

EMPLOYER STATUS DETERMINATION I&M Rail Link, LLC

This is the determination of the Railroad Retirement Board concerning the status of I&M Rail Link, LLC (I&M) 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 Surface Transportation Board (STB) Finance Docket No. 33326, decided April 3, 1997, I&M filed a verified notice of exemption to acquire from Soo Line Railroad Company d/b/a Canadian Pacific Railway (CPR) and operate approximately 1,109 miles of rail line and 262 miles of trackage rights located in Iowa, Illinois, Minnesota, Missouri, Wisconsin, and Kansas. The rail system I&M acquired consists of: (1) the "KC Mainline" which runs between Kansas City, Missouri, and Pingree Grove, Illinois, including trackage rights between Pingree Grove, Illinois and Chicago, Illinois; and (2) the "Corn Lines" which run between Sabula and Sheldon, Iowa, including branch lines and trackage rights in southern Minnesota. The transaction also includes the acquisition by I&M of incidental trackage rights described in detail in the STB decision.

Mr. Barry McGrath, an attorney with the law firm of Leonard, Street and Deinard, and Mr. Thomas J. Walsh, chief financial officer of I&M, provided additional information regarding I&M. According to Mr. McGrath, I&M purchased the rail lines on April 4, 1997. Mr. Walsh stated that Mr. William H. Brodsky is the chief executive officer of I&M. Mr. Walsh stated that the first day of operations was April 5, 1997, and the first employees were hired on January 30, 1997. Mr. Walsh stated that the number of employees hired by I&M is growing daily and that he expects that I&M will hire approximately 600 employees. He further stated that I&M expects to handle more than 200,000 carloads of freight. I&M interchanges with several rail carriers covered under the Acts including Consolidated Rail Corporation (B.A. No. 1321), CSX Transportation (B.A. No. 1524), and Burlington Northern Santa Fe (B.A. No. 3669).

The evidence of record establishes that I&M Rail Link, LLC is a rail carrier operating in interstate commerce. Accordingly, it is determined that I&M Rail Link, LLC is an employer within the meaning of section 1(a)(1)(i) of the Railroad Retirement Act (45

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U.S.C. §231(a)(1)(i)) and the corresponding provision of the Railroad Unemployment Insurance Act effective January 30, 1997, the date as of which its employees were first compensated. [Cf. Rev. Rul. 82-100, 1982-1 C.B. 155, wherein the IRS held that a company became an employer under the Railroad Retirement Tax Act on the date it hired employees to perform functions directly related to its carrier operations.]

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