

**EMPLOYER STATUS DETERMINATION  
Hondo Railway, LLC (HRC)**

This is a determination of the Railroad Retirement Board concerning the status of Hondo Railway, Inc. (HRC) as an employer under the Railroad Retirement Act (45 U.S.C. §231 et seq.) and the Railroad Unemployment Insurance Act (45 U.S.C. §351 et seq.).

In Surface Transportation Board (STB) Finance Docket No. 34901, decided August 9, 2006, HRC filed a verified notice of exemption to lease and operate over approximately 13,200 feet of track in and adjacent to terminal facilities in the vicinity of Hondo, Medina County, Texas. HRC leases the track, which is owned by South Texas Liquid Terminal, Inc., a non-carrier.

Information regarding HRC was furnished by Mr. Kevin J. Dowd, attorney for HRC. In a letter dated October 26, 2006, Mr. Dowd stated that HRC is owned by Mr. Donald D. Lee (50%), the Chief Executive Officer, and Mr. Mark Holland (50%). According to Mr. Dowd, HRC expected to commence operations on November 30, 2006. Mr. Dowd stated that HRC will operate over 13,200 feet of terminal and switching track in the vicinity of Hondo, Texas. HRC does not have any employees, according to Mr. Dowd. Mr. Dowd stated that HRC plans to interchange freight traffic with Union Pacific Railroad Company (UP) (BA No. 1713) and Burlington Northern Santa Fe Railway, Inc. (BNSF) (BA No. 1621). Mr. Dowd further stated that HRC will provide origin and terminal switching services for industries and rail customers and does not anticipate providing line-haul service. Mr. Dowd stated that HRC will handle freight traffic only, prior to or after interchange with UP and/or BNSF via UP's Del Rio Subdivision. In a letter dated January 22, 2007, Mr. Mark Holland, Vice President for HRC, informed the Board that HRC had commenced operations. In a follow-up telephone call, Mr. Holland informed the Board's Audit and Compliance Division that operations for HRC commenced on January 24, 2007.

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, United States Code.

Section 1 of the RUIA contains essentially the same definition. (45 U.S.C. § 351.

The evidence of record establishes that HRC is a rail carrier operating in interstate commerce. Accordingly, it is determined that the Hondo Railway, LLC (HRC) became an employer within the meaning of section 1(a)(1)(i) of the Railroad Retirement Act (45 U.S.C. §231(a)(1)(i)) and the corresponding provision of the Railroad Unemployment Insurance Act effective January 24, 2007, the date as of which it commenced operations.

Original signed by:

FOR THE BOARD  
Beatrice Ezerski  
Secretary to the Board