

RECORDATION NO. 25382-E FILED

ALVORD AND ALVORD  
ATTORNEYS AT LAW  
1050 SEVENTEENTH STREET, N.W.  
SUITE 301  
WASHINGTON, D.C.  
20036  
(202) 393-2266  
FAX (202) 393-2156  
E-MAIL alvordlaw@aol.com

MAR 29 '05 12:35 PM

SURFACE TRANSPORTATION BOARD  
OF COUNSEL  
URBAN A. LESTER

ELIAS C. ALVORD (1942)  
ELLSWORTH C. ALVORD (1964)

March 29, 2005

Mr. Vernon A. Williams  
Secretary  
Surface Transportation Board  
Washington, D.C. 20423

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two (2) copies of a Memorandum of Security Agreement, dated as of March 3, 2005, a secondary document as defined in the Board's Rules for the Recordation of Documents.

The enclosed relates to the Memorandum of Security Agreement previously filed with the Board under Recordation Number 25382.

The names and addresses of the parties to the enclosed document are:

Secured Party: HSBC Bank USA, National Association  
Commercial Banking Department  
One HSBC Center Lobby  
Buffalo, NY 14203

Debtor: LR Rail Services, LLC  
2730 Transit Road  
Buffalo, NY 14224

A description of the railroad equipment covered by the enclosed document is:

2 gondola cars: REGX 6845 and REGX 6846

Mr. Vernon A. Williams  
March 29, 2005  
Page Two

A short summary of the document to appear in the index follows:

Memorandum of Security Agreement

Also enclosed is a check in the amount of \$32.00 payable to the order of the Surface Transportation Board covering the required recordation fee.

Kindly return stamped copies of the enclosed document to the undersigned.

Very truly yours,



Robert W. Alvord

RWA/anm  
Enclosures

RECORDATION NO. 25382-E FILED

MAR 29 '05 12:35 PM

SURFACE TRANSPORTATION BOARD

---

**MEMORANDUM OF SECURITY AGREEMENT**

**dated as of March 3, 2005,**

**by and among**

**LR RAIL SERVICES, LLC  
as Debtor**

**and**

**HSBC BANK USA, NATIONAL ASSOCIATION  
as Secured Party**

---

FILED WITH THE SURFACE TRANSPORTATION BOARD  
PURSUANT TO 49 U.S.C. § 11301  
on March \_\_, 2005, at \_\_:\_\_.m.

## MEMORANDUM OF SECURITY AGREEMENT

THIS MEMORANDUM OF SECURITY AGREEMENT is made and entered into as of March 3, 2005, by and among HSBC BANK USA, NATIONAL ASSOCIATION, its successors and assigns (“Secured Party”) and LR RAIL SERVICES, LLC, its successors and assigns (“Debtor”), with reference to the following:

1. Secured Party has agreed to make a loan to Debtor, and Debtor has agreed to give Secured Party a security interest in those certain rail cars described on Schedule A attached hereto.

All of such rail cars are more fully described in that certain Security Agreement (Equipment, Consumer Goods, Fixtures) dated as of December 28, 2004 (together with all of the riders, schedules and other attachments thereto, collectively, the “Security Agreement”), by and between Secured Party and Debtor.

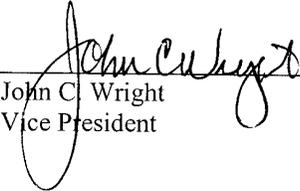
2. The Security Agreement is in full force and effect as of the date hereof and shall be subject to the terms specified in the Security Agreement.

This Memorandum of Security Agreement may be executed in any number of counterparts, each executed counterpart constituting an original but all together only one Memorandum of Security Agreement.

(REMAINDER OF PAGE INTENTIONALLY LEFT BLANK)

IN WITNESS WHEREOF, the parties hereto have caused this Memorandum of Security Agreement to be duly executed as of the date first above written.

HSBC BANK USA, NATIONAL ASSOCIATION

By:   
John C. Wright  
Vice President

LR RAIL SERVICES, LLC

By: TRWS Management, LLC, as Manager

By:   
Name: Jeffrey P. Lehrbach  
Title: Chief Financial Officer

SSSoe  
BFLO Doc. # 1464170.2

STATE OF NEW YORK )  
 )SS.:  
COUNTY OF ERIE )

On the 28 day of March in the year 2005, before me, the undersigned, a notary public in and for said state, personally appeared **John C. Wright**, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

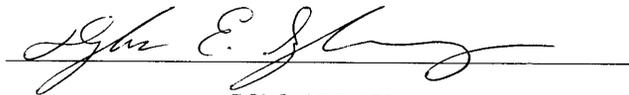


Notary Public

**PAUL J FANTI**  
Notary Public - State of New York  
No. 01FA6099551  
Qualified in Erie County  
My Commission Expires Sept. 29, 2007

STATE OF NEW YORK )  
 )SS.:  
COUNTY OF ERIE )

On the 25<sup>th</sup> day of March in the year 2005, before me, the undersigned, a notary public in and for said state, personally appeared Settany P. LEARBACH, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.



**DOUGLAS E. SZALASNY**  
Notary Public, State of New York  
Qualified in Erie County  
My Commission Expires 01/11/2007

SSSoc

SCHEDULE A  
TO MEMORANDUM OF SECURITY AGREEMENT

**DESCRIPTION OF RAILCARS AND REPORTING MARKS**

<b>DESCRIPTION</b>	<b>CAR MARK</b>	<b>CAR NOS.</b>
Two (2) new 6,800 gondola rail cars constructed by Ebenezer Rail Car Services	REGX	6845, 6846