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SERVICE DATE – FEBRUARY 4, 2022

DO

FR-4915-01-P

SURFACE TRANSPORTATION BOARD

[Docket No. FD 36576]

Fortress Investment Group LLC—Exemption for Intra-Corporate Family Transaction—
Ohio River Partners Shareholder LLC, Katahdin Railcar Services, LLC, Union Railroad
Company, Gary Railway Company, Delray Connecting Railroad Company, Texas &
Northern Railroad Company, and Lake Terminal Railroad Company

Fortress Investment Group LLC (Fortress), for the benefit of Fortress
Transportation and Infrastructure Investors LLC (FTAI) and FTAI Infrastructure Inc.
(FTAI Infrastructure),¹ (collectively, the Parties), has filed a verified notice of exemption
for an intra-corporate family transaction under 49 C.F.R. § 1180.2(d)(3), which exempts
from the prior approval requirements of 49 U.S.C. § 11323 “[t]ransactions within a
corporate family that do not result in adverse changes in service levels, significant
operational changes, or a change in the competitive balance with carriers outside the
corporate family.” 49 C.F.R. § 1180.2(d)(3).

According to the verified notice, FTAI indirectly owns controlling interests in
seven common carrier railroads: Ohio River Partners Shareholder LLC (ORPS);
Katahdin Railcar Services LLC (KRS); Union Railroad Company (URR); Gary Railway
Company (GRW); Delray Connecting Railroad Company (DCR); Texas & Northern

¹ The verified notice states that FTAI Infrastructure is a newly created subsidiary
of FTAI, which is a Delaware limited liability company managed by an affiliate of
Fortress.

Railroad Company (TNR); and Lake Terminal Railroad Company (LTR).² The verified notice states that ORPS is a non-operating carrier,³ and that the remaining railroads are each Class III carriers.⁴ Under the proposed transaction, FTAI will engage in an intra-corporate reorganization that will result in FTAI Infrastructure's control of ORPS, KRS, URR, GRW, DCR, TNR, and LTR. The verified notice states that the purpose of the transaction is to separate FTAI's aviation-related assets and liabilities from its railroad and energy infrastructure businesses. According to the verified notice, an affiliate of Fortress will continue managing FTAI Infrastructure and, indirectly, the seven railroads. Fortress states that the proposed transaction does not impose or involve an interchange commitment by or affecting the railroads, and that it will have no impact on the day-to-day operations of the seven railroads.

Unless stayed, the exemption will be effective on February 20, 2022 (30 days after the verified notice was filed). Fortress states that the Parties intend to consummate the proposed transaction as soon as practicable after that date and final approval of the

² The verified notice states that FTAI owns 100% of the equity interests of Transtar, LLC, which owns and controls URR, GRW, DCR, TNR, and LTR. See Fortress Inv. Grp. LLC—Acquis. & Continuance in Control Exemption—Ohio River Partners S'holder LLC, FD 36521 (STB served June 30, 2021).

³ The verified notice states that ORPS owns a 12.2-mile freight rail line between milepost 60.5 near Powhatan Point, Ohio, and milepost 72.2 near Hannibal, Ohio (the Omal Line). KRS has assumed the right and common carrier obligation to operate the Omal Line. Katahdin Railcar Servs. LLC—Change in Operators Exemption—Ohio Terminal Ry., FD 36487 (STB served Mar. 30, 2021); see also Fortress Inv. Grp. LLC—Exemption for Intra-Corp. Fam. Transaction—Ohio River Partners S'holder LLC, FD 36402 (STB served May 15, 2020).

⁴ According to the verified notice, the operating revenues of URR and GRW exceed the dollar threshold for Class II carrier status, but URR and GRW are designated as Class III carriers because they are switching and terminal carriers. See 49 C.F.R. § 1201.1-1(d).

proposed transaction by FTAI's board of directors.⁵

The verified notice states that the transaction will not result in adverse changes in service levels, operational changes, or a change in the competitive balance with carriers outside the corporate family. Therefore, the transaction is exempt from the prior approval requirements of 49 U.S.C. § 11323. See 49 C.F.R. § 1180.2(d)(3).

Under 49 U.S.C. § 10502(g), the Board may not use its exemption authority to relieve a rail carrier of its statutory obligation to protect the interests of its employees. However, 49 U.S.C. § 11326(c) does not provide for labor protection for transactions under 49 U.S.C. §§ 11324 and 11325 that involve only Class III rail carriers. Accordingly, the Board may not impose labor protective conditions here because all the carriers involved are Class III rail carriers.

If the verified notice contains false or misleading information, the exemption is void ab initio. Petitions to revoke the exemption under 49 U.S.C. § 10502(d) may be filed at any time. The filing of a petition to revoke will not automatically stay the effectiveness of the exemption. Petitions for stay must be filed no later than February 11, 2022 (at least seven days before the exemption becomes effective).

All pleadings, referring to Docket No. FD 36576, should be filed with the Surface Transportation Board via e-filing on the Board's website. In addition, one copy of each pleading must be served on Fortress's representative, Terence M. Hynes, Sidley Austin LLP, 1501 K Street, N.W., Washington, DC 20005.

⁵ The verified notice states that the proposed transaction will be authorized by FTAI's board of directors pursuant to a written resolution in substantially the form attached to the verified notice as Exhibit 2.

According to Fortress, this action is categorically excluded from environmental review under 49 C.F.R. § 1105.6(c) and historic reporting under 49 C.F.R. § 1105.8(b).

Board decisions and notices are available at www.stb.gov.

Decided: January 31, 2022.

By the Board, Scott M. Zimmerman, Acting Director, Office of Proceedings.