


My Comments ARE NOT on the record !

webmaster to: Michael.Higgins, Phillis.Johnson-Ball,
david.navecky

05/13/2016 09:00 AM

Cc: mirjammelin, "Arthur LeDoux", blockglbrailroad, "Richard Allen"

3 attachments



reasonsToDenyGLBT.pdf



whoBenefits.pdf



railYardGLBT.pdf

I reviewed each and every "income" comment for docket FD 35952 and can see not only is the record entirely incomplete, but my comments are not there!

I attended 2 scope hearings -- hundreds of people at each -- people spoke for more than 2 1/2 hours of each -- all against the project. Yet many comments are not on the record!

This proposal is fraudulent and a child can demonstrate it so -- you are all negligent for allowing a dishonest plan that will be criminally misleading investors to advance to phase 1.

Please stop this charade immediately -- Frank Patton has no right to outright lie and then con STB into doing any type of an environmental study. None of you have the right to censor legitimate complaints from the docket. There are far too many unaccounted for comments to say this is an "oops!"

The documents reasonsToDeny.pdf and whoBenefits.pdf have been submitted on docket FD 35952 multiple times -- YET ARE STILL NOT ON THE RECORD!

I demand you promptly add my third comment, attached as file railYard.pdf onto docket 35952.

I demand that this email also be included as part of the record as it documents the slight-of-hand being used to abuse the approval process.

I also demand that my spoken comments, transcribed at the Janesville and then Rockford Scope Hearings be added to the record -- there were transcribed by your court stenographer.

I demand an explanation as to why, weeks after the fact and after more recent comments have appeared on the record, mine and those of others are not part of the record.

An objective review of the fact clearly demonstrate:

1. I was inappropriate to waive the 6 month waiting period for GLBT and STB did so negligently.
2. Frank Patton's GLBT proposal is not legitimate and he is misrepresenting it to the public, investors, and STB. The environmental impact study (Phase 1) needs to be stopped immediately.
3. Frank Patton needs to be forced to resubmit an consistent and accurate plan and he needs to comply with the 6 month notification period if-and-when he does.

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There is No Legitimate Need for an Environmental Study Great Lakes Basin Transportation is Not an Honest Business Plan

Great Lakes Basin Transportation (GLBT) is a house of cards. Its chief promoter has absolutely no experience with the most complex transportation system in the world – America’s rail network. While a rail consultant has been brought into the management team, this person also does not have any direct experience with the fundamentals of the business plan being proposed.

But more important, GLBT is abusing the approval process and has intentionally put forward an intellectually dishonest proposal that is designed to prevent anyone from effectively challenging it, because there are no concrete details. The executives behind this attempt to snooker the public, investors, railroads, and *Surface Transportation Board* (STB).

GLBT are making a mockery of the approval process. What they are proposing is a shape-shifting creature in railroad form. When they need to impress people that there is a need for another Chicago railroad bi-pass, then GLBT proclaims they will handle 110 trains a day. When there are approval hearings, the shape-shifting GLBT then publicly states that 110 trains per day is far too many and the number is potentially 16 per day and could be fewer.

To impress people that the railroad will be built to the highest standards, avoid grade-crossings, and utilize the latest railroad technology for efficiency and safety, GLBT proclaims that the initial investment will be \$8 billion dollars and that they have investors’ lined-up. When called out on the absurdity of this excessive capitalization that an operating railroad will never be able to repay, then they state that the \$8 billion dollar figures they have repeated over-and-over are misleadingly and “are nowhere near that number.”

GLBT also admitted after 2 hearings last week that they do not have willing investors for the project. They have no financial commitments needed to develop, build, and implement their railroad. They do not even have any railroads supporting GLBT.

GLTB has been unclear and inconsistent as to whether their right of way will be 200 feet wide including a 50 foot wide right of way for unrelated potential profit-making unrelated infrastructure or whether they are actually demanding a 250 foot wide right of way. The length of the line and its approximate placement continues to change. GLBT’s latest story is that there will be a connection in swampland east of Milton with *Wisconsin and Southern* (WSOR). Initially, the proposal began in Illinois and then this was moved to a connection with WSOR in swampland west of Janesville near Brodhead.

GLBT has now adopted a curiously circuitous route that is longer and much-less direct than what was originally revealed. Evidently, they know that obtaining their right-of-way through key Illinois counties like DeKalb was not going to happen. Likewise, it makes little sense that the earlier route from the west side of Winnebago County to Boone County was changed to stay out of Winnebago – again, a sign that GLBT knows that they cannot win a fight with at least one powerful landowner there, because the proposed railroad serves no legitimate need.

These objectively demonstrable facts alone demand that STB halt the approval process immediately. There cannot be hearings when GLBT has intentionally misled the public and STB itself. There cannot be meaningful hearings until GLBT puts forth a consistent and rational proposal. There cannot be an environmental study until there is a legitimate plan that more-precisely identifies GLBT's route. Details matter.

GLBT's shape-shifting railroad has none. No one can come to these hearings with specific factual objections, because GLTB does not have a consistent plan. They dismiss legitimate concerns by adopting constantly changing routes, rail volumes, costs, and anything else. How can STB hold legitimate hearings when there is no real plan? How can STB allow the approval process to begin? Please stop enabling GLBT's charade.

Setting aside the many intellectually dishonest aspects before us today, the only way this project can happen is if eminent domain laws, never created to enrich a few business interests with risky and dubious schemes, are abused to allow GLBT to coerce landowners to sell their property. There is no need for any environmental studies when the plan has no details, the management dishonestly changes the plan to pretend concerns are irrelevant, and there is no legal process to coerce landowners to sell via eminent domain.

But let's assume for a moment that somehow GLBT corrupts the process and is allowed to unjustly bully landowners with its shape-shifting proposal. There still can be no legitimate application of eminent domain, because even when given the benefit-of-the-doubt, the GLBT business plan that is irrational and serves no real purpose. There is no need for an environmental study of any type based on the sketchy and constantly-changing GLBT proposal.

It doesn't matter why GLB has been unable to put together a workable and consistent business plan for their multi-billion dollar for-profit enterprise. Given it was only after 2 hearings were held last week that GLBT denied the scope of the project in-terms of finance and traffic volume, STB can only conclude that it has been the intent of GLBT to mislead, distract, and misdirect attention from the only issue that counts:

In its current form, GLBT's railroad is not needed, is not supported by the rail industry, cannot be adequately capitalized, will not generate reported freight volumes, cannot meet its fixed-costs, and cannot lawfully acquire its right-of-way via eminent domain.

Whether this is because of a lack-of understanding, incompetence, or outright fraud does not matter. The *Surface Transportation Board* and the approval process exists specifically to protect the environment, the public, the transportation industry, and investors from these types of boondoggles. There are 2 compelling issues, both of which GLBT fails to address, which demand that STB immediately halt this travesty being misrepresented as a Chicago rail bypass.

1. There is no need for the railroad GLBT is proposing. Railroads serving Chicago will not re-route 25% of rail carloads onto an extremely overcapitalized third-party line, short-hauling themselves. The system of rails in place for almost 150 years continues to work.

2. GLBT is being simultaneously misrepresented as a bridge route and a short-line. It cannot be both. There are no traffic studies that indicate GLBT will originate or terminate any carloads. It is disingenuous that GLBT continues to tell farmers with adjacent properties that they will have an option to load rail cars with their products. GLBT management knows this. Individual farmers have not shipped directly on railroads since the late 1800s! The connecting lines that would be needed to move individual farmer's carloads to points off GLBT do not want this traffic and will not provide acceptable levels of service on "loose-car" or even small groups of cars.

Before proceeding with an environmental study, it is reasonable and necessary to consider that GLBT's contradicting statements, shifting plans, and irrational economic justifications are intentional. They know that if they revealed details of this railroad, it could not stand up to scrutiny. This alone should force STB to stop this fiasco and not allow an unneeded environmental study.

If GLBT wants to build a legitimate railroad, they need to identify relatively specific route, legal plans to obtain the right-of-way, accurate and documentable traffic volumes, a verifiable breakdown of commodities that will be hauled, partnerships with local communities for emergency contingencies, and precise plans for non-railroad uses additional lands the seek along their right-of-way. Until then, STB has no choice but to tell GLBT that their shape-shifting fantasy is not a business plan and it does not merit serious consideration.

Hearings on moving forward with environmental studies gives false credibility to this potentially fraudulent enterprise and will be misrepresented by GLBT as STB bestowing legitimacy on their inadequate proposal. GLBT is falsely hiding behind claims of "non-disclosure agreements" and proprietary trade secrets to keep the public and STB uninformed as to what their proposal is actually designed to do.

There are many reasons to immediately deny GLBT's proposal. Let's look at the 2 most compelling reasons to immediately stop GLBT, because it is clearly not a project that can be completed within applicable laws, cannot document a need to exist, does not have the rail industry's support, cannot raise enough capital to finance construction, and will not be able to operate and cover construction cost let alone earn a profit.

Eminent Domain Cannot Be Lawfully Used

The right of a government or its agent to take private property for public use, with payment of compensation, is based on the principle that a legitimate and compelling need exists that is in the public's interest to resolve. While proposals to abuse this legal doctrine are becoming common with private for-profit enterprises misrepresenting themselves as government "agents", GLBT certainly does not qualify as an agent acting on behalf of a government.

It also has failed to demonstrate a need that is in the public interest to resolve and cannot demonstrate that, if built, it can meaningfully change anything. With no lawful ability to coerce landowners with eminent domain claims, this project will not go forward and there is no need for

an environmental study. More importantly, GLBT refuses to provide any data or evidence of any type to support wild claims that they will run 110 trains per day. This is more than 11,000 carloads daily. In fact, this claim is so absurd that, even though it has been recently and repeatedly thrown around, last week GLBT had to admit such statements were wildly false.

Even if we accept that GLBT is somehow an “agent” for a government body, which it clearly is not, it would still be their burden of proof to document a compelling need, a rational business plan, specific details of how that plan could be implemented, and traffic studies to identify the volume and commodities that would be handled. No one can justly and legally claimed that anything put forward by GLBT to-date serves the public interests with a workable business model. In fact, last week GLBT management directly admitted they cannot make the proposal initially presented to STB work.

At best, their business plan is naive and impossible. No honest, accurate, and complete assessment of environmental impacts can be made, because the GLBT proposal does not contain consistent, accurate, and legitimate details. However, even if we accept GLBT faulty and now admittedly greatly misleading projection that they will divert 25% of rail traffic around Chicago, it becomes clear that typical payments of \$20,000 per acre to landowners is grossly inadequate compensation.

If GLBT can raise billions and billions of dollars for this pie-in-the-sky endeavor, and they have now admitted they cannot, the principle of eminent domain does not allow private business interests to coerce landowners to accept purchase offers that do not even begin to approach the value of the completed project for which they are being unjustly taken. In summary:

1. GLTB has failed to demonstrate there is a need for any environmental study as they do not have a serious business plan.
2. The use of Eminent Domain to “condemn” property for assignment to a private multi-billion dollar business is an unjust, unfair, and illegal use of this type of statue and established law.
3. GLBT has had years to prepare a business plan, line up on-line shippers, document the need for their proposal with legitimate traffic studies, and earn the public support of the rail industry and potential investor.

GLBT has not submitted a reasonable proposal that merits consideration by STB. There is no need, given the inadequacy of what GLBT has submitted, for an environmental study. STB has no choice but to deny this application and must do so immediately.

GLBT’s Proposal is Inadequate, Unrealistic, Unworkable, and Potentially Fraudulent

It is not rational to assume that, after years of planning and discussion, GLBT still cannot objectively demonstrate why it is necessary to have an environmental study. GLBT still cannot identify how it will successfully raise money to capitalize an \$8 billion dollar railroad and then earn money diverting 25% of Chicago rail traffic.

Is this why, after hearing have started, they now state that all previous claims about train volumes of 110 per day are wildly inaccurate? GLBT is recklessly and negligently promoting a new railroad based on constantly-changing and inaccurate assumptions and promises that reasonably appear to be intentionally false. No rail construction of this magnitude has happened in America for more than 100 years! There is very good reason for this.

But before we look at possible motives for what increasingly appears to be a dishonest, fraudulent business proposal, we need to look at the history of rail development in the United States. It is not by happenstance that the term “robber baron” was created during the era of America’s rail development. STB cannot move forward with an environmental study if the preponderance of evidence suggests GLBT is promoting a potentially fraudulent scheme to enrich company insiders – a scheme with no legitimate transportation purpose.

Virtually all rail development in America was accomplished through fraudulent promotion and construction schemes where promoters extracted quick and large profits up-front. Construction contractors, usually directly or indirectly tied to each railroad promoter, then exploited remaining capital to take excessive profits with inadequate and often fraudulent construction practices. Once virtually every one of today’s rail corridors were completed, the operating railroad was burdened with a capital structure that was impossible to maintain and service.

Rail operations are not profitable under massive bonds and other debt instruments. Historically, rail operators could not invest in safety technology and environmental-friendly practices, because their first duty was to repay bloated and impossible financial burdens. Each and every surviving railroad today is comprised of predecessors that promoters, developers, and construction interests immediately drove into bankruptcy. Usually, politically-connected inside interests exploited this situation to purchase bankrupt rail lines for pennies-on-the-dollar.

In the 21st Century, we have seen this type of financial fraud over-and-over again; but since there has not been any significant railroad development in over 100 years, the largest financial frauds, scams, and failures have primarily been in energy, banking & financial services, airlines, and telecommunications sectors. But 100-plus years ago, these types of massive financial crimes were exclusively committed by railroad promoters and developers.

In-fact, after the Revolutionary War, in the year 1783, the United States was skeptical of and distrusted all corporate interests. The American Revolution was actually fought against the largest corporation of its day, *Dutch East India Company*, a charter trading company established in 1602 owned and controlled by the British Crown.

It took almost 100 years for Americans to accept the legitimacy of corporate business structures and this only happened when the amazing technology and promises of rail transportation became feasible. This new railroad development, however, was vastly more capital-intensive than any other business at the time. This is why Americans began to grudgingly accept corporate structures – it is a tool to raise huge amounts of investment capital.

Initially, raising capital via corporate structures was done via charters that not only demanded corporations document how they would serve the public interests, but also demanded that continuing to objectively serve those same public interest was necessary to continue operating

under corporate charters. Over time, the purpose of corporate charters has been warped. Serving the public interest is no longer part of a charter.

A series of legal precedents have twisted corporate charters to require no more than serving the interests of investors. This is why American railroad development was accomplished by massive business fraud, incidents where directly or indirectly, the public is stuck with expenses while promoters, major investors, executives, and insiders earn profits beyond avarice.

There are 2 types of lies:

1. **Lies of commission**, where false statements are made by individuals that should and do know better than to directly misstate or misrepresent facts or intentions.
2. **Lies of omission**, where critical information is intentionally left off the record so that the truth cannot be known.

GLBT is guilty of both types of lies and STB must immediately stop any further action on this rail project. The entire process of these hearings is a charade, because GLBT has made sure that the record is full of wildly inaccurate, contradictory, and unjustifiable claims that cannot be fact-checked. No one can accurately assess environmental impacts of this proposed rail line because GLBT has chosen to make this impossible.

Perhaps more importantly, GLBT's management misuses non-disclosure agreements and claims of proprietary business information to make it impossible for anyone to actually know what the true purpose of their railroad is. Last week, management even admitted that key statements being made to promote this sham were entirely inaccurate. The STB process of approval is being flagrantly abused.

There can be no honest and meaningful hearing process until GLBT is compelled to put objective facts and the sources for this information on record. To date, they have failed to do this. In fact, they have intentionally done the opposite. STB must acknowledge this and not allow what increasingly can be demonstrated to be a house of cards, which will enable financial fraud, to move forward with environmental studies.

Both GLBT and STB need to stop pretending that there is any legitimacy to move forward at this time. STB cannot allow itself to be hijacked, coopted to create distractions with grandiose schemes and claims that cannot be verified. There can be no environmental impact studies until GLBT puts forward a detailed, fully-sourced, and open plan. It is a travesty of justice to even allow these hearing to continue when the only parties with inside information refuse to bring any facts to the table.

If STB proceeds with a environmental studies based on the wholly inaccurate and inadequate information before us today, it will be making a serious mistake. If STB continues to falsely lend unwarranted creditability to what reasonably appears to be nothing less than a multi-billion dollar con, the Federal Government will be complicit with these shenanigans.

I urge everyone to remember, the very purpose of STB and its the approval process is to protect the public, the transportation industry, investors, and the environment. GLBT has miserably failed to earn any further consideration.

Who Benefits from Great Lakes Basin Transportation

Given that no railroad publically supports the plan to build a new Chicago rail bypass, there will not actually be a diversion of 25% of that city's rail traffic. In fact, the promoters of Great Lakes Basin Transportation (GLBT) know this, yet when it suits their purpose to talk about a need for their project, they misrepresent that their railroad will carry 110 trains a day. At more than 100 cars per train, a typical haul, this would be than 11,000 cars daily. This is fantasy.

GLBT knows and has admitted that they cannot achieve this. Their project has nothing to do with building a functional railroad that can earn a profit after paying off the initial construction and start-up costs. Like all major rail development in America. This project exists to enrich promoters and construction interests. The railroad cannot and will not be able to successfully operate under the massive debt required to build it, however this does not matter to promoters and construction interests as they will extract a fortune from the project before operations start.

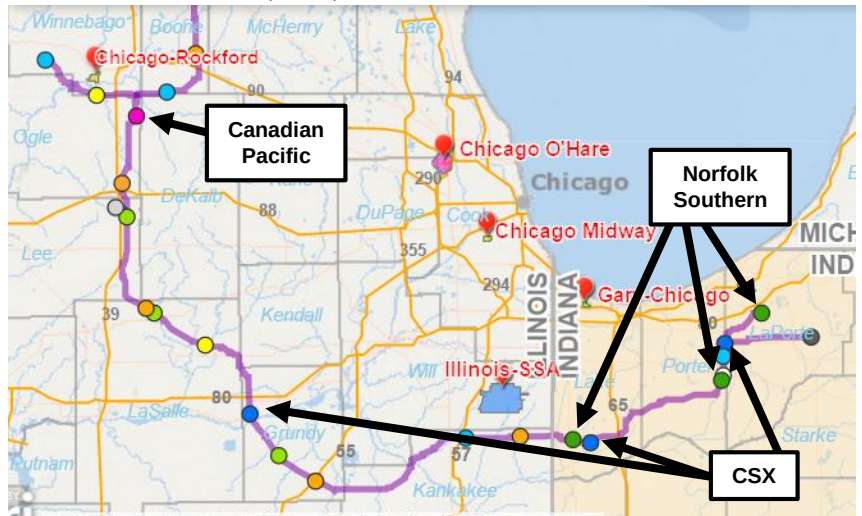
The GLBT railroad, like virtually every rail line build in, will go into bankruptcy proceedings because it cannot support its massive debt structure. Another business interest then will buy the property at pennies-on-a-dollar. If needed, this will happen repeatedly until some large corporate interest controls the property with a financial structure far below what the right-of-way cost to build. This new entity will then operate the railroad profitably. Investors and the public will be lose while insiders make millions of dollars off promotion, finance, and construction scams.

Who Will Benefit from Great Lakes Basin Transportation? CPR

GLBT cannot stand under its own weight, but millions of dollars will be made driving this corporate shell into bankruptcy. This is why GLBT misrepresents that they have investors lined up. They actually have none and admitted this fact only late last week. This is an intellectually dishonest proposal that is abusing the approval process. There are only 2 railroad interests that could benefit from this project: Canadian Pacific Railroad (CPR) and WATCO, owners of Wisconsin Central.

Those following the news know that CPR, the 6th largest railroad in North America, recently tried to acquire the largest Eastern railroads in the United States via hostile take-overs. The deal with CSX, the 3rd largest carrier in America, fell through last year. This year, CPR's attempt to buy Norfolk Southern (NS), the 4th largest carrier, was rejected.

What no one is talking about is the reason that Canadian Pacific was unsuccessful with these mergers is that *they do not currently have direct connections with these Eastern Carriers.*

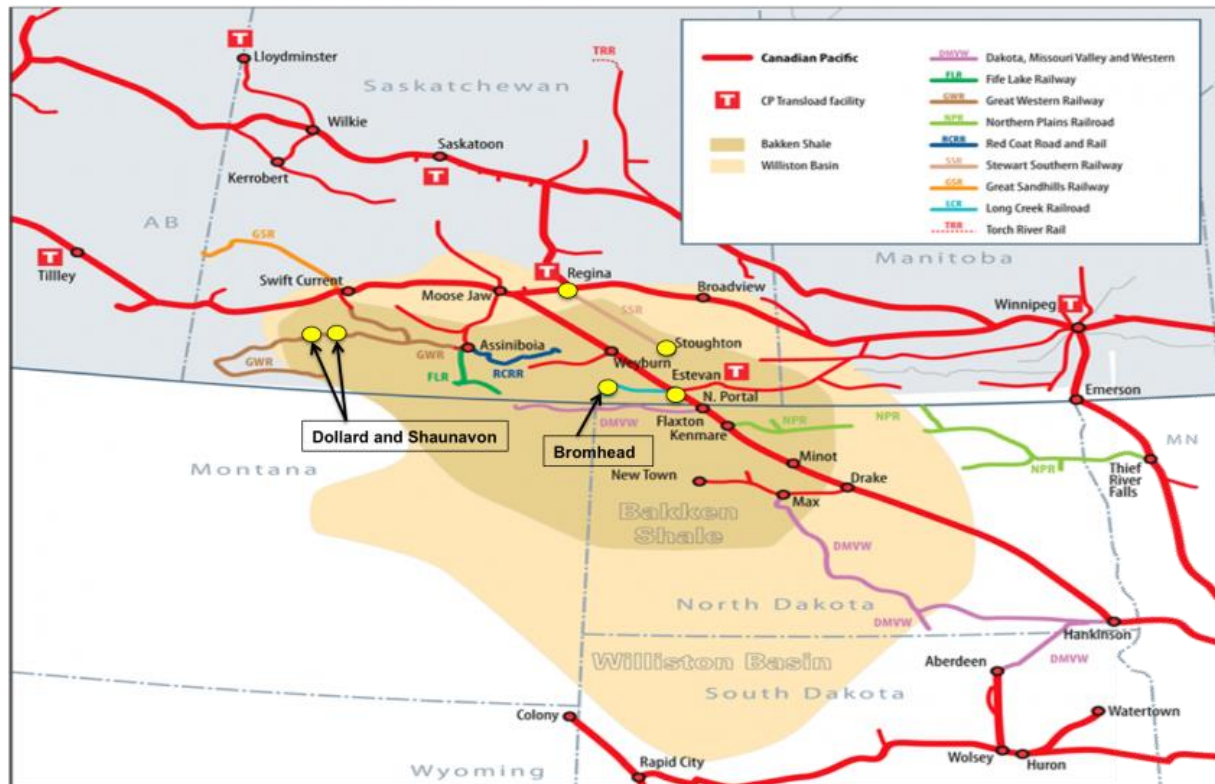


When the top executive at NS explained why CP's takeover was not in the interest of shareholders, he specifically said that since there was no direct connection between CPR and NS that there were no synergies nor efficiencies possible with this merger. It made no economic sense. There is no way to directly move traffic across a merged system.

GLBT is designed to provide that connection – CPR’s western lines will connect with GLBT just south of Rockford and then will meet NS’s different trunk lines in Indiana. GLBT is not a railroad plan that can support an \$8 billion dollar investment, but this does not matter. Once the railroad is in bankruptcy, Canadian Pacific could purchase this line at “fire-sale” prices and have the connection needed to integrate NS or CSX seamlessly into its operations.

CPR is not a major player in the rail freight that moves through Chicago. So where will this traffic come from to justify a merger? It will increase railcar loadings of Bakken crude from tar sands along the U.S. Canadian borders. As the map below clearly demonstrates, CPR not only runs directly through the most productive areas of Bakken Tar Sands, but no other rail system is as uniquely positioned to directly access virtually all of the Bakken Shale crude.

» CP Bakken Shale rail connections



What prevents CPR from exponentially increasing is crude oil shipments, as the map below indicates, is that they do not own the long haul from origin to destination – seaports to export this oil. CP also does not have direct access to U.S. refineries, so it has to short-haul itself.

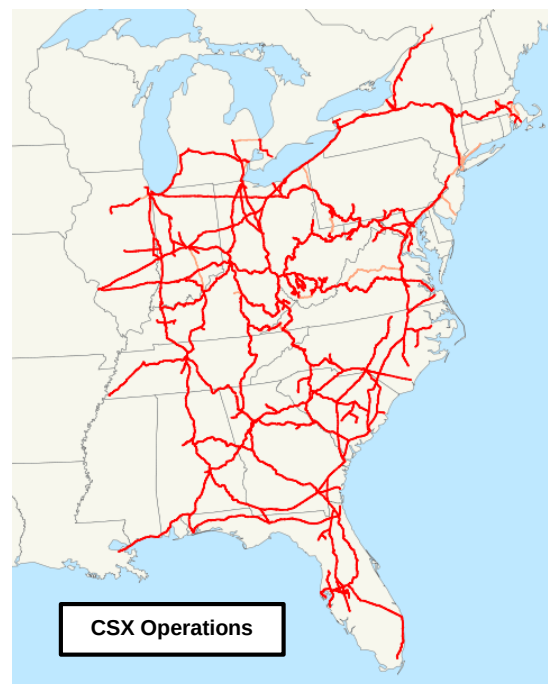


Now let's look at the route-maps of Norfolk Southern – remember, the hostile takeover by CPR of NS was only averted because these 2 rail giants (number 6 and number 4 respectively) do not physically connect.



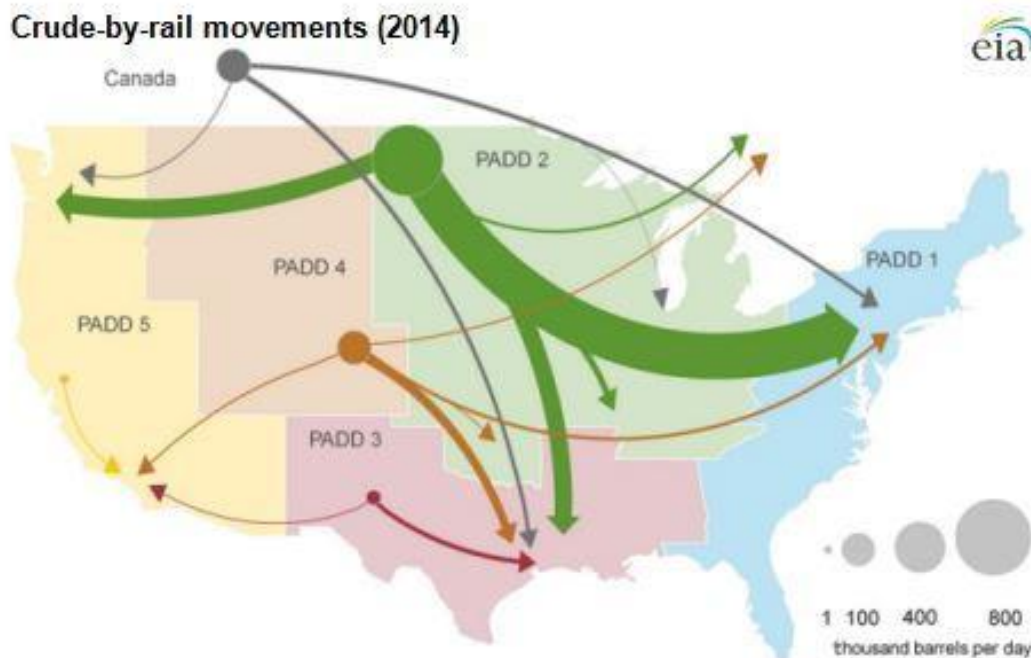
Now we see the real reason GLBT is promoting an impossibly overcapitalized railroad to bypass Chicago. This project will make millions of dollars in excessive profits for promoters, financiers, and construction contractors. The railroad will never be able to support the multi-billion dollar capital structure needed to create it. The operations will soon be bankrupt and the line will be sold in a rigged auction as only a few business interest can turn this corridor into a high-volume profitable rail line.

CPR is the only carrier that can directly exploit this bi-pass profitably, but they would need purchase the line in bankrupt, paying below actual construction costs. Acquiring the bankrupt assets of GLBT will remove the only obstacle between a CPR-NS takeover (hostile or otherwise), a direct connection. This takeover would then most certainly occur.



However, if for any reason NS will not sell or CPR chooses not to pursue that takeover again, there is another option that the map on the previous page illustrates. CPR can pick up its buy-out of the nation's 3rd largest carrier, CSX, and reap the same benefits by reaching all major Eastern seaports and the Gulf of Mexico by taking ownership of that railroad.

The U.S. Energy Information Administration's most-recent crude-by-rail map is from 2014. While crude prices have greatly fallen from peak prices of more than \$100 per barrel that year, it is just a matter of time before they rise again. To understand what GLBT is actually about and why promoters constantly misrepresent their plan, please look at the map below:



Now we can see the real purpose of GLBT – it will massively increase rail shipments of oil, specifically Bakken Crude, and this is one of the most volatile and dangerous commodities that can be imagined. From a Bloomberg report (January 4, 2014):

Crude oil produced in North America's booming Bakken region may be more flammable and therefore more dangerous to ship by rail than crude from other areas, a U.S. regulator said after studying the question for four months.

<http://www.bloomberg.com/news/articles/2014-01-02/bakken-crude-more-dangerous-to-ship-than-other-oil-u-s>

The same report states that three-quarters of the oil produced in North Dakota is shipped by rail rather than pipeline. Pipelines cannot be used to meet the profit demands of the oil industry because they are inflexible delivery systems. Rail, on the other hand, can be used to route oil to different markets based on who will pay the most. America's rail network is not tethered to fixed terminals like pipelines are. The majority of oil would never be shipped on pipelines under any circumstances as there is more money to be made shipping this commodity by rail.

But there is another multinational corporate railroad interest that will benefit greatly from GLBT even though it is sure to end up in bankruptcy and investors will lose billions.

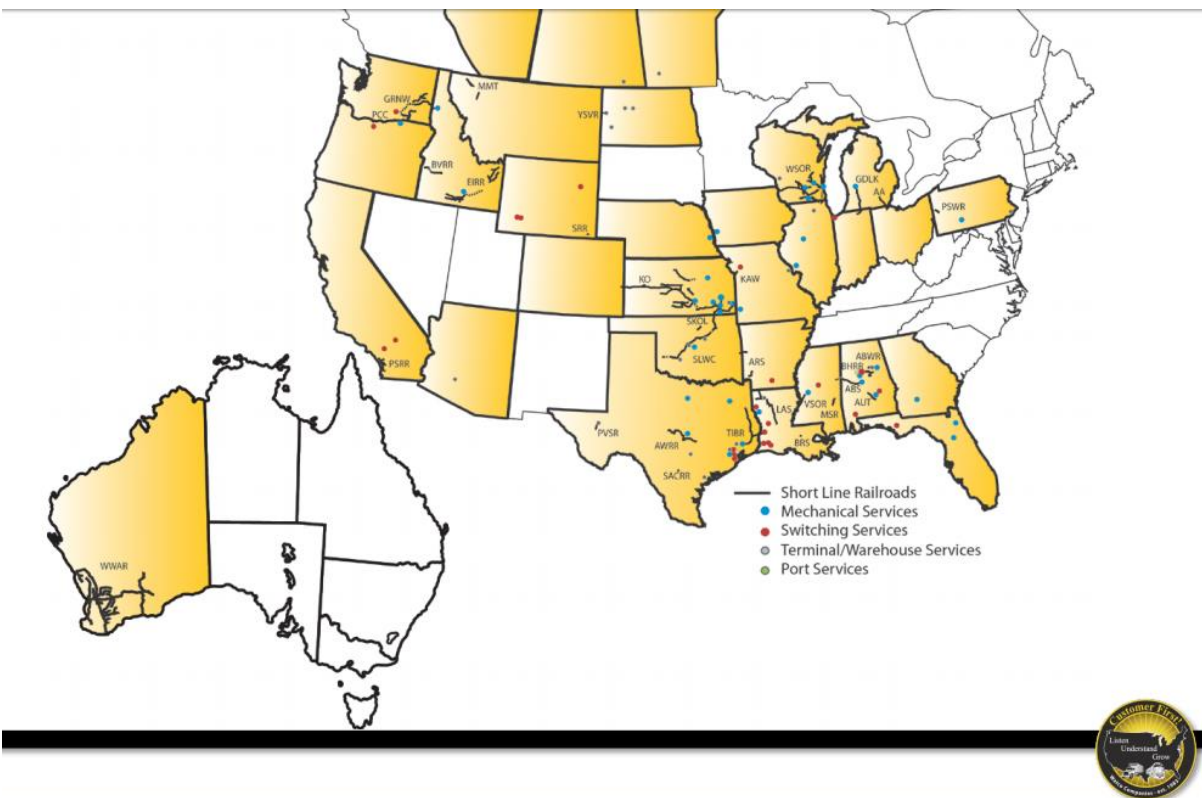
WATCO: The largest transportation holding company in the world

Wisconsin citizens that are paying attention know that Wisconsin Southern (WSOR) was criminally used by former owner Bill Gardner to launder money to promote the political career of Gov. Scott Walker. The serious felonies Gardner committed resulted in him receiving a slap-on-the-wrist and then he parlayed his criminality into millions and millions of dollars selling controlling interests to WATCO, the largest transportation holding company in the world.

What most people do not know is that Wisconsin & Southern, even under WATCO's ownership, is only a paper railroad and owns virtually none of its tracks. The rails are owned by Wisconsin taxpayers and are leased to WSOR far below market value. Not only is each and every carload shipped on WSOR heavily subsidized by the State of Wisconsin, but the Badger State actually pays WSOR handsomely to maintain the roadbeds! WATCO, a privately held corporation, could not profitably operate WSOR without the massive public dollars it receives.

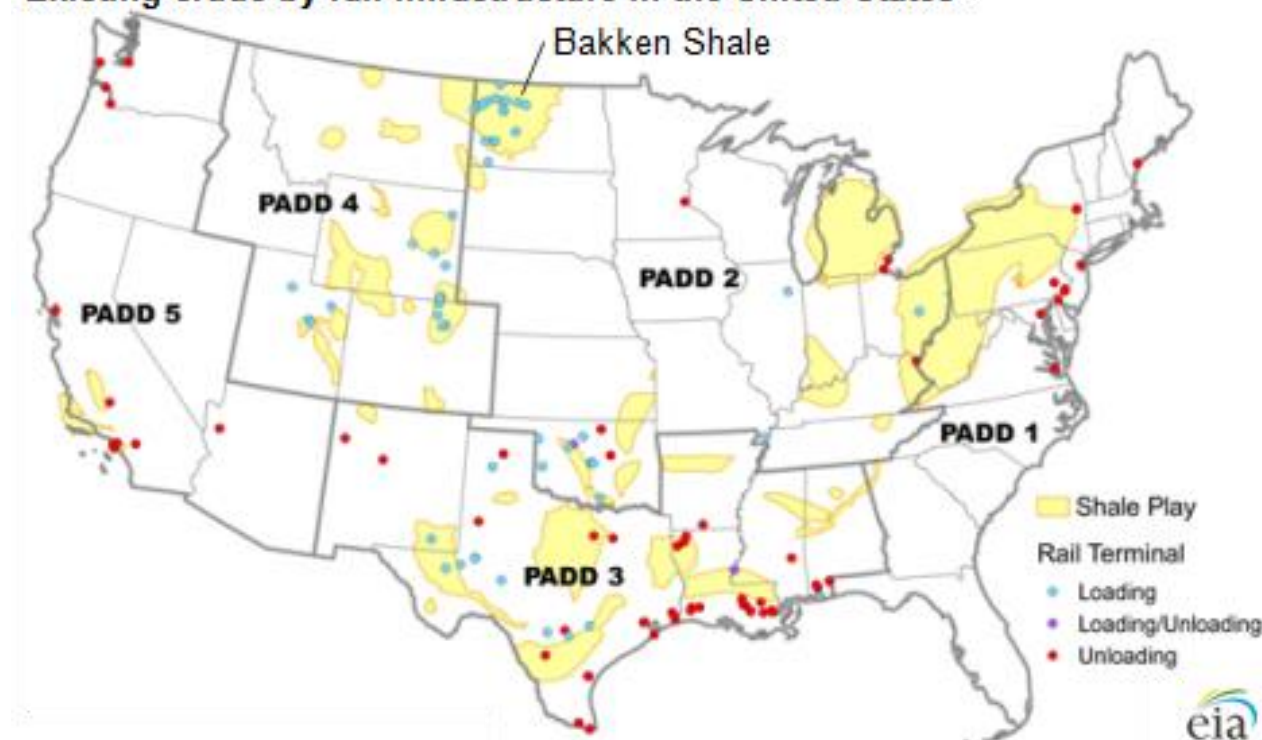
But WATCO owns much more than railroads around the world – it owns oil and gas transloading facilities. WATCO also has another heavily subsidized business. WSOR gives them direct access to the best frack sand mines in the world. Right now, because oil prices are relatively low, fracking and frack sand mining is not in the news, but it did not go away. Oil prices will go up again and fracking will explode exponentially, demanding more Wisconsin Frack Sand.

This is why GLBT begins in Wisconsin at connections with WATCO's Wisconsin & Southern. Not only does WATCO have huge financial interests in Bakken Tar Sands development, they control the proppant most-widely used to make fracking possible: Wisconsin Silica Sand. While WSOR does not currently ship crude, this does not mean that WATCO will not be able to route crude over these lines should they acquire an advantageous position in GLBT. Below is a map of WATCO's transportation and port business – we can see they will benefit from anything that increases rail shipments from the Bakken Shale region to sea ports for export.



Compare the map on the previous page with existing crude-by-rail infrastructure in the United States and you will see why WATCO will also profit from a direct or indirect interest in GLBT.

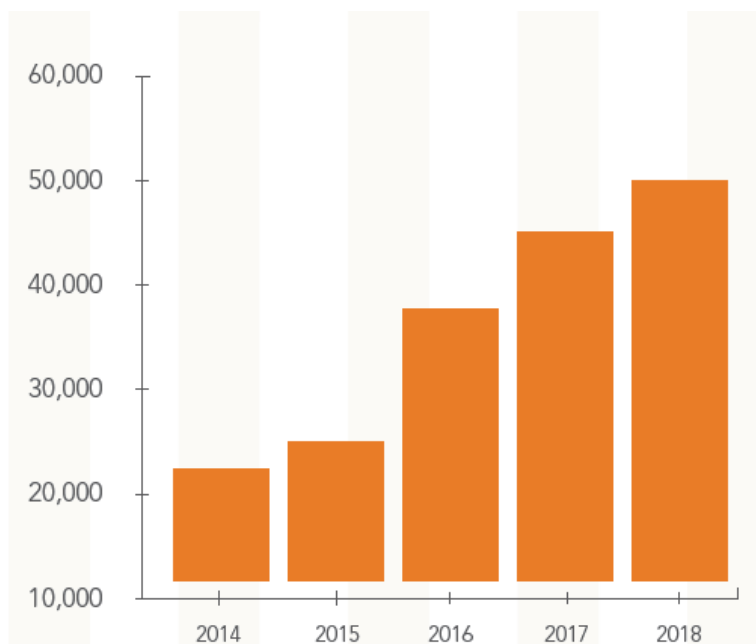
Existing crude-by-rail infrastructure in the United States



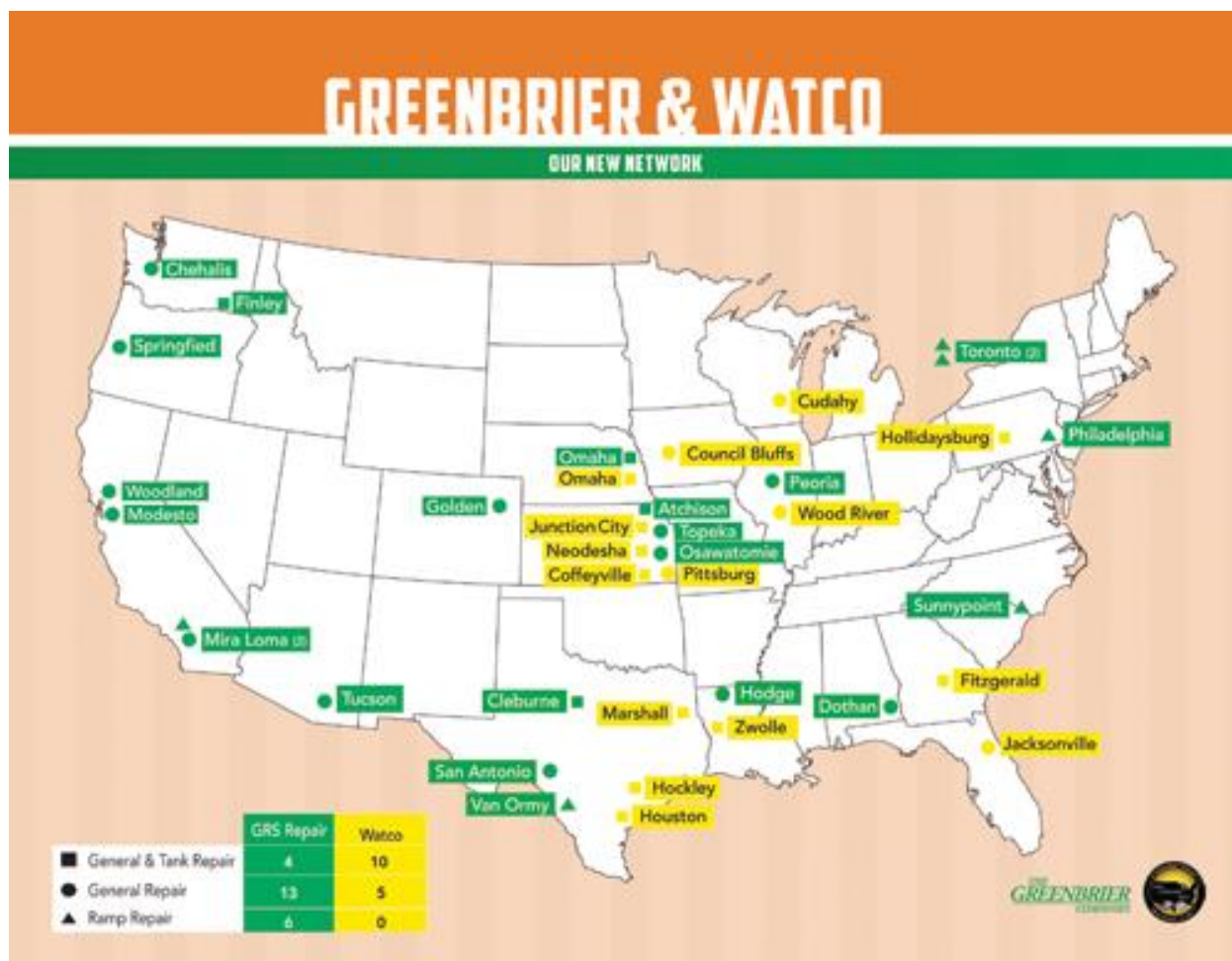
But more importantly, we know directly from WATCO's public statements that they see Bakken tar sands oils as their most ludicrous profit opportunity. Not only can they load, transport, and unload this crude via rail, barge, ship, and truck; they will also benefit from moving refined products and refining byproducts, including fracking liquids which are proprietary chemical concoctions that are highly toxic and flammable.

WATCO is also one of the largest rail car maintained and repair operators in the U.S.

Over the next few years, huge numbers of railroad tank cars will need to be recertified to operate. WATCO have recently partnered with Greenbrier and now are the dominant player in servicing rail tank cars. They have their business model positioned to directly make money providing transportation services and then maintaining and rebuilding rail cars used to ship crude oil, refined fuels, refined byproducts, and fracking liquids.



Anticipated Tank Car Recertifications



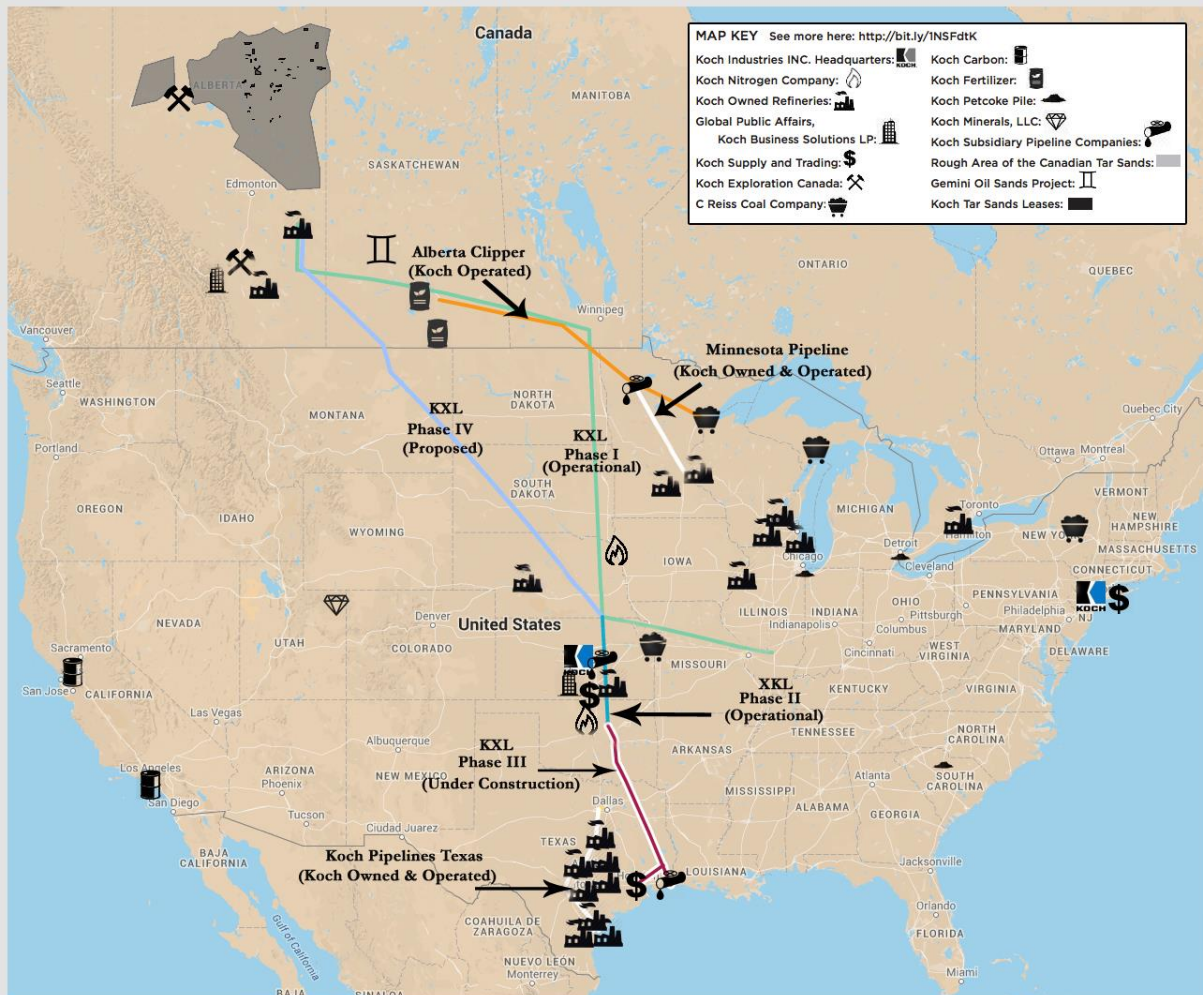
Koch Industries

And who is WATCO's biggest customer? By their own company newsletter, we know it is Koch Industries. In 2014, Koch canceled its plans to build a 250,000 barrels per day pipeline to transport oil out of the Bakken in Western North Dakota to points in Illinois. Given the expense, opposition, and unstable nature of crude prices; there is no need for a massive pipeline that cannot flexibly direct different volumes of Bakken crude to different markets based on who will pay the highest price.

It is not a coincidence that the current promoters of GLBT acknowledge that they began to develop their plans in 2014 – this is immediately after Koch abandoned their pipeline proposal. So who is really behind GLBT?

While we can see that Canadian Pacific Railroad has a great deal to gain and we know that the project is designed to begin with rail connections with WATCO's Wisconsin & Southern Railroad, no multinational corporate interest has more at stake in GLBT than Koch Industries. Its tar sands interests encompass everything from leasing and selling holdings for prospective development to exploring, drilling and mining bitumen; marketing and exporting oil; and selling lucrative byproducts. Koch is the second largest refiner in the U.S. Midwest. Its four U.S. refineries are capable of handling some 700,000 barrels per day, according to the U.S. Congressional Research Service (<http://fas.org/sgp/crs/misc/R41478.pdf>). So while many environmental activists believe we escaped great harm when the Keystone XL pipeline was abandoned, in reality this oil is now going to ship by rails and this is what GLBT is designed to do.

Koch Assets in the Tar Sands Trade



Koch investments in tar sands industry range from their potential two million acres in Alberta to thousands of miles of pipeline and storage facilities to two Texas refineries along the Gulf Coast. Ownership of so much infrastructure affords the Kochs access to insider's intelligence about the industry's supply, so the Kochs are able to place big bets on price movements in trading oil futures, derivatives, and other "innovative" and unregulated financial instruments that have made them the world's two wealthiest men.

International Forum on Globalization - ifg.org/koch-assets-map-tar-sands

Conclusion

There are many reasons that the proposed GLBT railroad should not be built. Paramount is the fact that the promoters have been dishonest and have misled the public and now Surface Transportation Board. This project has nothing to do with re-routing current carloads of freight around Chicago. GLBT has admitted this publically after 2 STB hearings last week, stating that they have nowhere near 110 trains a day to divert and that they have no investors. This project is about creating a corridor to massively increase rail shipments of Bakken tar sands oil. This is why it was initiated in 2014 after Koch Industries announced they would not build the Keystone Pipeline to the Gulf of Mexico. The business model is built on lies of commission, omission, and financial fraud. The proposed railroad cannot support multi-billion dollar capital investments. Like virtually all of America's rail development from more than 100 years ago, this is a financial scheme to enrich promoters, financiers, and builders. The railroad will be promptly placed in receivership and sold to one of the interests I have identified for pennies-on-a-dollar.

Demand to Immediately Halt Consideration of Great Lakes Basin Transportation

Great Lakes Basin Transportation (GLBT) has submitted a railroad proposal that is wholly inadequate and reasonably appears to be fraudulent. The approval process at *Surface Transportation Board* (STB) is being misused and abused with intellectually dishonest and materially inaccurate statements. This can be objectively demonstrated by the inability of GLBT to make consistent statements about their proposed railroad. Patton is on-record stating it will carry 110 trains a day and then as few as 11. He claims to have investors, then he states on the record he does not have investors. He claims this is entirely privately funded, then announces he needs 90% Government funding. I could go on-and-on.

The point is that not only is STB being intentionally misled by contradictory representations by GLBT management, but the public cannot possibly be expected to fully-identify valid considerations and concerns when the initial proposal from GLBT is inadequate, was deceptively waived out of the mandated 6-month notification period, and is constantly being misrepresented by Frank Patton and his management team. This charade must stop before investors are swindled out of billions of dollars invested in a fraudulent business plan.

Outright Fraud: 15,000 Acre Rail Yard – False and STB Knows this!

The most obvious example of this is the GLBT representation that it needs 15,000 acres for a rail yard. This is absurd on its face. There is no need for a rail yard this large and GLBT knows this. So does Surface transportation Board. Frank Patton cannot identify a single railroad that has indicated it will divert traffic from its lines to a third party belt line. America's largest railroad, Union Pacific, has publically stated it does not support the proposal and that there is no need for it. Patton, depending on what suits his purpose, states the railroad will carry 110 trains a day or as few as perhaps a eleven.

Neither of these claims justifies a rail yard even 1/5 of the size being proposed. Nothing in GLBT proposal justifies 15,000 acres of appropriated land as being necessary. Approving a railroad with such wildly inaccurate and unjustifiable acreage is a travesty of justice. Eminent domain cannot be used to appropriate land that clearly is not needed for the railroad project being proposed. A 15,000 acre rail yard cannot be justified by a 275 mile short line.

Union Pacific Railroad is the largest railroad in North America, covering 23 states across two-thirds of the United States. In all, the company runs 2,500 trains per day over 32,200 track miles. By most accounts, it is the largest railroad in the world. Union Pacific (UP) has more than 6,800 locomotives, over 100,000 pieces of rolling stock, and 51,000 employees. UP also ranks right up there with some of the largest corporations in America.

Union Pacific's Bailey Yard in North Platte, Nebraska, is the largest railroad classification yard in the world, covering 2,850 acres and reaching a total length of eight miles. This rail yard is located in the midst of key east-west and north-south corridors, making it a critical component of Union Pacific's rail network.

It adequately and efficiently serves handles 10,000 freight cars every 24 hours, sorting/classifying 3000 cars daily. Bailey Yard consists of 315 miles of track, considerably more than the entire length of the proposed GLBT railroad.

On average, every 24 hours, UP's Bailey Yard sends out 155 freight trains consisting of the following complete trains:

Manifest	60
Coal	70
Grain/Ore	6
Local	4
Intermodal/Auto	15

Bailey Yard consists of 2 "hump" yards to sort/classify freight. These two hump yards allow four cars a minute to roll gently into any of 114 "bowl" tracks where they become part of trains headed for dozens of destinations. Together, these two yards have 18 receiving and 16 departure tracks. The receiving/departure tracks typically handle 14,000 rail cars every 24 hours.

The 2,850 acres that Union Pacific uses as its hub includes repair shops that are open 24 hours a day, seven days a week. Bailey Yard also has a fueling and service center which processes more than 9,000 locomotives each month, using technology like overhead cranes and elevated work bays to maintain fluid operations. The on-site car repair facility annually replaces 10,000 pairs of wheels.

Bailey Yard is division point for UP, where trains are sorted, railroad crews are exchanged, and maintenance or repairs are performed on equipment. Its 2,850 acres and 315 miles of track have adequately and efficiently served Union Pacific's needs since Bailey Yard was redesigned in 1980 into its current configuration. In 1995, as a result of its massive size, the yard was recognized in the Guinness Book of Records as the largest rail yard in the world.

If Union Pacific, the largest and most profitable railroad in the world routinely keeps its 32,200 mile system fluid and efficiently operating with a central rail yard that is a tiny fraction of Frank Patton's proposed 15,000 acre rail yard, then it becomes clear: ***Great Lakes Basin Transportation has put forward a deficient, inadequate, and apparently deceptive proposal to misdirect attention from the real purpose of his business objectives.***

Whether through incompetence or intent to defraud investors does not matter, though given the extent of the material misrepresentations GLBT has placed on the public record, it will be criminal to solicit investors and/or government funding. Until GLBT can accurately and adequately justify its proposed 15,000 acre confiscation of privately-owned and productive land, STB must immediately halt the approval process because:

1. There is nothing in the GLBT proposal that justifies building a rail yard and/or terminal that would exceed the largest freight yard in the world by a factor of 5.
2. Any assessment of environmental impact cannot be made given that the proposal is inadequate at-best and reasonably appears to be fraudulent.
3. Soliciting investments or government funding of any sort based on the materially false stated need for a 15,000 acre rail yard is criminal – this is financial fraud.
4. Eminent domain laws were never created to allow private interests to confiscate private property when the purpose is simply for speculation and/or unstated or misrepresented purposes. There is clearly no "public need" nor "public interest" being served.

5. The entire GLBT proposal is invalid since it is built on the false premise that 15,000 acres is needed for a rail yard.