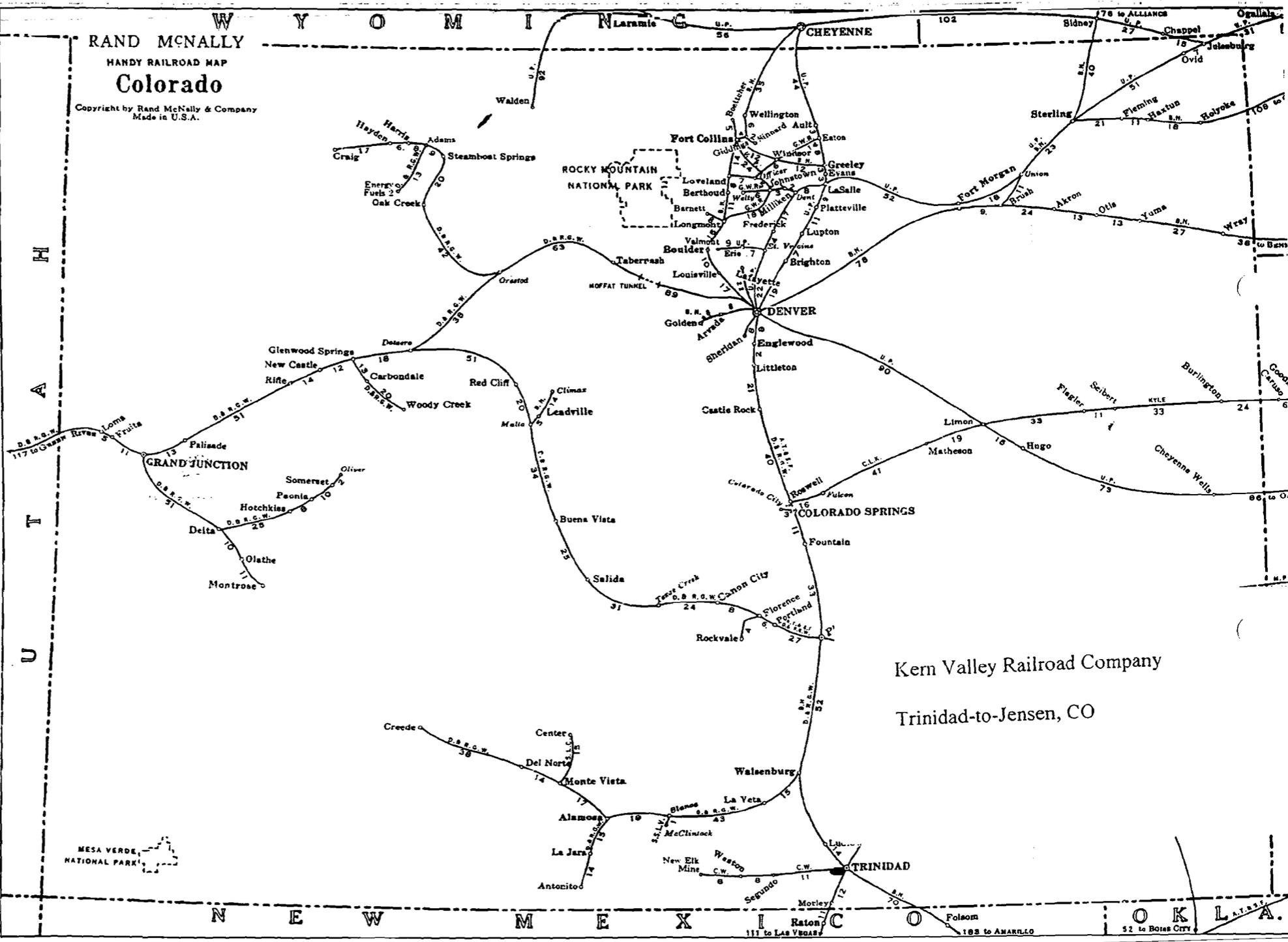
PACIFIC OCEAN

Tulare Valley Railroad Company

Ducor -to-Ultra, CA

W  
Y  
O  
M  
I  
N  
G  
RAND McNALLY  
HANDY RAILROAD MAP  
Colorado

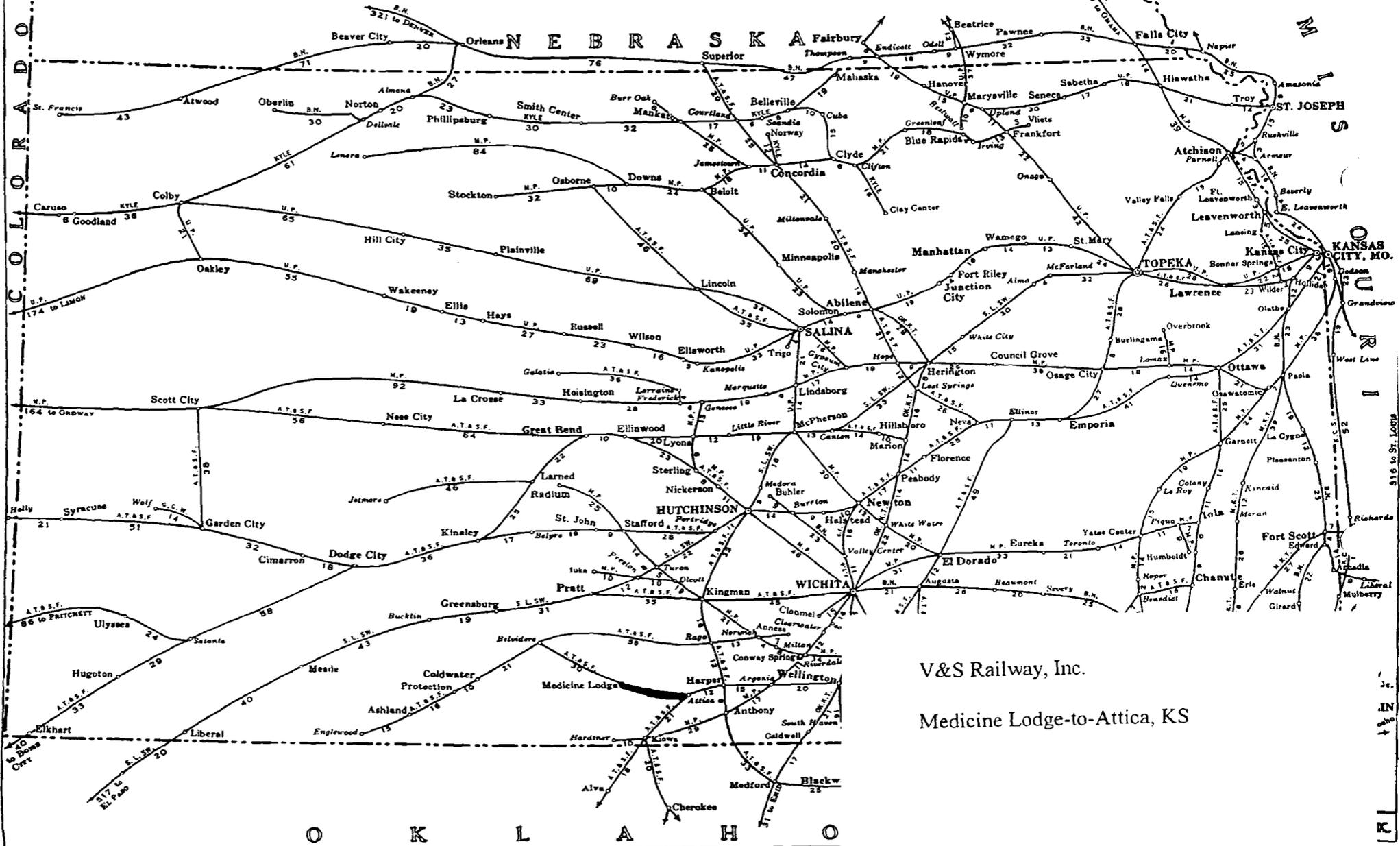
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Kern Valley Railroad Company  
Trinidad-to-Jensen, CO

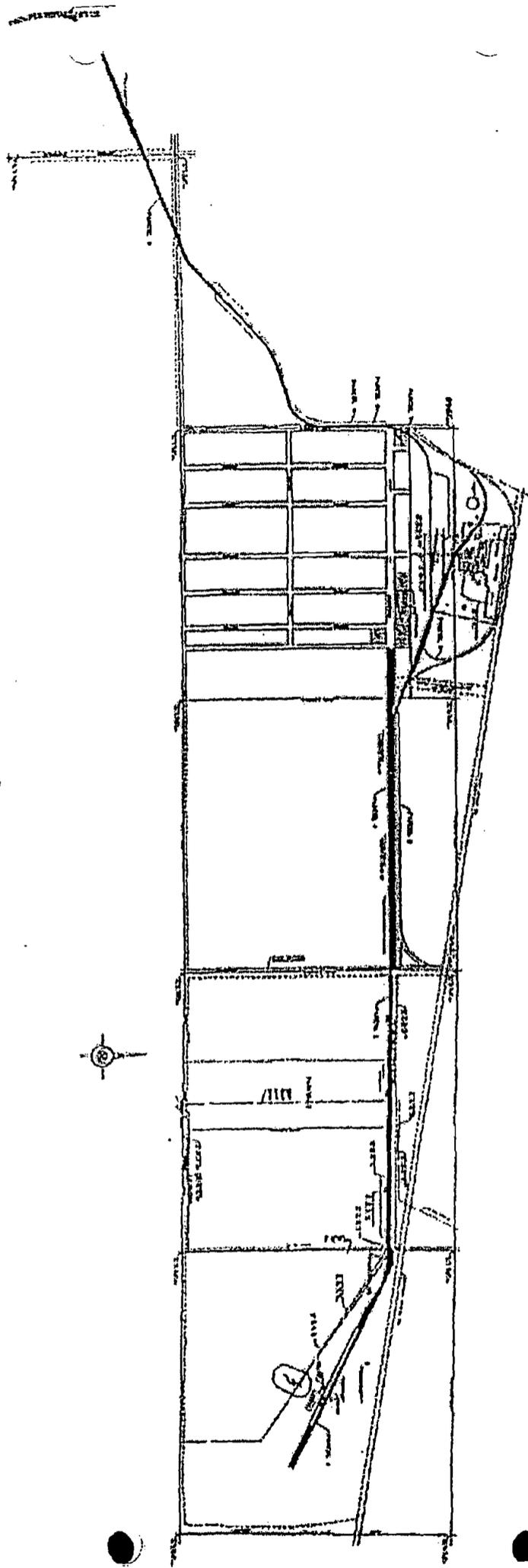
RAND McNALLY  
HANDY RAILROAD MAP  
**Kansas**

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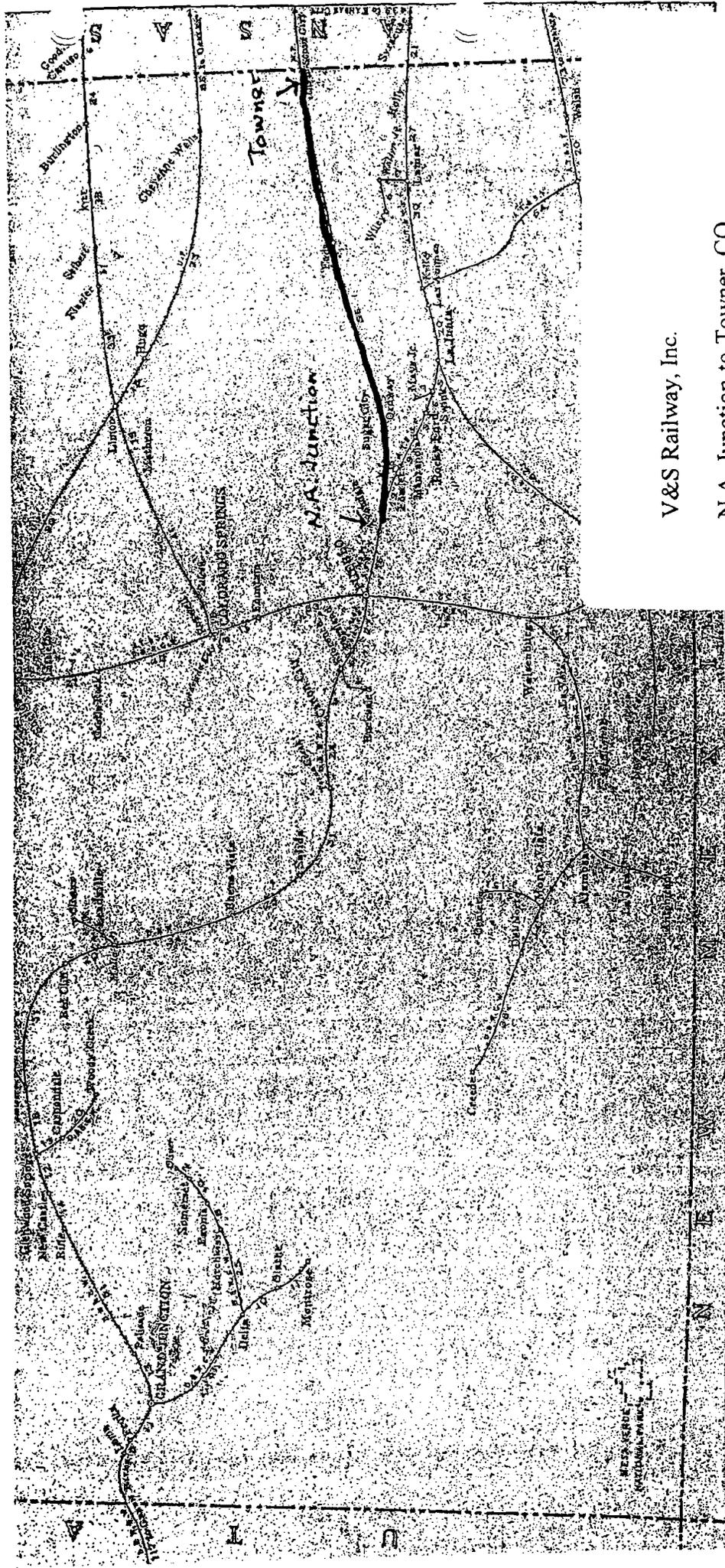
V&S Railway, Inc.  
Medicine Lodge-to-Attica, KS

Je.  
IN  
and



V&S Railway, Inc.

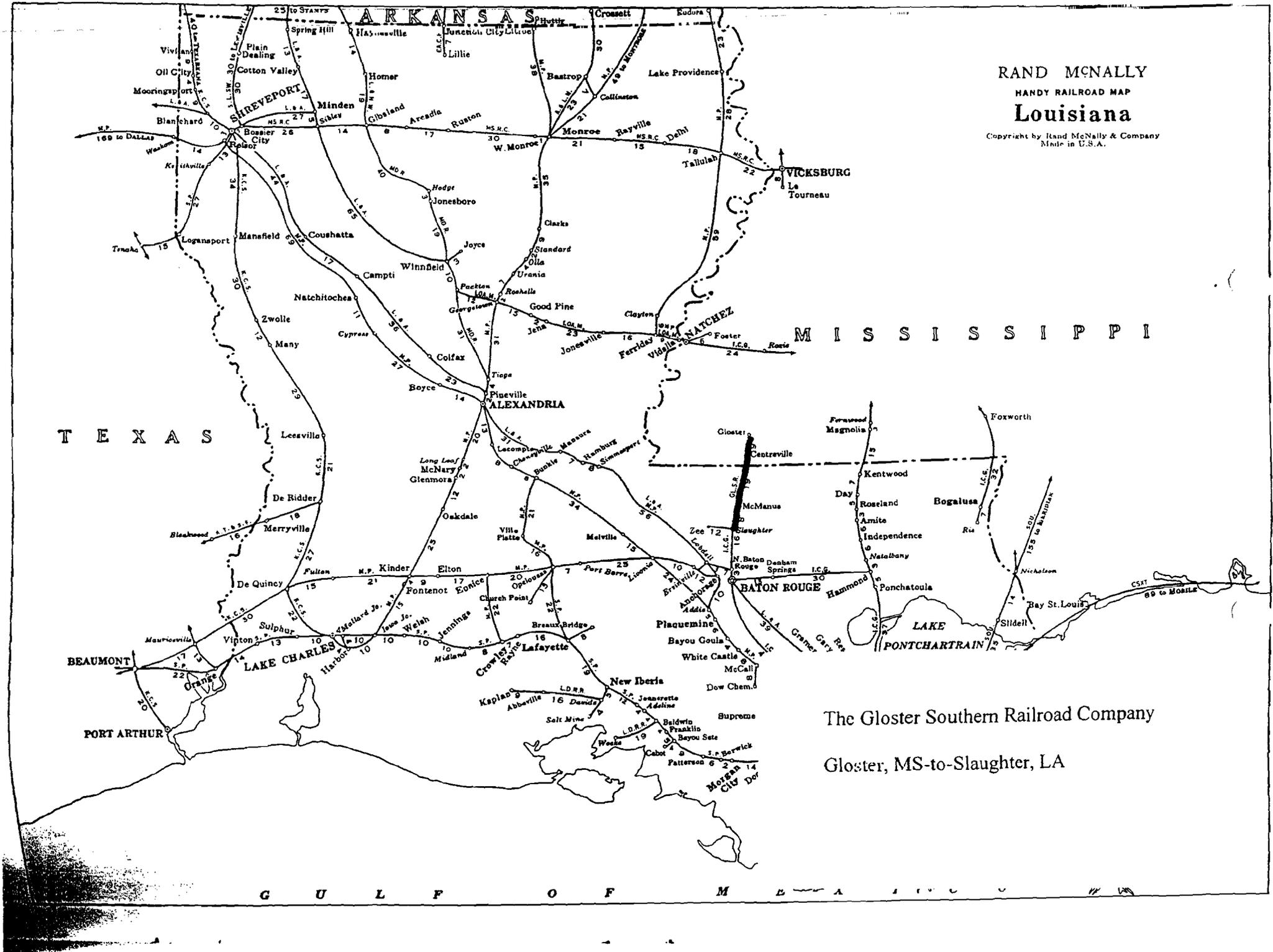
Hutchinson, KS



V&S Railway, Inc.  
 N.A. Junction-to-Towner, CO

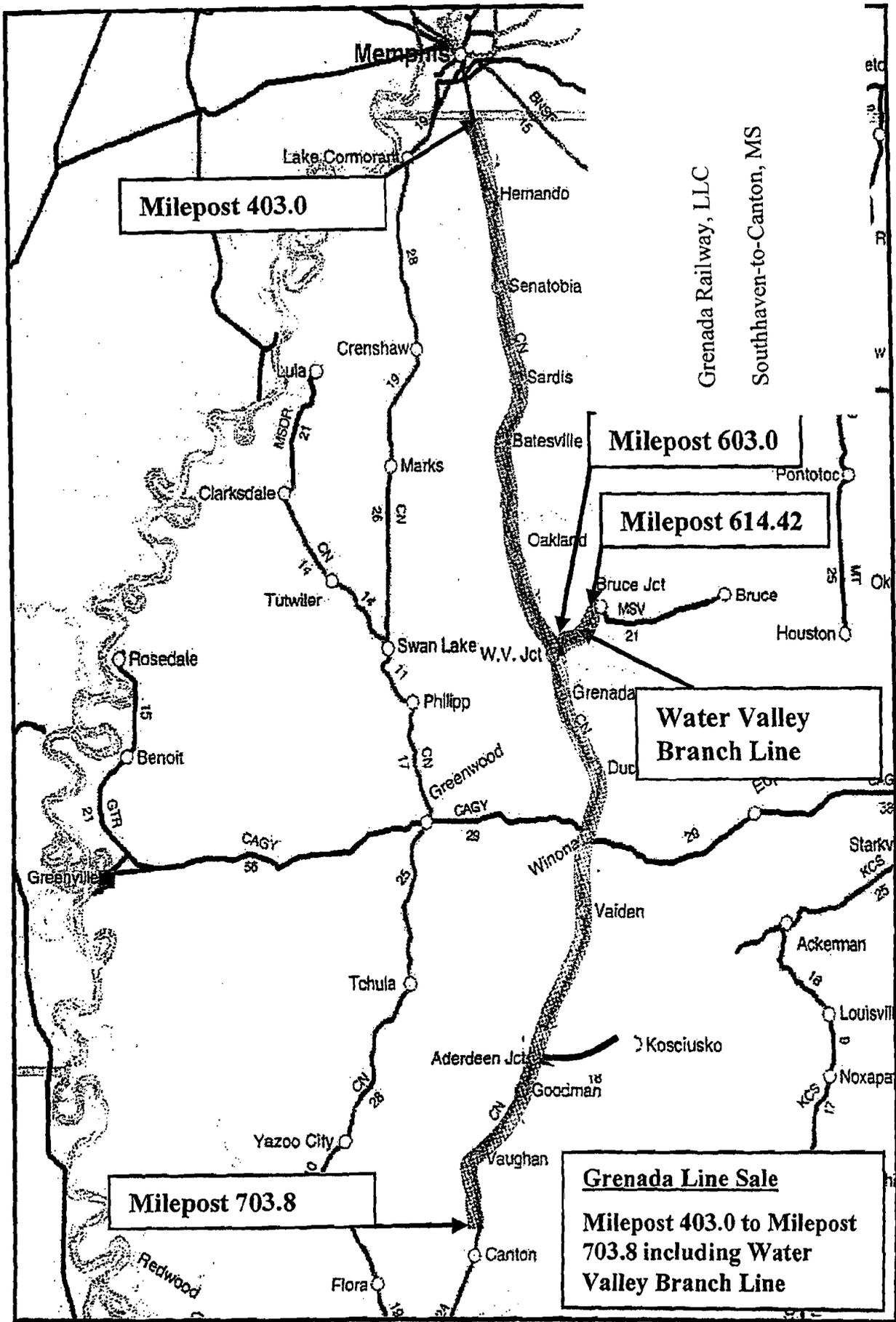
RAND McNALLY  
HANDY RAILROAD MAP  
**Louisiana**

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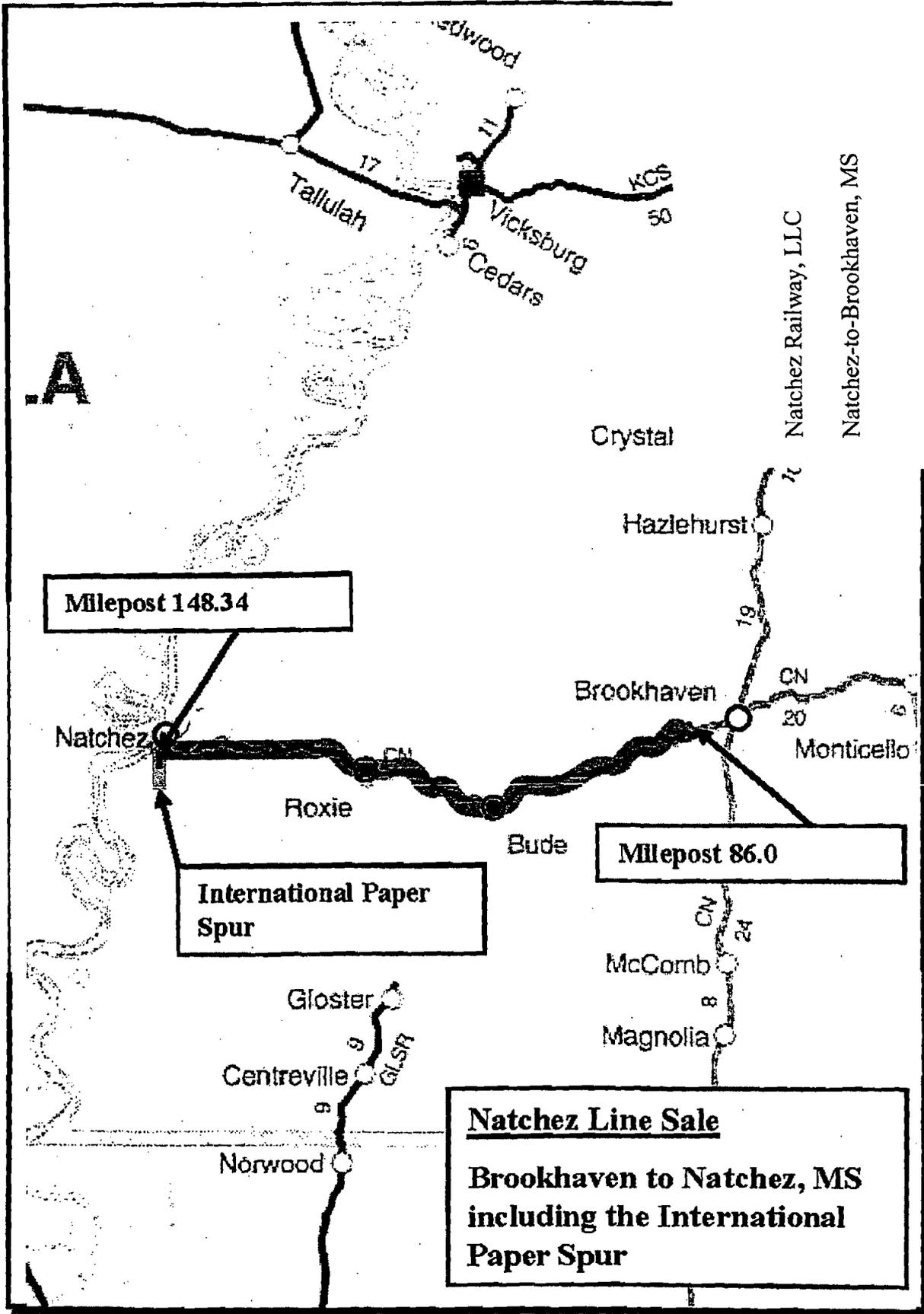


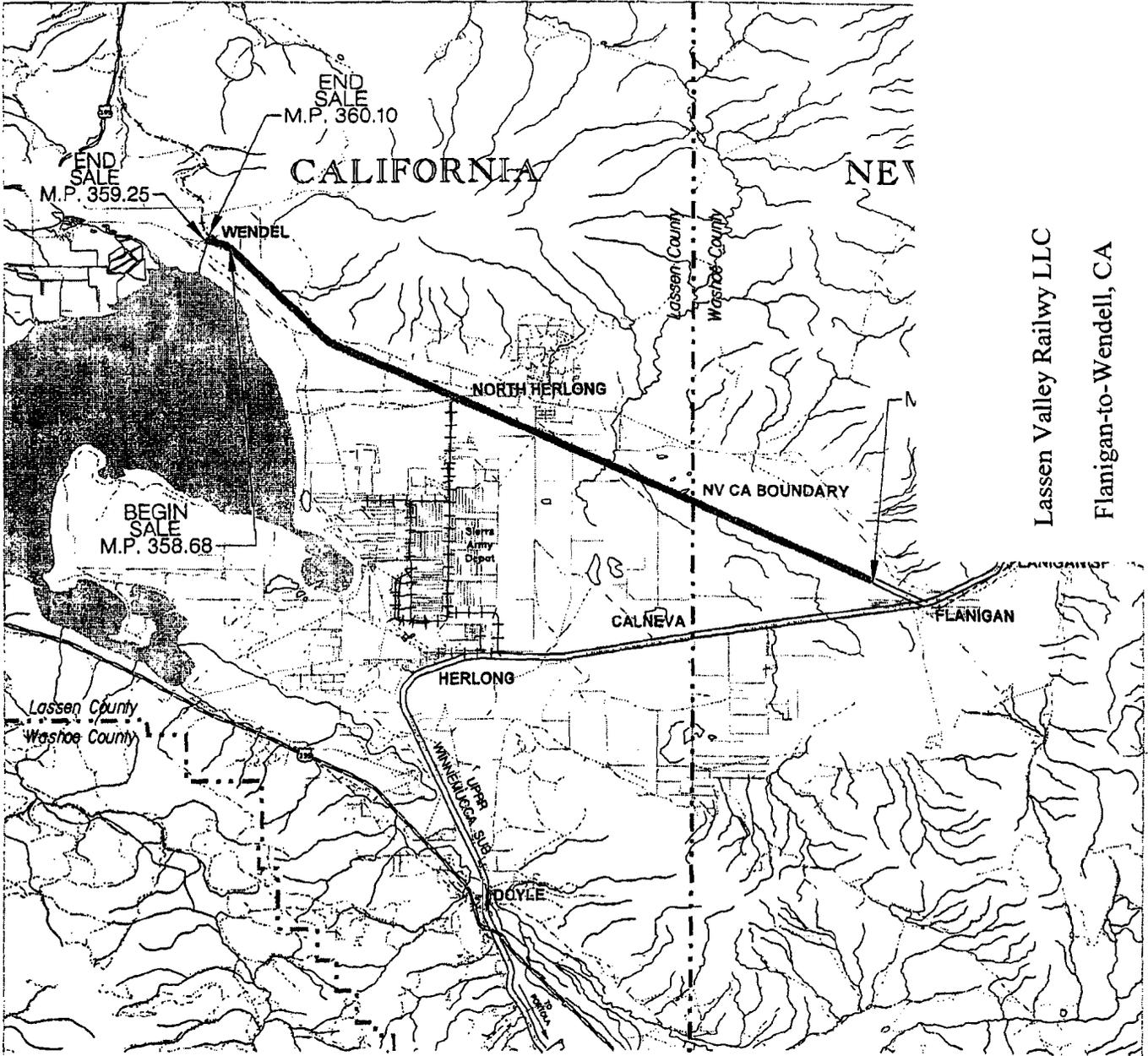
The Gloster Southern Railroad Company  
Gloster, MS-to-Slaughter, LA

# Map



# Map





Lassen Valley Railway LLC  
 Flanigan-to-Wendell, CA

### EXHIBIT A

#### FLANIGAN INDUSTRIAL LEAD

MP 338.33 TO MP 360.10  
 TOTAL OF 21.77 MILES  
 IN WASHOE COUNTY, NEVADA = 4.79 MILES  
 IN LASSEN COUNTY, CALIFORNIA = 16.98 MILES

#### SUSANVILLE INDUSTRIAL LEAD

MP 358.68 TO MP 359.25  
 TOTAL OF 0.57 MILES  
 IN LASSEN COUNTY, CALIFORNIA = 0.57 MILES

UNION PACIFIC RAILROAD CO.

CALIFORNIA - NEVADA

STATION	MILE POST	AGENCY
CA/NV ST LINE	343.12	NO
NORTH HERLONG	349.8	NO
WENDEL	358.7	NO

#### LEGEND

- UPRR LINES TO BE SOLD
- OTHER UPRR LINES
- OTHER RAILROADS
- RAILROADS (abandoned)
- PRINCIPAL HIGHWAYS
- OTHER ROADS
- 50+ YEAR OLD STRUCTURES

SCALE MILES

FILE: q:\Exhibit\_AV\lanigan.dgn

DATE: 18-Aug-09 13:34

VERIFICATION

I, Kern W. Schumacher, declare under penalty of perjury, under the laws of the United States of America, that I have read the foregoing Notice of Exemption and that its assertions are true and correct to the best of my knowledge, information and belief. I further declare that I am qualified and authorized to submit this verification on behalf of Lassen Valley Railway LLC. I know that willful misstatements or omission of material fact constitute Federal criminal violations punishable under 18 U.S.C. 1001 by imprisonment up to five years and fines up to \$10,000 for each offense. Additionally, these misstatements are punishable as perjury under 18 U.S.C. 1621, which provides for fines up to \$2,000 or imprisonment up to five years for each offense.

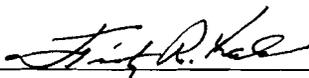
Dated at Incline Village, Nevada, this 2 day of Oct. , 2009.

  
Kern W. Schumacher

CERTIFICATE OF SERVICE

I hereby certify that I this day have served the foregoing Notice of Exemption upon the U.S. Secretary of Transportation, the Attorney General of the United States, the Federal Trade Commission and on the Governor and the Public Utilities Commission of the State of Nevada and the Governor and Public Utilities Commission of the State of California by mailing copies to them by first-class mail with postage prepaid.

Dated at Washington, DC, this 17th day of November, 2009.

  
\_\_\_\_\_  
Fritz R. Kahn

