200022058

Internal Revenue Service

Significant Index No. 4971.02-00

Department of the Treasury

Washington, DC 20224

Person to Contact:

Telephone Number:

Refer Reply to:
T:EP:RA:T:A2
Date:

MAR 0 8 2000

In re:

This letter constitutes notice that the request of March 1, 1999 for waivers of the 100 percent tax under § 4971(b) of the Internal Revenue Code (Code) has been granted for the above-named plan for the plan years ending December 31, 1994 through 1998.

The waivers of the 100 percent tax have been granted in accordance with § 3002(b) of the Employee Retirement Income Security Act (ERISA). The amounts for which the waivers have been granted are equal to 100 percent of the accumulated funding deficiency in the funding standard account as of the end of each plan year for which the waivers have been granted to the extent such funding deficiency has not been corrected.

According to the information you provided with the request, the employer was a . The employer suffered severe business hardship as a result of a general downturn in the area economy where it did business. This downturn, coupled with the loss of overtime litigation, severely encumbered the employer's cash flow, and substantial attorney's fees resulting from litigation concerning plan benefits (in which the employer eventually prevailed) forced the employer to go out of business. The plan was terminated as of December 31, 1998, and all benefits have been paid out to plan participants and beneficiaries, except for the employer's sole stockholder, who reduced his benefit to effect a standard termination. Excise taxes under § 4971(a) have been paid for the plan years ending December 31, 1994 through 1996.

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

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A copy of this letter is being sent to the Key District Office in

If you have any questions concerning this ruling, please contact the individual referenced above.

Sincerely yours,

Ken Jedrzak

for

Carol Gold
Director, Employee Plans
Tax Exempt & Government Entities Division

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