

APR 25 2006

EMPLOYER STATUS DETERMINATION
Tucson, Cornelia & Gila Bend Railroad Company

This is the decision of the Railroad Retirement Board regarding the continued status of the Tucson, Cornelia & Gila Bend Railroad Company (Tucson Cornelia) 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).

Tucson, Cornelia was held to be an employer under the Acts effective May 18, 1915 (B.A. Number 2730). Rodney M. Smith, Staff Accountant for the company advised in a letter dated January 25, 2006 that all operations ceased in April 1985 and an embargo has been in effect since that time¹. All employees were separated from the company as of that month.

Section 202.11 of the Board's regulations provides that:

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

Through the termination of operations and separation of its employees, Tucson, Cornelia has lost the characteristics essential to the existence of an employer status. Accordingly, the Board holds that Tucson, Cornelia ceased to be an employer under the Railroad Retirement and Railroad Unemployment Insurance Acts effective with the close of business on April 30, 1985. Cf. Rev Ruling 82-99, 1982-2 C.B. 154, wherein the Internal Revenue Service ruled that a railroad ceases to be an employer subject to taxes under the Railroad Retirement Tax Act when

¹ The company, however, continued through 1999 to file annual reports of compensation with the Board, showing "zero" (no) compensation for each year. As part of an agency project to update its records of covered employers, it was discovered that the company no longer existed.

the railroad's employees stop performing services in connection with the railroad's carrier activities.

Original signed by:

Michael S. Schwartz

V. M. Speakman, Jr.

Jerome F. Kever