SERVICE DATE – JULY 16, 2026

SURFACE TRANSPORTATION BOARD

DECISION

Docket No. FD 35141

U S RAIL CORPORATION—CONSTRUCTION AND OPERATION EXEMPTION—BROOKHAVEN RAIL TERMINAL

Docket No. FD 36883

SUNRISE INDUSTRIAL RAIL, LLC—LEASE AND CHANGE IN OPERATOR EXEMPTION—RAILROAD LINES OF BROOKHAVEN LOGISTICS CENTER, LLC, IN SUFFOLK COUNTY, N.Y.

Digest:[1] The Board is withdrawing its directive for Sills Road Realty LLC to seek after-the-fact acquisition authority for a rail line in Brookhaven, N.Y. The Board is also providing guidance to a subsequent purchaser of the rail line, Brookhaven Logistics Center LLC, on whether it needs Board authority.

Decided: July 16, 2026

In U S Rail Corp.—Construction & Operation Exemption—Brookhaven Rail Terminal (September 2025 Decision), FD 35141 et al. (STB served Sept. 22, 2025),[2] the Board directed Sills Road Realty LLC (Sills Road) to file either an application or a petition for exemption for after-the-fact authority to acquire a rail line that the Board authorized to be constructed and operated by U S Rail Corporation (U S Rail) in 2010 at the Brookhaven Rail Terminal (the BRT) in Brookhaven, N.Y. (the Line). Rather than file as directed, Sills Road filed a motion asking the Board to eliminate the filing directive in the September 2025 Decision. As discussed below, the Board will grant the motion. Nonetheless, the Board notes that this decision is not a finding that Sills Road did not violate 49 U.S.C. § 10901.

Additionally, Brookhaven Logistics Center LLC (BLC), a subsequent purchaser of the Line, asks that the Board find that the entity did not need acquisition authority, in light of the principle established in Maine, Department of Transportation—Acquisition & Operation Exemption—Maine Central Railroad (State of Maine), 8 I.C.C.2d 835 (1991). As discussed below, BLC's acquisition did not meet the criteria for a State of Maine transaction, as it did not

[1] The digest constitutes no part of the decision of the Board but has been prepared for the convenience of the reader. It may not be cited to or relied upon as precedent. See Pol'y Statement on Plain Language Digs. in Decisions, EP 696 (STB served Sept. 2, 2010).

[2] The September 2025 Decision corrected a decision served earlier on the same day.

provide the operator with an exclusive freight rail easement. However, the Board will provide BLC an opportunity to modify its agreements with the current operator so that it can qualify for State of Maine or, alternatively, to renew its request for an exemption from § 10901.

BACKGROUND[3]

The BRT has historically been described as consisting of four sections, which are referred to as Parcels A, B, C, and D. September 2025 Decision, FD 35141 et al., slip op. at 2. A Long Island Rail Road Company rail line separates Parcels A, B, and C from Parcel D. Id.

In 2010, the Board granted, in Docket No. FD 35141, an exemption from the provisions of § 10901 for U S Rail to construct and operate the Line on property owned by Sills Road, now known as Parcel A. See U S Rail Corp.—Constr. & Operation Exemption—Brookhaven Rail Terminal, FD 35141 (STB served Sept. 9, 2010). U S Rail was succeeded by Brookhaven Rail LLC (Brookhaven Rail),[4] which was assigned the construction and operation authority involving Parcel A.[5]

Starting in late 2019, Sills Road and one of its affiliates submitted a series of pleadings that were inconsistent with the record upon which construction and operation authority was granted to U S Rail in 2010. These pleadings suggested, at a minimum, that Sills Road should have been a co-petitioner, if not the sole petitioner, for the authority to construct the Line. Specifically, in December 2019, Spectrum RR Holdings, LLC (Spectrum), a Sills Road subsidiary, filed a verified notice of exemption in Docket No. FD 36376 seeking to operate the Line and acquire the common carrier obligation. Spectrum RR Holdings—Operation Exemption—R.R. Line in the Town of Brookhaven, N.Y., FD 36376, slip op. at 1 (STB served Jan. 17, 2020). Spectrum's verified notice effectively stated that Sills Road was the common carrier owner of the Line. See Verified Notice 4-5, Dec. 20, 2019, Spectrum RR Holdings—Operation Exemption—R.R. Line in the Town of Brookhaven, N.Y., FD 36376.

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[3] A more detailed history of this and related proceedings can be found in the September 2025 Decision.

[4] U S Rail assigned its construction and operation authority involving Parcel A, together with a leasehold interest in the underlying property, to U.S. Rail-New York, LLC (U S Rail-NY), which was subsequently renamed Brookhaven Rail, LLC, by its equity-owner, Oakland Transportation Holdings LLC. See Gabriel D. Hall—Corp. Family Transaction Exemption—U S Rail N.Y., LLC, FD 35458 (STB served Jan. 7, 2011); Nev. 5, Inc.—Control Exemption—GTR Leasing LLC, FD 35635 (STB served June 15, 2012).

[5] Brookhaven Rail later petitioned in Docket No. FD 35819 for the Board to find that track to be built on Parcels B and C would be excepted track not needing construction authority from the Board. The Board agreed and found, under 49 U.S.C. § 10906, the additional 12,500 feet of track to be ancillary spur track, statutorily excepted from the entry and exit licensing requirements of § 10901 and 49 U.S.C. § 10903 that apply to mainline and branch lines. See Brookhaven Rail Terminal—Pet. for Declaratory Ord., FD 35819, slip op. at 1 & n.3, 3-4 (STB served Aug. 30, 2016).

In light of this information, Spectrum was directed to explain why Sills Road did not need Board authority under § 10901 to own the Line. Spectrum RR Holdings, FD 36376, slip op. at 2. Subsequently, in February 2020, Sills Road filed a verified notice in Docket No. FD 36384 to "authorize its ownership of" the Line. Verified Notice 1, Feb. 13, 2020, Sills Road Realty LLC—Acquis. Exemption—R.R. Line in the Town of Brookhaven, N.Y., FD 36384. It claimed that it constructed the Line, that it had owned the Line since construction, and that "its ownership of the [L]ine warrants being recognized as a rail common carrier." Id. at 1, 4.[6] Brookhaven Rail opposed the verified notices and disputed Sills Road's claim that it (and not U S Rail) was solely responsible for constructing the Line as well as Sills Road's claim to be a common carrier. Brookhaven Rail Reply 3-4, Mar. 3, 2020, Sills Road Realty LLC—Acquis. Exemption—R.R. Line in the Town of Brookhaven, N.Y., FD 36384 et al.

In Spectrum RR Holdings—Operation Exemption—Railroad Line in the Town of Brookhaven, N.Y. (Sills Order), FD 36376 et al. (STB served June 16, 2020), the Director of the Office of Proceedings, among other things, rejected Sills Road's verified notice in Docket No. FD 36384 to authorize its ownership of the Line.[7] In addition, the Board sought clarification of the roles and responsibilities of each party in the construction of the Line on Parcel A and the legal and factual basis for any future request for remedial acquisition authority. Id. at 5-6. Neither Sills Road nor Spectrum subsequently requested any authorization from the Board.

In response to a November 24, 2021 petition for declaratory order from the Citizens Campaign for the Environment (CCE), the Board found that the roles and responsibilities of the parties with respect to construction of the track on Parcel A were still unclear and directed the parties to provide additional information. See U S Rail Corp.—Constr. & Operation Exemption—Brookhaven Rail Terminal, FD 35141 et al., slip op. at 10 (STB served Jan. 6, 2023). The Board received responses from Brookhaven Rail and Sills Road and its affiliates, as well as from BLC, a new party to the proceedings. (Brookhaven Rail, Reply to Req. for Info., Feb. 15, 2023, FD 35141 et al.; Sills Parties Reply to Req. for Info., Feb. 21, 2023, FD 35141 et al.; BLC Reply to Req. for Info., Feb. 21, 2023, FD 35141 et al.) BLC stated that it had acquired Parcel A and all the track on it from affiliates of Sills Road the previous year, in 2022.

In light of the revelation that BLC now owned the Line on Parcel A, as well as Sills Road's still unexplained prior ownership of the Line, the Board directed BLC and Sills Road to show cause why they should not be found to have violated § 10901, as neither had sought acquisition authority from the Board. See U S Rail Corp.—Constr. & Operation Exemption—Brookhaven Rail Terminal (September 2023 Decision), FD 35141 et al., slip op. at 3 (STB served Sept. 27, 2023).

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[6] Simultaneously, Spectrum filed a verified notice of exemption in Spectrum RR Holdings, LLC—Acquisition & Operation Exemption—Line of Sills Road Realty LLC, in the Town of Brookhaven, N.Y., Docket No. FD 36385 under 49 C.F.R. § 1150.31 to acquire the Line from Sills Road and operate it.

[7] In the Sills Order, the Board also rejected Spectrum's verified notice to acquire the Line from Sills Road in Docket No. FD 36385 and granted Spectrum's motion to withdraw its verified notice to operate the Line in Docket No. FD 36376.

Sills Road responded, among other things, that its inaction following the Sills Order was the product of regulatory uncertainty and confusion about what was required. (Sills Road Reply 8, Oct. 24, 2023, FD 35141 et al.) Sills Road explained that it would be willing to undertake remedial action and asked the Board to either provide guidance to Sills Road or, through the agency's own motion, authorize Sills Road's past ownership of the Line on Parcel A. (Id. at 8-9.) In response to the September 2023 Decision, BLC asserted that its acquisition of the Line on Parcel A did not require Board authority under State of Maine because Brookhaven Rail retained the common carrier obligation. (BLC Reply 10-13, Oct. 24, 2023, FD 35141 et al.)[8] BLC requested, however, that if the Board were to find that BLC's prior purchase of the Line on Parcel A was not compliant with State of Maine, the Board permit BLC to continue its ownership of the Line without obtaining § 10901 authority by entering into a new State of Maine-compliant lease with Brookhaven Rail. (Id. at 13-15; see also id., Ex. E (copy of the proposed lease between BLC and Brookhaven Rail).) BLC further requested that if the Board were to determine that § 10901 authority was still required, the Board grant BLC an exemption pursuant to 49 U.S.C. § 10502(a). (Id. at 15; see also id. at 15-17 (addressing how § 10502(a) was satisfied).) CCE replied in opposition to these filings on November 13, 2023, claiming, among other things, that BLC's ownership of the track on Parcel A does not qualify under State of Maine. (CCE Reply 15-22, Nov. 13, 2023, FD 35141 et al.)

On September 4, 2025, Sunrise Industrial Rail, LLC (Sunrise), a noncarrier, filed a verified notice of exemption under 49 C.F.R. part 1150, subpart D, to lease from BLC and assume Brookhaven Rail's common carrier operations over the Line. See Sunrise Indus. Rail—Lease & Change in Operator Exemption—Rail Lines of Brookhaven Logistics Center in Suffolk Cnty., N.Y., FD 36883 (STB served Sept. 17, 2025).[9] Notice was served and published in the Federal Register on September 17, 2025 (90 Fed. Reg. 44867), and the exemption became effective on October 4, 2025. Nothing in the record, however, indicates whether BLC and Sunrise entered into the contemplated lease and, therefore, whether Brookhaven Rail or Sunrise is the current operator.

Shortly after notice of Sunrise's exemption was served and published, the Board issued the September 2025 Decision, addressing the unresolved matters in the several Brookhaven-related proceedings. As relevant here, the Board noted that various filings throughout the

[8] As discussed below, under the Board's State of Maine line of precedent, a noncarrier's acquisition of an ownership interest in the physical assets of a rail line (such as track or right-of-way) does not constitute the sale of a rail line within the meaning of § 10901, provided that the arrangement establishes that: (1) the selling freight rail carrier retains a permanent freight rail operating easement that is exclusive with respect to the noncarrier, together with the common carrier obligation on the line; and (2) the terms of the sale would protect the carrier from undue interference with the provision of common carrier freight rail service. See State of Maine, 8 I.C.C.2d at 836-37.

[9] Also on September 4, 2025, OmniTRAX Holdings Combined, Inc., and HGS Railway Holdings, Inc., both noncarriers, filed a verified notice of exemption under 49 C.F.R. § 1180.2(d)(2) to continue in control of Sunrise once it is authorized to commence common carrier operations. See OmniTRAX Holdings Combined, Inc.—Continuance in Control Exemption—Sunrise Indus. Rail, FD 36882 (STB served Sept. 17, 2025).

proceedings included conflicting statements about both the nature and the timing of Sills Road's interests in the Line. Nonetheless, the Board concluded that, based on recent filings from Sills Road and Brookhaven Rail detailing the construction activities that took place, it appeared that U S Rail (predecessor to Brookhaven Rail) was in fact the correct entity to seek construction and operation authority. September 2025 Decision, FD 35141 et al., slip op. at 9. However, because Sills Road had acknowledged owning the Line but had not obtained the required authority under § 10901, the Board directed Sills Road to file, in a new docket, either an application or a petition for exemption for after-the-fact authority to acquire the Line by November 21, 2025. Id. at 2, 10.[10]

Sills Road did not file such an application or petition. Instead, on November 20, 2025, it filed, in this Docket No. FD 35141, a motion for "Clarification or Dismissal," claiming that a number of factors rendered the purpose of the Board's September 2025 Decision's directive moot.

DISCUSSION AND CONCLUSIONS

Sills Road's Motion.

Sills Road submits that the Board's requirement for the entity to cure a "historical regulatory gap" is now moot. (Sills Road Mot. 2, Nov. 20, 2025, FD 35141.) Sills Road states that it has had no ownership interest in the land comprising the Brookhaven Terminal or the rail line on it since May 2022, and that Sills Road is out of business, conducts no commercial operations, and is in the process of legally dissolving. (Id.) It also notes the recent exemption in Docket No. FD 36883 allowing Sunrise to operate in the place of Brookhaven Rail. Citing Colorado Pacific Rio Grande Railroad—Petition for Exemption—Acquisition & Operation of Line of Railroad in Costilla County, Colorado, FD 36694, slip op. at 3 (STB served Sept. 18, 2023), Sills Road submits that, under these circumstances, the Board could "dispense with the formality of the after-the-fact remedial authorization that unnecessarily would demand the commitment of SRR's resources (if not dissolved in the interim) and those of the STB." (Sills Road Mot. 2, Nov. 20, 2025, FD 35141.)

The Board will grant Sills Road's motion, albeit with remaining concerns regarding Sills Road's pleadings. Sills Road has repeatedly failed to fully comply with the specific directions to resolve its authority issues. However, under the circumstances, it now appears that requiring Sills Road to seek prospective after-the-fact acquisition authority would not serve any practical purpose, as it is out of business, conducts no commercial operations, and is in the process of

[10] The Board also granted in the September 2025 Decision a motion from Brookhaven Rail to withdraw a 2020 petition for exemption to construct and operate a rail line to serve a solid waste transfer facility to be built on Parcel D. Brookhaven Rail explained that it no longer wished to pursue the facility. The Board also granted CCE's motion to withdraw its petition for declaratory order and other filings challenging Brookhaven Rail's activities. This resulted in withdrawal of CCE's claims that BLC does not qualify for State of Maine. In light of these developments, the Board closed Docket Nos. FD 36376, FD 36384, FD 36385, FD 36398, FD 36399, terminated those proceedings, and closed Docket No. FD 35819.

legal dissolution. See Indep. Rail Works—Acquis. & Operation Exemption—Byesville Scenic Trails, FD 36432, slip op. at 4 (STB served Apr. 13, 2021) (declining to require further action from an entity dissolved three years before). For these reasons, the Board will not require Sills Road to seek authority to own the Line. However, the Board's decision to no longer require Sills Road to seek authority should not be construed as a finding that it did not violate § 10901.

BLC and State of Maine.

As noted above, the acquisition of an active rail line and of the common carrier obligation that goes with it ordinarily requires Board approval under § 10901, even if the acquiring entity is a noncarrier. See N.J. Transit Corp.—Acquis. Exemption—Consol. Rail Corp. in the Cnty. of Middlesex, N.J., FD 36195, slip op. at 3 (STB served Aug. 30, 2018); see also Common Carrier Status of States, State Agencies, 363 I.C.C. 132, 133 (1980), aff'd sub nom. Simmons v. ICC, 697 F.2d 326 (D.C. Cir. 1982). However, the agency has found that a noncarrier's acquisition of an ownership interest in the physical assets of a rail line (such as track or right-of-way) does not constitute the sale of a rail line within the meaning of § 10901, provided that the arrangement establishes that: (1) the selling freight rail carrier retains a permanent freight rail operating easement that is exclusive with respect to the noncarrier, together with the common carrier obligation on the line; and (2) the terms of the sale would protect the carrier from undue interference with the provision of common carrier freight rail service. See State of Maine, 8 I.C.C.2d at 836-37; see also Santa Cruz Cnty. Reg'l Transp. Comm'n—Pet. for Declaratory Ord., FD 36213, slip op. at 2-3 (STB served Oct. 24, 2018); Mass. Dep't of Transp.—Acquis. Exemption—Certain Assets of CSX Transp., Inc., FD 35892, slip op. at 4-5 (STB served Mar. 19, 2015). In its October 24, 2023 filing, BLC asserted that its acquisition of the Line on Parcel A from Sills Road did not require Board authority because the transaction was consistent with the State of Maine line of cases.[11] The Board was unable at that time to make a determination on the State of Maine question because of the other issues regarding Sills Road's ownership that needed to be resolved first. Having now done so, the Board finds that BLC's acquisition of the Line from Sills Road does not meet the criteria to be considered a State of Maine transaction.

[11] BLC incorrectly states that, "[a]lthough *State of Maine* involved a noncarrier purchaser that was a governmental entity, the Board recognized in *Macrie* that its *State of Maine* precedent extends to rail-line acquisitions by noncarriers that are not governmental entities." (BLC Reply 11, Oct. 24, 2023, FD 35141 et al.) The Board has in fact permitted non-governmental entities to enter into State of Maine transactions since the principle was first adopted by the Board's predecessor, the Interstate Commerce Commission, in the early-1990s. Ill. Cent. R.R.—Aban. Exemption—in St. Tammany Parish, La., AB 43 (Sub-No. 154X), slip op. at 7 (ICC served July 2, 1992); Mo. Bridge Co.—Acquis. Exemption—Certain Assets of Chi., Cent. & Pac. R.R., FD 32384 (ICC served Mar. 3, 1994); see also Fla. Dep't. of Transp.—Acquis. Exemption—Certain Assets of CSX Transp., Inc., FD 35110, slip op. at 5 n.8 (STB served Dec. 15, 2010) (noting that the Board has applied the State of Maine doctrine to the sale of physical assets in a rail line to a private entity under certain unique circumstances). Macrie involved a different situation (where service was being restored on a previously abandoned line),

With regard to the second prong of the Board's State of Maine analysis, the agreements provided by BLC appear to sufficiently prevent it from interfering with Brookhaven Rail's common carrier obligation. BLC's purchase of the track on Parcel A was subject to an Amended and Restated Railroad Operating Agreement and Sublicense Agreement (Sublicense) where a Sills Road subsidiary, Brookhaven Rail Freight Services LLC, granted Brookhaven Rail the right to operate the Line as a common carrier railroad without restrictions, interference, or hindrance. (BLC Reply 6, 9, Ex. B § 1.2(a), Oct. 24, 2023, FD 35141 et al.)[12] The record also includes the Sales Contract for Parcel A (Sales Contract) where Sills Road sold Parcel A and track to Northpoint Development LLC (Northpoint).[13] The Sales Contract explicitly references the Sublicense's limitation on the purchaser's use. (BLC Reply, Ex. C § 26, Oct. 24, 2023, FD 35141 et al.) As such, it appears that when BLC acquired the Line from Sills Road, BLC simply stepped into Sills Road's shoes as an owner, subject to the same restrictions. BLC also entered into a Continuing Obligation Agreement acknowledging that it is subject to Brookhaven Rail's rights under Sublicense. (Id., Ex. D § 2.) As such, it appears that BLC indeed could not unduly interfere with or exercise control over Brookhaven Rail's service over the Line.

But the property interest retained by Brookhaven does not satisfy the first prong of State of Maine in which the Board generally requires that rail carriers maintain a permanent freight operating easement. This is required because it serves as another protection against a noncarrier owner's ability to interfere with the operating carrier's common carrier obligation. Cf. Wis. Dep't of Transp.—Pet. for Declaratory Ord.—Rail Lines in Almena, Cameron, & Rice Lake, Barron Cnty., Wis., FD 35366, slip op. at 3 n.9 (stating that a "permanent, exclusive easement" is what distinguishes a State of Maine transaction from a transaction in which the purchasing entity acquires a common carrier obligation). Here, when BLC became the owner of the Line, it became the successor to Sills Road's Sublicense with Brookhaven Rail. As such, Brookhaven Rail did not retain a permanent, freight easement but held only a lessee interest.

In light of this finding, there are two routes by which BLC can resolve its lack of § 10901 authority. First, BLC may amend its agreements with the current operator (be it Brookhaven Rail or Sunrise) such that BLC grants the operator a permanent, exclusive freight easement rather than a lessee interest. Because it is unclear whether the documents provided by BLC in 2023 continue to govern the relationship between BLC and the current operator (again, be it

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although the analysis there, like in State of Maine, involved examining the relationship between the underlying property owner and the rail carrier operator.

[12] BLC submitted the Sublicense (Exhibit B), the Sales Contract for Parcel A (Exhibit C), and the Continuing Obligations Agreement (Exhibit D) under seal with its October 24, 2023 reply. The Board refers to them to the extent necessary to make its determination about BLC's status.

[13] According to BLC, Northpoint assigned its rights under the contract to BLC and never acquired Parcel A. (BLC Reply 6 n.4, Oct. 24, 2023, FD 35141 et al.)

Brookhaven Rail or Sunrise),[14] if BLC chooses this option, it must seek a Board determination that the current governing agreements comport with State of Maine.[15]

The second option is for BLC to obtain § 10901 authority. In its October 2023 filing, BLC requested that if the Board were to find that its agreements with the then-operator, Brookhaven Rail, did not comport with State of Maine, the Board instead grant it an exemption pursuant to § 10502. However, circumstances may have changed since that filing was made. Accordingly, if BLC decides to take this route, it should file a supplement to its October 2023 request for a petition for exemption from acquisition authority. Specifically, BLC should address whether the requirements for an exemption under § 10502(a) have been met based on the facts as they exist at present.

BLC shall have September 14, 2026, to submit a request for a new State of Maine determination, along with the required documentation. If its current agreements are with Sunrise, BLC shall file in Docket No. 36883, but if its current agreements are still with Brookhaven Rail, BLC shall file in a new docket. If BLC chooses to renew its request for a petition for exemption for acquisition authority, it shall also file by September 14, 2026, in a new docket.

It is ordered:

1. Sills Road's November 20, 2025 motion is granted, and the filing directive discussed in the September 2025 Decision is eliminated.

2. Docket No. FD 35141 is closed.

3. BLC shall submit the filing discussed above by September 14, 2026.

4. This decision is effective on its date of service.

By the Board, Board Members Fuchs, Hedlund, Kloster, and Schultz.

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[14] Indeed, BLC submitted a proposed lease that it would agree to enter into if the Board found the then-existing documents were insufficient to comport with State of Maine. (BLC Reply, Ex. E, Oct. 24, 2023, FD 35141 et al.) It is unclear, however, whether BLC and Brookhaven Rail executed this lease.

[15] As noted, Sunrise only has lease and operating authority from the Board. If Sunrise is the current operator and BLC opts to seek a State of Maine determination from the Board and the Board grants such a request, the Board will simultaneously issue a finding that Sunrise's existing authority covers its freight easement.