CGB-CC-0824

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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of:	)	
	)	**CSR _______**
Whitetail Properties, LLC,	)	
Petition for Exemption from	)	
Closed Captioning Requirements.	)	

PETITION FOR EXEMPTION FROM CLOSED CAPTIONING REQUIREMENTS

COMES NOW the Petitioner, Whitetail Properties, LLC, by its attorneys Rammelkamp Bradney, P.C., and, pursuant to Section 79.1 of the Commission's rules, which implement Section 713 of the Communications Act of 1934, as amended, respectfully submits its Petition for Exemption from Closed Captioning Requirements for the television program "Whitetail Properties TV," as follows:

I. INTRODUCTION

1. Whitetail Properties, LLC (hereinafter the "Company"), is an Illinois Limited Liability Company in good standing, and is located in Pittsfield, Pike County, Illinois. The Company consists of five individual members: Dan Perez (manager), Paul Sawyer, Robert Saunders, Stacey Ward, and Pete Alfano. The Company was formed on October 20, 2006, and focuses on real estate marketing.

2. During July 2007, the Company first aired its own television program, **Whitetail Properties TV** (hereinafter "WTP TV"), which showcases recreational and agricultural real property, offers video of live whitetail hints and critiques by veteran hunters, and directs viewers and customers to the Company's real estate marketing website. The Company has always performed all aspects of the filming and production of WTP TV, except closed captioning. The Company has discovered that the closed captioning costs and the difficulties inherent in using a third party closed captioning service are undue burdens, which cause significant difficulty and expense to the Company

3. This Petition provides information in support of the Company's assertion that the closed captioning expense is an undue burden in accordance with the nature and cost of the closed captions for WTP TV; the impact on the operation of the Company; the financial resources of the Company; and the type of operations of the Company, together with any other appropriate and relevant information.

II. COMPLIANCE WITH THE CAPTIONING REQUIREMENT IMPOSES AN UNDUE BURDEN.

A. Nature and Cost of Closed captioning

4. General Finances: The Company's 2007 Tax Return has been attached to this Petition as Exhibit A.

a. The gross receipts of the Company in 2007 were $268,288.

b. The expenses of the Company in 2007 were $415,902.

c. The Company's ordinary business income in 2007 was a loss of ($147,614).

d. A 2007 balance sheet is included on page 4 of the return.

e. In 2007, each member's capital account ended with a negative balance of ($30,751). No member took a salary. One member took a draw of $27,000, which will be subtracted from any future earnings distributed to the member.

5. Expenses for WTP TV: The 2007 Federal Statement shows a list of the Company's expenses for 2007.

a. A $134,803 expense for Contract labor is attributable to paying cameramen and editing employees for WTP TV.

b. A $128,347 Production Expense is attributable to non-contract labor expenses for production of WTP TV.

c. A $33,850 expense for printing included folders and handouts for advertising. The expense is for marketing materials that benefit the Company as a whole, and it is impractical to calculate how much of the expense is attributable to WTP TV. Attributing one-third (1/3) of the amount to WTP-TV is fair because the Company advertises three items through print: the website, WTP TV, and real estate sales in general.

6. Closed Captioning Expenses: The Company's current contract for closed captioning and dubbing services with Careco Multimedia is attached to this Petition as Exhibit B. The agreement is dated February 21, 2008, but its terms include all twelve (12) months of 2008.

a. The total cost of closed captioning services is $40,125.

b. The Company produces and provides 52 episodes of WTP TV per year. The current cost per episode for closed captioning is approximately $771.63.

c. If expenses are static through 2008, closed captioning costs will be 9.6% of the total expenses of the Company. However, as the Company has only recently begun production of WTP TV, its expenses are inflated due to startup costs. The Federal Depreciation Schedule, located on page 1 of Exhibit A, shows that the Company incurred $98,006 in equipment costs in 2007. If the Company's expenses are static through 2008, less the $98,006, closed captioning cost will be approximately 12.6% of the Company's total expenses.

d. If expenses attributable to WTP TV are static through 2008, less the $98,006, closed captioning cost will be 22.7% of the total cost to create WTP TV.

e. In 2007, the Company lost $147,614. Current closed captioning expenses are equal to 27% of that amount.

7. Competitive Pricing: The Company has reached out to other closed captioning service providers (the Sportsman's Channel and Gone Huntin' TV) in an attempt to obtain a more economical closed captioning service.

a. The Company's current closed captioning service provider, Careco Multimedia, charges $40,125 per year, or $771.63 per episode. (Exhibit B).

b. Gone Huntin' TV offered a bid of $31,200 per year, or $600.00 per episode. Email correspondence is attached as Exhibit C.

c. The Sportsman's Channel offered a bid of $22,880 per year, or $440 per episode, and requires the same three week lead time. Email correspondence is attached as Exhibit D.

d. The Company could obtain closed captioning services at a lower cost, but lowering the cost to the middle tier of $31,200 per year would not alleviate the undue burden caused by closed captioning expense. The Company does not believe that it should be forced to employ the services of the lowest tiered price for closed captioning service. The Company is concerned that the least expensive service would provide a lower quality service.

The difficulties that result from the requirements of the closed captioning process, and the delays and errors made by the service provider also impose undue burdens on the Company. The Company cannot afford to risk the occurrence of more errors in the closed captioning process. Mistakes made by the current closed captioning service have resulted in loss of sponsors, advertisers, customers and viewers, which translates to lost actual and potential profits, lost potential for growth and the expense of legal fees. The Company cannot afford to lose any of its current sources of income, or incur further debts and fees due to a lower quality closed captioning service. (Difficulties with the actual process of closed captioning and errors by the closed captioning service will be referred to again in this section, but will be fully discussed in Section B.)

e. Prior to signing its current contract with Careco Multimedia, the Company did shop around for its closed captioning service, and did discuss other closed caption service providers with similarly situated colleagues. The Company selected the current provider because the members were unimpressed with the services described and offered by the less expensive providers. The members chose Careco because they were convinced that Careco would provide the most competent service. Evidence of the conversations with other similarly situated colleagues is not available as the face-to-face and telephone conversations were not recorded. Affidavits are given in lieu of further proof.

f. The Company cannot deny that less expensive closed captioning services are available, but the cost of lower-priced middle-tier closed captioning service is still an undue burden for the Company at this early stage in its existence. Lowering closed captioning costs from $771.63 per episode to the middle-tiered $600.00 per episode doe not alleviate the undue cost burden. Furthermore, switching to a less expensive closed captioning service exposes the Company to the risk that a lower quality service could intensify current burdens of scheduling and service provider errors.

8. Potential for Cost Sharing and/or Agreements with Networks: The Company contacted three networks on which WTP TV airs (the Sportsman's Channel, the Maximum Adventure Network and the Pursuit Channel), and requested assistance in covering the cost of closed captioning. Each network denied the Company's request. Email correspondence between the Company and the three networks is attached to this Petition as Exhibit E.

9. Sponsorships: The Company has sought to offset the total costs of programming by obtaining advertising sponsorships. The Company obtained approximately $12,000 in 2007, which is not enough to offset the cost of closed captioning. In ruling on the Company's

Petition, the Commission will examine the Company's entire financial status instead of looking only to the funds put towards WTP TV. Therefore, the $12,000 obtained from sponsors should also be weighed against the expense, income and losses of the entire Company. It cannot be expected that the entire $12,000 amount would be used exclusively to offset the cost of closed captioning. At this time, money obtained from sponsorships is not able to offset closed captioning expenses. However, the $12,000 earned from sponsorships is evidence that the Company employs other measures to try and offset its expenses instead of immediately opting to petition for exemption from closed captioning requirements.

10. Conclusion Regarding Closed Captioning Expense: The cost of closed captioning is disproportionally high compared to the cost of production for WTP TV, is disproportionally high compared to the expenses of the entire Company, and is disproportionately high when compared to the Company's net loss in 2007. The cost would still be disproportionately high even if the Company switched to the middle-tiered closed captioning service provider. The *cost* of closed captioning for the Company is an undue burden.

B. Impact on the Company's Operations

11. Summary of Company's Operations: The Company is a real estate marketing firm that focuses its efforts on recreational and agricultural real estate. WTP TV provides footage of live Whitetail hunts, offers an educational critique of each hunt as well as hunting instruction, and showcases recreational real estate that is available for purchase exclusively on the Company's website. Buyers and sellers of recreational and agricultural real estate are brought together through WTP TV and the website, and the Company earns a commission when real property advertised on WTP TV or the Company's website is sold.

The Company performs all filming and production work for WTP TV, except for closed captioning. The Company works hard to air a new episode of WTP TV each week on five different television networks. Due to the requirements of the closed captioning process, an episode must be finalized and in the hands of the closed caption service provider at least three weeks prior to its air date. To meet the deadline, the episodes must leave the Company's hands at least month prior to airing.

The Company must complete all "in the field" filming for the reality hunting portion of the show from August/September through January. During the rest of the year, the Company works to create its show by selling sponsorships (including obtaining signed contracts), creating commercials, creating a music track, reviewing all video footage, writing dialogue, filming interviews, placing proper real estate in each episode, completing necessary paperwork, and finally putting out a finished product to send to the closed captioning service. The closed captioning service adds closed captions to the episode and sends the episode directly to each television network for airing. The month of lead time for each episode and lack of control by the Company is causing significant and undue burdens for the Company's operations.

12. <u>Problem 1</u>: The Company cannot send out a final episode without first obtaining proper sponsors and advertising, which specifically includes signed contracts from the sponsor and/or advertiser. The contracts require the Company to display a sponsor or advertiser's products or real estate on specific episodes of WTP TV. The month of lead time for each episode means that these contracts must be signed even further in advance. Currently, the Company can only offer advertisers and sponsors and eight week turnaround on advertising contracts. The recreational and agricultural real estate market does not coordinate with a two-month delay in advertising.

For example, if a real estate broker obtains a desirable recreational property that he or she wants to list for sale with the Company, the broker does not want to wait for two months to advertise the property. In fact, the property may be bought and sold more than once before the Company can provide marketing services via WTP TV. Because the Company can only offer advertisement services well in advance of the actual air date, it is completely precluded from performing advertising, and ultimately collecting commissions, from any real estate broker or sales agent who desires to buy and sell property quicker than the two months lead time required by the closed captioning process. The closed captioning process is a significant undue burden that causes great difficulty for the Company's operation and greatly limits the Company's main source of income.

13. Problem 2: Contracts with advertisers and sponsors require certain products and tracts of real estate to be advertised on specific episodes of WTP TV, which are to be aired on specific dates and aired in a specific order. Each episode of WTP TV builds on the previous episode. As a result of errors made by the closed captioning service provider prior to airing of WTP TV, approximately five episodes of WTP TV have never aired, and approximately 30-40% of the episodes air at a later date than planned. Because the Company must finalize each episode a month ahead of time, and send it to the closed captioning company before final airing, control of WTP TV is removed from the Company and placed in the hands of the closed captioning service. Unfortunately, the closed captioning service does not have the Company's best interest at heart. No other entity is more motivated to assure that each episode of WTP TV airs as required than the Company. When an airing deadline is missed, regardless of fault, the Company has breached a contract. While the Company may be entitled to relief when another party is at fault, the injured party will likely take their business elsewhere.

Airing mistakes are often caused by the closed captioning service, and its lack of communication with the network and with the Company. The requirement that all episodes must first go to a closed captioning service removes control from the hands of the creators of the show, and results in duplicate episodes, improperly placed advertising, episodes that run out of order, and episodes that fail to air altogether. These errors result in loss of advertisers, viewers, and ultimately profit. These concerns are addressed in the emails attached as Exhibit E.

14. Problem 3: The Company does not assert that the errors described herein are all a result of others' mistakes. The closed captioning deadline causes substantial and needless stress to all members and employees of the Company. The stress results in errors from inside the Company, which cause the same problems previously described. If the Company had more time to finalize episodes, prepare paperwork, and deliver the same to the networks first hand, fewer errors would be made, and fewer shows would air improperly. If the closed captioning requirements are removed, the Company would provided with crucial extra time to fine tune and assure proper airing of WTP TV.

15. Problem 4: The Company offers WTP TV in a saturated market of hunting and recreational television. Any and all of the operational difficulties discussed herein result in lost viewers for WTP TV. If WTP TV promises its viewers that a new show will air each week, viewers are understandably disappointed and disheartened when the show does not air as promised. The same concept applies to the many viewers who were disappointed when their favorite prime time shows were cancelled by the recent writer's strike. The same is true of WTP TV viewers when episodes do not air as promised one, two and sometimes three weeks in a row. The current market offers disappointed and disheartened viewers immense opportunity to abandon WTP TV for one of the many other hunting programs.

16. Problem 5: The month lead time required by the closed captioning service takes valuable time away from the Company to further develop the characters and hosts of its show, and also greatly reduces the Company's ability to invoke its creative license. If the Company had more time to spend in the creation stage, each episode could contain more detail, the character and host personalities could be further developed, more advertising could be included, and other content could be added to draw new viewers, customers and

advertisers. If the Company had more time to create and develop each episode, it is logical that it could increase its fan base, its customers and ultimately generate more income.

17. Alternatives: The Company takes pride in producing WTP TV inside of its company walls, and the members desire to bring the closed captioning process in-house as well. The Company has located used closed captioning equipment that currently belongs to Realtree Brand Camouflage. The Company plans to contact Realtree and attempt to negotiate the sale of the equipment.

Learning to use the equipment properly will take time, and most likely will require new employees. As of now, a new employee is not financially viable, but the Company believes that in-house closed captioning is how the Company will operate in the future. If the Company can broker a favorable bargain for the equipment, the members intend to purchase the closed captioning equipment now, and keep it in storage until they are able use it properly.

The Company also considered whether it could place the WTP TV dialogue on the Company website and direct hearing impaired viewers to the website prior to the start of each episode. The Company has determined that using its website for closed captioning purposes was not a viable option due to current expense and difficult time constraints, and because the option would alienate and fail to benefit viewers without readily available internet access.

18. Conclusion Regarding Impact On Company's Operations: Given the above information, the requirements of the closed captioning process are an undue burden that creates significant operational difficulty for the Company throughout the production process. When WTP TV airs with incorrect advertisements, at incorrect times or does not air at all, the Company loses clients, viewers, advertisers, and profit. Regardless of the price of the

closed captioning service, the requirements of and errors in the closed captioning process cause significant and undue burden to the Company's *operations*.

C. Financial Resources of the Company

19. The Company was established on October 20, 2006; it currently operates on a $400,000 note; it has never earned a profit; and losses are expected to climb in 2008 and 2009. Because losses are expected to continue, further debt is not an option at this time. If forced to incur more debt, the negative impact on WTP TV, and the Company as a whole, is unknown at this time.

20. The Company believes its <u>yearly</u> numbers will begin to turn towards the positive in 2010 and beyond. In late 2008, the Company expects to obtain a real estate broker's license, and will then expand its real estate business nationally. Furthermore, if this exemption is granted, the Company will be able to quickly expand its real estate marketing to brokers who require quick turnaround on advertising. These two items are key components to the profitability of the Company.

21. The members are also considering the addition of a new member who is able to provide substantial capital to the Company. The Company is actively searching for a new member, but the members require an individual who is able to bring something more to the Company than money. The members are not willing to sacrifice the integrity of the Company or the overall group dynamic for an influx of capital. As of the filing of this Petition, the Company has been unable to acquire such a new member.

22. The potential for financial assistance from the television networks, and the Company's somewhat successful attempt to obtain funding from sponsors and advertisements are not solutions to the closed captioning burdens at this time. (See paragraphs 8 and 9 above) The Company expects its sponsorship income to grow over time, but the current level does not offset any substantial amount of the Company's

expenses. The Company hopes to see substantial growth of its sponsorships within the next five years, but never expects the networks to offer closed captioning assistance.

23. Financial Resources Conclusion: At this time, the Company does not have other sources of income to alleviate or mitigate the significant expense and difficulty caused by the undue burden of closed captioning. The Company is still in startup mode, and is trying to establish legitimacy and a favorable position in the market. If the Company is to survive, it must take advantage of all available opportunities. At this time, the Company sees the potential for an exemption from closed captioning requirements as a significant financial resource because it will eliminate a $40,125 expense, and alleviate significant operational difficulties.

D. Type of Operation of the Company

24. The Company is a five-member organization that employs four other persons as follows:

a. One full-time producer and editor for WTP TV;

b. One full-time field producer, cameraman and editor;

c. One part-time graphics designer; and

d. One part-time receptionist.

25. WTP TV first aired on approximately August 5, 2007, and is currently aired on five networks: Maximum Adventure Network, Pursuit Channel, Sportsman's Channel, Fox Sports South and Lone Star Network.

26. The Company is a real estate marketing firm that produces its own reality hunting television show called Whitetail Properties TV. The show features live hunts of whitetail deer that are broken down and critiqued by the hosts of the show. The hosts are seasoned outdoorsmen and hunting enthusiasts who offer tips and recount their personal experiences.

The live hunts take place on the recreational and agricultural real estate that is advertised for sale during the episode and on the Company's website. The purpose of WTP TV is to showcase prime recreational real estate, intrigue potential buyers and sellers, and direct those individuals to the Company's website. Even though WTP TV provides advertisements, the Company strives to provide exciting live hunts and informative, knowledgeable and likable hosts. WTP TV has many fans who watch the show only for entertainment, and without the intent to buy or sell real property.

27. The Company's main income is commissions from the sale of real property that is advertised on WTP TV and the Company's website. The Company also derives income from "branding" real estate brokers throughout the nation. The popularity of WTP TV allows the Company to license its name and symbol to select real estate brokers throughout the country. In return, the brokers pay the Company a percentage of his or her commission. The licensing income is primarily fueled by WTP TV. The Company also earns income from advertising and sponsoring agreements for WTP TV and its website.

28. As stated above, the Company performs all filming, editing and production work, and produces the final version of each episode of WTP TV, including music and commercials. The only item not performed by the Company is closed captioning.

29. WTP TV does not air as traditional shows on the major networks. Major networks pick up shows prior to airing for a certain number of episodes with the hopes that viewers will enjoy the show and advertisers will pay for the time slot. The success or failure of the major network shows depend upon the show's ratings.

WTP TV airs on smaller networks that operate differently. The Company is required to purchase airtime prior to the airing of each episode. Because the Company must purchase time on the network, these contracts must be obtained eight weeks or more prior to the air date of each episode. The expense and difficulty of the closed captioning process is an undue burden on the Company's operations and finances.

E. Other Factors

30. In order to keep up with new technology, the Company must upgrade WTP TV to high definition. The Company plans to provide all episodes of WTP TV in high definition in the coming years. As with closed captioning, the Company intends to perform all of its high definition production in-house. The Company has estimated the total upgrade cost at approximately $200,000, which will include the purchase of an HD camera, software, and high definition deck/recording equipment. The Company greatly desires to implement these changes now, but, as with closed captioning, cannot afford the upgrade at this time.

31. The Company's current contract for closed captioning services does not expire until the end of 2008 (Exhibit B). The agreement requires the Company to pay for closed captioning services in the total amount of $40,125.00. Concurrent with the filing of this Petition, the Company will begin negotiation with its current closed captioning service provider to terminate the contract due to breach. The Company believes that it will be able to negotiate a release from the contract, but in the event that it cannot, the need for relief from closed captioning requirements will be even greater when the contract expires at the beginning of 2009.

The Company will update the Commission on its attempt to cancel its 2008 closed caption service contract prior to the Commission's final decision in this matter. In deciding this matter, the Company respectfully requests that the Commission consider the possibility that a grant of relief from closed captioning requirements may not be able to take effect until after 2008. However, the Company still intends to escape the contract and requests for the exemption to begin as soon as possible after the Commission renders its decision.

III. Conclusion

The Company does not want to forever avoid the responsibility of providing closed captioned programming. The Company is willing to acquire and provide closed captioning to the national deaf community as soon as financially possible. In fact, the Company believes that the hearing impaired are as likely to enjoy WTP TV and purchase recreational and agricultural real estate as any other viewer. At this early point in the Company's existence, the cost and the significant difficulty of the closed captioning process impose an undue burden on the Company that causes significant expense and difficulty in the Company's operations.

WHEREFORE the Petitioner, Whitetail Properties, LLC, respectfully requests that pursuant to Section 79.1 of the Commission's rules, which implement Section 713 of the Communications Act of 1934, as amended, the Commission grants the Petitioner a full exemption from the closed captioning requirements, and any further relief as the Commission may deem appropriate.

WHITETAIL PROPERTIES, LLC,
Petitioner,

By: Rammelkamp Bradney, P.C.,
its attorneys,

By: J. Andrew Merriman
J. Andrew Merriman

Attorneys for Petitioner:
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AFFIDAVIT

TO: **FEDERAL COMMUNICATION COMMISSION**

STATE OF ILLINOIS)
) SS.
COUNTY OF PIKE)

The undersigned, Paul Sawyer, being duly sworn, deposes and says that he is a member in good standing of Whitetail Properties, LLC, and that he is providing this affidavit in support of the foregoing Petition for Exemption from Closed Captioning Requirements as a member of Whitetail Properties, LLC.

Affiant declares that all statements and representations made in the foregoing Petition are true and accurate in substance and fact.

Further Affiant sayeth not.

Signed this 6th day of August, 2008.

Paul Sawyer

Subscribed and sworn to before me this
6th day of August, 2008.

Notary Public

(Notarial Seal)
"OFFICIAL SEAL"
ANDY MERRIMAN
Notary Public, State of Illinois
Sangamon County
My Commission Expires Nov. 2, 2010

Document Prepared By:
Rammelkamp Bradney, P.C.
232 West State Street
P. O. Box 550
Jacksonville, Illinois 62650
217/245-6177

AFFIDAVIT

TO: **FEDERAL COMMUNICATION COMMISSION**

STATE OF ILLINOIS)
) SS.
COUNTY OF PIKE)

The undersigned, Dan Perez, being duly sworn, deposes and says that he is the sole managing member in good standing of Whitetail Properties, LLC, and that he is providing this affidavit in support of the foregoing Petition for Exemption from Closed Captioning Requirements as the managing member of Whitetail Properties, LLC.

Affiant declares that all statements and representations made in the foregoing Petition are true and accurate in substance and fact.

Further Affiant sayeth not.

Signed this 6th day of August, 2008.

Dan Perez

Subscribed and sworn to before me this
6th day of August, 2008.

Notary Public

"OFFICIAL SEAL"
ANDY MERRIMAN
Notary Public, State of Illinois
(Notarial Seal)
Sangamon County
My Commission Expires Nov. 2, 2010

Document Prepared By:
Rammelkamp Bradney, P.C.
232 West State Street
P. O. Box 550
Jacksonville, Illinois 62650
217/245-6177

2007 TAX RETURN

Client Copy

Client: [redacted]

Prepared for: Whitetail Properties, LLC
PO Box 213
Pittsfield, IL 62363
(217) 285-9094

Prepared by: Noble D. Harrison II
Noble D. Harrison II, PC
[redacted]

Date: June 9, 2008

Comments:

Route to: ______________ ______________ ______________ ______________

EXHIBIT
A

12/31/07

2007 Federal Depreciation Schedule

Page 1

Whitetail Properties, LLC

[redacted]

No.	Description	Date Acquired	Date Sold	Cost/ Basis	Bus. Pct	Cur 179 Bonus	Special Depr. Allow.	Prior 179/ Bonus/ Sp. Depr	Prior Dec. Bal. Depr	Salvage /Basis Reductn	Depr. Basis	Prior Depr.	Method	Life	Rate	Current Depr.
Form 1065																
Amortization																
3	Web site design	8/16/07		33,425							33,425		S/L	3		3,714
	Total Amortization			33,425		0	0	0	0	0	33,425	0				3,714
Miscellaneous																
1	Camera-Sony DSR 300	12/21/06		10,000							10,000	500	200DB HY	5	.40000	3,800
2	Knock'm Down equipment	6/20/07		60,000							60,000		200DB HY	5	.40000	12,000
4	Backup server	12/13/07		6,806							6,806		200DB HY	5	.40000	1,361
5	Phone system	10/25/07		4,047							4,047		200DB HY	5	.40000	809
6	DV keyer bundle w/mic sys	8/16/07		9,756							9,756		200DB HY	5	.40000	1,951
7	Laptop	11/25/07		7,885							7,885		200DB HY	5	.40000	1,577
8	Monitor & mic system	11/25/07		9,512							9,512		200DB HY	5	.40000	1,902
	Total Miscellaneous			108,006		0	0	0	0	0	108,006	500				23,400
	Total Depreciation			108,006		0	0	0	0	0	108,006	500				23,400
	Grand Total Amortization			33,425		0	0	0	0	0	33,425	0				3,714
	Grand Total Depreciation			108,006		0	0	0	0	0	108,006	500				23,400

Noble D. Harrison II, PC
[redacted]

Whitetail Properties, LLC
PO Box 213
Pittsfield, IL 62363

Tax Year 2007

NOBLE D. HARRISON II, PC

[redacted]

April 2, 2008

Whitetail Properties, LLC
PO Box 213
Pittsfield, IL 62363

Dear Rob:

Your 2007 Federal Partnership Income Tax return will be electronically filed with the Internal Revenue Service upon receipt of a signed Form 8879PE - IRS e-file Signature Authorization. No tax is payable with the filing of this return.

Enclosed is your 2007 Illinois Partnership Return of Income. The original should be signed at the bottom of page three. No tax is payable with the filing of this return. Mail the Illinois return on or before April 15, 2008 to:

ILLINOIS DEPARTMENT OF REVENUE
P.O. BOX 19031
SPRINGFIELD, IL 62794-9031

You must distribute a copy of the 2007 Schedule K-1 to each member, if applicable. Be sure to give each member a copy of the Partner's Instructions for Schedule K-1.

Please call if you have any questions.

Sincerely,

Noble D. Harrison II

Form **8879-PE**

Department of the Treasury
Internal Revenue Service

IRS e-file Signature Authorization for Form 1065

For calendar year 2007, or tax year beginning ________, 2007, ending ________, ____.

▶ See instructions. Do not send to the IRS. Keep for your records.

OMB No. 1545-2042

2007

Name of partnership: Whitetail Properties, LLC

Employer identification number: [redacted]

Part I Tax Return Information (Whole dollars only)

1	Gross receipts or sales less returns and allowances (Form 1065, line 1c)	1	268,288.
2	Gross profit (Form 1065, line 3)	2	268,288.
3	Ordinary business income (loss) (Form 1065, line 22)	3	-147,614.
4	Net rental real estate income (loss) (Form 1065, Schedule K, line 2)	4	
5	Other net rental income (loss) (Form 1065, Schedule K, line 3c)	5	

Part II Declaration and Signature Authorization of General Partner or Limited Liability Company Member Manager (Be sure to get a copy of the partnership's return)

Under penalties of perjury, I declare that I am a general partner or limited liability company member manager of the above partnership and that I have examined a copy of the partnership's 2007 electronic return of partnership income and accompanying schedules and statements and to the best of my knowledge and belief, it is true, correct, and complete. I further declare that the amounts in Part I above are the amounts shown on the copy of the partnership's electronic tax return. I consent to allow my electronic return originator (ERO), transmitter, or intermediate service provider to send the partnership's return to the IRS and to receive from the IRS (a) an acknowledgement of receipt or reason for rejection of the transmission, and (b) the reason for any delay in processing the return. I have selected a personal identification number (PIN) as my signature for the partnership's electronic income tax return.

General Partner or Limited Liability Company Member Manager's PIN: check one box only

[X] I authorize Noble D. Harrison II, PC (ERO firm name) to enter my PIN [redacted] as my signature on the partnership's 2007 electronically filed income tax return.

[ ] As a general partner or limited liability company member manager of the partnership, I will enter my PIN as my signature on the partnership's 2007 electronically filed income tax return.

General partner or limited liability company member manager's signature ▶ ____________________

Title ▶ ____________________ Date ▶ __________

Part III Certification and Authentication

ERO's EFIN/PIN. Enter your six-digit EFIN followed by your five-digit self-selected PIN. [redacted]

I certify that the above numeric entry is my PIN, which is my signature on the 2007 electronically filed income tax return for the partnership indicated above. I confirm that I am submitting this return in accordance with the requirements of **Pub 3112,** IRS *e-file* Application and Participation, and **Pub 4163,** Modernized e-File (MeF) Information for Authorized IRS *e-file* Providers.

ERO's signature ▶ ____________________ Date ▶ __________

ERO Must Retain This Form — See Instructions

Do Not Submit This Form to the IRS Unless Requested To Do So

Form **1065**

Department of the Treasury
Internal Revenue Service

U.S. Return of Partnership Income

For calendar year 2007, or tax year beginning ____________, 2007, ending ____________, 20 ____.

► See separate instructions.

OMB No.1545-0099

2007

A Principal business activity: Service

B Principal product or service: Advertising

C Business code number: 541800

Use the IRS label. Otherwise, print or type.

Whitetail Properties, LLC
PO Box 213
Pittsfield, IL 62363

D Employer identification number: [redacted]

E Date business started: 10/01/2006

F Total assets (see instrs): $ 489,243.

G Check applicable boxes: (1) [ ] Initial return (2) [ ] Final return (3) [ ] Name change (4) [X] Address change (5) [ ] Amended return

H Check accounting method: (1) [X] Cash (2) [ ] Accrual (3) [ ] Other (specify) ► ____________

I Number of Schedules K-1. Attach one for each person who was a partner at any time during the tax year ► 6

J Check if Schedule M-3 attached [ ]

Caution. *Include only trade or business income and expenses on lines 1a through 22 below. See the instructions for more information.*

	Line	Description	Sub-line	Sub-amount	Line	Amount
INCOME	1a	Gross receipts or sales	1a	268,288.		
	b	Less returns and allowances	1b		1c	268,288.
	2	Cost of goods sold (Schedule A, line 8)			2	
	3	Gross profit. Subtract line 2 from line 1c			3	268,288.
	4	Ordinary income (loss) from other partnerships, estates, and trusts *(attach statement)*			4	
	5	Net farm profit (loss) *(attach Schedule F (Form 1040))*			5	
	6	Net gain (loss) from Form 4797, Part II, line 17 *(attach Form 4797)*			6	
	7	Other income (loss) *(attach statement)*			7	
	8	**Total income (loss).** Combine lines 3 through 7			8	268,288.
DEDUCTIONS (SEE INSTRUCTIONS FOR LIMITATIONS)	9	Salaries and wages (other than to partners) (less employment credits)			9	
	10	Guaranteed payments to partners			10	
	11	Repairs and maintenance			11	3,279.
	12	Bad debts			12	
	13	Rent			13	11,175.
	14	Taxes and licenses			14	255.
	15	Interest			15	2,023.
	16a	Depreciation *(if required, attach Form 4562)*	16a	23,400.		
	b	Less depreciation reported on Schedule A and elsewhere on return	16b		16c	23,400.
	17	Depletion **(Do not deduct oil and gas depletion.)**			17	
	18	Retirement plans, etc			18	
	19	Employee benefit programs			19	
	20	Other deductions *(attach statement)* See Statement 1			20	375,770.
	21	**Total deductions.** Add the amounts shown in the far right column for lines 9 through 20			21	415,902.
	22	**Ordinary business income (loss).** Subtract line 21 from line 8			22	-147,614.

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than general partner or limited liability company member manager) is based on all information of which preparer has any knowledge.

► ____________ Signature of general partner or limited liability company member manager ► ____________ Date

May the IRS discuss this return with the preparer shown below (see instrs)? [X] Yes [ ] No

Paid Preparer's Use Only

Preparer's signature | Date 4/02/08 | Check if self-employed ► [ ] | Preparer's SSN or PTIN [redacted]

Firm's name (or yours if self-employed), address, and ZIP code ► Noble D. Harrison II, PC [redacted]

EIN ► [redacted]

Phone no. [redacted]

Schedule A Cost of Goods Sold (see the instructions)

1	Inventory at beginning of year	1	
2	Purchases less cost of items withdrawn for personal use	2	
3	Cost of labor	3	
4	Additional section 263A costs (attach statement)	4	
5	Other costs (attach statement)	5	
6	**Total.** Add lines 1 through 5	6	
7	Inventory at end of year	7	
8	**Cost of goods sold.** Subtract line 7 from line 6. Enter here and on page 1, line 2	8	

9a Check all methods used for valuing closing inventory:

(i) ☐ Cost as described in Regulations section 1.471-3

(ii) ☐ Lower of cost or market as described in Regulations section 1.471-4

(iii) ☐ Other (specify method used and attach explanation) ▶

b Check this box if there was a writedown of 'subnormal' goods as described in Regulations section 1.471-2(c) ▶ ☐

c Check this box if the LIFO inventory method was adopted this tax year for any goods *(if checked, attach Form 970)* ▶ ☐

d Do the rules of section 263A (for property produced or acquired for resale) apply to the partnership? ☐ Yes ☐ No

e Was there any change in determining quantities, cost, or valuations between opening and closing inventory? ☐ Yes ☐ No
If 'Yes', attach explanation..

Schedule B Other Information

		Yes	No
1	What type of entity is filing this return? Check the applicable box: a ☐ Domestic general partnership b ☐ Domestic limited partnership c ☒ Domestic limited liability company d ☐ Domestic limited liability partnership e ☐ Foreign partnership f ☐ Other.... ▶		
2	Are any partners in this partnership also partnerships?		X
3	During the partnership's tax year, did the partnership own any interest in another partnership or in any foreign entity that was disregarded as an entity separate from its owner under Regulations sections 301.7701-2 and 301.7701-3? If 'Yes,' see instructions for required attachment		X
4	Did the partnership file Form 8893, Election of Partnership Level Tax Treatment, or an election statement under section 6231(a)(1)(B)(ii) for partnership-level tax treatment, that is in effect for this tax year? See Form 8893 for more details		X
5	Does this partnership meet all three of the following requirements? a The partnership's total receipts for the tax year were less than $250,000; b The partnership's total assets at the end of the tax year were less than $600,000; and c Schedules K-1 are filed with the return and furnished to the partners on or before the due date (including extensions) for the partnership return. If 'Yes,' the partnership is not required to complete Schedules L, M-1, and M-2; Item F on page 1 of Form 1065; or Item L on Schedule K-1		X
6	Does this partnership have any foreign partners? If 'Yes,' the partnership may have to file Forms 8804, 8805 and 8813. See the instructions		X
7	Is this partnership a publicly traded partnership as defined in section 469(k)(2)?		X
8	Has this partnership filed, or is it required to file, a return under section 6111 to provide information on any reportable transaction?		X
9	At any time during calendar year 2007, did the partnership have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? See the instructions for exceptions and filing requirements for Form TD F 90-22.1. If 'Yes,' enter the name of the foreign country.. ▶		X
10	During the tax year, did the partnership receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If 'Yes,' the partnership may have to file Form 3520. See the instructions		X
11	Was there a distribution of property or a transfer (for example, by sale or death) of a partnership interest during the tax year? If 'Yes,' you may elect to adjust the basis of the partnership's assets under section 754 by attaching the statement described under *Elections Made By the Partnership* in the instructions		X
12	Enter the number of Forms 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships, attached to this return ▶ 0		

Designation of Tax Matters Partner (see the instructions)
Enter below the general partner designated as the tax matters partner (TMP) for the tax year of this return:

Name of designated TMP ▶ Identifying number of TMP ▶

Address of designated TMP ▶

Schedule K Partners' Distributive Share Items

Section	Item	Line	Total amount
Income (Loss)	1 Ordinary business income (loss) (page 1, line 22)	1	-147,614.
	2 Net rental real estate income (loss) *(attach Form 8825)*	2	
	3a Other gross rental income (loss) — 3a		
	b Expenses from other rental activities *(attach stmt)* — 3b		
	c Other net rental income (loss). Subtract line 3b from line 3a	3c	
	4 Guaranteed payments	4	
	5 Interest income	5	
	6 Dividends: a Ordinary dividends	6a	
	b Qualified dividends — 6b		
	7 Royalties	7	
	8 Net short-term capital gain (loss) *(attach Schedule D (Form 1065))*	8	
	9a Net long-term capital gain (loss) *(attach Schedule D (Form 1065))*	9a	
	b Collectibles (28%) gain (loss) — 9b		
	c Unrecaptured section 1250 gain *(attach statement)* — 9c		
	10 Net section 1231 gain (loss) *(attach Form 4797)*	10	
	11 Other income (loss) *(see instructions)* Type ►	11	
Deductions	12 Section 179 deduction *(attach Form 4562)*	12	
	13a Contributions	13a	
	b Investment interest expense	13b	
	c Section 59(e)(2) expenditures: (1) Type ► (2) Amount ►	13c (2)	
	d Other deductions *(see instructions)*. Type ►	13d	
Self-Employment	14a Net earnings (loss) from self-employment	14a	
	b Gross farming or fishing income	14b	
	c Gross nonfarm income	14c	
Credits	15a Low-income housing credit (section 42(j)(5))	15a	
	b Low-income housing credit (other)	15b	
	c Qualified rehabilitation expenditures (rental real estate) *(attach Form 3468)*	15c	
	d Other rental real-estate credits *(see instructions)*. Type ►	15d	
	e Other rental credits *(see instructions)*. Type ►	15e	
	f Other credits *(see instructions)*. Type ►	15f	
Foreign Transactions	16a Name of country or U.S. possession ►		
	b Gross income from all sources	16b	
	c Gross income sourced at partner level	16c	
	Foreign gross income sourced at partnership level		
	d Passive category ► e General category ► f Other ►	16f	
	Deductions allocated and apportioned at partner level		
	g Interest expense ► h Other ►	16h	
	Deductions allocated and apportioned at partnership level to foreign source income		
	i Passive category ► j General category ► k Other ►	16k	
	l Total foreign taxes (check one): ► Paid ☐ Accrued ☐	16l	
	m Reduction in taxes available for credit *(attach statement)*	16m	
	n Other foreign tax information *(attach statement)*		
Alternative Minimum Tax (AMT) Items	17a Post-1986 depreciation adjustment	17a	5,699.
	b Adjusted gain or loss	17b	
	c Depletion (other than oil and gas)	17c	
	d Oil, gas, and geothermal properties — gross income	17d	
	e Oil, gas, and geothermal properties — deductions	17e	
	f Other AMT items *(attach stmt)*	17f	
Other Information	18a Tax-exempt interest income	18a	
	b Other tax-exempt income	18b	
	c Nondeductible expenses	18c	139.
	19a Distributions of cash and marketable securities	19a	
	b Distributions of other property	19b	
	20a Investment income	20a	
	b Investment expenses	20b	
	c Other items and amounts *(attach stmt)*		