

**EMPLOYER STATUS DETERMINATION  
CSF ACQUISITION, INC.**

This is the decision of the Railroad Retirement Board with respect to the status under the Railroad Retirement and Railroad Unemployment Insurance Acts of CSF Acquisition, Inc (CSF). CSF is "a non-carrier formed to acquire and operate shortline railroads". See Interstate Commerce Commission (ICC) Finance Docket No. 31546, decided November 29, 1989. CSF is owned by Clyde S. and Sandra Forbes. CSF controls New Hampshire and Vermont Railroad Company ("NH&V").<sup>1</sup> According to a letter from Mr. Forbes dated September 4, 1991, NHEV became a wholly owned subsidiary of CSF on November 21, 1989.

CSF manages and has the right to acquire stock control of Northern Vermont Corporation, "a non-carrier holding company that owns 100 percent of the common stock of two other class III shortline railroads: Lamoille Valley Railroad Corporation and Twin State Railroad Corporation" (See ICC Finance Docket No. 31745, decided October 11, 1990). CSF was granted exemption from the prior approval requirements of 49 U.S.C. 11343 et seq., by the ICC for the acquisition of the Lamoille Valley Railroad Company [sic] ("Lamoille Valley") and the Twin State Railroad Corporation ("Twin State")<sup>2</sup> (See ICC Finance Docket No. 31545, decided January 22, 1990)

CSF also filed notice of exemption to manage, operate and ultimately purchase the properties of Washington County Railroad Corporation ("Washington County")<sup>3</sup> ( See ICC Finance Docket

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<sup>1</sup>NH&Vv is a covered employer under the Railroad Retirement and Railroad Unemployment Insurance Acts. See B.A. No. 3119.

<sup>2</sup>Lamoille Valley and Twin State are both covered employers under the Acts. See B.A. No. 3245 and 3114, respectively. It is noted that a petition for revocation and reconsideration was filed by the Railway Labor Executives' Association, Brotherhood of Maintenance of Way Employees, and United Transportation Union (Rail Labor) on February 21, 1990. In a decision dated October 1, 1991, the ICC found the control exemption should not be revoked.

<sup>3</sup>Washington County is a covered employer under the Acts. See B.A. No. 2122.

No. 31745, decided October 11, 1990). According to ICC Finance Docket No. 31746, CSF also owns and operates another Class II shortline railroad, Florida West Coast Railroad Company ("Florida West Coast").<sup>4</sup>

In a letter dated August 14, 1990, Mr. Forbes, President of CSF, stated that "CSF Acquisition, Inc. has no railroad employees, therefore, does not fall under the Railroad Retirement Act."

In a subsequent letter dated December 26, 1990, Mr. Forbes stated

(W)e currently have a holding company known as CSF Acquisition, Inc. and would like to apply for a BA number. \*  
\* \* The employees to be paid by this holding company will come from the following companies.

Florida West Coast Railroad Company  
Twin State Railroad Company  
New Hampshire & Vermont Railroad  
Lamoille Valley Railroad Company

Number of employees to be covered under RR Retirement Act - 8.  
First date of compensation - January 1, 1991  
Clyde S. Forbes, President (Chief Executive Officer)

In a letter dated February 20, 1991, Mr. Forbes advised that CSF "is the manager and/or owner" of the four railroads listed above as well as Washington County Railroad Corporation.

In a letter dated September 4, 1991, Mr. Forbes provided the information that CSF was incorporated in March 1987. Mr. Forbes also stated that "CSF acquired the Florida West Coast Railroad on December 13, 1987. Management of the Lamoille Valley Railroad was acquired on September 1, 1989 along with the Twin State Railroad. The New Hampshire and Vermont was acquired on November 21, 1989."<sup>5</sup>

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<sup>4</sup>Florida West Coast is also an employer covered by the Acts. See B.A. No. 2599.

<sup>5</sup>It is noted that Mr. Forbes does not refer to Washington County in this letter. However, in his letter of February 20, 1991, Mr. Forbes stated that CSF was the manager and/or owner of Washington County Railroad Corporation.

Mr. Forbes stated that CSF "provides executive and management services to the above railroads and that CSF started providing these services "on the dates the railroads were acquired as stated \* \* \* above." However, Mr. Forbes then stated that CSF employees were first compensated by CSF on January 1, 1991. He further stated that CSF was in the process of acquiring Northern Vermont Corporation, the holding company which owns the Lamoille Valley Railroad and Twin State Railroad.

Section 1(a)(1) of the Railroad Retirement Act (45 U.S.C. § 231(a)(1)) provides in pertinent part as follows:

The term 'employer' shall include-

(i) any express company, sleeping-car company, and carrier by railroad, subject to part I of the interstate Commerce Act;\*\*\*

From the descriptions and information provided by Mr. Forbes (i.e., CSF "provides executive and management services;" CSF "is the manager and/or owner"), it appears that CSF is actually operating the five railroads it owns. Therefore, CSF meets the definition of an employer contained in the Acts, and it is determined that CSF became an employer effective December 13, 1987, the date it acquired the first railroad for which CSF began providing executive and management services.

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Glen L. Bower

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V. M. Speakman, Jr.

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Jerome F. Kever