

EMPLOYER STATUS DETERMINATION
SouthCentral Rail Management LLC (SCRM)

This is the determination of the Railroad Retirement Board regarding the status of SouthCentral Rail Management LLC (SCRM) as an employer under the Railroad Retirement Act (45 U.S.C. §231 et seq.)(RRA) and Railroad Unemployment Insurance Act (45 U.S.C. §351 et seq.)(RUIA).

Information provided by Henry G. Hohorst, a co-owner and member of SCRM, a limited liability company, indicates that SCRM began operations on January 1, 1996 as a privately held management company. The company's three employees were first compensated under EIN# 22-341381, the week of January 1, 1996. The two owners and members of SCRM are also officers and employees of its two affiliated rail carriers. Bruce G. Hohorst, co-owner and managing member of SCRM, is President of both the Tennken (BA No. 3594) and West Tennessee (BA No. 2568) railroads. Henry G. Hohorst, co-owner and member of SCRM, is Chairman of the Tennken and West Tennessee railroads. Henry G. Hohorst also owns 83.72% of the shareholder interest in South Central Rail Group, which in turn owns the West Tennessee Railroad. South Central Rail Group is also an 81% shareholder in the Tennken Railroad. SCRM is thus under common control with the Tennken Railroad Company and the West Tennessee Railroad.

SCRM renders 99% of its management services to its affiliated carriers, the Tennken and West Tennessee railroads. These services include accounting, payroll, negotiation and review of contracts, industrial development, interline freight, completion and filing of state and federal reports, and consulting. These services constitute services in connection with railroad transportation within the meaning of section 1(a)(1)(ii) of the RRA.

Information in the record establishes that SCRM began operations on January 1, 1996. A majority of the Board finds that effective with the start of business, January 1, 1996, SouthCentral Rail Management, LLC was a covered employer under the RRA and the RUIA.

Glen L. Bower

V. M. Speakman, Jr.

Jerome F. Kever (Dissenting)

