

EMPLOYER STATUS DETERMINATION
Central Illinois Railroad Company

This is the decision of the Railroad Retirement Board regarding the continued status of the Central Illinois Railroad Company (CIRY) (B.A. No. 4785) 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).

In a letter dated August 27, 2010, Ms. Christine L. Stantz, Controller for CIRY, advised the agency that Central Illinois Railroad Holdings, LLC and all of its subsidiaries, including CIRY, had sold all of their assets and operations were to cease August 31, 2010. In response to a request for additional information, Ms. Stantz advised that operations of CIRY ceased on August 9, 2010; CIRY employees were terminated August 10, 2010 or earlier; Ms. Stantz's last day of employment was August 31, 2010; and the last payroll for CIRY was issued September 15, 2010. Ms. Stantz also explained that CIRY was ordered to turn its assets over to the secured creditor by order of the Superior Court of Porter County, Indiana on July 20, 2010. All tangible assets were sold to R&R Contracting on July 23, 2010. Review of the quit claim bill of sale indicates that R&R Contracting bought, as a secured creditor, the locomotives, machinery, equipment, inventory and other personal property. Any remaining receivables were, according to Ms. Stantz, secured by the senior lender and are in the process of being liquidated. Once liquidation is complete, CIRY will be formally dissolved. On July 29, 2010, CIRY had filed with the Surface Transportation Board (STB) a petition to discontinue services (STB Docket No. AB 1066 (Sub-No. 2X), service date August 18, 2010). In a decision dated November 16, 2010, the STB permitted CIRY to stop providing rail service over approximately 18.5 miles of lines owned by BNSF Railway Company.

According to the STB decision,

CIRY's July 2010 petition states that CIRY is in poor financial condition and is operating at a financial loss on the lines and cannot continue to do so. Petitioner points out that the lease agreement between BNSF and CIRY was scheduled to expire in November 2010, but the parties reached an agreement whereby the lease would terminate at the close of business on August 9, 2010. Petitioner states that, on August 10, 2010, BNSF, as owner of the lines, would resume providing rail service on the lines. According to petitioner, the lease agreement also authorized BNSF to market the lines and establish rates for all the traffic moving to and from the lines. In addition, the agreement allowed all customers on the lines to be open to reciprocal switching. BNSF will continue to perform these functions now that it has resumed operations over the lines and will keep all customers on the lines open to reciprocal switching. BNSF also will assume the maintenance responsibilities on the lines.

The evidence of record establishes that CIRY no longer possesses the characteristics of a railroad employer. The Board therefore finds that effective September 15, 2010, the date CIRY issued its last payroll, Central Illinois Railroad Company ceased being a covered employer under the Railroad Retirement and Railroad Unemployment Insurance Acts.

Original signed by:

FOR THE BOARD
Beatrice Ezerski
Secretary to the Board