



**B&MRRHS AUCTION:**

As we announced a couple of months ago, at the June Membership Meeting, the B&MRRHS will be auctioning off some books, modeling supplies, Archives overstock, and more:

We will be accepting mail bids on six items. The items, and the procedure for submitting mail bids is listed below.

Items for auction:	Opening Bid
1 copy <i>New England Country Depots</i> by E.A. Lewis (slight stain on cover)	\$10.00
1 copy <i>The Central Mass</i> by B&MRRHS (Very good condition)	\$10.00
1 copy <i>Mountains, Moguls &amp; Memories</i> by B&MRRHS (Very good condition)	\$10.00
1 copy <i>Vermont's Granite Railroads</i> by Jones/Maxfield/Gove (Like New)	\$12.00
1 B&MRRHS special run Athearn quad hopper #8139	\$8.00
1 B&MRRHS special run Athearn quad hopper #8264	\$8.00

Procedure for submitting mail bids:

Your bid must match or exceed the opening bid listed.

You must submit payment with your bid in the form of a bank money order (no personal checks will be accepted) for each item. Place your bid with the money order in an envelope and seal it, marking the item that you are bidding on the outside of the envelope. Place this envelope inside another envelope and mail to the B&MRRHS, P.O. Box in Woburn no later than May 31, 1990.

You must also enclose a stamped, self-addressed envelope for the return of losing bids. **No losing bids will be returned if you do not enclose this.**

Please do not mail bids before May 1, 1990. Bids will be opened by a special committee the afternoon of the meeting. Members of this committee will abstain from participating in the auction. High bid will be retained, all others will be returned before the auction. In case of a tie, earliest postmark wins.

Bidding will begin with the opening bid listed above, and will continue until bidding from the floor closes. After bidding is formerly closed, the mail bid for each item will be opened. If the mail bid is higher, it will take the item, if the floor bid is higher, it will take the item. This auction is open to B&MRRHS members only! No dealers!

We realize that these instructions are somewhat complex, however these seem to be the most equitable way to allow both members near and far to participate. Good luck to all!

**CANADIANS MAY BUY D&H RAIL LINE FROM GUILFORD**

**BILLERICA** — Guilford Transportation Industries and CP Rail of Canada appear close to an agreement in principle for the bankrupt Delaware & Hudson railroad, a published report said.

The Journal of Commerce reported Thursday that CP Rail, a subsidiary of Canadian Pacific Ltd., and Guilford reached an agreement that would give CP Rail access it wants as a condition to purchasing the bankrupt D&H.

A final agreement would give CP Rail the entire 1,600-mile line, in turn giving Conrail its first major competition in the Northeast since Conrail's creation in 1976.

The Federal Railroad Administration is reviewing the proposal, the newspaper said.

"Nothing is in writing, but we are reasonably optimistic that we can work out a deal with Guilford, providing some obstacles that are in the hands of the Federal Railroad Administration can be resolved," Canadian Pacific spokesman John Cox said.

Cox added that a final decision to go forward with a bid will come shortly.

CP Rail, the Providence and Worcester Railroad Co. and Delaware Otsego Corp. have all submitted bids for the D&H, which has been under bankruptcy reorganization since 1988.

The Delaware & Hudson, has a strong presence in the Albany area and other parts of New York.

The Journal of Commerce reported a provision in the CP Rail deal would also give CP Rail track rights between Rotterdam, in Schenectady County, and Fitchburg along the Guilford-owned Boston & Maine railroad.

In exchange for access to Fitchburg, CP Rail would pick up payments on loans from the FRA to Guilford from the time Guilford owned the D&H.

The FRA had loaned Guilford \$25 million several years ago to help upgrade the rail line, and about \$14 million of the loan has not been repaid.

CP officers have met with FRA administrators to see if the loan repayment plan can be worked out, but no decision has been made, the Journal reported.

[Boston Globe, May 12, 1990. Submitted by Dick Symmes]

The 1990-1991 B&MRRHS Nominating Committee would like to report that the Nominating Ballot project is a resounding success. That's what we'd like to report, but the truth of the matter is that it has been a dismal failure to date. Unfortunately, we are not terribly surprised, but we are very disappointed. As of the March BOD meeting, we had not received a single ballot back. (We did shortly after the meeting receive one back, so we can't say we were shut out!). Since the time between the receipt of the Newsletter carrying the ballot was very short, we are extending the deadline for return of the ballot until June 15, 1990 in the hope that you will reconsider and give us a hand.

It's not surprising that not too many people want to get involved in the "political" aspects of an organization, the very idea conjures up images of the proverbial smoke-filled rooms, yelling and screaming, and all of the negative ideals those images imply. This does not seem to be the case with the B&MRRHS, though. Sure, there are the occasional "political" issues that come up in the course of operating an organization, most of these pertain to making financial decisions based on reports brought before the Board of Directors.

As a general rule, however, we do not deal with anything more "political" than vote on production matters. For instance, the agenda at a recent Director's meeting consisted of voting on production of our N scale Prince spaghetti car; discussing recent Archives acquisitions; outlining upcoming train shows that the Society will be attending; responding to an invitation from Locomotive & Railroad Preservation to include membership applications in their forthcoming Phil Hastings book; and deciding on designs for new T-shirts for the summer season sales table.

These items are not what one would consider "political" in nature, but are necessary to the operations of the B&MRRHS. They are also typical of the items that the Board usually deals with.

In reality, there are occasionally some items of political nature that must be dealt with, however these are few and far between, and when they occur, are dealt with quickly and professionally. And, like everything in life, there are occasional disagreements, but since the organization has the same goals in mind, they are usually differences in points of view.

We would like to take this time to ask any of you that may be "on the fence" about dropping that Nominating Ballot into the mailbox to consider doing it. The alternatives are not particularly pleasant, as we've outlined in the past.

The operation of the B&MRRHS is a many-faceted production. There's the B&M BULLETIN, the Newsletter, Modeler's Notes, the Archives, shows, video production, model railroad car production, restoration projects, Membership renewals to be processed, and much more. Then, there is correspondence to be opened and answered, research to be done, mailings to be made, and still more.

But, as we've said before, these things don't just happen at the snap of a finger. They are made to happen by a very dedicated core of volunteers, and there's always room for one or two more. Are you one of these people?

Sincerely, The B&MRRHS Nominating Committee

### MASS CENTRAL TO OPERATE RAILROAD SERVICE IN MAINE???

Lawyers for the state of Maine are reviewing an agreement with a Massachusetts rail company that is expected to restore freight service to Maine's mid-coastal region later this year, a transportation official said Monday.

The freight operator, which will be incorporated in the state as Maine Coast Railroad Corp. and Maine's Department of Transportation are also looking into the possibility of providing passenger service along the long-idle line as a way to ease traffic congestion.

The department's agreement with the Massachusetts Central Railroad Corporation of Palmer, Massachusetts to provide freight service "should be back this week," said Michael J.

Murray, director of the DOT's Rail Transportation Division. "We will be sitting down to dot the i's and cross the t's very shortly."

The agreement would restore service along 52 miles of track formerly owned by the Maine Central Railroad, between Rockland and Brunswick. The state-owned line has been without freight service since 1985, Murray said.

"We feel there's enough existing business and potential business to get us through the first year," said the Massachusetts company's president, Robert Bentley. "We're very comfortable with the situation in Maine."

[Union-News 4/4/90,  
submitted by Don Lejeune]



Cape Cod Railroad's RS-1 #0671 repainted in original orange and black New Haven livery is scheduled to be part of the motive power on the 2nd annual railfan's day at that road on June 23, 1990. Use of one or two of the newly-acquired former B&M RDC-1s is also possible in a consist. Many will remember that in the late 70s and early 80s, the B&M operated commuter rail services on the south side of Boston on former New Haven and Boston & Albany track when Conrail turned down the operation.

[ABT photo 4/14/90]

### OTHER RAILROADING ACTIVITIES

This column contains news of other railroading events such as excursions, modeler shows, flea markets, open houses and demonstrations which may be of interest to B&MRRHS members and other railfans interested in the education and preservation of railroading activities and history. Although some of these events are popular among B&MRRHS members, a listing in this column is neither an endorsement, nor an affiliation with the B&MRRHS, but is listed simply for information only. Every effort is taken to ensure that a listing is timely and that dates, hours, locations and costs are accurate. Events produced by, or affiliated with the B&MRRHS are listed on the front page of this Newsletter.

**June 16 & 17, 1990, Saturday and Sunday (Father's Day); 21st Annual Edaville Railroad Railfan's Weekend** — Railroad Flea Market and Model Show. Both steam and diesel freight and passenger trains on a narrow track gauge. Large railroad flea market, photo runbys, double-headers, Model-T Track Inspection Car, possible operation of the Sandy River Railbus and other events. Information: Edaville Railroad Rainfan's Weekend, P.O. Box #7, South Carver, MA 02366; Phone (508) 866-4526.

**June 10 through July 7, 1990; Saturday through Saturday, 8-day "Northwoods Explorer,"** luxury, all private-car special "rare-mileage" train over 2,000 miles on the tracks of six railroads; from

Chicago to Sault Saint Marie, Michigan and Ontario province and return, but return will be over different route. Excursion will be over Wisconsin Central, East Troy Electric Railway (last remaining segment of the once massive Milwaukee Electric Railway, Algoma Central, Lake Superior & Ishpeming, Escanaba & Lake Superior, and the Green Bay & Western Railroad. For further information and itinerary, contact High Iron Travel Corp., Box 5344, Denver, CO 08217. Phone: (303) 825-8885, or locally at Yankee Clipper Rail Tours, P.O. Box 100, West Lynn, MA 01905. Phone: (617) 581-0411 (7:00 to 8:30 p.m.).

**June 23, 1990; Saturday All Day, The 2nd Annual Railfan Day** by the Cape Cod Railroad, 100-mile excursion over some rare mileage including Dennis Branch, Otis AFB Branch, Falmouth Branch and the Hyannis Mainline. Planned meet with a regular CCR train and 3 photo runbys planned. Equipment includes NH Alco RS-1 #0670 in original NH livery, also CCR Alco RS-1 #0672 in NH colors; plus CCR vintage coaches and a possibility of one or two former B&M RDC-1s newly acquired from the MBTA. Meet at the Hyannis depot at 8:00 a.m. Adult fare; \$35.00 up to May 23, \$45.00 after May 23; and children \$20.00 up to May 23 and \$30.00 after May 23.

## LEGISLATORS OUTRAGED BY GTI CUTS

State and federal legislators charge that Guilford Transportation Industries (GTI) phasing out of the East Deerfield yard violates the spirit of laws, if not the laws themselves, dealing with millions of dollars in loans and grants that rehabilitated the yard in the mid-1980s.

Trains earlier began bypassing the East Deerfield yard for a more southerly route owned by Conrail. That diversion was responsible for the layoffs of more than 60 workers early in April.

U.S. Representative Silvio O. Conte, R-Mass; State Representative Carmen Buell, D-Greenfield; and State Senator John Olver, D-Amherst; are looking into the legality of the diversion, given the large amount of state and federal money infused into the B&M and the East Deerfield yard during the 1970s and 1980s.

In 1983, GTI received a \$7-million grant from the state, part of a \$20-million rail freight bond.

And in late 1970's, Conte was instrumental in helping the B&M acquire \$26-million in federal money. The state money was intended to breath new life into the dying B&M which had just been purchased by banking heir Timothy Mellon of Connecticut.

The money was used to refurbish the rail yard, making it B&M's main engine repair center in New England. When the grant was made, more than 400 people worked at the East Deerfield yard, making it one of the largest employers in the county.

In 1984, in explaining the rehabilitations at the East Deerfield yard to a local group, GTI CEO David A. Fink said they would make the yard "a major focal point in the development of a coordinated rail system that would run from Montreal to Virginia."

On April 5th, Buell said she "chastised" Massachusetts Secretary of Transportation, Frederick K. Salvucci, about two weeks ago when he came before the House and Ways committee, of which she is a member. "I chastised him for failure to monitor (the grant) contract and asked what the hell is going on," said Buell. I asked him for more information about a possible breach of contract."

If they are in breach of contract, there should be some kind of action the state can take," said Buell, "If they're not legally in breach, they're in breach in the spirit of the award.

Buell said that when the money was awarded, it was believed it would serve as an economic stimulus to the county and the state by ensuring strong rail transportation in Massachusetts. The infusion of money was also believed to be a guarantee of good jobs and secure jobs for B&M employees in the East Deerfield yard, said Buell.

"This is typical of Guilford," she said. "I remember all the great hoopla (about the grant)," said Buell. "And these grand statements about how this is going to flourish, how we're going to invest in Franklin County."

Buell said she especially remembered a celebratory ride she and others took with Governor Michael Dukakis and GTI owner Timothy Mellon aboard one of the B&M trains.

Olver aide David Sharken said the senator is also upset about the diversion and has met with Salvucci's office to find out what Guilford's obligations are regarding the money.

"John thinks (the \$7-million) was a public investment for expansion, and then go through the rail strikes first — and the company not being willing to negotiate with the workers — and now this. It's outrageous," said Sharken.

Sharken said it seems unlikely the state would make such a large investment in the railroad so that six years down the road they would lay off workers."

Olver is vice chairman of the Senate Transportation Committee, as he was when the grant was awarded to Guilford.

In a letter to the Secretary of the United States Department of Transportation, Samuel K. Skinner, Conte urged him to take immediate action in ending the diversion of traffic from B&M lines to Conrail. Conte wrote that, in the late 1970s, he secured a \$26-million loan for the railroad through the Federal Railroad Administration (FRA). The money was used to rehabilitate 152 miles of tracks. That loan also enabled the railroad to invest \$3-million of its own money in the East Deerfield yard, according to a member of Conte's staff who asked not to be identified.

Then in 1984, Congress approved another \$375,000 through a Local Rail Service Assistance grant to

upgrade and rebuild the East Deerfield yard, Conte wrote in the letter.

"I am outraged that the Boston and Maine has turned its back on this federal investment and jeopardized the future of the rail line," Conte said.

Conte urged Skinner to not allow the diversion of traffic before a full review of the effects of the rerouting is completed. The FRA comes under the U.S. Department of Transportation, which Skinner heads.

"If the rerouting will have an adverse effect on the federal investment in the B&M, then it must not be allowed, wrote Conte.

"The B&M justified the loan and grant on the grounds that the track rehabilitation were vital to the long-term needs of the system. The rerouting means that Congress and the FRA were misled about the loan grant, and represent an abrogation of the commitment made to me and to the FRA, Conte wrote. Conte couldn't be reached for comment about his letter by the time the Greenfield Recorder story went to press.

[Greenfield Recorder, 4/6/90, submitted by Don LeJeune]

### AMTRAK WORKERS RALLY FOR NEW CONTRACT

In an Associated Press story originating in Boston, Amtrak union members say they have been victims of unfair negotiating tactics, arguing that pay cuts proposed by management are part of an attempt to drive veteran employees from the company.

About 300 union employees took part in a rally Saturday to underscore efforts for a new contract with pay raises and for a change in the Federal Employees Liability Act.

"We've been without a contract for two years and we could be another two years without a contract," said Charlie Money Penny, chairman of Amtrak Workers United.

He said Amtrak workers have had no pay raises in six years, and added, "The workers have come to believe that it is a deliberate strategy to drive the veteran workers out of the industry."

Money Penny said management personnel have received annual pay hikes, but Amtrak negotiations have proposed wage cuts for some workers, adding, "It's a slap in the face negotiating tactic."

Amtrak operates the local commuter rail service to and from both North and South Stations under contract with the MBTA.

Representatives of the 16 unions representing Amtrak workers plus several politicians spoke to the rally, held at the Boston Teacher's Union Hall. Some urged negotiations in good faith by management

Ray Buell, a machinist with 15 years of

railroad service, said his pay has been cut nearly two dollars an hour since 1987. "It's pretty hard to get by . . . when you've got a mortgage and you've got to feed a family," he said.

"Perhaps it's time to call for a national transportation strike," said John Davison, General Manager of Maintenance of Way Employees. However, he added that the idea behind organizing the Amtrak workers is to produce change, not a strike.

Some speakers urged replacement of the liability act with a workmen's compensation provision. Under the act, injured workers must prove that they were not at fault for the injury in order to be compensated.

Amtrak spokeswoman Sue Martin agreed with the need for change of the act, saying "It's a totally unfair system."

Martin added, "We have been in negotiations with all of 16 of our unions since 1988. In the railroad industry, contracts never expire, they continue in effect until a new agreement is reached." She said the reason that management has been granted raises is that "management is under an annual merit plan and it is very much in line with what the union agreements provide."

Martin said Amtrak workers are naturally interested in new agreements with pay hikes, but that to afford the raises, Amtrak needs productivity improvements.

[Salem Evening News]



Familiar to most B&MRRHS members is former B&M F7 #4266, owned by the 470 Railroad Club (MEC), and operated on part of the former B&M Conway Branch, now the Conway Scenic Railroad. Shown here on April 28, 1990, she is about to make her inaugural run for 1990 which marks her 41st year. She was featured in a recent issue of the B&MRRHS Bulletin. The occasion was the 470 Club's annual banquet at the Red Jacket Motel in North Conway, and the "special" trip to Conway and back. The 470 Club had for their members and guests the Gertrude Emma parlor/observation car and the reserved coach in front of it. The trip was almost perfect for the weather was clear and sunny, and the temperature well into the 80s, quite warm for April in North Conway.

[ABT photo, 4/28/90]

### THANKS FOR THE MEMORIES!!

With both rumor and reality emanating from the western reaches of the B&M recently, it appears that another chapter of the B&M story is being written as we read. Although the headlines are coming out of East Deerfield, the very roots of Billerica, Waterville, Rigby, and Mechanicsville to Oneonta and Binghamton are shaken by the judgments and decisions of those who seem to utter great words of promise, but deliver actions of disappointment and despair.

The Greenfield Recorder most of you know. On the East Deerfield experience, he says it quite succinctly. I've copies it here; it goes as follows:

"I would like to extend my thanks to all of the Boston & Maine railroad people who made the East Deerfield yard a railfan's dream. These people gave true meaning to the words "Bluebirds and Minutemen."

When one ventures out on a weekend, from points all over, they were treated to non-stop action for hours on end. And the working personnel fell right in with it all, from a wave, to the horn blowing from the diesel on duty. The trains were looking at us on "the bridge" from all directions, and there were two or three "yard goats" also.

As I glanced back at my photos the other night, I couldn't help but shake my head and wonder where a "pride of New England" had gone in six years.

As for the Springfield Terminal, it is at least living up to its name, as a "shortline," but Guilford's latest "railroad restructure" doesn't have the punch the Boston and Maine had. One can witness the cars being left idle for days, engine breakdowns, derailments, and finally a shift to Conrail.

Thus it goes to show the public what can happen when some thing falls into the wrong hands, and pride turns to greed. Thanks for the memories, Boston & Maine Corporation.

[Greenfield Recorder 4/4/90]

## GTI CUTS 50 JOBS AT EAST DEERFIELD

More than 50 of 200 remaining East Deerfield rail yard jobs were eliminated at the very end of March as part of a process that both the union and management spokesmen say may lead to a virtual shutdown of the once major-rail interchange.

Exactly how many workers were laid off remained unclear as those affected scrambled to exercise their seniority in other jobs and in other places on Guilford Transportation Industries (GTI) lines.

By April 2nd, however, only seven positions remained at the East Deerfield engine house, seven others in the car shop according to figures released by both management and the United Transportation Union (UTU) which represents many workers for the former Boston & Maine line. The two shops had employed several dozen workers each.

GTI Vice President Colin Pease said that the layoffs were part of his company's previously announced diversion of rail traffic over Conrail lines to Worcester. Pease said that between 30 and 40 enginehouse and car shop employees were laid-off, with additional layoffs among the operation staff.

"That does not mean that all those people are no longer working," Pease said. "The final number may go up or down."

However, Terry Pease, local chairman of the UTU, said that while layoffs had been expected, they cut deeper than anyone had imagined. "We had no idea that it would be anywhere near this bad," said Pease, (no relation to the GTI official), "And this is just the beginning. It does not look good."

"UTU General Chairman George Casey said that many jobs may have been lost in East Deerfield this week."

GTI's Pease said that the East Deerfield yard will remain open to local through traffic serving Pioneer Valley freight to customers, but the long-term future of East Deerfield yard is tied to the future of the Delaware and Hudson (D&H) Railroad.

Guilford operated the D&H, but placed it into bankruptcy last year following the settlement of a bitter seven-month strike. The D&H has been operated by a trustee since then, but most traffic passing through East Deerfield is from Guilford's continuing link with the D&H.

If no suitable bidder for the D&H can be found in the next week or so," Pease said in the first week of April, The D&H may be liquidated, ending the need for that connection. "We hope that Canadian Pacific buys the D&H," said Pease. However, he added, "There is no question that the amount of traffic passing through East Deerfield will be significantly less."

[Greenfield Union News, 4/3/90; Don LeJuene, Bob Nylander & others]

### GTI'S LOSS IS CONRAIL'S GAIN!!!

In a news report from a Worcester daily sent in by Gary Braunhardt of Clinton, Massachusetts, the loss of rail traffic in East Deerfield apparently is showing itself further east in the form of increased traffic. These trains have lashups of blue locomotives running up B&M trackage from Worcester through Clinton to Ayer, but curiously, they aren't the "Bluebirds" of yesteryear. These blue locomotives wear Conrail livery!!

The news report goes "More rail cars are moving through Worcester since Conrail and the Springfield Terminal Railway Co. (ST) made Worcester the site where freight cars are interchanged, according to Patricia Linskey, a spokesman for Conrail in Philadelphia. Cars had been interchanged in Rotterdam. The new agreement took effect April 1.

An employee of ST, who declined to be

identified, said the interchange location was changed to improve the efficiency of the rail lines. Interchanges are turned over to a connecting railroad, he said.

The change means that 42 to 45 trains a week are using the Worcester to Ayer line. Previously, about 17 trains used the line, he said.

The trains are carrying a cargo of paper and automobiles and some hazardous material, the spokesman said.

Springfield Terminal is a subsidiary of Guilford Transportation Industries, which also owns the B&M and MEC railroads.

The railroad operates from Maine to eastern New York. Conrail operates between Massachusetts and Illinois, making it one of GTI's connecting carriers.

[Worcester Telegram and Gazette, 4/12/90  
submitted by Gary Braunhardt]



## MBTA COMMUTER RAIL CAPITAL SPENDING

In an article appearing in the MBTA Fiscal Year 1991 Budget document presented to the MBTA Advisory Board, October, 1989, MBTA commuter rail capital spending of \$347 million was made between January 1, 1982 and June 30, 1989.

Commuter rail capital spending by the MBTA was broken down as follows: Since 1981, 281 miles of track (out of a total of 479 miles) have been upgraded, signal systems have been upgraded on seven out of 10 lines, and work has been completed at seven of 12 bridges requiring reconstruction.

Work has also begun to renovate the main commuter rail vehicle facility, the 100-year old Boston Engine Terminal. Sufficient funds have been allocated to cover the design and initial construction, but this is a ten-year, \$200 million project.

The commuter rail fleet has been substantially increased. In 1987 and 1988, the MBTA purchased 107 coaches and 26 locomotives. The source made no mention of the 75 bilevels ordered in 1989, with delivery expected to start in the fall of 1990. I suspect that the bilevel order was in a separate capital spending allotment.

[ABT through MBTA FY91  
Budget document 10/89]

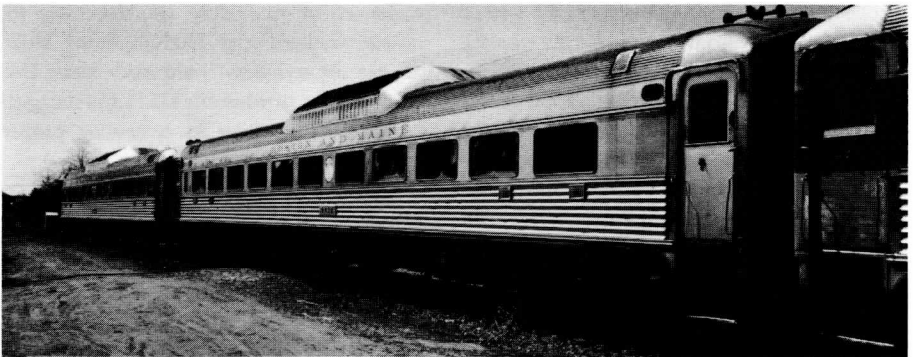
## ATTEMPT TO END SUBSIDY OF PRIVATE, FREIGHT RAILROADS

The nation's commuter railroads have called for an end of their subsidy of private, for profit freight railroads through the nation's Railroad Retirement system.

Peter Stangl, president of New York City's Metro-North Commuter Railroad, and acting president of the Long Island Railroad, made the argument against the \$110-million-a-year subsidy in testimony before the Commission on Railroad Retirement Reform. Stangl, testifying on behalf of six railroads said, "It's outrageous that a significant percentage of the state and local dollars intended to benefit commuter railroads goes instead to cushion the income of profitable freight railroads." [Editor's note: There was no mention of who the six railroads are other than the obvious two mentioned earlier. The MBTA commuter rail is operated under contract by Amtrak, which probably does not apply here].

The Railroad Retirement system was created in 1937 to parallel Social Security. As freight rail declined, the retirement system burden has fallen on commuter rail and their workers. The coalition of commuter railroads is recommending several measures, including having each railroad pay the Railroad Retirement Board only the amount needed to cover pension benefits for their own retirees.

[Metro Magazine, March/April 1990]



This Budd's for you — Cape Cod!!! Three of the four former B&M/MBTA Budd RDC-1s rest in the Hyannis yard of the Cape Cod Railroad shortly on March 13, 1990 after their move from the North Station/BET area. These were reported on as travelling across the Grand Junction track in Cambridge with the destination unknown. B&M RDC-1 #6126 shown still has the Boston & Maine lettering shown across the top band (on one side only; the lettering on the other side has pretty well worn off). It is the only one of the four Budds shipped to the Cape which escaped the purple paint signifying it's being part of the MBTA's "purple line." Photo submitted by B&MRRHS Cape Cod and South Shore correspondent Walter Lenk. Thanks, Walt, for again sharing with us.

The trustee for the bankrupt D&H Railway Company has accused the company's former owners of cheating creditors by transferring nearly \$1.4 million in railroad land to one of its subsidiaries.

Francis P. Dicello, D&H trustee, has asked the bankruptcy court to nullify those 1985 land deals, which he said were part of a three step plan by D&H owner Guilford Transportation Industries, Inc. to transfer assets from the financially troubled railway.

In a Supreme Court notification filed April 3 in Otsego County Court, Dicello charges GTI, the Boston & Maine Corporation and Hudson River Estates, Inc. with carrying out a scheme to transfer 1,300 acres of valuable D&H real estate to the Hudson River Estates, July 10, 1985. The real estate company has been a subsidiary of GTI since 1985.

The papers were filed in Otsego County because two of the 19 parcels that make up the 1300 acres fall within the county, said Arthur B. Vieregg Jr., attorney for Dicello. Those sites include the 39-acre Schenevus Lake and about 250 acres in the towns of Worcester (NY) and Richmondville.

Each property was transferred for \$1 per parcel, with stock from the Hudson River Estates transferred to the Boston & Maine, then to Guilford, the parent of the B&M, by way of dividend. Dicello also wants to void the transfer of the Hudson River Estates stock to Guilford.

The lawsuit said the purpose of the transaction was to circumvent applicable state law prohibiting the declaration of dividends by insolvent and undercapitalized corporations. The effect of the Hudson River Estates (HRE) plan was to harm existing and future creditors of the D&H," Dicello wrote in a signed complaint. The entire HRE plan was perpetrated by GTI to prefer itself over other creditors less strategically placed," Dicello wrote.

But F. Colin Pease, executive vice president of GTI said Guilford never acted improperly in operating the D&H. "We invested \$53 million in the D&H. There were circumstances offsetting those benefits, including real estate. We can document that," he said.

He insists Guilford only tried to keep the

failing line going. "Nothing was done improperly, including the property exchange," he said.

Pease couldn't say why Dicello filed the suite. "He has spent more money in the discovery process (a legal term for the gathering of information by attorneys) than he is seeking in the case," Pease said.

On June 20, 1988, the D&H, then operated by GTI filed a petition to reorganize under the bankruptcy laws. On June 27, 1988, Dicello was appointed trustee. At the time the D&H filed for bankruptcy, Guilford owned 100 percent of the outstanding stock for the D&H, Boston & Maine & Maine Central Railroad Companies, according to court documents.

Dicello contacted Tuesday said no judge has been assigned to the case and no court date has been established. He referred all other questions about the lawsuit to Vieregg. Vieregg said the next step in the proceeding is for the three defendants to answer the counts. "I would think that this court would move the case along," he said, but he couldn't offer a timetable.

The suit accuses the three defendants with five counts of avoidance of fraudulent transfer, two counts of recovery of fraudulent transfer and one for dealing unfairly. All the accusations are under the federal Bankruptcy and New York Debtor and Creditor Law. Specifically, two counts of avoidance of fraudulent transfer were filed against Guilford and Hudson River Estates because the transfers "were made while D&H was insolvent, or while the D&H was engaged in a business for which its remaining property constituted unreasonably small capital."

Two other counts of avoidance of fraudulent transfer were made against Guilford and the Boston & Maine for the transfer of stock without fair compensation. All three defendants are named in one count of avoidance of fraudulent transfer because, according to the written complaint, "the three had knowledge of the financial condition of the D&H, and of existence of unpaid creditors of the D&H. The transfers . . . were made with actual intent to hinder, delay or defraud D&H creditors."

Hudson River Estates is accused of one count of recovery of fraudulent transfer and Guilford and B&M are together accused in one count of

recovery of fraudulent transfer. All three are accused under common law with lack of fair dealing.

The suit contends that GTI failed to take proper precautions to assure payment to D&H creditors. Guilford, according to the suit, took "unfair advantage of its status as an insider of the D&H to appropriate itself valuable D&H assets while outside creditors of the D&H remained unpaid," the allegation reads.

Hudson River Estates has sold at least four portions of the 19 parcels to either individuals or business, according to court documents, although no sale price was disclosed.

Vieregg said in cases where the land was sold to another party, Dicello is asking Guilford to provide the value of that real estate, rather than have the property revert to the D&H.

[Submitted by Don LeJuene/Linda Jump;  
Newspaper source unknown at  
press time 4/25]

### GTI LAYOFFS THREATEN JOBS OF VETERAN WORKERS

The jobs of veteran railroad workers in the East Deerfield yards may not be assured even with 15 or 20 years of seniority, a high level supervisor said yesterday in the wake of new layoffs there, (see related article).

About 60 employees have been laid-off in the last couple of days at GTI yard of the former B&M, in the wake of the decision to divert the bulk of freight through Springfield to Worcester and Ayer via Conrail.

The administrative official, speaking on condition of anonymity, said "I expect a couple more switchers to be eliminated tonight or tomorrow. . . you'll be lucky to hang on here with 15 to 20 years."

He said the "morale here is very low, and many workers feel betrayed because they believed the investments the state and the federal government put into the railroad over the years would result in job security.

Back in the 1970s, the Federal Railway Administration (FRA) provided \$27-million in low-interest loans, mainly for new welded mainline rails and yard work. Payments were deferred for 11 years.

The state invested \$7-million in April 1985 for renovations to the East Deerfield engine repair house, work that is nearly completed.

GTI Vice President Colin Pease said the switch to the Conrail route began last May when Ford Motor Company contacted him and said covered auto carriers would have to be used. That caused problems with clearance in tunnels, and the decision was made to change routes and go

through Springfield with Conrail instead of the D&H in Mechanicville, New York, previously owned by Guilford until it went bankrupt last fall.

Pease said there were only four small bridges along the Conrail route to Worcester that had to be raised, and when that was done, "it worked out as a good move for both of us."

Pease said, "There will still be trains coming from Mechanicville, perhaps every other day, but not as many."

Guilford, he said is still paying on the federal loan and the state retains ownership of the engine house terminal and some land around it, in exchange for the \$7-million grant, but the railroad still owns the vast bulk of the yards."

Work on the engine house is nearly complete, he said, and "we will still be servicing engines there, only less than before, but we also have a new contract with the state of Connecticut to rehabilitate some equipment they recently purchased, and that will be done in East Deerfield and Waterville, Maine.

He said that the car shops and engine house in East Deerfield will be down to seven employees each for the time being. Pease said that at the time the railroad began rebuilding the engine house, and years before that in refurbishing the railroad itself, "we had hopes of acquiring the D&H and expected to be competitive along that route, but the entire economic picture has changed drastically in the past year.

[Greenfield Union-News, 4/4/90;  
Don LeJuene and others]