B.C.D. 04-33

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EMPLOYER STATUS DETERMINATION
Camas Prairie RailNet, Inc.
Great Northwest Railroad, Inc.

This is the determination of the Railroad Retirement Board concerning the continuing status of Camas Prairie RailNet, Inc. (CPR) (B.A. No. 2648) as an employer under the Railroad Retirement Act (45 U.S.C. § 231, et. seq.) (RRA) and the Railroad Unemployment Insurance Act (45 U.S.C. § 351, et. seq.) (RUIA). CPR was determined to be an employer under the RRA and RUIA with coverage from February 1, 1998. This is also the determination of the Board concerning the status of Great Northwest Railroad, Inc. (GNR). GNR has not heretofore been ruled to be a covered employer.

Mr. William E. Glavin, Executive Vice President of North American RailNet, a non-carrier holding company and parent of CPR, advised that CPR ceased railroad operations on March 2, 2004 and last compensated employees on March 31, 2004. Although CPR has not yet been dissolved as a corporation due to 2004 employee compensation reporting requirements, other financial matters and certain existing railcars that still utilize CPR's car mark, all of its railroad assets were sold to GNR on or about February 27, 2004. See Surface Transportation Board Finance Docket No. 34474, decided February 20, 2004.

Section 202.11 of the Board's regulations provide that:

> The employer status of any company or person shall be terminated whenever such company or person loses any of the characteristics essential to the existence of an employer status.

In view of the foregoing, it is the determination of the Railroad Retirement Board that Camas Prairie RailNet, Inc. ceased to be an employer covered under the RRA and RUIA on March 31, 2004, the date on which it last compensated its employees.

Mr. Craig R. Richey, legal counsel for Watco Companies, Inc., advised that GNR began operations and compensated its employees effective March 3, 2004. GNR is a wholly owned subsidiary of Watco Companies, Inc., a non-carrier holding company. Surface Transportation Board (STB) authority for Watco to continue in control of GNR is set forth in STB Finance Docket No. 34475, decided March 10, 2004. GNR acquired CPR and now operates its predecessor's rail line of approximately 179 miles located in the states of Idaho and Washington and connects with the Union Pacific (UP) and Burlington Northern Santa Fe (BNSF).

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Section 1(a)(1) of the Railroad Retirement Act (45 U.S.C. § 231(a)(1), insofar as relevant here, defines a covered employer as:

> (i) any carrier by railroad subject to the jurisdiction of the Surface Transportation Board under Part A of subtitle IV of Title 49 [45 U.S.C. § 231(a)(1)(i)].

Section 1(a) and 1(b) of the Railroad Unemployment Insurance Act (45 U.S.C. §§ 351(a) and (b)) contain substantially the same definition as does section 3231 of the Railroad Retirement Tax Act (26 U.C.S. § 3231).

Based on the information summarized above, it is determined that the Great Northwest Railroad, Inc. became an employer covered under the Railroad Retirement Act and the Railroad Unemployment Insurance Act on March 3, 2004, the date it began operations.

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