

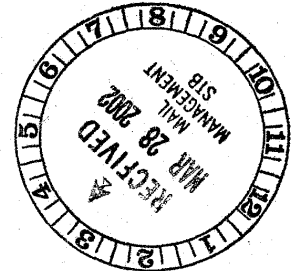
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ORIGINAL

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March 28, 2002



VIA HAND DELIVERY - RETURN COPY

Hon. Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, NW (7th fl.)
Washington, DC 20423-0001

ENTERED
Office of the Secretary

MAR 28 2002

Part of
Public Record

Dear Secretary Williams:

This refers to STB Docket No. AB-573X, Trinidad Railway, Inc.--Abandonment Exemption--In Las Animas County, CO, and Finance Docket No. 33956, Kern Valley Railroad Company--Acquisition and Operation Exemption--Trinidad Railway, Inc., and the Reply of Kern Valley Railroad Company, filed this day.

Attached is a copy of letter to the Board from Mr. Kevin S. Smith of the David J. Joseph Company, Cincinnati, OH, dated March 26, 2002, in which he explains how he came to provide Mr. John Reed, President of Rail Ventures, Inc., what was purported to be an appraisal of the line, attached as Exhibit N to its Request, filed March 16, 2002.

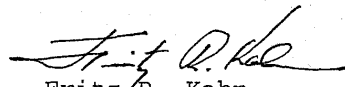
I respectfully request that Mr. Smith's letter be appended to the Reply of Kern Valley Railroad Company.

Additional copies of this letter and its attachment are enclosed for you to stamp to acknowledge your receipt of them and to return to me via messenger.

By copy of this letter, service is being effected in accordance with the Reply's Certificate of Service.

If you have any question concerning the foregoing which you believe I may be able to answer or if I otherwise can be of assistance, please let me know.

Sincerely yours,


Fritz R. Kahn

Hon. Vernon A. Williams
March 28, 2002
Page Two

enc.

cc: Stephen L. Day, Esq.
Charles H. Montange, Esq.
John D. Heffner, Esq.
Michael J. Van Wagenen, Esq.

MAR-27-2002 WED 02:01 PM

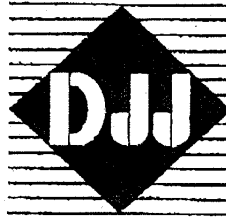
FAX NO.

P. 02

FROM : Smith

PHONE NO. : 7192829705

Mar. 27 2002 01:49PM P2



March 26, 2002

Honorable Vernon A Williams
Secretary
Surface Transportation Board
1925 K Street, NW
7th Floor
Washington, DC 20423-0001

RE: STB Docket AB-No. 573,
Trinidad Railway, Inc. - Abandonment Exemption

STB Finance Docket No. 33956 Kern Valley Railroad Company - Lease and Operation.
Exemption - Trinidad Railway, Inc.

Exhibit N of the Request on Behalf of Rail Ventures, Inc. To Establish Terms and
Conditions of Sale. Letter to John Reed of Rail Ventures, LLC, Dated March 6, 2002.

Dear Secretary Williams;

I wanted to clarify the above-stated letter, as it does not fully explain the actual situation. The David J. Joseph Company is a major purchaser of scrap steel materials. Though we handle second hand track materials, we are not primarily in the business of selling relay railroad track materials. Nor am I personally in the business of preparing official Net Liquidated Valuation appraisals. I was not informed of Mr. Reed's intention to submit my letter as a formal appraisal of Net Liquidated Value.

At the request of Mr. John Reed of Eureka Financial, I was asked to place a value on the track materials on the Trinidad Railway line between MP 2.00 and MP 30.00. My analysis was based on the information provided to me by Mr. Reed and the current market scrap and second-hand material values. It was not meant to be an appraisal of the railroad line for STB hearing purposes. I have no way of knowing if the price I gave accurately represents the true net liquidation value for the railroad line, as I did not personally inspect the line. Rather, all pricing was based on quantities and material condition as supplied by Mr. Reed.

Sincerely,

Kevin S. Smith
Director of Rail Services
The David J. Joseph Co.

MAR 27 2002 16:07

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