

JUL 12 2006

Part of
Public Record



TO: Vernon Williams, Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, D.C. 20423

FROM: James Riffin
1941 Greenspring Drive
Timonium, MD 21093
(443) 414-6210
July 12, 2006

216885

RE: Docket No. AB-55 (Sub-No. 659X), *CSX Transportation, Inc. –
Abandonment Exemption – in Allegany County, MD*

Dear Secretary Williams:

On July 10, 2006, Louis Gitomer, attorney for CSX Transportation, sent a consummation letter to the Board indicating CSX had transferred title to the Georges Creek line to "WMS LLC." Given the nature of the information presented below, I felt it would be better if title was transferred after the Board had rendered its decision regarding WMS L.L.C.'s Motion to Substitute Purchaser. If the Board feels that it would be more appropriate to transfer title after the Board has had an opportunity to consider the comments to be filed by Allegany County, Maryland, and has had an opportunity to ascertain whether I am a "financially responsible person," then I would ask that the Board stay the effective date of CSX's consummation letter until the Board renders a decision regarding the Petition to Substitute Purchaser.

In a previous filing, pictures of a washout on the line was submitted to the Board, showing the tracks precariously perched above the washout. See Exhibit E in WMS LLC's Offer of Financial Assistance. During the past month, the tracks have started descending into the creek. The concern is that the tracks will completely fall into the creek, thereby increasing the difficulty and expense of repairing the washout. Understandably, CSX desires to transfer title to the line as soon as possible, in order to relieve it of any liability associated with the tracks completely falling into the creek. Riffin, likewise, desires to complete transfer of the line as soon as possible, so that he can begin to repair the washout, before it gets any worse. CSX and Riffin had hoped the Board would render a decision on the Motion to Substitute Purchaser shortly after the 20-day comment period lapsed on July 5, 2006. The Board, not knowing the critical nature of the washout, extended the comment period to July 17, 2006. CSX was unwilling to wait until sometime after July 17, 2006 to transfer title to the line. Since "WMS LLC" had been granted authority to acquire and operate the line on December 14, 2005, CSX unilaterally elected to transfer title to the line to "WMS LLC" on July 7, 2006. As discussed below, transfer of the line to "WMS LLC" prior to the Board rendering a decision on the Motion to Substitute Purchaser, may have inadvertently contravened some of the Board's rules, and may have given the impression that the parties were attempting to circumvent Allegany County's efforts to learn more about the transaction.

History of the case:

On August 25, 2005, CSX filed to abandon 8.54 miles of line known as the Georges Creek Subdivision, located in Allegany County, Maryland. On October 21, 2005, an Offer of Financial Assistance was filed, wherein "WMS LLC" offered to purchase the line. Financial statements for the proposed investors were submitted to the Board. After reviewing these financial statements, the Board, on December 14, 2005, found "WMS LLC" to be "financially responsible." Sometime thereafter, one of the investors, a short line operator, suffered a substantial financial setback, when a train derailed on one of the investor's tracks, substantially damaging the track. The investor elected to use his capital to fix his own tracks, rather than purchase the Georges Creek line of railroad. On February 15, 2006, Gerald Altizer, the managing member of Western Maryland Services L.L.C., a West Virginia limited liability company, contacted Riffin, and asked if he would provide the capital to purchase the Georges Creek line. Riffin agreed to provide the necessary capital, providing Mr. Altizer transferred 98% of the ownership interest in Western Maryland Services L.L.C. to Riffin, including Western Maryland Services L.L.C.'s right to acquire the Georges Creek Line. After the appropriate documents were executed, Riffin acquired a 98% ownership interest in Western Maryland Services L.L.C. On March 2, 2006, Riffin wired \$300,000.00 to CSX.

Around May 15, 2006, Riffin realized that the Board's original finding of financial responsibility was based on the financial statements of investors who no longer proposed to provide capital to purchase and operate the line. Riffin further realized that a strict reading of the Board's rules would require the Board to make a separate finding regarding whether Riffin was financially responsible. In addition, Riffin realized that the Board had granted authority for "WMS LLC" to acquire and operate the line. Unfortunately, when that authority was granted on December 14, 2005, there was no legal entity known as "WMS LLC," in either West Virginia or in Maryland. The only legal entity in existence at that time was "Western Maryland Services, L.L.C., a West Virginia limited liability company." In various filings with the Board, Mr. Altizer and Mr. Heffner used the acronym "WMS," without first indicating "WMS" was an acronym for "Western Maryland Services." On May 26, 2006, Riffin had the legal entity "WMS L.L.C." chartered in Maryland. Riffin is the sole owner of "WMS L.L.C., a Maryland limited liability company." On June 14, 2006, a Motion to Substitute Purchaser was filed with the Board, asking the Board to make a finding that Riffin was financially responsible, and asking the Board to grant Riffin authority to acquire and operate the Georges Creek Line. On June 20, 2006, Riffin wired an additional \$425,000.00 to CSX. The sum of these two payments constituted the full purchase price of the line.

Had the Board made a finding that Riffin was financially responsible and had the Board granted Riffin authority to acquire and operate the line, prior to the date title to the line was transferred, the potential title defects Riffin had identified, would have been resolved. Unfortunately, CSX executed a deed transferring title to "WMS LLC" prior to the Board rendering a decision on the Motion to Substitute Purchaser. Were this not a line of railroad being transferred, there would be no potential title defect, for "WMS L.L.C." is a Maryland legal entity authorized to own real estate. However, since this transaction does involve the sale of a line of railroad, prior to that sale, approval from the Board must be sought and granted. And without that prior approval, or

subsequent approval, the sale would be null and void, and could be set aside. [Riffin is acutely aware of these legalities, for he raised these very issues in another abandonment case: Norfolk Southern's petition to abandon the Cockeysville Line, AB 237-290X. In that case, the Board rejected Norfolk Southern's petition due to two typographical errors, and indicated that the issue of the lack of prior Board approval for a previous sale of the line, had to be addressed in any subsequent filing by Norfolk Southern.]

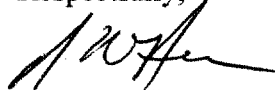
From Wednesday, July 5, 2006 through Friday, July 7, 2006, Riffin, his attorney, John Heffner, CSX's attorney, Louis Gitomer, and CSX's asset disposal representative, Dave Geraci, discussed the legal ramifications associated with the above facts. The attorneys concluded it was "no big deal" and postulated that the Board was unlikely to object to title being transferred prior to rendering a decision on the Motion to Substitute Purchaser. Riffin preferred to wait another 10 days, hoping the Board would render a decision that would eliminate the potential title defect problems. CSX's real estate department elected to prepare a deed with "WMS LLC" listed as the Grantee. Mr. Gitomer sent the above referenced consummation letter to the Board on July 10, 2006.

The Board has the authority to waive its requirements, if it finds that it is appropriate, and necessary to effect a transaction. Riffin would ask that the Board ascertain whether any of its rules have not been complied with, and if so, either waive those rules, so that it is manifestly clear that the sale of the Georges Creek line of railroad to "WMS L.L.C., a Maryland limited liability company wholly owned by James Riffin," has Board approval, OR IN THE ALTERNATIVE, stay the effective date of the CSX consummation letter until after the Board rules on the Motion to Substitute Purchaser. If the Board grants Riffin authority to acquire and operate the line, then title to the line will be transferred to James Riffin, rather than to "WMS LLC."

I apologize to the Board for the confusion associated with this case, and for the drain on the Board's limited resources.

Enclosed are one original, and ten copies of this letter.

Respectfully,


James Riffin

cc: Dave Geraci, CSX
Louis Gitomer, Attorney for CSX
CHARLES SPITULNIK, ATTORNEY FOR ALLEGANY COUNTY