

RECORDATION NO. 25382-F FILED

APR 15 '05

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SURFACE TRANSPORTATION BOARD

OF COUNSEL
URBAN A. LESTER

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

April 15, 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 April 11, 2005, a secondary document as defined in the Board's Rules for the Recordation of Documents.

The enclosed document 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, New York 14203

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

Mr. Vernon A. Williams
April 15, 2005
Page 2

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

6 gondola cars: REGX 6849 - REGX 6854.

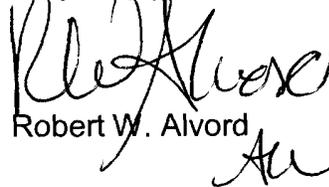
A short summary of the document to appear in the index is:

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
AW

RWA/anm
Enclosures

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SURFACE TRANSPORTATION BOARD

MEMORANDUM OF SECURITY AGREEMENT

dated as of April 11, 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 April __, 2005, at __:__.m.**

MEMORANDUM OF SECURITY AGREEMENT

THIS MEMORANDUM OF SECURITY AGREEMENT is made and entered into as of April 11, 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, as amended.

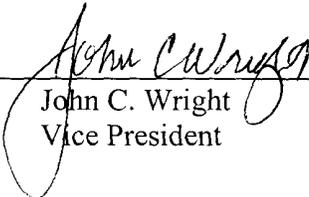
2. The Security Agreement is in full force and effect as of the date hereof and shall be subject to the terms specified in the Security Agreement.

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.

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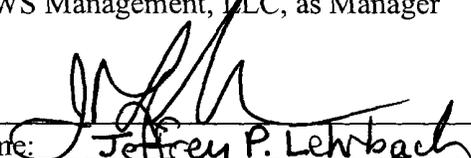
IN WITNESS WHEREOF, the parties hereto have caused this Memorandum of Security Agreement to be duly executed as of the date first above written.

HSBC BANK USA, NATIONAL ASSOCIATION

By: 
John C. Wright
Vice President

LR RAIL SERVICES, LLC

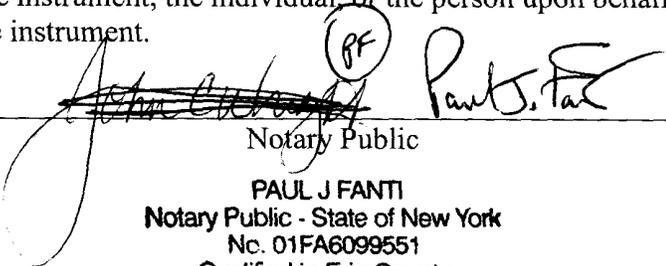
By: TRWS Management, LLC, as Manager

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

SSSoe
BFLO Doc. # 1472887.1

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

On the 11th day of April 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 2nd day of April in the year 2005, before me, the undersigned, a notary public in and for said state, personally appeared JERRY P. LEHRBACH, 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

SSSoe
BFLO Doc. # 1472887.1

SCHEDULE A
TO MEMORANDUM OF SECURITY AGREEMENT

DESCRIPTION OF RAILCARS AND REPORTING MARKS

DESCRIPTION	CAR MARK	CAR NOS.
Six (6) new 6,800 gondola rail cars constructed by Ebenezer Rail Car Services	REGX	6849, 6850, 6851, 6852, 6853, 6854

SSSoe
BFLO Doc. # 1472887.1