

EMPLOYER STATUS DETERMINATION

Cedar Valley Railroad Company

The Board hereby determines that the Cedar Valley Railroad Company ceased to be an employer covered by the Railroad Retirement and Railroad Unemployment Insurance Acts with the close of business on May 22, 1991. In Legal Opinion L-84-142, dated November 20, 1984, Cedar Valley had been determined to be a covered employer with service creditable from September 22, 1984.

The evidence is that Cedar Valley operated approximately 113 miles of track crossing the Minnesota-Iowa border and interchanging with the Chicago Central & Pacific Railroad Company at Mona Junction, Iowa, and with the Chicago and North Western Transportation Company at Albert Lea and Glenville, Minnesota. On May 22, 1991, Cedar Valley suspended operations due to financial difficulties. On June 5, 1991, the Interstate Commerce Commission ordered Chicago Central to continue service over the line. Chicago Central & Pacific Railroad Company--Directed Service Order--Cedar Valley Railroad Company, Directed Service Order No. 1511. Chicago Central then formed a wholly owned subsidiary, the Cedar River Railroad Company, to acquire Cedar Valley's rail line. The Interstate Commerce Commission exempted Cedar River's acquisition of Cedar Valley's line on November 11, 1991. Cedar River Railroad Company--Acquisition and Operation Exemption--Certain Lines of Cedar Valley Railroad Company, I.C.C. Finance Docket No. 31958, served November 26, 1991. Cedar Valley consummated the sale of the rail line to Cedar River on December 31, 1991. The National Bank of Waterloo, Iowa, the major creditor of Cedar Valley, has advised that Cedar Valley's equipment has been sold to various short line railroads.

Section 202.12(b) of the Board's regulations provides that the status of a company as a covered employer ends when final or complete cessation of an essential employer characteristic occurs. 20 CFR 202.12(b). Included among the indicia of termination are

stoppage of business or operations and the sale of equipment essential to the continuance of an employer function. Accordingly, as Cedar Valley Railroad stopped operations May 22, 1991, never resumed operations after that date, and can no longer do so as its rail line and equipment have been sold, the Board determines that it ceased to be an employer covered by the Acts on May 22, 1991.

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