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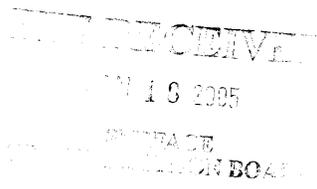


BEFORE THE SURFACE TRANSPORTATION BOARD

DOCKET NO. AB-156 (Sub No. 25X)

DELAWARE AND HUDSON RAILWAY, INC-DISCONTINUANCE OF
TRACKAGE RIGHTS-BETWEEN LANESBORO, PA AND BUFFALO, NY.

OFFER OF FINANCIAL ASSISTANCE



CNJ RAIL CORPORATION
833 Carnoustie Drive
Bridgewater, NJ 08807

Offeror

FILED
JAN 18 2005
SURFACE
TRANSPORTATION BOARD

John F. McHugh, Esq.
6 Water Street, Suite 401
New York, NY 10004
(212) 483 - 0875 Phone

Attorney for Offeror

ENTERED
Office of Proceedings
JAN 18 2005

Date Filed: January 18, 2005

BEFORE THE SURFACE TRANSPORTATION BOARD

DOCKET NO. AB-156 (Sub No. 25X)

DELAWARE AND HUDSON RAILWAY, INC-DISCONTINUANCE OF
TRACKAGE RIGHTS-BETWEEN LANESBORO, PA AND BUFFALO, NY

OFFER OF FINANCIAL ASSISTANCE



Pursuant to 49 U.S.C. 10903(c) and 49 C.F.R. 1152.27(c) (i) CNJ Rail Corporation (CNJ), a New Jersey corporation, hereby files its offer of financial assistance for the purchase of the Delaware and Hudson Railway, Inc. (D&H) trackage rights involved in the above proceeding lying between milepost 210.9 +- in Binghamton, New York and Mile Post 419.9 +- in Buffalo, New York (the Southern Tier Line) together with such interchange and yard facilities required for such service at such terminal points including but not limited to the Norfolk Southern Railway Co. (NSR) Bison Running Track between the point of connection with the Southern Tier Line at MP 419.8 +- and the point of connection with the lines of CSX Transportation, Inc. (CSXT) at MP 423.3 +- in Buffalo, NY (including NSR's SK Yard, which D&H currently operates under an agreement between D&H and Consolidated Rail Corporation (CRC) dated February 1, 1984 and NSR's Howard Street Running Track between a point of connection with the Bison Running Track at MP 420.15 +- and the point of connection with lines of CSXT at MP 422.3+ _ in Buffalo, NY including a reasonable amount of yard space in Binghamton, NY to effect interchange and the classification of traffic to be negotiated as well as for commercial access to all present and future industries located on former CRC lines in the

Buffalo Terminal Area (as defined by the USRA) reciprocal switching agreements related thereto and interchange rights to all present and future railroads whose lines connect with the Southern Tier Lines here in issue and with all rail carriers serving the Buffalo Terminal Area.

CNJ Rail Corporation offers to pay *\$124,365.00* for the rights.

THERE IS A REASONABLE EXPLANATION FOR THE PRICE OFFERED

CNJ formally requested information in writing as to the asking price and means of determining the going concern value (GCV) of these rights by letter to the Canadian Pacific Railway (CPR) dated January 6, 2005. Exhibit A (1). In addition, the CPR was aware of CNJ's interest as early as November 2004. See Exhibit A (2). As of this filing, no response, other than a verbal confirmation of receipt of the correspondence has been received. The price offered is based upon the only known traffic generated on the line as stated in the various filings submitted in the Abandonment Proceedings, being 641 cars from the Owego and Harford Railroad (OHR). CNJ will increase its price based upon revenues to be generated from traffic assured to CNJ in any agreement with D&H less track use charges payable to the track owner for moving that traffic on the line. Other than as a going concern, the value of which cannot be determined without information from the Owner, the trackage rights in issue have no net liquidation value.

CNJ RAIL CORPORATION IS A FINANCIALLY RESPONSIBLE PERSON

CNJ submits as exhibit B a copy of the net worth of its principal, William Strohmeier as well as a commitment letter indicating that the company has the ability to borrow one million dollars at this time. These assets are well in excess to those required to purchase the rights and to maintain the operation for two years as required by 49 U.S.C. 10904(f)(4)(A). Thus the company has the ability to raise \$1.5 million based upon the information currently available to it. That ability will expand based upon the actual revenue traffic determined to be available and the actual operating costs, neither of which can be determined without a response for CPR.

**THE OFFER WILL PRESERVE THE TRACKAGE RIGHTS IMPOSED BY THE
FEDERAL RAILROAD ADMINISTRATION TO ASSURE RAIL-TO-RAIL
COMPETITION**

The offer to purchase will preserve the trackage rights in question and rail to rail competition on the Southern Tier. The Owego and Harford Railroad, the United Transportation Union (UTU), and the Brotherhood of Locomotive Engineers and Trainmen (BLET) have collectively made the point that if abandoned these rights are gone forever nullifying the United State's Railroad Administration's purpose in imposing these rights as set forth in the Final System Plan. They correctly state that the Haulage Agreement now proposed by D&H, is neither permanent nor transferable and would terminate with any change in the ownership of the D&H. CNJ's offer will serve to prevent abandonment and will maintain that asset as available for public use without regard to any disposition of the D&H by CPR.

CONCLUSION AND REQUESTED RELIEF

Wherefore, CNJ respectfully requests that it be deemed a financially responsible person who has offered financial assistance to maintain rail service via trackage rights for a second carrier on the Southern Tier Line, which is the subject of this offer. Based upon this filing the Board is asked to delay or postpone the effectiveness of its decision on this abandonment petition or exemption for abandonment pending further proceedings under 49 U.S.C. 10904.

Dated, January 17, 2005.

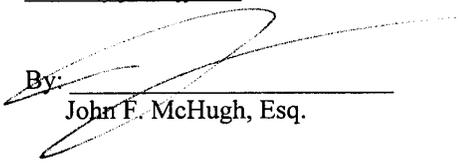
Respectfully Submitted,

CNJ Rail Corporation
833 Carnoustie Drive
Bridgewater, NJ 08807
Offeror

By: 

William Strohmeyer
President, CEO

John F. McHugh, Esq.
6 Water Street, Suite 401
New York, NY 10004
(212) 483 - 0875 Phone
(212) 483 - 0876 Fax
Attorney for Offeror

By: 

John F. McHugh, Esq.

CERTIFICATE OF SERVICE

I hereby certify that on this 18th day of January 2005, I served the foregoing Offer of Financial Assistance by causing a copy thereof to be delivered by prepaid First Class Mail to the following parties:

Mr. Fred Green
Executive Vice President
Operations and Marketing
Canadian Pacific Railway, Ltd.
Suite 500
Gulf Canada Square
401-9th Avenue, S.W
Calgary, Alberta Canada
(403) 319 – 7555 Phone

Mr. Terrence M. Hynes
Mr. Gabriel S. Meyer
Sidley, Austin, Brown, & Wood, LLP.
1591 K Street N.W.
Washington, D.C. 20005

Mr. Richard A. Allen
Zuckert, Scutt, & Rasenberger, LLP.
888 17th Street, N.W. Suite 700
Washington, D.C. 20006

Mr. Michael S. Wolly
Swerdling, Paul, Kahn, & Wolly, P.C.
1025 Connecticut Avenue, N.W. Suite 410
Washington, D.C. 20005

Mr. Kelvin J. Dowd
Slover and Loftus
1224 17th Street, N.W.
Washington, D.C. 20036-3003

Mr. Daniel R. Elliott, III
United Transportation Union
14600 Detroit Avenue
Cleveland, Ohio 44107

Eric B. Lee
Owego Harford Railway, Inc.
415 Woodland Road
Syracuse, NY 13219

CNJ Rail Corporation


Mr. William Strohmeyer
President, CEO

EXHIBIT A

833 Carnoustie Drive Bridgewater, NJ 08807
Phone: (908) 887 - 0079 Fax: (908) 526 - 8383

CNJ Rail Corporation

Fax

To: Fred Green

From: William Strohmeyer

Fax: (403) 205 - 9006

Pages: 1

Phone: (403) 319 - 7555

Date: 1/4/2005

Re: STB Finance Docket No. AB 156 25 X **CC:**

Urgent **For Review** **Please Comment** **Please Reply** **Please Recycle**

● **Comments:**

Should you have any questions, feel free to call me at (908) 334 - 4263.

Confidentiality Note

The following information contained in this facsimile message is confidential information intended only for the use of the individual or entity named above. If the reader of the message is not the intended recipient, you are hereby notified that any dissemination, distribution or copy of this telecopy is strictly prohibited. If you received this telecopy in error, please immediately notify us by telephone and return the original message to us at the address above via the United States Post Service. Thank You.

CNJ RAIL
CORPORATION

833 Carnoustie Drive
Bridgewater, NJ 08807

Mr. Fred Green
Executive Vice President - Operations and Marketing
Canadian Pacific Railway Ltd.
Gulf Canada Square
401 - 9th Avenue S.W.
Calgary, AB
Ph: (403) 319 - 7555, Fx: (403) 205 - 9006

Sent via Fax and regular mail:

January 4, 2005

Re: Delaware and Hudson Railway Company, Inc. Discontinuance of Trackage
Rights Between Lanesboro, PA and Buffalo, NY In Susquehanna County, PA and
Brome, Tioga, Chemung, Steuben, Allegany, Livingston, Erie and Genesee
Counties, NY
STB Docket No. AB-156 25 X

Dear Mr. Green,

Last year, Mr. Eric Strohmeyer from our organization spoke with Mr. Doug
Welsh of your organization concerning our interests in filing on OFA regarding your
application before the US Surface Transportation Board in the above referenced
proceeding.

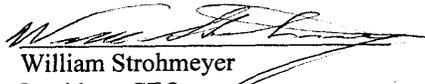
*Pursuant to 49 U.S.C. 10904(B)(1) please provide the undersigned with a
purchase price for the trackage rights your company seeks to abandon in the captioned
proceeding.*

In addition, please provide any and all operating costs and associated expenses
regarding your operations along the aforementioned route, which is the subject of this
proceeding. Include, if possible, copies of any leases and or operating agreements,
interchange agreements, etc. that are subject to the above mentioned proceeding.

Thank you for your attention to this matter.

On behalf of CNJ Rail Corporation

Sincerely,


William Strohmeyer
President, CEO

Phone: (908) 887 - 0079 Fax: (908) 526 - 8383

* * * COMMUNICATION RESULT REPORT (DEC. 6.2004 7:30PM) * * *

P. 1

FILE MODE	OPTION	ADDRESS (GROUP)	TTI WEGMANS DELI RESULT	PAGE
249 MEMORY TX		914032059000	OK	P. 2/2

REASON FOR ERROR

E-1) HANG UP OR LINE FAIL
E-3) NO ANSWER

E-2) BUSY
E-4) NO FACSIMILE CONNECTION

833 Camoustie Drive Bridgewater, NJ 08807
Phone: (908) 887 - 0079 Fax: (908) 526 - 8383

CNJ Rail Corporation

Fax

To: Fred Green **From:** William Strohmeyer
Fax: (403) 205 - 9006 **Pages:** 1
Phone: (403) 319 - 7555 **Date:** 1/4/2005
Re: STB Finance Docket No. AB 156 25 X **CC:**

Urgent For Review Please Comment Please Reply Please Recycle

• **Comments:**

Should you have any questions, feel free to call me at (908) 334 - 4263.

YAHOO! MAIL

Print - Close Window

Date: Wed, 24 Nov 2004 12:17:50 -0800 (PST)
From: "Eric Strohmeyer" <esstrohmeyer@yahoo.com>
Subject: Follow up to today's phone conversation.
To: Doug_Welsh@CPR.CA

Dear Mr. Welsh,

Thank you for taking time out of your busy day to talk with me this afternoon. I found the conversation to be informative and useful. I wanted to drop you a quick note with some basic company information.

Our firm is called CNJ Rail Corporation. Mailing address is 833 Carnoustie Lane in Bridgewater, NJ 08807. The company's president is Mr. William Strohmeyer.

I will follow up with with a more detailed email, plus an outline of our conversation of today on Friday. Due to the late hour of the day, plus the upcoming holiday tomorrow, I won't be able to do more than this quick note today. I hope it is not a problem for you.

I look forward to further discussions with you and the Canadian Pacific.

Sincerely,

Eric S. Strohmeyer
Vice President, COO
(908) 877 - 0079 phone
ESStrohmeyer@yahoo.com

Do You Yahoo!?
Tired of spam? Yahoo! Mail has the best spam protection around
<http://mail.yahoo.com>

EXHIBIT B

FIRST NEW JERSEY FINANCIAL SERVICES, L.L.C.
7 MT. BETHEL ROAD
WARREN, NEW JERSEY 07059
Telephone 908 757-8000
Telecopier 908 757-8005

January 17, 2005

CNJ Rail Corporation
833 Carnoustie Drive
Bridgewater, NJ 08807

Attn: William Strohmeyer, President and CEO

RE: United States Department of Transportation
Surface Transportation Board
STB Finance Docket No. AB-156 (25) X
Delaware and Hudson Railway Company, Inc.
Discontinuance of Trackage Rights – Between Lanesboro, PA
and Buffalo, NY, in Susquehanna County, PA and Broome, Tioga
Chemung, Stueben, Allegany, Livingston, Wyoming, Erie, and
Genesee Counties, NY
Preliminary and Conditional Loan Commitment

Dear Mr. Strohmeyer:

First New Jersey Financial Services, L.L.C. (hereinafter "Financial") has reviewed the preliminary information that you have submitted concerning the referenced matter. Financial has also reviewed the application that you have submitted for financing concerning same. This letter serves to confirm that Financial preliminarily and conditionally shall fulfill a lender role concerning the above matter upon the terms set forth below.

As you are aware, Financial is not an institutional lender. Financial, as private Lender, is prepared to enter into this transaction with CNJ Rail Corporation (hereinafter "CNJ") consistent with this letter.

The following terms, provisions and conditions are governing with respect to this preliminary and conditional commitment letter:

- (a) **Borrower:** CNJ, as the Borrower, will be the party in interest in the prospective loan transaction and said company must demonstrate that is authorized to do business in the State of New Jersey as reflected by a Certificate of Good Standing or equivalent document.

(b) **Principal Amount:** The principal amount of the loan for the transaction hereinafter described shall not exceed \$1,000,000.00 without further review and approval of same by Lender, same to be exercised in Financial's discretion.

(c) **Interest Rate:** Interest shall be charged upon the aforesaid principal loan amount at the rate of ___% per annum. Interest only payments shall be due and payable on the first day of each month until the loan, inclusive of principal and interest and all other sums due, has been satisfied in full. The interest shall be increased in the event of an uncured default by Borrower pursuant to any of the loan documents identified in this Commitment Letter to the rate of ___% per annum from the default date until the time of full satisfaction of the loan transaction.

(d) **Maturity Date:** The term of the loan transaction herein described is for ___ years, with the ___ year anniversary date following execution of the loan documents being herein referred to as the "Maturity Date." On such Maturity Date, all unpaid principal and interest and other sums due in connection with said loan transaction shall be due and payable.

(e) **Payment Dates:** All payments prior to maturity during the loan term will be due on the first day of each month.

(f) There shall be required for completion by Borrower and Personal Guarantor a Security Agreement, a Personal Guarantee Agreement, UCC's (UCC's for County and State level filing), a Promissory Note, and Assignment of Profits and Rights and such other and further documentation as Lender shall reasonably require, and as shall be determined by Lender's counsel upon review. The Lender shall have a first lien upon and a perfected security interest in all equipment and fixtures used in connection with the operation above-referenced and the improvements thereto. Said improvements, equipment and other assets upon which said first lien shall exist are herein collectively referred to as the "Property (the "Property").

(g) There shall be a fee of 1% of the principal loan amount referred to in paragraph (b) above for Lender's origination, placement and processing services, such fee being payable at time of loan closing hereunder.

(h) The loan may be prepaid in full at any time without penalty.

(i) As, if and when the Borrower satisfies the conditions of this Preliminary and Conditional Commitment Letter, the Lender shall identify bank counsel that shall act on its behalf in connection with preparation of loan documents, and the further articulation of requirements concerning same and the conduct of closing. A Revised Commitment Letter shall be issued by Lender after satisfaction of the conditions hereof, same to countersigned by Borrower and Personal Guarantor within 7 business days from the date thereof.

(j) The Borrower shall pay all costs of the loan transaction, including but not limited to legal fees, any appraisals, all recording fees and other reasonable expenses incurred by the Lender.

(k) This Commitment is contingent and conditioned upon Borrower satisfying Lender that it has the sole and exclusive rights concerning the trackage rights and the fixtures and equipment relating thereto herein set forth, and further satisfying the Lender concerning each and every further condition thereto set forth below.

(l) The loan documents shall provide a late fee equal to 4% of the amount of each installment of principal and interest, which is more than 15 days in arrears in order to defray part of the cost of collection. Borrower shall be given written notice of, and 15 days time to cure any monetary default. With respect to a non-monetary default, Borrower shall be given written notice of such default and 30 days thereafter within which to cure such default unless same cannot with due diligence be cured within such 30 day period, in which event, Borrower must proceed promptly to cure the noticed default and thereafter must prosecute the curing of such default in good faith and with due diligence and continuity.

(m) Lender reserves the right to withdraw this Preliminary and Conditional Commitment unless is it accepted in writing by Borrower and Personal Guarantor on or before January 28, 2005. Please have Borrower and said Guarantor indicate their acceptance by signing and returning to Financial.

(n) This Commitment shall expire on March 31, 2005 unless Financial grants a written extension thereto. The closing consistent with this Commitment must be completed no later than March 31, 2005 unless Financial grants a written extension thereto.

(o) The loan documents shall provide for insurance coverages protective of Lender to the reasonable satisfaction of Financial.

(p) **Personal Guarantor:** William Strohmeyer shall personally guarantee the loan obligations of the Borrower.

(q) This Preliminary and Conditional Commitment is conditioned upon, subject to and contingent upon the occurrence of and the supply to Lender of the following:

i. Proof of Continuance of Trackage Rights concerning the referenced matter to the benefit of Borrower;

ii. Copy of Offer of Financial Assistance ("Business Plan"), along with all corresponding filings, submitted by Borrower to United States Department of Transportation, Surface Transportation Board, (hereinafter "Transportation Board") as to the above;

iii. Federal and State Returns for CNJ and William Strohmeyer for years 2001, 2002 and 2003;

- iv. Financial statements on William Strohmeier and all other principals of CNJ;
- v. Opinion Letter from Borrower's counsel confirming availability of trackage rights, feasibility of Business Plan submitted by CNJ to the Transportation Boards and concerning "already granted" Federal and other approvals thereto to render track rights viable to Borrower's full use;
- vi. Letter from Transportation Board confirming timely filing of Business Plan and other requisite filing materials by Borrower;
- vii. Letter from Transportation Board confirming selection of CNJ to proceed with purchase of trackage rights herein above referenced;
- viii. Delivery by Borrower of an appraisal to Lender's reasonable satisfaction evidencing prospective operation value of trackage rights of at least ___ dollars per year; and
- viiii. Agreements in executed and final form from Transportation Board to evidence all requisite operational rights to the use and benefit of CNJ, in Lender's reasonable discretion concerning the above.

In the event that numbers I through VIII are not satisfied by Borrower on or before ___ 2005, this preliminary and conditional Commitment shall be of no further force or effect. However, the Lender may in its sole discretion extend such ___ 2005 deadline by issuing a letter to Borrower in confirmation thereof.

Financial looks forward to working with you in this matter. If the above meets with your understanding and approval, kindly sign where provided below and return the fully executed Commitment Letter to my attention on or before the January 21, 2005 deadline set forth in paragraph (m) above.

Very truly yours,


Mitchell T. Berlant, Managing Member

MTB/ycs

The above Preliminary and Conditional Loan Commitment meets with the understanding and approval of CNJ Rail Corporation, as Borrower, and William Strohmeier, as Personal Guarantor.

CNJ Rail Corporation, a New Jersey Corporation

ATTEST:




William Strohmeier, President and CEO
Authorized Officer

Date: 12 Jan 05

WITNESS:




William Strohmeyer, Personal Guarantor

Date: 17 JAN 05

ADVANTAGEBANK

January 13, 2005

Mr. William Strohmeyer
833 Carnoustie Drive
Bridgewater, NJ 08807

**RE: STB Finance Docket No. AB-156 (25) X
Delaware & Hudson Railway Company, Inc.**

Dear Mr. Strohmeyer:

Please accept this letter as confirmation that I met with Eric, your son, to discuss possible financing for the above referenced subject. We briefly discussed several outstanding issues which will affect its progress. Advantage Bank will continue to be available for ongoing discussions concerning the possible financing requirements.

Please understand that this is not a commitment to lend. Advantage Bank will employ its normal underwriting requirements to determine if it can provide you with this financing facility.

Should you have any further questions regarding this matter, please do not hesitate to contact me at 908-685-5800.

Sincerely,



Greg Schneider
Senior Vice President