

**EMPLOYER STATUS DETERMINATION  
Cicero Central Railroad, LLC (CCRL)**

This is a determination of the Railroad Retirement Board concerning the status of Cicero Central Railroad, L.L.C. (CCRL) 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 CCRL under the Acts has not previously been considered.

CCRL is a new limited liability company controlled by Watco Transportation Services, L.L.C. Watco Holdings, Inc. is a Kansas non-carrier company, which is the parent of Watco Companies, L.L.C.<sup>1</sup> Watco Companies, L.L.C. is a non-carrier and controls Watco Transportation Services, L.L.C.<sup>2</sup> Watco Holdings, Inc. and Watco Companies, L.L.C. have not been found to be employers under the Acts. However, Watco Transportation Services is a covered employer under the Acts since January 1, 2001. Craig R. Richey, Executive Vice President and General Counsel of CCRL provided information regarding the formation and start of operations for CCRL. Mr. Richey stated that CCRL began operations on November 23, 2015. The first date that CCRL's three employees were compensated was November 23, 2015.

In Surface Transportation Board Finance Docket No. 35947 dated November 4, 2015, CCRL filed a Verified Notice of Exemption to permit it to lease a rail line of approximately 5,675 lineal feet located in Illinois, between the western edge of Cicero Avenue and the eastern edge of the Central Avenue overpass at or near the Town of Stickney, Illinois. The only terminal point is in Stickney, Illinois. CCRL indicated in its filing that the rail line is owned by the Illinois Central Railroad Company ("IC") and that CCRL would lease and operate the rail line. Further, upon consummation of the transaction, CCRL would become a Class III carrier. The Surface Transportation Board noted the CCRL transaction was related to Finance Docket No. 35948 "Watco Holdings, Inc. – Continuance in Control Exemption – Cicero Central Railroad, L.L.C.", dated November 4, 2015, wherein Watco Holdings concurrently filed a verified notice to continue in control of CCRL upon CCRL becoming a Class III carrier. CCRL also stated that railcars will be received by CCRL on the leased track from IC on behalf of CCRL's

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<sup>1</sup> See Surface Transportation Board Finance Docket No. 35439 for details regarding the Watco corporate family.

<sup>2</sup> Id.

customer, and that it would help coordinate the exchange and movement of freight traffic between the IC and CCRL's customer. CCRL indicated that its projected annual revenues would not exceed \$5 million. The Surface Transportation Board granted CCRL's request for exemption effective November 18, 2015 (30 days after the exemption was filed).

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;
- (ii) any company which is directly or indirectly owned or controlled by, or under common control with, one or more employers as defined in paragraph (i) of this subdivision, and which operates any equipment or facility or performs any service (except trucking service, casual service, and the casual operation of equipment or facilities) in connection with the transportation of passengers or property by railroad, or the receipt, delivery, elevation, transfer in transit, refrigeration or icing, storage, or handling of any property transported by railroad \* \* \* \*

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).

In coordinating the exchange and movement of freight traffic between the Illinois Central Railroad Company and its customer, Cicero Central Railroad, L.L.C. is clearly performing services in connection with railroad transportation, and is a rail carrier operating in interstate commerce. Accordingly, the Board finds that Cicero Central Railroad, L.L.C. 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 November 23, 2015, the date on which CCRL began operations.

Original signed by:

FOR THE BOARD  
Martha P. Rico  
Secretary to the Board