

JAMES E. HOWARD LLC
ONE THOMPSON SQUARE
SUITE 201
CHARLESTOWN, MA 02129

TEL (617) 886-9322
FAX (617) 886-9324

August 14, 2006



217284
217285

VIA FEDERAL EXPRESS

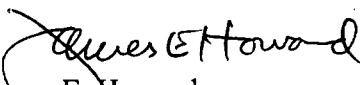
Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, DC 20006

Re: Village of Croton-on-Hudson, New York v. Buffalo Southern Railroad, Inc., et al.
Finance Docket No. 34905

Dear Secretary Williams:

Enclosed for filing in the above-captioned matter on behalf RS Acquisition Co., LLC and Northeast Interchange Railway, LLC are (1) the original and 10 copies of the "Answer of RS Acquisition Co., LLC to Formal Complaint", (2) the original and 10 copies of the "Answer of Northeast Interchange Railway, LLC to Formal Complaint" and (3) the original and 10 copies of the "Petition of RS Acquisition Co., LLC and Northeast Interchange Railway, LLC to Hold Proceedings in Abeyance and Motion for Protective Conditions Concerning Discovery". Thank you very much for your attention to this request.

Very truly yours,


James E. Howard

cc: Michael B. Gerrard
Nicholas R. Caputo
William A. Mullins

BEFORE THE
SURFACE TRANSPORTATION BOARD

Finance Docket No. 34905

VILLAGE OF CROTON-ON-HUDSON, NEW YORK

v.

BUFFALO SOUTHERN RAILROAD, INC., et al.

PETITION OF RS ACQUISITION CO., LLC AND
NORTHEAST INTERCHANGE RAILWAY, LLC
TO HOLD PROCEEDINGS IN ABEYANCE AND MOTION
FOR PROTECTIVE CONDITIONS CONCERNING DISCOVERY



ENTERED
Office of Proceedings
AUG 15 2006
Part of
Public Record

James E. Howard
One Thompson Square
Suite 201
Charlestown, MA 02129
Telephone 617-886-9322

John T. McManus
Crane, Parente, Cherubin & Murray
90 State Street
Albany, NY 12207
Telephone 518-432-8000

Attorneys for RS Acquisition Co., LLC and
Northeast Interchange Railway, LLC

Dated: August 14, 2006

BEFORE THE
SURFACE TRANSPORTATION BOARD

Finance Docket No. 34905

VILLAGE OF CROTON-ON-HUDSON, NEW YORK

v.

BUFFALO SOUTHERN RAILROAD, INC., et al.

PETITION OF RS ACQUISITION, CO. LLC AND
NORTHEAST INTERCHANGE RAILWAY, LLC
TO HOLD PROCEEDINGS IN ABEYANCE AND MOTION
FOR PROTECTIVE CONDITIONS CONCERNING DISCOVERY

In accordance with 49 CFR 1117.1 and 1114.21(c), RS Acquisition Co., LLC ("RSA") and Northeast Interchange Railway, LLC ("NIR") hereby request the Board, for the reasons set forth below and stated in the "Petition of Buffalo Southern Railroad, Inc. to Hold Proceedings in Abeyance and Motion for Protective Conditions Concerning Discovery" dated July 19, 2006 (the "BSOR Petition"), which is incorporated herein by reference to enter orders holding this proceeding in abeyance generally and, in the event that discovery is eventually permitted, setting forth certain protective conditions in connection with the discovery requests that were served on RSA and NIR by the Village of Croton-on-Hudson (the "Village") and any other discovery that might be sought by the Village. Further proceedings in general and discovery in particular are premature

pending a decision by the Board concerning procedural issues in connection with the BSOR Verified Notice of Exempt Transaction (the "Notice") and the motion of BSOR to dismiss the Notice (the "Motion") in Finance Docket No. 34903. All activity in this proceeding should be deferred until the Board determines procedurally how it will resolve the question whether the line operated by BSOR in Croton-on-Hudson, New York (the "Croton Track ") is a line of railroad or, as BSOR contends, an excepted track within the meaning of 49 U.S.C. 10906.

BACKGROUND

RSA and NIR are wholly-owned, non-carrier subsidiaries of Regus Industries, LLC. RSA is the lessee of the Croton Track and adjacent property and, in turn, the sublessor of the Croton Track and such property to BSOR. NIR has permits from the New York State Department of Environmental Conservation and the Westchester County Solid Waste Commission to operate a construction and demolition debris processing facility at the Croton Track and adjacent property, but NIR is currently enjoined by order of the Supreme Court of New York for Westchester County from operating a "transfer station" without a "special permit" from the Village.

ARGUMENT

For the reasons stated in the BSOR Petition, all proceedings with respect to the complaint should be held in abeyance, including discovery. The underlying issue in dispute between the Village and BSOR is the proper classification of the Croton Track. More specifically, the question is whether the Croton Track is an excepted track within the meaning of section 10906 or a line of railroad. This issue has been brought to the

Board by BSOR by means of the Notice and the Motion in Finance Docket No. 34903 and should be resolved by the Board in that context.

The Village requests relief against RSA and NIR based solely on the allegations that RSA and NIR have knowingly authorized, consented to or permitted a violation by BSOR of section 10902, thereby violating 49 U.S.C. 11901(c). In other words, the claim of the Village against RSA and NIR is premised upon a determination by the Board that BSOR should have sought and received Board authorization pursuant to section 10902 in order to operate the Croton Track. Unless and until there is a determination that there has been a violation of section 10902, there is no possible basis for any claim or relief against RSA or NIR. Consequently, this complaint proceeding should be held in abeyance until the Board decides the underlying issue concerning the proper classification of the Croton Track.

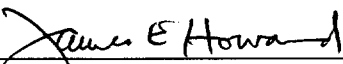
The reasons stated in the BSOR Petition for holding these proceedings in abeyance apply with even greater force with respect to RSA and NIR. It would be inappropriate and unfair to compel them to expend additional time and money to respond to discovery when it is unclear whether there will be any basis whatsoever, after a decision on the underlying track classification issue, for the Village to attempt to proceed against RSA and NIR under section 11901(c). Indeed, RSA and NIR have already been forced unnecessarily, out of an abundance of caution, to file answers to the complaint and to submit this Petition.

The Village has not asserted, nor could it assert, any plausible reason why it is allegedly prejudiced if the complaint proceedings are held in abeyance. Presumably, the Board will shortly be issuing a decision clarifying the procedures that it will use in order

to decide the pending issues in both Finance Docket No. 34903 and in this case. At such time, the parties will have clarification and direction. Until such time, however, further activity in connection with the complaint, including discovery, should be stayed.

Respectfully submitted,

RS ACQUISITION CO., LLC and
NORTHEAST INTERCHANGE RAILWAY, LLC



James E. Howard
One Thompson Square
Suite 201
Charlestown, MA 02129
Telephone 617-886-9322

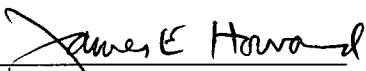
John T. McManus
Crane, Parente, Cherubin & Murray
90 State Street
Albany, NY 12207
Telephone 518-432-8000

Attorneys for RS Acquisition Co., LLC and
Northeast Interchange Railway, LLC

Dated: August 14, 2006

Certificate of Service

I hereby certify that I have served the foregoing pleading by sending a copy via Federal Express on August 14, 2006 to Michael B. Gerrard, Arnold & Porter LLP, 399 Park Ave., New York, NY 10022-4690, Nicholas Caputo, 1345 Ave. of the Americas, New York, NY 10105 and William A. Mullins, 2401 Pennsylvania Ave., N.W., Suite 300, Washington, DC 20037.



James E. Howard