B.C.D. 01-51

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EMPLOYER STATUS DETERMINATION
Lapeer Industrial Railroad Company
Detroit Connecting Railroad Company
Charlotte Southern Railroad Company

This is the determination of the Railroad Retirement Board concerning the status of Lapeer Industrial Railroad Company, Detroit Connecting Railroad Company, and Charlotte Southern Railroad Company as employers 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.).

Information regarding these companies was provided by Kenneth J. Bisdorf, counsel for and part owner of the three companies. According to Mr. Bisdorf, the Adrian & Blissfield Railroad Company, a covered employer under the Acts (B.A. No. 3288), was formed in 1991 to operate the rail lines owned by the state of Michigan located in Lenawee County. In late 1998 and in 1999, the Adrian & Blissfield acquired three separate lines of railroad from the Grand Trunk Western Railroad Incorporated, a covered employer under the Acts (B.A. No. 1208): "Dequindre Line," 2.27 miles, acquired December 22, 1998, Surface Transportation Board Finance Docket Number 33692; "Charlotte Line," 3.22 miles, acquired February 23, 1999, STB Finance Docket Number 33718; "Lapeer Lines," 1.38 miles, acquired June 9, 1999, STB Finance Docket Number 33747.

In the first week of October 2000, Dequindre Line, Charlotte Line, and Lapeer Lines were incorporated as Detroit Connecting Railroad Company (STB Finance Docket Number 33937), Charlotte Southern Railroad Company (STB Finance Docket Number 33937), and Lapeer Industrial Railroad Company (STB Finance Docket Number 33936), respectively, to run the lines.

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The three companies are in process of being reorganized to be owned by Michigan Short Lines, Inc.[1], which will be owned by the same individuals who currently own the three companies[2]. According to Mr. Bisdorf, none of the three companies has any employees. All of the personnel required for operations are leased from the Adrian & Blissfield, which will also be owned by Michigan Short Lines, Inc. The three lines all interchange with the Grand Trunk Western Railroad. The Dequindre Line, Charlotte Line, and Lapeer Lines commenced operations December 23, 1998, June 10, 1999, and February 24, 1999, respectively. The beginning dates of operations preceded incorporation of the companies, when those operations were performed as part of Adrian & Blissfield. 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;

Sections 1(a) and 1(b) of the Railroad Unemployment Insurance Act (45 U.S.C. §§ 351(a) and (b)) contain substantially the same definition, as does section 3231 of the Railroad Retirement Tax Act (26 U.S.C. § 3231).

Based on the information summarized above, the Board therefore finds that the three companies became rail carrier employers under section

[1] Currently being investigated by Audit & Compliance.
[2] Kenneth J. Bisdorf, Gabriel D. Hall, Myles E. Paisley, Dale R. Pape, Arthur W. Single, and I. Howard Smith.

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1(a)(1)(i) of the Railroad Retirement Act and the corresponding sections of the Railroad Unemployment Insurance Act beginning October 1, 2000, the first day of the week the three companies were incorporated.

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