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April 30, 2008

Honorable Anne K Quinlan
Acting Secretary
Surface Transportation Board
395 E Street, S.W
Washington, D C 20423



RE Finance Docket No 35138, *Patriot Rail, LLC, Patriot Rail Holdings LLC, and Patriot Rail Corp -Control Exemption-The Louisiana and North West Railroad Company LLC*

Dear Secretary Williams:

Enclosed for filing are the original and 10 copies of a Verified Notice of Exemption under 49 C.F.R. 1180.2(d)(2), a check covering the \$1,100.00 filing fee, 20 additional maps, along with file Notice of Exemption doc on a CD

Please time and date stamp the extra copy of this letter and the Verified Notice of Exemption and return them with our messenger. Thank you for your assistance.

If you have any questions, please call or email me.

Sincerely yours

Louis E. Gitomer
Attorney for Patriot Rail, LLC, Patriot Rail Holdings LLC, and Patriot Rail Corp

Enclosures

ENTERED
Office of Proceedings

APR 30 2008

Part of
Public Record

FEE RECEIVED

APR 30 2008

SURFACE
TRANSPORTATION BOARD

ORIGINAL

BEFORE THE
SURFACE TRANSPORTATION BOARD

Finance Docket No. 35138



PATRIOT RAIL, LLC, PATRIOT RAIL HOLDINGS LLC, AND PATRIOT RAIL CORP
-CONTROL EXEMPTION-
THE LOUISIANA AND NORTH WEST RAILROAD COMPANY LLC

VERIFIED NOTICE OF EXEMPTION

FILED

APR 30 2008

**SURFACE
TRANSPORTATION BOARD**

Robert I. Schellig, Jr
Vice President - Law
Patriot Rail Corporation
One Boca Place, 2255 Glades Road
Suite 342W
Boca Raton, FL 33431
(561) 443-5300

FEE RECEIVED

APR 30 2008

**SURFACE
TRANSPORTATION BOARD**

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Lou_Gitomer@verizon net

Attorneys for PATRIOT RAIL, LLC,
PATRIOT RAIL HOLDINGS LLC
and PATRIOT RAIL CORP

Dated April 30, 2008

**ENTERED
Office of Proceedings**

APR 30 2008

**Part of
Public Record**

BEFORE THE
SURFACE TRANSPORTATION BOARD

Finance Docket No. 35138

PATRIOT RAIL, LLC, PATRIOT RAIL HOLDINGS LLC, AND PATRIOT RAIL CORP
-CONTROL EXEMPTION-
THE LOUISIANA AND NORTH WEST RAILROAD COMPANY LLC

VERIFIED NOTICE OF EXEMPTION

Patriot Rail, LLC ("PRL") and its subsidiaries Patriot Rail Holdings LLC ("PRH") and Patriot Rail Corp. ("Patriot"), pursuant to 49 C.F.R. §§ 1180.2(d)(2) and 1180.4(g), file this Verified Notice of Exemption from the prior approval requirements of 49 U.S.C. §§ 11323-11325 to permit PRL, PRH, and Patriot to acquire 100% of the membership interest and thereby control of The Louisiana and North West Railroad Company LLC ("L&NW"), a Class III railroad.

a. **1180.6(a)(1)(i)**. A brief summary of the proposed transaction, the name of applicants, their business address, telephone number, and the name of the counsel to whom questions regarding the transaction can be addressed.

Patriot Rail, LLC and Patriot Rail Holdings LLC, One Boca Place, 2255 Glades Road, Suite 342W, Boca Raton, FL 33431, (561) 443-5300, through Patriot Rail Corp., of the same address, have agreed to acquire 100% of the membership interest of The Louisiana and North West Railroad Company, 210 West Main, Homer, LA 71040, 318-927-2031, a class III rail carrier.

PRL is a non-carrier limited liability company that owns 51% of the equity interests in Patriot Rail Holdings LLC, which owns 100% of the stock of Patriot. Patriot is a non-carrier

holding company that controls the following four class III railroads: (1) the Tennessee Southern Railroad Company (“TSRR”), which was acquired in November 2006; (2) Rarus Railway Company (“Rarus”), which was acquired in April 2007;¹ (3) Utah Central Railway Company (“Utah”), which was acquired in January 3, 2008², and (4) Sacramento Valley Railroad, Inc (“SAV”), which was acquired in March 2008³.

Patriot will acquire a 100% interest in L&NW pursuant to a Purchase and Sale Agreement.⁴ Through their control of Patriot, PRL and PRH will acquire indirect control of L&NW. PRL, PRH, and Patriot as non-carriers that control four rail carriers (TSRR, Rarus, Utah, and SAV), are seeking to acquire the control of a fifth rail carrier (L&NW), which requires advance Surface Transportation Board (the “Board”) authorization for the transaction pursuant to 49 U.S.C. §11323(a)(5)

L&NW owns and operates about a 62.6-mile line of railroad between McNeil, AR, and Gibsland, LA. L&NW leases the 6.5 miles of the line between McNeil and Magnolia, AR from the Union Pacific Railroad Company. See the Map in Exhibit A.

TSRR operates a 118-mile railroad line between Columbia and Pulaski, TN and between Columbia, TN and Florence, AL. Rarus operates a 25.7-mile railroad line between Butte, MT and Anaconda, MT. Utah operates about a 22-mile line in the area of Ogden, UT. SAV operates

¹ *Patriot Rail, LLC and Patriot Rail Corp—Control Exemption—Rarus Railway Company*, STB Finance Docket No. 35013 (STB served April 11, 2007).

² *Patriot Rail, LLC, Patriot Rail Holdings LLC, and Patriot Rail Corp—Control Exemption—Utah Central Railway Company*, STB Finance Docket No. 35102 (STB served November 15, 2007)

³ *Sacramento Valley Railroad, Inc—Operation Exemption—McClellan Business Park*, STB Finance Docket No. 35117 (STB served February 14, 2008); *Patriot Rail, LLC, Patriot Rail Holdings LLC, and Patriot Rail Corp—Continuance in Control Exemption—Sacramento Valley Railroad, Inc*, STB Finance Docket No. 35118 (STB served February 14, 2008).

⁴ The parties have entered a Letter of Intent. A redacted version of the Letter of Intent is in Exhibit B. A highly confidential version of the Letter of Intent is being concurrently filed under seal.

seven miles of unmarked railroad track within McClellan Park, in McClellan, CA. A Map of each of the lines is in Exhibit A. TSRR, Rarus, Utah, SAV, and L&NW do not connect. The acquisition of control of L&NW by PRL, PRH, and Patriot is not part of a series of anticipated transactions that would connect the railroads with each other or any railroad in their corporate family. The control of L&NW by PRL, PRH, and Patriot does not involve a Class I carrier. As a result of the transaction, there will not be substantial lessening of competition, creation of a monopoly, or restraint of trade in freight surface transportation in any region of the United States. As described, the transaction meets the criteria for a notice of exemption under 49 C.F.R. §1180.2(d)(2).

Counsel to whom questions concerning the transaction can be addressed is Louis E Gitomer, Esq., Law Offices of Louis E Gitomer, 600 Baltimore Avenue, Suite 301, Towson, MD 21204, (202) 466-6532.

b. 1180.6(a)(1)(ii). The proposed time schedule for consummation of the proposed transaction

Patriot intends to acquire the 100% of the membership interest in L&NW on or after May 30, 2008, and thereby PRL, PRH, and Patriot will acquire control of L&NW on or after May 30, 2008.

c. 1180.6(a)(1)(iii). The purpose sought to be accomplished by the proposed transaction, e.g., operating economics, eliminating excess facilities, improving service, or improving the financial viability of the applicants.

The management of PRL, PRH, and Patriot has successfully managed short line railroads for more than a decade. PRL, PRH, and Patriot intend to use their management's experience and expertise in operating short line railroads and its purchasing power to affect operating efficiencies for L&NW, to improve L&NW's service to shippers, and to strengthen the financial viability of L&NW.

d **1180.6(a)(5)**. A list of the State(s) in which any part of the property of each applicant carrier is situated.

TSRR operates in the States of Tennessee and Alabama Rarus operates in the State of Montana Utah operates in the State of Utah SAV operates in the State of California. L&NW operates in the States of Arkansas and Louisiana.

e. **1180.6(a)(6) Map (Exhibit A)**. Submit a general or key map indicating clearly, in separate colors or otherwise, the line(s) of applicant carriers in their true relations to each other, short line connections, other rail lines in the territory, and the principal geographic points in the region traversed. If a geographically limited transaction is proposed, a map detailing the transaction should also be included. In addition to the map accompanying each application, 20 unbound copies of the map shall be filed with the Board.

See Exhibit A. Exhibit A contains colored copies of the maps and has therefore been placed at the end of this pleading.

f. **1180.6(a)(7)(ii). Agreement (Exhibit B)**. Submit a copy of any contract or other written instrument entered into, or proposed to be entered into, pertaining to the proposed transaction.

A Purchase and Sale Agreement will be entered prior to closing. As of this date, the parties have entered a Letter of Intent. Pursuant to the Letter of Intent, Patriot will acquire 100% of the membership interest in L&NW. A redacted version of the Letter of Intent is in Exhibit B. A highly confidential copy of the Letter of Intent is concurrently being filed under seal. Once the parties execute a Purchase and Sale Agreement, a redacted and highly confidential version will be filed with the Board.

g Labor Protection.

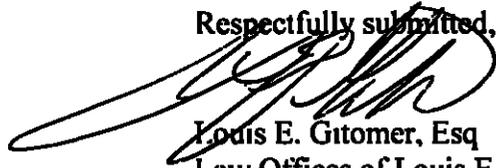
L&NW, SAV, Utah, TSRR and Rarus are all class III railroads. As such, under 49 U.S.C. § 11326(c), labor protection does not apply to this transaction.

h. Environmental and Historical documentation.

This transaction qualifies for classification under 49 C.F.R. §1105 6(c)(2) and thus neither an Environmental Report nor a Historic Report is required to be filed.

Robert I. Schellig, Jr
Vice President – Law
Patriot Rail Corporation
One Boca Place, 2255 Glades Road
Suite 342W
Boca Raton, FL 33431
(561) 443-5300

Respectfully submitted,



Louis E. Gitomer, Esq
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600 Baltimore Avenue
Suite 301
Towson, MD 21204
(202) 466-6532
Lou_Gitomer@verizon net

Attorneys for PATRIOT RAIL, LLC,
PATRIOT RAIL HOLDINGS LLC,
and PATRIOT RAIL CORP

Dated: April 30, 2008

**EXHIBIT B-AGREEMENT
(REDACTED)
HIGHLY CONFIDENTIAL VERSION FILED UNDER SEAL**



PATRIOT RAIL CORP.
Investing in America

Gary Q. Marino
Chairman, President and CEO

LETTER OF INTENT

April 8, 2008

Mr. Robert Iwamoto, Jr.
Trustee, member of RNI Nevada, LLC, General Partner
RNI-NV, LP
680 Iwisa Road, Suite 700
Honolulu, HI 96817

Dear Mr. Iwamoto:

Patriot Rail Corp. is pleased to confirm a transaction between Patriot Rail Corp. or one or more of its subsidiaries (the "Purchaser") and LNW, LLC and The Louisiana & North West Railroad Company, L.L.C. (collectively referred to as "LNW" or the "Seller") whereby the Purchaser would acquire 100% of the membership interests in and/or substantially all of the assets of LNW. The transaction as described herein (the "Transaction") is based upon the information received to date and is subject to the terms and conditions indicated below.

1. Consideration

- (a) Purchaser will acquire 100% of the membership interests in and/or substantially all of the assets of LNW for _____ The Transaction shall exclude _____ Upon full execution of this letter of intent and a mutually agreeable escrow agreement, Patriot shall submit a fully refundable earnest money deposit of _____
- (b) This purchase price assumes ~~(i)~~ a balance sheet at Closing with no interest-bearing debt or related party obligations, and ~~(ii)~~ remaining working capital of at least _____

2. Principal Terms and Conditions

Consummation of the Transaction would be subject to customary closing conditions, including:

- (a) satisfactory completion of a due diligence review by Purchaser. Our due diligence review will include, but not be limited to, meeting with management and touring facilities, as well as in-depth operational, financial, sales, marketing, systems, quality, environmental, legal and tax reviews;
- (b) execution of a Purchase and Sale Agreement to be prepared by Purchaser's counsel and which will be reasonably satisfactory to the Seller. In addition to those matters specifically set forth in this letter, the Purchase and Sale Agreement will contain such customary representations, warranties, indemnities, covenants and agreements of the parties thereto for an "as is, where is" transaction, various conditions of closing and other matters typically found in agreements relating to transactions of this type, size and complexity;
- (c) all necessary approvals, including, but not limited to, regulatory approvals;
- (d) any other third party consents as may be necessary; and
- (e) upon successful completion of items 2(a) - (d) above, Purchaser anticipates closing the Transaction not later than 45 days after execution of the Purchase and Sale Agreement, subject to regulatory approvals.

3. Other Matters

- a. From the date of this letter until the proposed closing or such earlier date as this letter is terminated, LNW will conduct its business only in the normal and ordinary course and in a manner consistent with good business practices. Without the prior written consent of Purchaser, LNW will not: (i) engage in any transaction which could reasonably be expected to have a material adverse effect on the business, operations, assets, financial condition or prospects of LNW; (ii) amend its Articles or Certificate of Incorporation or bylaws, amend the provisions of any material contracts, pay any cash or non-cash dividends or make any cash or non-cash distributions, redeem or issue any of its equity interests or securities convertible or exercisable into its equity interests; (iii) enter into any transactions with affiliates; (iv) change any employment arrangements between LNW and its officers, directors and other key employees; or (v) amend, or enter into new collective bargaining agreements. LNW will use its best efforts to preserve the business organization intact and to preserve its existing business relationships.

- b. As consideration for the substantial expenditures of time, effort, and money, including legal and accounting fees Purchaser will incur in connection with the aforementioned activities and transactions, the Sellers, by and for itself and its officers, directors, employees and agents, agrees, until the earlier of (1) the execution of the Purchase and Sale Agreement, (2) September 30, 2008, or (3) the date negotiations regarding the Transaction terminate, not to, directly or indirectly, negotiate or have substantive discussions with, or enter into any agreement or understanding (whether oral or written) with, any other person or entity for the sale, transfer or disposition of the assets or stock of LNW. Additionally, from the date this letter is accepted until the earlier of (1) the execution of the Purchase and Sale Agreement, (2) September 30, 2008, or (3) the date negotiations regarding the Transaction terminate, the Sellers shall not, and shall cause its officers, directors, employees and its agents not to, directly or indirectly (i) take any action to solicit, initiate, encourage or accept any Acquisition Proposal (as hereinafter defined), or (ii) continue, initiate or engage in negotiations with, or disclose any non-public information relating to LNW, or afford access to the properties, books or records of LNW to any corporation, partnership, person or other entity except Purchaser that may be considering or has made an Acquisition Proposal. The term "Acquisition Proposal" as used herein means any offer, proposal or indication of interest in a merger, consolidation or other business combination or acquisition involving any equity interest in, or a substantial portion of the assets of LNW.
- c. Both parties acknowledge that a Confidentiality Agreement dated January 22, 2008, between Purchaser and Sellers remains in full force and effect and includes all aspects of this proposed transaction. Should the proposed transaction not be consummated, both parties agree that all information each of them has obtained about the other during this activity shall be kept strictly confidential and all documents in its possession relating to the other party shall be returned or destroyed forthwith.
- d. Each party will bear its own expenses with respect to the proposed Transaction, including fees and expenses of attorneys, accountants, finders and brokers.
- e. Except with respect to paragraphs 3(a) - (d) above, this letter is not intended to be, and shall not be, a binding contract. Your acceptance of the general principles set forth in this letter shall not constitute an agreement to consummate the transaction described herein. Such an agreement will be contained only in the definitive agreements, nor shall this letter constitute an agreement to enter into a definitive agreement. This letter is an expression of mutual intent to proceed with the drafting of the definitive agreements and collateral documents contemplated thereby in accordance with the principles stated herein and is only a binding contract to the extent mentioned above.

- f. Except as may be required by law, regulations or contractual obligations, neither Purchaser nor Sellers or their representatives will make any public or private disclosure or publicity release pertaining to the existence of this letter or the subject matter contained herein without the prior written consent of the other party hereto.

If the forgoing is acceptable, please sign in the space indicated below and return one original to us. For purposes of this letter agreement, both parties hereby agree to accept documents delivered by facsimile to be deemed as original.

This letter of intent will expire by 5:00 pm ET, Tuesday, April 8, 2008, if not accepted prior thereto.

Agreed and accepted:

By:


Gary O. Marino
Chairman, President & CEO
Patriot Rail Corp.

Date: April 8, 2008

RNI-NV, LP
By its General Partner
RNI Nevada, LLC

By:

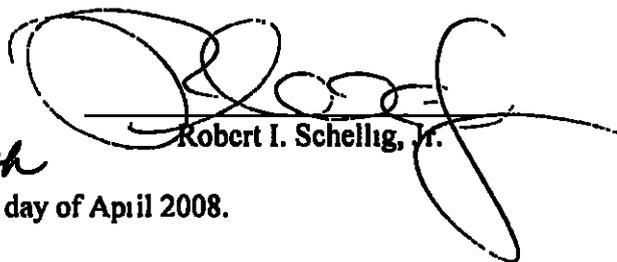

Robert Iwamoto, Jr., Trustee
RNI-NV, LP its Member

Date: _____

VERIFICATION

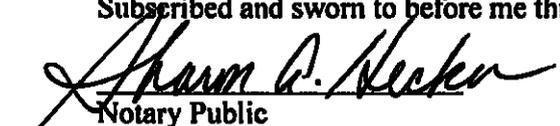
State of Florida)
) ss
County of Palm Beach)

Robert I. Schellig, Jr., being duly sworn, deposes and says that he is Vice-President Law of Patriot Rail Corp., a Delaware corporation, and that he has read the foregoing, knows the contents thereof, and that the same are true as stated to the best of his knowledge, information and belief.



Robert I. Schellig, Jr.

Subscribed and sworn to before me this 28th day of April 2008.



Notary Public

My Commission expires: Nov. 29, 2011



CERTIFICATE OF SERVICE

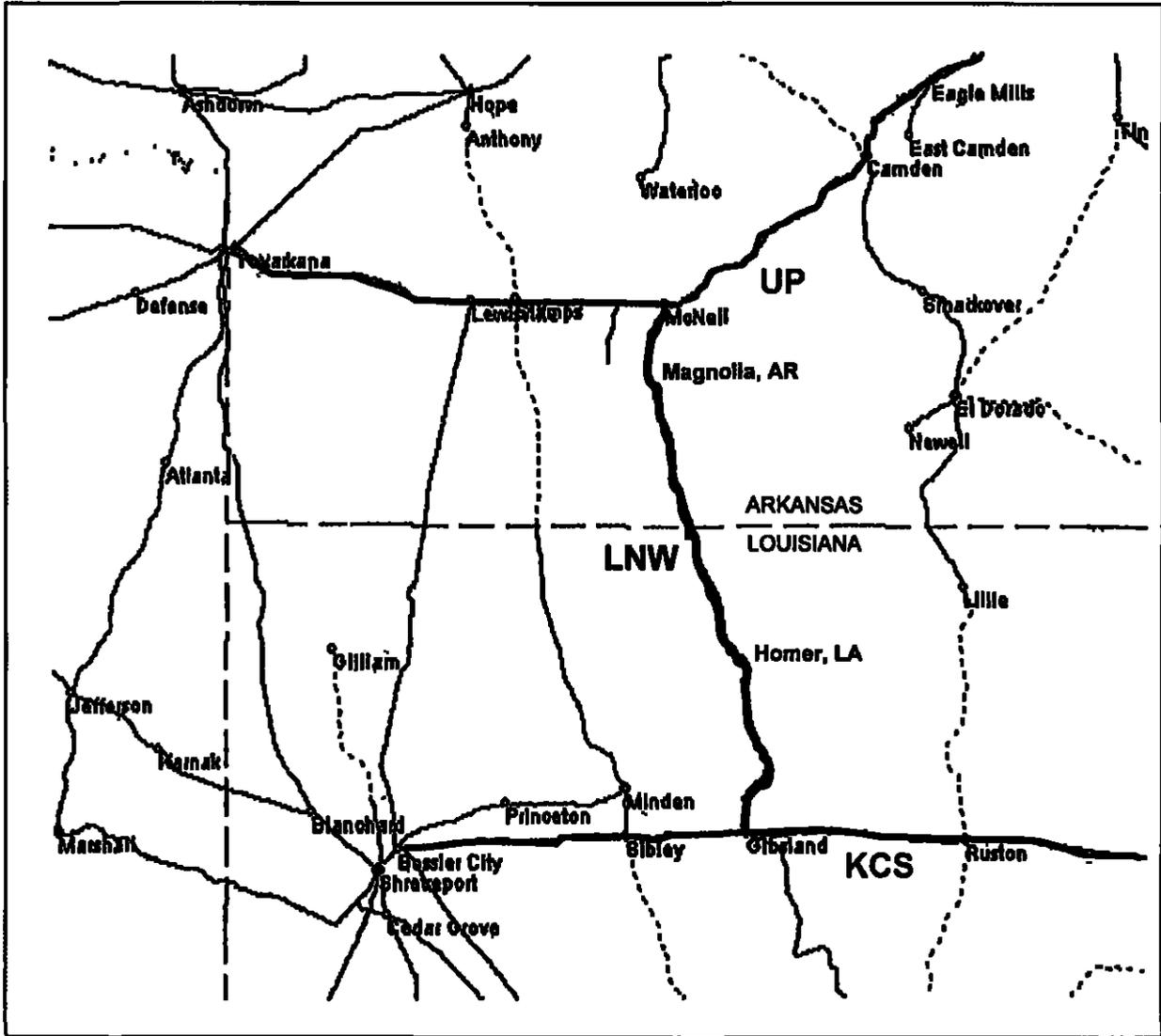
I hereby certify that I have caused the Verified Notice of Exemption in Finance Docket 35138, *Patriot Rail, LLC, Patriot Rail Holdings LLC, and Patriot Rail Corp –Control Exemption–The Louisiana and North West Railroad Company LLC* to be served by first class mail, postage pre-paid on the Secretary of the United States Department of Transportation, the Attorney General of the United States, the Federal Trade Commission and on the Governor, Public Service Commission, and Department of Transportation of the States of Arkansas and Louisiana



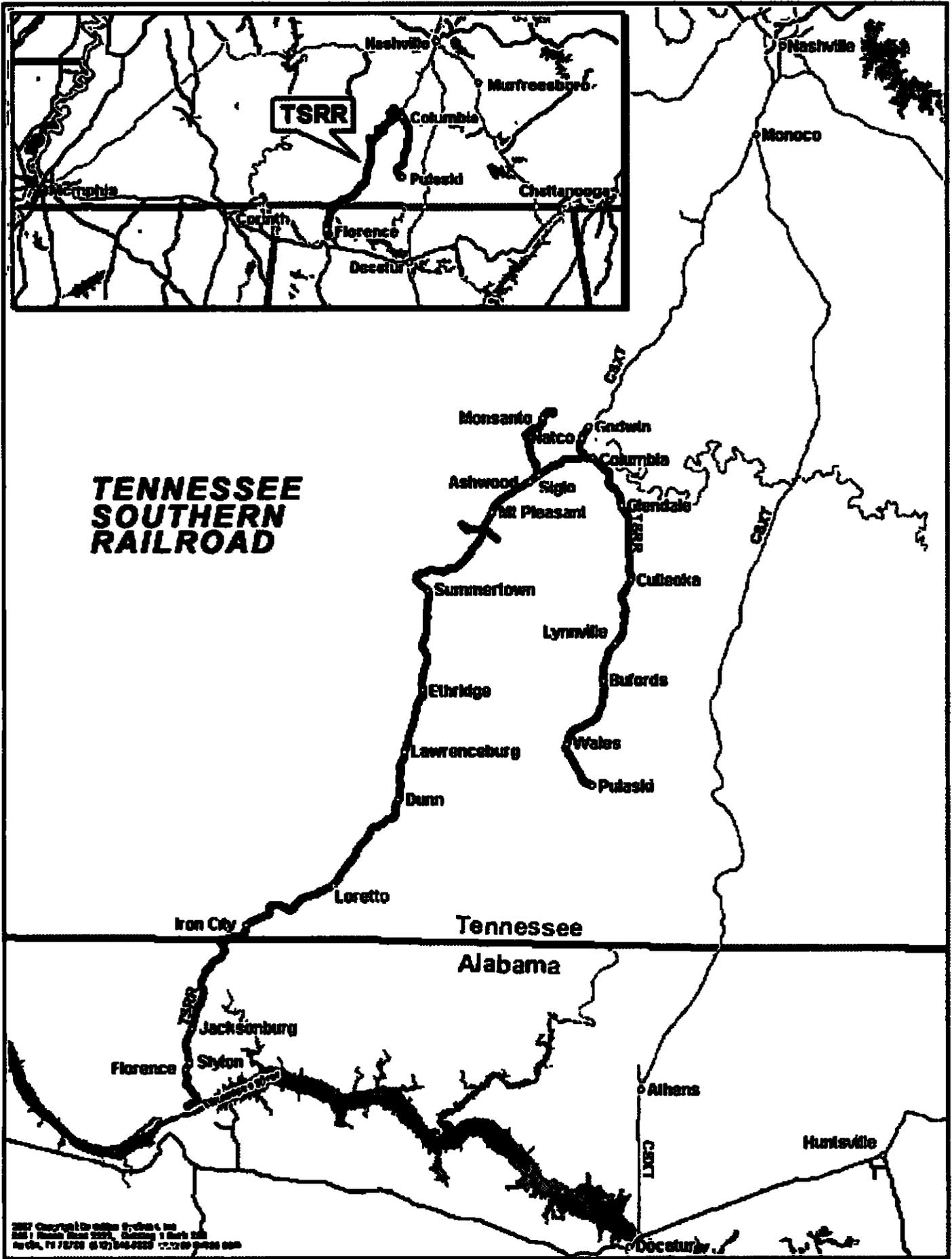
Louis E. Gitomer
April 30, 2008

EXHIBIT A-MAPS

Louisiana and North West Railroad (LNW) Map

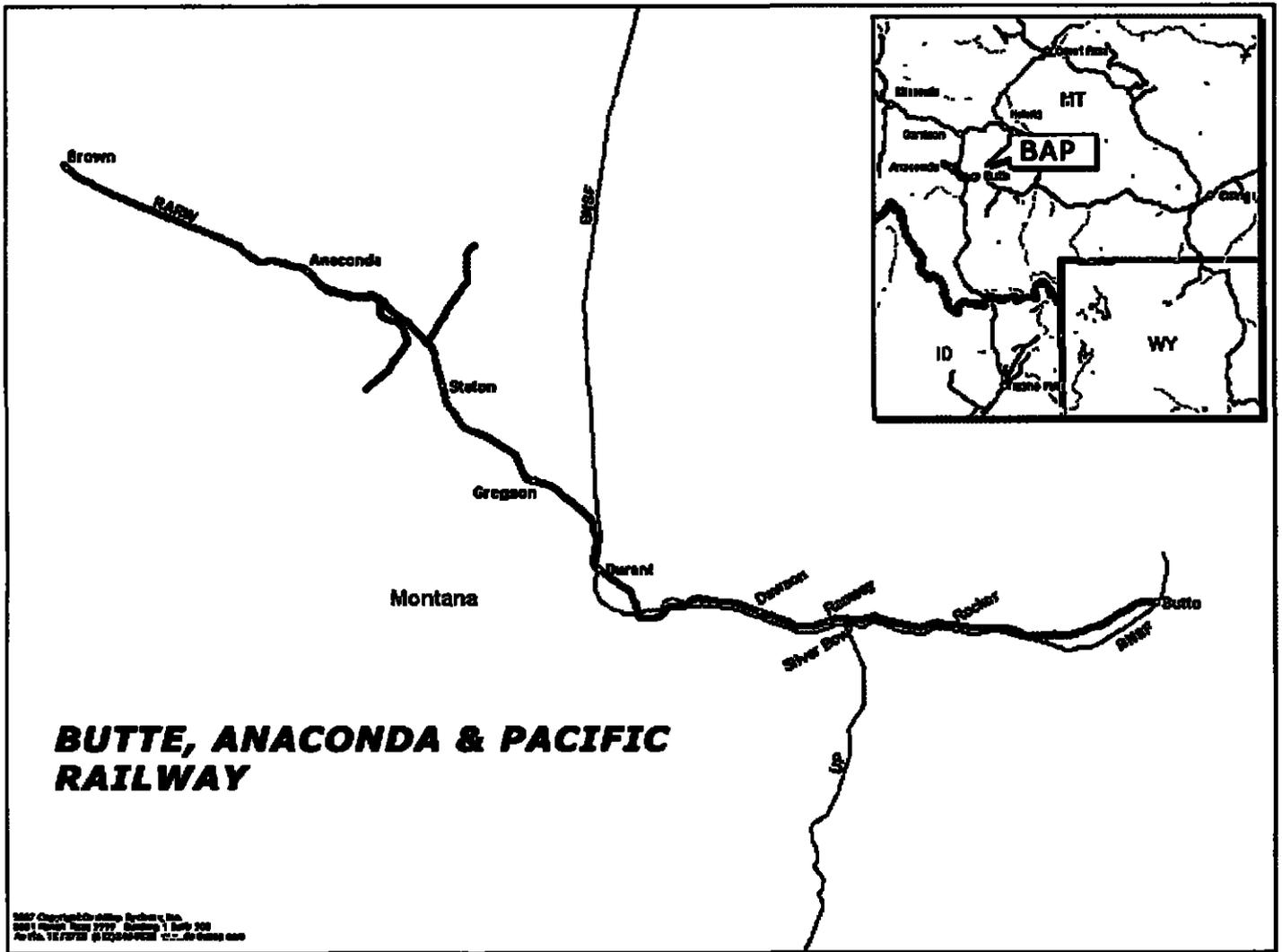


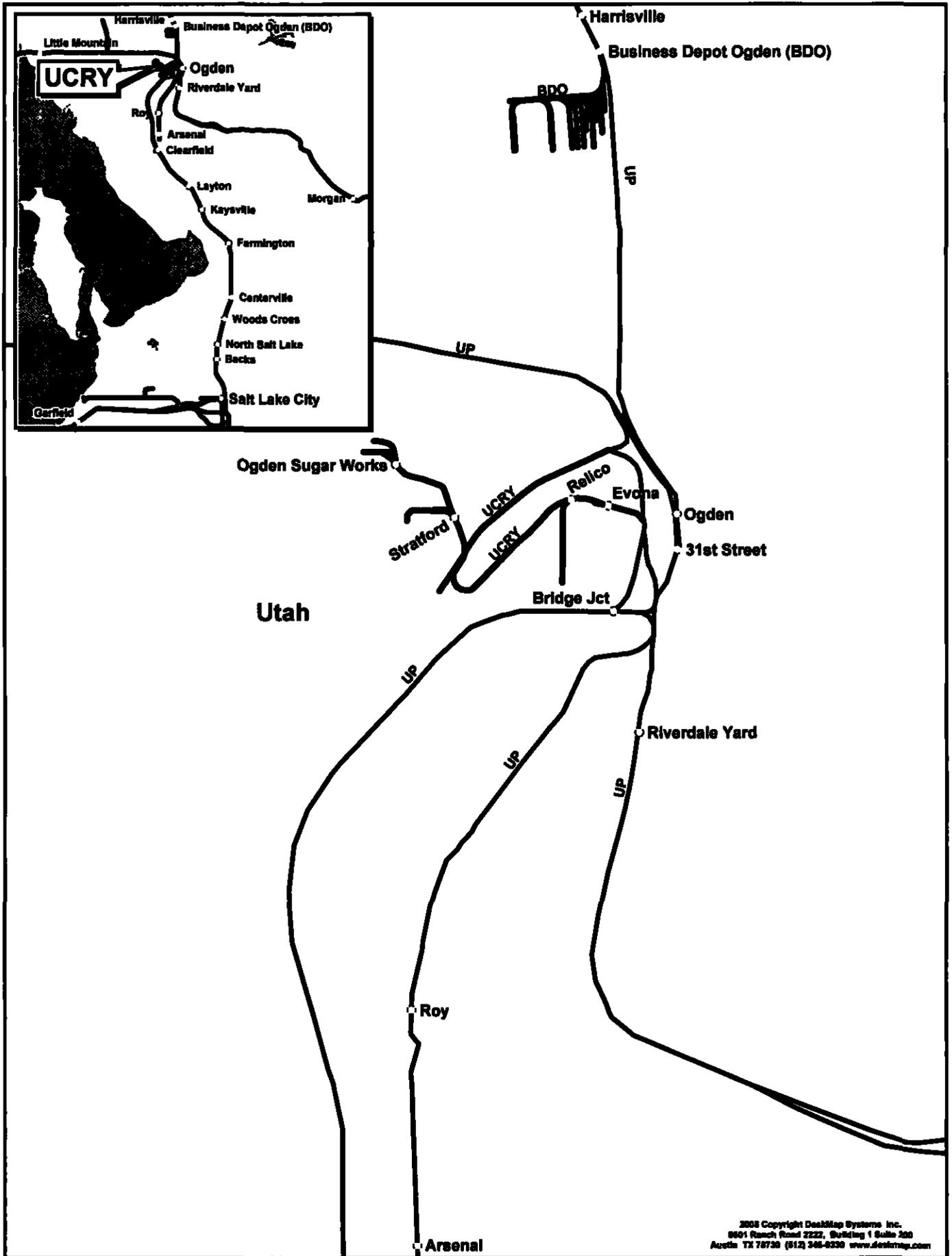
The Louisiana and North West Railroad (LNW) operates 63 miles of owned and leased rail line from Gibsland, Louisiana, to McNeil, Arkansas. The railroad leases 6.8 miles (from Magnolia to McNeil, Arkansas) from the Union Pacific Railroad (UP). LNW interchanges traffic with the UP at McNeil and with Kansas City Southern (KCS) at Gibsland, LA.

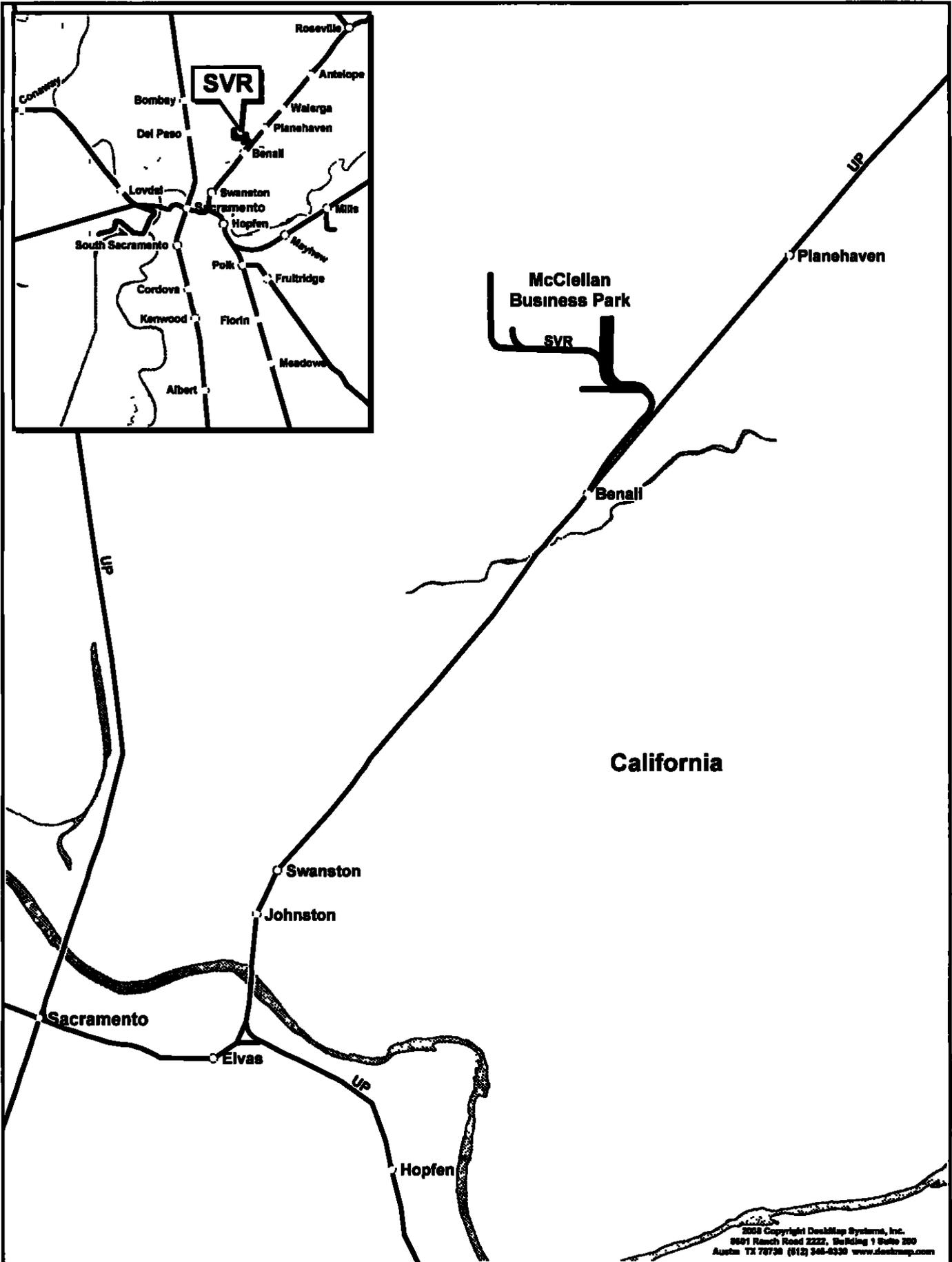


**TENNESSEE
SOUTHERN
RAILROAD**

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 10/20/07 10:00 AM







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