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SURFACE TRANSPORTATION BOARD

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ELIAS C. ALVORD (1942)
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OF COUNSEL
URBAN A. LESTER

October 13, 2006

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 October 13, 2006, a secondary document as defined in the Board's Rules for the Recordation of Documents.

The enclosed document relates to the Memorandum of Lease being filed with the Board under Recordation Number _____.

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

Secured Party: Alliance Leasing, Inc.
120 Madison Street
Tower II, 17th Floor
Syracuse, NY 13202

Borrower: Compass Rail VII Corporation
750 Battery Street, Suite 430
San Francisco, CA 94111

Mr. Vernon A. Williams
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A description of the railroad equipment covered by the enclosed document
is:

71 railcars: EAGX 19001 – EAGX 19071.

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 \$34.00 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,

A handwritten signature in cursive script that reads "Robert W. Alvord" followed by a small "EMC" in the bottom right corner of the signature.

Robert W. Alvord

RWA/sem
Enclosures

OCT 13 '06

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MEMORANDUM OF SECURITY AGREEMENT

SURFACE TRANSPORTATION BOARD

THIS MEMORANDUM OF SECURITY AGREEMENT is made and entered into as of October 13 2006, by and among "ALLIANCE LEASING, INC." its successors and assigns ("Secured Party"), and "COMPASS RAIL VII CORPORATION", its successors and assigns ("Borrower"), with reference to the following:

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

All of such rail cars are more fully described in that certain "Loan and Security Agreement" dated as of the date hereof (together with all of the riders, schedules and other attachments thereto, collectively, the "Security Agreement"), by and between Secured Party and Borrower.

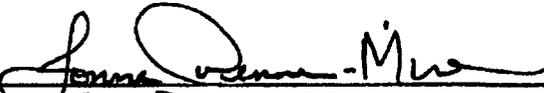
2. The Security Agreement shall be effective as of the date hereof and shall be subject to the term specified in the Security Agreement.

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.

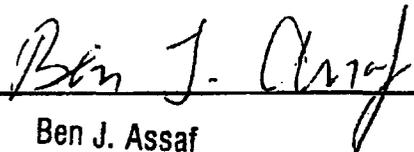
(REMAINDER OF PAGE INTENTIONALLY LEFT BLANK)

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

"ALLIANCE LEASING, INC.",

By: 
Name: Jenna Denner-Murphy
Title: Lease Administration Superv./Banking officer

"COMPASS RAIL VII CORPORATION"

By: 
Name: Ben J. Assaf
Title: Executive Vice President

STATE OF ~~CALIFORNIA~~ ^{New York})
) ss:
COUNTY OF Onondaga)

On this 17th day of October, 2006, before me appeared Janni Demen-Miner the person who signed this instrument, who acknowledged that (s)he is the Lease Administration Supervisor / Banking Officer of "Alliance", for itself and as Agent for certain Participants and that, being duly authorized, (s)he signed such instrument as a free act on behalf of said corporation.

[Seal]

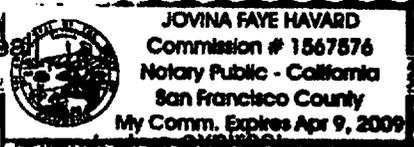
Lisa W. Prusinowski
Notary Public

LISA W. PRUSINOWSKI
Notary Public, State of New York
No: 01PR6105908
Qualified in Onondaga County
Commission Expires February 23 2008

My commission expires:

STATE OF California)
) ss:
COUNTY OF San Francisco)

On this 10th day of October, 2006, before me appeared Ben J. Assaf the person who signed this instrument, who acknowledged that (s)he is the Executive Vice President of "Compass Rail Corporation" and that, being duly authorized, (s)he signed such instrument as a free act on behalf of said corporation.

[Seal] 
My commission expires:

4-9-09

Jovina Havard
Notary Public

**SCHEDULE A
TO MEMORANDUM OF SECURITY AGREEMENT**

DESCRIPTION OF RAILCARS AND REPORTING MARKS

DESCRIPTION	CAR MARK	CAR NOS.
Tank Railcars	EAGX	19001 through 19071, inclusive

**SCHEDULE B
TO MEMORANDUM OF SECURITY AGREEMENT**

DESCRIPTION OF LEASE

"Lease Agreement," dated October 13, 2006, between "Compass Rail VII Corporation", Lessor, and "KEMIRON-TRANS, INC.," Lessee.

CERTIFICATION

I, Robert W. Alvord, attorney licensed to practice in the State of New York and the District of Columbia, do hereby certify under penalty of perjury that I have compared the attached copy with the original thereof and have found the copy to be complete and identical in all respects to the original document.

Dated: 10/13/06



Robert W. Alvord