



## **FDI Releases New Web Site, You Tube And Top 10 Red Flags For Fraud On Speedway Motorsports Inc.**

*Consumer group says that for the first time ever, every red flag for fraud appears at Speedway Motorsports Inc. (NYSE:TRK).*

For Immediate Release

SAN DIEGO/EWORLDWIRE/March 31, 2009 --- The Fraud Discovery Institute Inc. (FDI) released a new Web site highlighting multiple red flags for fraud that currently exist at Speedway Motorsports Inc. (NYSE:TRK) (<http://www.speedscammotorsports.com>).

According to Co-Founder Barry Minkow, "FDI became interested in looking into the company based on the way it handled the resume fraud situation," referring to the March 18, 2009, article by Bloomberg that reported that company President and Chief Operating Officer Marcus Smith did not possess his college degree as previously asserted in an SEC filing. "But when the company made a coordinated effort to uphold the stock price by having insiders - people who later filed Form 4s to purchase TRK stock the day the news about the fraudulent SEC filing hit, the behavior exhibited 'fraud type' characteristics because of the obvious question it elicited: 'Why does this company need so desperately to prop up and artificially inflate the stock price?'"

According to FDI, the answer came from an in-depth investigation of the company that revealed the following red flags for fraud (see <http://www.speedscammotorsports.com> for unabridged version):

. Pledged Stock Shares Put the Company at Risk and Provide "Cooking the Books" Fraud Motive: According to the most recent proxy, O. Bruton Smith and Sonic Financial - a company owned primarily by Mr. Smith, collectively own more than 29 million shares (67.5 percent) of the company's outstanding common stock. Over 10.5 million of those shares have been pledged as collateral for loans. About half of the pledged shares are for loans made to Sonic Automotive - another company of which Mr. Smith is majority owner, and the other half are pledged on debt for which no information is provided.

. Losses in Oil and Gas "Trading" Investments in 2008: Speedway wrote off the line of business which had accumulated losses of over \$50 million. Why were Speedway shareholders subjected to such a business which wasn't adequately disclosed until two years into it, and why did the shareholders have to bear the risk of these losses? The answer often lies in what financial wrong management is trying to right. Risky, unrelated businesses are often a way to "solve" the financial problems of the core business - like the YouTube video says, "The Cure." Minkow believes executive management probably thought they were one big trade away from straightening out their finances.

. High Debt Load Threatens the Company's Survival at the End of 2008: Speedway reported long term debt of \$685 million. Of the total, \$350 million is on a revolving credit facility which expires in 2010. While carrying such a high debt load, the earnings are expected to be down dramatically in 2009 if management's numbers are to be believed. Minkow suggests that if one thinks there is a motive to inflate the numbers being presented to the public, the outlook is even more grim. "Continued declines in business will make it very difficult to refinance the debt, if Speedway is even able to survive. All this means that there is only one line of defense left. The stock price. Simply stated, it just cannot be allowed to drop as it secures what is left of this over encumbered pool of entities."

. Covering Up Declining Attendance and Viewership: The story told by the company differs from independent sources of data. During the most recent conference call, Speedway executives represented the following:

- William R. Brooks: "Joe, the attendances that I was referring to that was the same year-over-year - similar year-over-year relates to the Sprint Cup events. The attendance at the other series has been down year-over-year. Based on the public comments that other promoters have made, they have had attendance that's been fairly similar to the prior year, but again, the weekend revenues have been less for the reasons that I mentioned before."

- Marcus G. Smith: "Yes, Joe, they've [TV ratings] held strong. We've had solid ratings for Sprint Cup Nationwide and the Truck series. They've held their place in rankings. We've been up and down, but it's pretty even with last year."

Yet Nielsen ratings show that NASCAR broadcasts are down double digits. NASCAR This Week reported that two races were promoted as sell-outs but had thousands of empty seats. "Official" numbers apparently don't even tell the whole story about attendance at racing events. Clearly Speedway is heavily dependent on attendance and viewership for its survival, yet it is covering up the true outlook."

. False Filing to Mislead Investors (not resume-related but in addition to): In the most recent 10-K filed with the Securities and Exchange Commission, Speedway claimed that it had requested NASCAR to move a Sprint Cup Series race to the Kentucky Speedway as soon as possible. NASCAR says no such request has been received. The truth is that NASCAR has been involved in litigation with the former owners of the Kentucky Speedway, and the company isn't interested in scheduling a Sprint Cup event there until it's settled.

. Unchallenged and total control by one person, Mr. Bruton Smith

According to Minkow, "The problem on Wall Street is not that regulators need to change the uptick rule, but rather, they need to immediately investigate any company which, like Speedway Motorsports Inc., has an established track record for misrepresentation and now a crystal clear motive to artificially prop up stock price - to prevent inevitable collapse from loan covenant violations triggered by a drop in value. Regulators must realize that people like Mr. Bruton Smith operate by a different set of business ethics: specifically 'right equals forward motion and wrong is anyone who gets in his way'."

Learn more online at SpeedscamMotorSports.com ('<http://www.speedscammotorsports.com>').

HTML: <http://www.eworldwire.com/pressreleases/19458>

MOBILE: <http://e4mobile.com/pressreleases/19458>

PDF: <http://www.eworldwire.com/pdf/19458.pdf>

ONLINE NEWSROOM: <http://www.eworldwire.com/newsroom/312116.htm>

LOGO: <http://www.eworldwire.com/newsroom/312116.htm>

**CONTACT:**

Barry Minkow

FDI

9747 Businesspark Ave #218

San Diego, CA 92131

PHONE. 888-300-8307

**KEYWORDS:** Fraud, Minkow, automotive, racing, car racing

**SOURCE:** Fraud Discovery Institute Inc.