

**EMPLOYER STATUS DETERMINATION****Central Maine & Quebec Railway U.S. Inc. (CMQR)**

This is a determination of the Railroad Retirement Board concerning the status of Central Maine & Quebec Railway, U.S., Inc. (CMQR) 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.). The status of CMQR under the Acts has not previously been considered.

CMQR is a subsidiary corporation of Rail Acquisition Holdings LLC (RAH), which in turn is owned and controlled by Fortress Worldwide Transportation and Infrastructure General Partnership, an investment fund managed by an affiliate of Fortress Investment Group LLC. Ms. Gaynor L. Ryan, the chief administration officer for CMQR, provided information regarding the formation and start of operations for CMQR. Ms. Ryan indicated that CMQR began operations on May 15, 2014, with 55 employees hired as of that date.

RAH, CMQR's parent company, entered into an Asset Purchase Agreement on December 12, 2013 to purchase the entire rail system of the Montreal, Maine & Atlantic Railway, Ltd. (MMA) (BA # 2135), which had filed voluntary petitions for bankruptcy in the United States Bankruptcy Court for the District of Maine and the Superior Court for the Province of Quebec, District of Montreal on August 7, 2013. Under the auspices of the U.S. Bankruptcy Court and the Quebec Superior Court, the Chapter 11 Trustee conducted an auction on January 21, 2014. RAH was found to have made the highest and best offer for the rail assets of MMA, and final orders approving the sale of those rail assets to RAH were approved by both the U.S. Bankruptcy Court and Quebec Superior Court on January 23, 2014.

In Surface Transportation Board Finance Docket No. 35805, CMQR filed a Verified Notice of Exemption to acquire and operate along approximately 244.2 miles of rail lines in the states of Maine and Vermont, including the following rail lines:

- (1) Milepost 0.0+ of MMA's Searsport Subdivision in the vicinity of Searsport, Maine to Milepost 109.00+1 of MMA's Madawaska Subdivision in the vicinity of Millinocket, Maine;
- (2) Milepost 0.0+ to Milepost 6.19+ of MMA's East Millinocket Subdivision in the vicinity of East Millinocket, Maine;
- (3) Milepost 0.0+ to Milepost 4.0+ of MMA's K.I. Subdivision in the vicinity of Brownsville Junction, Maine;

- (4) Milepost 0.0+ to Milepost 101.80+ of MMA's Moosehead Subdivision, from the vicinity of Brownsville Junction, Maine to the United States/Canada border in the vicinity of Skinner, Maine; and
- (5) Milepost 26.25+ to Milepost 60.4+ of MMA's Newport Subdivision, from the United States/Canada border in the vicinity of Richford, Vermont to the vicinity of Newport, Vermont.

CMQR indicated in this filing that projected revenues would exceed \$5 million, but would not exceed \$22 million, thereby classifying CMQR as a Class III rail carrier. On March 12, 2014, the Surface Transportation Board granted CMQR's request to waive the 60-day notice period required by Surface Transportation Board regulations at 49 CFR §1150.32(e), allowing the purchase transaction to be consummated as early as March 16, 2014.

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 (45 U.S.C. § 351) contains essentially the same definition, as does section 3231 of the Railroad Retirement Tax Act (26 U.S.C. § 3231).

The evidence of record establishes that CMQR is a rail carrier operating in interstate commerce. Accordingly, the Board finds that Central Maine & Quebec Railway U.S., Inc. became an employer within the meaning of section 1(a)(1) of the Railroad Retirement Act and Section 1 of the Railroad Unemployment Insurance Act effective May 15, 2014, the date on which CMQR began operations.

Original signed by:

FOR THE BOARD  
Martha P. Rico  
Secretary to the Board