



TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

JUN 29 2007

200738022

T. EP. RA. T. A2

Re:

Dear

This letter constitutes notice that the Company's requests for waivers of the minimum funding standard for the above-named Plans for the plan years ending have been denied. This decision was conveyed to the Company's Chief Financial Officer by this office by telephone on

The Company is a private, non-profit corporation which owns and operates three thoroughbred racetracks within the State. The Company's primary sources of revenue are on-track wagering and the sale of its simulcast signal to various off-track betting organizations. A secondary source of revenue is the use of the Company's facilities for parties, corporate meetings, flea markets, and the storage of cars from local automobile dealerships. The Company's revenues, beyond the amounts necessary to conduct its operations, are transferred to the State.

Based on the financial information provided by the Company, it is clear that the Company has suffered a substantial business hardship. The thoroughbred horse racing industry has suffered an industry-wide decline in revenue from on- and off-track wagering. Many racetracks are turning to revenue from slot machines to ensure their business viability. The Company's highest margin business is on-track wagering. Each wager yields _____ of revenue. However, the trend has been toward off-track wagering, which only yields _____ of revenue. Although the total dollars in wagering from all sources has increased, the Company's net revenue has declined or remained flat over the last 10 years. During that period, the fixed costs in running the racetracks, such as labor, real estate tax, and fuel costs, have risen dramatically. The Company has reported losses for each of its fiscal years since 2001.

The Company was basing its financial recovery primarily on the _____ bailout approved by the _____ and the completion of its _____. However, the Company has subsequently filed for reorganization under Chapter 11 of the U.S. Bankruptcy Code. While the Company has indicated that this was merely a formality to force the _____ to make good on the _____ bailout, subsequent news reports indicate that the State is in the process of awarding the thoroughbred racing franchise to another entity. While the Company has sued to keep control of the racetracks that it owns and operates, the Company's financial future is in peril if it loses the franchise. Furthermore, the Company's financing partner in a proposed _____ facility backed out of the tentative financing arrangement it had with the Company. These factors call in to question whether the Company's business hardship is temporary. Hence, The Company's requests for waivers of the minimum funding standard for the Plans for the plan years ending _____ have been denied.

You should note that excise taxes under section 4971(a) of the Internal Revenue Code are currently due on each of the accumulated funding deficiencies in the Plans for the plan years ending _____. You should file Forms 5330 for each of the Plans as soon as possible to report and pay the taxes.

This ruling is directed only to the taxpayer that requested it. Section 6110(k)(3) of the Code provides that it may not be used or cited by others as precedent.

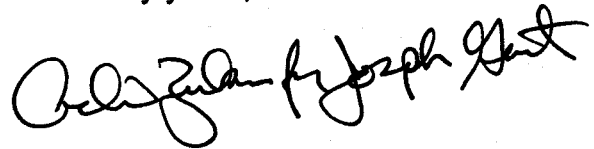
We have sent a copy of this letter to the Manager, _____, and to your authorized representatives pursuant to a power of attorney on file in this office.

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If you require further assistance in this matter, please contact

Sincerely yours,

A handwritten signature in black ink, appearing to read "Joseph H. Grant". The signature is fluid and cursive, with the first name "Joseph" being more prominent and the last name "Grant" following it.

Joseph H. Grant, Director
Employee Plans