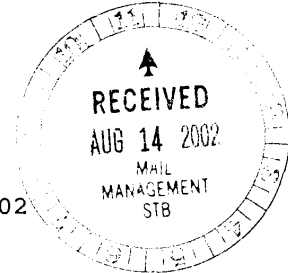


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ORIGINAL



August 14, 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 Proceedings

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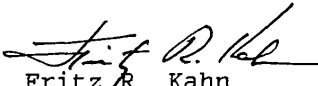
Dear Secretary Williams:

Enclosed for filing in each of STB Finance Docket No. 33995, SF&L Railway, Inc.--Acquisition and Operation Exemption--Toledo, Peoria and Western Railway Corporation, and STB Finance Docket No. 33996, Kern W. Schumacher and Morris H. Kulmer--Continuance in Control Exemption--SF&L Railway, Inc., are the originals and ten copies of the Reply of SF&L Railway, Inc., Kern W. Schumacher and Morris H. Kulmer.

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

If you have any question concerning this filing 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

enc.

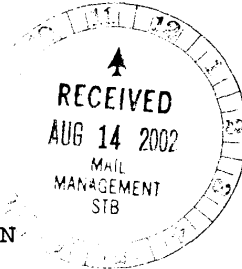
cc: Gordon P. MacDougall, Esq.
Louis E. Gitomer, Esq.
William A. Mullins, Esq.
Michael J. Van Wagenen, Esq.

BEFORE THE
SURFACE TRANSPORTATION BOARD
WASHINGTON, D.C.

ORIGINAL

Finance Docket No. 33995

SF&L RAILWAY, INC.
--ACQUISITION AND OPERATION EXEMPTION--
TOLEDO, PEORIA AND WESTERN RAILWAY CORPORATION



Finance Docket 33996

KERN W. SCHUMACHER AND MORRIS H. KULMER
-- CONTINUANCE IN CONTROL EXEMPTION --
SF&L RAILWAY, INC.

REPLY
OF
SF&L RAILWAY, INC., KERN W. SCHUMACHER
and MORRIS H. KULMER

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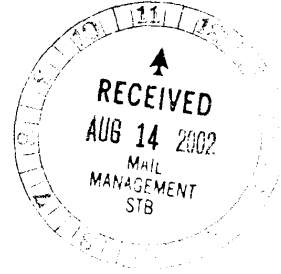
Fritz R. Kahn
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Attorney for

SF&L RAILWAY, INC.,
KERN W. SCHUMACHER and
MORRIS H. KULMER

Dated: August 14, 2002

BEFORE THE
SURFACE TRANSPORTATION BOARD
WASHINGTON, D.C.



Finance Docket No. 33995

SF&L RAILWAY, INC.
--ACQUISITION AND OPERATION EXEMPTION--
TOLEDO, PEORIA AND WESTERN RAILWAY CORPORATION

Finance Docket 33996

KERN W. SCHUMACHER AND MORRIS H. KULMER
-- CONTINUANCE IN CONTROL EXEMPTION --
SF&L RAILWAY, INC.

REPLY
OF
SF&L RAILWAY, INC., KERN W. SCHUMACHER
and MORRIS H. KULMER

Applicants, SF&L Railway, Inc. ("SFL"), Kern W. Schumacher and Morris H. Kulmer, pursuant to 49 C.F.R. 1104.13(a), reply in opposition to the Second Supplement to the Record, filed by Keokuk Junction Railway Co. ("KJRY") on July 29, 2002,¹ as follows:

1. Evidently recognizing that its Second Supplement to the Record is an even more egregious violation the Board's rules of practice than its first Supplement to the Record, KJRY, at

¹ A first Supplement to the Record was tendered by KJRY on July 29, 2002, and on August 1, 2002, Applicants filed their Reply, asking that the pleading be rejected as untimely and improper.

footnote 1 on page 4, seeks leave, pursuant to 49 C.F.R. Part 1117, to file the pleading. The cited code section, however, provides that a petitioner, among other things, needs to set out "a short plain statement of the claim [for relief] showing that the petitioner is entitled to relief." In its tendered pleading, KJRY has failed to show that there is good cause for the Board to entertain its filing.

2. KJRY purports to want to offer into the record the public notice given by SFL that on or about September 3, 2002, it intends to file a Petition for Exemption seeking the Board's authorization to abandon the La-Harpe-to-Peoria, IL, railroad line. Applicants' Reply, filed August 1, 2002, at page 3, however, clearly and unambiguously revealed KJRY's intent to ask for the agency's permission to abandon the line. Indeed, the copy for the public notice which appeared in the July 31, 2002, edition of the Hancock County Journal Pilot, attached as Exhibit A to KJRY's Second Supplement, was sent to Victoria J. Rutson, Esq., Chief of the Board's Section of Environmental Analysis, on July 23, 2002, the same day it was mailed to the newspaper.

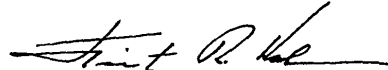
3. Far from supporting KJRY hypothesis that KJRY acquired the La Harpe-to-Peoria railroad line with the intent to abandon it, SFL's Petition for Exemption will demonstrate that SFL's abandonment proposal is the inescapable consequence of KJRY's diversion to the Fort Madison, IA, gateway of the 3,600 carloads of overhead traffic formerly hauled annually over the La Harpe-to-Peoria railroad line. Thus, the party which by its impermissible filing would add to what already is a cluttered and cumbersome record is the very one which has brought about the

result which it claims to deplore.

WHEREFORE, Applicants, SF&L Railway, Inc., Kern W. Schumacher and Morris H. Kulmer, ask that the Board deny Keokuk Junction Railway Co.'s leave to file its Second Supplement to the Record and that the pleading be rejected.

SF&L RAILWAY INC.
KERN W. SCHUMACHER and
MORRIS H. KULMER

By their attorney,



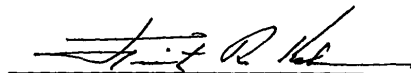
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Tel.: (202) 263-4152

Dated: August 14, 2002

CERTIFICATE OF SERVICE

I certify that I this day have served copies of the foregoing Reply by sending copies by facsimile transmission to counsel for each of the parties.

Dated at Washington, DC, this 14th day of August 2002.


Fritz R. Kahn