



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

TAX EXEMPT AND  
GOVERNMENT ENTITIES  
DIVISION

SEP 10 2007

Number: 200749021  
Release Date: 12/7/2007

UIL: 412.06-00

T:EP:RA:T:A2

Re:

Dear :

This letter constitutes notice that your request for a waiver of the minimum funding standard for the Plan for the plan year ending , has been denied. This decision was conveyed to you by John Heil of this office by telephone on August 29, 2007.

The Company is a screw machine products business. The current owners bought the business from the previous ownership in 2003. The Company's business has dropped precipitously since August of 2001. In March 2002, most of the Company's workforce was laid off. Large volume orders have stopped due to foreign competition. The Company's corporate tax returns (Forms 1120) confirm the mounting losses being suffered by the Company. According to the Company's president, "[r]ecovery ... is unlikely". Furthermore, no contributions have been made to the Plan since 2002.

It is obvious from the financial information provided by the Company that it has experienced a substantial business hardship. However, the hardship does not appear to be temporary. Furthermore, the Company has not made any contributions to the Plan since 2002, and the Plan ran out of assets during the plan year ending August 31, 2007.

In a letter dated July 26, 2007, you were notified of our decision to tentatively deny the funding waiver requests and offered a conference of right. We received no response to this letter. In a telephone call with Mr. Heil on August 29, 2007, you indicated that a conference would not be necessary since you were taking steps to terminate the Plan. Because the prospects for the Company's financial recovery are dim, the Plan has no assets, and it is contemplated that the Plan will be terminated by the Company, the request for a waiver of the minimum funding standard for the Plan for the plan year ending , has been denied.

You should note that excise taxes under section 4971(a) of the Internal Revenue Code are currently due on the accumulated funding deficiencies in the Plan for the plan years ending \_\_\_\_\_, and \_\_\_\_\_. You should file a Form 5330 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 \_\_\_\_\_

If you require further assistance in this matter, please contact \_\_\_\_\_

Sincerely yours,

A handwritten signature in black ink, appearing to read "D M P", is written over the typed name.

Donna M. Prestia, Manager  
Employee Plans Actuarial Group 2