199928043

Internal Revenue Service

Department of the Treasury

Significant Index No. 0412.06-00

Washington, DC 20224

Person to Contact:

Telephone Number:

Refer Reply to:
OP:E:EP:A:1

Date:
APR 20 1999

In re:

This letter constitutes notice that with respect to the above-named defined benefit pension plan, your request for a waiver of the minimum funding standard for the plan year ended June 30, 1998 has been denied.

The information furnished indicates that the company had significant net losses for its fiscal years ended June 30, 1997 and 1996. The company also had large negative working capital and a deteriorating net worth for the fiscal years ended June 30, 1997 and 1998. In addition, the company had de minimis cash-on-hand.

As of July 1, 1996, the plan's assets were equal to 82% of the plan's present value of accrued benefits. As of July 1, 1997, the plan's assets were equal to 78% of the plan's present value of accrued benefits.

The information furnished failed to demonstrate that the hardship was temporary, and a tentative denial was proposed. The company was informed of our tentative denial and was offered a conference of right. A telephone conference was held on February 18, 1999. The information discussed during the conference failed to demonstrate that the hardship was temporary. No additional was submitted after the conference. Telephone calls to your office on March 17, March 23 and April 19, 1999 also generated no additional information. Therefore, our tentative denial is now final.

Accordingly, the minimum funding standard under section 412 of the Code and section 302 of the Employee Retirement Income Security Act of 1974 (ERISA) will apply to the plan for the plan year ended June 30, 1998. There will be an accumulated funding deficiency, as of June 30, 1997, on which a 10% tax is imposed, under section 4971(a) of the Code.

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We have sent a copy of this letter to the Key District Director in

Sincerely yours,

James E. Holland, Jr.
Chief, Actuarial Branch 1